ANNUAL REPORT 2019

Institute of Policy Studies of Sri Lanka

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ABOUT US

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

Through its substantive body of rigorous research spanning more than 25 years, the IPS has come to be recognised as a centre of excellence in economic policy research. The Institute's research programme covers many of the critical areas of relevance to current socio-economic policymaking in Sri Lanka and the Asian region. The complementary expertise of a strong team of in-house researchers is the key to its successful record of supporting economic policymaking, with empirically-based research disseminated widely through reports, research papers, journal articles and public presentations.

VISION

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

MISSION

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

BOARD OF GOVERNORS

Prof. Sirimal Abeyratne, Chairman
Senior Professor of Economics, University of Colombo

Dr. Indrajit Coomaraswamy, Member
Governor, Central Bank of Sri Lanka (Ex-Officio)

Mrs. Chandani Wijewardena, Member
Secretary, Ministry of National Policies and Economic Affairs (Ex-Officio)

Mr. S. S. Mudalige, Member
Director General, National Planning Department (Ex-Officio)

Dr. Sarath Rajapatirana, Member
Economic Advisor to the President

Dr. Roshan Perera, Member
Additional Director, Central Bank of Sri Lanka

Mr. Anushka Wijesinha, Member
Advisor, Ministry of Development Strategies and International Trade

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

HIGHLIGHTS

JANUARY

IPS – MONASH CONFERENCE HIGHLIGHTS NEW RESEARCH ON ECONOMIC DEVELOPMENT IN SOUTH ASIA

The conference on 'Economic Development in South Asia', co-organised by the IPS and the Centre for Development Economics and Sustainability (CDES) and South Asia Research Network (SARN) of the Monash University, Australia, was held on 07-08 January 2019 in Kalutara.
The conference focussed on the areas of poverty and inequality, entrepreneurship, agriculture, environment sustainability, labour and migration, education, macroeconomic growth, and financial markets. It examined the development impact of innovative policy initiatives for spurring development in the region using the latest research methods such as randomised field experiments, spatial distribution of consumption, and multidimensional poverty correlates and other micro econometric analysis.

FEBRUARY

IPS CO-HOSTS A REGIONAL CONFERENCE ON EXTERNAL VULNERABILITIES IN SOUTH ASIA

IPS co-hosted the 'Regional Conference on External Vulnerabilities in South Asia', along with the World Bank, the Central Bank of Sri Lanka (CBSL), and the University of Colombo, held on 28 February – 01 March 2019.
Speaking at the conference, IPS Executive Director, Dushni Weerakoon, observed that Sri Lanka faces immediate twin threats of rising external debt and a slowdown in growth as the country prepares to settle significant foreign debt dues in the next few years. She further emphasised the importance of policy consistency and a coordinated approach to macroeconomic management.

MARCH

IPS RESEARCHERS RESPOND TO THE 2019 BUDGET

As the 2019 Budget was being presented in the Parliament of Sri Lanka on 05 March 2019, IPS researchers presented their take on the Budget proposals on Twitter. They commented on a range of issues, such as macroeconomic growth, taxation, trade, education, migration, labour force participation, sustainable development, and social protection schemes.

2019

APRIL

RESEARCH ON TRAFFIC CONGESTION IN KANDY BAGS THE ANNUAL SAMAN KELEGAMA MEMORIAL RESEARCH GRANT

Honouring Dr. Saman Kelegama's legacy of independent research and public policy engagement, the Saman Kelegama Memorial Research Grant 2019 of the IPS awarded LKR 150,000 to Kanishka Werawella, of the University of Colombo. The grant was to carry out the proposed research to estimate the cost of traffic congestion in the Kandy city and factors affecting 'green commuting', during a three-month internship at the IPS.

MAY

IPS EXECUTIVE DIRECTOR SPEAKS ON HARNESSING TRADE POLICY FOR GLOBAL INTEGRATION

Discussing how to enhance trade connectivity, in light of key global economic trends and noting the challenges in mega connectivity projects, IPS Executive Director, Dushni Weerakoon, presented a paper on 'Infrastructure, Financing and BRI: Challenges for Emerging Economies'.
She spoke at the Commonwealth Consultation for the Asia-Pacific Region on Harnessing Trade Policy for Global Integration, co-organised by the Commonwealth and the Institute of South Asian Studies (ISAS) at the National University of Singapore on 28 – 29 May 2019.

JUNE

ASHANI ABAYASEKARA SPEAKS ON PENSION COVERAGE IN SRI LANKA

IPS Research Officer, Ashani Abayasekara, made a presentation on "Pension Coverage in Sri Lanka" at the 14th Pension Experts Meeting, hosted by the Organisation for Economic Cooperation and Development (OECD) Korea Policy Centre, held in Seoul, South Korea, on 13 – 14 June 2019. In the context of a rapidly ageing population in Sri Lanka, the presentation addressed the coverage of different pension schemes among the eligible population, current constraints faced in this regard, and potential policy measures that can facilitate greater coverage, drawing from international best practices.

JULY

GANGA TILAKARATNA HIGHLIGHTS FACTORS INFLUENCING LABOUR FORCE PARTICIPATION OF THE ELDERLY

Emphasising on an ageing workforce and its impacts on the Sri Lankan economy, IPS Research Fellow, Ganga Tilakaratna, presented a paper on 'Working Beyond the Age of Retirement: Patterns and Determinants of Elderly Labour Force Participation in Sri Lanka' at the SANEM-World Bank Third North America Discussion Forum on Emerging Global Challenges and Development Strategies in South Asia, held at the World Bank Headquarters in Washington D.C., USA on 12 July 2019.

AUGUST

MANOJ THIBBOTUWAWA HIGHLIGHTS THE NEED TO ENSURE A LIVING WAGE FOR TEA PLUCKERS

Reviewing the experiences of the Sri Lankan case study on Living Wage for the Tea Sector, IPS Research Fellow, Manoj Thibbotuwawa, participated in the First Global Living Wage Coalition (GLWC) Research Network Workshop, held at the Headquarters of the Social Accountability International in New York, on 07 – 09 August 2019. He highlighted the importance of working jointly with all the stakeholders in tea value chains to ensure a living wage for tea-pluckers.

SEPTEMBER

IPS HOSTS SOUTH ASIA ECONOMIC (SAES) XII SUMMIT

IPS hosted the 12th South Asia Economic Summit (SAES XII), focussing on the theme 'Shaping South Asia's Future in the Fourth Industrial Revolution', in Colombo on 26 – 27 September 2019. It emphasised the intersection of technology, economics and politics for diverse issues in South Asia. Since its launch in 2008, the Summit has provided a regional platform for discussing and debating socio-economic challenges facing the region and to foster and develop regional integration and co-operation among the South Asian countries.

OCTOBER

IPS FOCUSES ON "TRANSFORMING SRI LANKA'S ECONOMY IN THE FOURTH INDUSTRIAL REVOLUTION (4IR)" IN ITS FLAGSHIP REPORT 'SRI LANKA: STATE OF THE ECONOMY 2019'

The IPS launched its annual flagship report 'Sri Lanka: State of the Economy 2019', on the theme "Transforming Sri Lanka's Economy in the Fourth Industrial Revolution (4IR)", on 16 October 2019 in Colombo. The report examined the many areas of the Sri Lankan economy – world of work, education, migration, gender, health, financial inclusion, trade, agriculture and climate change amongst others, where 4IR technologies will come into play as defining features of the country's future economic progress.

NOVEMBER

IPS EMPHASISES THE NEED FOR TARGETTED POLICIES TO REDUCE TOBACCO RELATED HARM

In 2019, IPS launched a series of research studies highlighting the importance of tobacco control policies in Sri Lanka. The two-year programme, funded by KIVU International/ Cancer Research UK (CRUK), aims to reduce tobacco-related harm in the country through targeted policy options.
As a part of the programme, the IPS organised a tobacco-control workshop on 06 November 2019 in Colombo. At the workshop, IPS researchers, led by Director of Research, Nisha Arunatilake, shared the Institute's research on tobacco control policies with lobby groups and community-based organisations, ahead of the 2019 presidential elections.

DECEMBER

BILESHA WEERARATNE HIGHLIGHTS CHALLENGES IN MIGRATION AND URBANISATION AT THE GLOBAL HUMANITARIAN POLICY FORUM

IPS Research Fellow, Bilesha Weeraratne, attended the Global Humanitarian Policy Forum, organised by the United Nation's Office for the Coordination of Humanitarian Affairs (UNOCHA) and the United Nations Foundation, on 13 December 2019, in New York.
As the Head of Migration and Urbanisation at the IPS, she highlighted the challenges and key trends shaping the future of humanitarian response, amidst the issues relating to labour migration and urbanisation.

Chairman's Message

Professor Sirimal Abeyratne

The Institute of Policy Studies of Sri Lanka has matured to be a leading policy research institute among other research establishments in the country. Over the years, the Institute has maintained its academic capacity and financial stability. Having served as the Chairman in 2019, it was a great pleasure to witness as well as to contribute to the progress of the Institute to be established as a well-recognised research institute in the South Asian region.

The IPS continued its progressive journey towards fulfilling its vision to become a globally recognised research institute during the review period. In this journey, research publications as well as workshops to share knowledge with the general public brought the IPS into the limelight in terms of policy debate, inside as well as outside the country.

This report consists highlights of profound policy research covering timely important areas in the sphere of economic policymaking in Sri Lanka. Despite the challenges put forward by the COVID-19 pandemic, compiling the annual flagship publication, 'Sri Lanka State of Economy' without disruptions shows the commitment of staff members even in times of greater uncertainty. During 2019, while contributing to economic policy research, the IPS also continued its initiatives towards forming the next generation of researchers through the 'Saman Kelegama Memorial Research Grant'.

Before concluding this brief message, I would like to congratulate the management on these significant achievements, and my appreciation is also declared to the Board of Governors for their supervisory role and overseeing the activities of the Institute during the period under review.

The Executive Director Dr. Dushni Weerakoon has provided the management leadership to uphold the reputation of the Institute, both nationally and internationally. I must also congratulate the research and administrative staff whose commitment has contributed immensely to the success of the Institute. I am confident that the Institute would further extend its role as a reliable policy research institute, while encouraging the next generation of economics researchers in the country.

Professor Sirimal Abeyratne
Chairman

Executive Director's Report

Dr. Dushni Weerakoon

Research and public policy engagement are the core functions of IPS. Through our research, we aim to promote Sri Lanka's socio-economic progress through sustainable, innovative and broad-based development to positively change the lives of all Sri Lankans.

In 2019, our research activities continued to focus on the six thematic areas set out in the Institute's 2018-2021 research programme. These are 1) Macro, trade and competitiveness, 2) Labour, education and health, 3) Migration and urbanisation, 4) Poverty and social welfare, 5) Agriculture and agribusiness development, and 6) Environment, natural resources and climate change. In each thematic area, priority areas for policy consideration have been arrived at after a wide consultative process with our key stakeholders, to form the basis of a three-year research programme. Through this diversity of areas, our research inputs into policy formulation is aimed to help people participate in, contribute to, and benefit from Sri Lanka's economic development.

Through the year, a substantive body of in-depth studies were undertaken in each of the six thematic areas. In April 2019, the Easter Sunday terror attacks dealt a further blow to an economy that was already exhibiting a persistent slowdown in economic activities, raising concerns about the presence of structural impediments to growth. With an ageing population and inadequate skills development, the prospects for technology driven productivity growth is a growing area of research interest. The IPS took the lead in 2019 to focus on this little researched area through its flagship report 'Sri Lanka: State of the Economy'. The focus was to analyse and understand the potential economy-wide impacts of the extraordinary technological progress of the so-called 'Fourth Industrial Revolution (4IR)' in areas such as the world of work, education, migration, gender, health, financial inclusion, trade, agriculture, and climate change, amongst others.

In 2019, the IPS also initiated a two-year programme of research and policy advocacy activities around the issue of tobacco control in Sri Lanka to limit its harmful impacts on the population. In the first phase of research, some specific studies aim to identify the existing stock of smokers, understand why they still smoke, and what implications this might have for the most appropriate policy response, as well as to identify alternative crop solutions for tobacco farmers that may be impacted. As a part of the activities, targeted policies to reduce tobacco use is to be advocated amongst different stakeholders after a careful mapping of the policy arena.

Some considerable number of pressing issues of Sri Lankan worker migration was also addressed through a series of research studies. How Sri Lankan youth perceive their future and their desire to migrate, gender barriers to access migrant job opportunities as a result of legislation such as the Family Background Report, recruitment and related operational costs of migrants, and the causal impact of migration on savings and borrowing behaviour of left behind members in migrant households were some of the key focus areas, amongst others.

With the global Sustainable Development Goals (SDGs) 2030 agenda of high national priority, the IPS followed up on its 2018 work in developing the

Voluntary National Review for the Ministry of Sustainable Development by assessing progress in delivering SDGs at the country level, as a part of a regional framework, whilst also beginning exploratory work to understand the implications of China's Belt and Road Initiative (BRI) projects on SDG outcomes.

The success of policy interventions for socially inclusive growth is heavily linked to Sri Lanka's agriculture sector which is home to the majority of poor in the country. In 2019, some of IPS' research was to construct a Policy Analysis Matrix (PAM) to evaluate the profitability, efficiency and competitiveness of domestic agriculture in an integrated fashion. In addition, other studies examined agriculture labour market issues such as feminisation, ageing, outmigration, and part-time farming to name a few, to identify strategies to improve the competitiveness of Sri Lanka's agriculture sector.

Pressure on land resources with the rising demands of urban growth has seen Sri Lanka increasingly witness the adverse impacts of human-elephant conflicts. The growing toll on human and wildlife as well as destruction of livelihoods has made it an urgent issue for policy attention. The IPS initiated a two-year research study to assess the potential for a commercially-run insurance scheme – intended to be pilot tested it in the field – as one means of dealing with the human-wildlife conflict in Sri Lanka.

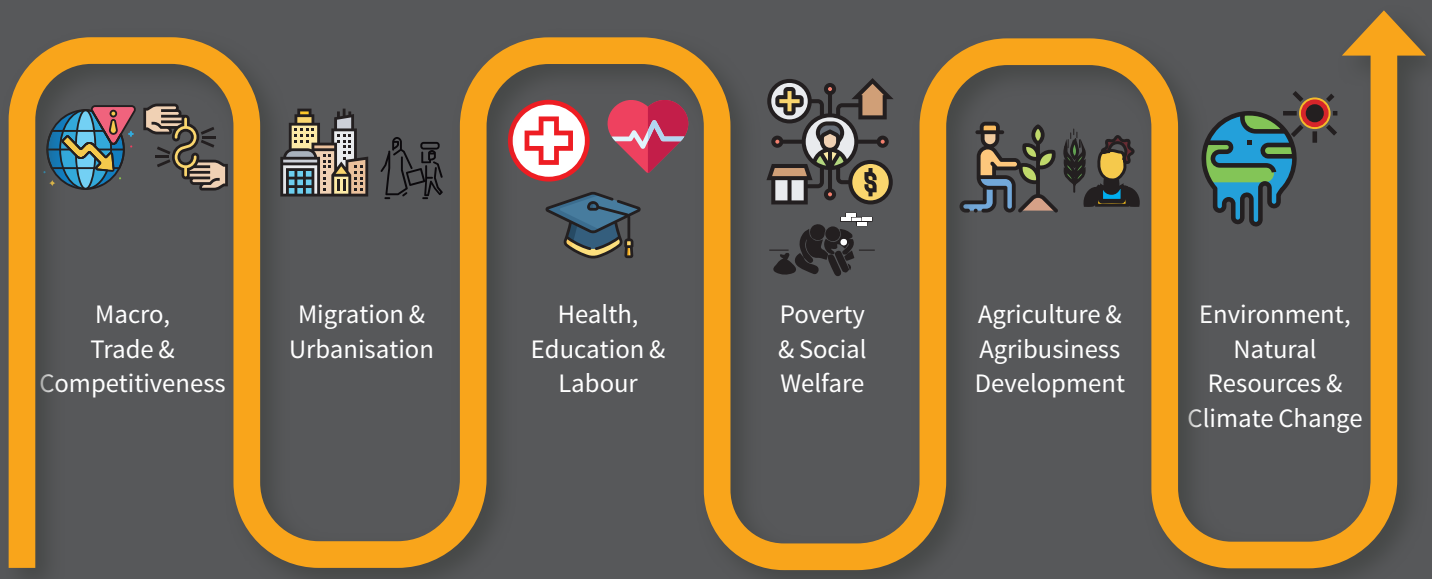
The rigour of our evidence-based research outputs continue to be tested through academically established norms, such as peer reviewed national and international publications as evidenced in the rest of this report. One of the key international publications brought out in 2019 is a compiled volume on Sri Lanka's post-war struggle for socio-political reconciliation and economic development. With contributions from IPS researchers and other eminent Sri Lankan economists, the volume titled 'Managing Domestic and International Challenges and Opportunities in Post-conflict Development: Lessons from Sri Lanka' is dedicated to the Institute's former Executive Director, Dr. Saman Kelegama. A decade on from the end of the war, the various chapters provide useful analysis that underscores the need for broad-based and inclusive development to sustain long term peace and social cohesion.

