

“ Inaction Corruption Anarchy Revenge Inflation Terror Scams Hunger Poverty Scams Hunger

From the Gloom and Doom of 2015-2019



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Revenge Inaction Scams Hunger

“ Safety Discipline Vision Development Peace Of mind Self Respect Efficiency Vision Safety Discipline Vision

To a Bright and Prosperous Future 2020 Onwards...



Scams Corruption Inflation

Discipline Vision Development Peace Of mind Social Security

Declining rate of Real GDP Growth



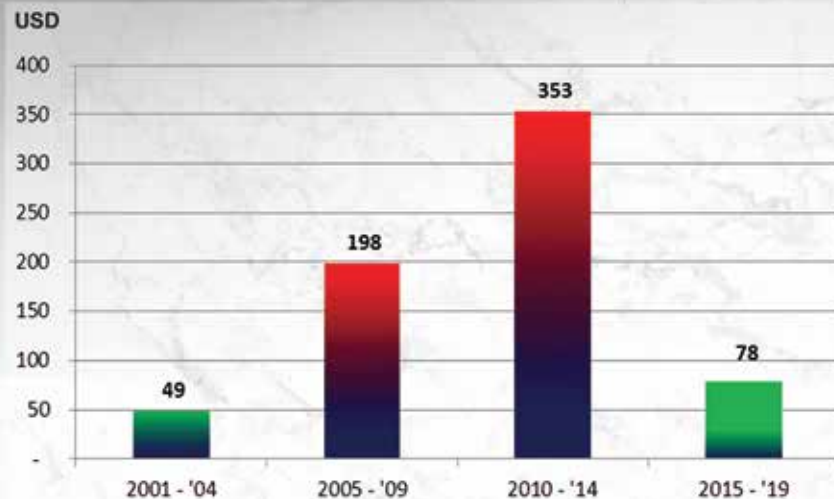
Source data: Central Bank of Sri Lanka and IMF (estimates)

In the post war era (2009 – '14), the Sri Lankan economy grew at an average rate of 6.5%. Initiation of many long term infrastructure development projects linked with revenue generation, helped boost the GDP growth.

Speedy execution of such projects created thousands of direct and indirect employment. The rapid growth in the economy helped increase our Gross National Income (GNI) per Capita to USD3,732 by end 2014, just about USD300 short of becoming a lower-middle income economy. Thereafter, it took 5 more years to reach middle-income status due to sluggish economic growth of the country after 2015.



Declining Growth in GDP Per Capita per Annum



Source data: The Central Bank of Sri Lanka and IMF (estimates)

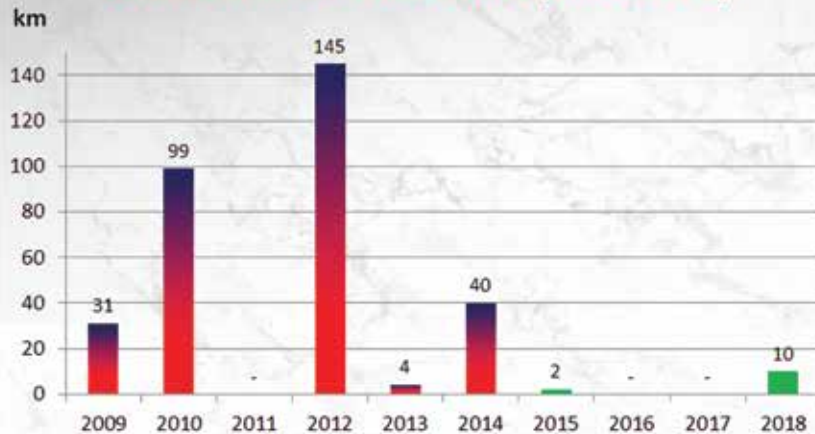
Despite heavy military expenditure, correct economic strategies of the then government helped to maintain a USD198 annual growth in GDP per capita. In the post war era, led by the infrastructure boom focused on the Hubbing Strategies (Maritime, Aviation, Knowledge, Energy and Commerce Hubs) and Tourism for economic growth, GDP per capita growth per annum rocketed to USD353 from 2010 to 2014.

With the change of government in 2015 and the sabotage of the growth strategies and key projects, annual increase in per-capita plummeted to a paltry USD78 from the previous high.



Stalled Infrastructure Development

Extension of National Roads (Class A & B)



Source data: Economic and Social statistic published by the Central Bank of Sri Lanka

With the rampant corruption, day-light robbery of national assets, including the Central Bank, and absolute incompetence, the government of the day has struggled to keep up the country's development momentum. The abysmal contribution to the national road network as seen in numbers, speaks volumes in this regard.

The government has not only done poorly in terms of new projects, but has struggled to complete those that were on-going at the time it came to power in 2015. The still incomplete Outer Circular Road segments present ample testimony to this incompetency.



Plummeting Business Confidence



Source: Tradingeconomic quoting Central Bank of Sri Lanka

Cancellation of contracts (re-fleeting Sri Lankan Airlines with Airbus) and the suspension of key projects (Port City and Expressways), coupled with rampant corruption and incompetence, lead to a drastic deterioration in business confidence among foreign and local investors.

Not only did these cancellations and suspensions lead to economic stagnation but they also led to the country having to pay severe penalties and fines amounting to billions of Rupees.



Ever increasing difficulties in “Ease of Doing Business”



Source: World Bank's Ease of Doing Business rankings

The implications and consequences of corruption didn't stop there. Along with bureaucracy, it led to a steady decline in the country's ranking in the World Bank's 'Ease of Doing Business' index. In other words, it became much more difficult to do business in Sri Lanka, while India cruised past Sri Lanka in 2018, and further widened the gap in 2019.

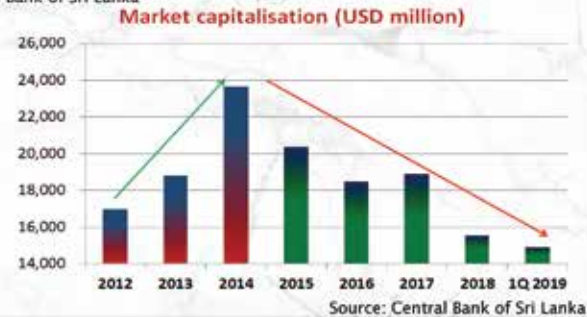
It is important to note that Sri Lanka ranked quite poorly in terms of Contract enforcements (Rank = 164), Taxes (141), Property registrations (140) and obtaining credit (124).



