

02 | HUMAN RESOURCE DEVELOPMENT



2.1 Education

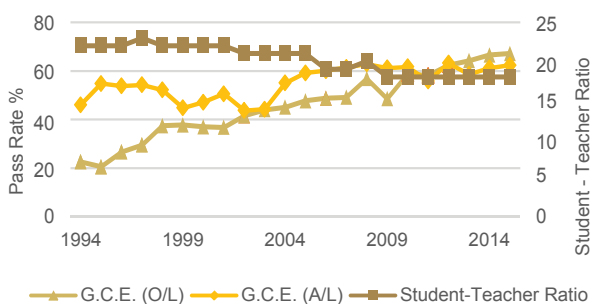
2.1.1 Overview

The role of human capital for the development of the economy has often been emphasized and the role played by general education in moving towards a knowledge economy, which creates, disseminates and uses knowledge to enhance economic growth and development has been recognized.

General Education is a term used to imply school education which consists of primary and secondary education. The investment in general education will be crucial in providing the human capital to cater to the one million productive employment opportunities and enhancing income levels. General education also features heavily among the Sustainable Development Goals which spells out achievement of goals relating to ensuring completion of free, equitable and quality primary and secondary education by all girls and boys, eliminating gender disparities in education and ensuring equal access to all levels of education, ensuring achievement of literacy and numeracy by all youth and ensuring that all learners acquire knowledge and skills needed to promote sustainable development.

Sri Lanka has been enjoying benefits of having a free education policy for about 7 decades and it has garnered many achievements to our country over the years with our educational performance constantly improving and pupils to teacher ratio constantly decreasing over the years (Figure 2.1.1). The free education policy will be continued steadily and the Government has focused on increasing the investment on education in order to ensure quality and inclusive education.

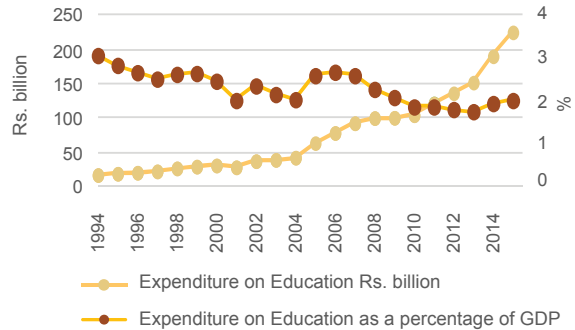
Figure 2.1.1 : Key Educational Indicators (1994 -2015)



Source: Department of Examinations, Ministry of Education

Sri Lanka had been constantly increasing expenditure on education, however the expenditure on education had not been on par with our GDP growth (Figure 2.1.2).

Figure 2.1.2 : Expenditure on Education and Expenditure on Education as a % of GDP (1994 - 2015)

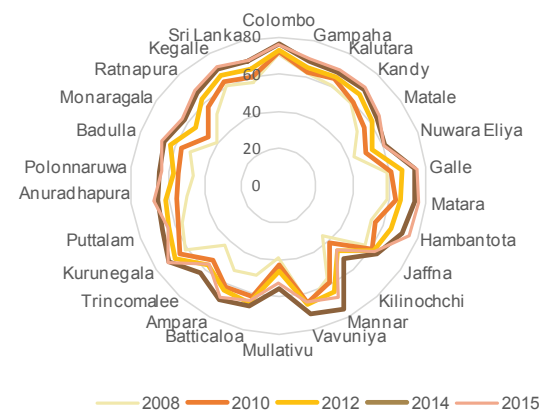


Source: Central Bank of Sri Lanka

2.1.2 Issues and Challenges

The general education sector needs to be revamped with sound educational reforms and with increased investment on education in order to address some pressing challenges within the system such as the existing disparities as perceivable by disparities with regard to performance of students at national level exams. (Figure 2.1.3) This may be attributable to the disparities in availability of resources, deployment of teachers and generally the socio-economic condition of the region as there is a significant variation in learning outcomes by province, gender (lower performance by male students), income and location. Furthermore, disparities become wider at higher grades (such as grade 8) reflecting the need to provide equally quality education at the secondary level across the country.

Figure 2.1.3: G.C.E O/L Pass Rates by District (2008-2015)



Source: Department of Examinations

Numerous other challenges also exist in the sector such as the need for improvement in the survival rates of students. The overall survival rate at the end of Grade 1-11 cycle is around 86 percent and it will be required to increase the school survival rates up to 100 percent. Steps must be taken to remove the existing gender disparity in survival rates as the survival rates among girls and boys are 88 percent and 83 percent respectively and to improve survival rates in Northern and Eastern provinces which record the lowest survival rates. This is crucial to implement the Government's policy on 13 years of compulsory education.

In order to overcome the challenge of ensuring the quality of education, it is required to offer continuous professional development to teachers, principals and professionals in the education sector. However, the present structure needs much improvement in order to ensure that the capacity development opportunities are regularly available within the system. Furthermore, National Colleges of Education (NCoEs) should be strengthened to improve the quality of the pre-service teacher training and relevant measures should be taken to convert the NCoEs to degree awarding institutions and increase the intake to the NCoEs.

In addition, it is necessary to ensure the availability of teachers for all subjects in all schools through the adoption of well-planned and focused measures for recruitment, deployment and retraining of teachers. The overall teacher deficit is 22,533 and a significant number of vacancies exist for Science, Mathematics and English teachers especially in rural areas. As a result, it has been difficult to considerably enhance students' performance for Science, Mathematics and English over the years. (Table 2.1.1)

Furthermore, the general education sector is faced with the challenge of providing knowledge and basic competencies needed for the knowledge driven economy with the aim of fostering innovation, creativity and productivity and bringing the knowledge and skills of students on par with those of upper middle and high income countries. In this context, regular revision and updating of the curriculum and diversifying of the existing subject streams at G.C.E. A/L is significant.

Considering the above challenges, Ministry of Education and Provincial Education Authorities have launched several programmes for infrastructure development of schools (especially 1AB and primary schools), establishment of basic facilities in all schools, facilitation for continuous professional development of teachers through improved NCoEs and Teacher Centres, promotion of e-learning and encouragement of engagement in sports.

2.1.3 Policy Directions

The general education policy is geared towards assuring that "No Child is Left Behind" in the education frontier by ensuring access to quality and inclusive education by encouraging 13 years of education laying the foundation for creation of educated and disciplined nation equipped with basic competencies and skills in order to achieve sustainable development based on a knowledge driven economy. The following are the key policy thrust areas:

- Making 13 years of education mandatory
- Reducing disparities prevailing in the General Education System
- Create a conducive environment for education within schools
- Enhancing the quality of education

Table 2.1.1: G.C.E. (O/L) – Results of Science, Mathematics and English

Grade	Science (%)				Mathematics (%)				English (%)			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
A	8.75	9.65	7.64	8.89	11.36	15.11	11.68	11.64	8.13	8.00	6.76	7.33
A+B	18.08	16.76	13.06	16.61	18.87	22.69	20.07	19.57	13.63	13.28	11.68	12.82
A+B+C	36.77	33.40	28.74	34.85	32.41	36.32	35.47	36.34	28.89	26.12	25.28	24.15
A+B+C+S (% Passed)	68.26	67.53	60.57	68.02	55.34	57.23	56.70	55.18	47.78	47.86	45.08	45.40
W	31.74	32.47	39.43	31.98	44.66	42.77	43.30	44.82	52.22	52.14	54.92	54.60

Source: Department of Examinations

Note : A (Distinction) 75 - 100, B (Very Good Pass) 65 - 74, C (Credit Pass) 55 - 64, S (Ordinary Pass) 40 - 54, W (Failure) 0 - 39

- Establishment of school boards
- Regulating private sector participation in the education sector

2.1.4 Key Strategies

- Formulate a new National Education Policy
- Gradually increase the investment on education up to 6 percent of GDP
- Develop all primary and secondary schools with basic facilities and create efficient and strong linkages between primary and secondary schools
- Enhance equitable access to quality education and improve quality of education
- Regularly revise curriculum and diversification of subject streams with focused attention on Science, Technology, Engineering, Mathematics (STEM) and English in order to ensure that maximum number of students should leave the school with a guaranteed future career or with secured admission to higher or vocational education.
- Provide remedial measures to increase survival rates and create pathways within school level for students to engage in vocational education, especially focusing on students showing lower performance at G.C.E. (O/L)
- Reform the student assessment system as a way of measuring competencies and knowledge.
- Standardize pre-service and in-service teacher training mechanism to enhance the quality of teaching
- Address teacher deficiencies in certain areas/ subjects to ensure all students have equal opportunities to obtain quality education
- Promote inclusive education through strengthening special education
- Facilitate the students to gain access to the digital world and integration of ICT in to education, especially through the establishment of a national e-library

- Provide knowledge and competencies needed for the knowledge-driven economy
- Enhance health and nutrition of school students and encourage engagement of sports among school students
- Establish a school quality assurance system and a monitoring mechanism to maintain the quality of education through the establishment of School Inspectorate
- Ensure that an adequate share of total allocation for education is allocated to provincial education authorities and monitor the utilization of funds by the provincial authorities.
- Establish school boards and maintain schools as cost centres.
- Strengthen Education administrative structure and promote private participation in the education system
- Provide opportunities for the capacity building of the education administrative officials, teacher educators and other professionals of the education sector

Table 2.1.2: Medium Term Targets

Indicator	2015	2017	2020
Primary Enrolment Ratio (%)	98.5	100	100
Primary Completion Rate (%)	99.2	100	100
Survival Rates (Grade 1-11) (%)	86	89	100
1 AB Schools	974	1300	1500
Teachers with professional qualifications (%)	87	100	100
Qualified for G.C.E. (A/L) subject streams from G.C.E. (O/L) (%)	69.33	75	80
Eligibility for University Entrance from G.C.E. (A/L) (%)	62.35	65	80
Subject Stream composition at G.C.E. (A/L) (%)			
-Science	21.87	30	30
-Technology	7.42	13	20
-Commerce	23.41	25	25
-Arts	47.29	32	25
Students following 2 year NVQ Course at school level(%)	-	25	25
Percentage of schools with			
- Adequate drinking water facilities (%)	85	100	100
- Adequate sanitation facilities (%)	34	100	100
- Electricity (%)	92	100	100

Source: Department of National Planning

Table 2.1.3: Investment Priority Areas

Area	Rs. Mn			
	2017	2018	2019	2020
Infrastructure development	39,424	43,998	48,410	54,372
Quality improvement	5,560	7,300	12,400	16,605
Capacity development	2,504	3,265	2,910	2,168
Provision of equipment	200	525	763	900

Source: Department of National Planning

2.2 Higher Education

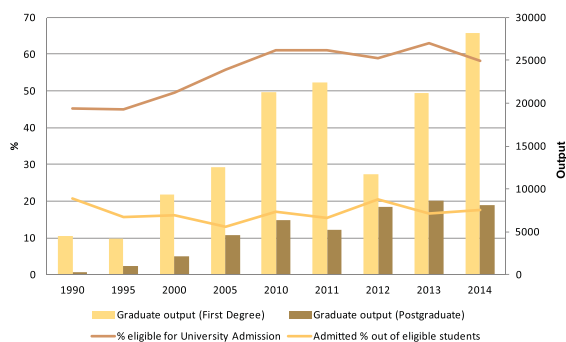
2.2.1 Overview

Higher education, the pinnacle segment of the education pyramid, is supposed to equip students with high level skills, deliver quality teaching, produce useful market oriented commercial research and to contribute to the social and economical development of the country.

