

ECONOMIC AND SOCIAL INFRASTRUCTURE

3.1 Overview

Amid the varied and multi-faceted challenges posed by COVID-19 in 2020, that are still continuing, the economic and social infrastructure of the country experienced several setbacks in relation to both service delivery and development activities. However, the strong infrastructure base of the country served as a buffer and facilitated the continuation of economic activity, during this period of unique challenges. Domestic transport activities, which reached an almost standstill level with the nationwide mobility restrictions from mid-March to end-April 2020, gradually picked up thereafter, despite a few episodes of declines due to localised lockdowns. International airports of the country remained closed for tourist arrivals in 2020 from mid-March onwards. During the year, the performance of the ports sector was adversely affected by the disruptions to global logistical networks and the identification of several COVID-19 positive patients at the Sri Lanka Ports Authority. Several infrastructure development projects progressed at a modest pace due to mobility restrictions, physical distancing, and other COVID-19 related health regulations. While the nationwide lockdown during the second quarter of the year caused a significant reduction in the demand for energy, it gradually returned to pre-pandemic levels thereafter. Despite the disruptions caused by the COVID-19 pandemic, the resilient growth performance of the economy was underpinned by the consistent investment in socioeconomic infrastructure over the past several decades. The continuity of economic activity amid several COVID-19 related restrictions was greatly facilitated by the telecommunications sector, which proactively adapted to the challenges posed by COVID-19 and strived to ensure seamless virtual connectivity during the lockdown period. Throughout the year, operators proactively offered several innovative packages at competitive prices targeted at providing cost-effective data solutions for education and work purposes, as well as ensuring social connectivity amidst the physical distancing measures during the pandemic. Meanwhile, the proactive and efficacious service delivery of the health sector in collaboration with numerous other stakeholders enabled the effective curbing of the spread of the virus, low fatality rates, and the relatively rapid restoration of normalcy to economic activity. However, the country continued to struggle with the burden of Non-Communicable Diseases and several health sector initiatives were undertaken to ensure the continuity of medical care to affected patients despite COVID-19 related restrictions. Amidst the intermittent closure of schools and universities, educational activities

continued through digital platforms, except in a few remote areas where transmission facilities were not available. National examinations for the academic year, although delayed, were successfully held. In light of the disproportionately high impact of COVID-19 on low-income segments of the population, the Government paid an allowance and provided other relief measures to vulnerable families and individuals enabling them to meet their daily needs. However, issues relating to targeting poverty relief continued to weigh negatively on the efficacy of these costly interventions. As observed in 2020, consistent investment in uplifting both the quantity and quality of socioeconomic infrastructure can serve as a buffer to the macroeconomy, in terms of resilience and continuity of economic activity, and the microeconomy, in terms of preventing any further widening of prevalent socioeconomic disparities. Considering the changing nature and the severity of economic shocks and volatilities, a robust infrastructure base can smoothen the resultant adverse economic consequences and ensure that the growth process over the medium term, remains sustainable and inclusive.

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3.2 Economic Infrastructure Policies, Institutional Framework and Performance

Petroleum

While the COVID-19 pandemic caused global crude oil prices to reach unprecedentedly low levels in March 2020, a rapid recovery in prices was registered towards the end of the year. The average crude oil price (Brent) declined by 32.3 per cent to US dollars 43.35 per barrel in 2020 compared to the average price of US dollars 64.04 per barrel recorded in the previous year. However, throughout the year, crude oil prices displayed significant volatility. Crude oil prices, which were buoyed by geopolitical tensions at the beginning of the year, declined sharply with the spread of the COVID-19 pandemic. The lowest Brent crude oil price since 2000 was recorded in mid April 2020. The West Texas Intermediate (WTI) price fell to negative levels for the first time in history, recording negative US dollars 37.63 per barrel in April 2020, due to continued production despite weak demand and lack of storage capacity. On the demand front, the imposition of lockdowns and mobility restrictions weighed negatively on prices whereas in relation to supply, the Organisation of the Petroleum Exporting Countries (OPEC) undertook

several supply cuts throughout the year to keep prices elevated. However, from November 2020 onwards, an upward trend in global crude oil prices was observed with renewed economic optimism. By the end of the year, daily crude oil prices had risen to US dollars 51.34 per barrel. In line with the trends in global crude oil prices, the average price of crude oil imported by the Ceylon Petroleum Corporation (CPC) declined to US dollars 45.57 per barrel during 2020 compared to the average import price of US dollars 68.80 per barrel recorded during 2019. During the first quarter of 2021, as well, crude oil prices were volatile on a daily basis and remained largely within the range of US dollars 60 – 70 per barrel with markets weighing in several factors such as the deployment, supply and health

Figure 3.1
Average Price of Crude Oil (Brent) in the International Market and the Crude Oil Import Prices of the CPC