Share Market Slump



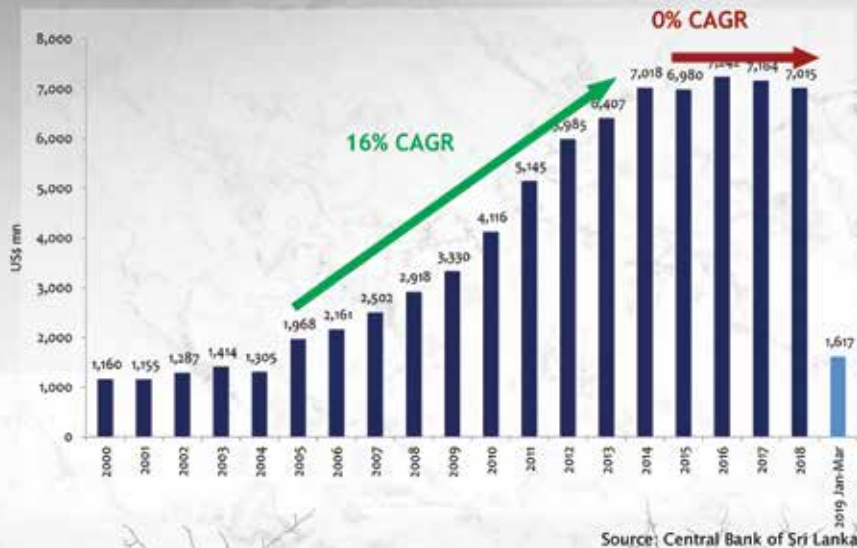
Source: Central Bank of Sri Lanka



A natural consequence to the loss in business confidence was the exodus of foreign investors from the Colombo Stock Exchange. Since its peak in 2014, the Colombo Stock exchange has lost over USD 8.7 billion in Market Capitalization by September 2019.



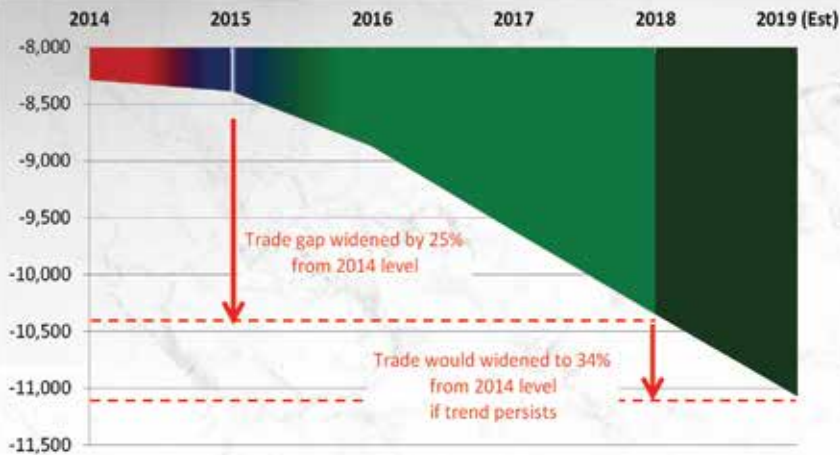
Foreign Remittances flattening out



Foreign remittances form a significant component of Gross National Income. Remittances by foreign workers help sustain their families back home in Sri Lanka and also go towards investment they make in Sri Lanka with a long term view. Moreover, such remittances help stabilize the demand, and in turn the value of the Rupee.

Foreign remittances showed a rapid compounded annual growth rate (CAGR) of 15% during 2005 – 2014. However, remittances have stagnated and even marginally declined since 2016 reflecting the same negative sentiments as foreign investors.

An Increasingly widening Trade Balance



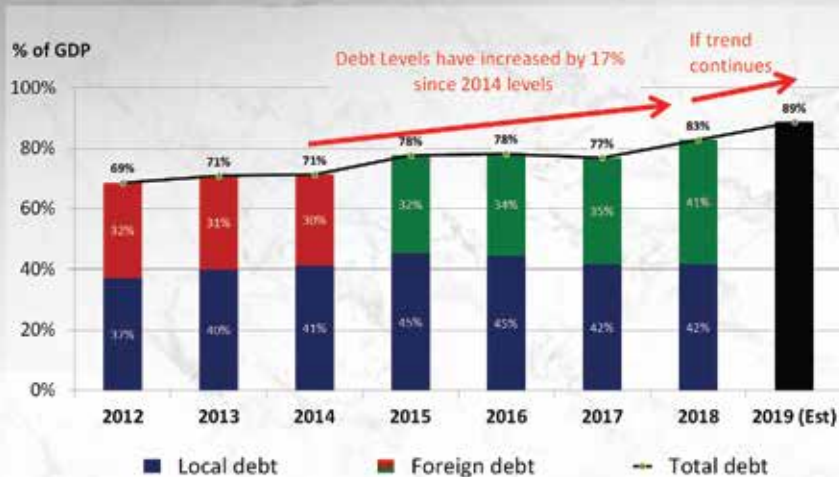
Source: Central Bank of Sri Lanka

The country's Trade Balance, i.e. - the difference between Exports and Imports, has been widened significantly compounding the impact of other negative drivers on the Economy.

This persistently widening trade deficit has in turn has had predictable negative consequences on the currency, i.e. - further depreciating the value of the Rupee, and in turn has had a snowballing effect on Inflation, Interest Rates and invariably the economic stability.



Mounting Central Government Debt



Source: Central Bank of Sri Lanka

Due to a combination of a weak economy, widening trade deficit and falling foreign remittances, the government has had to increase borrowings despite making a huge hue and cry over the level of borrowings prior to getting in to power. Foreign debt as a percentage of GDP had increased to 41% in 2018 from 30% back in 2014, while overall debt had rocketed to 83% of GDP up from 71% back in 2014.