Sri Lanka has 19 state universities comprising of 86 faculties and 494 departments. Admission at undergraduate level to these state universities are based solely on the results of the G.C.E. (A/L) Examination and the Z-score which considers the difficulty level of the subjects. Due to restricted facilities, admissions have become extremely competitive. Only 6.6 percent (25,676 in 2015) of the students who sit the examination are admitted to the universities. Combined with the fact that those who take the foreign examinations are not permitted to apply for admission, an increasing number of students are looking for opportunities abroad for continuing their higher studies.

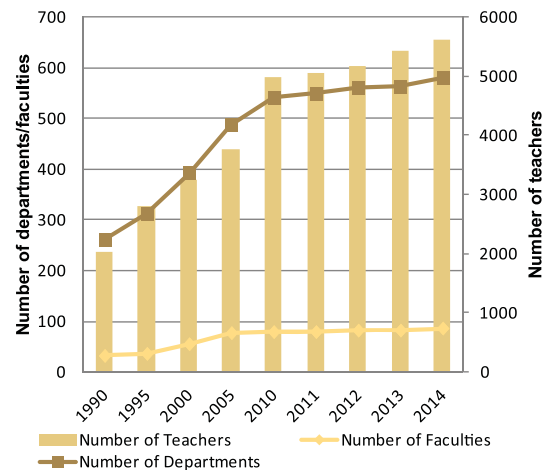
There are 17,563 employees working at the Sri Lankan state universities and out of that 5,610 are teachers including senior professors and lecturers. Student-teacher ratio is around 18.7.

Figure 2.2.1: University Admission and Graduate Output



Source: University Grants Commission

Figure 2.2.2: Institutional Development



Source: University Grants Commission

Expenditure for university education as a percentage of Government Expenditure is 2.1 percent in 2015, out of which 30.32 percent is for capital investment. Average cost per undergraduate student is approximately Rs. 352,000.

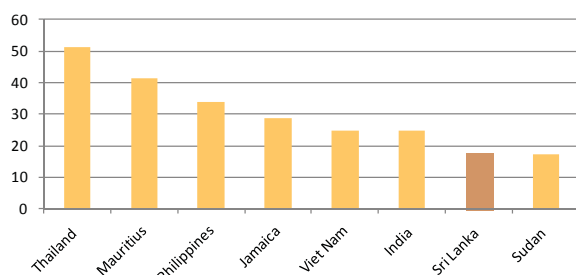
The University Grants Commission (UGC) is responsible for the funding and regulation of the university sector. Out of the 19 state universities, 15 are under the purview of the UGC. The four non-UGC universities are: The General Sir John Kotelawala Defence University (Ministry of Defence), Buddhist and Pali University of Sri Lanka, Buddhasravaka Bhiksu University (Ministry of Higher Education), and University of Vocational Technology (Ministry of Skills Education and Vocational Training). The UGC also has jurisdiction over 17 postgraduate institutes. In addition, there are other public higher education institutes in specialized fields and a few private institutions authorized by the University Grants Commission to award specific degrees.

2.2.2 Issues and Challenges

The present higher education system in Sri Lanka needs to be further strengthened in order to enhance access to higher education, improve its quality and ensure guaranteed employability to graduates by introducing university reforms.

The enrolment level in higher education in Sri Lanka is more compatible to those recorded in the low income countries (Average: 7.7 percent) than to those observed in the middle income countries (Average: 27.9 percent). (Figure 2.2.3) Therefore it is essential to increase the enrolment by introducing new degree programmes identified as a priority for the economic development.

Figure 2.2.3: Graduate Enrollment Rate (%) for selected countries



Source: UIS, Education Sector Assessment - World Bank, 2015

Table 2.2.1: Enrollment by Institutions Sri Lanka (2014)

Institutions	Enrollment	Share %
Public universities	130,439	21
Post - graduate and other institutions	13,810	2
Open university	36,922	6
External degree programmes	298,801	48
SLIATE (Sri Lanka Institute of Advanced Technical Education)	15,294	2
Private HE institutions	123,489	20
Students abroad	10,000	2
Total	928,755	100

Source: University Grants Commission 2015, Ministry of Higher Education 2014, Education Sector Assessment-World Bank 2015

Sri Lanka has one of the lowest shares of private providers in higher education in the world, and about 80 percent of the total stock of students is enrolled in public institutions (Table 2.2.1). Stimulating the private sector to invest in higher education through financial incentives and partnership arrangements including Private Public Partnerships for construction and ancillary services is a key challenge.

There is a clear shortage of academic staff in most disciplines in state universities. This student- teacher ratio is not compatible with quality teaching at university level. There is a lack of PhD holders in the academic staff of every university in the country. Students in Sri Lanka take longer than it is normally needed to graduate, not because of longer study courses but because of administrative inefficiency and other problems which need to be reduced. It is necessary to enhance academic and non-academic staff facilities in the universities.

The biggest problem in the sector is the disparity between the outcome of university education and the labour market requirement and it is necessary to build a quality assurance and enhancement process to enhance the quality of the education system. Additionally, in order to improve the employability of graduates and to enable them to prepare for future employment with required skills and exposure, links between the industry and the universities need to be strengthened and undergraduates should be given opportunities to follow internships at industry level and industries should offer assistance to commercialize research inputs of universities. Furthermore, in a bid to improve the quality of degrees offered, more investment should be made for improvement of university research and to encourage undergraduates towards innovation and creation.

Table 2.2.2: Employment by Discipline

Discipline	Employed (%)	Under Employed (%)	Unemployed (%)
Engineering	94.7	1.4	3.0
IT	92.5	1.9	4.5
Medicine	91.4	2.4	4.8
Science	71.0	6.4	22.1
Agriculture	69.7	6.7	23.6
Management	66.4	14.4	18.8
Arts	32.1	20.1	46.2
All	58.8	13.2	26.9

Source: Graduate Employability Census - 2013, Ministry of Higher Education

Continuation and reinforcement of the policy of channeling large shares of students towards short technical higher education programmes is a timely need. Increasing the research outcomes and commercially viable new innovations should be promoted through universities.

Table 2.2.3: Key Ongoing Projects of the Higher Education Sector

Project	2017 Allocation (Rs. Mn)	2017 Targets
University Hostel Project	3,818	24 hostels
Human Capital Development of Academics	1,000	150 new PhD and 50 new Masters Holders
Major Construction Projects in University System	8,000	26 buildings to be completed

Source: Department of National Budget

2.2.3 Policy Directions

Enhancing the quality and relevance of the university education to produce professionally competent and capable graduates to meet the socio- economic development in the country is the main policy of the government to enhance university education.

2.2.4 Key Strategies

- Increase access to Higher Education
- Increase the employability and quality of graduates through accreditation and quality assurance
- Develop infrastructure in all universities
- Introduce more Public Private Partnerships (PPP)
- Encourage university research and innovation for country's development through commercialization
- Capacity development of academic and non academic staff
- Introduce performance based financing to university system
- Establish a students' visa scheme and insurance policy for foreign students

2.2.5 Medium Term Targets

Table 2.2.4: Medium Term Targets

Priority Investments	2014	2017	2020
New Admissions to State Universities	25,200	32,000	50,000
Gross Enrolment in Higher Education (%)	17.53	21	25
Employability of Graduates (%)	63	69	75
Number of Universities among Top 2,000 Universities in the World	0	2	5
Postgraduate output as a percentage of Graduate Output	42	50	60
Foreign Students Enrolment in State Universities	776	850	1,500

Source: Department of National Planning

Table 2.2.5: Investment Priority Areas

Area	Rs. Mn			
	2017	2018	2019	2020
Infrastructure Development	16,742	19,560	23,116	26,694
Quality Improvement and capacity Development	1,455	1,461	1,490	1,560

Source: Department of National Planning

2.3 Skills Development and Vocational Training

2.3.1 Overview

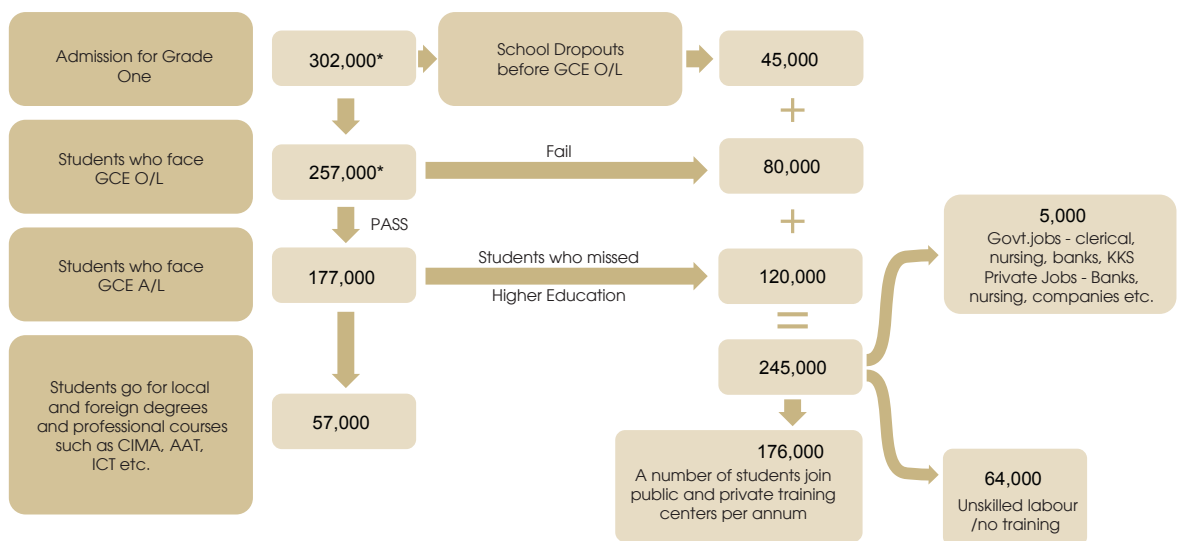
The need for flexible access to labour market and capability to earn sufficient income is not only fundamental to all citizens in the country but also a prerequisite for the economic development under the present highly competitive global environment. However, out of the economically active population, around 20 percent youth (age 15-24 years) remain unemployed in the country, whereas unemployment among educated youth (G.C.E. (O/L) qualified, G.C.E (A/L) and above qualified) is around 5-9 percent (Central Bank of Sri Lanka - Annual Report 2015). Two dimensions could be identified in this given scenario. One is that our education system always encourages every student towards higher education without recognizing and nourishing their innate talents and undermining the creative potentials of the children and the nation’s opportunity to be innovative. The other dimension is that there is no proper link between vocational education and the general education system. Thus around 60,000 youth enter to the workforce annually without having vocational skills and remain less paid or underemployed. Thus, the scope of vocational education can be identified as follows. (Figure 2.3.1)

Therefore, skills development sector in Sri Lanka needs to be modernized to ensure access, quality and relevance. However, it is popularly believed that the university students represent the cream of education and therefore it is suggested that investment should be made to improve the quality and relevance of vocational training. In view of this, the following challenges can be identified in skills development sector at present.