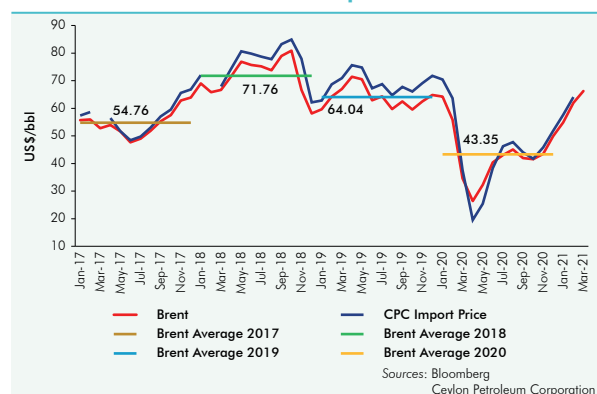
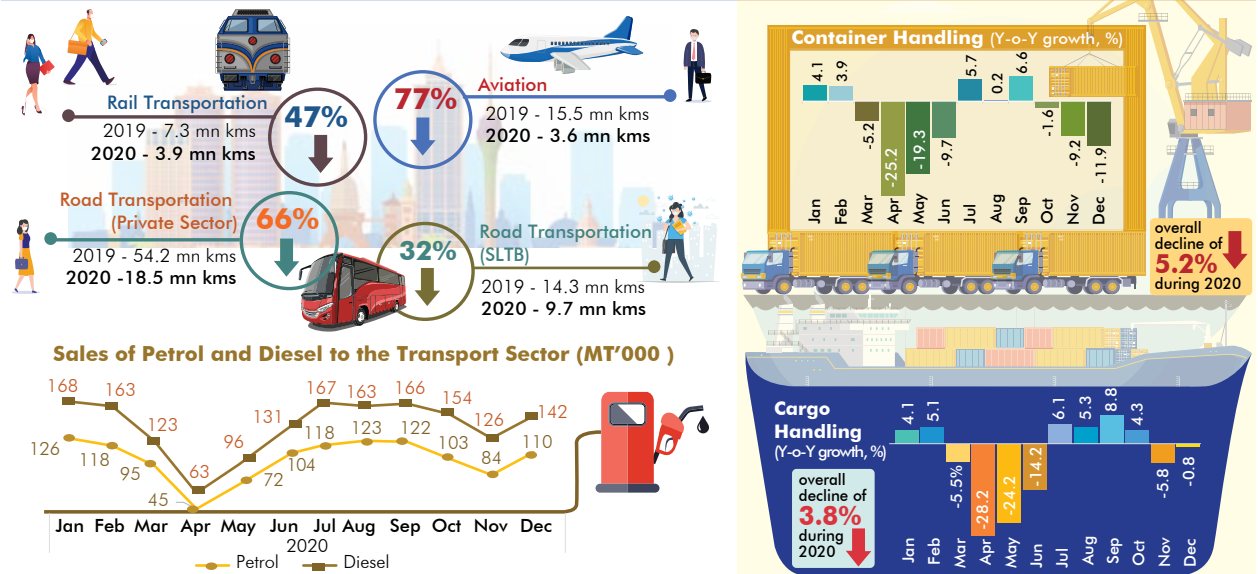


Figure 3.2
Performance of Economic and Social Infrastructure

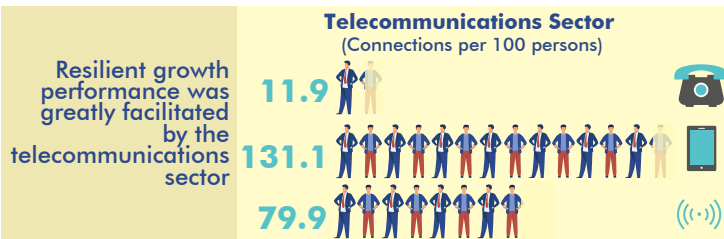
Consistent public investment in the socioeconomic infrastructure base of the country over several decades helped smoothen adverse economic consequences stemming from COVID-19 by facilitating the continuity of economic activity.

Although transport activities were dampened by COVID-19, a recovery was observed towards the end of the year.

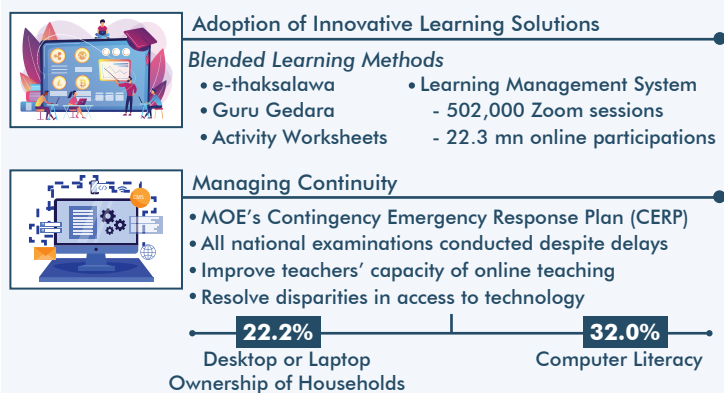
Port activities also experienced a significant setback during the year.



