

Policy Reforms and Competitiveness



Migration and Urbanization



Human Resources for Sustained Development



Private Sector Development



Poverty and Vulnerability



Environment, Natural Resources and Agriculture

2016 ANNUAL REPORT

INSTITUTE OF POLICY STUDIES OF SRI LANKA

Contents

About Us

Vision

Mission 1

Our Governing Board 2

Highlights in 2016 3-4

Chairman's Message 5

In Memoriam of Dr. Saman Kelegama 6-7

IPS in 2016 8

Our Research 8

Policy Reforms and Competitiveness 9-12

Migration and Urbanization 13-15

Human Resources for Sustainable Development 16-19

Private Sector Development 20-21

Poverty and Vulnerability 22-24

Environment, Natural Resources and Agriculture 25-30

Research Team Leaders 31

Research Staff 32-33

IPS Research Internship Programme 2016 34

TTI Funded Programme 2016 35

Support Services

Finance and Administration 36

Communications & Outreach 37-38

Library 39-40

Information Systems 41

Our Publications 2016 42

Our In-House Seminar 43

Our Overseas Presence 44-45

Our Domestic Presence 46-49

Going Beyond Research 50-51

Financial Statement 52-70

About Us



The Institute of Policy Studies of Sri Lanka (IPS) is the apex economic policy research think tank in Sri Lanka. It aims to promote policy-oriented economic research and strengthen the capacity for medium-term policy analysis in the country. IPS is an autonomous institution, and since its inception the Institute has acquired a unique position as an authoritative independent voice in economic policy analysis, working closely with the government, private sector, academia and civil society.

Since its establishment, IPS has substantially expanded its research activities with the systematic strengthening and capacity building of its research staff. This expansion in research output has been complemented by an expansion of professional in-house support services in overall finance and administration management and in the provision of information and resources through the Institute's own library, publications, communications & outreach, and information system units.

Vision

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

Mission

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

THE MOST INFLUENTIAL ECONOMIC POLICY THINK TANK IN SRI LANKA

Our Governing Board



Dr. Razeen Sally
Chairman

Senior Advisor, Ministry of Finance, Sri Lanka and Visiting Professor, Lee Kuan Yew School of Public Policy, National University of Singapore



Dr. Indrajith Coomaraswamy
Governing Board Member

Governor, Central Bank of Sri Lanka(Ex-Officio)



Mr. M I M Rafeek
Governing Board Member

Secretary,
Ministry of Policy Planning and Economic Affairs, (Ex-Officio)



Dr. Sarath Rajapatirana,
Governing Board Member

Economic Advisor to
His Excellency the President of Sri Lanka



Mr. S S Mudalige
Governing Board Member

Director General,
National Planning Department,
(Ex-Officio)



Dr. Gishan Dissanaike
Governing Board Member

Adam Smith Professor of Corporate Governance
University of Cambridge, U.K



Dr. Saman Kelegama
Executive Director, IPS

Highlights in 2016

JANUARY

Sri Lanka Economic Forum 2016 – Cinnamon Grand, Colombo



Dr. Saman Kelegama, Executive Director of IPS, made a presentation on 'Structural Transformation and Competitiveness in Sri Lanka', while Dr. Ganga Tilakaratna, Research Fellow of IPS, made a presentation on 'Social Inclusion in Sri Lanka: Poverty and Ageing'. Dr. Dushni Weerakoon, Deputy Director of IPS and Dr. Nisha Arunatilake, Research Fellow also attended this Forum.

FEBRUARY

Indian Ocean Rim Association Whale and Dolphin Watching Workshop – Taj Samudra Hotel, Colombo



The Indian Ocean Rim Association (IORA) whale and dolphin watching workshop was held in Colombo under the theme "Building Sustainable Whale and Dolphin Watching Tourism in the Indian Ocean Region". The Workshop brought together governmental policy makers and scientists to enable IORA Member States to share experiences in managing whale and dolphin watching tourism and gain access to international whale and dolphin watching expertise.

MARCH

World Consumer Rights Day Forum 2016 - IPS Auditorium



IPS organized the World Consumer Rights Day Forum 2016, to mark World Consumer Rights Day, for the 4th consecutive year. Speaking at the event held at the IPS Auditorium, Executive Director, Dr. Saman Kelegama stressed the importance of consumers and policy makers getting together to identify issues that affect the country's consumers.

APRIL

National Workshop on Food Value Chain Development – IPS Auditorium



The IPS together with the Ministry of Primary Industries (MPI) and the support from International Food Policy Research Institute (IFPRI) conducted a National Workshop on Food Value Chain Development in Sri Lanka, with the aim of facilitating a dialogue on value chain developments in agro-food industries and to develop a Food Value Chain Development Plan for Primary Industries with four sub-sectors Development Programme.

MAY

Discussion on Deepening Trade and Investment Relations between Malaysia and Sri Lanka – IPS



A team headed by the Malaysian Minister of International Trade and Industries, Dato Mustapa Mohomed visited the IPS, on 6th May 2016 to discuss bilateral relations between the two countries. The Minister met the IPS Executive Director, Dr. Saman Kelegama and discussed ways and means of deepening trade and investment relations between Malaysia and Sri Lanka.

JUNE

Regional Consultation Workshop for an Integrated Climate Information Management System – Galadari Hotel, Colombo



A Workshop on "Bridging the Climate Information and Communication Gaps for Effective Adaptation Decisions: An Integrated Climate Information Management System" was organized by IPS in partnership with the Department of Meteorology of Sri Lanka (DOM), Janathakshan, and South Asian Network for Development and Environmental Economics (SANDEE).

Highlights 2016 (Cont'd)

JULY

Colombo Process Thematic Area Working Group Meeting on Remittances - Bangkok, Thailand



IPS Research Fellow, Dr. Bilesha Weeraratne participated at the Colombo Process Thematic Area Working Group Meeting on "Remittances", held on 21st July 2016 in Bangkok, Thailand. At the event, she made a presentation behalf of the Government of Sri Lanka on "Remittances and Gender". The meeting was attended by all Colombo Process member countries.

AUGUST

Sri Lanka Economic Summit 2016 – Cinnamon Grand, Colombo



IPS Executive Director, Dr. Saman Kelegama made a presentation on "The Role of International Trade in Facilitating Sri Lanka to Emerge as a Regional Hub", at the Sri Lanka Economic Summit organized by the Ceylon Chamber of Commerce (CCC) was held under the patronage of President Maithripala Sirisena.

SEPTEMBER

Shape South Asia 2016 – Cinnamon Lakeside, Colombo



Shape South Asia 2016, organized by the Global Shapers Colombo Hub was held in Colombo in September 2016, under the theme "Shaping Identities". IPS Executive Director, Dr. Saman Kelegama, spoke as part of a panel on "Reimagining South Asian Cities" alongside H.E. Riaz Hamidullah, Bangladesh High Commissioner and Abbas Adil Riza, Maldives Deputy High Commissioner.

OCTOBER

IMF and World Bank Annual Meeting, October 2016, Washington D.C., US



Dr. Dushni Weerakoon, Deputy Director, IPS, participated at the IMF and World Bank Annual Meeting in Washington D.C., US.

NOVEMBER

Lessons Sharing and Policy Consultation Workshop to Ensure Food Security in Sri Lanka – Club Palm Bay Hotel



IPS together with the National Science Foundation (NSF) and the Sri Lanka Agricultural Economics Association (SLAEA) organized a two-day workshop to discuss policy options on food security in Sri Lanka. The workshop titled 'Lessons Sharing and Policy Consultation Workshop – Policy Options for Ensuring Food Security in Sri Lanka: A Multi-Market Analysis of Rice, Fish and Dairy Products'.

DECEMBER

SAEA 10th Annual Research Forum: Agriculture for Sustainable and Inclusive Development – IPS Auditorium



IPS Executive Director, Dr. Saman Kelegama delivered the key note address at the 10th Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA) organized by the SAEA together in partnership with the IPS was held at the IPS Auditorium on 8th December 2016. IPS Research Fellow and President of SAEA Dr. Athula Senaratne, delivered the welcome address while Eng. Bandula Wickramarachchi, Secretary to the Ministry of Primary Industries was the Chief Guest at the event.

Chairman's Message



Dr. Razeen Sally

IPS has had a busy year in 2016. It is increasingly in demand for policy expertise and advice as the government attempts to launch economic reforms to restore macroeconomic stability and improve Sri Lanka's lagging productivity. IPS's short- and medium-term research agenda will continue to focus on Sri Lanka's reform priorities. Sri Lanka needs market reforms to liberate its private sector and to integrate more deeply into the global economy. These are the wellsprings of growth and wealth-creation, without which Sri Lanka's many social and economic challenges – on poverty, education, skills, ageing, health care, urbanisation, the environment and much else besides – cannot be solved.

IPS's world was shaken to the core in June 2017 with the sudden passing of its Executive Director, Dr Saman Kelegama. He embodied IPS from its early days. Saman had worked at IPS since 1990, and led it as Executive Director since 1995. He spearheaded its expansion to encompass a staff of about sixty, including over thirty professional researchers. More than anyone, Saman made IPS Sri Lanka's leading institution for economic-policy research. He built IPS's Endowment Fund, got its own building built, and oversaw the move to its present offices on Independence Square. It is testament to Saman's character and resolve that he protected and preserved IPS's independence and integrity as a non-partisan research organisation, free of political bias. That is no mean feat in Sri Lanka. His legacy is a solid institution that will continue to be the lodestar for evidence-based economic policy in Sri Lanka.

IPS's world was shaken to the core in June 2017 with the sudden passing of its Executive Director, Dr. Saman Kelegama.

Saman's passing is a loss to the government and the country, and not just to IPS. Saman had a long record of public service, having served on numerous government commissions and advisory boards, indeed contributing to the last Presidential Tax Commission. In the last two years he was especially active in government service as the leading official and adviser on trade policy in the Ministry of Development Strategies and International Trade. He played a critical role in our trade negotiations with India, China and Singapore, and in contributing to the formulation of a new national trade policy strategy.

Saman will also be missed beyond our island shores. He was a fixture in South Asian and wider Asian policy networks; and thanks to him IPS is well embedded in these networks. We are all moved by expressions of condolence from Saman's – and IPS's – friends around the world.

The IPS Board and staff will ensure IPS builds on Saman's legacy.

25th July 2017

In Memoriam of
Dr. Saman Kelegama, Executive Director, IPS

1995 – 2017



A Visionary, whose Legacy was Built on Humility and Humanity

In Appreciation of Dr. Saman Kelegama, by the Staff of IPS

Those of us who have been fortunate enough to work with Dr. Saman Kelegama during his long and distinguished tenure at the Institute of Policy Studies of Sri Lanka (IPS), first as a Research Fellow from 1990 and then at the helm as its Executive Director from 1995, are immeasurably saddened by his sudden demise on Friday 23 June, 2017.

His legacy at the IPS was driven by three core beliefs that he held dear; foster independent thinking, secure financial stability, and provide an enduring IPS identity. His ideas and vision have bequeathed to us a sense of all that is possible to achieve, if there is drive and determination to pursue your dreams.

The culture of independent thought that Dr. Kelegama nurtured has seen innumerable numbers of us returning to the IPS, time after time, on completing post-graduate studies or professional qualifications abroad. His mantra of 'you are representatives of IPS' inculcated a spirit of commitment and self-belief in all of us. The liberal, free thinking environment fostered intellectual growth of the many researchers who have passed through IPS' doors and encouraged our team of support service professionals to innovate and deliver. We believe it is this legacy of independent research and engagement in public policy discourse that is Dr. Kelegama's enduring legacy, not only to IPS but to Sri Lanka and the wider regional community.

Dr. Kelegama understood from the outset that in order to sustainably build human capital, research capacity, and an efficient and effective organizational machinery, long-term financial security is a must. He worked tirelessly towards this end from the outset. On taking the helm as the Executive Director, his first priority was to secure a financial base for the IPS in 1995. His foresight and diligence allowed us to expand our activities over time and weather changes in fortunes when raising research grant funds.

Dr. Kelegama was also passionately convinced that a growing organization must have an identity that is uniquely its own. This he envisioned in the form of a permanent office for the IPS, custom built to suit our own requirements. He embarked on this journey as early as 2000. Again, his vision and foresight was commendable. It took him a further decade in which to realize his dream, when the IPS head office was ready for occupation in 2010. Through all the years of innumerable delays in obtaining land and raising funds for construction, Dr. Kelegama persevered tirelessly against all obstacles, and personally oversaw the project over a three year period until completion. His commitment to bequeathing a beautiful office in which we are so fortunate to work in will never be forgotten.

In Memoriam of
Dr. Saman Kelegama, Executive Director, IPS

Through all his pioneering efforts to build a strong and stable organization, Dr. Kelegama's humility and humanity are perhaps what we will remember most. His career is too long and distinguished to detail here, but he was the most modest of men. On most occasions, we, the staff of IPS, would find out the details of his numerous high profile appointments and accomplishments only well after the event or through other sources. Dr. Kelegama's belief was that 'you just get on with the job'. His humility was only surpassed by his humanity. No personal difficulty faced by a staff member was ever too small for a sympathetic hearing from him. 'We must be sympathetic on humane grounds' was his second mantra.

Dr. Kelegama left us too soon. We have lost a visionary head and the IPS will never be the same without him. But, we have all gained from working with him. We want to thank him for his ideas and vision; he inspired us all, and his legacy will live on.

We offer our deepest condolences to Mrs. Kelegama, Chandana and Jayathri.

May Dr. Kelegama attain the supreme bliss of nibbana.

29th June 2017

Messages of Condolence

'I hope with time you are coping up with the great loss you, IPS and all of us have gone through. At RIS, we are all deeply perturbed over sudden demise of our great friend Saman. It is indeed an early and untimely loss....'

Prof. Sachin Chaturvedi
Director General, Research and Information System for Developing Countries (RIS), India

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'A leading voice for economic and human development work in Sri Lanka, we note that Dr. Kelegama shaped the IPS portfolio to respond to Sri Lankan challenges and opportunities, including on health, education, migration, urbanisation, remittances, skills development, industrial policy, agriculture and climate change...'

Peter Taylor
Associate Director, Think Tank Initiatives

'I am writing this with a heavy heart on the loss of my very dear friend of 25 years here in Bangkok under most tragic circumstances...'

Nagesh Kumar
Director, Social Development Division, UNESCAP

'He was a fellow fighter at various global platforms to promote the region's interests...'

Fahmida Khatun
Executive Director, Centre for Policy Dialogue (CPD), Bangladesh

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'His legacy will remain with us. We will remember him as a top-class policy honcho, a committed SARCist/BOBist and a wonderful human-being....'

Bipul Chatterjee
Executive Director, CUTS International, India

'Saman is supposed to have coined the term "brain gain" to counter the fears of the brain drain. He was so much the living example of that gain, not just for Sri Lanka, but for all of us South Asians...'

Shekhar Shah
Director-General, National Council of Applied Economic Research (NCAER)

'He was his usual positive, humble self, offering constructive comments and suggestions, during an ESCAP dialogue held in Bangkok, also attended by a SAWTEE colleague...'

Posh Raj Pandey
Chairman, South Asia Watch on Trade Economics and Environment (SAWTEE), Nepal

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'Saman was a stellar individual who influenced the course of economic integration in South Asia. Of course, this was beset with challenges, but Dr. Kelegama was not the one to flinch from difficulties...'

Abhijit Das
Professor & Head, Centre for WTO Studies, New Delhi

'Dr. Kelegama was an untiring Southern Voice activist, true representative of 'Southern Voice' in any global platform...'

Southern Voice

'Many of us, including myself, had met Saman during his visit to Monash some years ago and also during the conference in Colombo early this year..'

Michael Ward
Professor, Head of Department, Economics, Monash Business School

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'He directed the Institute of Policy Studies in Colombo for many years until his death, applying his sharp intellect and well heeled diplomatic skills to ensure evidence and careful analysis informed debates about economic and social conditions across the country..'

Professor David Hulme
Global Development Institute

'His energy and life-long dedication to improve quality of economic policymaking in Sri Lanka and the region will continue to inspire us all...'

Dr. Shamshad Akhtar
United Nations ESCAP to Ambassador of Sri Lanka, Bangkok

'With every exchange and at every meeting with members of the IDRC team, Dr Kelegama demonstrated not only his keen intellect but his compassion and dedication to making the world a better place for all...'

Jean Lebel, *IDRC, President*

'Dr. Kelegama was one of the most respected and leading Economists who contributed to formulating policy and provided guidance to many governments in the country...'

Simrin Singh
Country Director - ILO

'Dr. Kelegama supported ADB's work in Sri Lanka by engaging with SLRM's economic team as well as ADB's work at Headquarters such as economic research and regional cooperation and integration...'

Sri Widowati
Country Director, ADB Resident Mission, Sri Lanka

IPS in 2016



Our Research

The substantiate focus of our research is to provide an integrated analysis of the medium to longer term development challenges facing Sri Lanka in order to meet the fundamental policy objectives of sustainable growth, equity and poverty alleviation. The research programme spans across 1) macroeconomic policy; 2) international economic policy; 3) labour, employment, and human resources development policy; 4) industry, competitiveness and regulatory policy; 5) poverty and social welfare policy; 6) agricultural economic policy; 7) environmental economic policy; and 8) health economic policy. These policy issues are examined under six thematic areas of research:



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



Policy Reforms & Competitiveness

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.

Macroeconomic Policy

Sri Lanka's public finances are at a perilous state. Owing to weak public finance management, many interrelated problems constrain investment and productivity across the Sri Lankan economy. Under the overall theme of "Fiscal Policy for Growth: Sustainable Financing for Development", the Institute's flagship report, *Sri Lanka: State of the Economy 2016* calls for fiscal consolidation aimed at broadening Sri Lanka's tax base and minimizing distortions together with expenditure measures to rationalise spending and improve efficiency. The annual report, which is widely distributed argues for sound fiscal policy setting as a priority for macroeconomic stability, a fundamental prerequisite for sustained growth. The annual publication is widely disseminated among policy makers, academics, development partners as well as the private sector.