2.3.2 Issues and Challenges

- Lack of integration between general education and vocational training
- Less awareness among early school leavers on vocational training opportunities and courses demanded by the labour market and no proper direction to attract them to vocational education.
- Mismatch between available vocational training courses and demands of the labour market.
- Absence of National Vocational Qualification (NVQ) standards in many courses.
- Inadequacy of specialized training colleges such as school for tourism management. Therefore, students do not

Figure 2.3.1: Scope of Vocational Education



Note: *Chart based on 2014 exam results and Grade One enrollment in 2004, students those who enroll grade 1 in 2004, face GCE O/L in 2014

have enough access to obtain quality professional and specialized training.

- Less intervention from industrial sector for training youth. Therefore, as an alternative, Public Private Partnerships in the vocational training sector need to be increased.

The above issues need to be addressed in line with necessary modifications to improve quality, relevance and access to vocational education. However, some policy measures have been taken to address these challenges and to create an environment with skilled people in the country.

Investment on skills development will bring vast benefits for the whole country by enhancing the quality, effectiveness and the productivity of the labour market. Most of the recently developed countries have paid their attention to develop the quality of their labour force from 1960s onwards and have achieved positive results. The present policy initiatives also make an initial effort through the implementation of youth development programme for connecting three pillars, namely skills development, education and personality development and creativity of youth. Accordingly Rs. 3,000 million have been allocated in the 2016 budget proposals for the implementation. In addition, Skills Sector Development Programme (SSDP) is supporting to improve the quality of public sector training providers including institutions and departments in seven Ministries. Accordingly, the Asian Development Bank (ADB) and the World Bank have joined the Government of Sri Lanka (GoSL) to extend support for implementing this programme.

Further the main investment in the sector needs to be made for;

- Developing curriculum in line with the local and foreign labour market demand
- Facilitating trainers and trainers of trainers to get local and foreign industrial exposure to upgrade their knowledge
- Encouraging training providers to update labour market information and deliver training programmes accordingly
- Conducting proper awareness programmes for youth based on labour market information to select courses and to encourage following vocational training courses

- Providing financial support by way of voucher system, credit and loan schemes, scholarships for required youth to follow courses and start self employment
- Establishing training colleges to conduct selected courses from basic level to specialized level in specific fields, for example from NVQ 1 – 6
- Encouraging private companies to provide job opportunities for NVQ holders

2.3.3 Policy Directions

Making every Sri Lankan skilled enabling full employment in the global economy while improving their competencies, soft skills and access to quality vocational education. In respect of these policies, the following strategies will be adopted.

2.3.4 Key Strategies

- Improve access, quality and relevance of vocational education
- Formulate a mechanism for recruiting trainees for vocational education from students who completed the technology stream in the general education system
- Develop a regulated mechanism to absorb school dropouts to vocational education through Zonal Education Directors, National Youth Corps and National Youth Services Council. School level awareness programmes need to be conducted for students to make them aware of the vocational education path that is available which allows them to be highly paid professionals in reputed fields. Accordingly, common efforts, continuous coordination and collaboration are needed among the Ministries of Education, Higher Education and Skills and Vocational Training in order to facilitate and support the implementation of 13 year compulsory education policy
- Encourage youth in following advanced vocational training courses which are demanded in the labour market, introduce support systems based on income level of students and to motivate students for vocational training

- Improve private sector participation for providing vocational training and enhancing quality of existing training programmes and increase the private sector participation for training youth and providing more on-the-job training opportunities
- Revise course curriculum and course accreditation in line with the industrial demand
- Provide comprehensive industrial exposure for trainers.

2.3.5 Medium Term Targets

It is already targeted to increase the student intake by 20 percent and 50 percent by 2018 and 2020 respectively through the implementation of various strategies under the Skills Sector Development Programme (SSDP). Also necessary steps have been taken for rehabilitation and quality improvement of

rural and remote training centers as well as for finding solutions for shortage of instructors in order to provide vocational training opportunities throughout the country. However, female participation is lower in comparison to male participation for some courses such as mechanical and electrical, ICT, hospitality and tourism fields. In addition, filling vacancies in the academic staff by 90 percent by 2018 and increasing the employment rate of TVET graduates by 60 percent and 100 percent by 2018 and 2020 respectively are also important targets in the sector which have been planned to be achieved in the coming years through the above policies and investments. Also newly established Industrial Sector Skills Councils will guide the training institutions to deliver more demand driven training courses with the findings of skills gap analysis. Thus, it is aimed to modernize our training system to cater to the actual labour market needs by controlling excess supply of traditional trade fields.

Table 2.3.1: Investment Priority Areas

Area	Rs.Mn			
	2017	2018	2019	2020
Development of Infrastructure	7,898	8,468	8,822	6,511
Quality Improvement	2,175	2,332	2,470	6,500

Source: Department of National Planning

Table 2.3.2: Network and Performance of Existing Vocational Training Centers

Institute Name	No. of Centers	Locations	Existing NVQ levels	Number of students (Intake)			
				2012	2013	2014	2015
Ministry of Skills Development and Vocational Training							
Dept. of Technical Education and Training (DTET)	30	Island wide	4,5 to 6	19,705	22,736	22,863	19,864
Colleges of Technology (CoTs)	9	One for each province	5 & 6				
Vocational Training Authority (VTA)	240*	Islandwide	2,3 4,5	29,064	28,446	28,692	28,745
National Apprentice and Industrial Training Authority (NAITA) (Apprentices)	68	Island wide	4,5,6	27,668	23,613	21,443	22,878
National Institute of Fisheries and Nautical Engineering (NIFNE)	8	Mattakkuliya, Tangalle, Galle, Negombo, Trincomalee, Batticaloa, Jaffna, Kalutara	Diploma, Certificate and Degree	1,423	2,123	2,061	1,805
Ceylon German Technical Training Institute (CGTTI)	2	Katubedda, Borella	4,5 and certificate (Non NVQ)	3,446	4,516	3,285	4,175
Sri Lanka Institute of Printing (SLIOP)	1	Colombo		913	886	864	928
National Institute of Business Management (NIBM)	4	Colombo, Kandy, Kurunegala, Galle	3,4,5,6 (Entry qualification is at least pass GCE O/L)	10,879	10,954	9,775	9,572

Table 2.3.2: Cont ►►

Institute Name	No. of Centers	Locations	Existing NVQ levels	Number of students (Intake)			
				2012	2013	2014	2015
National School of Business Management (NSBM)	1	Colombo	Diploma and Degree	2,325	2,459	2,165	1,427
University of Vocational Technology (UNIVOTEC)	1	Colombo	7 (Degrees)	190	352	421	545
Ministry of National Policies and Economic Affairs							
National Youth Services Councils (NYSC)	47	Island wide	1 to 4	18,828	20,158	19,513	18,789
National Youth Corps (NYC)	37	Island wide	NVQ 1	13,324	9,558	10,530	8,071
Training Providers in other Ministries							
Sri Lanka Institute of Advanced Technological Education (SLIATE)	18	Island wide	Higher National Diploma	5,000	5,172	6,696	6,942
Agriculture Schools	9	Vavuniya, Agunakolapelessa, Karapincha, Pelwehera, Kundasale, Labuduuwa, Bibila, Wariyapola, Palamune	NVQ 5, 6	212	220	229	300
Vocational Training Centres for Differently Abled Children	16**	Island wide	NVQ 3	592	590	609	334
Animal Husbandry Schools	2	Seppukulama, Karadagolla	Animal Husbandry Diploma (2 year)	96***	--	168	--
Gem and Jewellery Research and Training Institute	6	Colombo, Ratnapura, Kandy, Galle, Sooriyavewa, Polonnaruwa	NVQ 3, 4 **** (Only for jewellery)	430	460	599	674
Institute of Construction Technology	2	Battaramulla	NVQ 3, 4 (3Years)	60	60	60	60
		Galkulama	Certificate (15 - 25 days duration) *****	816	810	724	963
Private training institutions (Training centres registered under Tertiary and Vocational Education Commission)	611			45,522	43,693	51,055* *****	N/A
Grand Total				180,493	176,941	182,829	126,072 *****

Source: Department of National Planning, Ministry of Skills Development and Vocational Training

- Note:
- * Including 14 VTA centers established in prison camps
 - ** Including 10 VTA centers managed by the NGOs and Private Sector
 - *** In 2012 only Karadagolla has been functioned and the Seppukulama centre has been closed.
 - **** Since gem is more related to science field, there is no NVQ for gem. Therefore they are issuing certificate for gem course.
 - ***** Galkulama centre conduct courses related to heavy machines operator in construction industry. The course duration is for minimum 10 days and maximum 20 days
 - ***** Data reported from only 287 TVEC registered private training institutions in 2014
 - ***** Excluding the student intake for private sector training institutions

2.4 Labour

2.4.1 Overview

The importance of labour relations to the economic and social life arises from the fact that labour is the most important factor of production. The quality of labour input determines the overall productivity in the economy. Furthermore, there is an important social dimension relating to conditions of work and remuneration paid to the workers. These determine the standard of living and social wellbeing of a large majority of people.

Sri Lanka's total labour force consists of about 9 million persons which is equivalent to 43 percent of the population (Table 2.4.1). A significant fraction of the present employment lives and works in foreign countries, particularly in West Asia (Middle East). A majority of the others who work in the home country belongs to the 'Informal Sector' where the conditions of work vary and in general wages are lower than those in the formal sector. Usually the informal sector workers do not receive the same protection and benefits provided by the country's labour laws.

total agriculture sector and 50 percent of the industry and services sector employment comprised of informal sector activities.