Our collaborative engagements with partners in Sri Lanka and overseas, particularly in the wider South Asian region, were once again exemplified in 2019 as host of the 12th South Asia Economic Summit (SAES). The SAES brought together researchers, policymakers, private sector and development partners to initiate one of the first regional discussions on what the 'Fourth Industrial Revolution (4IR)' might mean for collective action and lessons sharing in South Asia. More generally, significant efforts were put into ensuring that the data, evidence, and knowledge generated through our research was disseminated through a series of communication and policy engagement activities.

The rest of this report demonstrates how we work and highlights some of the key activities and outcomes in 2019. The IPS was assisted and supported in its operational functions by a newly constituted Board of Governors in 2019, and I take this opportunity to express my sincere appreciation to the Board of Governors. The achievements and successes through the year could not have been possible without diverse and talented in-house team of research and support staff. I thank all my colleagues for their dedicated commitment to help achieve the vision we have set for ourselves – to generate data, evidence, and knowledge to positively change the lives of all Sri Lankans.

Dushni Weerakoon
Executive Director

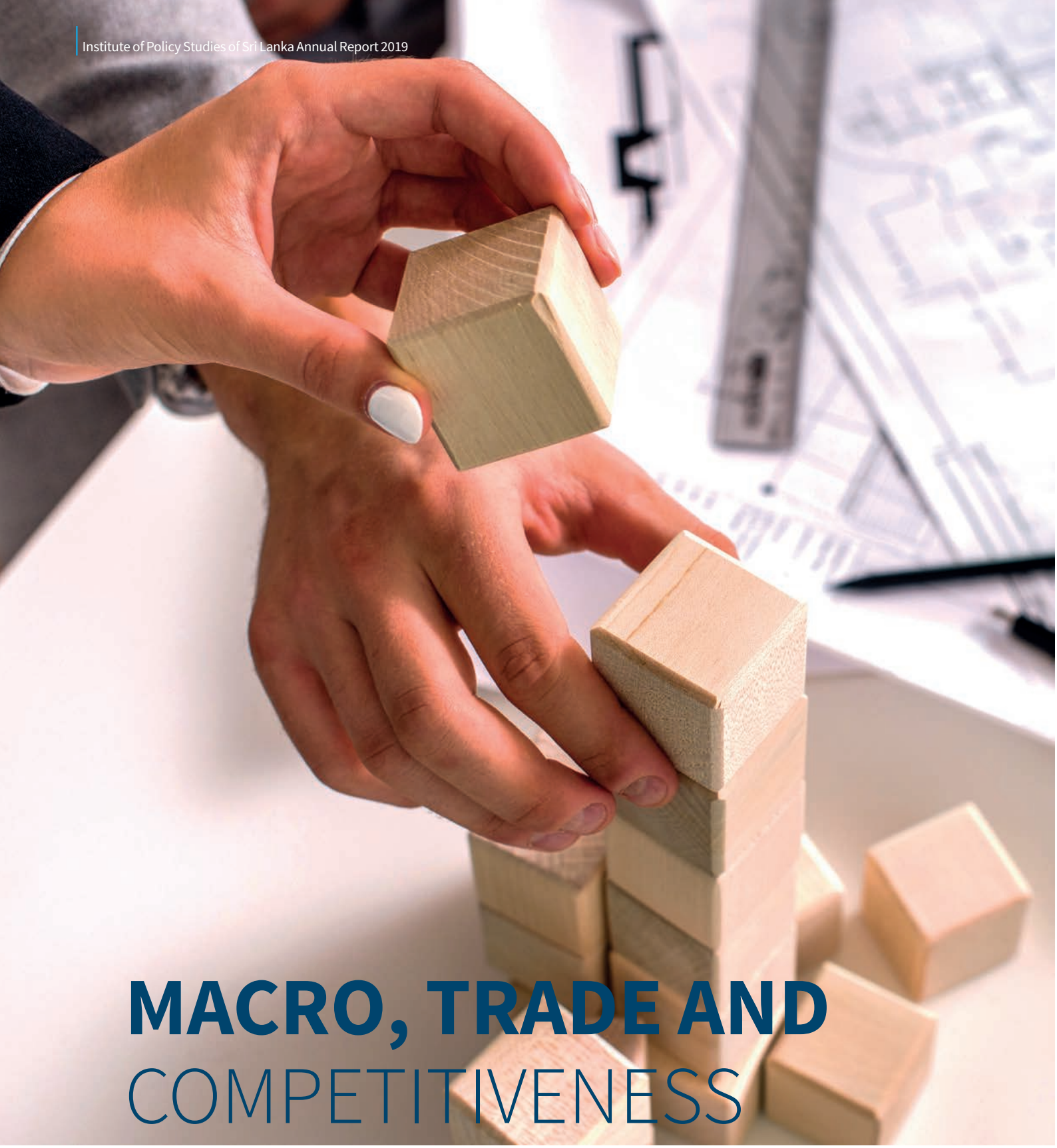
RESEARCH PROGRAMME



Research sits at the core of IPS' work to provide authoritative analysis and influence public policy in Sri Lanka with the mission of improving lives of all Sri Lankans. The Institute's research programme for 2018-2020 is carried out with the specific goals of promoting socio-economic progress through sustainable, innovative and broad-based development.

The IPS aims to maximise its impact on policy through excellence in research quality, demonstrated by academically established norms such as peer reviewed national and international publications. In turn, the policy impacts of its research are pursued through a systematic programme of communication and policy engagement activities.

The IPS' research programme in 2019 focussed on six primary thematic areas, each organised around a team headed by a senior researcher. Within each thematic area, a variety of research topics are explored to contribute evidence to inform policy decisions and to help policymakers understand the implications of various policy options. Critical constraints on growth such as policy inconsistencies, inadequate infrastructure, weak public service delivery in health and education, a dearth of skills, rising costs of energy, and barriers in accessing finance and land, amongst others require rigorous analysis. Persistent inequalities of income and wealth, environment damage and the depletion of natural resources, the well-being of the elderly and other vulnerable populations, etc., require a continuous review of key economic concepts, models, and indicators with a view to reformulating policy.



MACRO, TRADE AND COMPETITIVENESS

The process and institutional arrangements that underpin policy efficiency are critical factors in overcoming the economic and political barriers to growth and development. Policy efficiency can ensure that difficult but necessary reforms are identified, prioritised, 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 AND STRUCTURAL REFORMS

Nisha Arunatilake and Priyanka Jayawardena carried out a study on **"Data Harmonising for CEQ Study"** funded by the Global Development Network (GDN). The study aimed to update the distributional analysis of government revenue and expenditure data to facilitate comparison of results across countries, and support better fiscal resource allocation for equitable and sustained growth.

Examining Sri Lanka's economic outlook and policy priorities in the **"Sri Lanka: State of the Economy 2019"** report, Dushni Weerakoon highlighted that the overall positioning of the Sri Lankan economy in 2019 is weak, with the country making a painfully slow recovery after a series of setbacks. This is despite significant gains from macro reform measures in fiscal, monetary, and exchange rate policy management from mid-2016.

This report further pointed out that with 10 consecutive quarters of growth below 3.5%— a significant laggard compared to the rest of the South Asian region — policy measures to revive growth will need to be at the top of the economic agenda for 2020. Such measures that include expansionary macroeconomic measures, however, should be in line with Sri Lanka's urgent medium term debt sustainability reforms.

TRADE AND REGIONAL INTEGRATION

Janaka Wijayasiri carried out a joint country study group on the Sri Lanka-Bangladesh Free Trade Agreement (FTA), where the IPS undertook the SMART simulation work to assess the trade impacts of tariff reductions on behalf of the Ministry of Development Strategies and International Trade (MODSIT). In addition, Janaka Wijayasiri and Nuwanthi Senaratne compiled a **"Preliminary Study on the Benefits of Proposed Sri Lanka-Thailand Free Trade Agreement (SLTFTA)"**, for MODSIT.

The IPS was actively involved in the International Trade Centre's (ITC) **"SheTrades"** project, funded by the Government of the United Kingdom's Department for International Development. The **"SheTrades Outlook"** is an innovative policy tool to assess, monitor, and improve the institutional ecosystem that supports women's participation in international trade; it is also a comprehensive tool that provides quantifiable, measurable, and comparable indicators across countries related to both trade and gender. Towards this end, Janaka Wijayasiri and Nuwanthi Senaratne conducted a survey to gather information on challenges, policy experiences and good practices in Sri Lanka as a part of the wider ITC exercise.

Kithmina Hewage carried out a regulatory mapping of the construction, architectural, and engineering sectors in Sri Lanka on behalf of the ITC, which is currently implementing the **"Sri Lanka Trade-Related Assistance"** project, funded by the European Union, in collaboration with the Government of Sri Lanka (GOSL). The study on **"Regulatory Assessment of Construction, Architectural, and Engineering Sectors"** strived to contribute to Sri Lanka's inclusive trade-led growth and regional integration, while supporting export competitiveness of small and medium sized enterprises (SMEs) and value addition in sectors with high potential for economic growth and development.

INVESTMENT AND FINANCE

Examining the environment that enables philanthropy and private social investment across 15 Asian economies, Kithmina Hewage compiled the **"Doing Good Index 2020"**, funded by the Centre for Philanthropy and Society (CAPS), Hong Kong. The study composed of four areas - tax and fiscal policy,

regulatory regimes, socio-cultural ecosystem, and government procurement. The composite index aimed to reveal how Asian economies are catalysing philanthropic giving in a comparator context.

SMES, INDUSTRY AND ENTREPRENEURSHIP

As Sri Lanka steps into the next phase of development where digitalisation of services are prioritised, the role of social media platforms as enablers of business activity warrants a closer look. Particularly for segments such as the micro, small and medium sized enterprises (MSMEs) and youth, social media platforms are increasingly becoming important for business activities such as advertising, selling and delivery. In this context, Kithmina Hewage and Harini Weerasekera carried out a preliminary scoping study of the social media landscape for business (limited to Facebook and Instagram) titled **"Social Media for Business"**, using both quantitative and qualitative components.

With funding from the British Council Sri Lanka, the IPS undertook a **"Mapping Study of Creative Industries in Sri Lanka"**, to obtain an overall picture of the current size and scale of the creative industries in the country. The study helped to design interventions to support the sector's recognition, growth and development, and thereby to formulate policies and strategies that can promote its expansion. The research team comprised of Manoj Thibbotuwawa, Dilani Hirimuthugodage, and Nimesha Dissanayaka of the IPS.

INTELLECTUAL PROPERTY

Dilani Hirimuthugodage conducted a research on the *"National Intellectual Property Policy for Sri Lanka"*, funded by the Ministry of Industry and Commerce. The objective was to prepare a comprehensive Intellectual Property Policy (IPP) for the country. The study aimed to facilitate the implementation of best practices, which in turn will promote the economic development and innovative capacities in Sri Lanka.

PUBLICATIONS

The IPS' annual flagship report **"Sri Lanka: State of the Economy"** on the theme of 'Transforming Sri Lanka's Economy in the Fourth Industrial Revolution (4IR)' examined the many areas of the Sri Lankan economy – world of work, education, migration, gender, health, financial inclusion, trade, agriculture, and climate change, amongst others – where 4IR technologies will come into play as defining features of the country's future economic progress. The publication also provided a critical assessment of the country's economic performance and the near term outlook for growth and macroeconomic stability. Contributing to the **"Sri Lanka: State of the Economy 2019"**, Dushni Weerakoon wrote on **"Sri Lanka: Economic Performance and Outlook"**. In addition, Janaka Wijayasiri wrote on **"Digital Technologies and Future of Trade"**, Harini Weerasekera on **"Global Economic Developments and Impacts on Sri Lanka"** and Kithmina Hewage on **"Gearing Up for the Fourth Industrial Revolution (4IR)"**.

During the year, an internationally published book on **"Managing Domestic and International Challenges and Opportunities in Post-conflict Development: Lessons from Sri Lanka"** was released in memory of late Dr. Saman Kelegama, former Executive Director of the IPS. Edited by Dushni Weerakoon and Sisira Jayasuriya and published by Springer, the book contains contributions by locally and internationally eminent Sri Lankan economists. The publication drew lessons from the story of Sri Lanka's post-conflict development efforts, in the context of a struggle for socio-political reconciliation, a turbulent world economy and difficult internal and external

political challenges. The book is of interest to researchers, policymakers and development practitioners.

Fiscal dominance has been a persistent feature of Sri Lanka's macroeconomic landscape. This has manifested itself in high macroeconomic volatility and the country has seen frequent balance-of-payments crises. Dushni Weerakoon, Utsav Kumar and Roselle Dime provided a narrative of Sri Lanka's recent history of twin fiscal and current account deficits in **"Sri Lanka's Macroeconomic Challenges: A Tale of Two Deficits"** under the Asian Development Bank (ADB) South Asia Working Paper Series.

Dushni Weerakoon and Janaka Wijayasiri brought out an IPS Occassional Paper on **"Belt and Road Initiative, Debt and Diplomacy: Challenges and Opportunities for China-Sri Lanka Economic Relations"**. This paper explores the national, regional and global geo-political shifts that are influencing Sri Lanka's economic and political ties with China, and addresses a growing narrative on the so-called Chinese debt diplomacy or debt trap.

Chathurga Karunanayake authored an article on **"Exploring the Inter-play between the Decorative Consumption Dimensions: A Deep Dive into Conspicuousness and Snobbism through Cases of Wristwatches and Houses"** for the *International Journal of Business and Social Research.* She also jointly authored an article with H. Kannangara on **"Socio-demographic Stimuli behind Conspicuous Consumption in Sri Lanka: The Case of Luxury Automobiles"** for a publication on *Economic Empowerment: Challenges and Way Forward,* put out by the Sri Lanka Forum of University Economists (SLFUE), Wayamba University of Sri Lanka.

EVENTS

IPS co-organised a conference on **"Economic Development in South Asia"**, with the Centre for Development Economics and Sustainability (CDES) and South Asia Research Network (SARN) of the Monash University, Australia. The event was held on 07-08 January 2019 in Kalutara, Sri Lanka and brought together academics from countries in South Asia. The conference examined the impact of innovative policy initiatives for spurring development in the region using latest research methods such as randomised field experiments, spatial distribution of consumption, and multidimensional poverty correlates and other micro econometric analysis. The overall aim of the conference was to share new knowledge from the region and seek collaboration for research initiatives.

The IPS, together with the World Bank, the Central Bank of Sri Lanka (CBSL) and the University of Colombo, organised a **"Regional Conference on External Vulnerabilities in South Asia"** held at the CBSL in February 28-1 March. The event highlighted the macroeconomic impacts of external sector developments on South Asian economies, including Sri Lanka, and discussed the economic outlook for the South Asian region in the context of recent global developments.

The IPS also organised the **"South Asia Economic Summit (SAES XII)"** in Colombo, Sri Lanka. It was held on 26-27 September 2019, and focussed on the theme of 'Shaping South Asia's Future in the Fourth Industrial Revolution (4IR)'. The Summit explored the prospects and challenges for South Asia in harnessing the 4IR and discovering potential avenues for cooperation through a multi-stakeholder dialogue, as well as on how the region can constructively shape its future in the 4IR to improve the well-being of its people, individually and collectively.

POLICY ENGAGEMENT

Committees

IPS provided research inputs through representation at the following policy committees in 2019:

Dushni Weerakoon and Nisha Arunatilake participated at the Research Supervision Committee, convened by the Ministry of Science, Technology and Research, and the Advisory Panel to Restructure the Department of Census and Statistics (DCS) set up by the Ministry of Economic Reforms and Public Distribution (MERPD).

Nisha Arunatilake and Kithmina Hewage served on the Taskforce to Improve National Accounts Compilation set up by the MERPD.

In addition, Dushni Weerakoon served as a Member of the Trade and Productivity Commission, Ministry of Development Strategies and International Trade (MODSIT), and as an Appointed Member of the Monetary Board of the Central Bank of Sri Lanka.