With technical and financial assistance from the World Bank, IPS researchers Nisha Arunatilake, Priyanka Jayawardena and Neluka Gunasekera have been involved in conducting several studies (*Distribution of Taxes and Subsidies* and *Commitment to Equity, Public Finance, Stata Programming*) to examine the distributional effects of public finances in Sri Lanka. The findings of these studies show that overall public spending in Sri Lanka is progressive and poverty reducing. Given the amount of direct taxes collected is very small, they have little impact on redistributing incomes. Indirect taxes on the other hand are regressive. On the expenditure side, direct transfers improve equity of income distribution, but the impact is small due to limited amounts. Indirect subsidies are progressive, but they benefit higher income groups more, making them less efficient means of redistributing incomes.

Trade, Investment and Finance

Sri Lanka's trade to GDP ratio has been declining while trade deficit has been increasing over the last decade leading to an unstable macroeconomic environment in the country. In this context, it is imperative for Sri Lanka given its small size, to expand its markets through trading through liberalization, export promotion and trade agreements. One major national agenda of the government is to increase its market access through a series of agreements with its trading partners in Asia. In this regard, the government is considering to enter into a bilateral agreement on economic and technology cooperation with India. IPS undertook a study on behalf of the Government of Sri Lanka with funding from the World Bank to identify the advantages and disadvantages of the Economic and Technology Co-operation Agreement with India for Sri Lanka. The study was led by a consultant, Ravi Ratnayake with contributions from IPS researchers - Janaka Wijayasiri, Suwendrani Jayaratne, Nipuni Perera, Chantal Sirisena and Kithmina Hewage.

When tariffs are brought down through trade negotiations, non-tariff means (NTMs) can reduce the use of the agreements. Therefore, NTMs should be identified and addressed along with tariff reductions/ eliminations in order to make the FTA more beneficial to Sri Lanka. Towards this end, a study (*Exporter's Perspective on Accessing Chinese Market under China-Sri Lanka FTA)* was carried out to identify constraints including NTMs faced by exporters in accessing the Chinese market, and provide recommendations to ease/ manage these constraints. The research team included: Janaka Wijayasiri, Dharshani Premaratne and Nipuni Perera.

Despite promotion of economic cooperation since 1985, South Asia reamins the least economically integrated region of the world. Furthermore, the region is also characterized by poor intra-regional air connectivity. In terms of bilateral air connectivity in South Asia, however Sri Lanka and India are the best connected. Major improvements in air connectivity between the two countries can largely be attributed to the liberalization of air services since 2003. The study on *Air Services Liberalization in South Asia (Phase I)* funded by World Bank, examines the experience of air services liberalization between Sri Lanka and India with the objective of shedding light on the achievements and challenges of air services liberalization. In doing so, the study aims to inform the policy debate on air services liberalization and stimulate interest amongst other South Asian countries to do the same.

The need to boost exports of Sri Lanka as well as diversify its export basket both in terms of products and markets, is also policy priority as Sri Lanka's trade performance shows a weakening trend over the years. IPS researchers - Suwendrani Jayaratne and Nipuni Perera -collaborated with the Commonwealth Secretariat on the study *New Product New Market Scheme and Linking into Regional/Global Value Chains*, which identified competitive potential new products and new markets for Sri Lanka's exports. The main objectives of the study were to: identify competitive potential new products/new markets, with the aim of improving Sri Lanka's export competitiveness.

Although Sri Lanka is currently a signatory to few trade agreements and engaged in negotiations with India, China and Singapore, there has been a proliferation of regional trading arrangements in the Asia Pacific and the emergence of mega-trade blocs within the region. After more than five years of negotiations behind closed doors, the Trans-Pacific Partnership Agreement was signed in February, 2016. The completion of this deal was a landmark given that it was the first mega trade agreement of its kind, with far-reaching regional and global implications. A preliminary assessment of the potential impact of TPP on Sri Lanka was undertaken by the IPS for Ministry of Development Strategies and International Trade. The research team included: Dushni Weerakoon, Janaka Wijayasiri, Suwendrani Jayaratne, Raveen Ekanayake, Nipuni Perera, Kithmina Hewage and Chantal Sirisena.

Sri Lanka continues to play an active role in the WTO negotiation. However, WTO negotiators in Geneva are not always fully aware of the interests and concerns of their private sectors. This can lead to negotiating positions which do not adequately address trade impediments. This problem can be most pronounced for developing and least developed country delegations, which lack the resources and systems in capitals to undertake broad stakeholder consultation. Towards mitigated this, country notes for Sri Lanka were prepared by IPS in partnership with CUTS International, Geneva on 5 issues based on the views of private sector.



IPS Research Fellow Dr. Janaka Wijayasiri, at the In-House Seminar on IPP on Sri Lanka

Publications

Book chapter on 'Women Entrepreneurs on the Rise in South Asia Background Country Study-Sri Lanka', Trade Winds of Change, by Janaka Wijayasiri Dilani Hirimuthugodage, Sunimalee Madurawela and Dharshani Premaratne, for United Nations Development Programme, Bangkok.



'Facilitating Trade between India and Sri Lanka', IPS Working Paper Series No. 22, by Janaka Wijayasiri and Suwendrani Jayaratne, March.

'Trade and Transportation Audit: Sri Lanka' IPS Publication,by Suwendrani Jayaratne, Dharshani Premaratne and Janaka Wijayasiri.

Book chapter on *"Sri Lanka: Regional Sea Transport Hub", in: Plummer, M. G.; Morgan, P. J. and Wignaraja.G. (eds.)* "Connecting Asia: Infrastructure for Integrating South and Southeast Asia" by Dushni Weerakoon and Nipuni Perera in Cheltenham: Edward Elgar Publishing Limited.

Presentations

'One Belt and One Road and Multi-field Cooperation: A Sri Lankan Perspective' by Janaka Wijayasiri at 'One Belt and One Road Initiative from a Global Perspective' organized by National Institute of Global Strategy (NIGS) - Chinese Academy of Social Sciences (CASS) and Beijing Foreign Studies University (BFSU), Beijing, 10 and 11 October.

'China-Sri Lanka Economic Cooperation' by Dushni Weerakoon, at 'Building a Community of Common Destiny between China and its Neighbours,' organized by Chinese Academy of Social Sciences (CASS) Beijing, China, 18 and 19 November.

'Sri Lanka: Macroeconomic Stability, Growth and Debt Sustainability' by Dushni Weerakoon at 'Annual Sessions of the Sri Lanka Economic Association (SLEA)' organized by Sri Lanka Economic Association, Colombo, 22 October.

'Inclusive Growth and Governance in a Post-Conflict Setting: The Case of Sri Lanka' by Kithmina Hewage, organized by Bangladesh Public Administration Training Centre (BPATC), Dhaka, Bangladesh, 20 and 21 July.

'Sri Lanka's Economic Outlook' by Dushni Weerakoon at South Asia Frontier Conference, organized by CT CLSA Securities, Colombo, 1 June.

'Sri Lanka's Economic Outlook' by Dushni Weerakoon at 'HNB Annual Branch Managers', organized by HNB, Colombo, 6 February.

'Challenges to a BIMSTEC Free Trade Agreement (FTA): A Sri Lankan Perspective' by Janaka Wijayasiri at 'Regional Consultation of BIMSTEC Network of Policy Think Tank', organized by RIS, New Delhi, 27 September.

'Trans-Pacific Partnership (TPP) and Implications on Sri Lanka' by Janaka Wijayasiri at 'Presentation to members of the AMCHAM' organized by IPS, IPS Conference Room, 20 April.



Deputy Director, Dushni Weerakoon, at 'Building a Community of Common Destiny between China and its Neighbours,' Beijing, China.

Presentations (Cont'd)

'Air Connectivity in South Asia' by Janaka Wijayasiri at 'South Asia: Shaping the New Paradigm for Growth' Conference organized by' SAARC Chamber of Commerce and Industry, Kalutara, 3 June.

'Re-energising Economic Cooperation through Regional Aid for Trade: Lessons from Europe' by Kithmina Hewage at 'Imagining South Asia in 2030: Emerging Trends, Challenges, and Alternatives' organized by UMISARC, University of Pondicherry, Pondicherry, India, 1 – 3 March.



Research Officer, Kithmina Hewage, making his presentation in Pondicherry, India

Blogs/Articles

'Sri Lanka's Economy Marches Slowly into 2017' by Dushni Weerakoon, *East Asia Forum,* 22 December.

'Barriers Beyond Tariffs: Sri Lanka's Exports to China' *Policy Insight* by Janaka Wijayasiri and Nipuni Perera, 28 November.

'Trade is Not Just for Big Businesses: Role of Sri Lankan SMEs in Trade' by Janaka Wijayasiri in *Daily Mirror; Island, Daily FT,* 29-30 November.

'Sri Lanka's Tourism Industry and the Foreign Ownership Debate' by Chantal Sirisena *Daily Mirror, Daily FT, The Island,* 19 & 21 August.

'Economics of the Olympics' by Suwendrani Jayaratne and Kithmina Hewage, *The Island, Daily FT,* 11-13 August.

'Can Sri Lanka Do More to Help Agricultural Exporters Meet Sanitary and Phytosanitary Standards?' by Chantal Sirisena in *The Island; Daily Mirror, Daily FT, Sunday Observer,* 14, 16,17 July.

'Brexit: The Not-So-United Kingdom' by Suwendrani Jayaratne, Kithmina Hewage and Chantal Sirisena in *VivaLanka.com, The Island, Daily FT* 27 June.

'China's One Belt One Road Initiative: Implications for Sri Lanka' by Nipuni Perera in *The Island; Asian Sun,* 23 June.

'Attracting FDI to Sri Lanka: Need for Proactive Investor Facilitation' by Suwendrani Jayaratne and Raveen Ekanayake, *Daily FT, Daily News*, 27 May, 1 June.

'Will TPP Lead to Trade Diversion from Sri Lanka?' by Janaka Wijayasiri and Nipuni Perera in *The Island; Daily News,* 11 May.

'Ratifying the Trade Facilitation Agreement and the Year of Digital Customs' by Suwendrani Jayaratne in *Daily Mirror, Daily FT,* and *The Island,* 25 January, 28-29 April

'Has the US Turned Against Free Trade Agreements?' by Kithmina Hewage in *The Diplomat,* 7 April.

'Re-orientation of External Trade Towards Global Production Networks – An Urgent Need for Sri Lanka' by Raveen Ekanayake and Kithmina Hewagein *The Island* 17 April.

'Re-energising Economic Cooperation through Regional Aid for Trade: Lessons from Europe' by Kithmina Hewage 'Imagining South Asia in 2030: Emerging Trends, Challenges and Alternatives' UMISARC, Pondicherry, March.

'Breaking Sri Lanka's Economic Gridlock ' by Dushni Weerakoon, *East Asia Forum*, 15 March.



Migration and Urbanization

Sri Lanka has experienced varying forms and intensity of migration and urbanization 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 international 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. Recent policy priorities have been to alter the tripartite composition of gender-skills-destination of migrant workers without compromising the wellbeing of migrant workers and their families and the receipt of international remittances to Sri Lanka. A recent challenge to the migration industry has been the shortfall in the supply of labour to the domestic market, both in urban and rural areas. Rural to urban migration contributed to labour shortages in the former, while shortfalls in the latter are intensified by urban to international migration.

Migration from Sri Lanka for foreign employment has evolved over the years and is currently at a crossroad experiencing multi-faceted changes. One aspect of these changes is the increased presence of Sri Lanka in the global labour migration arena and the other is the change in the composition of labour migration from Sri Lanka. In terms of the global labour migration arena, Sri Lanka has made much progress in recent years. Specifically Sri Lanka has held the Chair of the Colombo Process – a forum for Asian labour sending countries, since 2013, well beyond the stipulated biannual rotation of the chairmanship and is identified as the incoming chair of the Abu Dhabi Dialogue. IPS was a part of related Colombo Process activities, where IPS Research Fellow Bilesha Weeraratne was invited as a resource person to present on "Remittances and Gender" at Colombo Process Thematic Area Working Group on Remittances, held in Bangkok, Thailand. Similarly, Bilesha Weeraratne was also invited as a resource person to make a presentation on "Lowering the Cost of Migration" Pre-Global Forum on Migration and Development (GFMD) Consultation Workshop in Colombo, which served to prepare the Sri Lankan Delegation for the GFMD Meeting in Bangladesh. These inputs by Bilesha Weeraratne were based on findings of IPS migration research carried out in 2016 in areas of gender, recruitment cost, policy impact, and future of labour migration from Sri Lanka.

The project on "Migration & Gender Outcomes: Analysis of Selected Policies in Sri Lanka", funded by the Global Knowledge Partnership on Migration and Development (KNOMAD) of the World Bank, Washington D.C. focused on three migration policies to evaluate their gender implications. They were imposition of maximum chargeable amounts that agents can collect for recruiting migrant workers; mandatory pre-departure training for migrants; and the Family Background Report (FBR) requirement. The gender implication found in the study ranged from elimination of debt bondage and pre-migration indebtedness of females, forced female migration, and uneven distribution of parenting responsibilities among genders, to name a few. Moreover, the study finds that low level of policy coordination leads to negating positive gender implications of one policy by another. Bilesha Weeraratne also carried out an impact analysis of the FBR policy which was published on International Migration under the title "Protecting the Welfare of Children and its Causal Effect on Limiting Mother's Labour Migration". This study quantifies the impact of the FBR and finds that the resulting decline in female migration on average is 449–812 departures per month. The study on the "Value Chain Analysis of Migration Cost - Low-skilled Labour Migration", focused on three migration corridors from Sri Lanka – Saudi Arabia, Malaysia and South Korea, with varying levels of Government-to-government and private-to-private arrangements for recruitment of low skilled workers. This study funded by KNOMAD of the World Bank, and carried out by Bilesha Weeraratne, Janaka Wijayasiri and Suwendrani Jayaratne, identifies the key players in each corridor, their interaction, cost at each stage in the value chain and suggestions to minimize the recruitment cost. Given the significant number of departures for foreign employment, Sri Lankan policy makers are often querying if the inclusion of migrant workers would alter the labour force participation rates in the country. To answer this question Nisha Arunatilake, Priyanka Jayawardena, and

Sunimalee Madurawala carried out a study titled "Integrating Migrant Workers in Labour Market Participation Analysis", and found that including Sri Lankans employed overseas only results in a marginal increase in Labour Force Participation Rates at home. This study was funded by the International Labour Organization (ILO – Geneva).

By 2016 the composition of labour migration from Sri Lanka has transformed in many aspects. On one hand, the predominantly female flow of labour migration has changed to a predominantly male flow with increasing shares of skilled workers. At the same time growing trend in inward remittances experienced a decline in 2016, while the share of housemaids dipped below skilled worker departures and the share of recruitment through licensed agencies dipped below recruitment through other channels. Based on the ongoing changes in the labour migration industry in Sri Lanka Bilesha Weeraratne presented a conceptual paper on "The future of the labour market in Sri Lanka" at the "National Symposium of Labour and Employment organized by the Ministry of Labour and Trade Union Relations. The paper showed that Sri Lanka requires to gear up to address the changing face of vulnerability, where high vulnerability of female migrant workers in yesteryears will be replaced by gender neutrality and under-reporting. The study also alerts about the possible downturn in remittances due to reasons such as the reduction in the share of female migrants, increase in the share of skilled migrants - who rarely leaves family behind to receive remittances, and the reduction in the share of temporary migrants. Focusing on the remittance component of these findings, IPS Research Fellow Bilesha Weeraratne wrote a blog article titled "Decrease in Remittances in 2015: Glitch or Beginning of the End?", which was carried on the Talking Economic Blog as well as several outlets of the local print media.

In connecting migration to development at home, Bilesha Weeraratne participated at a panel discussion on Leveraging Opportunities for Responsible Investment by Overseas Sri Lankans organized by International Alert, in Colombo. In addition to IPS research on migration, Bilesha's presentation also drew from the IPS research on urbanization such as her chapter on the State of the Economy 2016 on Financing for Urbanization. Other areas of urbanization research at IPS focused on addressing the issue of the inadequacy of the current urban definition in reflecting the true extent of urbanization and a research study on Megapolis Transport Initiatives: Lessons for Sri Lanka. For the TTI funded project on "Redefining Urban Areas in Sri Lanka", IPS Research Fellow Bilesha Weeraratne carried out stakeholder consultations with the Minister of Western Development and Megapolis as well as the Chairman of the Urban Development Authority, and a copy of the published report was also presented to the Minister at his office. The blog article related to this study was carried on the Talking Economics Blog and in local print media.



Research Fellow, Dr Bilesha Weeraratne at a panel discussion on Leveraging Opportunities for Responsible Investment by Overseas Sri Lankans.

Publications

Protecting the Welfare of Children and its Causal Effect on Limiting Mother's Labour Migration by Bilesha Weeraratne, June 9, 2016, International Migration, Vol (54) No (5).

Impact of Migration and Remittances on Social Mobility in Sri Lanka by Nisha Arunatilake in Social Mobility: Experiences and Lessons from Asia (pp. 129-146), edited by T. Kim, & A. Mulakala and published by Sejong-si: Korea Development Institute.

Migration and Economic Remittances: Impact of Development by Saman Kelegama and Bilesha Weeraratne. Routledge Handbook of Immigration and Refugee Studies edited by Anna Triandafyllidou and published by Routledge.

Redefining Urban Areas in Sri Lanka, by Bilesha Weeraratne, Working Paper Series No. 23, Institute of Policy Studies of Sri Lanka, May 2016.