According to the status of employment, a high proportion of workers are either in the private sector or self-employed (own account workers). The public sector employment is 16 percent of the total employment and has increased by 12 percent to 1.37 million during 2010-2015 period. This increase was mainly due to increased net recruitment to the government sector.

The plantation workers, who are employed in the tea and rubber plantations, have been subjected to certain disadvantages arising from their original employment as indentured foreign labour during the British colonial period. They also work under conditions much inferior to those of other formal sector employees. The plantation community is living only in several districts including Nuwara Eliya, Badulla, Ratnapura, Kegalle, Kandy, Matale and Galle. Social indicators of the plantation community¹ are significantly lower compared to those of national level amidst various programmes implemented by the successive governments to improve their standard of living.

Table 2.4.1: Labour Force Trends (2010-2015)

Indicator	2010	2011	2012	2013	2014	2015
Population ('000)	20,675	20,869	20,424	20,579	20,771	20,966
Population (15 years & above) ('000)	15,166	16,221	16,081	16,360	16,532	16,671
Labour force in this group ('000)	8,096	8,544	8,454	8,802	8,805	8,973
Labour force participation rate (%)	53.4	53.0	52.6	53.8	53.3	53.8
Employed population ('000)	7,696	8,186	8,118	8,418	8,424	8,554
Employment rate (%)	95.1	95.8	96.0	95.6	95.7	95.4
Unemployment rate (%)	4.9	4.2	4.0	4.4	4.3	4.6

Sources: Department of Census and Statistics and Central Bank of Sri Lanka

The structural change in the economy has influenced the sectoral labour composition with the movement of labour from agriculture sector to service sector. The share of the number employed in the agriculture sector has declined steadily while labour employed in industry and service sectors have increased significantly over the last two decades. In 2015, the service sector records the highest employment share of 46 percent whereas the agriculture and industry sector employment share is 28 percent and 26 percent respectively. In general, 87 percent of the

Industrial peace is significant for improved labour productivity. Increased number of industrial inspections have indirectly contributed to the decline in the number of industrial disputes by 37 percent to 2,948 during 2010-2014. However, the involvement of 14,915 workers in 51 strikes led to a loss of 82,294 man-days in 2015. Sri Lanka has significant trade union activities and there were 1,918 trade unions functioning in the country in 2015.

¹ Poverty headcount index (2013): National 6.7 percent and Estates 10.9 percent;
 Infant mortality rate (2006/07): National 9.7 per 1,000 live births and Estates 29 per 1,000 live births;
 Neonatal mortality rate (2006/07): National 11 per 1,000 live births and Estates 18 per 1,000 live births;
 Low birth weight children (2006/07): National 16.6 percent and Estates 31 percent;
 Literacy rate (2013): National 89.7 percent and Estates 52.4 percent;
 Families with access to improved drinking water (2012/13): National 89.7 percent and Estates 52.4 percent

In addition, a safe working environment is significant for the enhanced productivity and quality of the goods and services produced by the employees. There were 1,251 work-related accidents and 76 fatal accidents recorded in 2015. Most of these accidents could be prevented by adhering to a proper safety mechanism. Therefore, ensuring maximum safety at the workplace through constant monitoring of safety standards is crucial.

Foreign Employment

The number of migrant workers has increased by 45 percent to 263,307 in 2015 compared to 182,188 in 2000 (Table 2.4.2). Female workers in foreign employment has declined steadily from 67 percent in 2000 to 34 percent in 2015 mainly due to policy decisions of the successive governments including increase in the minimum age limit of women migrating for domestic work (Kingdom of Saudi Arabia-25 years, other Middle East countries-23 years, all

respectively compared to 54,573 and 127,615 of the same in 2000. During 2000-2015 period, migration through private sources has increased by 160 percent whereas migration through licensed agencies have declined by 8 percent. Therefore, migration through licensed agencies needs to be encouraged to ensure safety of the migrant workers. The Government has implemented many programmes to encourage migration through licensed agencies including awarding/star grading system for agencies, increasing awareness and providing necessary training, introducing a code of ethical conduct for foreign recruitment agencies and taking legal action against illegal agencies.

Departures for housemaid category have declined from 42 percent in 2010 to 28 percent in 2015 (Table 2.4.3). However, the professional and skilled migration category accounts for only 33 percent in 2015. Therefore, a robust strategy is required to increase high income earning and professional/skilled migration. This strategy

Table 2.4.2: Foreign Employment and Remittances (2000-2015)

Year	Total Migrant Workers	Female Migrant Workers		Remittances		
	No.	No.	Percentage (%)	Total (US\$ million)	Middle East (US \$ million)	Middle East (% of Total)
2000	182,188	122,395	67.2	1,157	729	63.0
2010	267,507	119,506	44.7	4,116	2,474	60.1
2011	262,961	126,654	48.2	5,145	3,030	58.9
2012	282,447	138,312	49.0	5,985	3,358	56.1
2013	293,218	118,033	40.3	6,407	3,562	55.6
2014	300,703	110,486	36.7	7,018	3,902	55.6
2015	263,307	90,667	34.4	6,980	3,769	54.0

Source: Central Bank of Sri Lanka

other countries-21 years), extension of training period for domestic workers (21 to 40 days), introduction of National Vocational Qualification (NVQ) level 3 requirement, family background report and imposing of refundable and non-refundable deposits from employer.

Earnings from foreign remittances are one of the main streams of foreign exchange revenue for Sri Lanka. In 2015, the foreign remittance earnings were US\$ 6.98 billion and the departures for foreign employment was 263,307. Over the past few decades, more than 54 percent of the remittances is received from the Middle East countries.

Departures for foreign employment through private sources and through licensed agencies were 146,441 and 116,866 in 2015

may consist of 1). Providing training to upgrade skills, 2). Introducing country specific, company specific and job specific training programmes, 3). Establishment of training centers/migrant resource centers, 4). Introducing training modules to produce multi skilled workers, 5). Entering into MoUs with destination countries, 6). Entering into agreements with related ministries /organizations (Ministry of Skills Development and Vocational Training, Open University of Sri Lanka, etc.), 7). Conducting marketing campaigns to explore foreign labour market opportunities in different regions, 8). Promoting insurance schemes locally and abroad and 9). Introduction of social security schemes/pension schemes for the migrant workers.

Table 2.4.3: Departures for Foreign Employment by Manpower Level

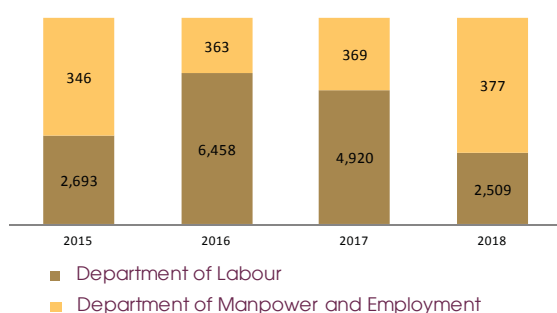
Category	2010		2014		2015	
	No.	%	No.	%	No.	%
Professional level	3,057	1.1	5,372	1.8	6,257	2.4
Middle level	6,884	2.6	20,778	6.9	6,921	2.6
Clerical and related	7,923	3.0	29,267	9.7	12,472	4.7
Skilled	71,537	26.7	73,162	24.3	82,098	31.2
Semi-skilled	4,932	1.8	3,977	1.3	4,837	1.8
Unskilled	60,422	22.6	79,519	26.4	77,444	29.4
Housemaid/Domestic Housekeeping Assistant	112,752	42.1	88,628	29.5	73,278	27.8
Total	267,507	100.0	300,703	100.0	263,307	100.0

Source: Central Bank of Sri Lanka

Government Involvement

The Government involvement in the labour sector is seen mainly in policy formulation, regulation and provision of social security. Labour laws in the country are complicated and criticized as a major disincentive in attracting new investments to the country. Therefore, simplification of the labour laws is an important element for improved labour market outcomes. The Department of Labour, the Department of Manpower and Employment, Office of the Commissioner for Workmen's Compensation, the National Institute of Labour Studies, the National Institute of Occupational Safety and Sri Lanka Foreign Employment Bureau are key regulatory agencies of the labour sector. Figure 2.4.1 shows budgetary allocations for some of the key regulatory agencies during 2015-2018 period.

Figure 2.4.1: Budgetary Allocations (Rs. million) to Key Regulatory Agencies in Labour Sector 2015 - 2018



Source: Ministry of Finance

The Employees' Provident Fund (EPF) established in 1958 and Employees' Trust Fund (ETF) established in 1981 are the two main social security schemes available for the retirees in private and corporate sectors in the country. The EPF contribution has increased by 123 percent to Rs. 102 billion during

2008-2015. Similarly, the ETF contribution has increased by 118 percent to Rs.18 billion during the same period.

As stated in the 2015 Human Development Report published by the United Nations Development Programme, work should enhance human development and strengthen societies. Guaranteeing the workers' rights and benefits will improve the links between work and human development. Having well designed employment and wage policies, protecting workers' rights and ensuring their safety and provisions to facilitate people with disabilities to engage in work are key factors in this regard. Further, promoting collective action and trade unionism will have a positive impact on strengthening the link between work and human development including increases in compensation, insurance and protection against health hazards at work. Therefore, any measures to recognize and establish linkages between employment and human development is beneficial to the human capital of the country in the long-run.

One million job creation is one of the five main goals of the national development policy. However, having a job will not guarantee a higher living standards. This requires complete transformation of the economic and social policies supporting full employment and decent work in a country. Therefore, as emphasized in the SDG 8 - promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all - the Government is committed to create good and safe working conditions through sufficient investments and promoting entrepreneurship to create quality and high paid jobs in the country.

2.4.2 Issues and Challenges

Since the decade of 1950s, unemployment has become a major concern in Sri Lanka. Consequently, the economic policy of all governments that came into office placed a great deal of emphasis on the creation of new employment opportunities. However, during the period after 1986, the overall unemployment rate has shown a downward trend. It stood at 4.6 percent in 2015. Although, the issue of the overall unemployment ceased to be a major concern, the unemployment among certain specific groups such as women and those with higher education remains at unacceptable levels. There are also other important connected issues concerning Sri Lanka's overall development.