Janaka Wijayasiri served on the Advisory Committee on Free Trade Agreements convened by the MODSIT.

PRESENTATIONS AND PANELS

IPS researchers spoke at a number of events held both locally and regionally on various issues pertaining to Sri Lanka's macroeconomic policy and structural reforms.

- Dushni Weerakoon was a panellist at the seminar on **"Economy and Sector Review and Outlook 2019"** organised by the Ceylon Chamber of Commerce (CCC) held in Colombo (January).
- Dushni Weerakoon chaired a session **"Empirical Insights on the Twin Deficits in South Asia"** at the **"Regional Conference on External Vulnerabilities in South Asia"**. The IPS with the World Bank, Central Bank of Sri Lanka (CBSL) and the University of Colombo co-organised the event in Colombo (February/March).
- Dushni Weerakoon was a panellist at the session on **"Where are We Heading? Experts' Insights on Budget 2019"**. The Sri Lanka Association of Political Economy (SLAPE) hosted the event in Colombo (March).
- The Chartered Management Accountants (CMA) organised a discussion and Dushni Weerakoon was a panellist at the session on **"Budget Highlights 2019: Tax Proposals and Impact on Business and Economy"** held in Colombo (March).
- A panel discussion on **"Where is Sri Lanka's Economy Heading"** was moderated by Kithmina Hewage, organised by the Institute of Chartered Accountants of Sri Lanka (ICASL) in Colombo (March).

- Dushni Weerakoon was a panellist on **"HSBC Power Breakfast: Global Economic and FX Outlook for 2019 and Beyond"** held at Hotel Shangri La in Colombo (April).
- Dushni Weerakoon was a panellist at the session on **"Sri Lanka's Macroeconomic Outlook"** at the **"CT CLSA Asia Frontier Forum 2019"** held in Colombo (June).
- Harini Weerasekera made a presentation on **"Tax Rates and Tax Evasion: An Empirical Investigation of Border Tax Evasion in Sri Lanka"** at a regional workshop on **"Economic Globalisation Statistics"** organised by the Asian Development Bank (ADB) in Jakarta, Indonesia (June)

- Dushni Weerakoon moderated a panel discussion on **"Public Debt"** organised by the Marga Institute and the Open University of Sri Lanka in Colombo (July).
- Chamini Thilanka made a presentation on **"Taxes on Cigarettes Should be Increased in line with Income and Prices"** at IPS during the **"Lobby Group Workshop"** of the IPS Tobacco Control Programme (November).
- Dushni Weerakoon delivered the 23rd Annual Tax Oration on **"Tax Policy, Fiscal Consolidation and Growth Challenges in Sri Lanka"**, at the invitation of the Institute of Chartered Accountants of Sri Lanka in Colombo (December).

IPS researchers stressed on issues related to trade and regional integration at various events, panels and forums:

- Dushni Weerakoon was a panellist on **"Governing New Challenges: Inclusive Development, Trade and Finance – A South Asian Perspective"** at the **"4th SANEM Annual Economists Conference 2019"** held in Dhaka, Bangladesh (February).
- At the **"Fifth International Conference on South Asia Economic Development"** Dushni Weerakoon was a panellist on the session **"Developing South Asia: Which Way Now"**, organised by the South Asian University in New Delhi, India (February).
- Janaka Wijayasiri made a presentation on **"OBOR and its Implication to Sri Lanka"** at the event on **"Get Real Insights in to the Belt and Road Initiative (BRI) and What it Means for Sri Lanka"**. The Postgraduate Institute of Management (PIM) and the Chartered Institute of Logistics and Transport (CILT) hosted the event in Colombo (February).
- Janaka Wijayasiri participated at the national workshop on **"Evaluation of the Benefits of Proposed Sri Lanka-Thailand Free Trade Agreement (SLTFTA)"**, and made a presentation on **"SMART Analysis of the Sri Lanka-Thailand FTA"**. The Department of Commerce in Colombo (March) hosted the event.
- Kithmina Hewage delivered a keynote speech on **"Brexit and its Implications on the Sri Lankan Economy"** at a public lecture organised by the YPO, Hatch, in Colombo (March).

- A paper on **"Infrastructure, Financing and Belt and Road Initiative: Lessons for Emerging Economies"** was presented by Dushni Weerakoon at the conference on **"Harnessing Trade Policy for Global Integration: Commonwealth Consultation for the Asia-Pacific Region"**. The Commonwealth Secretariat and the Institute of South Asian Studies (ISAS), hosted the event at the National University of Singapore (May).
- Dushni Weerakoon presented paper on **"Financing the BRI: Lessons from Sri Lanka"** at the session on **"Economic Cooperation between China and the Indian Ocean Countries"** at the **"7th China-South and Southeast Asia Think Tank Forum"**. The Yunnan Academy of Social Sciences hosted the event in Kunming, China (June).
- Dushni Weerakoon was a panellist on **"SACEPs Panel on South Asia"** of SACEP and **"Round Table Discussion on New Approaches to Development Cooperation Effectiveness"** at the conference on **"South-South and Triangular Cooperation: Exploring New Opportunities and New Partnerships Post-BAPA+40"**. The Research and Information Systems (RIS) organised the conference in New Delhi, India (August).
- Janaka Wijayasiri participated as a a panellist in **"Break into India Event"** organised by the MODSIT, held in Colombo (August).
- Dushni Weerakoon moderated a session on **"Impact of Regional Economic Integration on Global and Regional Value Chains?"** at the ADB-Asian Think Tank Development Forum 2019 on **"Global Value Chains and Economic Development"** held at Yangon, Myanmar (October).
- Athula Senaratne was a panellist on **"Potential and Challenges of Regional Economic Integration in South Asia in the New Global Context"** in the Policy Dialogue on **"Regional Cooperation for Sustainable Development in South Asia"**. The United Nations Economic and Social Commission for Asia and the Pacific South and South-West Asia Office (UNESCAP-SSWA) and the Bangladesh Institute of International and Strategic Studies (BIISS) jointly organised the event in Dhaka, Bangladesh (December).

Speaking on investment and finance, Kithmina Hewage participated in a panel discussion on **"Sri Lanka's Post Conflict Development Finance"** at the event **"The Belt and Road Initiative"**, organised by the University of Colombo, in Colombo (February). Dushni Weerakoon moderated a session on **"New Sources and Strategies for Funding Think Tanks"** at the **"Asia-Pacific Think Tank Summit"** Economic and Social Commission for Asia and the Pacific (ESCAP), held in Bangkok, Thailand (November).

Kithmina Hewage moderated a panel discussion on **"Technology and**

Economic Transformation" at the **"IPS New Thinkers' Symposium 2019"** (March).

Dilani Hirimuthugodage made presentation on **"Mapping Creative Industries in Sri Lanka"** conducted by the **"Creative Economy Forum"** of the British Council held at the British Council in Colombo (December) which discussed issues related to SMEs, industry and entrepreneuership.

BLOGS

IPS researchers contributed blog articles to both international and local platforms on timely issues. These included blogs on macroeconomic policy and structural reforms to the East Asia Forum by Dushni Weerakoon on: **"Sri Lanka's Political Problems Imperil a Fragile Economy"** (January); on **"Sri Lanka's Debt isn't Made in China"** with Sisira Jayasuriya (February); Regional Rivalries over Sri Lanka's Ports" (June) and **"A New Direction for Sri Lanka"** (December) and on **"Managing Sri Lanka – China Economic Relations: BRI, Debt, and Diplomacy"** (January), **"Counting the Cost: Terrorism and its Impact on the Sri Lankan Economy"** (May) to the *Talking Economics*.

IPS researchers contributed to the Talking Economics focussing on technology and the 4IR throughout the year:

- Nipuni Perera and Chinthani Sooriyamudali wrote on **"Policies Pave the Way for Sri Lanka's Economic Transformation through Technology"** (April).
- Kithmina Hewage jointly wrote a blog with Damithri Munasinghe on **"Technology and Economic Transformation: Is Sri Lanka Prepared to Ride the 4IR Wave?"** (April).
- Ashani Abayasekara wrote a blog on **"Succeeding in the 4IR Era: Opportunities and Challenges for Sri Lanka"** (April).
- Harini Weerasekera and Dinushka Paranavitana jointly authored **"Digitising the Economic Space: Enter, Entrepreneurs of Sri Lanka!"** (April).
- Kithmina Hewage wrote a blog on **"Sink or Swim? Sri Lanka in the Fourth Industrial Revolution"** (June).
- Damithri Munasinghe contributed by writing on **"My Way or the Huawei: Global Battle for 5G Dominance and its Impact on Sri Lanka"** (June).
- Harini Weerasekera authored "**South Asia's Trajectory through Innovations and Disruptions in the 4IR"** (October).
- Malitha Goonaratne wrote on **"The New Oil of the 21st Century: Sri Lanka's Need for Data Scientists"** (December) and on **"A Block to be Unchained? – Blockchain Implementation in Sri Lanka"** (December).

Further, Harini Weerasekera wrote a blog on **"Cigarette Smuggling in Sri Lanka: Hype vs. Reality"** (October) and Nisha Arunatilake and Chamini Thilanka jointly authored an article on **"The Role of Taxes in Tobacco Control: Has Sri Lanka got it Right?"** (December).

Kithmina Hewage wrote on **"The Great British Breakoff: Making Sense of the Brexit Debacle"** (February).

Dilani Hirimuthugodage wrote a blog titled **"Who Owns What? Is Sri Lanka's IPR Regime Ready for the Fourth Industrial Revolution?"** which addressed issues related to intellectual property (September).

All articles written to the *Talking Economics* blog appeared in leading newspapers and social media platforms.

MEDIA

Dushni Weerakoon gave an interview on **"Sri Lanka-China Relations and Colombo Port City"** to PPTV Thailand (February). *The Frontier Post on the Belt and Road Initiative* (April) quoted Kithmina Hewage in its article on **"Chinese Debt Diplomacy is Drowning Sri Lanka's Economy and Environment".**

IPS researchers' take on 2019 budget proposals was carried out in local print media on **"Comments and Reactions on 2019 Budget Proposals by IPS"** in *Daily News* and *The Island* (March).

Kithmina Hewage's article on **"Brexit and its Implications to Sri Lanka"** was published in *Daily News* (April).

Kithmina Hewage also appeared on Biz 1st on TV1 to discuss **"4IR and its Impacts on Sri Lanka"** (September).

MIGRATION AND **URBANISATION**

IPS research on Migration and Urbanisation examines the twin challenges of identifying and promoting foreign employment that are both beneficial to the workers as well as the country; and planning for sustainable internal migration and urbanisation.

MIGRATION AND REMITTANCES

The migration and urbanisation research team at the IPS carried out various research activities addressing migration as an essential aspect of the Sri Lankan economy. Bilesha Weeraratne conducted a qualitative study on **"Imagined Futures"** to investigate the intricate motives and considerations of young individuals on their future trajectories, who decide to leave their homes in search of work. Research and Empirical Analysis of Labour Migration (REALM) funded the study which was part of a cross-country comparative analysis.

Bilesha Weeraratne together with Harini Weerasekera carried out further studies on various related issues. **"Does Remittances Alter Saving and Borrowing Behaviour of Family Left Behind"** investigated the causal impact of migration on savings and borrowing behaviour of left-behind members in migrant households, where the principal-agent problem and the associated moral hazard between migrant and left behind family hinder the realisation of full potential of migration. The Sri Lanka Bureau of Foreign Employment (SLBFE) funded the study.

The International Labour Organisation (ILO) funded a study on **"Remittance Patterns with a View to Reduce Remittance Costs for Migrant Workers"** to help decision-makers to identify ways of reducing remittance costs.

The ILO funded another study on **"Recruitment Business Processes"** which looked at recruitment business processes including recruitment costs that are borne by the recruitment agents. United Nations University World Institute for Development Economics Research (UNU-WIDER). This aimed to investigate how the introduction of the family background report (FBR) requirement works as a gender barrier for women in different skills groups, and the possible influence of FBR on substituting males and females in the income earning burden.

URBANISATION

Addressing issues on urbanisation, Bilesha Weeraratne wrote a research paper on **"Subnational Financing & Local Service Delivery: The Case of Solid Waste Management in Sri Lanka"** and presented it at the **"Fourth South Asian Economic Network Conference Subnational Finance & Local Service Delivery"**. The South Asia Network for Economic Modelling (SANEM) hosted the event in Dhaka, Bangladesh (September).

PUBLICATIONS

Bilesha Weeraratne authored **"Migration & Remittances: Impact on Financial Behaviour of Families Left Behind in Sri Lanka"** (IPS Labour and Migration Research Series No. 201, July), and **"Migration and International Travel in the 4IR"for the IPS flagship publication "Sri Lanka: State of the Economy 2019"**. Janaka Wijayasiri wrote a research paper on **"Costs of Low Skilled Migrants in South Korea: The Case of Sri Lanka"** for the Korea Institute for International Economic Policy (November) during his research fellowship at the Institute.

Highlighting the issues relating to urbanisation, Bilesha Weeraratne authored a chapter on **"Transitioning to Middle Income and Beyond: The Urbanisation Challenges in Post-conflict Sri Lanka"** for a volume edited by Dushni Weerakoon and Sisira Jayasuriya, titled **Managing Domestic and International Challenges and Opportunities in Post-conflict Development-Lessons from Sri Lanka,** Singapore: Springer, and a chapter on **"Urban Housing in Sri Lanka"** for a volume edited by Sumana Bandyopadhyay et al.,

Urbanisation and Regional Sustainability in South Asia, titled Socio-economic Drivers, Environmental Pressures and Policy Responses (Contemporary South Asian Studies) 1st ed. 2020 Edition, Singapore: Springer.

POLICY ENGAGEMENT

Committees

Bilesha Weeraratne provided policy inputs to the National Advisory Committee on Labour Migration, convened by the Ministry of Telecommunication, Foreign Employment and Sports. She was also a Member of the Task Force to draft procedures for Regularising of Recruitment Intermediaries for the foreign employment industry, under the Ministry of Telecommunication, Foreign Employment and Sports.

Bilesha Weeraratne along with Nisha Arunatilake also continued to serve as Members of the Expert Group for Formulating the Revised National Labour Migration Policy, organised by the ILO.

Presentations and Panels

IPS researchers participated at the following events disseminating research findings, discussing various issues related to migration and remittances:

- Bilesha Weeraratne made a presentation on "**Recruitment Intermediaries in the Foreign Employment Industry in Sri Lanka"**, at the inaugural meeting of **"Task Force for Regularisation of Recruitment Intermediaries"** held at the Ministry of Telecommunication, Foreign Employment and Sports in Colombo (January).
- At the discussion on **"Regulating Recruitment Intermediaries"** Bilesha Weeraratne made a presentation on "**Recruitment Intermediaries in the Foreign Employment Industry in Sri Lanka"**, held at the ILO, Colombo (February).
- Bilesha Weeraratne made a presentation on **"Recruitment of Temporary Migrant Workers and the Evolving Role of Sub-Agents in Sri Lanka"** at the Third Annual **"Research and Empirical Analysis of Labour Migration (REALM) Workshop"**. The workshop took place at the New York University, Abu Dhabi (March).

- **"Migration and Gender in Sri Lanka: Trends and Opportunities for Global Compact for Migration (GCM)"** was the theme on which Bilesha Weeraratne made her presentation at the **"National Consultation for Implementation of a Gender-Responsive Global Compact for Safe Orderly and Regular Migration"**. The United Nations organised the event in Colombo (March).
- Bilesha Weeraratne made presentations on - **"Remittances"** at conferences organised by the Sri Lanka Bureau of Foreign Employment (SLBFE) in (June) and ILO in (July).
- Bilesha Weeraratne made a presentation on **"Managing Labour Migration in the 4IR"** at the **"South Asia Economic Summit (SAES XII)"** which was hosted and organised by the IPS in Colombo (September).
- **"Costs of Low Skilled Migrants in South Korea: The Case of Sri Lanka"** was the title of Janaka Wijayasiri's presentation at the Visiting Scholar Seminar of Korea Institute for International Economic Policy (KIEP) in South Korea (October).
- Ruwan Samaraweera presented a conference paper on **"Impact of Remittances and Gender on Expenditure Pattern on Rural Sector Households in Sri Lanka"** at the University of Kelaniya (October).
- A paper was presented by Ruwan Samaraweera on **Migration, Remittances and Poverty; Evidence from Rural Sector of Sri Lanka"** at the South Eastern University of Sri Lanka (November).
- Bilesha Weeraratne was a panellist at the **"2019 Global Humanitarian Policy Forum (GHPF)"**. The United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) and the United Nations Foundation organised the event in New York, USA (December).
- Athula Senaratne was as a panellist in the session on **"Risk Sensitive Urban Development"** on urbanisation at the workshop **"TRANSCEND: Risk Sensitive Urban Development"**. The University of Salford, UK and the University of Moratuwa, Mount Lavinia Hotel jointly organised the event held in Colombo (December).