The government has been pushed to raise funds using expensive commercial instruments at high interest rates. A key root cause has been the bond scam where billions of Rupees drained in to a private hands and in the process, increased the government borrowing rates.



Devaluation of the Rupee



Source: Central Bank of Sri Lanka

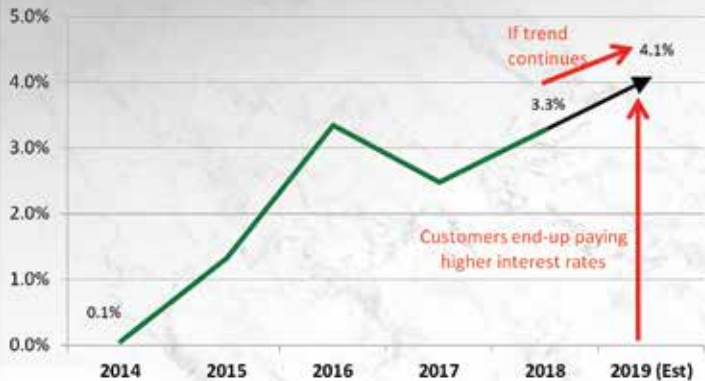
Due to a combination of global economic drivers as well as other country specific factors discussed previously, i.e. – reducing foreign investor confidence, reducing remittances as well as growing foreign debt, the Rupee has seen a steady decline over the past four years, shedding almost 40% of its value during the period 2015-2019.

As a result, the government has had to resort to encashing much of its foreign reserves in order to at least temporarily prop up the Rupee. The fall in foreign reserves from USD 8.2 billion to around USD 5.1 billion as at February 2019 is a reflection of this.



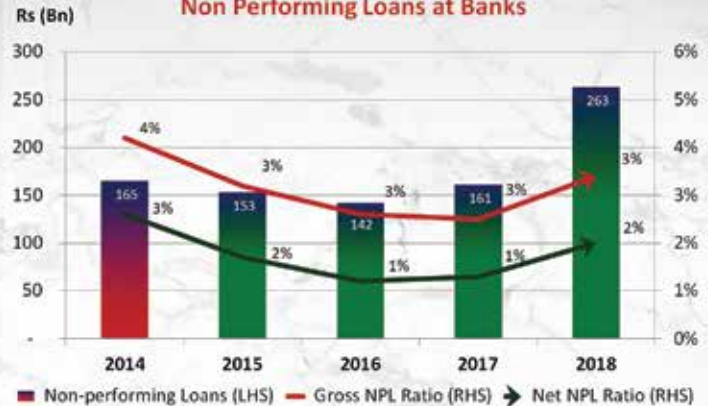
Difficult Business Climate

Widening gap between Lending and Deposit rates



Source: Central Bank of Sri Lanka

Non Performing Loans at Banks

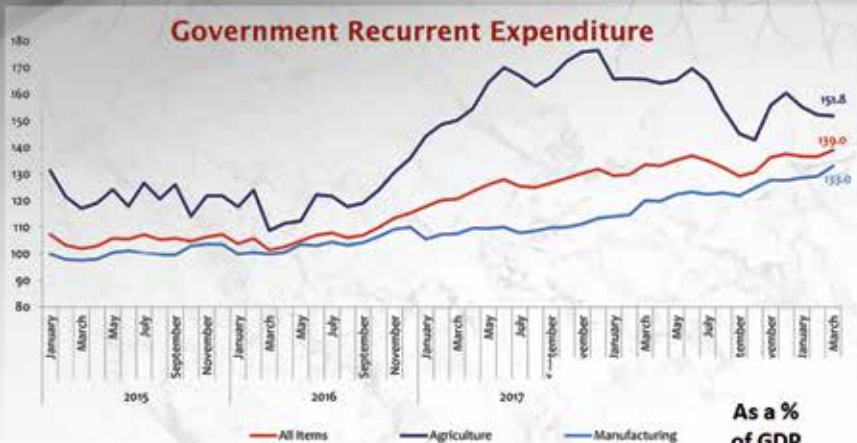


Source: Central Bank of Sri Lanka

Increasing rate of non-performing loans is another symptom of torrid business climate. It indicates the difficulties businesses are going through in settling loans. The NPL ratios have been on an upward trajectory since 2016, clearly indicating the gloom and doom since 2015. With greater defaults, naturally banks increase their interest rate spreads to cover up losses which in turn hurt the borrowers through higher interest rates.



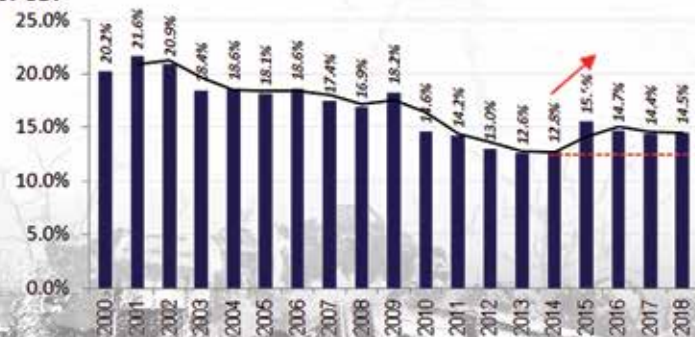
Cost Escalations and Lavish Government Spending