- High youth unemployment - A majority of the unemployed are the youth in the age category of 20-24 years (20.0 percent).
- Low female labour force participation - 34.7 percent of female labour force participation is much lower than 74.6 percent of male labour force participation.
- High unemployment in educated population - According to the level of education, the highest unemployment rate of 8.5 percent is in the G.C.E. (A/L) and above category.
- All workers are not benefitted through a social security scheme - Out of 3.7 million prospective EPF beneficiaries, only 65 percent is covered by EPF.
- Increasing rate of work related accidents and deaths.
- Simplification of the labour laws.
- Labour reforms to address the needs of the changing demographic profile of the country.
- Welfare of the migrant workers - Lack of grievance redress mechanism, low wages, heavy work load, human trafficking and competition by the other labour migrating countries are some of the major challenges faced by the migrant workers.

2.4.3 Policy Directions

The Government will be mindful of its obligation to protect and foster rights of the workers and achieve healthy industrial relations which are essential to achieving economic progress. In this context, while enforcing existing laws and regulations, all necessary reforms will be made in the coming years to meet the emerging circumstances and to bring them in line with international best practices. Any perceived impediments to maintain a good investment climate will be removed.

Economic efficiency requires that changes in wage rates should be linked to changes in labour productivity. Therefore, as a matter of policy, the government will not intervene directly in determining wage rates in the private sector. Instead it will encourage the employees and employers to conduct regular negotiations taking note of efficiency considerations as well as worker welfare, in order to reach collective agreements relating to all labour issues.

The Government will continue to respect and to abide by all international conventions and agreements relating labour and employment to which it has been a party.

2.4.4 Key Strategies

- Promote development-oriented policies that support productive activities and decent job creation.
- Improve labour productivity by skills development.
- Simplify the wages board system while expanding the coverage.
- Adjust the minimum wage in relation to the cost of living index.
- Ensure productive service to EPF members and increase EPF beneficiary coverage.
- Establish an entity to manage the funds of the EPF and ETF.
- Develop a pension scheme for all workers amalgamating existing schemes.
- Ensure optimum occupational safety and health.

- Ensure employment rights of female workers and enforce laws relating to employment of child labour.
- Enhance the quality of labour inspections.
- Enhance skills of migrant workers and explore new markets.
- Link relevant authorities to ensure safety of the migrant workers and devise a mechanism to provide incentives to them.
- Encourage research on migrant workers and link the findings with policy formulation.

2.4.5 Medium Term Targets

- Reduce youth unemployment rate to 14.1 percent by 2020.
- Increase female labor force participation rate to 40 percent by 2020.
- Reduce industrial disputes by 50 percent by 2020.
- Increase EPF beneficiary coverage to 30 percent by 2020.
- Reduce work related accidents and deaths by 15 percent by 2020.
- Support to create one million new and productive job opportunities by 2020.

2.4.5.1 Investment Priority Areas

Area	Rs. Mn			
	2017	2018	2019	2020
Infrastructure development (Labour Offices/ Quarters/ Mehewara Piyasa Office)	3,466	2,795	2,316	1,550
Diversifying markets/ enhancing skills/ improving the safety of migrant workers	-	8	25	23
Providing incentives to migrant workers	-	20	20	20
Employees Provident Fund (EPF) – Memberships/Awareness	79	82	89	90
Maintain industrial peace and enhance quality of labour inspection	-	20	40	200
Ensure occupational safety and health	11	8	-	-

Source: Department of National Planning

2.5 Health

2.5.1 Overview

A healthy nation is the prime factor of a country for its development which uplifts economy by enhancing efficiency and productivity of human resources. Sri Lanka is one of the few countries which has a comprehensive system of healthcare delivery. It is also a combination of public and private health services.

There are 1,067 Government health care institutions with a total health workforce of 113,926 in 2012. Out of 200 private health care institutes registered under the Private Hospitals Regulatory Commission, 145 private hospitals are actively operated in the country. About 45,000 employees directly and 100,000 employees indirectly were employed in the private health sector in 2013.

At present, a remarkable success has been achieved in health outcomes associated with good maternal and child health, low levels of communicable diseases and long life expectancy. However, rapidly changing demographics and epidemiological transitions coupled with the technological and social developments have significantly altered the healthcare needs of the country. Therefore, to meet the rising demands in the health sector, it is vital to increase investment in the health sector in the country.

2.5.2 Issues and Challenges

- High prevalence of non communicable disease

At present, high prevalence of chronic Non Communicable Diseases (NCDs) has become a leading cause of mortality, morbidity and disability which accounts to around 80 percent of Sri Lanka's disease burden. Premature deaths and disability (30-65 years) due to NCDs cause loss of productivity which impacts on labour supply, capital accumulation and national income. The total loss of output in the world over in the next decade due to five selected NCDs (Cancer, mental illness, cardiovascular disease, diabetes and chronic respiratory disease) is estimated at US\$ 47 trillion which is equivalent to 5 percent of global GDP in 2010. Further, each year, the economic burden due to NCDs is expected to push 100

million people globally into poverty. Moreover, the estimates show that, each 10 percent increase in NCDs will cause a decrease of 0.5 percent in annual economic growth.

- Increase of Out Of Pocket Expenditure (OOPE)

Further, the total health expenditure on NCDs is increasing due to the need of long term treatment and care, increasing elderly population and the nature of chronic condition. The Government has to finance the rising cost to improve public health care facilities such as providing essential medicines, lab facilities, etc. within a limited fiscal space. At the same time, when public facilities are inadequate, individual families have to pay for their health needs particularly on NCDs as out of pocket on their own. Health care treatment for NCDs like diabetes, asthma, cardio vascular diseases etc. is extremely expensive. This will also create a burden on household income. Currently, Out-of-Pocket Expenditure (OOPE) on Health is around 83 percent out of total health expenditure of a household in 2013.

- Lack of proper referral and back referral system

NCDs are largely managed by secondary and tertiary level hospitals located mostly in urban areas. Further, due to non-adherence of a referral system and the lack of facilities at primary health care institutions, patients seek care from Teaching Hospitals and District General Hospitals with necessary facilities. As a result, secondary and tertiary care institutions have become overcrowded. A huge usage of tertiary care facilities creates a burden on health expenditure since the unit cost for high level facilities is higher compared to that of primary care facilities. Further, patients tend to go to public facilities to seek treatment on diseases like cancer, advanced lifesaving medical conditions etc. because severity of these diseases and non affordability of high cost at private health care facilities. Meanwhile, overcrowding and long waiting lists in those facilities have forced patients to seek private healthcare leading to increase OOPE on health.

- Increase in ageing population

The prevalence of NCDs rises with increasing

of ageing population. Country's elderly population will be doubled by 2040 (24.4 percent) compared to 2010 (12.1 percent). This will create higher financial cost for long term care.

- Increasing prevalence of Chronic Kidney Disease

Among the NCDs, Chronic Kidney Disease (CKD) is also a growing health concern in Sri Lanka. Necessary measures should be taken to provide treatment as well as to prevent the disease.

- Rise of alcohol and tobacco consumption

In addition, a number of social-economic factors such as gender, education, poverty, working conditions, behavioral patterns and environment are contributing to the rise in NCDs.

Alcohol consumption is one of the NCD creating risk factors. As per the Risk Factor Survey on NCDs conducted in 2008, the prevalence of alcohol use among males aged between 17-64 years is 26 percent.

Table 2.5.1: Prevalence of Alcohol Use Disorders and Alcohol Dependence (% of population aged 15 years and older), 2010

	Alcohol Use Disorders (%)	Alcohol Dependence (%)
Males	5.6	4.9
Females	0.6	0.6
Both Sexes	3.0	2.7
WHO South East Asia Region	2.2	1.7

Source: World Health Organization (WHO) 2014

Table 2.5.2: Age Standardized Death Rates (ASDR) and Alcohol Attributable Fractions (AAF), 2012

	ASDR (per 100,000 population at >15 years of age)		AAF	
	Males	Female	Male	Female
Liver Cirrhosis	37.3	5.3	57.0	37.7
Road Traffic Accidents	26.8	8.0	20.3	0.8

Source: World Health Organization (WHO) 2014

Tobacco smokers in Sri Lanka is around 15 percent of the total population in 2011. Smoking has an impact on disabilities and non-communicable diseases mainly oral and lung cancer. In addition, research findings have revealed that smoking increases the risk of death from communicable diseases.

- Risk factors contribute to enhance prevalence of NCD

Increasing of household income, advertising on food items and availability of fast food outlets lead to changes in food habits of the people such as increased consumption of food items with high fats and salt and reduced intakes of fruits and vegetables. It has resulted in a reduction of consumption of nutritious food by the people, an increase in the number of people suffering with vitamin and mineral deficiencies and the creation of new disease patterns. Prevalence of underweight children among under 5 year age category is also high. Unhealthy food consumption such as excessive sugar, fat and salt consumption also cause to increase obesity and prevalence of NCDs.

- Regional disparities in Maternal Mortality Ratio and Infant Mortality Ratio

Despite Sri Lanka's high achievements in reducing maternal mortality ratio (34.2 per 100,000 population in 2013) and infant mortality ratio (8.8 per 1,000 live births in 2013) in the region, maternal and child healthcare delivery system still requires further improvements to address regional disparities within the country.

- Reduction of emerging and re-emerging communicable diseases

Sri Lanka had made high achievements in eradication of communicable diseases. Currently, there is a timely need to pay attention on eradicating/reducing prevalence of emerging and re-emerging diseases such as dengue, rabies, HIV, leprosy and tuberculosis etc.

- Quality of health care delivery system

Despite higher level of achievements in most of the health indicators, country's health sector is still lagging behind in terms of certain qualitative indicators such as maintaining health standards in the areas of infrastructure,

equipment, health care staff, patient safety etc.

Table 2.5.3: Health Workforce and Infrastructure

Indicator	Sri Lanka	South East Asia	Global
Physicians per 10,000 population (2006 - 2013)	6.8	5.9	14.1
Nursing and midwifery personnel per 10,000 population (2006 - 2013)	16.4	15.3	29.2
Dentistry personnel per 10,000 population (2006 - 2013)	0.8	1.0	2.7
Pharmaceutical personnel per 10,000 population (2006 - 2013)	0.4	3.8	4.3
Psychiatrists per 10,000 population	<0.05	<0.05	0.3
Hospital beds per 10,000 population (2006 - 2013)	36	10	27
Radiotherapy units per 1,000,000 population (2013)	0.1	0.3	1.8

Source: World Health Organization (2014), World Health Statistics

- Unavailability of a proper Human Resources Development Plan

Health care system in Sri Lanka is resourced by different categories of health care personnel. Shortages of nursing and para-medical staff, maldistribution of human resources, non-availability of necessary facilities to retain staff at rural institutions, insufficient facilities for professional development etc. are some of the significant challenges in providing quality health care delivery.