BLOGS

Bilesha Weeraratne wrote blogs to *Talking Economics* on various aspects of migration including **Tipping the Balance: Are Worker Remittances to Sri Lanka Really as Large as We Think?"** (February), **"The Devil is in the Details: A Closer Look at Remittances in Sri Lanka"** (July) and **"The Gender Dimension of Remittances to Sri Lanka: Who Remits More?"** (December). Janaka Wijayasiri wrote a blog on **"A Penny Saved is a Penny Earned: Helping Sri Lankan Workers in South Korea to Save Better"** (October).

Bilesha Weeraratne also authored the blogs on **"The Evil Nexus between Migration and Terrorism: Implications for Border Control in Sri Lanka** (April), and **Tourism vs. Remittances: Impact of Easter Attacks on Sri Lanka's Foreign Exchange Earnings"** (May) and wrote to *The Asia Dialogue* blog, on **"Replaced by a Robot? Labour Migration from Sri Lanka in the Age of Intelligence"** (July).

Meanwhile, Nimesha Dissanayaka wrote to Unlocked UNDP on **"Water Governance in Urban Policies and Planning"** (July).

All articles written to the *Talking Economics* blog appeared in leading newspapers and social media platforms.

MEDIA

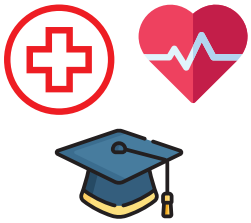
Bilesha Weeraratne participated in a TV discussion on **"Discussing Evolution of Sri Lanka's Labour Migration"**, Biz 1st in Focus, TV 1 (July).

HEALTH, EDUCATION AND LABOUR

IPS research on Human Resources for Sustained Development addresses the constraints to strengthening Sri Lanka's human resources to meet the changing demands of a globalised economy that is being continually reshaped by technology. Improving access to high quality tertiary level education, meeting gaps in the quality and access to general education, and addressing health concerns such as nutrition and prevalence of non-communicable diseases (NCDs) are important to ensure success in education and greater productivity in work life.

The challenges in the labour market front are compounded by demographic transitions reflected in a shrinking working age population and a growing older population that require improvements in productivity and labour force participation rates. The health, education and labour research team was involved in a range of studies regarding human resources and related policy.

SKILLS AND EDUCATION



Ashani Abayasekara conducted a study on **"Sri Lanka's Grade Five Scholarship Exam: Evaluating Performance and Effectiveness"** to examine reasons behind low success rates at the grade five scholarship examination in Sri Lanka and perceptions among the recent scholarship exam takers on the validity and relevance of the exam. The study proposed several measures to be adopted in improving the effectiveness and relevance of Sri Lanka's grade five scholarship exam. The study findings were presented to officials at the Ministry of Education (MOE), along with the handing over of a policy brief summarising key findings and policy recmmendations. The IPS funded the study.

HEALTH

Priyanka Jayawardena and Chathurga Karunanayake conducted a study on **"Baseline Survey on Maternal, Child Health and Nutrition"**. Save the Children in Sri Lanka funded the study which aimed to improve the quality and accessibility of maternal and child health services that focussed on interventions in the three divisions; to determine the estate community's health and nutritional practices, assess the current policies and the level of utilisation of available nutritional and child care services, and to identify entry points for addressing gaps and improving conditions.

Priyanka Jayawardena also carried out a study with the World Bank on **"Public Expenditure Review (PER) for Nutrition in Sri Lanka: Assessing Public Financing for Nutrition (2014–2018)"**. This study investigated public spending on nutrition in Sri Lanka with the primary purpose of understanding the level of public investments in nutrition, relative to the overall level of public expenditure in the country. The report recognised the policy importance of improving child nutrition was handed over to President Gotabaya Rajapaksa - the UN, World Bank, and the United Nations Children's Fund (UNICEF) organised this event at the Presidential Secretariat.

Further, Priyanka Jayawardena carried out a IPS funded study on **"Malnutrition in Sri Lanka: A Persistent Problem"**. It investigated why child malnutrition has not improved during 2006 – 2016 and found that intergenerational cycle of malnutrition is significantly evidenced in Sri Lanka as well as possible dietary issues and knowledge gaps.

In 2019, one of the aims of IPS was to increase visibility of tobacco-control research and raise the salience of tobacco-control as an important aspect in Sri Lanka's overall policy agenda. By doing so, it intended to curb Sri Lanka's smoking prevalence to below 10%. Cancer Research UK (CRUK), and KIVU International funded a series of tobacco related studies, which was led by Nisha Arunatilake.

The prevalence of tobacco use is already fairly low in Sri Lanka and the study on **"Tobacco Control: Going the Last Mile"** aimed at reducing tobacco related harm in the country by advocating policies for controlling tobacco use. Sunimalee Madurawala and Chathurga Karunanayake conducted a study on **"Tobacco Control Programme: Cessation Policy"** which aimed to examine the current position of Sri Lanka as well as the policy options for the country on smoking cessation among the 'last mile' of tobacco users in Sri Lanka. The study found that penetrating the 'hard to reach groups' is important and should be considered as a priority area to bring down the smoking prevalence among the last mile smoker groups in Sri Lanka.

Sunimalee Madurawala, Chathurga Karunanayake, and Chamini Thilanka carried out another study on **"Tobacco Control Programme: Understanding**

the Policy Problem: Who is in the Last Mile?" which involved identifying Sri Lanka's existing stock of smokers, understanding why they still smoke, and what implications this might have for the most appropriate policy response.

Nisha Arunatilake, Harini Weerasekera, and Chamini Thilanka carried out a study on **"Tobacco Control Programme: Calculating Tax Elasticities and Assessing Implications of Tobacco Tax Changes on Tax Revenue"**. The study assessed the effectiveness of current tobacco taxes in Sri Lanka for reducing smoking prevalence as well as increasing government revenue. The study recommended simplifying the cigarette tax structure and increasing tax rates in line with inflation to reduce affordability of cigarettes.

The IPS held a workshop on strengthening tobacco control policies, to share the Institute's recent research on tobacco control policies with lobby groups and community-based organisations, ahead of the 2019 presidential elections. The event highlighted issues such as the need for stronger tobacco control policies, stopping the informal methods of tobacco promotion, tackling misinformation spread by the tobacco industry, tobacco tax and policies, and the health and social costs of tobacco.

The Alcohol and Drug Information Centre (ADIC) and the Centre for Combatting Tobacco (CCT) were partners at the event. On the 'World No Tobacco Day' on 31 May 2019, a social media campaign with a series of posters showcasing IPS research findings was carried out to mark the day and build awareness. Individual research teams also held discussions and networked with important stakeholders, officials, and policymakers to share research findings.

WOMEN AND WORKFORCE

The IPS and the University of Warwick, UK, funded the joint study on **"Female Night Workers"**. Nisha Arunatilake, Ashani Abayasekara, Chathurga Karunanayake and Dulini Fernando (from the University of Warwick) carried out this study. It aimed to address night work regulations and current gaps between policy and practice in organisations. The study also focussed on women's responses to challenges, implications of their actions, and employers' perceptions of women working in the night in the Health and Super Market Sectors in Sri Lanka, with a view to fostering opportunities for safe and productive employment. A white paper containing the findings of the study was shared with the Commissioner General of Labour, Mr. R P A Wimalaweera.

PUBLICATIONS

Ashani Abayasekara prepared a policy brief highlighting the study findings on **"Sri Lanka's Grade Five Scholarship Exam: Evaluating Effectiveness and Relevance"**(January), upon a request by the Ministry of Education (MOE). Ashani Abayasekara and Neluka Gunasekara co-authored **"Sri Lanka's NEETs: An Analysis of Youth not in Education, Employment or Training"** (IPS Labour and Migration Research Series No. 200, March) which examined the NEET population in Sri Lanka and identified potential risk factors of falling into NEET status and belonging to specific NEET subgroups. Further, Ashani Abayasekara and Neluka Gunasekara co-authored a chapter titled **"Determinants of Youth not in Education, Employment or Training: Evidence from Sri Lanka"** in the Review of Development Economics 23(4). Ashani Abayasekara wrote a chapter on **"Sri Lanka's Education Sector: Reskilling in the 4IR"** for**"Sri Lanka: State of the Economy 2019".**

Priyanka Jayawardena co-authored a World Bank publication that emphasised health related issues, titled **"Public Expenditure Review (PER) for Nutrition in Sri Lanka: Assessing Public Financing for Nutrition (2014–2018)"**and wrote a chapter on **"Healthcare in the 4IR",** for the **"Sri Lanka: State of the Economy 2019"**.

Sunimalee Madurawala wrote a policy brief on "**Identifying the Last Mile: Who is Still Smoking?"** under the Tobbaco Control programme where KIVU International and Cancer Research UK (CRUK) funded the study.

Nisha Arunatilake wrote a chapter titled **"Economic Transformations for Better Lives Through Better Jobs"** stressing on labour markets, for a volume edited by Dushni Weerakoon and Sisira Jayasuriya on *Managing Domestic and International Challenges and Opportunities in Post-conflict Development – Lessons from Sri Lanka*, Singapore: Springer. Contributing to the IPS flagship publication **"Sri Lanka: State of the Economy 2019",** Nisha Arunatilake wrote a chapter on **"4IR and the Future of Work in Sri Lanka".**

Sunimalee Madurawala wrote a chapter on **"4IR: A Challenge or an Opportunity for Gender Equality"**, and Nipuni Perera wrote a policy brief on **"4IR and Women in the Worforce: Sri Lanka's Apparel Industry"** for **"Sri Lanka: State of the Economy 2019".**

POLICY ENGAGEMENT

Committees

Nisha Arunatilake provided research inputs through a series of policy committees which include engagements with the Standing Committee on Higher Education of the National Education Commission, the Research Supervision Committees of the Ministry of Science, Technology and Research, and the Advisory Committee Meetings on Transforming the Department of Census and Statistics (DCS). Further, she participated in the Advisory Committee to recommend measures to modernise the DCS, as well as the National Science Foundation Committee to strengthen social science research in Sri Lanka. She was also appointed as a Trustee of the Dialog Education Foundation.

Presentations and Panels

IPS researchers addressed various issues on skills and education and participated at the following events:

- Bilesha Weeraratne made a presentation on **"Can Khan Academy E-learning Video Tutorials Improve Mathematics Achievements in Sri Lanka?"** at the conference on **"Economic Development in South Asia"**. The IPS and the Monash University organised the event in Kalutara (January).
- Ashani Abayasekara made presentations on **"Sri Lanka's NEETs: An Analysis of Youth not in Education, Employment or Training"**, at a conference on **"Economic Development in South Asia"**. The IPS and the Monash University organised the event in Kalutara (January), and at the Fifth International Conference on **"Economic Development in South Asia"**. The South Asian University hosted the event in New Delhi, India (February).
- Ashani Abayasekara made a presentation on **"School Funding Formulas in Sri Lanka"** at the Fourth South Asia Economic Network Conference on **"Subnational Finance and Local Service Delivery in South Asia"** organised by the South Asia Network for Economic Modelling (SANEM), held at the BRAC Centre Inn, Dhaka, (September).
- Nisha Arunatilake participated at a panel discussion on the theme **"Strategies to Bridge the Gap in Higher Education Intake – South and**

South East Asian Experiences" at the International Higher Education Conference. The Institute of Certified Management Accountants of Sri Lanka (CMA) hosted the event in Colombo (October).

Dissemination of research highlighting issues on labour markets, took place at various events:

- Nisha Arunatilake was a panellist at the launch of the report on **"Exports to Jobs: Boosting the Gains from Trade in South Asia"**. The World Bank and International Labour Organisation (ILO) hosted the event at the IPS, Colombo (February).
- Nisha Arunatilake participated in a panel discussion on **"Gender Implications of Draft Act on Employment"** which highlighted various issues pertaining to women and workforce. The Ministry of Labour and Trade Union Relations hosted the event in Colombo (July).
- A paper presentation was made by Nisha Arunatilake on **"Improving the Labour Force Particpation of Low Skilled Women" at the WIDER Development Conference "Transforming Economies - for Better Jobs"**. The United Nations University World Institute for Development Economics Research (UNU-WIDER) hosted the event in Bangkok, Thailand (September).
- Ruwan Samaraweera made a webinar presentation on **"Determinants of Employee Motivation: A Case Study of a Reputed Organisation's Executive Staff in Sri Lanka"** at the **"Fourth Interdisciplinary Conference of Management Researchers (ICMR)"** held at the University of Sabaragamuwa (October).

Priyanka Jayawardena presented the findings on **"Assessment of Public Financing for Nutrition in Sri Lanka"** at the Nutrition PER Working Group Consultation Workshop held in Colombo (July).

Under the IPS tobacco control programme funded by KIVU International and Cancer Research UK (CRUK), Sunimalee Madurawala made a presentation on the **"Need for Tobacco Controlling, Cost and Prevalence of Smoking",** and Chathurga Karunanayake carried out a presentation on **"Tobacco Cessation: Helping to Quit"** at the Lobby Group Workshop at the IPS, Colombo (November).

BLOGS

Focussing on skills and education, Ashani Abayasekara wrote blogs to *Talking Economics* on **"Lowering Sri Lanka's NEETs: Need for Smoother School-to-Work Transitions"** (January), **"In the 4IR, are Smart Classrooms the Future of Sri Lanka's Education?"** (September) and **"The Future of Sri Lanka's Education in the Fourth Industrial Revolution"** (November). Priyanka Jayawardena wrote for the *GlobalDev GDN*, on **"Education in Sri Lanka: Widening Access and Improving Skills"** (February). Sunimalee Madurawala wrote an article on **"Financial Literacy: An Essential Need Today"** for the *Sri Lanka Exporter* (Issue 103, January -March 2019).

Disseminating IPS research findings on labour markets, Thisali De Silva, the winner of the first Saman Kelegama Memorial Research Grant, co-authored a blog with Nisha Arunatilake on **"Allowing Youth to Tuk-Tuk or not Tuk-Tuk: Should Access to Three-Wheeler Market in Sri Lanka be Regulated?"** (January). Nisha Arunatilake contributed to *Talking Economics* on **"Improving Quality of Jobs in Sri Lanka: Can Exports be the Panacea?"** (April). Nisha Arunatilake co-authored an article with Chathurga Karunanayake titled **"Where have All the Typists Gone? Technology and Changing Job Profiles in Sri Lanka"** (June). Ashani Abayasekara wrote on **"Meeting Challenges in a New World of Work: How Prepared is South Asia for the Fourth Industrial Revolution?"** (October). Nisha Arunatilake co-authored a blog with Manoj Thibbotuwawa and Priyanka Jayawardena on **"When Tea and Sympathy is not Enough… A Living Wage for Sri Lanka's Plantation Workers"** (December).

Discussing the gender related issues, Sunimalee Madurawala contributed to *Talking Economics* on **"Women in Times of Disaster: Gender Dimension of Disaster Management in Sri Lanka"** (January) and **"Greater Social Protection for Sri Lankan Women through Better Jobs: Role of Technology and Innovation"** (March).

All articles written to the *Talking Economics* blog appeared in leading newspapers and social media platforms.

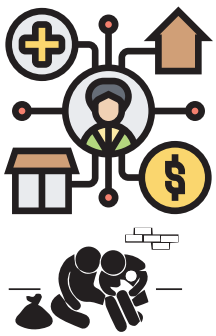
MEDIA

Nisha Arunatilake appeared on the Biz in Focus Programme on TV1, to discuss the **"Importance of STEM Education in Sri Lanka"** (September).

POVERTY AND SOCIAL WELFARE

Despite Sri Lanka's progress in reducing poverty over the past decade, inequality and vulnerability remain issues of great concern. In addition to high income inequality, disparities also persist in terms of access to basic services like education, health, water and sanitation and financial services. While addressing poverty, inequality and vulnerability remain as important policy priorities, the government has also committed to achieving the 17 Sustainable Development Goals (SDGs) by 2030. In this context, the IPS research on poverty and social welfare focusses on a number of areas including poverty, inequality, SDGs, social protection and financial inclusion.