Source: Central Bank of Sri Lanka

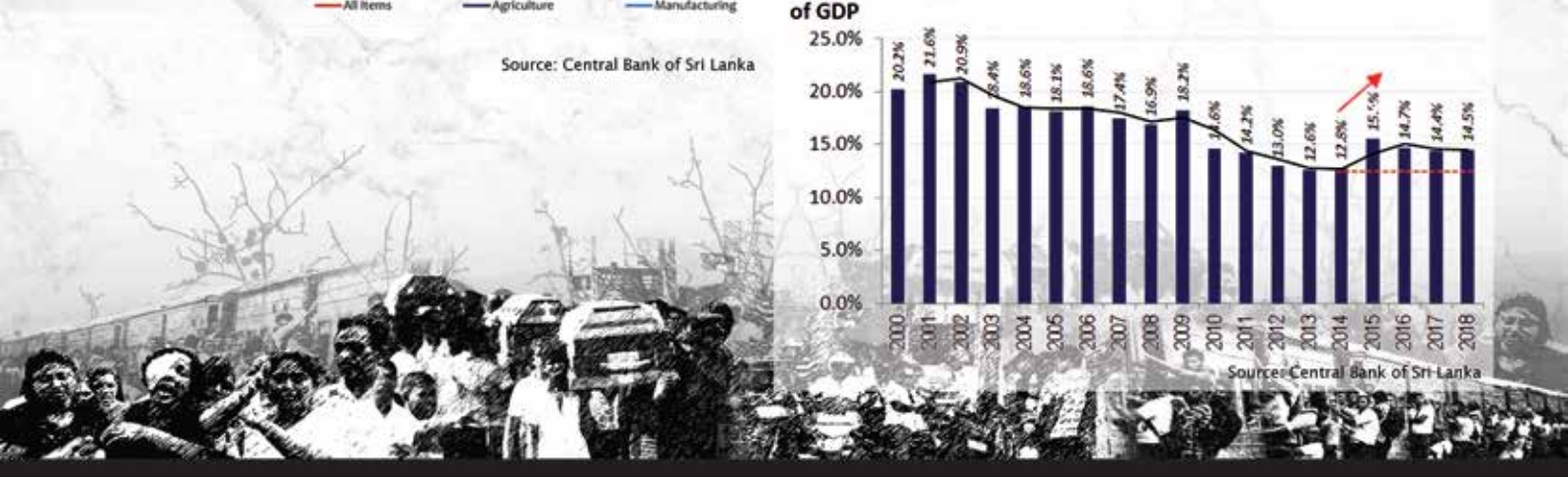
Government Recurrent Expenditure

As a % of GDP



Source: Central Bank of Sri Lanka

Cost to producers has also escalated as a result of all the Rupee devaluation (and conversely hard currency appreciation), and higher interest rates, further driving inflation. Despite all the negative indicators, the government has increased spending, causing further stress on the budget, and in turn increased the need for borrowings to bridge the gap.



From the Gloom and Doom of 2015-2019

The dark years of 2015-19 have clearly put spanners in the works of Sri Lanka's growth trajectory and will go down as the lost years next to the 30 years of terrorism. It was a dark era where fear, revenge, corruption, waste, incompetence, bureaucracy and mayhem reigned, reversing all goodness created during the post war period.

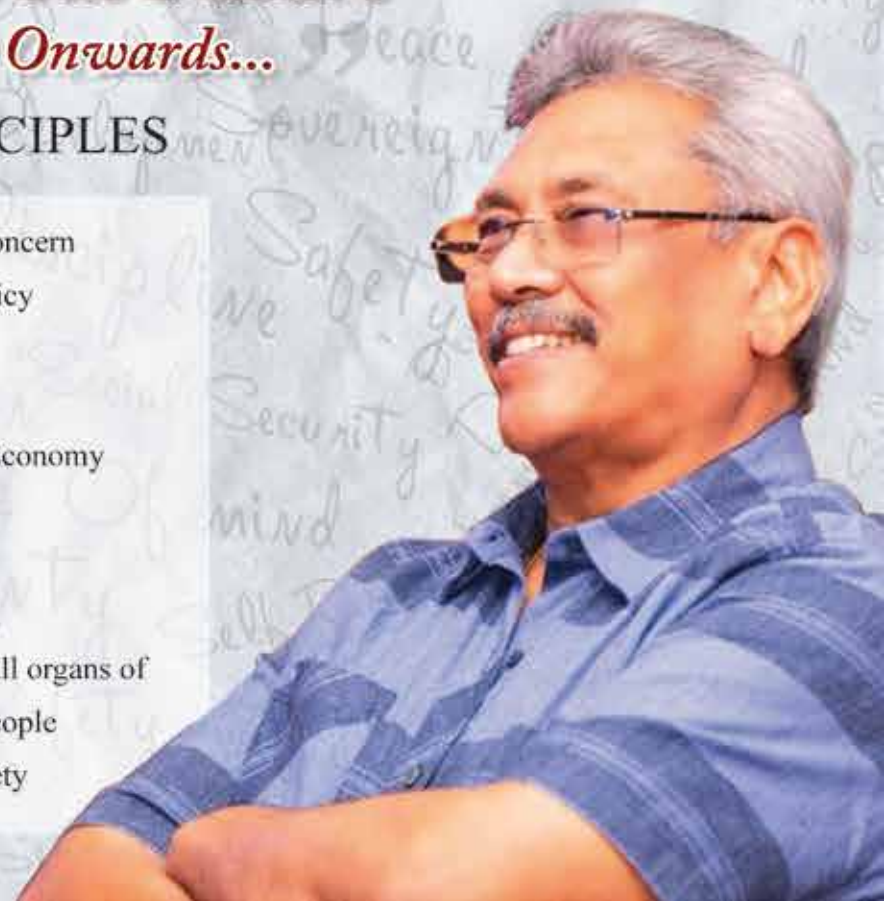
The very backbone of the nation, the security forces and intelligence agencies were ridiculed, restrained and handicapped in the name of Reconciliation leading to mayhem and carnage. All development strategies were overhauled to please the whims and fancies of the World Bank and the IMF, resulting in most economic indicators going south, including abysmal GDP growth, widening trade gap, skyrocketing foreign debt, the Rupee losing almost 40% of its value, increasing unemployment and inflation, and key projects on a standstill.

These last 4 years of mismanagement would go down in history as the time when the country was relegated, to be the weakest in the region dangling on the edge of a precipice of an economic abyss.

To a Bright and Prosperous Future 2020 Onwards...