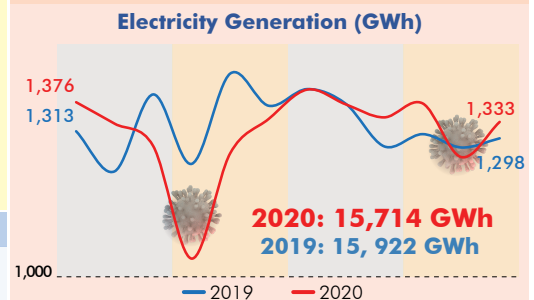
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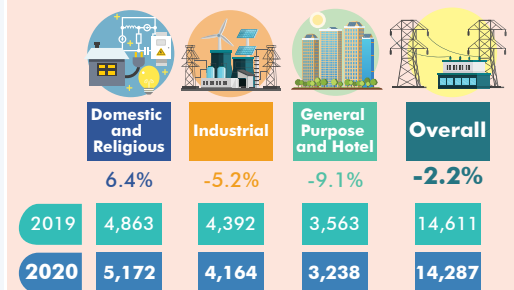
Innovative Attempts to continue Education



Electricity generation recorded a marginal decline.



Electricity Sales Performance of Key Categories



Efficient service delivery of the health sector enabled the effective curbing of the spread of the virus, low fatality rates, and the relatively rapid restoration of normalcy to economic activity.

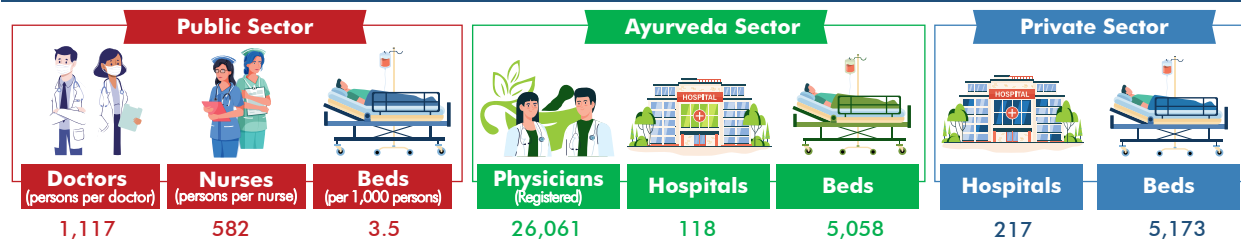


Table 3.1
Revisions to Domestic Prices of Petroleum Products

	Last Revision Date	Price (Rs./ltr) as at end 2020
Ceylon Petroleum Corporation (CPC)		
Petrol 92	11.09.2019	137.00
Petrol 95	11.09.2019	161.00
Auto Diesel	13.03.2019	104.00
Kerosene	13.06.2018	70.00
Lanka IOC PLC		
Petrol 92	23.05.2020	137.00
Petrol 95	11.09.2019	164.00
Auto Diesel	14.05.2019	104.00

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC

3 concerns regarding the COVID-19 vaccines, fresh lockdowns amidst rising cases and new variants of the virus, the continued push by governments for economic recovery, OPEC's supply cuts as well as the brief blockage of the Suez Canal. The average Brent crude oil price in the first quarter of 2021 stood at US dollars 61.22 per barrel.

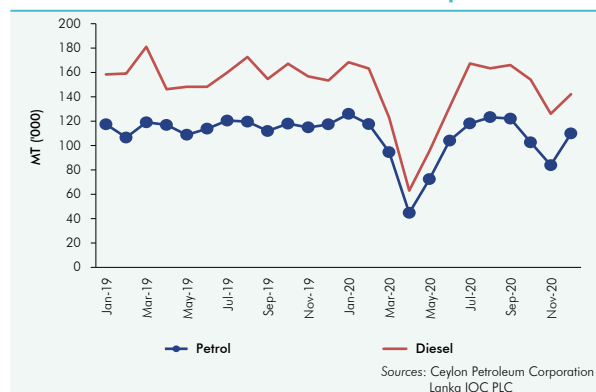
Subsequent to the price revisions made in September 2019, no revisions were undertaken to domestic retail prices of key petroleum products. Nevertheless, prices of both Furnace Oil 800 and Furnace Oil 1,500 were reduced by Rs. 26.00 to Rs. 70.00 per litre respectively, in 2020, to afford some concession to the Ceylon Electricity Board (CEB) for thermal power generation. The concession was later extended to Independent Power Producers (IPPs) as well. Meanwhile, the Lanka IOC PLC (LIOC) revised domestic retail prices three times during the first half of 2020.