SUSTAINABLE DEVELOPMENT GOALS



The poverty and social welfare policy research team at the IPS carried out a number of research studies related to SDGs. Ganga Tilakaratna and Chinthani Sooriyamudali carried out a study on **"Intepreting SDGs for South Asia: In Search of a Regional Framework"** that examined the scope for South Asian regional cooperation further to the implementation of SDGs in Sri Lanka. The research study identified SDG priorities for regional cooperation in a number of areas including climate action, energy, food security, decent work and economic growth and discussed regional means and instruments to promote SDG implementation in Sri Lanka. It further examined the status of SDGs and discussed the challenges for SDG implementation in Sri Lanka. The United Nations Economic and Social Commision for Asia and the Pacific (UNESCAP) funded the study.

In addition, Ganga Tilakaratna, Nipuni Perera and Janani Perera carried out a study on **"Strengthening National Policy Capacities for Jointly Building the Belt and Road towards the Sustainable Development Goals (SDGs)"**. The study aimed to understand the potential links between the Belt and Road initiative (BRI) and SDGs. The BRI aims to enhance interconnectivity between regions/countries through its five key cooperation priorities-policy coordination, facilities connectivity, trade, financial integration and people-to-people connectivity, which can lead to important socio-economic impacts in partner countries. However, it can also have various adverse implications. In this context, this research attempted to identify projects and activities in Sri Lanka that can be related to the BRI and explore its potential links/impact on the achievement of SDGs. The United Nations Department of Economic and Social Affairs (UNDESA) funded this study.

PUBLICATIONS

Ganga Tilakaratna highlighted issues on poverty and inequality and wrote a chapter on **"Achieving Equity in Post-conflict Sri Lanka"** in the book edited by Dushni Weerakoon and Sisira Jayasuriya on *Managing Domestic and International Challenges and Opportunities in Post-conflict Development – Lessons from Sri Lanka,* published by Singapore: Springer. Further, Ruwan Samaraweera co-authored with Fernando, P. M. M., Kumara, P. H. T., and Dharmadasa an article on **"Multidimensional Poverty among the Estate Population of Badulla District in Sri Lanka"**, *Sri Lanka Journal of Population Studies (SLJPS)*, 20(2).

Ganga Tilakaratna with Chinthani Sooriyamudali and Anarkalee Perera brought out a publication titled **"Working Beyond the Age of Retirement: Patterns and Determinants of Elderly Labour Force Participation in Sri Lanka"** (IPS Poverty, Demography and Social Welfare Research Series No. 200, May). This focussed on impacts related to social protection.

Ganga Tilakaratna also wrote a chapter on **"Financial Inclusion in the 4IR: Opportunities and Challenges for Sri Lanka"** for **"Sri Lanka: State of the Economy 2019"** which stressed on issues related to financial inclusion.

Ganga Tilakaratna and Chinthani Sooriyamudali highlighted issues related to SDGs and published a paper on **"Interpreting SDGs for South Asia: In Search of a Regional Framework (The Case of Sri Lanka)"** in the Development Paper Series of the United Nations Economic and Social Commission for Asia and the Pacific South and South-West Asia Office (UNESCAP-SSWA) in March. Ganga Tilakaratna with Janani Perea authored an article on **"Realising Sustainable Development Goals in the 4IR"** for the Trade Insight bulletin on **"South Asia in Fourth Industrial Revolution"** 2019, 15(4).

EVENTS

The IPS organised a national consulation workshop on **"Jointly Building the Belt and Road towards the Sustainable Development Goals (SDGs)"** in collaboration with the UNDESA (August) where Ganga Tilakaratna made a presentation on **"Belt and Road Initiative (BRI) and Sustainable Development Goals: Potential Linkages, Opportunities and Challenges"**.

POLICY ENGAGEMENT

Presentations and Panels

IPS researchers made presentations addressing issues on social protection at various events and forums:

- Ganga Tilakaratna presented a paper on **"Working Beyond the Age of Retirement: Patterns and Determinants of Elderly Labour Force Participation in Sri Lanka"** at the South Asia Network for Economic Modelling (SANEM) -World Bank Third North America Discussion Forum on **"Emerging Global Challenges and Development Strategies in South Asia"**. The event took place at the World Bank Headquarters USA, Washington D.C. (July).
- Ashani Abayasekara made a presentation on **"Pension Coverage in Sri Lanka"** at the 14th Pension Experts Meeting in the Asia-Pacific Region on **"Trends on Change and Plans of Additional Expansion in Pension Coverage"**. The Organisation for Economic Co-operation and Development (OECD) Korea Policy Centre hosted the event in South Korea (June).
- Nisha Arunatilake participated as a panellist at the Discussion Forum on **"Defying Retirement at 55 Years"**. The National Human Resources Development Council of Sri Lanka (NHRDC) organised the event in Colombo (November).

Highlighting various issues on SDGs, IPS researchers participated at the following events and dissaminated their research findings:

- Ganga Tilakaratna made a presentation on **"Growth Acceleration and Social Inclusion in Sri Lanka"** at the international conference on **"Sustainable Development and World Economy"**. The Janki Devi Memorial College of the University of Delhi hosted the event in New Delhi, India (February).
- At the workshop on **"Interpreting SDGs for South Asia: In Search of a Regional Framework"** Ganga Tilakaratna made a presentation on **"Importance of South Asian Regional Cooperation, in Sri Lanka's Achievement of Sustainable Development Goals (SDGs)"**. The UNESCAP-SSWA organised the workshop in Bangkok, Thailand (March).

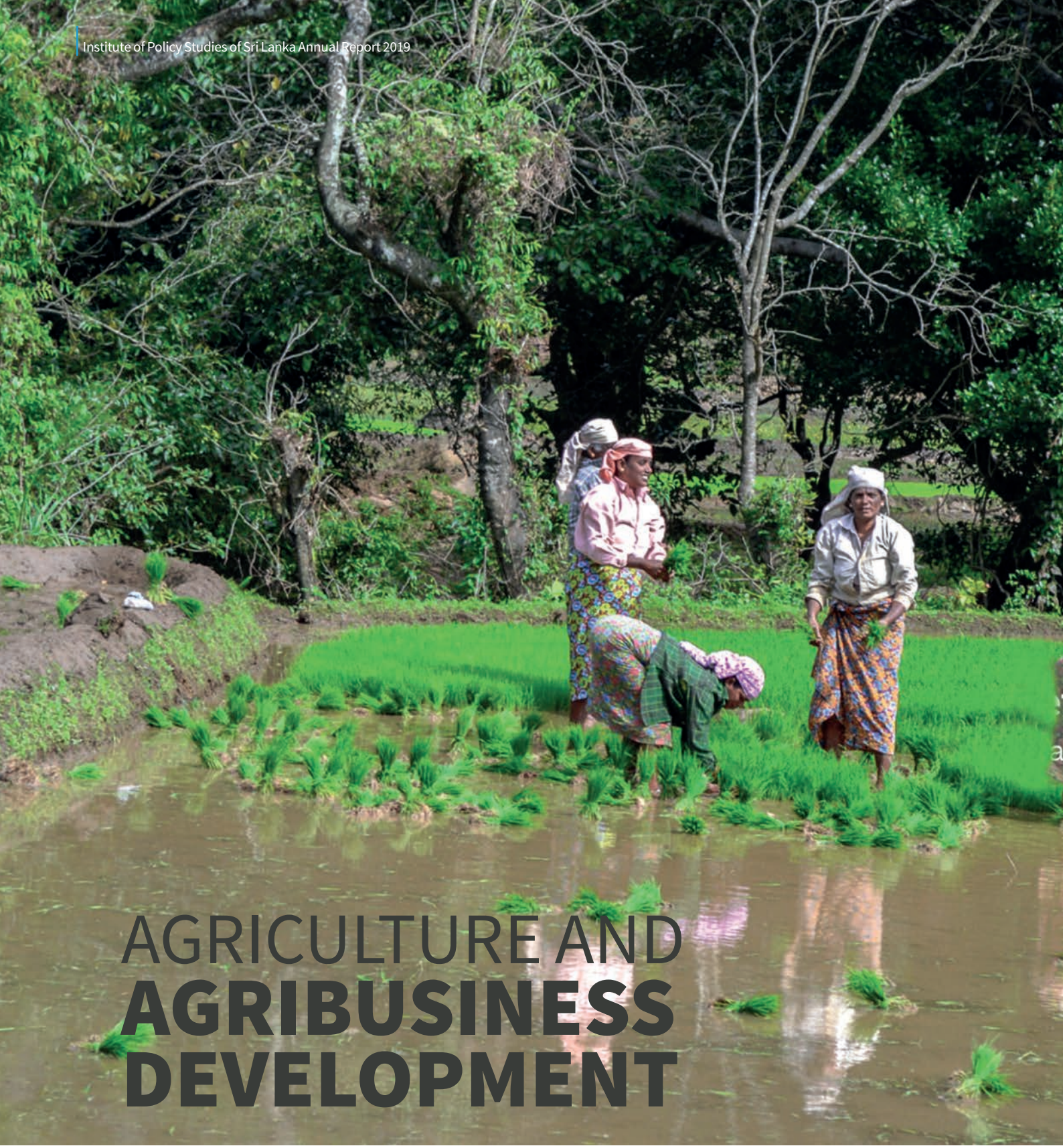
- Sunimalee Madurawala made a presentation on **"SDG 5, Voluntary National Review and Sri Lanka's Status"** and was a panellist at the workshop **"Sharing Learning for Empowering People and Ensuring Inclusiveness and Equality - Monitoring of SDG 5 in Sri Lanka".** The Centre for Women's Research (CENWOR) organised the event in Colombo (June).
- Ganga Tilakaratna made a presentation on **"Belt and Road Initiative (BRI) and Sustainable Development Goals in Sri Lanka"** at the regional workshop on **"Assessing the Potential Impact of the Belt and Road Initiative on Sustainable Development Goals in Asian Economies"**. The UNDESA organised the event in Bangkok, Thailand (September).
- Nisha Arunatilake participated as a panellist at the plenary session on **"Growth and Equity - Achieving SDGs in South Asia in 4IR"** at the **"South Asia Economic Summit"** held in Colombo (September).
- Ganga Tilakaratna made a presentation on **"Sri Lanka's Experience with Think Tanks"** at the UNESCAP conference on **"Strengthening Policy Analysis in Support of Implementation of Sustainable Development Goals"** held in New Delhi, India (November).
- Dushni Weerakoon was a panellist at the session on **"Regional Policy Dialogue on Harnessing the Potential of Regional Cooperation for Sustainable Development in South Asia"**. The UNESCAP hosted the conference on **"Strengthening Policy Analysis in Support of Implementation of Sustainable Development Goals"** held in New Delhi, India (November).
- Manoj Thibbotuwawa and Athula Senaratne discussed different ways to translate the findings from **"The Global Sustainable Development Report (GSDR)"** into guidance for policy makers and other stakeholders in Sri Lanka at the workshop on **"The Global Sustainable Development Report (GSDR)-Implications for Accelerating Sustainable Development in Asia Pacific"** held in Jakarta, Indonesia (November).

- Ganga Tilakaratna participated as a panellist at the session on **"Leaving No-one Behind - Priority Areas of Cooperation in the Asia-Pacific Roadmap for Accelerating Progress Towards the SDGs"** at the **"Third South Asia Forum on the Sustainable Development Goals"**. The UNESCAP hosted the event held in Dhaka, Bangladesh (December).
- At the Policy Dialogue on **"Regional Cooperation for Sustainable Development in South Asia"**, Ganga Tilakaratna participated as a panellist at the session on **"Think-tanks Cooperation for Achievement of SDGs in South Asia"**. The UNESCAP hosted the event held in Dhaka, Bangladesh (December).
- Ruwan Samaraweera made a presentation on **"Promoting Regional Cooperation in South Asia for Achieving SDGs"** at the **"22nd Sustainable Development Conference (SDC)"** held in Pakistan (December).

BLOGS

Emphasising SDGs related issues, Ganga Tilakaratna wrote a blog for UNESCAP on **"SDG Implementation and Budgeting: Sri Lanka's Efforts and Challenges"** jointly with Zhenqian Huang and Deshal De Mel (August) and Sunimalee Madurawala wrote on **"Growth and Equity: Achieving SDGs in South Asia in the Age of 4IR"** (October) for *Talking Economics.*

Wimal Nanayakkara contributed to *Talking Economics* on **"Alleviating Poverty in Sri Lanka: Take a Broader Look at Poverty Measures!"** (March) and **"Lurking in the Shadows: A Closer Look at Multidimensional Poverty in Sri Lanka"** (June) which emphasised on poverty and equality related issues.



AGRICULTURE AND **AGRIBUSINESS DEVELOPMENT**

IPS research on Agriculture and Agribusiness Development examines the challenges faced by the agriculture sector in relation to productivity, food security and agribusiness value chains with the aim of ending hunger and achieving food security, improving farm income through agricultural productivity and improving rural sector through sustainable value chains. This further includes addressing limitations on the institutions, and policy and regulatory environment which impact on overall agriculture sector of the country.

AGRICULTURAL PRODUCTIVITY

Sri Lanka's agriculture sector suffers from low productivity which leads to food insecurity and poverty. To address the agriculture productivity and related issues, Manoj Thibbotuwawa and Nimesha Dissanayaka along with Athula Senaratne and Ruwan Samaraweera carried out a study on **"Analysing Profitability of Non-plantation Agriculture in Sri Lanka"**. This study aimed to construct an analytical framework, i.e. Policy Analysis Matrix (PAM) and to evaluate profitability, efficiency and competitiveness of domestic agriculture in an integrated fashion along with the degree of government interventions. The World Bank funded this project.

A team comprising of Manoj Thibbotuwawa, Athula Senaratne, Nisha Arunatilake, Bilesha Weeraratne and Harini Weerasekera carried out a study on **"Policy Research in the Area of Agricultural Labour Markets"** which evaluated productivity in major agricultural sub-sectors focussing on labour market issues such as feminisation, ageing, outmigration and part-time farming to name a few. The study aimed to identify strategies to improve competitiveness of the agriculture sector in Sri Lanka. The Ministry of Agriculture funded this study.

FOOD SECURITY

Tobacco which is a non-food crop that has a direct competition with food-crops grown in home gardens, has negative implications for government policy on promoting home gardening to ensure food and nutrition security. Also, widespread cultivation of tobacco decreases soil fertility and adds an extra burden for food crop cultivation. Manoj Thibbotuwawa, Dilani Hirimuthugodage and Nimesha Dissanayaka carried out a research study on **"Transforming Tobacco Farming through Economically Sustainable Alternatives"** which aimed at understanding the tobacco value chain and evaluating farmers' willingness to switch to alternative crops and the factors affecting their switching decisions. Under the Tobacco Control Programme, KIVU International funded this study.

PUBLICATIONS

IPS reserachers authored several publications on various topics addressing agriculture and agribusiness development in Sri Lanka. Dr. Saman Kelegama and Dilani Hirimuthugodage's chapter on **"Food Security Policy Framework in Sri Lanka: Market Reforms, Diversification and Safety Nets"**, was published in a volume edited by N. Kumar and G. Joseph on Regional Cooperation for Sustainable Food Security in South Asia published by UNESCAP and Routledge, stressed on food security.

Manoj Thibbotuwawa wrote a chapter titled **"Post Conflict Agriculture Modernisation in Sri Lanka"** for a volume edited by Dushni Weerakoon and Sisira Jayasuriya on *Managing Domestic and International Challenges and Opportunities in Post-conflict Development- Lessons from Sri Lanka,* published by Singapore: Springer. He also authored a chapter on **"Smart Digital Farming in Agriculture: Status and Prospects for Sri Lanka"** for the IPS flagship publication **"Sri Lanka: State of the Economy 2019"**.

POLICY ENGAGEMENT

Committees

Manoj Thibbotuwawa served as a committee member to the National Committee on Socio-economic and Policy Analysis of Council for Agricultural Research Policy (CARP). He also sat on the advisory panel on temperature-controlled warehouses managed by the Food Commissioner's Department and rice marketing and dryers for farmers at the behest of the Ministry of Economic Reforms and Public Distribution.