- Estate sector health care delivery system

Health care delivery system in the estate sector requires a lot of improvements compared to urban and rural health care centres. Estate community is lagging behind in terms of access to health care and remains at a low level of nutritional status. Besides, most of the youth are exposed to alcohol, cigarettes and other related products.

In addition, the Government has already prepared a National Multisectoral Action Plan for Prevention and Control of NCDs which will be implemented during 2016-2020 period. In the meantime, considering the burning issue of rising NCDs, a significant amount of public investment has been allocated to provide services to NCD patients by 2016 Government budget.

Table 2.5.4: Major Ongoing and Proposed Projects

Name of the Project	Total Cost (Rs. Mn)
Construction of a Hospital for Kidney Disease, Polonnaruwa	13,968
Development of Accident & Emergency Care Services in Sri Lanka	9,525
Specialized paediatric care complexes in Karapitiya, Ampara and Jaffna	1,000
Address the issue of CKDu	750
Establishment of Bone Marrow Transplant Unit at TH - Kandy	500
Establishment of Modern Pharmaceutical Laboratory Institute	1,500

Source: Department of National Budget Teaching Hospital*

2.5.3 Policy Directions

The Government policy on health sector is to improve National Health Service targeting a healthy nation with necessary institutional & policy reforms and increased investment on health, while recognizing the importance of co-existence of different forms of medicine and participation of private sector in health services.

Proposed Reforms in Health Care System

Strengthening of primary health care facility network is essential to reduce overcrowding at tertiary care health institutes, reduce Out-of-Pocket Expenditure (OOPE) and unnecessary burden on investing to provide higher level facilities. It is also needed to establish a clearly defined referral system.

Establishment of necessary healthcare policies to implement public-private partnership (PPP) is imperative. PPP refers to a situation where government mobilizes private sector resources to deliver healthcare where there are shortfalls in delivery of public facilities.

There are several ways to enhance efficiency and quality of health care delivery through PPP arrangements.

1. Private sector healthcare providers are willing to introduce new bio-medical equipment which are available at a comparatively high cost. Public sector health care institutions can use these facilities by bearing a subsidized cost as one of the options to provide such type of modern health care facilities to patients. The Government can offer incentives to private

hospitals for importing of high tech bio-medical equipment.

2. Some of the NGOs, non state sector organizations and philanthropic agencies are willing to donate some infrastructure facilities, both buildings and equipment for some specialized areas such as cancer care, eye care, etc. The Government can allow to utilize those funds to construct those facilities within the public sector institutions. The maintenance, skilled human resources and space can be provided by the public sector.

3. In the absence of life saving medicines and some laboratory tests, the Government may arrange a mechanism to obtain those facilities from the private sector on reimbursement basis.

With the increasing of elderly population, demand for long term treatment and hospitalization, intensive diagnostic tests, rehabilitation care, etc. will be increased. Further, geriatric health care needs improvement of special skills and medical training. Therefore, country's health care should be well equipped with required resources, physical as well as financial. On the other hand, it is a challenge to increase public investment on elderly care with limited fiscal space. Therefore, policy reforms should be focused to invest through PPP and donations to finance elderly care.

Efficient and effective utilization of physical and financial resources in the public health system is essential to reduce burden on the Government budget. It has been noticed that, some of the resources are concentrated on secondary and tertiary health care institutions and not equally distributed among rural/ primary healthcare institutions. Some of the resources are underutilized due to several reasons. Therefore, redistribution of existing resources, human as well as physical resources based on proper assessment on existing resources and their utilization are vital in delivering improved universal health care service.

2.5.4 Key Strategies

It is expected to implement the following strategies to meet the future needs of the health sector.

- Increase investment on healthcare
 1. Increase budgetary provisions for equipment, drugs and devices including indigenous medicine sector.
 2. Increase budgetary provisions to develop rural/ primary healthcare institutions.
 3. Prepare and implement programmes to address health needs of estate community.
 4. Adjust the investment to meet the growing healthcare needs of the elderly.
- Establish and implement necessary sector reforms, policies and structures
 1. Introduce a National Health Insurance Plan to address issues including OOPE issue.
 2. Implement National Drug Policy.
 3. Introduce a mechanism to regulate government and private health care institutions.
 4. Establish a regulatory authority for cosmetics, beautician services and related products.
- Improve facilities to prevent and treat NCDs and communicable diseases
 1. Implement integrated action plan to mitigate NCD prevalence.
 2. Assess current usage and trends in alcohol and tobacco consumption among those aged 17-64 years and implement alcohol and tobacco consumption reduction programme under proper monitoring mechanism.
 3. Improve coverage of a family physician to each citizen.
 4. Implement proper nutritional and food safety programme.
 5. Implement Accident and Emergency Care Policy, National Policy on Healthcare Quality and Patient Safety etc.
- 6. Reduce incidence of dengue menace and rabies within three years.
- 7. Increase production capacity of State Pharmaceutical Manufacturing Corporation (SPMC) and Ayurveda Drugs Manufacturing Corporation.
- 8. Take preventive measures to reduce NCDs with lifetime approach including primordial, primary and secondary prevention as a long term strategy.
- Improve maternal and childcare
 1. Reduce Maternal Mortality Ratio further by managing critical care conditions of pregnant mothers by mobilizing and efficient utilization of existing resources.
 2. Improve advanced newborn care facilities for the sick newborns.
- Improve Quality of healthcare service
 1. Enhance patient safety and quality of healthcare services.
 2. Implementation of a proper human resource development programme based on future demand to increase high quality human capital by including Ayurveda and other forms of alternative medicines.
 3. Enhance research facilities on new disease patterns, clinical research etc. and studies on alternative medical systems.
- Propagation of alternative medicines
 1. Propagate alternative medicines including ayurveda which is vital to protect our traditional medicine, attract tourists and increase foreign reserves.
 2. Obtain patent for Sri Lankan Indigenous Medicines and medicinal products.
 3. Propagate other forms of alternative medicine (eg. Ayurveda, Indigenous, Homeopathy, Unani, Siddha medicine etc.) and integrate all forms of medicine to a combined service.

2.5.5. Medium Term Targets

Table 2.5.5: Targets in Health Sector

Indicator	2015	2016	2017	2018	2019	2020
Out of Pocket Expenditure on Health (%)	83.0	80.0	78.0	75.0	72.0	70.0
Premature deaths due to NCD (<65 yrs)	18	16	15	12	10	9
Maternal Mortality Rate (per 100,000 live births)	34.2	32.0	30.0	28.0	26.0	25.0
Infant Mortality Rate (per 1,000 live births)	8.0	7.8	7.5	7.0	6.5	6.0
Neonatal Mortality Rate (per 1,000 live births)	6.5	6.2	5.9	5.6	5.3	5.0

Source: Ministry of Health, Department of National Planning

Table 2.5.6: Priority Investment Areas

Area	Rs. Mn			
	2017	2018	2019	2020
Human Resource Development*	808	850	876	950
Bio Medical and other Equipment	4,000	6,000	7,000	7,750
Development of Indigenous Medicine	959	672	544	680
Control of Diseases	3,365	3,876	4,308	4,700
Health Promotion and Disease Prevention	1,935	2,189	2,500	3,000
National Nutrition Programme	450	510	560	1,500
Medical Research and Clinical Trials	141	155	172	200
Hospital Development	24,153	32,170	38,744	44,362
Other Investment	7,756	3,905	4,207	4,504
Total	43,567	50,327	58,911	67,646

Source: Department of National Planning

* In addition, Rs 8,840 mn, Rs 8,944 mn, Rs 9,048 mn, and Rs 9,500 mn, will be invested in 2017- 2020 period for HR development as recurrent expenditure

2.6 Sports

2.6.1 Overview

During the last decade, the Government invested in the sports sector targeting improvement of necessary infrastructure facilities including construction of sports grounds and purchasing equipment. As a result, an extensive network of sports grounds and related facilities, covering the entire country were created. Those investments were mainly focused on the production of national and international level sports persons and youth who are willing to engage in sports activities. The present Government targets to develop sports sector to produce a healthy nation covering entire population which may help to reduce government expenditure on Non Communicable Diseases (NCDs) and develop the economy and make sports as an integral part of country's culture and society. Furthermore, sports activity may be a vehicle to promote peace and reconciliation after the three - decade long conflict.

In addition to the above, sports can be used as a tool to build friendship, broadmindedness, self-confidence, competitiveness, learn virtue of tolerance, earn goodwill, unity and equity disregarding cast, religion, language, sex, ethnicity, culture and region in the national level as well as at international level. The present contribution to Gross Domestic Product (GDP) from sports sector can be increased by developing sports economy in order to create new direct and indirect employment opportunities. Furthermore, the sports sector can be promoted as one of the potential foreign exchange earners of Sri Lanka by attracting international sports events to the country.

2.6.2 Issues and Challenges

- Inadequate physical and human resources.
- Lack of improvement in participants for international competitions by sports.
- Inability to attract and retain professionals due to low salary scales.
- Lack of knowledge and experience in technology relevant to sports.
- Lack of communication and coordination between Ministry of Sports and other relevant agencies

Main on-going projects and programmes

- Sports talents identification

Programmes are being implemented by the Ministry of Sports to identify children who have specific talents at an early age and to improve their aptitudes on a continuous basis. The children between 13-14 age groups are the target group of this programme.

In order to implement this programme, the subject of sports will be made compulsory for every school child and required infrastructure facilities for various sports will be provided. In addition, athletes will be given nutrition, requisite care and local and foreign training in order to improve their aptitudes. This programme will be continued as an Annual Programme from this year onwards.

- Construction of a High Altitude Sports Training Complex in Nuwara Eliya

Talented sports personnel, who expect to participate in international level sports events, have to improve their breathing power, knowledge about international events and acquire training under cool and rainy environment. Therefore, it is important to have a high altitude training centre in this country. Accordingly, the Ministry of Sports has proposed to construct a high altitude sports training centre in Nuwara Eliya for meeting the above purpose. It is also expected to generate revenue by promoting sports tourism, improving access to international sports consultants to train local sportsmen which will lead to save of huge amount of money currently spend to train our athletes in other countries, earn foreign exchange and create employment opportunities.

2.6.3 Policy Directions

The Government has announced its intention to make sports mandatory for all school children. Accordingly, sports activity is expected to become an integral part of Sri Lankan culture in the future. The Government will continue its role as facilitator and regulator while providing necessary support to the various sports bodies to develop their respective sports activities. For this purpose, adequate financial provision will be made in the Government budget.