In March 2020, the Fuel Price Stabilisation Fund (FPSF) was established with a view to ensure equitable distribution of the benefits of the unusual decline in international oil prices across the economy, rather than revising domestic fuel prices. Upon establishment, Rs. 47.5 billion of funds were raised from the Central Bank of Sri Lanka (CBSL) through Treasury bill issuances in March 2020. From end April 2020, fuel surcharges were imposed on imports of petrol,

super diesel and auto diesel and funds collected from the surcharges were channeled to the FPSF. However, the surcharge on imports of Petrol 92 was lifted in June 2020, while the surcharges on Petrol 95, Auto Diesel and Super Diesel were revised downwards. Subsequently, all existing surcharges on imports of petroleum products were lifted in February 2021. During 2020, approximately Rs. 69.2 billion had been accumulated in the FPSF, including funds raised from the CBSL, of which Rs. 48.0 billion was utilised for the partial settlement of the dues of the CEB to the CPC and approximately Rs. 21.0 billion was utilised for the settlement of Treasury bills issued to the CBSL.

During the year, sales volumes of petroleum products in the domestic market contracted by 16.8 per cent, reflecting the impact of mobility restrictions and the slowdown in economic activity due to the disruptions caused by the COVID-19 outbreak, particularly in the second quarter of the year. Accordingly, sales volumes of the CPC and the LIOC contracted by 16.9 per cent and 15.7 per cent, respectively, during the year. In line with the overall slowdown in sales of petroleum products in the domestic market, the sales volume of the CPC to the transport sector recorded an overall decline of 13.6 per cent in 2020. Meanwhile, with the decline in the thermal share of power generation, sales of diesel for power

Figure 3.3
Sales of Petrol and Diesel to the Transport Sector



generation registered a notable contraction of 61.0 per cent in 2020, while sales of furnace oil for thermal power generation increased by around 8.9 per cent during the period. Further, the effects of COVID-19 on activity in the industrial and aviation sectors led to contractions in the sales of petroleum products to these sectors during the year.

During 2020, refinery output of the CPC recorded an overall decline of 7.7 per cent. While overall crude oil throughput declined by 9.6 per cent, refinery output of diesel and petrol contracted by 13.9 per cent and 11.6 per cent, respectively. The total volume of imports of refined products by the CPC also declined by 22.0 per cent during the year, reflecting subdued domestic demand for fuel due to COVID-19 related mobility restrictions.

The CPC's financial performance improved in 2020 as domestic prices of key petroleum products were maintained without change, despite the relatively low level of global oil prices. As per unaudited provisional financial estimates, the CPC recorded an operational profit of Rs. 33.9 billion in 2020 compared to an operational loss of Rs. 19.1 billion in the previous year. Sales of petroleum products to the major sectors of transport, power generation, aviation and industries yielded operational profits in 2020. However, the depreciation of the rupee against the US dollar resulted in an exchange rate variation loss of Rs. 21.8 billion to the CPC during the year given the large foreign currency exposure of the CPC. This weighed negatively on the overall profit (before taxes) of the CPC, which stood at Rs. 2.4 billion in 2020 in comparison to a loss of Rs. 11.8 billion recorded in the previous year. Meanwhile, borrowings of the CPC from the banking sector increased by Rs. 74.1 billion during the year to Rs. 381.8 billion in 2020, while deposits with domestic Licensed Commercial Banks reached Rs. 63.9 billion by end 2020 compared to Rs. 30.0 billion at end 2019. The CPC's outstanding trade receivables from public corporations declined by

Rs. 10.5 billion to Rs. 142.7 billion in 2020 due to the CEB's partial settlement of liabilities during the year. By end 2020, trade receivables from the CEB and SriLankan Airlines accounted for around 89.2 per cent of total trade receivables of the CPC.