Presentations and Panels

IPS researchers discussed various issues related to agriculture policies and institutions at many forums:

- Manoj Thibbotuwawa made a presentation on **"Bamboo Sectors Potential to Revamp the Agricultural Sector of Sri Lanka"** at the stakeholder workshop on **"Bamboo Sector Road Map Development".** The IPS and the Industrial Technology Institute (ITI) organised the workshop held at IPS (March).
- Nimesha Dissanayaka made a presentation on **"Technology in Agriculture"** at the **"New Thinkers' Symposium 2019"** organised by IPS (March).
- Manoj Thibbotuwawa made a country presentation based on **"Adoption of Innovative Climate-resilient Practices for Sustainable Agricultural Productivity and Food Security in Sri Lanka"** at the **"Regional Workshop on Building Climate Resilience in Agriculture"**. The National Productivity Organisation (NPO), Bangladesh, in collaboration with the Asian Productivity Organisation (APO) organised the event in Dhaka (May).
- Ruwan Samaraweera presented a paper on **"Land Access, Livelihood Diversification and Migration of Rural Youth in Sri Lanka"** at the University of Jaffna (July).
- Manoj Thibbotuwawa made a presentation on **"Evolving Agrifood Systems in Sri Lanka"** at the **"ReSAKSS-Asia and MIID Conference"** held in Yangon, Myanmar (October).
- Ruwan Samaraweera participated in a panel discussion on **"Stakeholder Meeting on Bachelor of Science Honours in Export Agriculture"** held at the Uva Wellassa University (November).

BLOGS

Manoj Thibbotuwawa and Nimesha Dissanayaka co-authored blogs for *Talking Economics* on **"Farm Smart! Developing Sri Lanka's Agriculture Sector in the 4IR" (October) and "Smart Digital Farming in Agriculture: Status and Prospects for Sri Lanka"** (December).

Manoj Thibbotuwawa and Nimesha Dissanayaka jointly contributed to a blog on "**Ban on Tobacco Cultivation: A Blessing in Disguise for Sri Lankan Farmers"** (November).

Dilani Hirimuthugodage wrote a blog on **"Quality Standards, Make or Break Point of Sri Lanka's Cinnamon Industry"** (May) which stressed on issues related to agribusiness value chains.

All articles written to the *Talking Economics* blog appeared in leading newspapers and social media platforms.

MEDIA

Manoj Thibbotuwawa gave an interview to Economy Next on **"Sri Lanka Needs Agriculture Policy Change to Up Farmer Incomes Productivity"** (December).

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE

IPS research on Environment, Natural Resources and Agriculture focusses on the role of coordinated policies and strategies aimed at safeguarding the continuity of Sri Lanka's natural capital stock. These include innovation and adoption of right technical solutions, getting the structure of incentives right, and setting up effective institutions. The rising scarcity of land, issues of agricultural productivity, and food security, coupled with the risks and uncertainty associated with climate change impacts call for an integrated approach that combines decisions taken at several areas of public policy.

ENVIRONMENT AND NATURAL RESOURCE POLICIES

The environment, natural resources and climate change team carried out various researches and addressed aspects relating to disaster risk management, green economy and sustainable energy. Athula Senaratne carried out a study on **"Developing a Macro-Economic Profile of Environment".** The study aimed to understand macroeconomic dimensions of environmental issues in the country by collecting and analysing environmental data from a variety of scattered sources; thereby aiming to compile these in a format which can be used for developing a macro-environmental profile of the country. The Think Tank Initiative (TTI) funded the study.

A team comprising of Athula Senaratne, Manoj Thibbotuwawa, Kanchana Wickramasinghe, Dilani Hirimuthugodage, Ruwan Samaraweera and Nimesha Dissanayake carried out a study on **"Commercial Insurance for Farmers for Human Wildlife Conflict by Elephants"**. This study was carried out with the objective of exploring the potential for developing a commercially-run insurance scheme to mitigate human-elephant conflicts. The Institute for Environment and Development (IIED) UK, funded this study.

CLIMATE CHANGE

Kanchana Wickramasinghe carried out a study on **"Demand for Climate Insurance by Dry Zone Farmers in Sri Lanka"**, which intended to assess the risks and uncertainties faced by the dry zone farmers, their risk management strategies and the role of climate insurance in managing climate risks. The Global Development Network (GDN) funded the project.

A team comprising of Athula Senaratne, Manoj Thibbotuwawa, Dilani Hirimuthugodage and Kanchana Wickramasinghe carried out a study on **"Bridging the Climate Information and Communication Gaps for Effective Adaptation Decisions: An Integrated Climate Information Management System (ICIMS)"**. This research study aimed to improve the effectiveness of adaptation decisions of farmers and policymakers/experts by establishing and pilot-testing models of ICIMS that combine the strengths of decision criteria used by farmers and other policy stakeholders in Sri Lanka. The International Development Research Centre (IDRC) funded this project.

SUSTAINABLE ENERGY

Athula Senaratne and Kanchana Wickramasinghe undertook a project on **"National Natural Gas Policy for Sri Lanka"**. The Ministry of Petroleum Resources Development provided the funding for this study. The project aimed to formulate a national natural gas policy for Sri Lanka, based on the work carried out by the Ministry of Petroleum Resources Development.

PUBLICATIONS

Kanchana Wickramasinghe wrote a publication on **"Climate Insurance for Dry Zone Farmers in Sri Lanka**: Prospects for Index Insurance (IPS Agricultural Research Series No. 200, May).

Athula Senaratne authored a chapter on **"4IR and Environmental Sustainability in Sri Lanka"** for **"Sri Lanka: State of the Economy 2019"**, IPS' flagship publication. Athula Senaratne also wrote a chapter on **"Ensuring Sustainable Development in Post-conflict Sri Lanka"** for a volume edited by Dushni Weerakoon and Sisira Jayasuriya on M*anaging Domestic and International Challenges and Opportunities in Post-conflict Development-Lesson from Sri Lanka,* published by Singapore: Springer.

EVENTS

The IPS and the Institute for Environment and Development (IIED) of UK co-organised a workshop on **"Inception Workshop on Livelihood Insurance from Elephants (LIFE) in Sri Lanka"** in Colombo (January), which aimed to design an insurance product to combat the human elephant conflict.

POLICY ENGAGEMENT

Committees

Athula Senaratne served as a member of the following committees; Agricultural Sectoral Committee of Sri Lanka Standards Institute, Consultative Committee on Research of the Tea Research Board and Research, and Training Committee (RTC) of the Hector Kobbekaduwa Research and Training and Institute (HARTI). He was also a Member to the Governing Council Meeting of the Future Earth South Asia (hosted by the Indian Institute of Science (IISC), Bangalore, India). In this capacity, he attended the First Governing Council Meeting of the Future Earth South Asia hosted by the (IISC) and Water Future conference on **"Towards a Sustainable Water Future"**. The Divecha Centre of Climate Change of the IISC organised this conference on 24-27 September 2019 in Bangalore, India.

Athula Senaratne was also a Member of the Editorial Board of the Climate Change Magazine published by the Climate Change Secretariat of the Ministry of Mahaweli Development and Environment. He was also invited to attend the Dissemination Workshop on **"Operationalising the Global Sustainable Development Report 2019 in the Asia Pacific Region"** organised by the UN Department of Economic and Social Affairs in Jakarta, Indonesia (November).

Presentations and Panels

Dissemination of research on issues relating to environment and natural resource policies took place at various events:

- Athula Senaratne carried out a presentation on "Human Elephant Conflict in Sri Lanka: Situational Analysis" at the inception workshop on **"Livelihood Insurance from Elephants (LIFE)"** project. The IPS and Institute for Environment and Development (IIED) of UK, jointly hosted the workshop in Colombo (January).
- Athula Senaratne made a presentation on **"Investing on Natural Capital for Sustainable Development: An Analysis of Biodiversity Expenditure in Sri Lanka"** at the Association for Tropical Biodiversity and Conservation (ATBC) Asia Pacific Chapter Conference and Meeting, held at MAS Athena (September).
- Athula Senaratne participated as a panellist at a webinar on **"Human Wildlife Conflict and Insurance"** organised by the Global Wildlife Programme (GWP) of the World Bank, held in IPS (November).

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In addition, IPS researchers discussed issues related to climate change at various events:

- Athula Senaratne made a presentation on **"Climate Information and Farmers: Integrated Management of Information for Successful Adaptation"** at a conference on **"Economic Development in South Asia"**. The IPS and the Monash University Australia jointly organised the event in Kalutara (January).
- At the workshop on **"Climate Change and Critical Infrastructure in Sri Lanka"** Athula Senaratne made a presentation on **"Climate Change Impacts, Infrastructure and Adaptation in Sri Lanka"**. The Ministry of Power and Energy and the Asian Development Bank (ADB) jointly organised the event in Colombo (March).
- Manoj Thibbotuwawa made a presentation on **"Bamboo for Sustainable Development, Climate Adaptation and Mitigation"** at the stakeholder workshop on **"Bamboo Sector Road Map/ Country Action/ Strategic Plan Development"**. The Industrial Technology Institute (ITI) organised the workshop at IPS in Colombo (March).
- Manoj Thibbotuwara made a presentation on **"Building Climate Resilience in Sri Lankan Agriculture"** at the workshop on **"Building Climate Resilience in Agriculture"**. The Asian Productivity Organisation (APO) organised the workshop in Dhaka, Bangladesh (May).
- Athula Senaratne made a presentation **"Climate Change Challenges for Food Security in Sri Lanka"** at the workshop on **"Climate Change and Disaster Management in BIMSTEC Countries"**. The Myanmar Institute of Strategic and International Studies (MISIS) and the Friedrich-Ebert-Stiftung (FES) organised the workshop in Yangon, Myanmar (June).
- Athula Senaratne moderated the session on **"Way Forward: Ideas for the Future"** at the workshop on **"Business of Overcoming Climate Change Impacts on Agriculture and Food Supply Chain"**. The International Water Management Institute (IWMI) and Embassy of the Netherlands jointly organised the event in Colombo (November).
- Athula Senaratne made a presentation on **"Climate Adaptation and Urban Policies in Sri Lanka"** at the workshop on **"TRANSCEND: Risk Sensitive Urban Development"** held in Colombo (December).
- Athula Senaratne participated in a panel discussion on **"Global Environmental Commons and Climate Change"** at the **"Third South Asia Forum on the Sustainable Development Goals"**. The United Nations Economic and Social Commision for Asia and the Pacific South and South-West Asia Office (UNESCAP-SSWA) and the Economics Relations Division of the Government of Bangladesh jointly hosted the event in Dhaka, Bangladesh (December).

Ruwan Samaraweera participated in a panel discussion on **"Energy Forum 2019"** which discussed issues on sustainable energy. The Public Utility Commission of Sri Lanka organised the event (September).

BLOGS

Kanchana Wickramasinghe wrote a blog on disaster risk management titled **"Linking Disaster Risk Management into Economic Policy Planning in Sri Lanka"** (March) to *Talking Economics* stressing on environment and natural resource policies. In addition, Dinushka Paranavitana wrote a blog on **"Trash Talk: Dealing with Marine Plastic Pollution in Sri Lanka's Oceans"** (May).

Ruwan Samaraweera wrote blogs for Unlocked UNDP on "**Climate Change, Urban Planning and Development Policies", "Cities as Hotspots for Climate Change"** and **"The Path to Climate Resilient Sustainable Cities"** (all in June).

RESEARCH TEAM LEADERS

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

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Shaping South Asia's Future in the Fourth Industrial Revolution (4IR)

SAES XII 2019
South Asia Economic Summit

The South Asia Economic Summit (SAES) was launched in 2008 with the first Summit being held in Colombo, Sri Lanka. To date, 11 Summits have been held each year in the capitals of South Asian countries.

SAES XII was organised in Colombo, Sri Lanka by the IPS. It was held on 26-27 September 2019, at Hilton, Colombo, focussing on the theme of 'Shaping South Asia's Future in the Fourth Industrial Revolution (4IR)'.

For South Asia, as in many other developing country regions, the benefits and pitfalls of 4IR are significant. On the one hand, the 4IR may allow countries to leapfrog development stages. Those with better established manufacturing bases or with resources to invest in technologies stand to benefit. On the other hand, technological-driven productivity that drives down costs of production in advanced economies can hasten 'premature' de-industrialisation in the developing world. For many, the threat of human labour displacement by automation is very real.

To this end, the disruption of technology through 4IR presents a watershed moment for South Asia. The occasion also marked the release of a new publication, 'Managing Domestic and International Challenges and Opportunities in Post-conflict Development: Lessons from Sri Lanka'.

Edited by Dr. Weerakoon and Sisira Jayasuriya and published by Springer, the book contains contributions by locally and internationally eminent Sri Lankan economists, and was released in memory of IPS' former Executive Director, the late Dr. Saman Kelegama.

Paying tribute to Dr. Kelegama's legacy, the publication draws lessons from the story of Sri Lanka's post-conflict development in the context of a struggle for sociopolitical reconciliation, a turbulent world economy and difficult internal and external political challenges. The book will be of interest to researchers, policymakers and development.

SUPPORT SERVICES

FINANCE AND ADMINISTRATION

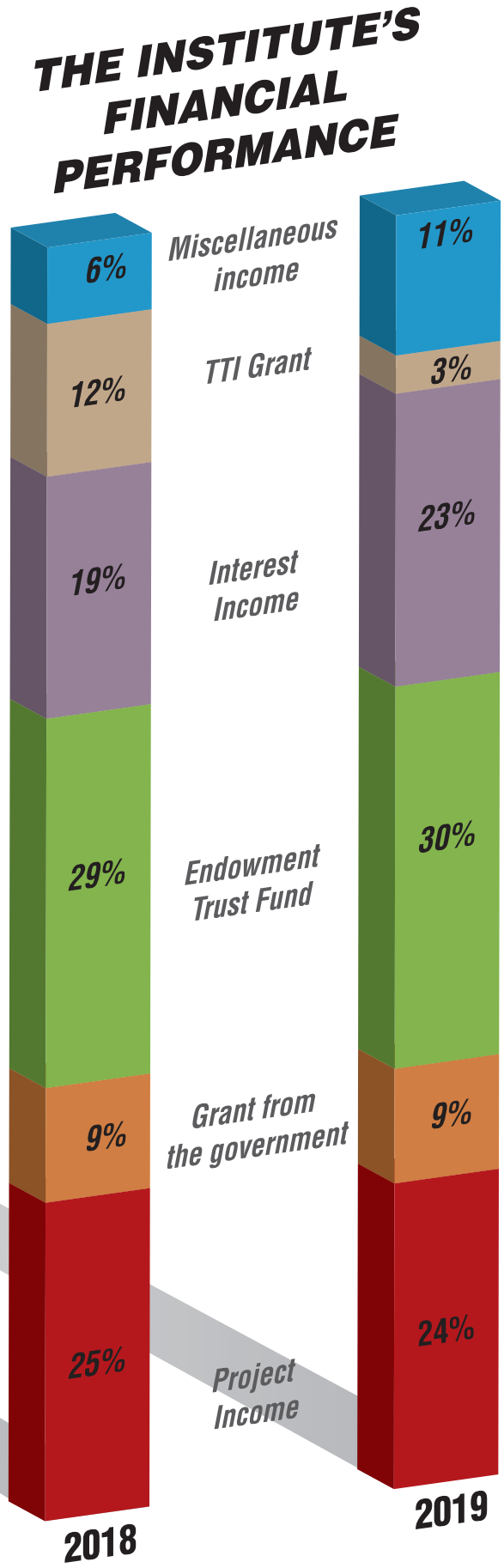
The Finance and Administration unit is set up to facilitate and support the activities of the Research Units, by providing financial, administration, human resource, maintenance, operations, transportation, and procurement services.