Action will be taken to protect the independence of all sports bodies and

encourage them to conform to international norms, standards and rules in conducting sports activities. Equity in the allocation of government resources will be maintained. The Government will also strive to provide equal opportunities to all citizens to participate in sports activities. In this context, rural and remote areas which lack even the minimum physical infrastructure will be developed as a matter of priority.

Sector Reforms

For the purpose of strengthening sports sector, following reforms have been proposed.

- Establish a National Sports Authority to promote and bring more international sports events to Sri Lanka.
- Uplift the National Institute of Sports Science as a Sports Degree Awarding Institute in the next four years.
- Establish research and development division in the Ministry of Sports.

2.6.4 Key Strategies

- Develop and maintain a database and information system on Sports teams.
- Utilize sports to enrich physical well-being and health of all citizens by promoting traditional sports and martial arts.
- Identify and train sport persons who can win medals at international sports competitions.
- Establish a sports campus of international standards with all modern facilities
- Increase the number of School Physical Education Teachers at least by 5,100 (Current No. of Teachers 3,400 in schools).
- Develop sports as one of the foreign exchange earners of Sri Lanka.
- Establish a mechanism to maintain good relationship with other relevant agencies.
- Collaborate with Ministries of Education and Health to develop programmes on talent identification and sports training for school students to ensure the fitness and nutrition level of students.

2.6.5 Medium Term Targets

- Establish fully pledged Provincial Sports Complexes in each province by 2017.
- Establish fully pledged District Sports Complexes in sixteen districts by 2017.
- Win at least fifty medals annually at international level.
- Contribute about US\$ 500 million to Gross Domestic Product (GDP) by 2020 through sports activities.
- Reduce NCDs by 1 percent by 2020 (Current percent of NCDs is 80 percent).
- Increase the share of participants from rural areas in international sports events to 50 percent by 2020 (present share is about 40 percent).
- Create walking paths in the 325 Divisional Secretariat Divisions by 2020.
- Establish twenty five District Sports Medical units by 2020.
- Make Sri Lanka sports sector doping free by 2020.

Table 2.6.1: Priority Investment Areas

Rs.Mn

Area	2017	2018	2019	2020
Infrastructure Development	3,381	2,857	3,286	3,300
Training Sports Personnel	196	208	220	250
Sports Events and Other related Activities	948	1,635	1,294	1,350
Total	4,525	4,700	4,800	4,900

Source: Department of National Planning

2.7 Culture and Heritage

2.7.1 Overview

Sri Lanka has nearly 2,500 year cultural history which boasts six cultural and two natural world heritage sites. Cultural Triangle demarcated by Anuradhapura, Polonnaruwa and Kandy and the city of Galle are cultural heritage sites. Sinharaja forest, the Central Highlands comprising the Knuckles Range, Sri Pada and Horton Plains are Natural Heritage sites of the country.

With the upliftment of the living standards of the people, social, cultural needs and attitudes tend to change. As a result, constant attention has to be paid to preserve and promote arts, culture and national heritage related to both aspects of tangible and intangible heritage. Considering the importance of the cultural heritage, the Government has invested in the development of cultural centers and museums, conservation of heritage sites, excavation in archeological sites and protecting the places with historical value.

Tangible and Intangible Heritage

It has been accepted that culture is one of the major elements associated with development. Therefore, tangible and intangible heritage of the country need to be protected and sustained in order to achieve a meaningful development.

The tangible heritage is the legacy of physical artifacts. Intangible heritage attributes to a group or society that are inherited from past generations, maintained in the present and bestowed for the benefit of future generations. Declared tangible cultural and heritage areas are museums, archival materials, ancient temples like Nalanda Gedige, Lankatilaka temple, Lankaramaya, Ruwanwelli Stupa, Abhayagiriya, Jethavanaya, Dambulla, archeological sites such as Sigiriya and monuments like Isurumuniya lovers.

The intangible cultural heritage are practices, representations, expressions, knowledge, skills as well as the instruments, objects, artifacts and cultural spaces associated with communities, groups and in some cases individuals recognized as part of their cultural heritage. Sri Lanka is enriched with various intangible heritage such as Indigenous Medicine, customs associated with Sinhala and Hindu New Year, Kandy Esala Perahera, ritual of Kotahalu Yagaya, Kohobayak Kangkari, folk musical shows, folk plays like "Sokari", puppetry and string puppetry of Sri Lanka.

2.7.2 Issues and Challenges

- With rapid social and economic changes of the society, protection of cultural values and heritage is one of the major challenges faced by the sector.

- Increase in the trend of heritage theft and absence of proper ways to protect them.
- Lack of infrastructure facilities within the heritage sites and poor management of these places.
- No proper mechanism to preserve traditional work which are presently in a dilapidated condition.

2.7.3 Policy Directions

Create a virtuous, responsible and anti - corrupt society through promotion of a culture sensitive to heritage management, giving freedom for artistic work.

Reforms of the Sector

In order to protect and preserve culture and heritage, the following reforms have been proposed;

- Establish a Board for Classification and Evaluation of Arts instead of the Public Performance Board
- Establish a Film Development Board replacing the Film Corporation
- Introduce a pension scheme for senior artists
- Introduce and implement rules and regulations to protect monuments, artifacts in heritage sites.
- Obtain assistance from the non-governmental organizations and communities to protect historically important monuments and places.
- Ensure intellectual property rights of artists by giving benefits to the relevant families.
- Promote research and development in relation to ancient cultural heritage.

2.7.4 Key Strategies

- Promote cultural activities

Establish mini cultural centers islandwide by 2016-2018 giving opportunities for training of trainers on cultural disciplines.

- Dynamism of cultural events to be in place

Introduce multi-ethnic special cultural events from primary education to university level to inculcate the diversity of cultures and cultural values in the society. A conducive environment will be created to encourage artists to produce high quality products.

- Enhance cultural and heritage tourism

Encourage the private sector to establish new folk villages at selected places for display of creative traditional arts and conduct cultural activities such as traditional dances, wood working and marriage ceremonies.

Develop historically important places, monuments and archeological sites as major tourist attractions by improving infrastructure facilities to enhance accessibility, guidance and sanitary facilities at heritage site.

Create opportunities for regional communities to produce and trade a variety of traditional Sri Lankan souvenirs.

Reduce the high rates of charges for foreigners who visit the cultural and heritage site.

- Launch awareness programmes

Academic and classic value of the heritage sector can be emphasized through the awareness programmes. The aim is to protect tangible and intangible culture and heritage and popularize the lesser known heritage sites in Sri Lanka.

Table 2.7.1: Investment Priority Areas

Area	Rs.Mn			
	2017	2018	2019	2020
Development of Religious Affairs Sector	1,198	1,018	956	1,340
Development and Promotion of Cultural Activities	1,091	1,651	2,167	2,244
Conservation of National Heritage	262	278	326	374

Source: Department of National Planning

2.8 Science, Technology and Research

2.8.1 Overview

In the increasingly competitive global economy, Science and Technology (S&T) have become strategically more important in national development. The rapid advancements and the prominent role of Science and Technology in the global economy make it necessary for the nation to invest in and enhance its capability in Science and Technology to take advantage of potential wealth creating opportunities.

R&D by providing effective protection through strong Intellectual Property Rights (IPR) systems.

The Global Innovation Index 2014 (GII) has ranked Sri Lanka at 105 out of 143 countries. According to the GI rankings, when compared to other South Asian countries, Sri Lanka is placed third, after India (76th) and Bhutan (86th). However, when compared to other developing countries such as China, Malaysia, Thailand, and India, Sri Lanka is less progressive in terms of the number of innovations and protection of innovations. There are several policies and programmes

Table 2.8.1: Key R&D Indicators

Key Technology Competitiveness Indicators	Sri Lanka	China	India	Korea	Singapore	Malaysia	Japan	UK	USA
Total Expenditure for R and D as a percentage of GDP	0.19	1.98	1	4.04	2.15	1.2	3.3	1.72	2.8
Researches in R and D/ Million people	271	1,020	160	5,928	6,438	1,643	5,158	4,024	3,979

Source - World Bank- Education and Technology Report - 2014

The expenditure on Research and Development (R&D) is one of the main indicators to identify a country's support for innovations and creations. In Sri Lanka, the Gross Expenditure on Research and Development (GERD) as a percentage of the Gross Domestic Product (GDP) was 0.19 percent in 2014. This was a 43 percent increase from 0.11 percent recorded in 2008.

The public sector contributes the most towards R&D in Sri Lanka (nearly 56 percent). In most developing countries, the public sector provides a higher percentage of a country's total investments in R & D. Public investment is essential in R&D, since the private sector is not interested in investing due to difficulty in assuring profits for investors.

However, most developed countries have overcome the issue of private investments in

introduced by several ministries to improve innovations in Sri Lanka.

2.8.2 Issues and Challenges

Sri Lanka has relatively very low investment on R&D. There are several policies and programmes to improve innovations in Sri Lanka covering different areas. The National Biotechnology Policy, Science, Technology and Innovation Strategy for Sri Lanka are among such policies and programmes. However, the effective implementation of these is essential with a gradual increment in the investment and with a proper coordination mechanism.

The link between the Government / public institutes and universities on research, science and technology is weak. This was highlighted in a recent report on 'Integrating Intellectual

Table 2.8.2: Budgetary Allocations for Major Projects - 2017

Project	Provision 2017 (Rs. Mn)	Target for 2017
Nano Technology Initiative	900	Increase research industry tie - ups by15
Establishment of National Science Centre	300	Commencement of construction work of National Science Centre
Vidatha Programme	52.5	2,000 Technology Transfer programs 2,000 Scientific Awareness programs
Planeterium	54	505 Planeterium shows 205,000 participants 12 night sky observation camps 20 Mobile Planeterium programs

Source: Department of National Budget

Property into Innovation Policy Formulation in Sri Lanka' by the National Intellectual Property Office - Sri Lanka.

Simultaneously, it is vital to motivate private sector investments in R&D by way of introducing tax deductions and low tax rates, better investment climate and a strong IPR system. Introducing a reward system to inventors will be another effective means to encourage innovations.

It is essential to increase awareness among the public on the importance of creativity and innovations towards achieving the country's economic growth. Public awareness could be improved through the relevant Government agencies, Intellectual Property Office and other related institutions. It is vital to increase awareness of the importance of protecting inventions among researchers, universities and scientists.

Inadequate level of high end technology exports in Sri Lanka (Present level is 1 percent), lack of entrepreneur supportive research institution network, and high cost of R&D and testing related to industries are some of the challenges faced by the industrial sector which need to be addressed immediately.

2.8.3 Policy Directions

The overall policy emphasizes on capacity building and strengthening of R&D through intensification of advancement and dissemination as well as the application of knowledge in state of the art technology.