Table 3.2
Petroleum Sector Performance

Item	2019 (a)	2020 (b)	Growth Rate (%)	
			2019 (a)	2020 (b)
Quantity Imported (mt '000)				
Crude Oil	1,842	1,667	10.0	-9.5
Refined Products	4,740	4,028	-4.4	-15.0
Coal	2,390	2,600	10.3	8.8
L.P. Gas	430	437	4.1	1.7
Domestic L.P. Gas Production (mt '000)	27	25	22.2	-6.4
Value of Imports (CIF)				
Crude Oil (Rs. million)	173,547	107,665	8.5	-38.0
(US\$ million)	971	583	-0.8	-39.9
Refined Products (Rs. million)	483,462	321,818	1.7	-33.4
(US\$ million)	2,706	1,742	-7.9	-35.6
Coal (Rs. million)	38,719	40,194	-0.1	3.8
(US\$ million)	215	217	-9.3	1.3
L.P. Gas (Rs. million)	43,156	43,812	-	1.5
(US\$ million)	241	236	-9.1	-2.2
Average Price of Crude Oil (CIF)				
(Rs./bbl)	12,302	8,415	-1.4	-31.6
(US\$/bbl)	68.80	45.57	-9.8	-33.8
Quantity of Petroleum Exports (mt '000)	984	798	-10.0	-18.9
Value of Petroleum Exports (Rs. million)	93,194	68,849	-8.2	-26.1
(US\$ million)	521	374	-16.2	-28.3
Local Sales - Refined Products (mt '000)	5,528	4,600	4.8	-16.8
o/w Petrol (92 Octane) (c)	1,269	1,139	7.6	-10.2
Petrol (95 Octane)	158	120	-16.6	-23.6
Auto Diesel (d)	2,139	1,750	7.7	-18.2
Super Diesel	85	69	-16.3	-18.8
Kerosene	206	176	-1.6	-14.8
Furnace Oil	1,011	971	6.6	-4.0
Avtur	474	189	-5.0	-60.2
Naphtha	162	165	18.1	1.7
Local Sales - L.P. Gas (mt '000)	466	473	7.0	1.5
Local Price (End Period) (Rs./litre)				
Petrol (92 Octane)	137.00	137.00	9.6	-
Petrol (95 Octane)	161.00	161.00	8.1	-
Auto Diesel	104.00	104.00	3.0	-
Super Diesel	132.00	132.00	9.1	-
Kerosene	70.00	70.00	-	-
Furnace Oil				
800 Seconds	96.00	70.00	4.3	-27.1
1,500 Seconds	96.00	70.00	-	-27.1
L.P. Gas (Rs./kg)				
Litro Gas	119.44	119.44	-13.8	-
Laugfs Gas	119.44	119.44	-13.8	-
International Crude Oil Prices (US\$/bbl)				
Brent	64.04	43.35	-10.7	-32.3
WTI	56.96	39.78	-12.4	-30.2
World Oil Supply (million bbl per day)	99.7	91.0	-0.6	-8.7
World Oil Demand (million bbl per day)	100.5	93.9	1.2	-6.6
(a) Revised	Sources: Ceylon Petroleum Corporation Lanka IOC PLC Lanka Marine Services (Pvt) Ltd Litro Gas Lanka Ltd Laugfs Gas PLC Sri Lanka Customs Bloomberg International Energy Agency			
(b) Provisional				
(c) Including XtraPremium Euro 3				
(d) Including XtraMile Diesel				

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Infrastructure development projects in the petroleum sector continued at a slow pace during 2020. The Sapugaskanda Oil Refinery Expansion and Modernisation (SOREM) project, which had not seen much progress over the past decade due to the lack of investment, was cancelled in 2020 by the CPC. The Cabinet of Ministers granted approval in November 2020 for the initiation of a new feasibility study by the CPC for the establishment of a new refinery in Sapugaskanda under a Public-Private Partnership (PPP) model with a capacity of 100,000 barrels per day. The feasibility study is also expected to consider the changing fuel needs of the economy and recent advancements in related technologies. In an attempt to induce investor appetite for gas exploration in Sri Lanka by the Petroleum Resources Development Secretariat (PRDS), the regulatory body for off-shore hydrocarbon exploration, development and production work undertaken by the Government, the National Policy on Natural Gas was gazetted in October 2020.

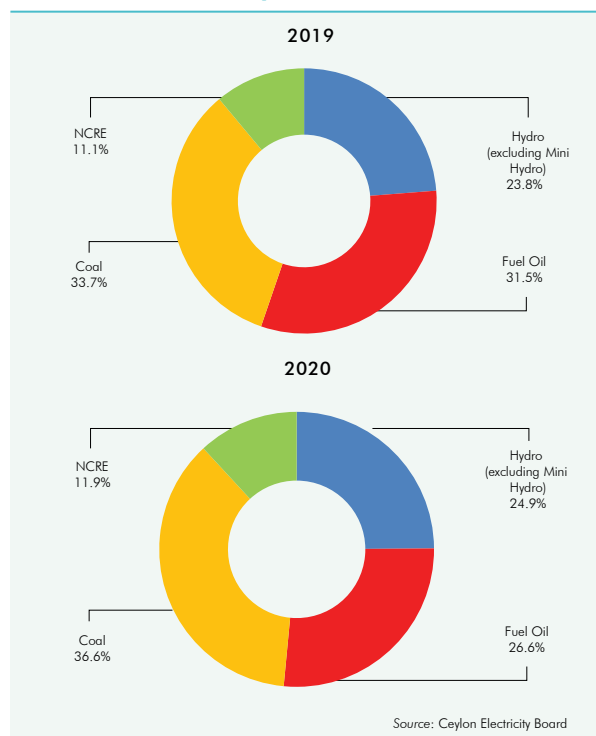
of the Kerawalapitiya coal power plant did not experience any extended closures as observed in the previous years. Further, electricity generation through coal is cheaper than fuel oil-based power generation, which includes the use of products such as furnace oil and diesel. The combined effect of increased hydro and coal power generation supported the notable reduction in the more expensive fuel oil-based power generation. Meanwhile, power generation through Non-Conventional Renewable Energy (NCRE) sources, including mini-hydro generation, registered an increase in 2020. Overall, the CEB contributed 70.9 per cent of total power generation, while Independent Power Producers (IPPs) accounted for the remainder.