Research Fellow, Dr. Bilesha Weeraratne, handing over a copy of the IPS Publication "Re-Defining Urban Areas in Sri Lanka", to Hon. Patali Champaka Ranawaka, Minister of Megapolis and Western Region Development.

Presentations

Integrating Migrant Workers into the Labour Market Statistics of Sri Lanka by Nisha Arunatilake at the Round Table discussion, ILO, Colombo organized by ILO Country Office, 6 May.

Remittances and Gender by Bilesha Weeraratne at the Colombo Process Thematic Area Working Group Meeting on "Remittances", Bangkok, Organized by IOM 20 and 21 July.

Bilesha Weeraratne, was a Panelist at the session on Leveraging Opportunities for Responsible Investment by Overseas Sri Lankans through New Models for Investment & Entrepreneurship. At the Closed door discussion on "Engaging Overseas Sri Lankans: Promoting Responsible Investment and Technical Assistance, organized by International Alert, Hotel Cinnamon Lakeside, 17 and 18 October.

Coastal Tourism and Urbanization in Sri Lanka by Bilesha Weeraratne at the Second IORA Blue Economy Dialogue on "Sectoral Cooperation in Blue Economy in the Indian Ocean Region", organized by the Research and Information System for Developing Countries (RIS), New Delhi, India, 5 November.



Research Fellow, Dr. Bilesha Weeraratne participated at the Regional Workshop on Labour Market Research on 1st June in Colombo, where she made a presentation on "Labour Market Analysis for Labour Migration Policy Planning Initiatives in Sri Lanka".



Research Fellow, Dr. Bilesha Weeraratne participated at the discussion on 'The Relevance of the Urban Planning Guidelines in the Context of Sri Lanka's Western Region Megapolis Master Plan' as a panelist.

Blogs/Articles

Can We Produce Better Estimates of Urbanization in Sri Lanka? *by* Bilesha Weeraratne in *Daily FT, Talking Economics Blog, The Island,* 5 April.

Decrease in Remittances in 2015: Glitch or Beginning of the End?, by Bilesha Weeraratne, *Daily Mirror, Daily FT, Talking Economics Blog*, 19 December.



Human Resources for Sustainable 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.

The work in this unit was conducted under three broad areas, namely, labour, health and education. Work coming under each of these areas is discussed separately below.

Labour

The medium-term economic development policy framework presented in Parliament in November 2015 envisaged generating one million jobs and improving living standards of workers. The stated goal of employment creation was to be met by encouraging investments in high employment intensity sectors on the demand side, and by improving skills on the supply side. The policy framework gives special attention to create a sophisticated and modern knowledge-based economy which is able to compete effectively in the global market.

One main challenge faced by the government in achieving the above mentioned labour market objective is limited public finances at its disposal. In order to consolidate public finances – targeting a gradual reduction in both fiscal deficits and the country's debt burden – the room for a significant increase in government expenditure, both recurrent and capital, is limited. Indeed, the fiscal outlook suggests the need for a restructuring of existing expenditures. In this back drop, funds available to invest towards improving labour market performance are limited.

In a chapter in the State of the Economy, IPS flagship report, Nisha Arunatilake and Neluka Gunasekara examining the different ways in which the government can achieve the labour market objectives without resorting to increasing public expenditure, suggests better flexibility in the labour market, more relevant and efficient education system and expanding tertiary education are main means of creating better jobs and improving labour market imbalances.

The Labour, Employment and Human resource development unit also examined several special issues of the labour market, that has not received much attention in the recent past. For example, with increasing globalization and the struggles to keep competitive, many employers have resorted to nonstandard forms of employment, which pay less and provide less social protection to the workers. Priyanka Jayawardena conducted a study to better understand "Why People Choose to Participate in Nonstandard Work in Sri Lanka?" funded by IPS core research. Along with the ageing of the population more and more older workers are joining the labour force. In a study funded by the South Asia Research Network (SARNET) Samanthi Bandara examines "What Factors Matter for Choice of Livelihood by the Older Workers". Lastly, the census 2012 provided a rare opportunity to look at labour market issues that are not possible to study with survey data due to low occurrence. Nisha Arunatilake conducted a study, funded by the United Nations



Population Fund (UNPFA), to look at three different aspects of the labour market that cannot be studied using survey data. These include: a) the labour market for differently abled persons; b) the prevalence of science and technology workers in Sri Lanka and lastly, the District Secretariat level variations in labour market indicators. The study finds that the labour market prospects for differently abled persons are much lower than that for others. As such the study suggests giving special incentives to employers to encourage them to employ differently abled persons. On science and technology workers, the study finds that the prevalence of tertiary educated workers in Sri Lanka is very low, and tertiary qualified persons are not well matched to the available science and technology occupations. The study suggests improving the quality of education and promoting the creation of science and technology occupations.

Health

Sri Lanka has been committed to providing better health care services for decades and shows a commendable progress in achiveing most of the essential health indicators and to be par with the developed countries. The country's overall health indicators are on track to achieve the 2015 Millennium Development Goals (MDGs). However, there are some prevailing health issues which have not been overcome yet, such as higher prevalence of malnutrition in the country, uncontrolled epidemics etc. Also there are emerging health issues with the demographic changes as well as changing life styles of people – occupational health, Non Communicable Diseases (NCDs) which needs special attention. These issues lead to many challenges in terms of having healthy workforce, health care financing, provision of effective and efficient health care service etc. Apart from these challenges, Sri Lanka's health sector faces another set of challenges with the introduction of Sustainable Development Goals (SDGs) in 2015 with SDG 3 entirely dedicated on health 'Ensure healthy lives and promoting well-being for all at all ages' with nine targets to be achieved by 2030. In this context this year's IPS research mainly focused on health care financing, health care delivery and on SDGs.

A chapter by Sunimalee Madurawala for IPS flagship Publication State of the Economy 2016, focused on 'Health Care Financing in Sri Lanka: Challenges and Alternatives' assessed the current health care finaincing mehods and gaps proposed possible alternative options avaialble for Sri Lanka for health care financing. Health financing mechanisms such as Public- Private Partnerships (PPP), Social Health Insurance, Community –based Health Insurance and User Fees were identified as some of the possible financing policy options availble for Sri Lanka. Samanthi Bandara wrting a policy brief titiled 'SDGs to Ensure Healthy Lives' to the State of the Economy 2016 report discussed on the SDG 3 on health, its relevenacy and key challenges in the Sri Lankan context. Financing, political commitment, effective planning, implementation and monitoring were identified as the key challenges faced by the country in working on health related SDG.

Sunimalee Madurawala did a study on 'Public or Private: Determinants of Choice of Health Care Providers in Sri Lanka' with the funding of TTI. This study was carried out with the objectives of identifying the main determinant factors in selecting a healthcare service provider for in-patient treatments and out-patient treatments. The findings of the analysis suggest that physical availability and accessibility of the health care providers for out-patient treatments is not a major issue for the country. The need of increasing the availability of health care facilities with in-patient treatment either by the public sector or private sector is highlighted as an important finding. Individual characteristics of the head of the household, community factors such as sector and geographical location and illness level also play a significant role in choosing a health care provider.

A research team led by Nisha Arunatilake finalized the study on Health Inequalities, Work and Access to Social Security of Informal Workers in Asia, Africa, and Latin America", funded by Latin American Faculty of Social Sciences (FLACSO, CHILE). IPS did this study as a country of an Asian regional study with the objective of identifying the prevalence of informal workers and their access to social and health protection. The Sri Lankan study focused on the paddy farmers working conditions and health status in Anuradhapura and Kalutara Districts. The study found that paddy farmers are faced with several health and safety risks because of their employment status and working conditions but there are no/limited risk preventive mechanisms and

emergency response plans and taking precautionary measures for occupational health risks are minimal and often neglected. Sunimalee Madurawala, Priyanka Jayewardene, and Neluka Gunasekera were the other members of the research team.

Education

To meet the emerging needs of Sri Lanka's labour market, the education system needs substantial modernization to equip workers to think and act creatively, work industriously and productively, and be able to innovate and adapt to available technologies to strengthen economic activities. With existing public finance constraints and limited private sector participation, addressing these education sector needs to align with changing needs of a dynamic labour market is a major challenge. Although, there have been attempts to improve the quality and relevance of general education by introducing market-oriented subjects, and more practical-oriented curriculum, etc., there were many implementation issues at the ground level; financial constraints, lack of resources which obstruct the expected outcomes of attempted reforms were some of the more critical. IPS core funded research on the "Advancing Sri Lanka's Education System through Innovative Funding" Priyanka Jayawardena discussed on innovative ways of funding the education sector, while drawing examples from international experiences. Also she emphasized the necessity to strengthen the regulatory mechanism of private higher education providers by incorporating new rules and regulations.

On another study done by Priyanka Jayawardena on "Provision of Education for Intellectually Disabled Children in Sri Lanka", funded by UNICEF assess existing barriers and opportunities in the provision of education for children with learning disabilities. The study evaluates how well the present interventions are working, and how successful they are in either integrating children to mainstream schools, or in providing alternative special education. The study provides recommendations for developing and changing approaches to improve special education provisions within the national education system and supporting children who have barriers to access education.

In recognition of the education related work done by the unit, Nisha Arunatilake was invited to participate in the Asia-Pacific Education Research Institutes Network Regional Expert Meeting in November 2016.

Publications

"The Urgent Need for E-Waste Management in Sri Lanka", *Sri Lanka Exporter Magazine*, Volume: April/June 2016 by Samanthi Bandara.

Article on "Food Additives: Are they Safe" was published in *Sri Lanka Exporter*, July-September 2016 , Issue 93 (a publication of the National Chamber of Exporters of Sri Lanka) by Samanthi Bandara.



IPS Research Fellow Dr Nisha Arunatilake at the Asia-Pacific Education Research Institute Network (ERI-NET) Regional Expert Meeting, 24-25 November, Bangkok,Thailand.

Presentations

Presentation on "SDGs and Gender: the Sri Lankan Status" at the workshop "Realizing Gender Goals in the SDGs: Role of the Media", organized by UN Women, Colombo, 31 October by Sunimalee Madurawala.



Research Officer, Sunimalee Madurawala making her presentation at the Workshop.

Presentation on "Where is the Data?" at the Capacity-Building of Media workshop on the "Sustainable Development Goals and Gender", organized by the UN Women Multi Country Office for India, Bhutan, Maldives and Sri Lanka, Taj Samudra, 1 November by Nisha Arunatilake.

Presentation on "Why People Choose to Participate in Non-Standard forms of Employment in Sri Lanka?" at the national symposium on "Labour and Employment", organized by Ministry of Labour and Trade Union Relations, Hotel Janaki, 4 November by Priyanka Jayawardena.

Presentation on "From MDGs to SDGs: Women's Empowerment and Gender Equality within the SDG Framework" at the "Women's Empowerment and Gender Equality" national policy dialogue with policy makers organized by the Women and Media Collective, 8 November by Sunimalee Madurawala.

Impact Evaluation of MathCloud in Sri Lanka. Regional Workshop on MathCloud, organized by the Asian Development Bank, Philippines, held in Republic of Korea, 14-15 November.

Presentation on "Current Research Trends in Sri Lanka" at the "Education Research Institutes Network (ERI-Net) Regional Expert Meeting" on "Harnessing the Power of Research to Achieve SDG4 – Education 2030", organized by UNESCO Bangkok, Bangkok, Thailand, 24 and 25 November by Nisha Arunatilake.

Presentation on "Labour Market Trends" at the "Sri Lanka Country Diagnostic Study" consultation workshop, organized by the Asian Development Bank (ADB), Hilton, Colombo, 5 December by Nisha Arunatilake.

Presentations (Cont'd)

Presentation on the findings of "Skills and Education" chapter of "Country and Employment Diagnostic Studies", at the consultation workshop organized by Asian Development Bank (ADB), Hilton Hotel, 5 December by Priyanka Jayawardena.

Presentation on "Determinants of Nutritional Status in a Marginalized Community in Sri Lanka" at the Tenth Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA), Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI), 9 December by Samanthi Bandara.



Research Fellow, Dr. Bilesha Weeraratne made a presentation at the 'Impact Evaluation of MathCloud in Sri Lanka' a the Regional Workshop organized by the ADB, held in Korea.

Blogs/Articles

"World Cancer Day – Prevention is Better than Cure: A Role for Everyone to Play", *Talking Economics Blog, The Daily Mirror*, 4 February and *The Island*, 5 February by Yolanthika Ellepola.

"Transforming 'Manpower Employment' to Decent Work of Quality", *Talking Economics Blog, Sunday Observer*, 28 February by Priyanka Jayawardena.

"Making a Better Place for Her: Gender Equality for Sustainable Development in Sri Lanka", *Talking Economics Blog, The Island*, 8 March by Sunimalee Madurawela.

"Beat Diabetes in Sri Lanka: Too Much Sugar is Not That Sweet", *Talking Economics Blog, The Island*, 6 April by Samanthi Bandara.

A feature article on "The Not So Sweet Truth" with Samantha Wickramasinghe, *Ceylon Today*, 1 May by Samanthi Bandara.

'ICT for Development: Why Sri Lanka Needs to Address the Gender Digital Divide', Talking Economics blog, 23 August by Anarkalee Perera.



Private Sector 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 medium-term 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.

Based on the outward oriented economic growth agenda presented by the newly elected government, foreign direct investment and industrial growth were expected to become key drivers towards successful implementation. Over the course of the year, however, policy inconsistencies combined with institutional weaknesses affected the country's competitiveness and thereby hindered the expansion of industry and the inflow of foreign direct investment. These areas of concern were highlighted through the **Global Competitiveness Report 2016.** IPS acted as the partner institute for Sri Lanka in developing the report for the World Economic Forum (WEF). Several blog articles were written under the theme of improving competitiveness, which included discussions on the need for proactive investor facilitation, issues related to foreign ownership of land, and reorienting Sri Lanka's economy towards global production networks.

Domestic investment policies have become particularly important to attract FDI to small economies such as Sri Lanka, as firms seek competitive advantages that may not necessarily be gained through access to the domestic market. In order to determine the policy environment and its impact on FDI in Sri Lanka, Kithmina Hewage and Vishvanathan Subramaniam are conducting a study funded by the Think Tank Initiative (TTI). Moreover, Janaka Wijeyasiri and Suwendrani Jayaratne conducted a study on the role of the Board of Investment (BOI) in attracting Japanese investors to Sri Lanka, funded by the Japan International Cooperation Agency (JICA). Several blog articles were published by IPS on issues pertaining to investor facilitation and the impact of the domestic policy framework on sectors such as tourism.

Even though South Asia is expected to be one of the fastest growing regions in the world, driven mostly by the emergence of the Indian economy, it continues to remain one of the least integrated. Consequently, in the absence of meaningful intra-regional trade and investment networks, other economies in the region have failed to fully leverage India's economic successes. In collaboration with the World Bank, IPS researchers Kithmina Hewage and Vishvanathan Subramaniam are conducting the Sri Lanka and Maldives components of a project to better understand regional investments and value chains in South Asia.

Economic growth in Sri Lanka and the expansion of the middle class along with developments in consumer trends has led to the vast proliferation of supermarkets in the country. Significant levels of vertical and horizontal integration within this industry, therefore, have raised concerns of consumer welfare. IPS researchers Raveen Ekanayake and Kithmina Hewage conducted a **study to assess preventative measures to curb anti-competitive practices in**

the modern trade (supermarket) sector in Sri Lanka. Kithmina Hewage made a presentation on the same issue during the World Consumer Rights Day Forum 2016, held at the IPS auditorium.

Presentations

"Balancing the Scales: Taming Supermarket Buyer Power", by Kithmina Hewage at the "World Consumer Rights Day Forum" organized by IPS, IPS Auditorium, 15 March.

Articles/Blogs

'Attracting FDI to Sri Lanka: Need for Proactive Investor Facilitation' by Suwendrani Jayaratne and Raveen Ekanayake, *Daily FT, Daily News* on 27 May & 1 June.

'Sri Lanka's Tourism Industry and the Foreign Ownership Debate' by Chantal Sirisena in the *Daily Mirror, Daily FT, The Island* on 19 & 21 August.



Research Officer, Kithmina Hewage making his presentation at the World Consumer Rights Day Forum at the IPS Auditorium.



Poverty and Vulnerability

Many households in Sri Lanka are still 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. Addressing such 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.

Sri Lanka has made significant progress in reducing poverty over the past decade. It has also achieved a number of Millennium Development Goals such as halving the poverty level, achieving universal primary education, promoting gender equality in education, reducing child mortality and improving maternal health. Despite these achievements at the national level, considerable disparities are seen across the sectors and regions of the country. Moreover, inequality in income distribution and vulnerability to various risks and disasters remain issues of great concern. Sri Lanka is also faced with rapid ageing of population that brings several challenges to its labour market, health sector and the social protection system. Addressing the above challenges requires deeper understanding of these issues and the existing systems and policies. In this context, the IPS research on poverty and vulnerability focuses on a number of areas including sustainable development goals (SDGs), poverty and inequality social protection, financial inclusion and ageing.

Sri Lanka is committed to achieving the SDGs by 2030. SDGs are comprised of 17 goals that range from ending poverty and hunger to ensuring healthy lives, ensuring inclusive and equitable quality education, achieving gender equality and those related to environment and natural resources. A research team led by Ganga Tilakaratna carried out a study to examine the national level implications of the implementation of SDGs in Sri Lanka. The study looked at the relevance of the SDGs and their targets to Sri Lanka and the implementation challenges in the areas of financing, monitoring and data gaps. The study was funded by the 'Southern Voice Secretariat on Post-MDGs International Development Goals' in Dhaka, Bangladesh and the other researchers in the team were Wimal Nanayakkara, Sunimalee Madurawala, Suwendrani Jayaratne, and Kanchana Wickramasinghe. In addition, two policy briefs on SDGs were prepared for the State of the Economy 2016 report, looking at the implementation challenges and financing SDGs.