2.8.4 Key Strategies

- Strengthen and progressively expand and improve the resource base of scientists and technologists necessary to respond to the developmental needs
- Promote basic, applied and developmental research, particularly in areas of national importance and priority
- Develop or acquire and adapt scientific knowledge and technologies for transfer to achieve progressive modernization of all sectors
- Develop a culture of innovation and intellectual property and ensure the protection of Intellectual Property Rights (IPR)

2.8.5 Medium Term Targets

- Increase the gross expenditure on R&D as a percentage of GDP up to 1 percent by 2020 (present percentage of GDP is 0.19 percent).
- Increase the human resource in R & D up to 241,600 personnel by 2020 (National Science Foundation Report indicates present total number of R & D personnel as 120,797 including 12,139 scientists, 14,528 Technicians and 94,130 Other supporting staff)
- Increase the number of patents registered locally up to 1,500 by 2020 (Sri Lanka Inventors' Commission indicates that the present number of patents registered locally as 503 consisting of 129 residents and 284 Non residents).
- Increase the high - tech exports up to 5 percent by 2020 from the present level of 1 percent of total exports.

Table 2.8.3: Investment Priority Areas_{Rs.Mn}

Area	2017	2018	2019	2020
Infrastructure Development	1,000	1,025	1,704	1,010
Research and Development	915	1,331	1,244	1,198
Other R & D related activities	1,280	1,334	1,372	2,483

Source: Department of National Planning

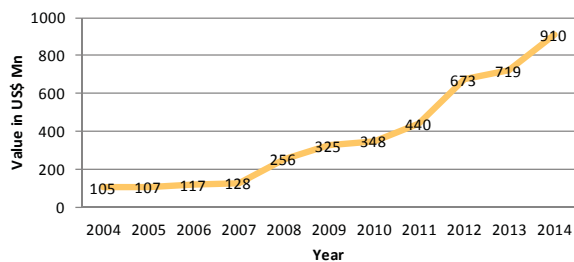
2.9 Information and Communication Technology

2.9.1 Overview

Sri Lanka has made great strides towards becoming an electronically enabled society with Information and Communication Technologies as a key strategic source of power for transforming societies. ICT acts as the catalyst for development as it has the enormous ability of improving efficiency and effectiveness of delivery of citizen's services provided by the Government and businesses, and the power to communicate among citizens.

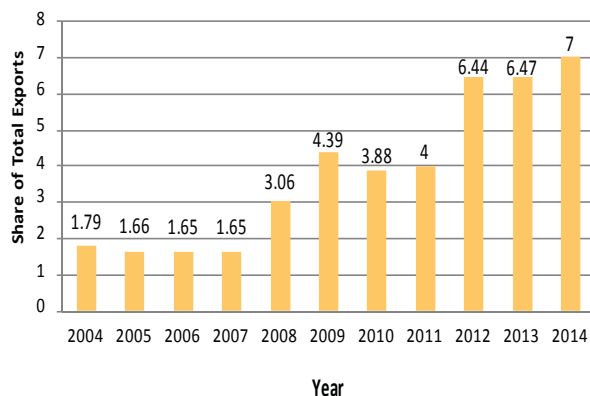
In 2014, Sri Lanka's computer literacy was around 25 percent and could observe a digital divide among urban and other sectors. (Urban 34.6 percent, Rural 23.8 percent, Estate 6.2 percent) Therefore, investments should focus on increasing the utilization of ICT within the country in an equitable manner to foster a balanced growth.

Figure 2.9.1 Export Performances ICT/BPO Sector 2004-2014



Source: Export Development Board

Figure 2.9.2 ICT Contribution to Total Merchandise Exports 2004-2014



Source: Export Development Board

The private sector has also identified ICT as a key opportunity to prosper, as it offers a rapidly growing niche workforce. It has been estimated that over 300 companies are engaged in the ICT sector, and over 85,000 are employed in the industry. This workforce is growing at over 20 percent annually, and it has ensured that the employability of our IT graduates is over 97 percent. Sri Lanka is among the top 20 in the A.T. Kearney's Global Services Location Index (GSLI) 2013. Earnings from exports of IT-BPO sectors have shown a steady upward trend over the last decade. Currently, the ICT sector is the fifth highest foreign exchange earner, and the industry chambers have strategic plans to make it the No. 1 contributor to the economy by 2020.

Table 2.9.1: ICT Indicators

Indicator	2014
Interconnected government institutions (No)	550
Online Government services (No)	49
IT/BPO export revenue (US \$ Mn)	910
ICT literacy (%)	25
ICT workforce	82,854
Internet service providers	15
Fixed phone subscription (Nos. millions)	1.12
Mobile phone subscription (Nos. millions)	22.12
Internet email subscription (fixed 7 mobile) (Nos Millions)	0.59
Tele density (Fixed phones and mobile phones) per 100 inhabitants)	120
Public post office - Main	653
Public post office - Sub	3,410
Private Agency Post Offices	524
Rural Agency Post Offices	101
Estate Agency Post Offices	4

Source: Ministry of Finance, 2015

Sri Lanka became the first country in South Asia to introduce mobile phones in 1989 and the first to roll out a 3G network in 2004. Official figures show there are 2.8 million mobile Internet connections and 606,000 fixed line Internet subscribers.

It was also the first in the region to unveil a 4G network. With the implementation of several infrastructure projects such as the "Google Loon" project, the country will enjoy high speed internet including wi-fi at lower rates.

Noting that the cornerstone elements of any service provision is availability of service in any part of the territory, in order to provide a high

quality and affordable service on demand with the least delay, the infrastructure should be developed and the respective services should be so regulated with the intention of "ICT4ALL" as the watch-word.

Above all, there should be a general acclamation that value for money is obtained in subscribing for services, particularly for broadband. Key applications need to be identified that would bring about a drastic change in the ecosystem to gain socio-economic advantages. The Broadband Commission of ITU/UNESCO has recognized broadband as a "critical modern infrastructure contributing to economic growth and set new targets for making broadband policy universal and for boosting affordability and broadband uptake". It has been also estimated that with 10 percent increase in high speed Internet connections, economic growth increases by 1.3 percent.

Strengthening the postal services in Sri Lanka

Postal service provides many postal communicational and financial services to the public irrespective of urban or rural status. Complete manual operations of the postal service in Sri Lanka has brought many consequences to the present postal system such as poor quality of service, lack of service accuracy, high operational cost, no service innovation and diversification, deterioration of service, lack of modern technology and finally making operational deficit in the Department of Post.

652 Post offices (POO) have been able to connect online and found new business opportunities from public and private sector enterprises by providing new service delivery solutions to their postal, communicational and financial requirements. But, these POO are mostly located in semi urban and urban areas. There is no possibility of providing IT based new service deliveries in rural areas due to lack of online connectivity and IT infrastructure in the 3,410 rural Sub Post Offices (SPOO).

Hence, it is proposed to diversify existing services and provide new service deliveries with the support of ICT to all SPOO and strengthen these rural postal outlets and let them communicate with not only POO, which are online in Sri Lanka, but also with domestic and international private sector business

institutions. This will support the government also to minimize digital divide between urban and rural as well as to promote government e-services to the rural through SPOO which are considered and accepted by the public as more convenient, reliable and friendly rural service centres. It is expected to optimize the strength of postal services capturing new business opportunities to make SPOO more economical, commercially viable and diversified service delivery centres in rural areas.

2.9.2 Issues and Challenges

Sri Lankan ICT industry is currently facing few challenges. Although Sri Lanka has seen significant improvement in its ICT development over time, efforts must be fast tracked to optimize opportunities of an advanced knowledge economy, while bridging the society's digital divide. There is unique opportunity to experience substantial and rapid growth with an emerging Business Processes Off shoring (BPO) sector. Over the past few years, many companies have become increasingly interested in setting up operations throughout the country in various fields such as accounting, medical insurance, legal work, banking and call centers.

However, Sri Lanka's relatively weak infrastructure base has been often cited by many investors as a major constraint to growth, leading potential investors to look to neighboring countries for more dependable services. The supply of physical infrastructure and human resources, rather than demand, seems to be the ongoing challenges confronting the BPO industry. A proper mechanism on building a skillful workforce is therefore an essential feature to build Sri Lanka as a most reputed IT destination in the world.

Table 2.9.2: Budgetary Allocations for Major Projects - 2017

Rs. Mn	
Name of the Sector	2017 Allocation
Digitization of the Economy	17,300
Postal Network and Service Development	486
Mass Media Sector Development	2,020

Source: Department of National Budget

2.9.3 Policy Directions

The Government's policy is to promote local ICT products and services in the global market under the "digitization" of Sri Lanka's economy. It includes partnerships with multiple stakeholders to provide assistance and funding to establish new export orientated ICT enabled service industries and empowering the local industry and public to participate in electronic transactions and digital services. It enables principles of good governance such as transparency, participatory approach and efficiency in their day-to-day business or lives.

2.9.4 Key Strategies

- Improve the digital infrastructure of Sri Lanka in order to facilitate the enhancement of digital ecosystems
- Diversify existing services and provide new service deliveries with the support of ICT to postal network of the country
- Utilize ICT for improving governance
- Enhance ICT policies, legislations and standards
- Improve the use of ICT applications in key sectors
- Improve citizens' engagement/ participation in ICT enabled society
- Facilitation of ICT industry development
- Facilitate trade and business sectors through ICT
- Monitor and facilitate the on line presence of institutions, especially by ensuring digital safty
- Digitization and modernization of television transmission system and modernization of radio broadcasting system

2.9.5 Medium Term Targets

Achieving 40 percent digital literacy by 2020 and increasing the revenue of the IT/BPO upto US\$ 5 billion are the key targets to support ICT enabled development. However, It should also be noted that ICT has also been recognized as a key driver of socio-economic development in the post-2015 global development agenda, hence relevant

national targets under the universally agreed Sustainable Development Goals (SDGs) must be equally met during the 15 years that end in 2030. For example, striving to provide universal and affordable access to internet by 2020 has been identified as an SDG. However, with the recent public investment in the ICT sector, Sri Lanka would be able to meet not only its national targets but also is in a position to assist least developed countries (LDCs) to overcome obstacles.

Also the Government mainly aims to digitalize the economy in the country, while improving the economic status and business-friendly environment in the country. Thus, it is aimed to introduce Household Transfer Management (HTM) system in order to facilitate financial transactions, participation in digital commerce and obtaining government services. This will give a common platform for daily activities driving the economy to high value service offering through ICT.

Table 2.9.3: Investment Priority Areas

Area	2017	2018	2019	2020
Infrastructure development	4,910	5,372	5,997	5,280
Quality Improvement	15,021	15,444	18,370	22,700

Source: Department of National Planning