TEN GOVERNING PRINCIPLES

01. National Security to be the foremost concern
02. Friendly and Independent Foreign policy
03. Corruption-free Nation
04. Developing productive citizens
05. Development focused People-centric Economy
06. A society based on Technology
07. Development of physical resources
08. Sustainable Environment Management
09. Constitutional Amendment to make all organs of government more responsible to the People
10. Lawful, Disciplined and Virtuous society



GOVERNANCE

01. Appointment of best-fit Ministers for each subject based on experience and qualifications on the subject matter
02. Appointment of individuals with administrative capability, active and who are target oriented as ministry secretaries
03. Provision of suitable training to all administrative heads, in order to update with latest technologies, practices
04. Appointment of Technocrats with extensive subject knowledge, qualifications, and
05. Establishment of a National Policy and Planning Commission for the development and oversight of national policies, development plans, procurements, project analysis and management
06. Establishment of a policy and project implementation mechanism with the broad participation of officers, professionals and senior citizens with experi-
07. Lining up of ministerial boards for the achievement fo Sustainable Development goals by 2030



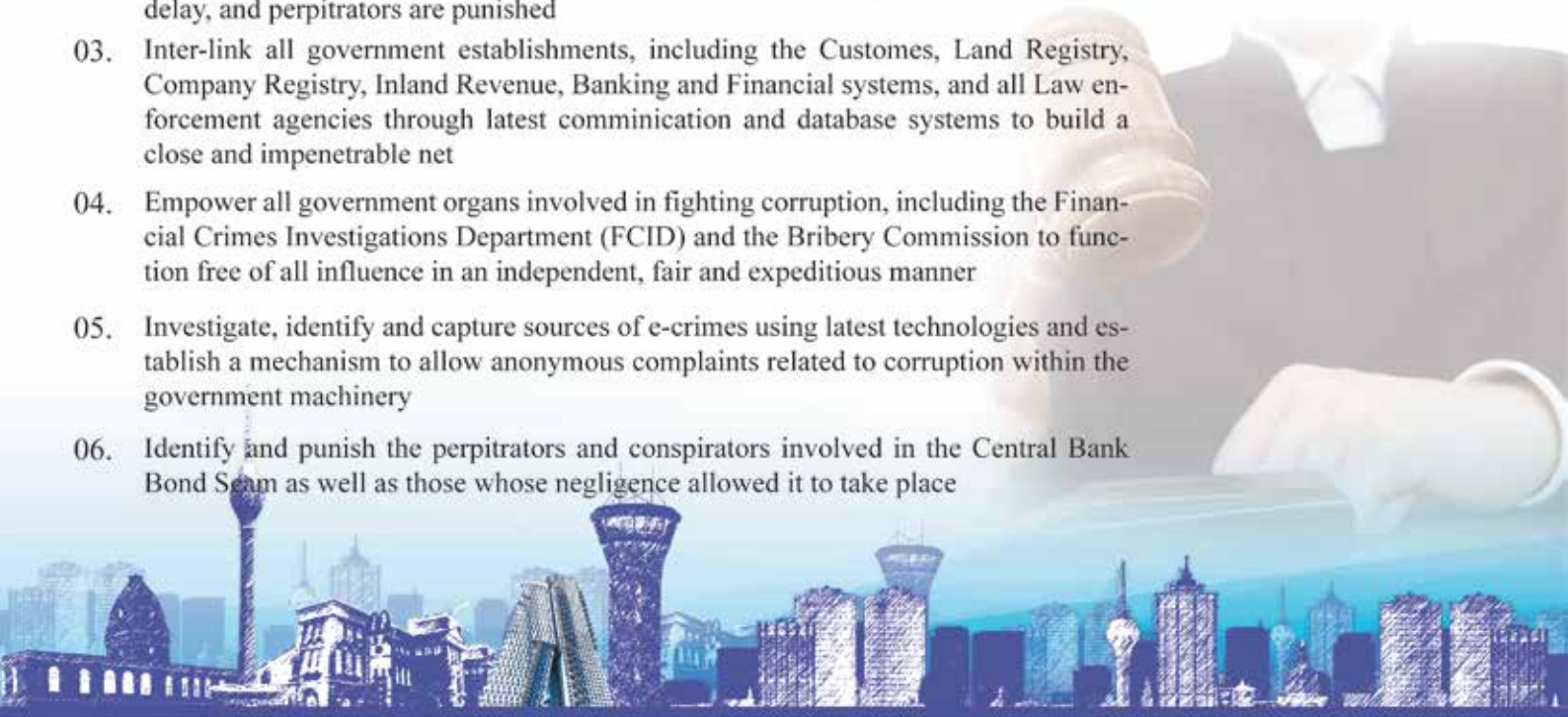
NATIONAL SECURITY

01. Protect and allow no change to the Unitary nature of the State
02. Not allow any form of Terrorism within the territory of our nation and ensure citizens can live free of fear and doubt
03. Ensure our National Intelligence agencies are strengthened, resourced well and empowered to carry out their task without any impediment or interference
04. Establish and work in close coordination with foreign intelligence agencies without compromising national interests
05. Uplift the moral of the Tri-forces and police personnel so that they may carry-out their duties with integrity and pride, free from any interference
06. Ensure not only military security but also Diplomatic, Cyber, Customs and Food security as well
07. Analyse recent security lapses and ensure due legal process is carried out to identify and punish the perpetrators, instigators, conspirators involved in the April 21 incident as well as those whose negligence allowed it to take place
08. Establish facilities and a holistic programme to ensure the wellbeing of war heroes and their families