As per provisional estimates, electricity sales registered a decline of 2.2 per cent to 14,287 GWh in 2020, largely due to the reduced demand from the industrial sector that outweighed the growth in demand from the domestic sector. The reduction in sales was driven by the decline

Electricity

Total electricity generation registered a decline of 1.3 per cent to 15,714 GWh in 2020. A significant decline in generation was observed in the months of March, April, and May 2020 due to reduced electricity demand amidst lockdown measures which were imposed to curb the COVID-19 spread. A rebound in electricity generation was observed in June 2020 with the removal of the nationwide lockdown and the gradual return of the economy to normalcy. However, a declining trend in total generation was recorded towards the latter part of the year owing to the second wave of the pandemic. In terms of the generation mix, hydropower generation increased during 2020 supported by sufficient rainfall received in the catchment areas leading to healthy reservoir levels. Coal power generation also increased during 2020, since units

Figure 3.4
Electricity Generation Mix



in demand from the industrial, general-purpose and hotel categories, reflecting subdued economic activities as a result of the COVID-19 outbreak. Meanwhile, mobility restrictions imposed to curtail the COVID-19 pandemic required people to stay at home, resulting in a significant increase in sales to the domestic sector. During the year under consideration, sales to the domestic, government, industrial, general-purpose and hotel sectors accounted for 35.6 per cent, 1.4 per cent, 29.1 per cent, 19.9 per cent and 1.3 per cent of total sales, respectively. However, issues in manual billing of electricity consumption during lockdown periods inconvenienced both electricity consumers and the CEB. This highlights the importance of shifting to smart metering technology, which will allow remote access to consumption data and enable estimation of real-time usage. Such technology is particularly relevant during periods of social or physical disruptions.

Table 3.3
Electricity Sector Performance

Item	2019 (a)	2020 (b)	Growth Rate (%)	
			2019 (a)	2020 (b)
Installed Capacity (MW)	4,217	4,263	4.1	1.1
Hydro (c)	1,399	1,383	-	-1.1
Fuel Oil (d)	1,282	1,268	12.8	-1.1
Coal	900	900	-	-
NCRE (e)	636	713	4.1	12.1
Units Generated (GWh)	15,922	15,714	3.6	-1.3
Hydro (c)	3,783	3,911	-26.5	3.4
Fuel Oil (d)	5,016	4,182	38.2	-16.6
Coal	5,361	5,754	12.5	7.3
NCRE (e)	1,761	1,866	-3.8	5.9
Total Sales by CEB (GWh)	14,611	14,287	3.7	-2.2
Domestic and Religious	4,863	5,172	4.8	6.4
Industrial	4,392	4,164	2.4	-5.2
General Purpose and Hotel (f)	3,563	3,238	4.4	-9.1
Street Lighting	109	109	0.1	0.2
Bulk Sales to LECO	1,684	1,605	2.7	-4.7
LECO Sales (GWh)	1,646	1,569	5.1	-4.7
Domestic and Religious	692	716	8.1	3.4
Industrial	293	269	1.7	-8.1
General Purpose and Hotel (f)	640	562	3.7	-12.1
Street Lighting	21	22	-	2.4
Overall Transmission and Distribution Loss of CEB (%)	8.2	9.1	-1.3	10.3
Number of Consumers ('000) (g)	6,501	6,636	2.3	2.1
o/w Domestic and Religious	5,692	5,792	2.0	1.8
Industrial	64	66	2.8	2.5
General Purpose and Hotel (f)	744	777	4.9	4.5

- (a) Revised
(b) Provisional
(c) Excluding mini hydro power plants
(d) Inclusive of Independent Power Producers (IPPs)
(e) Refers to Non-Conventional Renewable Energy including mini hydro
(f) Inclusive of sales to government category
(g) Inclusive of LECO consumers

Sources: Ceylon Electricity Board (CEB)
Lanka Electricity Company
(Pvt) Ltd (LECO)