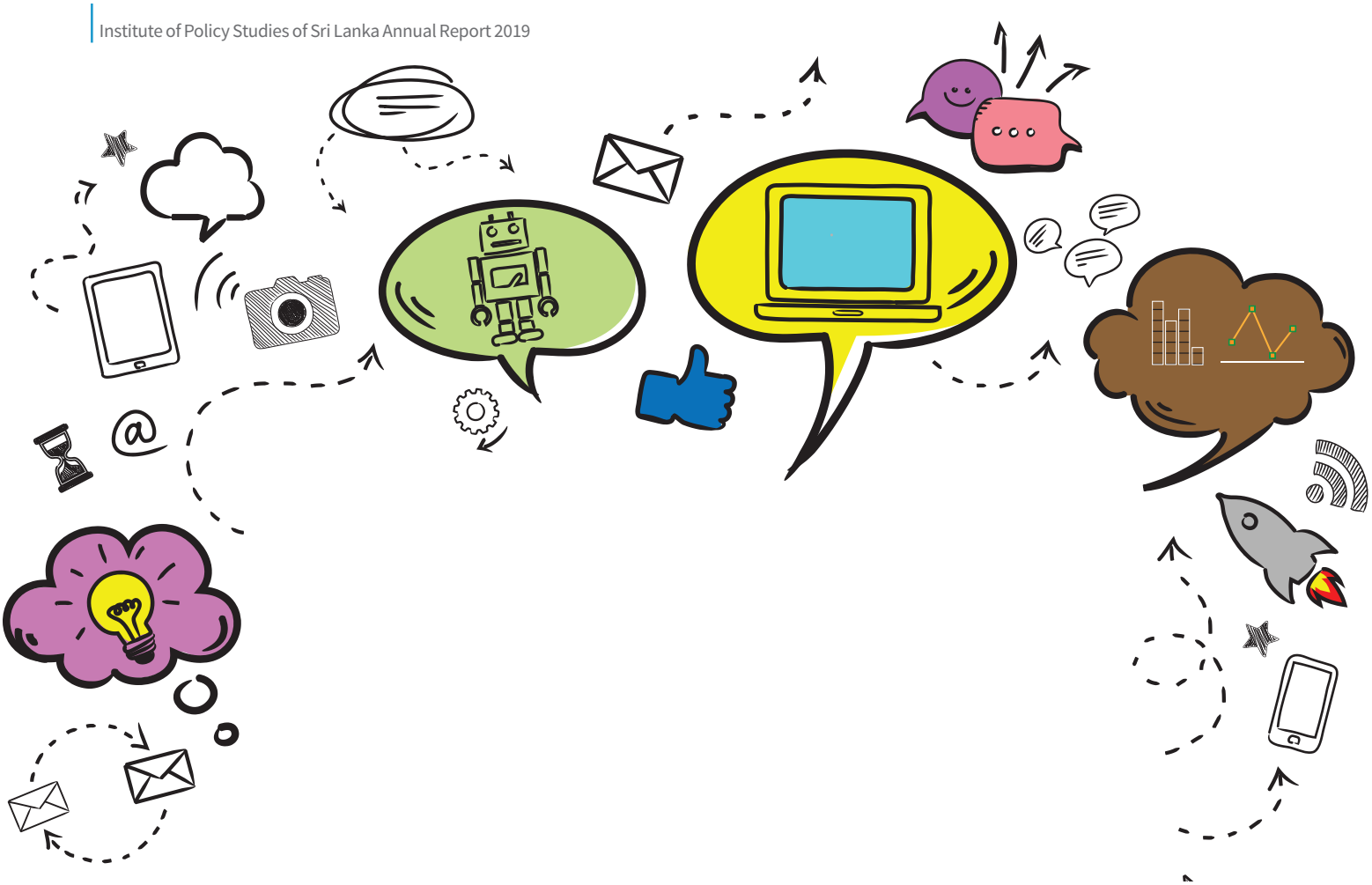
The Institute's financial performance for the year under review recorded a surplus of Rs.30 Mn. The total revenue of Rs.179 Mn. comprised of project revenue (24%), collections from the IPS Endowment Trust Fund (30%), interest income (23%), government grants (9%), IDRC TTI grant (3%), and other miscellaneous income (11%).

During 2019, the Institute purchased computer hardware and software worth Rs. 12,505,751.

Recognising the contribution of our employees, the IPS organised a staff outing, financed by the Institute's welfare fund, to encourage networking and foster positive relations among the staff members.

In 2019, IPS bid farewell to two researchers and two support staff members, while eight new staff members were recruited to the Institute.





COMMUNICATIONS
AND OUTREACH

Disseminating IPS research and expanding 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 distributing the multidimensional research activities of the IPS to local and international stakeholders, policymakers, and the general public through various mediums, such as publications, policy briefs, print, electronic, and broadcasting media, digital and social media, and events and dialogues.

In some key highlights, seven publications were produced by the Institute in 2019, among which were IPS' annual flagship report 'Sri Lanka: State of the Economy 2019'.

Meanwhile, IPS research and its news are disseminated to the public as well as policymakers in the form of press releases, blog articles, and interviews in the media. One of the most important topics that the Institute's research and dissemination focussed on in 2019 was the challenges and opportunities presented by the fourth industrial revolution. This year, IPS also introduced a new research area – tobacco control – and much of the communications activities aspired to raise the importance of going the 'last mile' in tobacco control, especially during the 2019 Presidential Elections.

In 2019, IPS issued 43 blog articles to the local press and online news outlets (generated by Talking Economics), while nine articles were shared on global platforms. Interviews with the press and broadcast media were facilitated to strengthen IPS' relationship with media as well as to disseminate the Institute's research with a better focus.

IPS' social media presence also increased significantly in 2019, with Facebook, Twitter, LinkedIn, and YouTube pages being updated regularly. IPS continued to be especially active on Twitter, using this platform to post live updates during events and forums. IPS also hosted a Twitter Chat on the National Budget, with the participation of research staff.

The biggest event held in 2019 was 12th South Asia Economic Summit (SAES XII). IPS also organised two conferences, four workshops and two policy engagement forums. In these ways, IPS has managed to reach out to a variety of stakeholders with the Institute's premier research.

INFORMATION SYSTEM

The IPS' information systems unit (ISU) assists the Institute to remain competitive as a regional center of excellence, by facilitating key activities such as software, communication, hardware, networking and IT infrastructure management, web development, information dissemination, and database development.

In 2019, IPS' firewall was upgraded to a new firewall system. A new integrated unified communication system upgrade also took place during the year to the latest available system.

The ISU plans to upgrade the server system, the network system, and software system in 2020.

LIBRARY

The IPS library provides information resources to its research and support staff, as well as serving external users. The main focus in 2019 was the restructuring of the library. It also continued to provide access to several databases, including JSTOR, with the generous support of IDRC/TTI.

The library also keeps its users up-to-date on current affairs. It engages in educational activities to make the staff familiar with the library intranet, OPAC, and electronic databases. It also attended to a large number of Interlibrary Loan (ILL) and Document Delivery (DD) requests. In 2019, it successfully introduced a document management system. A library consultant and a library intern were hired on a temporary basis until the finalisation of restructuring programme.

The restructuring of library services and staff duties continue to be a priority for 2020. Introducing procedures for streamlining library activities and services, and library digitalisation are other priorities for the near future.

SUPPORT SERVICE STAFF

FINANCE & ADMINISTRATION

Gayani Caldera, Director Finance & Administration
Chamali Rajapaksha, Accountant
W. R. Thakshila, Accounts Assistant
Madusha Hettiarachchi, Finance & Administrative Assistant
Dilini Galketiya, Human Resource and Administration Officer
Nilmini De Alwis, Confidential Secretary
Tuan Ushaam Bangsajayah, Consultant Facility Management Officer
Renuka Wijekoon, Facilities Management Officer
Bernadette Prabaloginy, Receptionist

COMMUNICATIONS & OUTREACH

Charmaine Wijesinghe, Manager Publication & Events
Shihara Maduwage, Manager Communications and Strategic Outreach
T. A. N. Amesh, Publications Officer
Nayomi Jayakody, Secretary
Gayendri Karunaratne, Part time Editor
Suresh Fernando, Part time Digital Media Officer
Malki Nathasha, Project Coordinator

INFORMATION SYSTEMS

Nandaka Pothuwewa , Head of Information Systems
Nalaka Eranga Liyanapathirana, Web Manager & Systems Administrator
Roshan Kaluarachchi, Web Developer/Network Assistant

LIBRARY

Vishaka Narmada, Assistant Librarian

OFFICE AIDE/DRIVERS

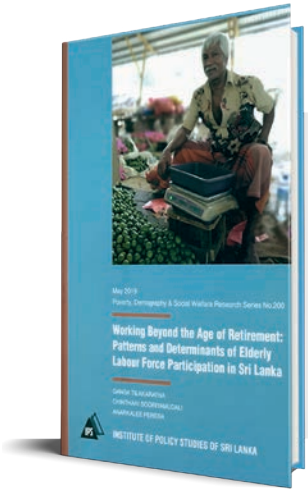
G. R. Wickremasena
H. S. Udayakantha
Nihal Wasantha
P. U. K. Rajasiri
S. P. Gamini

THE STAFF YEAR END GET-TOGETHER WAS HELD AT GARTON'S ARK ON 17TH DECEMBER 2019

PUBLICATIONS 2019

Sri Lanka's NEETs: An Analysis of Youth not in Education, Employment or Training

Climate Insurance for Dry Zone Farmers in Sri Lanka: Prospects for Index Insurance

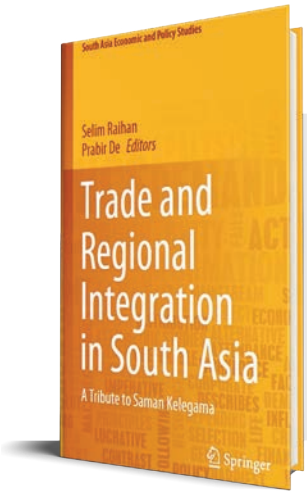


Working Beyond the Age of Retirement: Patterns and Determinants of Elderly Labour Force Participation in Sri Lanka

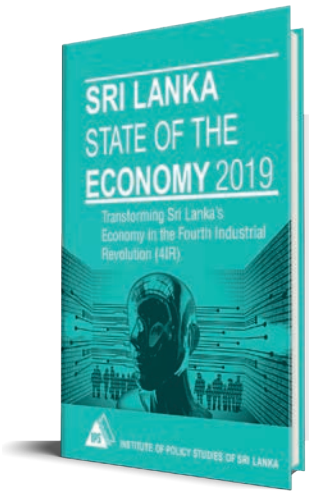
Belt and Road Initiative, Debt and Diplomacy: Challenges and Opportunities for China- Sri Lanka Economic Relations

Sri Lanka's Grade Five Scholarship Examination: An Evaluation of its Effectiveness and Relevance

Migration & Remittances: Impact on Financial Behaviour of Families Left Behind in Sri Lanka



Managing Domestic and International Challenges and Opportunities in Post-conflict Development: Lessons from Sri Lanka



Sri Lanka State of the Economy 2019

South Asia Economic Journal - Volume 21

IN-HOUSE SEMINARS

"Contract Farming - A Way to Sustainable Agriculture in Sri Lanka" by Nimesha Dissanayake, IPS, IPS Conference Room, 23 January.

"Fill the Nutrition Gap in Sri Lanka" by Anusara Singhkumarwong, World Food Programme (WFP), Colombo, IPS Conference Room, 7 February.

"Twitter Chat on Budget 2019", IPS Conference Room, 5 March.

"Sri Lanka's Grade Five Scholarship Exam: Evaluating Effectiveness and Relevance", by Ashani Abayasekara, IPS, IPS Conference Room, 28 March.

"Allowing Youth to Tuk-Tuk or not Tuk-Tuk: Should Access to Three Wheeler Market in Sri Lanka be Regulated?" by Thisali de Silva, former Project Intern, IPS and the recipient of the Saman Kelegama Memorial Research Grant 2018, IPS Conference Room, 30 April.

"Challenges Encountered by Women at Work: The Cases of Super Markets & Channeling Centres" by Chathurga Karunanayake, IPS, IPS Conference Room, 31 May.

"Land Access Livelihood Diversification and Migration of Rural Youth in Sri Lanka" by Ruwan Samaraweera, IPS, IPS Conference Room, 27 June.

"Competitiveness and Profitability of Paddy Farming in Sri Lanka" by Nimesha Dissanayaka, IPS, IPS Conference Room, 29 August.

"The Determinants of Regional Development Disparities in Sri Lanka: An Empirical Investigation into the Regional Development Policy and Issues" by Chamini Thilanka, IPS, IPS Conference Room, 31 July.

"Why Pension Reforms Failed in Sri Lanka?" by Buddhika Jayatissa, Assistant Director (Policy), Department of Pensions, IPS, IPS Conference Room, 29 October.

"Is Public Financing in the Nutrition Sector Targeted in Sri Lanka?" by Priyanka Jayawardena, IPS, IPS Conference Room, 30 September.

"Worker Location Decisions by Skill Level: The Welfare Impacts of Moving Away from Familial Ties for High and Low Skilled Workers" by Deshamithra Harshanee Jayasekera, PhD Student, The Pennsylvania State University, IPS, IPS Conference Room, 15 November.

"Costs of Low Skilled Migrants in South Korea: The Case of Sri Lanka" by Janaka Wijayasiri, IPS, IPS Conference Room, 3 December.

IPS Internship Programme 2019

Name	Designation	University
Damithri Munasinghe	Project Intern	National University of Singapore
Ishani Senadeera	Project Intern	Open University, Sri Lanka
Nishita Wijeratne	Project Intern	Durham University, UK
Dhananjani Basnayaka	Project Intern	University of Ruhuna, Sri Lanka
Kanishka Werawella	Project Intern	University of Colombo, Sri Lanka
Malitha Goonaratne	Project Intern	University of London, UK
Nimesha Karunarathna	Library Intern	University of Kelaniya, Sri Lanka
Shehani Athauda Bandara	Library Intern	University of Kelaniya, Sri Lanka
Heli De Alwis	Project Intern	University of Rajarata, Sri Lanka

Institute of Policy Studies of Sri Lanka

Financial Statements for the year ended

31st December 2019

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL PERFORMANCE

For the Year ended 31st December	Notes	2019 Rs.	2018 Rs.
Revenue			
Grant from the Government of Sri Lanka	2	16,500,000	18,000,000
Project Income	3	42,275,808	49,829,065
Income from International Development Research Centre (IDRC) TTI Grant	4	5,601,648	23,435,895
Income from Seminars/Workshops	5	16,883,382	6,029,313
Interest Income		41,351,451	37,676,927
Income from Hiring the Auditorium		1,499,982	1,277,481
Miscellaneous Income	6	854,726	1,116,586
Profit on Disposal	14	45,000	1,905,556
Exchange Gain		-	704,328
Revenue From non-exchange transaction- Recurrent			
Contribution from the Endowment Trust Fund	22	25,000,000	-
Revenue From non-exchange transaction- Capital			
Contribution from the Endowment Trust Fund	22	29,482,615	57,832,288
Total Revenue		**179,494,612**	197,807,439
Expenses			
Employee Cost	7	64,676,003	59,465,658
Research Cost	8	19,326,676	28,528,666
Seminars and Workshops Cost		9,019,365	4,402,510
Utility Expenditure		16,345,495	15,622,524
Travel Expenses		233,807	384,173
Other Operating Expenses	9	19,331,168	10,813,147
Hire of Auditorium		484,872	404,656
Exchange Loss		402,619	-
Total Expenses		**129,820,005**	119,621,334
Current surplus/(deficit) for the period		**49,674,607**	78,186,105
Depreciation on Property, Plant and Equipment	14	18,871,092	13,744,139
Capital Surplus/(deficit) for the period		**30,803,515**	64,441,966
Income Tax Expense	10	795,869	67,328
Surplus for the Year		**30,007,646**	64,374,638

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

As at 31st December	Notes	2019 Rs.	2018 Rs.
ASSETS			
Current Assets			
Cash and Cash Equivalent	11	191,659,007	54,854,909
Investments	15	104,036,945	144,933,424
Trade receivables	16	4,607,344	9,831,269
Inventories - Publications		1,498,602	1,179,607
Deposits and Prepayments	12	10,015,027	9,825,055
Interest Receivable		5,776,944	6,548,246
Other Receivables	13	21,515,860	57,190,326
Total Current Assets		**339,109,729**	284,362,836
Non Current Assets			
Property, Plant and Equipment	14	453,072,460	458,450,439
Long Term Investments	15	171,475,788	176,362,554
Deposits and Prepayments	12	2,433,456	6,985,297
Total Non Current Assets		**626,981,704**	641,798,290
Total Assets		**966,091,433**	926,161,126
LIABILITIES			
Current Liabilities			
Trade and Other Payables	17	6,709,020	6,246,233
Advance Receipts on Projects	18	17,926,007	12,092,518
Total Current Liabilities		**24,635,027**	18,338,751
Non Current Liabilities			
Employee Benefits	19	17,236,511	13,861,669
Staff Welfare Fund		2,875,917	2,624,375
Total Non Current Liabilities		**20,112,428**	16,486,044
Total Liabilities		**44,747,455**	34,824,795
Net Assets		**921,343,978**	891,336,331
EQUITY			
Accumulated Surplus		**921,343,978**	891,336,331

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

Chief Financial Officer

Executive Director

Chairman

Member of the board of directors

Member of the board of directors

The Accounting policies on pages 5 to 8 and Notes on pages 9 to 16 form an integral part of these Financial Statements. The board of Directors is responsible for the preparation and presentation of these Financial Statements.