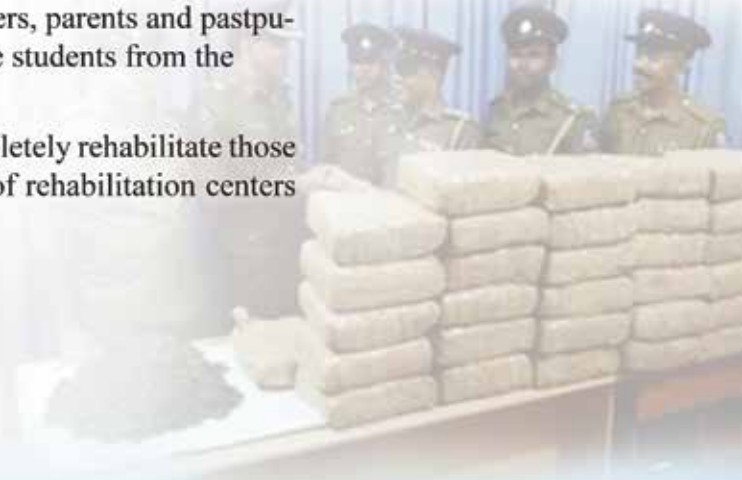
FIGHTING CORRUPTION

01. Create a culture that does not tolerate corruption by establishing necessary mechanisms, systems and processes to complaint and/or escalate corrupt practices in a convenient and expeditious manner
02. Identify statutory changes required to facilitate the formation of such a culture by ensuring all credible evidence based cases are heard to a completion without undue delay, and perpetrators are punished
03. Inter-link all government establishments, including the Customs, Land Registry, Company Registry, Inland Revenue, Banking and Financial systems, and all Law enforcement agencies through latest communication and database systems to build a close and impenetrable net
04. Empower all government organs involved in fighting corruption, including the Financial Crimes Investigations Department (FCID) and the Bribery Commission to function free of all influence in an independent, fair and expeditious manner
05. Investigate, identify and capture sources of e-crimes using latest technologies and establish a mechanism to allow anonymous complaints related to corruption within the government machinery
06. Identify and punish the perpetrators and conspirators involved in the Central Bank Bond Scam as well as those whose negligence allowed it to take place



FREEING THE COUNTRY OF CRIME AND DRUGS

01. Procure latest technology based equipment to enable Customs officers to intercept and capture dangerous drugs and opium
02. Formulate a plan, engaging the tri-forces as well as the support of public in helping the police identify and capture drug traffickers
03. Formulate a schools based mechanism engaging teachers, parents and pastpupils in identifying the vulnerabilities and protecting the students from the drugs menace
04. Initiate a 'National Rehabilitation Programme' to completely rehabilitate those who are addicted to drugs through the establishment of rehabilitation centers with the latest treatment facilities and skilled staff



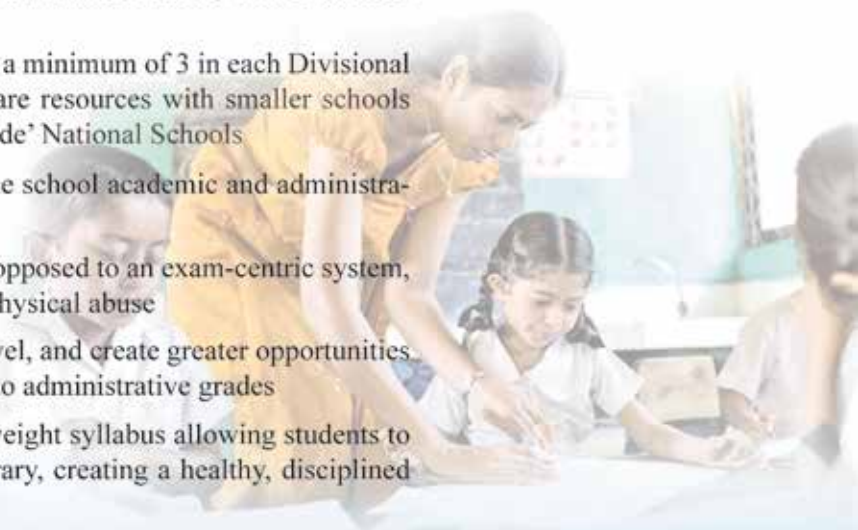
INTERNATIONAL RELATIONS

01. The country's sovereignty, integrity and dignity to be the uppermost, dominant and uncompromising concerns when formulating policies related to international relations
02. Not alienating critical national assets or state lands even in the interest of good international relations
03. Maintain good diplomatic and economic relations with our closest neighbor India, while maintaining close relations and understanding with all countries of the South Asian region
04. Maintain close diplomatic and economic relations with global economic power houses such as the United States, China, Europe, Japan and Russia understanding their importance in the global economy and market
05. Strengthen commerce and relations with regional economic power houses such as Singapore, Vietnam, Indonesia, Malaysia, Korea and the Philippines
06. Review bilateral and multilateral accords entered in to and negotiate to take out clauses which are detrimental to our national interests while ensuring all such future accords are guided by a national policy



PRIMARY AND SECONDARY EDUCATION

01. Establish preschools and day care centers in every Grama Sewa division with qualified and trained teachers maintaining international standards in pre-school education
02. Create child friendly primary schools with 50,000 assistant teachers, with 2 teachers per class
03. Establish 1,000 'Superior-grade' schools ensuring a minimum of 3 in each Divisional Secretariat while creating a cluster system to share resources with smaller schools while setting up a minimum of 50 new 'Super-grade' National Schools
04. Provide training and physical assets to Digitize the school academic and administration systems
05. Create a true student-centric education system as opposed to an exam-centric system, with student friendly schools, without mental or physical abuse
06. Upgrade teacher training colleges to university level, and create greater opportunities for trained and qualified teachers to be promoted to administrative grades
07. Review and introduce a more relevant and light-weight syllabus allowing students to spend adequate time in sports, aesthetics and library, creating a healthy, disciplined future generation
08. Reduce time taken to obtain a university degree by bringing O/L and A/L to be in line with international age limits.



TERTIARY EDUCATION

01. Increase the intake to universities, improve staff to student ratio and upgrade resources to international standards in order to be able to attract foreign students and faculty
02. Digitize and convert all universities to Smart learning environments
03. Start technical faculties in all universities in order to be able to meet the required increasing demand for 'Technocrats' required to guide and drive the development efforts of the country
04. Facilitate the learning of IT skills, management, tourism, foreign languages and professional qualifications by providing loan facilities in addition to increasing 'Mahapola'
05. Provide affordable hostel facilities to undergraduates and other students engaged in tertiary education, and incentivise private investors to set up facilities using tax benefits
06. Transform Open University education towards a job-oriented and skills based higher learning
07. Introduce a scheme where every student gets opportunity to develop technical and professional skills and gain qualifications with or without O/L or A/L qualifications, by building a technical and industrial system through-out the country
08. Use under-utilized government buildings to provide online education, weekend education, and open learning, to all employees, to improve English and other skills