The financial performance of the CEB was relatively better during 2020 in comparison to the preceding year, due to the reduced reliance on costly fuel oil-based generation owing to lower demand and the favourable generation mix. As per unaudited provisional financial data, the CEB recorded a loss of Rs. 62.6 billion during 2020, compared to a loss of Rs. 97.4 billion reported in the previous year. Short term liabilities of the CEB, primarily to the banking sector, the CPC and the IPPs, decreased to Rs. 212.9 billion by end 2020, from Rs. 223.8 billion at end 2019, whereas long term outstanding liabilities of the CEB increased to Rs. 477.1 billion by end 2020 from Rs. 433.6 billion recorded at end 2019. The persistently weak financial position of the CEB underscores the need to adopt a cost reflective pricing mechanism for electricity tariffs while augmenting the generation capacity of economical energy sources, which will ensure the expeditious implementation of the long-term generation expansion plan.

The Public Utilities Commission of Sri Lanka (PUCSL) strived to ensure effective service provisioning to electricity consumers amidst

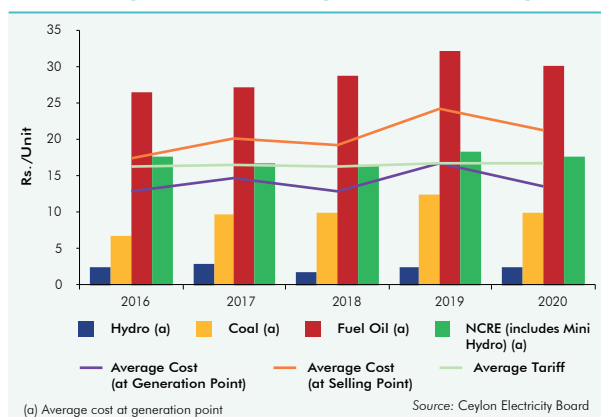
Table 3.4
Average Costs and Average Tariffs of Electricity

Item	2019	2020 (a)	Growth Rate (%)	
			2019	2020 (a)
Average Cost of CEB (Rs./kWh)	12.91	9.90	36.0	-23.3
Hydro	2.49	2.32	38.6	-7.0
Fuel Oil	32.12	29.94	11.7	-6.8
Coal	12.45	9.81	25.4	-21.2
Average Cost of Private Sector (Rs./kWh)	26.47	22.56	8.2	-14.8
Fuel Oil	30.16	27.87	-5.7	-7.6
NCRE (b)	18.22	17.55	11.6	-3.7
Overall Average Cost (Rs./kWh)				
Selling Point	24.11	21.20	26.0	-12.0
Generation Point	16.62	13.56	30.3	-18.4
Average Tariff (Rs./kWh)	16.63	16.72	2.0	0.6
Domestic	14.13	14.87	3.9	5.2
General Purpose	23.94	23.91	0.7	-0.1
Government	18.18	18.06	-0.3	-0.7
Industrial	14.72	14.84	0.0	0.8
Hotel	17.71	18.13	0.6	2.4

- (a) Provisional
(b) Average cost of hydro is included under NCRE

Source: Ceylon Electricity Board

Figure 3.5
Average Cost and Average Tariff of Electricity



the pandemic in 2020. The PUCSL, together with the CEB and Lanka Electricity Company Private Limited (LECO), prepared a guideline stipulating the bill calculation method on a pro-rata basis to ensure fairness to consumers despite delays in meter reading. Further, considering the financial difficulties of the consumers, grace periods were granted to pay electricity bills during the lockdown periods. At the same time, the PUCSL encouraged consumers to pay their bills on time to ensure the financial viability of the CEB and the LECO. The PUCSL launched a provincial mobile service to address customer complaints while providing information regarding electricity services. A database was also established containing the information of registered electricians and plumbers residing in each district, so that consumers may conveniently seek the assistance of electricians or plumbers in the proximity of their area. Meanwhile, as per the instructions of the PUCSL, the CEB revised the Least Cost Long Term Generation Expansion Plan for the period 2020-2039 with a view to ensuring the energy security of the country with due consideration to low cost power generation.

Construction activities of several power projects continued, albeit at a slower pace due to COVID-19 related restrictions. Construction

activities of the Uma Oya hydropower project (120 MW), the Moragolla hydropower project (30.5 MW) and the Broadlands hydropower project (35 MW) were under progress during the year, achieving physical progress of 96 per cent, 26 per cent and 78 per cent, respectively, by the end of 2020. The Mannar wind power project (100 MW) achieved 81 per cent physical progress by the end of the year and the plant is expected to be connected to the national grid by June 2021. Meanwhile, during the year, 33 rural electrification schemes were completed and 4,400 consumers joined the *Soorya Bala Sangramaya* (solar power generation) project, adding 64 MW capacity to the national grid.