Financial Inclusion – providing access to a range of quality financial services to all at affordable prices and in a sustainable manner – is an important strategy to address poverty and vulnerability. Ganga Tilakaratna contributed a book chapter on looking at the current status and issues of financial inclusion to the Palgrave-Macmillan publication on 'Financial Inclusion in Asia: Issues and Policy Concerns'. Moreover, a blog looking the pros and cons of the Microfinance Regulatory Act that came into effect in July 2016 was prepared by Ganga Tilakaratna and Chinthani Sooriyamudali. IPS also carried out two studies analysing Sri Lanka's microinsurance sector. A team of researchers comprising of Manoj Thibbotuwawa, Dilani Hirimuthugodage and Samanthi Bandara carried out a study to understand the dynamics of micro insurance demand in Sri Lanka. The study also aimed to make suggestions to develop innovative approaches that broaden the accessibility and affordability of insurance policies by the poor. The study was funded by the International Finance Corporation (IFC). In addition, IPS research team also initiated the 'Country Diagnostic on Mutual Microinsurance in Sri Lanka' to provide a detailed analysis of the current context of mutual and co-operative micro insurance in Sri Lanka particularly focusing on the demand, supply and regulatory aspects, and to identify issues and constraints for the development and growth of this sector. This study was carried out by Ganga Tilakaratna, Chinthani Sooriyamudali, Manavee Abeyawickrama and Anarkalee Perera.

A comprehensive social protection system is also crucial to address poverty, inequality and vulnerability of the

country. Ganga Tilakaratna and Chinthani Sooriyamudali completed a study on food-based safety net (FBSN) programs in Sri Lanka. The study analysed the evolution of FBSN programs such as food rations, food subsidies and food stamps since 1940s and Sri Lanka's transition from FBSN programs to cash transfers in recent years. It further examines the factors that led to the changes in Sri Lanka's FBSN system over the past many decades and their implications. The study is part of a multi-country project funded by the World Bank, which includes countries like Egypt, India, Indonesia, Mexico, Sri Lanka and the USA as country case studies.

As Sri Lanka experiences demographic transition, it will face the challenge of handing the social protection and health needs of the rising elderly population and the risk of increasing poverty among the elderly. A study was initiated by Ganga Tilakaratna, Anarkalee Perera and Chinthani Sooriyamudali, to look at the profile of elderly in Sri Lanka and to identify the factors that determine the labour force participation and employment status of the elderly in Sri Lanka.

Despite progress in reducing poverty at the national poverty, inequality and vulnerability as well as regional disparities in poverty have remained issues of concern over past few decades. Country's poverty alleviation strategies and programs also suffer from various inefficiencies. In this context, Ganga Tilakaratna and Chinthani Sooriyamudali looked at how to improve efficiency of the main poverty alleviation programs in particular the Divineguma program and ways to mobilize resources for poverty alleviation initiatives, in a Chapter prepared for the State of the Economy 2016 report. Moreover, a Poverty Assessment report was prepared analysing the poverty situation of the country, its social protection system and constraints to inclusive growth, as a background study for the 'Sri Lanka Country Partnership Strategy 2017-2021' of the Asian Development Bank. Ganga Tilakaratna also was a panellist in session on 'Reducing Inequality in Asia: Critical Issues and Policy Choices' at the Ninth South Asia Economic Summit held in Bangladesh in October where she discussed the inequality situation in Sri Lanka and strategies to address inequality.



IPS Research Fellow, Dr Ganga Tilakaratna made a presentation on "Food-Based-Safety Nets in Sri Lanka: Evolution and Transition to Cash Transfers" at the workshop on "Food-Based Safety Nets", organized by the World Bank, Washington D. C., USA, 14 – 16 March.



IPS Research Fellow, Dr Ganga Tilakaratna was a panellist of the session on "Reducing Inequality in South Asia: Critical Issues and Policy Options" at the Ninth South Asia Economic Summit, Dhaka, Bangladesh, 15 and 16 October.



IPS Research Fellow, Dr Ganga Tilakaratna attended the "Southern Voice Strategy Meeting" organised by Southern Voice on Post-MDG International Development Goals and Initiative prospective Agricole et Rurale (IPAR), Senegal held on 14-15 November 2016 in Senegal, Dakar.

Publications

Financial Inclusion in Sri Lanka: Current Status and Issues, by Tilakaratna, G., in *Financial Inclusion in Asia: Issues and Policy Concerns*, (eds). S. Gopalan and T. Kikuchi, UK: Palgrave-Macmillan, 2016.

Social Protection and MDGs in Sri Lanka: Implications for the Post-2015 Agenda, by Tilakaratna, G., in *Southern Perspectives on the Post-2015 International Development Agenda* (eds), D. Bhattacharya and A. Ordonez-Llanos. UK: Routledge, 2016.

Social Protection in Sri Lanka: Current Status and Effect on Labour Market Outcomes, by Tilakaratna G. and S. Jayawardena, SARNET working paper No. 3, South Asia Research Network for Employment and Social Protection for Inclusive Growth, New Delhi, 2015.

Presentations

Income Security for Older Persons in Sri Lanka, by Samarakoon S. and N. Arunatilake, SDD-SPPS Project Working Paper series, UNESCAP, Bangkok, 2015.

'Social Inclusion in Sri Lanka: Poverty and Ageing' by Ganga Tilakaratna at the Sri Lanka Economic Forum 2016 on "Steering Sri Lanka towards Sustainable and Inclusive Development", Cinnamon Grand Hotel, Colombo, 7 – 8 January.



Research Fellow, Dr. Ganga Tilakaratna, making her presentation at the Sri Lanka Economic Forum 2016.

"Food-Based-Safety Nets in Sri Lanka: Evolution and Transition to Cash Transfers" by Ganga Tilakaratna made a presentation on at a workshop on "Food-Based Safety Nets", organized by the World Bank, Washington D. C., USA, 14 – 16 March.

Ganga Tilakaratna was a panellist of the session on "Reducing Inequality in South Asia: Critical Issues and Policy Options" at the Ninth South Asia Economic Summit, Dhaka, Bangladesh, 15 and 16 October.

Ganga Tilakaratna was panellist of the session on "Using Big Data for the Sustainable Development Goals: the Power of Using Appropriate Tools and Technology" at the "TTI Regional Meeting", Bangkok, Thailand, 13 to 15 December.

"Poverty, Vulnerability and Social Welfare of the Agriculture Households" by Ganga Tilakaratna made a presentation on at the "10th Annual Research Forum of the Sri Lanka Agriculture



Research Fellow, Dr. Ganga Tilakaratna, making her presentation at the Forum.

Blogs/Articles

Economics Association (SAEA)", organized by the SAEA in partnership with the IPS, Colombo, Sri Lanka, 8 December.

'Regulating Financial Services for the Poor in Sri Lanka: A Closer Look at the Long-Awaited Microfinance Act' by Ganga Tilakaratna and Chinthani Sooriyamudali, *The Island*; *Daily Mirror*, *Talking Economics Blog*, 16 October.

'From Millennium Development Goals to Sustainable Development Goals: Is Sri Lanka Ready for the Next Step?' By Wimal Nanayakkara, *Talking Economics Blog,* 06 January.

'Can Sri Lanka Eradicate Poverty and Reduce Income Inequality by 2030?' By Wimal Nanayakkara, *Talking Economics Blog,* 3 March.

'SDGs: Is Sri Lanka Still on the Right Path to Implement SDGs effectively?' By Wimal Nanayakkara, *Talking Economics Blog,* 28 July.

Environment, Natural Resources and Agriculture

Sri Lanka is traversing a path of economic reform when the world is entering the era of sustainable development goals (SDGs). A main objective of SDGs is ensuring judicious use of natural resources and ecosystem services for the sustained growth of economy. Environment, natural resources and agriculture are important elements of sustainable development due to the significant contribution of these sectors to the national economy in terms of food production, export earnings, supply of natural resources such as water and forest products, supply of raw materials for industries and provision of employments.

Achieving sustainable development is a delicate balancing act that needs to be guided by wise policy decisions and informed by available evidences and rational analysis.

Growth that results in depleting the natural capital stock of a country is not smart as it cannot be sustained in the long term. Sri Lanka is blessed with a habitable tropical environment all over the country that offers many eco-system services for the wellbeing 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 wellbeing 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) polices for getting structure of incentives right; and (iii) policies for setting up right institutions.

Climate Change

The looming threat of global climate change has imposed added conditions that growth should be low carbon and climate resilient. Sri Lanka's agenda for reform is compelled to take these concerns seriously; not as something optional but mandatory. The IPS was able to contribute directly towards climate change policy formulation. The IPS was commissioned by the Ministry of Mahaweli Development and Environment to formulate National Adaptation Plan for Climate Change Impacts in Sri Lanka: 2016-2025. The Plan provides adaptation needs, options, actions along with responsible agencies and key performance indicators for climate adaptation for nine key vulnerable sectors. The project led by Athula Senaratne and the team members include Kanchana Wickramasinghe and Chatura Rodrigo.

Asymmetries in knowledge and information between farmers on the one hand and policy makers on the other, and the communication gaps that may arise as a result, could lead to inefficiencies in the overall process of adaptation to climate change. One way to overcome these gaps is by establishing Integrated Climate Information Management Systems (ICIMS) that can harness both the strengths of local knowledge systems and advances in modelling techniques in climate sciences. A research consortium led by IPS launched an action research program to identify and pilot test replicable ICIMS models for vulnerable farming communities in Sri Lanka with potential applications in other developing regions too. The action research project is carried out by the IPS in collaboration with the Department of Meteorology, Janathakshan and South Asian Network for Development and Environmental Economics (SANDEE) with financial assistance from the Think Tank Initiative (TTI) Opportunity Fund by the International Development Research Centre (IDRC), Canada. By increasing the availability and use of appropriate climate information, the project aims to demonstrate interventions that can reduce the vulnerability of farming community to climate risks while improving the overall adaptive capacity of all stakeholders involved. A Regional Consultation

Workshop on Bridging the Climate Information and Communication Gaps for Effective Adaptation Decisions: An Integrated Climate Information Management System was conducted in June 2016 with the participation of the local and regional experts in the area. Under the leadership of Athula Senaratne, IPS research team comprises of Manoj Thibbotuwawa, Kanchana Wickramasinghe and Dilani Hirimuthugodage. This research is funded by the International Development Research Centre (IDRC).

Kanchana Wickramasinghe continued the study on Climate Insurance for Dry Zone Farmers in Sri Lanka, with financial and technical assistance of the Global Development Network (GDN). A stakeholder workshop was organized by the IPS with the participation of key stakeholders to present the preliminary findings of the study and gather the stakeholder views and suggestions for the second phase of the study. Kanchana Wickramasinghe also presented the findings at the 10th Annual Forum of the Agricultural Economics Association which was attended by a number of key experts in the country. In addition, there were several involvements of IPS staff in activities related to the climate change. These include presentation on 'Climate Change and South-South Cooperation' at the International Conference on 'South-South Cooperation (SSC) by Athula Senaratne and presentation on 'assessment of crop insurance in Sri Lanka' at the Academic Pre-Conference organized by the Center for the Economic Analysis of Risk (CEAR), Georgia State University in the 12th International Microinsurance Conference. Athula Senaratne also serves as an Editorial Board Member of the 'Climate Change Magazine of Sri Lanka', published by the Climate Change Secretariat, Ministry of Environment and Mahaweli Development.

IPS climate change policy research also covers the aspects of disaster risk reduction and urban planning. With the financial support of the UNDP, a study is undertaken on climate adaptation and disaster risk reduction aspects in relation to agriculture sector in Sri Lanka. The study also proposes a mechanism for loss and damage assessment for the sector. Another study supported by the UN-Habitat focuses on mainstreaming climate change into urban development



Regional Consultation Workshop on 'Bridging the Climate Information and Coomunication Gaps for Effective Adaptation Decisions" at Hotel Galadari in Colombo.

in Sri Lanka. Both the studies are undertaken by Athula Senaratne and Kanchana Wickramasinghe.

Green Economy

Experience of some Asian growth centers indicates that the growth achieved at the expense of heavy environmental cost may not bring in desired quality of life and caring for the environment is a must for transforming the living standards of masses. The IPS continued its research on the issues related to green economy. Much attention was paid towards ensuring sustainability aspects of the booming tourism industry in Sri Lanka. Present status and issues in regard to environmental management aspects of the hotel sector in Sri Lanka was highlighted in the working paper titled Adoption of Environmental Management Practices in the Hotel Industry in Sri Lanka, published by the South Asian Network for Development and Environmental Economics (SANDEE). That was based on a research study undertaken by Kanchana Wickramasinghe at IPS with technical and financial support from the SANDEE.

Specific aspects in relation to energy management were highlighted by Kanchana Wickramasinghe in the paper titled 'Energy Management in Hotel Sector in Sri Lanka: Adoption of Good Practices' published in the Research Journal of the Ministry of Power and Energy. According to the analysis presented in the paper, policies should motivate small hotels, independent hotels and newer hotels to adopt good energy management practices. Kanchana Wickramasinghe also presented the specific barriers in promoting good environmental management practices in the hotel sector and relevant issues on marketing such initiatives in two papers in the book titled 'Sustainable Tourism in the Global South: Communities, Environments & Experiences' published by the Cambridge Scholars.

Recent developments of tourism in certain areas have brought in environmental and social issues due to lack of attention paid towards sustainability aspects. IPS sheds light in this area through a study undertaken based on the Bar Reef in the Kalpitiya area. The study finds that the local economy in the area is gradually being transformed due to developments in tourism and recreation. The paper authored by Kanchana Wickramasinghe, Athula Senaratne at IPS and Arjan Rajasuriya at the World Conservation Union (IUCN) stresses the need for bringing the negative activities which cause impacts on the ecosystem services under control. In addition, the involvement of the IPS staff in environmental sustainability and green economy include the paper presented by Kanchana Wickramasinghe at the 10th Annual Forum the Sri Lanka Agricultural Economics Association and the paper appeared in the Annual Report of the United Nations Association in Sri Lanka. Moreover, Athula Senaratne delivered a public lecture on Energy Security, Sustainable Development and Green Accounting at the Institute of Engineers, Sri Lanka.

Food Security

Sustainable Development Goal 2 (SDG2) aims to end hunger, to achieve food security and improved nutrition, and to promote sustainable agriculture. While Sri Lanka has made significant progress over the past 15 years during the Millennium Development Goal era, substantial challenges still exist. Considerable amount of research was initiated to identify these challenges and address them with sustainable policy solutions. A team of researchers led by Manoj Thibbotuwawa initiated a study to review National food and nutrition security situation in Sri Lanka with the funding support of World Food Programme (WFP). This study was envisaged to identify key challenges in achieving food and nutrition security in the country and to make recommendations for achieving SDG2 targets. The research team included Dilani Hirimuthugodage from IPS and few other researchers from HARTI, Department of Census, MRI, SAPRI and WFP. The interim findings were presented at several forums comprising of government ministers, secretaries and other government officials, academia, and the other stakeholders from NGOs, CSOs and Private Sector.

Understanding the factors affecting demand and supply of the major food commodities and associated value chains are critical in designing appropriate sustainable development polices. Funded by the National Science Foundation of Sri Lanka (NSF), the IPS team comprised of Athula Seanaratne, Manoj Thibbotuwawa, Kanchana Wickramasinghe and Dilani Hirimuthugodage continued the 3 year project on Supply and Price Behaviour Relating to Rice, Fish and Dairy Products in

Sri Lanka. Interim research findings were shared with the major stakeholders by the research team at the Lesson Sharing and Policy Consultation Workshop.



Participants at the Lesson Sharting and Policy Consultation Workshop in Marawila.

Agricultural Value Chains

Food value chain development is expected to play an important role in ensuring food security and achieving sustainable development. Also, there is a felt need to design a National Food Value Chain Development Plan to implement public policy instruments advocated in National Agricultural and Food Policies and the SDG agenda. In order to facilitate a dialogue on the key opportunities for food value chain development in Sri Lanka and to provide the basis for the formation of successful food value chains for the country, the IPS team organized a National Workshop on Food Value Chain Development jointly with the Ministry of Primary Industries (MPI) with the financial support from International Food Policy Research Institute (IFPRI). IPS researchers Athula Senaratne, Manoj Thibbotuwawa, Janaka Wijayasiri, Chatura Rodrigo, Dilani Hirimuthugodage and Dushanthi Dayananda shared their expertise at different sessions.

Investments in agriculture play a crucial role in fostering development of agriculture in Sri Lanka because it has the potential to raise productivity, reduce poverty, enhance food security and hence enable sustainable development efforts. There are concerns about the challenges of financing agricultural development because the amount of investment needed to achieve acceptable levels of agricultural growth far exceeds current investment trends. A team of researchers comprising Athula Senaratne and Kanchana Wickramasinghe examined the Sri Lanka's public investments on agriculture, focusing on food crops agriculture subsector with special attention on identifying implications of climate change on food security. The study revealed some thoughts on future directions on public investments in agriculture. In addition, IPS chapter on the State of the Economy 2016 report on financing agricultural investments done by Manoj Thibbotuwawa and Dilani Hirimuthugodage looked at the innovative economic incentives to leverage existing resources in a more efficient way.

In the face of growing scarcity of land, water and emerging challenges of climate change, productivity gain in agriculture is the option available to increase agricultural output in the country. Productivity improvement should be achieved by introducing new technology generated through sustained investments. A well-established Intellectual Property Rights (IPRs) system will help to encourage innovations, technology transfers, product development, development of new plant varieties, etc. IPS study on Intellectual Property Rights in Protecting Plant Varieties and Farmers' Traditional Knowledge in Sri Lanka funded by National Science Foundation (NSF) attempted to identify issues, existing policies and policy gaps with regards to protection of farmers' traditional knowledge and plants varieties with especial focused on rice seed varieties. The findings of the study were presented at various forums that include 3rd International Conference of Agricultural Sciences organized by the Sabaragamuwa University of Sri Lanka. Based on the study finding a working paper was also published. The research team included Dilani Hirimuthugodage and Parakrama Samaratunga.