27/02/2020

Colombo

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

For the year Ended 31st December

	Accumulated Surplus
	Rs.
Balance as at 31st December 2017 (Restated)	826,961,693
Surplus of income for the year	64,374,638
Balance as at 31st December 2018	891,336,331
Surplus of income for the year	**30,007,646**
Balance as at 31st December 2019	**921,343,978**

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INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF CASH FLOW

For the year ended 31st December		2019	2018
		Rs.	Rs.
Cash Flow From Operating Activities	**Notes**		
Surplus/(Deficit) Before Taxation		**30,007,646**	64,374,638
Adjustments for;			
Movement of the Staff Welfare Fund		251,542	214,009
Depreciation on Property, Plant and Equipment	**14**	18,871,092	13,744,139
Provision / (Reversal) of Gratuity	**19**	3,563,963	3,388,412
Interest Income		(41,351,451)	(37,676,927)
Decrease in Provision for Bad debt		(115,787)	361,094
(Profit) / Loss on sale / write down of assets		(45,000)	(1,778,984)
Net cash inflow/(outflow) Before Working Capital Changes		**11,182,005**	42,626,381
(Increase)/ Decrease in Trade Receivables		5,339,712	(637,199)
(Increase) /Decrease in Inventories		(318,995)	67,388
(Increase)/Decrease in Deposits and Prepayments		4,361,869	(11,954,710)
(Increase)/ Decrease in VAT and NBT Receivables		-	-
(Increase)/ Decrease in Other Receivables		35,674,466	(39,370,848)
Increase/(Decrease) in Advance Receipts		5,833,489	(21,493,631)
Increase/(Decrease) in Trade and Other Payables		462,787	(361,975)
Net cash inflow/(outflow) Generated From Operations		**62,535,333**	(31,124,594)
Gratuity Paid	**19**	(189,119)	(2,142,106)
Net cash inflow/(outflow) From Operating Activities		**62,346,214**	(33,266,700)
Cash Flow From Investing Activities			
Purchase of Property, Plant and Equipment	**14**	(13,493,115)	(16,844,333)
Interest Received		37,649,784	40,418,177
Sales Proceeds from Disposal of Property, Plant and Equipment		45,000	2,150,000
Purchase of Investments		(131,904,759)	(38,173,099)
Proceeds from Sale of Investments		45,912,169	42,704,704
Net cash inflow/(outflow) From Investing Activities		**(61,790,921)**	30,255,449
Cash Flow From Financing Activities		-	-
Net cash inflow/(outflow) From Financing Activities		**-**	-
Net (Decrease)/Increase in Cash and Cash Equivalents		555,293	(3,011,251)
Cash and Cash Equivalents at the beginning of the year (Note 11)		2,786,325	5,797,576
Cash and Cash Equivalents at the end of the year		**3,341,619**	2,786,325
a) Reconciliation of Cash and Cash Equivalents			
Cash at Bank		3,251,619	2,696,325
Cash in Hand		90,000	90,000
		3,341,619	2,786,325

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

For the year ended 31st December 2019

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 financial performance.

(b) Property, plant and equipment

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

Subsequent Expenditure

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

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

For the year ended 31st December 2019

Property, plant and equipment (Continued)

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

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

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

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

Impairment

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

(c) Leases

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

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

(d) Investments

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

i. Fixed Deposits

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

ii. Treasury Bills/ Repurchase Agreements

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

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

For the year ended 31st December 2019

Investments (continued)

iii. Treasury Bonds

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

These investments have been classified as held to maturity investments (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) Inventories

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

(f) Receivables

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

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

(g) Cash and cash equivalents

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

(h) Liability and provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the date of the statement of the financial position. Non-current liabilities are those balances that fall due for payment after one year from the statement of financial position date. All known liabilities have been accounted for in preparing these financial statements.

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

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

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

For the year ended 31st December 2019

(i) Employee benefits

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

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

(j) Revenue recognition

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

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

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

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

(l)

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

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

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

As at 31st December

2 Grant from the Government of Sri Lanka

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

		2019	2018
3	**Project Income**	**Rs.**	Rs.
	Income from Institutions	**42,275,808**	49,829,065

		2019	2018
4	**Income from International Development Research Centre (IDRC) TTI Grant**	**Rs.**	Rs.
	TTI Grant for the year	**5,601,648**	23,435,895

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 was used to enhance research quality, organisational performance and improve policy linkages and communication and outreach. The grant period was completed by 31st March 2019.

5 Income from Seminars and Workshops

This consists of income generated from seminars and workshops conducted on the request of donors and, as a form of dissemination of the research work carried out. In 2019, the 12th South Asian Economic Summit was hosted by the IPS which resulted in an increase in income by Rs. 12,380,997.06/- in this year.

		2019	2018
6	**Miscellaneous Income**	**Rs.**	Rs.
	Sale of Publications	630,955	909,951
	Postal Chargers	8,075	-
	Other Income	215,696	206,635
		854,726	1,116,586

		2019	2018
7	**Employee Cost**	**Rs.**	Rs.
	IPS Staff Salary	50,780,638	46,521,178
	EPF	5,758,642	5,445,340
	ETF	1,439,660	1,228,923
	Honorarium (Note 7.1)	1,122,065	1,176,400
	Health Benefits and Fees	1,914,685	1,614,603
	Other Benefits	96,350	90,803
	Provision for gratuity / (reversal) (Note 19)	3,563,963	3,388,411
		64,676,003	59,465,658

		2019	2018
7.1	**Honorarium**	**Rs.**	Rs.
	Includes payments made as siting allowance for board meetings	66,000	36,000

		2019	2018
8	**Research Cost**	**Rs.**	Rs.
	Printing & Typesetting Publication Cost	564,356	1,526,160
	Internet Charges	3,413,782	3,604,006
	Consultation Charges	8,519,060	7,103,049
	Field work supervision	4,781,918	8,731,821
	Project Related Dissemination	1,027,271	4,473,334
	Other Research Costs	1,020,289	3,090,296
		19,326,676	28,528,666

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

As at 31st December

		2019	2018
9	**Other Operating Expenses**	**Rs.**	Rs.
	Registration and Membership Fees	420,806	370,149
	Office Costs	897,877	719,958
	General Office Cost	4,666,326	4,543,041
	Consumables	349,985	313,163
	Professional and Legal Fees	3,153,434	2,053,936
	Network Maintenance (Note 9.2)	3,594,748	291,333
	Audit and Tax Fees	288,420	507,527
	Advertisements	14,400	112,897
	Bank Charges/Commission	112,407	150,157
	Other Admin Related Costs	257,397	351,178
	WHT Expenses	5,193,847	1,189,754
	Bad Debts Provision / (Reversal) (Note 9.1)	115,786	210,054
	Meeting Expenses - ETF	265,735	-
		19,331,168	10,813,147

9.1 The provision of Rs. 167,567.92 was made for long outstanding balances from the Ministry of Development Strategies & International during the year 2019. During the year a Rs 51,781.50 bad debt reversal has been done (2018: Bad debt Provision was amounting to Rs. 281,882.78/- and bad debt reversal was amounting Rs. 71,828.59/-)

9.2 Network maintenance balance include Rs. 8,280,000.00 worth of server system maintenance agreement and it is subjected to the amortization over three years period.

10 Income Tax Expense

Current tax Expense

Under the provisions of the Inland Revenue Act, No. 24 of 2017, income from investments and Final Withholding Payments are subject to income tax at 14% and 5%, respectively. Accordingly, provisions are made for the income tax for the year ended December 31, 2019 as follows:

	2019
	Rs.
Loss from Investment	
Income from hiring Auditorium	1,499,982
(-) Expenses in relation to the income from hiring Auditorium	(1,626,940)
Loss from investment	(126,958)
Tax payable on receipt of Final Withholding Payments	
Income from Endowment Trust Fund	54,482,615
Other interest income	41,351,451
	95,834,066
(-) Interest income on which the Withholding tax has been deducted	79,916,683
Interest income on which the Withholding tax has not been deducted	15,917,383
Tax on Interest income on which the Withholding tax has been not deducted (Rs. 15,917,383/- @ 5%)	**795,869**

		2019	2018
11	**Cash and Cash Equivalents**	**Rs.**	Rs.
	Cash at Bank	2,551,619	1,696,325
	Cash in Call Deposit Account	700,000	1,000,000
	Petty Cash	90,000	90,000
	Investments held for less than 03 months		
	Fixed Deposits and Treasury Bills under Repurchase Agreements*	188,317,388	52,068,584
		191,659,007	54,854,909

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

As at 31st December

		2019	2018
12	**Deposits and Prepayments - Short Term**	**Rs.**	Rs.
	Prepayments (Note 12.1)	7,979,007	9,227,346
	Deposits	276,550	273,350
	Other Advances (Note 12.3)	1,759,470	324,359
		10,015,027	9,825,055

		2019	2018
	Deposits and Prepayments - Long Term	**Rs.**	Rs.
	Prepayments (Note 12.2)	**2,433,456**	6,985,297

12.1	**Prepayments**	**Rs.**	Rs.
	Medical Insurance	693,207	679,909
	Other Insurance	363,551	210,419
	Other Prepayments	1,315,722	1,361,106
	Maintenance (Network / Server system / Software) - **Short Term**	5,606,527	6,975,912
		7,979,007	9,227,346

12.2	**Prepayments**	**Rs.**	Rs.
	Maintenance (Network / Server system / Software) - **Long Term**	**2,433,456**	6,985,297

		2019	2018
12.3	**Other Advances**	**Rs.**	Rs.
	Advances in connection survey related expenses	1,172,438	-
	Advance payment relating to conferences	-	324,359
	Advances to other suppliers	587,032	-
		1,759,470	324,359

		2019	2018
13	**Other Receivables**	**Rs.**	Rs.
	Staff Debtors	3,560,793	3,956,573
	Other Receivables (Note 13.1)	17,955,067	53,233,753
		21,515,860	**57,190,326**

		2019	2018
13.1	**Other Receivables**	**Rs.**	Rs.
	Receivable From Endowment Trust Fund	**17,955,067**	53,233,753

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.	Rs.
Cost								
Balance as at 01st January 2019	156,000,000	324,428,666	85,317,962	23,525,945	19,944,261	23,739,225	1,726,313	634,682,372
Additions	-	430,070	12,505,751	-	12,650	540,644	4,000	13,493,118
Less: Disposals (note 01)	-	-	-	-	-	(484,510)	-	(484,510)
Less: Write down of Assets (note 02)	-	-	-	-	-	-	-	-
Balance as at 31st December 2019	**156,000,000**	**324,858,736**	**97,823,713**	**23,525,945**	**19,956,911**	**23,795,358**	**1,730,313**	**647,690,976**
Accumulated Depreciation								
Balance as at 01st January 2019	-	51,370,264	74,857,991	6,938,900	19,236,674	22,113,946	1,714,158	176,231,933
Depreciation Charge	-	6,461,056	9,946,193	2,115,726	84,975	255,024	8,118	18,871,092
Less: Disposals	-	-	-	-	-	(484,510)	-	(484,510)
Less: Write down of Assets	-	-	-	-	-	-	-	-
Balance as at 31st December 2019	**-**	**57,831,320**	**84,804,184**	**9,054,626**	**19,321,649**	**21,884,460**	**1,722,277**	**194,618,516**
As at 31st December 2019	**156,000,000**	**267,027,416**	**13,019,529**	**14,471,319**	**635,262**	**1,910,898**	**8,036**	**453,072,460**

Notes:

During the year, the company disposed fully depreciated freezer and dishwasher for Rs 45,000 which has resulted a disposal profit.

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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.	Rs.
Cost								
Balance as at 01st January 2018	156,000,000	324,428,668	81,616,650	19,014,445	19,344,705	22,910,508	1,725,313	625,040,291
Additions	-	-	3,915,060	11,500,000	599,556	828,717	1,000	16,844,330
Less: Disposals	-	-	-	(6,988,500)	-	-	-	(6,988,500)
Less: Write down of Assets	-	-	(213,750)	-	-	-	-	(213,750)
Balance as at 31st December 2018	**156,000,000**	**324,428,666**	**85,317,962**	**23,525,945**	**19,944,261**	**23,739,225**	**1,726,313**	**634,682,372**
Accumulated Depreciation								
Balance as at 01st January 2018	-	44,881,672	69,766,563	11,937,051	19,185,985	21,946,513	1,601,244	169,319,029
Depreciation Charge	-	6,488,591	5,178,607	1,745,906	50,689	167,433	112,913	13,744,137
Less: Disposals	-	-	-	(6,744,056)	-	-	-	(6,744,056)
Less: Write down of Assets	-	-	(87,178)	-	-	-	-	(87,178)
Balance as at 31st December 2018	**-**	**51,370,264**	**74,857,991**	**6,938,900**	**19,236,674**	**22,113,946**	**1,714,158**	**176,231,933**
As at 31st December 2018	**156,000,000**	**273,058,402**	**10,459,971**	**16,587,045**	**707,587**	**1,625,279**	**12,155**	**458,450,439**

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NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

		2019	2018
15	**Investments - Short Term**	**Rs.**	Rs.
	Fixed Deposit - Staff Welfare Fund	2,294,123	3,262,049
	Fixed Deposit - Gratuity Fund	18,296,643	16,450,247
	Fixed Deposits	83,446,179	125,221,128
		104,036,945	144,933,424

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

	2019	2018
	Rs.	Rs.
Treasury Bond	99,945,962	99,817,038
Corporate Debentures	71,529,826	76,545,516
	171,475,788	176,362,554

		2019	2018
16	**Trade Receivables**	**Rs.**	Rs.
	Trade Receivables Projects	3,307,711	6,985,114
	Provision for Bad Debts	(488,368)	(372,581)
	Progress Billing	1,788,001	3,218,736
		4,607,344	9,831,269

		2019	2018
17	**Trade and Other Payables**	**Rs.**	Rs.
	Accruals (Note 17.1)	4,892,581	5,063,308
	Creditors	-	31,500
	EPF & ETF Payable	921,749	804,479
	PAYE payable	95,271	279,618
	Stamp Duty payable	3,550	-
	Income tax payable	795,869	67,328
		6,709,020	6,246,233

		2019	2018
17.1	**Accruals**	**Rs.**	Rs.
	Office Costs	1,047,166	1,289,819
	Audit Fees	870,164	1,416,665
	Electricity	595,604	572,606
	Telephone/Internet Charges	354,980	376,697
	Fuel	44,772	68,843
	Incentive	1,752,791	1,338,677
	Research Project Expenses	227,104	-
		4,892,581	5,063,307

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

As at 31st December

		2019	2018
18	**Advance Receipt on Projects**	**Rs.**	Rs.
	Balance as at 01st January	12,092,518	33,586,149
	Receipts during the year	24,692,756	26,317,976
	Income recognized	(18,859,266)	(47,811,607)
	Balances as at 31st December	**17,926,007**	12,092,518

		2019	2018
19	**Employee Benefits**	**Rs.**	Rs.
	Balance as at 01st January	13,861,669	12,615,364
	Expense recognized / provision reversal during the year (Note 19.1)	3,563,963	3,388,412
	Payments made during the year	(189,119)	(2,142,106)
	Balance as at 31st December	**17,236,511**	13,861,669

Number of employees of the Organization as at 31st December 2019 is 41 (2018: 42).
Number of employees of the Organization eligible for Employee Benefits as at 31st December 2019 is 41 (2018: 40).

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

Discount Rate	10.25% (2018: 12%)
Increase in rate of salary	9.20% (2018: 9.40%)
Rate of Staff Turnover	7% (2018: 15%)

		2019	2018
19.1	**Expense recognized during the year**	**Rs.**	Rs.
	Current Service Cost	1,594,506	1,297,033
	Interest Cost	1,663,400	1,387,690
	Actuarial (Gain)/Loss	306,057	703,689
		3,563,963	3,388,412

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NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

20 Lease Commitment

No lease commitments as at the Statement of Financial Position date (2018 : Nil).

21 Capital Commitment

No capital commitments as at the Statement of Financial Position date (2018 : Nil).

22 Related Party Transactions

The Institute's Endowment Trust Fund ("Trust Fund") had a net assets value of Rs. 501,804,645/- as at 31st December 2019 (2018: Rs. 501,804,508/-). 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 Trust Fund contribution for recurrent expenses was Rs. 25,000,000/- (2018 - Nil) and Contribution for capital expenses was Rs. 29,482,615 (2018: Rs. 57,832,288/-). Further, Rs. 17,955,067/- is receivable (2018: 53,233,753/-).

The Institute is granted Rs. 16,500,000/- (2018 : Rs.18,000,000) from the Government of Sri Lanka for recurrent expenditure.
The Secretary to the Ministry of National Policy & Economic Affairs, Ministry of Economic Reforms and Public Distribution ,Governor of the Central Bank and the Director General of the National Planning Department are Ex-Officio members of the Board of the IPS.

23 Contingent Liabilities

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

24 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.

25 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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