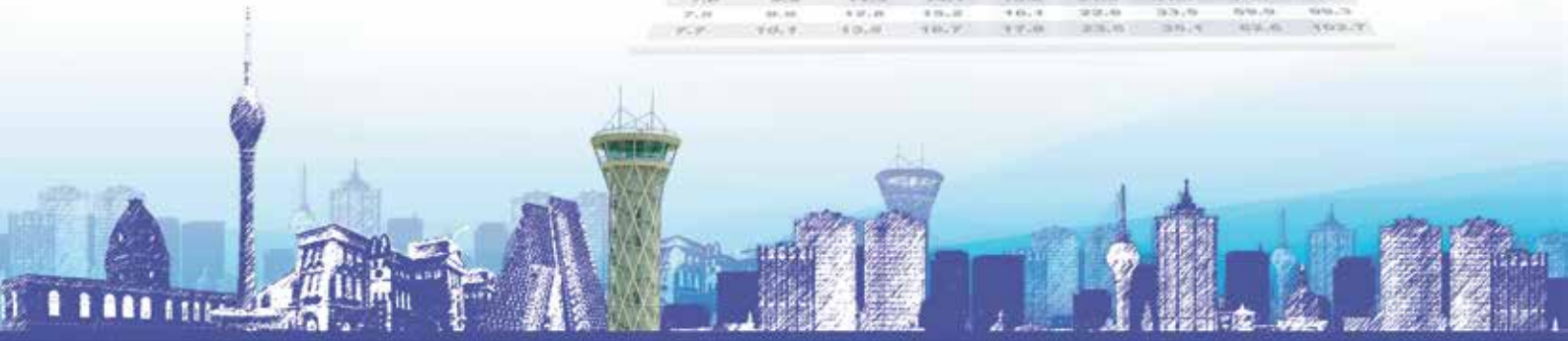
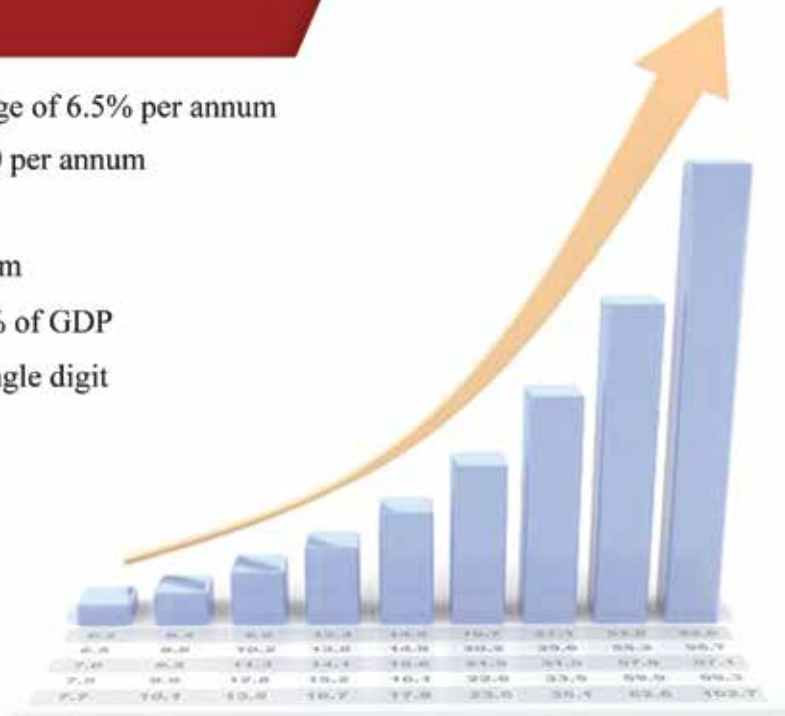
HEALTH

01. Policy decisions to be based on the premise that 'Prevention is better than cure'
02. Focused strategies and activity plans to ensure 'clean air to breath', 'clean water to drink', 'unpolluted land for cultivation', and 'food free of poisonous substances' in order to ensure healthy and sustainable living
03. Specific preventive activity plans to minimize the root causes for non-commutable diseases such as Cancer, Heart and Kidney ailments, and Diabetes
04. Convert the Institute of Indigenous Medicine to the status of a University and allocate additional fund for Ayurvedha in order to promote healthier and sustainable lifestyles
05. Promote healthy living lifestyles by providing facilities for urban/sub-urban walking lanes and areas for recreation and exercise
06. Upgrade facilities at one selected hospital in each district to the level of the Colombo National hospital
07. Upgrade the facilities as well as human resources at the Colombo National hospital to World-class standards to cater for all types of diagnosis, treatments and surgeries
08. Establish an Authority to regulate and monitor private hospitals
09. Expand the range of medicinal products and consumables produced within the country and further regulate to ensure medicinal imports meet international quality standards



2020 – 2025 ECONOMIC TARGETS

01. Increase GDP growth rate at an average of 6.5% per annum
02. Increase GDP per capita to USD6,500 per annum
03. Reduce unemployment to under 4%
04. Maintain inflation under 5% per annum
05. Maintain the Budget Deficit under 5% of GDP
06. Maintain interest rate on loans at a single digit
07. Stabilize the value of the Rupee



FISCAL POLICY

01. Replace the current taxation regime with a simpler lower tax rate scheme and maintain the same unchanged for several years without annual changes
02. Review the tax incentives provided for foreign investors taking in to consideration global investor climate and trends, and put in place an incentive scheme that is focused on promoting Sri Lanka's growth strategy
03. Reduce the current 15% VAT rate
04. Utilize software and internet based technologies and systems to ease the tax declaration, assessment and payment processes by making the process more user friendly
05. Provide a tax free vehicle permit once in 10 years to tax paying 'Gold Card Members' of the Inland Revenue