Other than the research and dissemination work, several IPS staff members contributed towards the development of agricultural policy at the advisory capacity. Athula Senaratne served as the President of the Sri Lanka Agricultural Economics Association

(SLAEA) in 2016. He also served as a member of the Sectoral Committee on Agriculture of the Sri Lanka Standards Institute and as a panelist at the Special Session on Blue Green Economy, Sri Lanka NEXT; Blue-Green Era Conference, Organized by the Ministry of Mahaweli Development and Environment. Manoj Thibbotuwawa served as a member of the Technical Evaluation Committee –Economic Research of the Tea Research Institute of Sri Lanka and as a member of the working group on food security and food value chain development in Sri Lanka for the Ministry of Primary Industries and International Food Policy research Institute (IFPRI). He also served as a discussant on Challenge and opportunities in modernizing agriculture in Sri Lanka at Sri Lanka Country Diagnostic Study consultation workshop, organized by the Asian Development Bank (ADB).

Publications

Adoption of Environmental Management Practices in the Hotel Industry in Sri Lanka by Kanchana Wickramasinghe, 2016, Working Paper No. 114–16, South Asian Network for Development and Environmental Economics (SANDEE), Nepal, Kathmandu.

Environmental Sustainability Aspects in SDGs by Kanchana Wickramasinghe, 2016, *Annual 2016*, United Nations Association of Sri Lanka.

Intellectual Property Rights in Protecting New Plant Varieties and Farmers' Traditional Knowledge: the Case of Rice in Sri Lanka by Dilani Hirimuthugodage, and Parakrama Samaratunga, 2016, *Working papers series: No: 24*, Institute of Policy Studies of Sri Lanka, Colombo, Sri Lanka.

Barriers for Adoption of Environmental Management Practices in the Hotel Sector in Sri Lanka by Kanchana Wickramasinghe, K. (2016), in M. Aslam, M. J. M. Cooper, N. Othman, A. A. Lew (Eds.), *Sustainable Tourism in the Global South: Communities, Environments & Experiences* (pp. 209 – 221), Newcastle, UK: Cambridge Scholars Publications.

Adoption of Green Marketing by the Hotels in Sri Lanka: A Case of Colombo District by Gamage, P., Wickramasinghe, K., Fernando A. P. S., Dissanayake, S.N. (2016), in M. Aslam, M. J. M. Cooper, N. Othman, A. A. Lew (Eds.), *Sustainable Tourism in the Global South: Communities, Environments & Experiences* (pp. 166 – 182), Newcastle, UK: Cambridge Scholars Publications.

Energy Management in Hotel Sector in Sri Lanka: Adoption of Good Practices, Sri Lanka Energy Empowered Nation – Research Findings by Kanchana Wickramasinghe, 2015, *Research Journal of the Ministry of Power and Energy*, *Vol. 01*.Conserving Ecosystem Services and Harnessing the Economic Potential of the Bar Reef by Kanchana Wickramasinghe, Athula Senaratne and A. Rajasuriya (2014), *Wildlife*, Vol. 09 No.1.

Analyzing Fisheries Value Chain in Sri Lanka to Improve Market Availability and Accessibility by Dilani Hirimuthugodage and Athula Senaratne, 2016, *Abstracts*, 10th Annual Research Forum, Sri Lanka Agricultural Economic Association.

Presentations

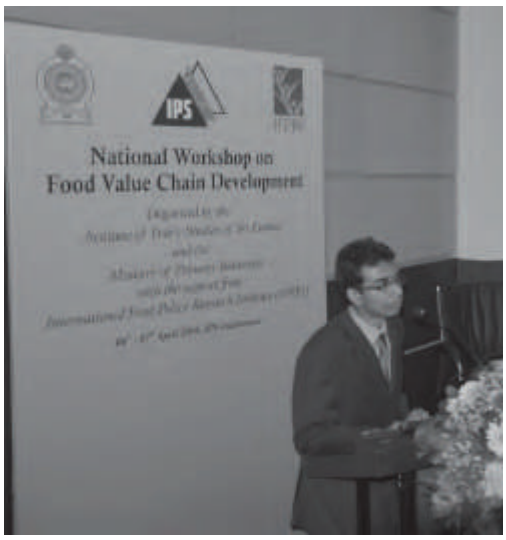
Climate Change and South-South Cooperation by Athula Senaratne at the International Conference on 'South-South Cooperation (SSC) organized by Research and Information System for Developing Countries (RIS), New Delhi, India, 10-11 March.

National Integrated Food Security and Nutrition Policy (NIFSNP) by Manoj Thibbotuwawa at the national workshop on "Food Value Chain Development" organized by IPS together with the Ministry of Primary Industries (MPI) and International Food Policy Research Institute (IFPRI), IPS Auditorium, 6 April.

Agri-food Value Chains in Sri Lanka: Dairy and Fisheries Value Chains by Dilani Hirimuthugodage at the national workshop on "Food Value Chain Development" organized by IPS together with the Ministry of Primary Industries (MPI) and International Food Policy Research Institute (IFPRI), IPS Auditorium, 6 April.

Importance of Agri-food Standards in Food Value Chains in Sri Lanka at national workshop on "Food Value Chain Development" by Janaka Wijayasiri at the national workshop on "Food Value Chain Development" organized by IPS together with the Ministry of Primary Industries (MPI) and International Food Policy Research Institute (IFPRI), IPS Auditorium, 6 April.

National Preparedness to Deal with Synergies among Biodiversity Conventions by Athula Senaratne at the Workshop on National Biodiversity Strategy and Action Plan (NBSAP): Dealing with Synergies, SDGs and Financing, Jointly organized by the Biodiversity Secretariat and UNEP, Galadari Hotel, Colombo, 8-9 August.



Research Fellow, Dr Manoj Thibbotuwawa addressing the National Workshop on Food Value Chain Development.

Presentations (Cont'd)

Existing Risk Management Strategies and the Situation and Issues with regard to Climate Insurance by Kanchana Wickramasinghe at the stakeholders' meeting on "Findings of the IPS Study on Demand for Climate Insurance by Dry Zone Farmers in Sri Lanka", IPS Conference Room, 13 September.

National Strategic Review of Food Security and Nutrition by Manoj Thibbotuwawa at the First Meeting of the Multi-Stakeholders organized by SAPRI and WFP, BMICH, Colombo, 16 october.

Dynamics of Food Security and Future Challenges by Dilani Hirimuthugodage at the seminar on World Food Day - 2016 organized by Bandaranaike Center for International Studies (BCIS), BCIS, Colombo, 19 October.

National Strategic Review of Food Security and Nutrition by Manoj Thibbotuwawa at the First Action group meeting organized by SAPRI and WFP, BMICH, Colombo, 28 october.

Supply Analyses of Rice and Marine Fish in Sri Lanka by Kanchana Wickramasinghe at the Lessons Sharing & Policy Consultation Workshop on Policy Options for Ensuring Food Security in Sri Lanka: A Multi-market Analysis of Rice, Fish and Dairy Products, Organized by the Institute of Policy Studies of Sri Lanka (IPS) and The National Science Foundation (NSF) in partnership with Sri Lanka Agricultural Economics Association (SAEA), Club Palm Bay Hotel, Marawila, 03rd - 04th November.

Analyzing Fisheries and Dairy Value Chains in Sri Lanka by Dilani Hirimuthugodage at the Lessons Sharing & Policy Consultation Workshop on Policy Options for Ensuring Food Security in Sri Lanka: A Multi-market Analysis of Rice, Fish and Dairy Products, Organized by the Institute of Policy Studies of Sri Lanka (IPS) and The National Science Foundation (NSF) in partnership with Sri Lanka Agricultural Economics Association (SAEA), Club Palm Bay Hotel, Marawila, 03rd - 04th November.

Consumption Demand for Rice and Fisheries Products in Sri Lanka by Manoj Thibbotuwawa at the Lessons Sharing & Policy Consultation Workshop on Policy Options for Ensuring Food Security in Sri Lanka: A Multi-market Analysis of Rice, Fish and Dairy Products, Organized by the Institute of Policy Studies of Sri Lanka (IPS) and The National Science Foundation (NSF) in partnership with Sri Lanka Agricultural Economics Association (SAEA), Club Palm Bay Hotel, Marawila, 03rd - 04th November.

Protecting Farmers from Climate-induced Risks: An Assessment of Crop Insurance in Sri Lanka by Kanchana Wickramasinghe at the Academic Pre-Conference organized by the Center for the Economic Analysis of Risk (CEAR), Georgia State University in the 12th International Microinsurance Conference, Colombo, Sri Lanka, 14 November.

National Strategic Review of Food Security and Nutrition: Towards Zero Hunger: Background and Current Status by Dilani Hirimuthugodage at the Global Forum of Donor Agencies, The World Bank Office, 22 November.

Energy Security, Sustainable Development and Green Accounting by Athula Senaratne at Institute of Engineers Sri Lanka (IESL), Vidya Mawatha, Colombo 23 November.

Role of Crop Insurance as a Climate Risk Management Strategy in Sri Lanka by Kanchana Wickramasinghe at the 10th Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA) organized by the SAEA in partnership with the IPS, HARTI, Colombo, 9 December.

Are the plantation workers adequately remunerated? Estimation of Living Wage for the Plantation Sector in Sri Lanka by Manoj Thibbotuwawa at the 10th Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA) organized by the SAEA in partnership with the IPS, HARTI, Colombo, 9 December.

Environmental Sustainability in Agriculture in Sri Lanka by Kanchana Wickramasinghe at the 10th Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA), organized by the SAEA in partnership with the IPS, HARTI, Colombo, 9 December.

Analyzing Fisheries Value Chain in Sri Lanka by Dilani Hirimuthugodage at the 10th Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA) organized by the SAEA in partnership with the IPS, HARTI, 9 December.

Spice Value Chain Analysis of Sri Lanka by Manoj Thibbotuwawa at the inception meeting organized by JICA at The Secretariat, Meeting room 134, National Planning Department, 15 December.

Blogs/Articles

Better Water, Sustainable Agriculture and Better Lives for Sri Lanka by Athula Senaratne and Chatura Rodrigo in *Daily FT*, 22 March.

Healthy Oceans, Healthy Planet: Cleaning up Marine Debris from Natural Disasters by Athula Senaratne in *Talking Economics Blog,* 08 Jun.

Implementing Green Goals in SDGs in Sri Lanka by Kanchana Wickramasinghe in *Talking Economics Blog*, 29 June.

Green Shine in New Star Ratings of Sri Lankan Hotels by Kanchana Wickramasinghe in *Talking Economics Blog,* 08 Aug.

Making Sri Lankan Tourism Accessible for All by Kanchana Wickramasinghe in *Talking Economics Blog,* 27 Sep.

Intellectual Property Rights as a Tool for Enhancing Ecotourism in Sri Lanka by Dilani Hirimuthugodage in *The Island*, 03 November.

Crop Insurance: Is it Workable in Sri Lanka? by Kanchana Wickramasinghe in *Talking Economics Blog,* 22 Nov.

Research Team Leaders



L - R: Ganga Tilakaratna, PhD (Manchester), Janaka Wijayasiri, PhD (Monash), Nisha Arunatilake, PhD (Duke), Saman Kelegama, D.Phil (Oxon), Bilesha Weeraratne, PhD (CUNY), Dushni Weerakoon, PhD (Manchester), Athula Senaratne, PhD (Deakin), Manoj Thibbotuwawa, PhD (Western Australia)

Research Staff



1. Kanchana Wickramasinghe, MEcon (Colombo), *Research Economist;* 2. Priyanka Jayawardena, MEcon (Colombo), *Research Economist;* 3. Wimal Nanayakkara, BSc (Peradeniya), *Senior Visiting Fellow;* 4. G. D. Dayaratne, BA (Peradeniya), *Manager Health Policy Programme;* 5. Kithmina Hewage, MSc (UCL), *Research Officer*; 6 Nipuni Perera, BA (Colombo), *Research Officer*; 7. Neluka Gunasekera, BA (Colombo), *Research Assistant*

Research Staff



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IPS Research Internship Programme 2016

The IPS internship programme offers short-term attachments to currently enrolled students or recent graduated in economics or closely related fields. They provide an opportunity to work with a senior researcher on a specific research project, or to obtain a wider experience across research areas. The positions are open to applicants with an interest in economic development issues, and are typically for 2 – 6 months.

In the year 2016 the following interns participated in this programme.

Minidula Balasuriya	*University of Colombo*
Sri Dayalini Sivalingam	*University of Colombo*
Pamokya Marambe	*University of London, Royal Institute, Colombo*
Chanthal Sirisena	*University College London*
Vishwa Subramanium	*Birmingham-Southern College (BSC), Birmingham, Alabama, USA*
Abhinav R Pandey	*Earlham College, Richmond, Indiana*
Mychalya Lindburg	*Tulane University, New Orleans, LA*
Sathya Karunaratne	*Sri Jayawardenapura University/University of London, Royal Institute*
Kishani Seneviratne	*University of London, Royal Institute, Colombo*
Naveen Wickremeratne	*University of Colombo*
Duvindi Illankoon	*University of London, Royal Institute, Colombo*

TTI Funded Programmes 2016

In the year 2016,TTI Co-funding support was extended to the following activities of the organization:

PUBLICATIONS -

- Sri Lanka State of the Economy 2016
- Taxation in Sri Lanka; Current Trends and Perspectives
- TE Digest (2 Issues)
- Re-defining Urban Areas in Sri Lanka
- Public or Private: Determinants of Choice of Health Providers in Sri Lanka
- Intellectual Property Rights in Protecting New Plant Varieties and Farmers' Traditional Knowledge

RESEARCH PROJECTS -

Why People Choose to Participate in the Non-Standard Forms of Employment in Sri Lanka

As in the case of many other global economies, the broad trend towards growing casualization and externalization of work has become more prevalent in Sri Lanka. For example, as of 2013, more than half of the Sri Lanka's of wage employees were employed in non-standard forms of employment – temporary/casual workers or workers without a permanent employer. Study findings revealed that, non-standard forms of employment, affect workers in terms of unstable employment, lower wages, lack of social security coverage, etc. Further, both labour supply side issues – skill gaps, unskilled workers as well as limited permanent job opportunities influence the higher incidence of non- standard employment in Sri Lanka.

Review of National Human Resources and Employment Policy (NHREP) for Sri Lanka

The 'National Human Resources and Employment Policy' was first launched in October, 2012. With the change of government, it needed to be re-oriented to the development framework of the current government. With the invitation of the Department of Manpower and Employment and funding from the TTI initiative the Institute of Policy Studies (IPS) redraft the National Human Resources Employment Policy. The revised draft was later validated at a National Steering Committee established for guiding the revision of the NHREP.

Funding Developing Trade Policy Framework for Ministry of International Trade

What are they doing? Youth Labour in Sri Lanka

Objective of this study is to: (a) find out the different activities youth engage in and (b) find the factors affecting youth to be engaged in these activities. The identification of underlying factors will enable us to figure out the customized policy measures to rectify the issue and bring them back to the productive employment so that they can contribute to the economic development of the country.

World Economic Forum - Transformation Hub

The IPS curated the World Economic Forum's Transformation Map on Sri Lanka. The project identified seven areas of transformation in the political-economy of the country that can be leveraged for future growth and connects them with the Forum's other initiatives in similar areas. This project was presented to Prime Minister Ranil Wickremasinghe at the World Economic Forum annual meeting at Davos in January 2017.

TRAINING -

Methodological training for all Research staff was coordinated by Research Economist, Priyanka Jayawardana, on areas of STATA training, Distributional analysis, Impact Evaluation, Decomposition analysis and Value chain analysis.

Supports staff was trained and attended Workshops in the following areas a such Asset Management, Managing multiple tasks, Annual Stock Verification and Basic English communication, Workshop on Secretarial and Administrative skills, Seminar on Building Maintenance and Motivational Sales Techniques.

Support Services
Finance and Administration

The Department of Finance and Administration is setup to provide support services to the Research units.

These support services comprise of financial, administration, human resource, maintenance, operations, transportation and procurement services.

Year 2016 was a remarkable year for this department due to its accomplishments in administrative tasks. Until 2016, the land on which the Institute's office building was located was operating under lease and as a result of collectives efforts of the senior management and the staff, the Institute was able to obtain the ownership of this land in November of 2016, which was presented to IPS as a government grant.

In December the IPS was recognized by the Institute of Chartered Accountants of Sri Lanka as a training organization for Certificate Level Training.

In August the department successfully upgraded the finance software to Navision 2016, which made the Institute the first client to go live with the latest version of the software in the country.

As a result of extended commitment towards achieving high quality financial reporting and adherence to effective internal control mechanisms, the institute received a "clear audit opinion" from the Auditor General for the Annual Accounts for the year ended 31 December 2015.

However, 2016 was a challenging year for the department as project income declined as compared to the last year. Nonetheless, such a drop in income did not significantly affect the total revenue of the Institute due to the notable growth in interest income. Moreover, the Institute's internal funds were effectively managed to compensate for the revenue gaps.

In terms of Corporate Social Responsibility efforts of IPS, the department of Finance and Administration mobilized the support of the staff and the institution to help flood and landslide victims of the severe tropical storms in May. Under the leadership of the department, the staff and the Institute collectively made financial and in-kind donations to the Sri Lanka Red Cross Society, which were distributed amongst the displaced and otherwise affected victims.

In 2016, the Institute bid farewell to five researchers and seven support staff members, while seven new staff members joined research and support sections of the Institute.



Standing(L-R)

Bernadette Prabaloginy, Receptionist; G. B. L. Pooliyedda, Administr-ation Officer; Nilanthi Alahakoon, Secretary; Ranushi Jayatilake, Accountant; Renuka Wijekoon Facility Management Officer; Erandi Guruge, Finance and Administration Assistant

Seated (L-R)

Thakshila Withanage, Accounts Assistant; Gayani Caldera, Director Finance and Administration

Support Services
Communications & Outreach

Expanding research outreach through effective use of communication channels is one of the key objectives of the Institute, and is led by the Communications and Publications Units of the IPS.This includes disseminating the multi-dimensional research activities of the Institute to the outside world through mediums including publications, print and electronic media, digital and social media, as well as events and dialogues.

In 2016, the IPS Communications Strategy was developed after several constructive meetings held with the Research Staff to discuss and identify the most effective methods to be implemented through the strategy.

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 Publications Unit 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 Publications Unit.Various marketing strategies have also been adopted, to achieve the targets of the publications sales of IPS.

Other Channels

IPS academic research is also repackaged into more accessible formulations such as Policy Insights, with the aim of effectively engaging with the target audiences - national, regional and international stakeholders, of the Institute. In 2016, IPS developed 8 policy insights based on its publications and on-going research.

Regular review meetings to discuss and obtain feedback on contemporary IPS work and more informal round table discussions with key stakeholders are among the IPS outreach measures. In addition, IPS targets vernacular language audiences through options such as TV documentaries, regular panel discussions and translated outreach and publications material.

Outreach through a Strategic Relationship with the Media

Over the years, the Institute has maintained a close relationship with print and electronic 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. IPS news shared in the form of press releases and research articles are well received by the media, with IPS receiving wide media coverage for IPS events and activities.

In 2016, IPS issued 40 blog articles to the English media, 09 press releases based on events and publications, and 10 Policy Insights based on SOE 2016.

Events

Among the events that were held in 2016, the Regional Consultation Workshop for an Integrated Climate Information Management System in June, the National Workshop on FoodValue Chain Development and the Indian Ocean Rim Association Whale and Dolphin Watching Workshop in February were well received. Other key events held and supported by the IPS include theWorld Consumer Rights Day Forum 2016, National Consultation on Food Security Policies in Sri Lanka, the launch of the UN ESCAP Survey Report, which were held at the IPS Auditorium.

Support Services
Communications & Outreach (Cont'd)

Knowledge Dissemination through Online Mediums

Aside from the traditional mediums of outreach, 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 Website, Social Media platforms as well as the blogs – Talking Economics and ClimateNet are among the key online platforms used for knowledge dissemination. The blogs are one of the main modes of outreach – with regular posting of 'long-read' essays, op-eds and rapid-response articles. There were nearly 200 web uploads added to the IPS website, while the blogs collectively carried 44 (TE – 41, CN – 03) articles, which were also issued and published by the media.

On the social media platforms, as of 31st December 2016, the Institute's Facebook Page Likes increased by 409 to reach 1,525, while the Twitter followers on @TalkEconomicsSL went up by 357 to 1,172 followers.



Standing (L-R) - Ayoni Rangala, Coordinating Secretary/HR Assistant; Amesh Thennakoon, Publications Offficer; Nayomi Jayakody, Secretary; Asuntha Paul, Secretary
Seated (L- R) - Charmaine Wijesinghe, Manager, Publications and Events; Dishnika Perera, Manager Communications and Strategic Outreach

Support Services
Library

As an integral component of the Institute's research process, the library is committed to provide exceptional research support to its researchers. In 2016, the main focus of the Library was to assess the services delivered to researchers and to prioritize these services accordingly.

Collection Development

In 2016 the library increased its acquisitions and built a significant collection by working closely with its own researchers as well as similar research organisations. A large number of items were added to its print and electronic collections of books and pamphlets. Library also continued its subscriptions to periodicals which cover more than 30 titles of local, regional and international journals. In addition, library also obtained a large number of publications as exchanges and gifts through the excellent exchange programme that library has developed over the years with various national, regional and international organisations. In 2016 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.

Access to on-line Full-text Databases

Library continued to provide access to several databases with the generous support of IDRC/TTI. However, because of the large number of embargo titles in these databases library reactivated its subscription to JSTOR in 2016.

with the phasing out of TTI support and access to IMF e-Library in the near future, providing access to online full-text databases will be a challenge to library. In preparation for this impending scenario the Librarian and the Library Committee have been pursuing alternative strategies.

Enhancing Services

The electronic current awareness services of the Library and other user education activities inform researchers about latest information and resources. As a result of these education and awareness service the usage of Library Intranet, Online Public Access Catalogue (OPAC), and Electronic databases has increased.

In 2016, researchers borrowed print items which included 452 monographs, pamphlets and working papers and print journals and magazines (208). In addition library attended to a large number of Inter Library Loan (35) and Document Delivery (312) requests. In addition to print items, on the request of its researchers library has delivered nearly 312 electronic documents.

In addition to responding to a considerable number of e-mail and telephone queries a number of national and international professionals and students used its Library Committee Chaired by Dr Nisha Arunatilake, the Library Committee plays an advisory role to assist the Librarian in setting overall library policy and in defining broad guidelines for further development of the Institute's library. The Committee mainly 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.

Human Resources

The Library experienced human resources shortages in 2016, and the library was operated with the service of two staff members - Librarian and Assistant Librarian. This necessitated the reallocation of Librarian's time from research and development of the library services,

i.e. to introduce innovative/user-friendly facilities, towards routine activities such as data entry, and updating of Intranet and OPAC. Similarly, the Assistant Librarian was required to cover-up the duties of the Library Assistant as well. It was observed that this heavy

Support Services
Library (Cont'd)

work-load had been a contributory factor for the staff turnover in the library.

Library User Survey

The library devotes a significant amount of effort, energy, and investment on the innovative services developed over the years such as maintaining an up-to-date Intranet with a range of information services, an OPAC with full-text resources and current awareness services on what is available electronically. However, given the staff shortage in the library the provision of these services require prioritizing. As such, as per the advise of the Library Committee, the Library carried out a user survey to identify and clarify the service priorities of the library. The findings of the survey indicated that services such as Intranet, OPAC, electronic news-clipping are the most heavily used and considered the most important by a majority of researchers.

Additionally, the survey showed that the researchers at the IPS heavily rely on electronic resources delivered via the Intranet and other databases such as JSTOR.



IPS Librarian Dr Premila Gamage attended the preconference on Digital Preservation held at the Library of Congress in Washington DC during August 10-11 and the World Library and Information Conference of IFLA, in Columbus, Ohio, USA during August 13-19.



IPS Librarian Dr. Premila Gamage attended the mid-meeting of Regional Standing Committee of Asia and Oceania (RSCAO) of International Federation of Library Associations and Institutions (IFLA), in Singapore during February 16-18th.



L- R
Premila Gamage, Librarian; Nuradha Boteju, Assistant Librarian

Support Services
Information Systems

The Information Systems Unit (ISU) of the IPS plays a pivotal role in execution of all IT activities such as Software, Hardware, Networking and IT Infrastructure Management, Web Development, Maintenance and Information Dissemination, Database Development, Maintenance and Management. Thereby it supports the Institute to remain competitive as a regional centre of excellence.

A completely new Local Area Network (LAN) was conceptualized and implemented with the objective of meeting the IPS' ICT demands. 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 installing a separate telephone network.

The ISU implemented the Disaster Recovery System for IPS server system during 2016. The newly introduced Virtual Private Networking system facilitates the researchers to securely connect to the IPS network from various locations outside IPS premises (e.g., while at conferences abroad, in the field, or working from home) and gain access to necessary resources, communicate remotely via soft phones thereby enabling researchers to collaborate and engage in virtual team work.

Audio and Video conferencing facilities were also integrated to the network so that this facility could be used by the staff when they are in the Conference Rooms and Auditorium. New server systems running on virtualization system have helped to minimize the number of physical servers as well as running multiple operating systems and multiple applications on the same physical servers. Audio and Video conferencing facilities were also integrated to the network so that this facility could be used by the staff when they are in the Conference Rooms and Auditorium. New server systems running on virtualization system have helped to minimize the number of physical servers as well as running multiple operating systems and multiple applications on the same physical servers. The un-interrupted power for these servers is being supplied by two on line UPS.



L-R
Nalaka Liyanapathirana, Web Manager and System Administrator; Nandaka Pothuwewa, Head of Information Systems; Roshan Kaluarachchi, Web Developer cum Network Assistant

Our Publications 2016



Our In-House Seminars











"Integrating Climate and Natural Resource Management into the Budget Process", by Dr. Paul Steele, Chief Economist at the International Institute for Environment and Development (IIED), UK, *IPS Conference Room,* 20 December.

"The Colombo Port City: An Overview", by Mr. Liang Thow Ming, Chief Sales and Marketing Officer, CHEC Port City Colombo (Pvt) Ltd., *IPS Conference Room*, 10 October.

"SDGs: Is Sri Lanka Still on the Right Path to Implement SDGs Effectively", by Mr. Wimal Nanayakkara, Senior Visiting Fellow, *IPS Conference Room,* 27 July.

"Fiscal Marksmanship in India", by Prof. Monica Singhania, Professor of Accounting & Taxation, Faculty of Management Studies (FMS), University of Delhi, *IPS Conference Room*, 8 June.

"Implications of the Trans-Pacific Partnership (TPP) On Sri Lanka", by Dr. Janaka Wijayasiri, Research Fellow, *IPS Conference Room*, 27 May.

"Are the Plantation Workers Adequately Remunerated: Estimation of Living Wage for the Tea Plantations in Sri Lanka", by Dr. Manoj Thibbotuwawa and Priyanka Jayawardena, Research Economists, *IPS Conference Room*, 31 March.

"Jumpstarting South Asia: Round Two of Reforms and Look East Policy- with a Special Focus on Sri Lanka", by Prof. Pradumna Rana, Nanyang Technological University, Singapore, *IPS Conference Room*, 15 March.

"Rethinking the Growth Diagnostic Approach", by Prof. Premachandra Athukorala, Professor of Economics, Arndt-Corden Department of Economics, Crawford School of Public Policy, Australian National University, *IPS Conference Room,* 8 February.

"Requiem for a Deal: The Influence of Foreign Aid on Cooperation Between Developing Nations at the WTO", by Kithmina Hewage, Research Assistant, *IPS Conference Room*, 5 January.

Our Overseas Presence



1. IPS Executive Director made a presentation on "Trade and Investment in South Asia: Opportunities and Challenges" at the Annual Session of the South Asia Federation of Accountants, Pearl Continental Hotel, Lahore, Pakistan, 29-30 January.

2. IPS Executive Director delivered a lecture on "Regional Economic Integration in the Bay of Bengal" at the second BIMSTEC Roundtable at the BIMSTEC Secretariat, Dhaka, Bangladesh, 19 February.

3. IPS Executive Director made a presentation on "Prospects and Challenges for South Asian Regional Integration" at the SANEM Annual Conference 2016 on "Bangladesh: Way Towards a Middle Income Country", BRAC Centre Inn, Dhaka, Bangladesh, 20 February

4. IPS Executive Director made a Special Address on "BIMSTEC Rejuvenation" at the International Conference on "BIMSTEC at 20: Agenda for 2017 and Beyond" organized by the Centre for Studies in International Relations and Development (CSIRD), Institute of Foreign Policy Studies (IFPS), and BIMSTEC Network of Think Tanks (BNTT), Park Hotel, Kolkata, India, 28-29 March.

5. IPS Research Fellow, Ganga Tilakaratna made a presentation on "Food-Based-Safety Nets in Sri Lanka: Evolution and Transition to Cash Transfers" at a workshop on "Food-Based Safety Nets", organized by the World Bank, Washington D. C., USA, 14 – 16 March.

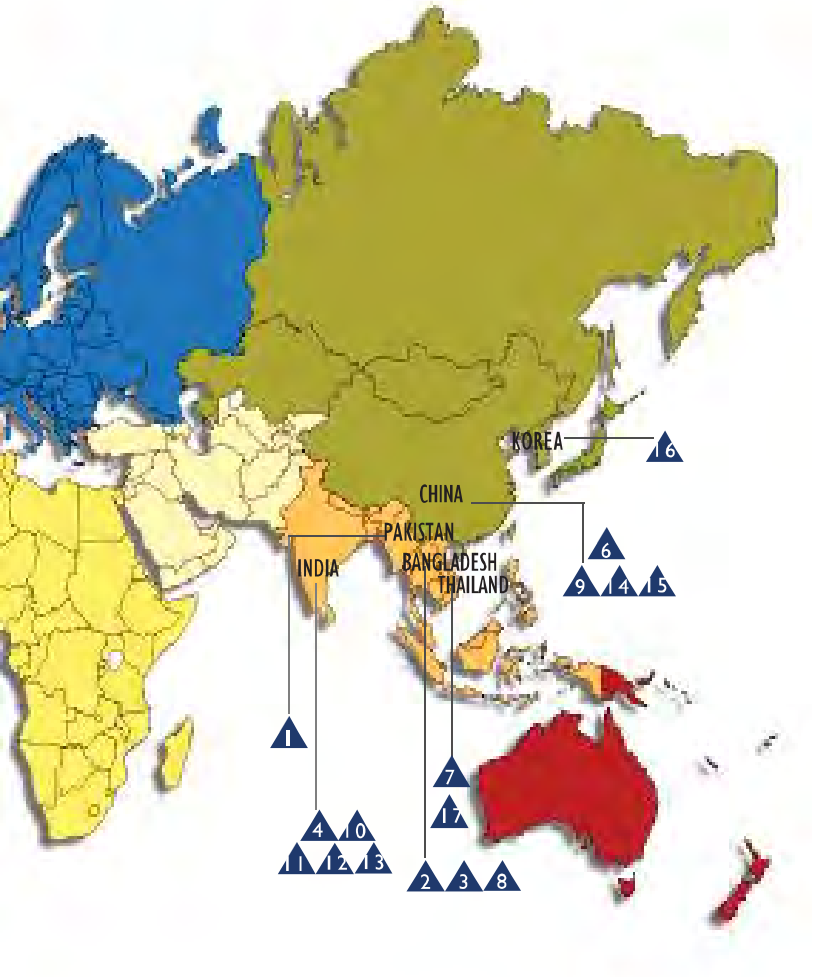
6. IPS Executive Director delivered a speech on "Expanding Economic and Trade Cooperation in the Maritime Silk Route" at the First Think Tank Forum of the 21st Century Maritime Silk Road, Guangdong University, Guangzhou, China, 10 and 11 May.

7. IPS Research Fellow, Bilesha Weeraratne made a presentation on "Remittances and Gender" at Colombo Process Thematic Area Working Group Meeting on "Remittances", Bangkok, Thailand, 20 and 21 July.

8. IPS Executive Director, made apresentation on "Inclusive Growth and Governance in a Post-Conflict Setting: The Case of Sri Lanka" at "Inclusive and Accountable Governance in South Asia" conference, Bangladesh Public Administration Training Centre (BPATC), Dhaka, Bangladesh, 20 and 21 July.

9. IPS Executive Director made a presentation on "The 21st Century Maritime Silk Road and Sri Lankan Development" at the second symposium on the "Maritime Silk Route and the China-Sri Lanka Relations", organized by the Shanghai Institute of International Relations and the Pathfinder Foundation, Shanghai, China, 11 to 13 July.

Our Overseas Presence



10 IPS Research Fellow, Janaka Wijayasiri made apresentation on "Challenges to a BIMSTEC Free Trade Agreement (FTA): A Sri Lankan Perspective" at Regional Consultation of BIMSTEC Network of Policy Think Tank, organized by RIS, New Delhi, 27 September.

11 IPS Research Officer, Kithmina Hewage made a presentation on "Air Connectivity in South Asia" at the conference on "Unleashing South Asia: Connectivity, Sub-regional Initiatives, Energy and Investment Protection", SAARC Chamber of Commerce & Industry, Mumbai, India, 24 September.

12 IPS Research Fellow, Bilesha Weeraratne made a presentation on "Coastal Tourism and Urbanization in Sri Lanka" at Second IORA Blue Economy Dialogue on "Sectoral Cooperation in Blue Economy in the Indian Ocean Region", organized by Research and Information System for Developing Countries (RIS), New Delhi, India, 5 November.

13 IPS Research Assistant, Visvanathan Subramaniam made a presentation on "Sri Lanka: Sustainable Economic Growth through Labour Market Adjustments" at a workshop on "Job Creation in Manufacturing Sector: Strategy in Sustainable Economic Growth in South Asia", co-organized by the South Asia Centre for Policy Studies (SACEPS), Research, and Information System for Developing Countries (RIS) with funding provided by the Asia Foundation (India), New Delhi, 5 December.

14 IPS Deputy Director, Dushni Weerakoon made a presentation on "China-Sri Lanka Economic Cooperation" at the International Think-Tank Forum on "Building a Community of Common Destiny between China and its Neighbours", organized by the Chinese Academy of Social Sciences (CASS), Beijing, China, 18 and 19 November.

15 IPS Research Fellow, Janaka Wijayasiri made a presentation on "One Belt and One Road and Multi-field Cooperation: A Sri Lankan Perspective" at a seminar on "One Belt and One Road Initiative from a Global Perspective", organised by the National Institute of Global Strategy (NIGS) - Chinese Academy of Social Sciences (CASS) and Beijing Foreign Studies University (BFSU), Beijing, 10 and 11 October.

16 IPS Research Fellow, Bilesha Weeraratne made a presentation on "Impact Evaluation of Math Cloud in Sri Lanka" at the regional workshop on "Math Cloud", organized by the Asian Development Bank, Philippines, Republic of Korea, 14 and 15 November.