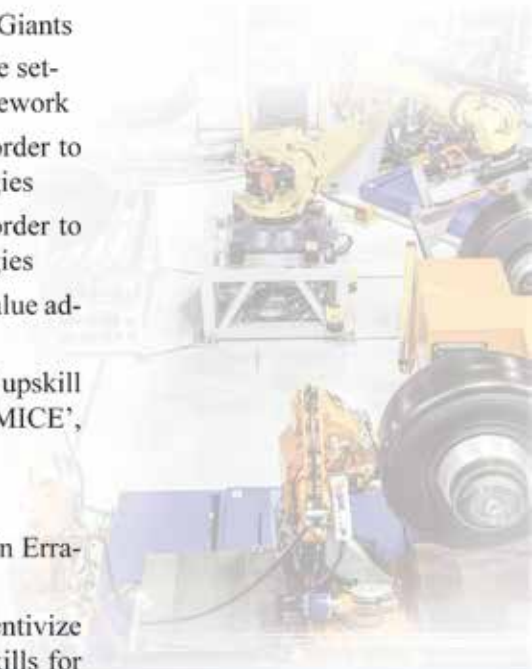
FOOD SECURITY AND SUSTAINABILITY

01. Introduce an 'Integrated Soil Fertility Management System' in order to improve yield, and expand cultivatable land by improving soil quality using environmentally friendly and sustainable means
02. Introduce an 'Agricultural Crop Management System' with a focus to minimize waste of harvest, transportation and storage costs, and price volatility
03. Expand the use of advance cultivating techniques among all tiers of cultivators, including Green House Agriculture, Hydroponics Agriculture and Aquaponics Agriculture
04. Re-establish and streamline farmer pension, insurance and disaster insurance schemes
05. Expand the local production of quality and environmentally/human friendly fertilizer and seeds, while enhancing research capability for the same, as well as bio-pesticides and bio-weedicides
06. Increase the milk production capacity by expanding pastures, storage, processing and research facilities
07. Identify, promote and incentivize the cultivation of export crops, value addition, world-class packaging and branding



DEVELOPING INDUSTRIES

01. Promote the establishment of regional headquarters of International Business Giants
02. Improve '*Ease of doing Business*' by streamlining all processes involved in the setting up and running of businesses, with a special focus on BOI and legal framework
03. Expand facilities at Free-trade zones and review fiscal/incentive policies in order to attract the type of industries that best match the country's development strategies
04. Expand facilities at Free-trade zones and review fiscal/incentive policies in order to attract the type of industries that best match the country's development strategies
05. Maximize the excavation output of natural mineral deposits and enhance the value addition in order to improve the yield per ton excavated
06. Establish 'Theme Parks', expand transportation, upgrade accommodation and upskill human resources required for Tourism with special attention to needs of 'MICE', Health, Boutique leisure segments
07. Expand and improve information and security facilities for tourists
08. Fast-track the setting up of the Apparel Manufacturing Zones, including that in Erravur which is already in the pipeline
09. Eradicate bureaucracy and corruption hampering construction approvals, incentivize with tax incentives and expand the institutes for training youth in required skills for the construction sector



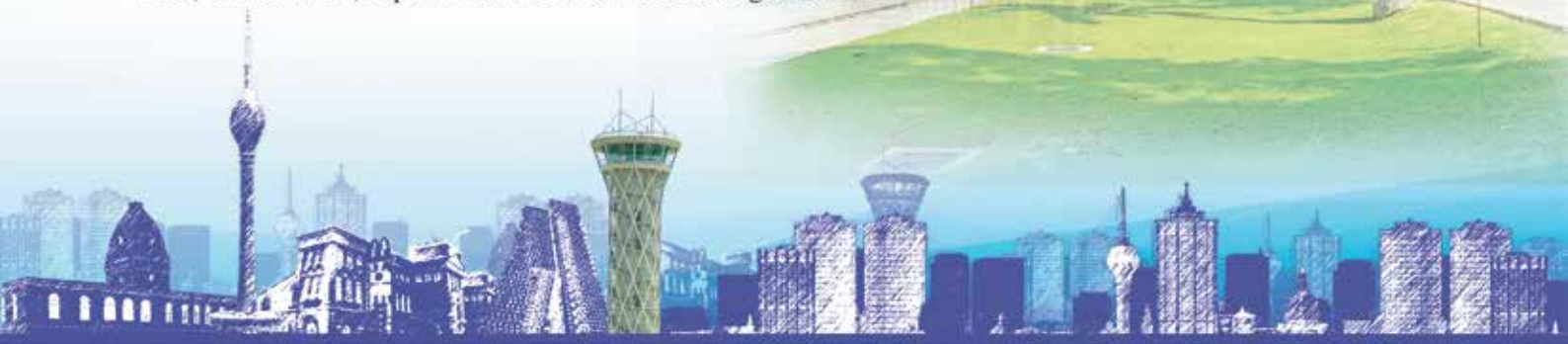
TECHNOLOGY DRIVEN SOCIETY

01. Work towards making Sri Lanka a 'Global Innovative Hub' by maximising the familiarity, knowledge and research on latest technologies such as Internet (IoT) based and Artificial Intelligence (AI) based technologies, Biotechnology, Robotics, Augmented Reality, Cloud Computing, Nano-technology and 3D Printing
02. Create a 'Citizen Centric Digital Government' by the transformation of Public Sector service delivery through Digitization
03. Expand and enhance high-speed communication systems, the use of Electronic Payment Systems, facilitate Cross-border E-Commerce and International E-Payments, while ensuring Data Protection, Cyber Security, Intellectual Property
04. Provide facilities and incentives to Business Process Outsourcing (BPO) Knowledge Process Outsourcing (KPO) with a view to expand its contribution to USD 5billion by 2025



DISTRICT AND URBAN DEVELOPMENT

01. District specific development programs to address local development and human issues while capitalizing on local resources and human specializations
02. Establish 4 Super Cities – Colombo, Jaffna, Trincomalie and Hambanthota which would be complete with both Ports and Airports to facilitate economic corridors
03. Develop National Cities – Kandy, Anuradhapura, Gampaha, Rathnapura, Galle, Mannar, Batticaloa, and Kurunegala, preserving their historical heritage
04. Develop Connecting Cities – Putlam, Negombo, Potuvil, Dambulla, Matara, Nuwara Eliya, and Buttala to connect the Economic Corridors connecting the Super and National cities
05. Develop Cluster Cities – focused on specific sectors such as Information Technology, Knowledge, Research, Tourism and Services
06. Colombo – Join the Central Business District with the new Port City to develop a new International Commerce and Financial Hub, connected by high-speed railways (MRT / LRT), Circular and High-way Access Roads, with a special emphasis on beautification, environment, superior utilities and waste management





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