17 IPS Research Fellow, Nisha Arunatilake made a presentation on "Current Research Trends in Sri Lanka" at the "Education Research Institutes Network (ERI-Net) Regional Expert Meeting" on "Harnessing the Power of Research to Achieve SDG4 – Education 2030", organized by UNESCO Bangkok, Bangkok, Thailand, 24 and 25 November.

Our Domestic Presence

January

IPS Executive Director made a presentation on "Structural Transformation and Competitiveness in Sri Lanka" at the "Sri Lanka Economic Forum-2016" organized by the Centre for International Development, University of Harvard, Open Society Forum, and the Government of Sri Lanka, Cinnamon Grand Hotel, 7-8 January.

IPS Research Fellow, Ganga Tilakaratna made a presentation on "Social Inclusion in Sri Lanka: Poverty and Ageing'" at the Sri Lanka Economic Forum 2016 on "Steering Sri Lanka towards Sustainable and Inclusive Development", Cinnamon Grand Hotel, Colombo, 7 – 8 January.

IPS Executive Director delivered a lecture on the "Sri Lankan Economy: Problems and Prospects" for the Graduate Engineering Students, Institute of Engineers of Sri Lanka (IESL), IESL Auditorium, 11 January.



IPS Executive Director Chaired a panel discussion on "Sustainable Approaches to Economic Development" with the participation of Prof. Claire Brown, Professor of Economics, University of California, Berkley, organized by the Presidential Secretariat, Hilton Hotel, 19 January.

IPS Executive Director was Panellist at a dialogue on "Macroeconomic and Political Analysis" organized by the Asian Securities and Verite Research, Lakshman Kadirgamar Institute of International Relations and Strategic Studies, 20 January.

IPS Executive Director made a presentation on "Sri Lanka's Trade and Investment Relations with the EU and GSP Plus" at a seminar on "EU-Sri Lanka's No. 1 Trading Partner" organized by the European Chamber of Commerce of Sri Lanka and EU Delegation to Sri Lanka and Maldives, JIC Hilton, 22 January.

IPS Executive Director delivered the Introductory Speech at the PIM Alumni Olympic Medals - Media Briefing, PIM, 27 January.

IPS Executive Director delivered a lecture on: "Debt Financed Investment during the Last Decade in Sri Lanka", Department of Economics, University of Colombo, 28 January.

February

IPS Executive Director delivered a lecture on "Global Production Sharing and Trade Patterns: Implications for Trade and Investment Policy" by Prof. Premachandra Athukorala, Professor of Economics, Australian National University, IPS Auditorium, 03 February.

IPS Deputy Director Dr. Dushni Weerakoon, made a presentation on "Sri Lanka's Economic Outlook", at the conference on "HNB Annual Branch Managers", HNB Auditorium, Colombo, 6 February.

IPS Executive Director was Discussant at the launch of two World Bank Studies: "Sri Lanka Systemic Country Diagnostic" and "Sri Lanka – Ending Poverty and Promoting Shared Prosperity" at the Jana Kala Kendraya, Battaramulla, 16 February.

IPS Executive Director delivered a lecture on "South Asian Regional Integration: The Challenges Ahead" at the South Asian Youth Forum organized by the Ceylon Chamber of Commerce (CCC), CCC Auditorium, 18 February.

IPS Executive Director delivered the Welcome and Introductory Address at the "Indian Ocean Rim Association Whale and Dolphin Watching Workshop" organized by the IPS with the support of the International Whale Watching Commission, Murdoch University's Cetacean Research Unit, Department of Environment of the Australian Government

Our Domestic Presence

and the Ministry of Foreign Affairs of the Government of Sri Lanka, Taj Samudra Hotel, 24-26 February.

March

IPS Executive Director delivered the Welcome and Introductory Address at the "World Consumer Rights Day Forum 2016" organized by the IPS to mark the World Consumer Rights Day, IPS Auditorium, 15 March.

IPS Executive Director delivered the Welcome and Introductory Address at the High Level Policy Making Workshop on "Boosting Trade Competitiveness around Emerging 'New Issues' in Multilateral Trade Agreement" organized by the IPS with the Commonwealth Secretariat, Department of Commerce of Sri Lanka, and the International Institute of Sustainable Development, Galadari Hotel, 16-18 March.

IPS Executive Director addressed a gathering of PIMA Olympic Award Winners as the Head of the Panel of Judges, Ballroom, Galle Face Hotel, 23 March.

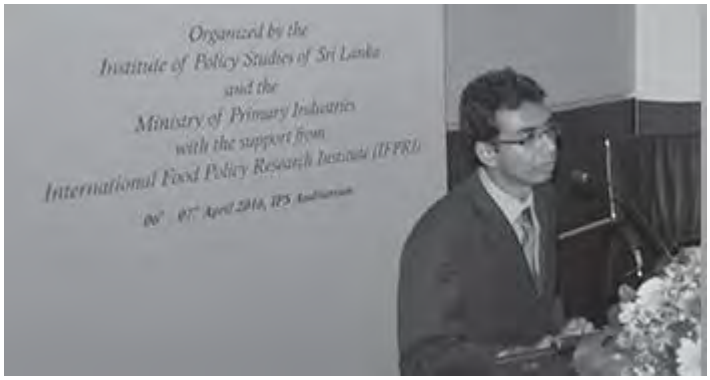
April

IPS Executive Director delivered a lecture on "Rules and Regulations Governing International Trade", Bandaranaike Centre for International Studies (BCIS), 2 April.

IPS Research Fellow, Janaka Wijayasiri made a presentation on "Importance of Agri-food Standards in Food Value Chains in Sri Lanka" at national workshop on "Food Value Chain Development", organized by IPS together with the Ministry of Primary Industries (MPI) and the support from International Food Policy Research Institute (IFPRI), IPS Auditorium, 6 April.

IPS Executive Director delivered the Welcome Address at the "National Workshop on Food Value Chain Development", IPS Auditorium, 6 and 7 April.

IPS Executive Director made a presentation on "Making Most of Trade Agreements: India-Sri Lanka FTA to ETCA" at a conference on "Strategic Discussions on International Trade in Sri Lanka", organized by the World Bank, Miloda Institute, Colombo, 7 April.



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IPS Research Fellow, Manoj Thibbotuwawa made a presentation on "National Integrated Food Security and Nutrition Policy (NIFSNP)", at national workshop on "Food Value Chain Development", IPS Auditorium, 6 and 7 April.

IPS Research Officer, Dilani Hirimuthugodage made a presentation on "Agri-food Value Chains in Sri Lanka: Dairy and Fisheries Value Chains", at national workshop on "Food Value Chain Development", IPS Auditorium, 6 and 7 April.

IPS Executive Director made a presentation on "India-Sri Lanka Economic & Technology Cooperative Agreement", Foreign Affairs Study Group (FASG), BCIS, 18 April.

May

IPS Research Fellow, Nisha Arunatilake made a presentation on "What are the Most Important Points Raised in the Book for the Debate about Education and Employment Policy in Sri Lanka in the Next 5-10 Years?" at panel discussion and launch of book "Globalization, Employment and Education in Sri Lanka", organized by the British Council, Taj Samudra, 3 May.

IPS Executive Director delivered a lecture on "State of the Sri Lankan Economy", organized by the Islamic Youth Forum, Royal College Union Auditorium, 4 May.

IPS Research Fellow Nisha Arunatilake made a presentation on "Integrating Migrant Workers into the Labour Market Statistics of Sri Lanka", at a round table discussion at ILO, ILO Country Office, 6 May.

IPS Executive Director was Panellist at a session on "Mobilizing Partnerships and Resources to Achieve the SDGs" at a conference on "Starting Strong: The First 1000

Our Domestic Presence (Cont'd)

Days of the SDGs Asia Regional Dialogue", organized by Southern Voice, ODI, and CEPA, Hotel Marawila, 19 May.

June

IPS Deputy Director, Dr. Dushni Weerakoon made a presentation on "Sri Lanka's Economic Outlook" at the "South Asia Frontier Conference", organized by CT CLSA Securities, Cinnamon Grand, Colombo, 1 June.

IPS Research Fellow, Janaka Wijayasiri made a presentation on "Air Connectivity in South Asia" at "South Asia: Shaping the New Paradigm for Growth Conference", organized by the SAARC Chamber of Commerce and Industry, Turyaa Kalutara, 3 June.



IPS Executive Director participated at the IISS Shangri-La Dialogue: "15th Asia Security Summit", Shangri-La Hotel, Singapore, 3 to 5 June.

PS Executive Director Chaired a closed-door roundtable discussion on "GSP-Plus", organized by the European Chamber of Commerce of Sri Lanka (ECCSL) and Democracy Reporting International, Kingsbury Hotel, Colombo, 21 June.

July

IPS Executive Director participated in the Parliamentary Consultative Committee on "Finance", under the newly drafted Constitution, The Parliament, Sri Jayawardenapura, 4 July.

IPS Executive Director Chaired a seminar organized by the Centre for Ocean Studies and Environment of the IORA on "MH370 Search in the Indian Ocean", by Prof. C. Pattiarachchi, University of Western Australia, Perth, IPS Auditorium, 5 July.

IPS Executive Director Chaired the preliminary round of official negotiations with the Singapore delegation on the proposed Singapore-Sri Lanka FTA, Ministry of Development Strategies and International Trade, 7 July.

IPS Executive Director participated in the "Regaining GSP-Plus" discussions chaired by the Prime Minister, Temple Trees, 8 July.

August

IPS Executive Director made a presentation on "The Role of International Trade in Facilitating Sri Lanka to Emerge as a Regional Hub" at the Sri Lanka Economic Summit 2016 organized by the Ceylon Chamber of Commerce, Cinnamon Grand, 2 August.

IPS Executive Director delivered a lecture on "Economic Diplomacy" at the Bandaranaike International Diplomatic Training Institute, 11 August.

IPS Executive Director delivered a lecture on "BREXIT EU Response and the Impact in Sri Lanka", organized by MBA Alumni Association of University of Colombo, Hotel Galadari, 11 August.

September

IPS Executive Director Chaired a session on "Sciences and Technology Initiatives for SDGs" at the "Science and Technology Society Forum Sri Lanka 2016", organized by Waters' Edge, 8 September.

IPS Research Economist, Kanchana Wickramasinghe made a presentation on "Key Findings on Existing Risk Management Strategies and the Situation and Issues with regard to Climate

Our Domestic Presence (Cont'd)

Insurance", at stakeholders' meeting on "Findings of the IPS Study on Demand for Climate Insurance by Dry Zone Farmers in Sri Lanka", IPS Conference Room, 13 September.



IPS Executive Director made a presentation on "EU-Sri Lanka Trade and investment: Regaining GSP-Plus" at a symposium on "GSP Plus and its Implications on Apparel Export Industry", organized by the Moratuwa University Textile Association, Kingsbury Hotel, 15 September.

IPS Executive Director made a presentation on "Free Trade Agreements: Why Countries Go for Them, and for What?" at a seminar on "FTAs", organized by the Ceylon Chamber of Commerce, 19 September.

IPS Executive Director delivered a speech on "Reimagining South Asia" at the "Shape South Asia 2016", organized by Global Shapers Colombo Hub, Cinnamon Lake, 24 September.

October

IPS Deputy Director Dr. Dushni Weerakoon, made a presentation on "Sri Lanka: Macroeconomic Stability, Growth and Debt Sustainability" at the Annual Sessions of the Sri Lanka Economic Association (SLEA), Taj Samdura Hotel, Colombo, 22 October.

November

IPS Research Fellow, Bilesha Weeraratne made a presentation on "Future of Labour Migration in Sri Lanka" at "National Symposium of Labour and Employment", organized by the Ministry of Labour and Trade Union Relations, Colombo, 4 November.

December

IPS Research Fellow, Ganga Tilakaratna made a presentation on "Poverty, Vulnerability and Social Welfare of the Agriculture Households" at the "10th Annual Research Forum of the Sri Lanka Agriculture Economics Association (SAEA)", organized by the SAEA in partnership with the IPS, IPS auditorium, 8 December.

IPS Research Officer, Samanthi Bandara made a presentation on "Determinants of Nutritional Status in a Marginalized Community in Sri Lanka" at the Tenth Annual Research Forum of the Sri Lanka Agricultural Economics Association (SAEA), Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI), 9 December.

Going Beyond Research



As a quarterly activity IPS organized an 'Avurudhu Evening' for staff, with fun and games on 19th April.

Helping the Flood Victims





IPS made a donation to the Sri Lanka Red Cross Society in aid of the flood victims. The Director Finance and Administration Gayani Caldera and Accountant Ranushi Jayatilaka handed over the Cheque to the Director Red Cross.

Year End Get-Together







IPS Year End Party took place at the Water's Edge, on 9th December. Long standing staff was appreciated with mementos given by the Executive Director. It was a fun filled evening with games, dance and music.

Financial Statement
31st December 2016

The Auditor General's (AGs) Final Report was not available at the time of publication of the Annual Report

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31st December	Notes	2016 Rs.	2015 Rs.
Revenue			
Grant from the Government of Sri Lanka	**2**	15,000,000	17,000,000
Contribution from the Endowment Trust Fund	**23**	23,000,000	27,500,000
Non-Monetary Government Grant for Land	**14**	10,920,000	-
Project Income	**3**	25,027,771	36,068,600
Income from International Development Research Centre (IDRC) TTI Grant	**4**	24,085,393	23,902,995
Income from Seminars/Workshops	**5**	908,104	2,157,400
Interest Income		27,051,179	14,804,487
Income arising from Capital Grant Amortization	**20**	9,364,140	6,786,273
Income from Hiring the Auditorium		859,346	635,437
Miscellaneous Income	**6**	1,936,994	1,962,488
Profit on Disposal	**14**	-	2,833,833
Total Revenue		**138,152,927**	133,651,513
Expenses			
Employee Cost	**7**	59,107,356	59,634,166
Depreciation on Property, Plant and Equipment	**14**	18,241,514	27,506,101
Research Cost	**8**	13,605,136	12,845,973
Seminars and Workshops Cost		665,840	741,423
Utility Expenditure		18,109,225	16,416,906
Travel Expenses		463,122	1,556,895
Other Operating Expenses	**9**	13,612,477	13,348,191
Hire of Auditorium		325,239	233,403
Exchange Loss		220,237	248,955
Total Expenses		**124,350,146**	132,532,013
Surplus Before Taxation		13,802,781	1,119,500
Income Tax Expense	**10**	-	-
Surplus for the Year		**13,802,781**	1,119,500

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

As at 31st December	Notes	2016 Rs.	2015 Rs.
ASSETS			
Current Assets			
Cash and Cash Equivalent	**11**	77,045,881	50,504,580
Investments	**15**	87,379,240	79,619,675
Trade receivables	**16**	4,118,021	7,576,402
Inventories - Publications		772,096	700,999
Deposits and Prepayments	**12**	13,945,420	10,759,897
Interest Receivable		4,326,087	2,405,127
VAT & NBT Receivable		-	2,305,242
Other Receivables	**13**	3,102,472	2,618,560
Total Current Assets		**190,689,217**	156,490,482
Non Current Assets			
Property, Plant and Equipment	**14**	320,104,829	312,345,922
Long Term Investments	**15**	165,124,210	145,191,301
Total Non Current Assets		**485,229,039**	457,537,223
Total Assets		**675,918,256**	614,027,705
LIABILITIES			
Current Liabilities			
Trade and Other Payables	**17**	4,272,594	6,216,482
Advance Receipts on Projects	**18**	40,418,819	22,999,617
Total Current Liabilities		**44,691,413**	29,216,099
Non Current Liabilities			
Employee Benefits	**19**	11,567,679	13,903,551
Staff Welfare Fund		2,147,380	1,244,259
Deferred Income- Capital Grants	**20**	353,514,579	331,375,205
Long Term Advances received on Projects	**18**	11,905,833	-
Total Non Current Liabilities		**379,135,471**	346,523,015
Total Liabilities		**423,826,884**	375,739,114
Net Assets		**252,091,372**	238,288,591
NET ASSETS/EQUITY			
Contributed by;			
Initial Transfer of Assets from Government/Grantor		2,144,144	2,144,144
Accumulated Surplus		249,947,228	236,144,447
		252,091,372	238,288,591

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

.....
Chief Financial Officer

.....
Executive Director

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

.....
Chairman

.....
Member of the Board of Directors

.....
Member of the Board of Directors

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

27th February 2017
Colombo

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF CASH FLOW

For the year ended 31st December		2016	2015
		Rs.	Rs.
Cash Flow From Operating Activities	**Notes**		
Surplus/(Deficit) Before Taxation		**13,802,781**	1,119,500
Adjustments for;			
Movement of the Staff Welfare Fund		903,121	(300,026)
Depreciation on Property, Plant and Equipment	**14**	18,241,514	27,506,099
Income arising from Non-Monetary Government Grant for Land	**14**	(10,920,000)	
Income arising from Capital Grant Amortization		(9,364,140)	(6,786,273)
Provision / (Reversal) of Gratuity	**19**	(645,252)	3,214,210
Interest Income		(27,051,179)	(14,804,487)
(Increase)/Decrease in Provision for Bad debt		699,209	(1,230,839)
(Profit) / Loss on Write down of assets		195,076	(131,761)
Profit on Disposal of Fixed Assets		-	(2,833,833)
Property, Plant & Equipment Reclassification Adjustment	**14**	11,486	-
Net cash inflow/(outflow) Before Working Capital Changes		**(14,127,384)**	5,752,592
(Increase)/ Decrease in Trade Receivables		2,759,171	3,158,699
(Increase) /Decrease in Inventories		(71,097)	490,418
(Increase)/Decrease in Deposits and Prepayments		(3,185,523)	(6,810,482)
(Increase)/ Decrease in VAT and NBT Receivables		2,305,243	2,254,770
(Increase)/ Decrease in Other Receivables		(483,912)	(86,306)
Increase/(Decrease) in Advance Receipts		2,926,010	(28,511,808)
Increase/(Decrease) in Trade and Other Payables		(7,136,317)	(1,830,155)
Net cash inflow/(outflow) Generated From Operations		**(17,013,809)**	(25,582,272)
Gratuity Paid	**19**	(1,178,190)	(310,000)
Net cash inflow/(outflow) From Operating Activities		**(18,191,999)**	(25,892,272)
Cash Flow From Investing Activities			
Purchase of Property, Plant and Equipment	**14**	(10,606,983)	(13,553,043)
Interest Received		22,889,480	15,926,740
Sales Proceeds from Disposal of Property, Plant and Equipment		-	2,833,833
Purchase of Investments		(51,215,177)	(195,599,216)
Proceeds from Sale of Investments		4,514,213	139,535,165
Net cash inflow/(outflow) From Investing Activities		**(34,418,467)**	(50,856,521)
Cash Flow From Financing Activities			
Grants Received		26,399,025	24,341,195
Capital Grant from Endowment Trust Fund	**20**	31,503,513	51,028,891
Net cash inflow/(outflow) From Financing Activities		**57,902,538**	75,370,086
Net (Decrease)/Increase in Cash and Cash Equivalents		5,292,072	(1,378,707)
Cash and Cash Equivalents at the beginning of the year (Note 11)		456,793	1,835,500
Cash and Cash Equivalents at the end of the year		**5,748,865**	456,793
a) Reconciliation of Cash and Cash Equivalents			
Cash at Bank		5,658,865	366,793
Cash in Hand		90,000	90,000
		5,748,865	456,793

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

For the year ended 31st December

	Initial Transfer of Assets by Government/Grantor	Accumulated Surplus	Total
	Rs.	Rs.	Rs.
Balance as at 31st December 2014	2,144,144	235,024,947	237,169,091
Surplus of income during the year	-	1,119,500	1,119,500
Balance as at 31st December 2015	2,144,144	236,144,447	238,288,591
Surplus of income during the year	**-**	**13,802,781**	**13,802,781**
Balance as at 31st December 2016	**2,144,144**	**249,947,228**	**252,091,372**

For the year ended 31st December 2016

1. Domicile and legal form

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

1.1 Principal activities and nature of operations

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

1.2 Basis of preparation

1.2.1 Statement of compliance

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

1.2.2 Basis of measurement

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

1.2.3 Going concern

The Board of Governors 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, unless otherwise stated.

(a) Foreign currency transactions

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

For the year ended 31st December 2016

(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/ Repurchase Agreements, Treasury Bonds and Corporate Debentures.

i. Fixed Deposits

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

ii. Treasury Bills/ Repurchase Agreements

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

For the year ended 31st December 2016

iii. Treasury Bonds

The Investments in Treasury bonds are stated at cost as at the date of statement of financial position.

These investments have been classified as held to maturity investments (noncurrent) as the Institute has positive intention and ability to hold them to maturity.

iv. Corporate Debentures

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

(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.

Government grant in the form of non-monetary assets are account at the fair value (both grant and asset) and the grant is recognized as revenue in the statement of financial performance.

(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.

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

(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, call deposits and Treasury Bills and Repurchase Agreements with banks which have a maturity of less than three months, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included under current liabilities which have a maturity of three months or less.

For the year ended 31st December 2016

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

Provision for liabilities is recognized when the Institute has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

The management assessed that, cash and short term investments, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these investments.

(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. Work completed and not billed to customers are recorded in the progress billing account. Advance receipts arising from the project are classified as deferred income and presented as current liabilities in the statement of financial position.

iii. Income from seminars/workshops

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

iv. Interest income

Interest Income is accounted for on an accrual basis.

For the year ended 31st December 2016

(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 expenses of the Institute.

		2016	2015
3	**Project Income**	**Rs.**	Rs.
	Income from Institutions	**25,027,771**	36,068,600

		2016	2015
4	**Income from International Development Research Centre (IDRC) TTI Grant**	**Rs.**	Rs.
	TTI Grant for the Period	**24,085,393**	23,902,995

This relates to the portion of income recognized from the IDRC Think Tank Initiative (TTI) Phase 2 grant. The Institute qualified for the second phase of the grant amounting to Canadian Dollars 950,000 effective from 1st October 2014 for a period of 4.5 years. This grant will be used to enhance research quality, 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.

		2016	2015
6	**Miscellaneous Income**	**Rs.**	Rs.
	Sale of Publications	728,525	620,363
	Other Income	208,469	262,125
	Donations	1,000,000	1,080,000
		1,936,994	1,962,488

		2016	2015
7	**Employee Cost**	**Rs.**	Rs.
	IPS Staff Salary	47,829,936	44,764,734
	EPF	5,260,206	4,951,088
	ETF	1,315,051	1,238,159
	Honorarium (Note 7.1)	3,421,302	3,731,565
	Health Benefits and Fees	1,581,313	1,302,746
	Other Benefits	344,800	431,664
	Provision for gratuity / (reversal) (Note 19)	(645,252)	3,214,210
		59,107,356	59,634,166

		2016	2015
7.1	**Honorarium**	**Rs.**	Rs.
	Includes payments made to Board of Governors	600,000	137,097

		2016	2015
8	**Research Cost**	**Rs.**	Rs.
	Printing & Typesetting Publication Cost	1,267,459	1,515,382
	Internet Charges	2,942,993	2,878,180
	Consultation Charges	3,656,293	4,874,069
	Field Visits	2,499,537	744,895
	Project Related Dissemination	1,963,443	792,611
	Other Research Costs	1,275,411	2,040,837
		13,605,136	12,845,973

		2016	2015
9	**Other Operating Expenses**	**Rs.**	Rs.
	Registration and Membership Fees	478,698	339,067
	Office Costs	4,894,232	3,434,867
	Provision for long outstanding VAT receivable	2,305,242	2,880,021
	Consumables	147,546	306,820
	Professional and Legal Fees	2,317,419	2,297,859
	Audit Fees	230,000	136,763
	Advertisements	65,041	92,820
	Bank Charges/Commission	143,723	156,514
	Other Admin Related Costs	463,586	1,179,556
	Lease Rental	-	1,170,000
	Bad Debts Provision / (Reversal) (Note 9.1)	(699,209)	1,353,904
	Prior year corrections	3,266,201	-
		13,612,479	13,348,191

9.1 The provision of Rs. 699,209 was made for long outstanding balances during 2015 and the same was recovered in 2016, which resulted in a reversal in the total provision.

As at 31st December

10 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.

11 Cash and Cash Equivalents	2016 Rs.	2015 Rs.
Cash at Bank	4,020,240	366,793
Cash in Call Deposit Account	1,250,000	-
Petty Cash	90,000	90,000
Corporate Credit Card	388,625	-
Investments held for less than 03 months		
Treasury Bills under Repurchase Agreements*	71,297,016	50,047,787
	77,045,881	50,504,580

* The investment value includes an investment amounting to Rs. 1,000,444 made for the Staff welfare Fund.
Refer Note 15.1 for Market Value of Investments.

12 Deposits and Prepayments	2016 Rs.	2015 Rs.
Prepayments (Note 12.1)	7,158,910	9,996,897
Deposits	319,750	319,500
Other Advances (Note 12.2)	6,466,760	443,500
	13,945,420	10,759,897

12.1 Prepayments	2016 Rs.	2015 Rs.
Medical Insurance	549,663	578,282
Other Insurance	972,570	1,348,037
Other Prepayments	5,636,677	8,070,578
	7,158,910	9,996,897

12.2 Other Advances	2016 Rs.	2015 Rs.
Survey related advance payment in connection to long term research project	2,755,200	-
Advances in connection survey related expenses	1,988,490	-
Advance payment relating to conferences	1,246,944	-
Advances to other suppliers	476,124	443,500
	6,466,758	443,500

13 Other Receivables	2016 Rs.	2015 Rs.
Staff Debtors	2,863,544	2,363,784
Other Receivables (Note 13.1)	238,928	254,776
	3,102,472	**2,618,560**

13.1 Other Receivables	2016 Rs.	2015 Rs.
Air ticket reimbursements for staff travel from Donors	202,428	236,000
Others	36,500	18,776
	238,928	254,776

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

As at 31st December 2016

14 Property, Plant and Equipment

	Land	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 2016	-	323,359,366	75,268,238	19,165,045	19,345,468	22,244,239	1,814,090	461,196,446
Additions	15,600,000	809,435	9,107,569	-	-	684,528	5,450	26,206,982
Less: Reclassification Adjustment	-	-	(7,946,972)	(150,600)	(763)	-	(102,077)	(8,200,412)
Less: Disposals	-	-	-	-	-	-	-	-
Less: Write down of Assets	-	-	(465,000)	-	-	-	-	(465,000)
Balance as at 31st December 2016	**15,600,000**	**324,168,801**	**75,963,835**	**19,014,445**	**19,344,705**	**22,928,767**	**1,717,463**	**478,738,016**
Accumulated Depreciation								
Balance as at 01st January 2016	-	31,924,622	67,512,911	8,910,663	18,816,246	20,282,621	1,403,460	148,850,523
Depreciation Charge	-	6,472,957	7,536,189	2,165,340	345,403	1,577,812	143,813	18,241,514
Less: Reclassification Adjustment	-	-	(7,946,972)	(150,600)	-	-	(91,354)	(8,188,926)
Less: Disposals	-	-	-	-	-	-	-	-
Less: Write down of Assets	-	-	(269,924)	-	-	-	-	(269,924)
Balance as at 31st December 2016	**-**	**38,397,579**	**66,832,204**	**10,925,403**	**19,161,649**	**21,860,433**	**1,455,919**	**158,633,187**
As at 31st December 2016	**15,600,000**	**285,771,222**	**9,131,631**	**8,089,042**	**183,056**	**1,068,334**	**261,544**	**320,104,829**

Note:

1. Assets written down consists of the library scanner at a cost of Rs.465,000/- and an accumulated depreciation of Rs.269,924/-. Scanner was burnt and damages were claimed and recovered from the Insurance.

2. The Institutes office building was constructed on land was under an operating lease agreement for 30 years from 2005 to 2035. The Institute paid a lease rental of Rs. 10.92 Mn as land rental, which was charged to the Statement of Financial Performance. During 2014, the Institute applied to obtain the land as an outright grant and initial approval was obtained. Since 2014 no rental payments were made to the Government of Sri Lanka and this rental was accrued. During 2016, the Institute received the approval for the outright grant request. The total value of the outright purchase was Rs.15.6 Mn and the payable balance was communicated to the Institute after deducting the amounts paid. The outright purchase value includes Rs. 10.92 Mn rental expenses which was already charged to the Statement of Financial Performance and this amount is recognized as Non-Monetary Government Grant for Land in the current year.

3. As of 31st December 2016, the total value of fully depreciated assets were Rs. 93,148,650/- (2015: Rs. 41,915,882/-)

14 Property, Plant and Equipment (Continued)

	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 2015	323,061,064	73,086,515	10,604,125	19,136,579	23,032,405	1,789,295	450,709,984
Additions	298,302	2,181,723	10,826,700	208,889	12,634	24,795	13,553,042
Less: Disposals	-	-	(2,265,780)	-	-	-	(2,265,780)
Less: Write down of Assets (Note 4)	-	-	-	-	(800,800)	-	(800,800)
Balance as at 31st December 2015	323,359,366	75,268,238	19,165,045	19,345,468	22,244,239	1,814,090	461,196,446
Accumulated Depreciation							
Balance as at 01st January 2015	25,459,621	54,284,257	10,604,125	15,737,946	16,982,419	1,263,052	124,331,421
Depreciation Charge	6,465,001	13,228,654	572,318	3,078,300	4,021,419	140,409	27,506,099
Less: Disposals	-	-	(2,265,780)	-	-	-	(2,265,781)
Less: Write down of Assets (Note 4)	-	-	-	-	(721,217)	-	(721,218)
Balance as at 31st December 2015	31,924,622	67,512,911	8,910,663	18,816,246	20,282,621	1,403,460	148,850,524
As at 31st December 2015	**291,434,743**	**7,755,327**	**10,254,382**	**529,221**	**1,961,618**	**410,630**	**312,345,922**

Note 4:

Assets written down consists of the auditorium projector for which an impairment provision of Rs. 211,344 was created in 2014.

As at 31st December

		2016	2015
15	**Investments - Short Term**	**Rs.**	Rs.
	Treasury Bills under Repurchase Agreements	10,753,175	1,474,143
	Treasury Bills - Gratuity Fund	13,601,280	12,452,731
	Treasury Bills - Staff Welfare Fund	1,774,784	1,638,588
	Fixed Deposits	61,250,000	64,054,213
		87,379,240	79,619,675

Investments - Long Term

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

	2016	2015
	Rs.	Rs.
Treasury Bond	99,559,190	99,367,041
Fixed Deposit	-	250,000
Corporate Debentures (Note 15.1)	65,565,020	45,574,260
	165,124,210	145,191,301

15.1 Market Value of Investments

Treasury Bills & REPO's		
Market Value	**102,199,871**	67,028,810

The carrying value of Treasury Bills & REPO's as at 31st December 2016 is Rs. 97,426,256. This amount consists of Treasury Bills & REPO's in cash and cash equivalents amounting to Rs. 71,297,020 and Rs. 26,129,240 in short term investments. (As at 31st December 2015: Rs. 65,613,248).

		2016	2015
16	**Trade Receivables**	**Rs.**	Rs.
	Trade Receivables Projects	3,595,547	7,382,188
	Provision for Bad Debts	(1,813,389)	(2,512,638)
	Progress Billing	2,335,901	2,706,852
		4,118,021	7,576,402

As at 31st December

		2016	2015
17	**Trade and Other Payables**	**Rs.**	Rs.
	Accruals (Note 17.1)	4,236,208	5,916,582
	Withholding Tax Payable	36,386	36,055
	Creditors	-	263,845
		4,272,594	6,216,482

		2016	2015
17.1	**Accruals**	**Rs.**	Rs.
	Office Costs	2,186,748	3,454,655
	Audit Fees	876,937	646,938
	Electricity	615,468	621,634
	Telephone/Internet Charges	422,345	344,756
	Fuel	81,155	76,637
	Research Project Expenses	53,554	771,962
		4,236,208	5,916,582

		2016	2015
18	**Advance Receipt on Projects**	**Rs.**	Rs.
	Balance as at 01st January	22,999,617	27,170,230
	Receipts during the year	58,112,792	40,564,657
	Income recognized	(28,787,757)	(44,735,270)
	Long Term Advances received on Projects	(11,905,833)	-
	Balance as at 31st December	**40,418,819**	22,999,617

As at 31st December

		2016	2015
19	**Employee Benefits**	**Rs.**	Rs.
	Balance as at 01st January	13,903,551	10,999,341
	Expense recognized / provision reversal during the year (Note 19.1)	(645,252)	3,214,210
	Payments made during the year	(1,178,190)	(310,000)
	Accrued Payments for Staff	(512,430)	-
	Balance as at 31st December	**11,567,679**	13,903,551

Number of employees of the Organization as at 31st December 2016 is 46 (2015: 56).
Number of employees of the Organization eligible for Employee Benefits as at 31st December 2016 is 40 (2015: 48).

The liability is valued by a professional actuarial company.
The following assumptions are used in determining the cost to the institute of providing these benefits:

Discount Rate	11%
Increase in rate of salary	5%
Rate of Staff Turnover	7%

		2016	2015
19.1	**Expense recognized during the year**	**Rs.**	Rs.
	Current Service Cost	890,030	879,947
	Interest Cost	1,529,391	1,150,891
	Actuarial (Gain)/Loss	(3,064,673)	1,183,372
		(645,252)	3,214,210

		2016		
20	**Deferred Income-Capital Grants**	**Rs. Grant for the Building**	**Rs. Grant from the Trust**	**Rs. Total**
	Balance as at 01st January	280,890,575	50,484,631	331,375,206
	Grant from the Endowment Trust Fund	-	31,503,513	31,503,513
	Amortized during the year	(6,242,013)	(3,122,127)	(9,364,140)
	Balance as at 31st December	**274,648,562**	**78,866,017**	**353,514,579**

Deferred Income-Capital Grants (Continued)

	2015		
	Rs. Grant for the Building	Rs. Grant from the Trust	Rs. Total
Balance as at 01st January	287,132,587	-	287,132,587
Grant from the Endowment Trust Fund	-	51,028,891	51,028,891
Amortized during the year	(6,242,013)	(544,260)	(6,786,273)
Balance as at 31st December	280,890,574	50,484,631	331,375,205

21 Lease Commitment

The Institute has no lease commitments as of 31st December 2016, as the Land outright grant was issued assessing the ownership of the Land to the Institute on 30th November 2016.

The details of the Lease commitments as of 31st December 2015 were as follows,
The Institute had a commitment to make an annual payment 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. All payments due up to 2013 has been made. A provision was created for rental due from 2014 to 2015.

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

Less than one year	Rs. 1,170,000
Between 1-5 years	Rs. 5,850,000
More than 5 years	Rs. 16,380,000

22 Capital Commitment

No capital commitments as at the Statement of Financial Position date.

23 Related Party Transactions

The Institute's Endowment Trust Fund ("Trust Fund") had a net assets value of Rs. 502,635,253 as at 31st December 2016 (2015: Rs. 502,875,311). Separate accounts are maintained for the Endowment Trust Fund which is audited separately. The Trust Fund consists of five Trustees of which two are Ex-Officio members (Chairman and Executive Director of IPS). During the year the Institute received Rs. 23,000,000 (2015: Rs. 27,500,000) as a contribution for the operations of the Institute from the Endowment Trust Fund. Further Rs. 31,503,513 (2015: Rs. 51,028,891) was received as a capital grant.

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

24 Contingent Liabilities

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

25 Events occurring after the Statement of Financial Position

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

26 Comparative Figures

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

27 Board of Governors' Responsibility

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



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