Road Development

Despite the disruptions caused by the pandemic, particularly during the period from mid-March to end-April, the Road Development Authority (RDA) continued to carry out its development activities during 2020. As at end 2020, the total length of National Highways, comprising class A and B roads, maintained by the RDA measured 12,224 km approximately, while the total length of expressways was 271.7 km. During the year, the RDA incurred Rs. 226.1 billion for the maintenance and development of expressways and highways, widening and improvement of roads, construction of bridges and flyovers, and rehabilitation of roads affected by natural disasters. This expenditure was 48 per cent higher than the expenditure incurred in 2019. Accordingly, during the year, the RDA spent Rs. 99.7 billion and Rs. 92.6 billion on the development of expressways and highways, respectively, while spending Rs. 17.5 billion on the construction of bridges and flyovers. However, the actual expenditure incurred during the year remained below the allocation of Rs. 249.5 billion for 2020.

Development activities targeted at improving the expressway network in the country continued to progress during the year.

The extension of the Southern Expressway Project from Matara to Hambantota and the development of an expressway link to Mattala continued during the year. Accordingly, the expressway link that connects Godagama, Palatuwa, Beliatta and Barawakumbuka was opened to the public in February 2020. Construction activities of the expressway from Mattala to Hambantota through Andarawewa were also completed in 2020. Meanwhile, construction work of the Central Expressway, which comprises two expressway sections from Kadawatha to Meerigama and from Meerigama to Kurunegala continued during the year under review. Although the physical progress attained of the Kadawatha to Meerigama section was merely 5.4 per cent by end of 2020, the physical progress of the Meerigama to Kurunegala section averaged around 83 per cent for contract packages A, B, C and D. Delays were experienced in land acquisition activities relating to the Central Expressway sections from Pothuhera to Galagedara and from Kurunegala to Dambulla due to lack of funds as well as the accumulation of outstanding payments during the year. Although the feasibility study of the proposed Ruwanpura expressway was completed during the first half of 2018, it was reassessed in 2020 for the Ingiriya to Pelmadulla section of the Expressway, with special emphasis on the environmental impact. Land acquisition under Phase I of the Ruwanpura Expressway, which covers the section from Kahathuduwa to Ingiriya, had attained physical progress of 60 per cent by end 2020.

In light of the mobility restrictions implemented during the year, vehicular traffic along the expressways declined. Accordingly, the daily average number of vehicles that travelled

on the Southern Expressway (from Kottawa to Godagama), the Colombo Katunayake Expressway and the Outer Circular Highway declined by 16.6 per cent, 26.4 per cent and 0.5 per cent, respectively, during 2020. As a result, the overall revenue generated from expressways declined by 15.5 per cent to Rs. 7.3 billion in 2020.

Amid COVID-19 related disruptions, the RDA continued several road and bridge development programmes during 2020.

With the imposition of lockdown measures in early 2020, several road development projects came to a temporary halt due to the restricted mobility of workers as well as limitations relating to the importation of required construction materials. Meanwhile, land acquisition for the Baseline Road Project - Phase III was in progress during the year and 48.6 per cent of required land lots had been acquired by end 2020. The environmental impact assessment of Phase I of the Elevated Highway project was completed in 2020 and the land acquisition and resettlement processes were underway. The feasibility study of Phase II of the same project, which comprises the section from Rajagiriya to Athurugiriya was also completed during the year. In 2020, feasibility studies related to the construction of the flyovers in Alawwa, Muththettugala and Slave Island were also completed, while those for the Kochchikade Bypass and the Marine Drive extension project from Dehiwala to Panadura were underway. Aligning with the National Policy Framework, a programme to develop an alternative road system of 100,000 km to increase access to main roads and expressways commenced during the year. Further, under the Central Expressway Section 2 project, road improvement activities related to two national roads from Pasyala to Giriulla and from Alawwa to Dampalassa commenced in 2020 to enhance the Central Expressway connectivity.

Road Passenger Transportation

Road passenger transportation recorded a subdued performance in terms of both public and private sector transport operations due to the imposition of COVID-19 related mobility restrictions. The island-wide lockdown imposed from mid-March to end-April resulted in a temporary suspension of public passenger transportation. Although public passenger transportation activities gradually improved with the easing of mobility restrictions from early May, transport activities were again affected in the final quarter of 2020 due to localised lockdowns. Accordingly, the Sri Lanka Transport Board (SLTB) and private bus operators registered substantial declines in operated kilometrage and passenger kilometrage during 2020. During the year, operated kilometrage and passenger kilometrage of the SLTB recorded declines of 28.4 per cent and 32.2 per cent, respectively. Meanwhile, the average number of buses operated by the SLTB declined from 5,048 in 2019 to 4,045 in 2020. Passenger kilometrage and operated kilometrage of private bus operators witnessed significant declines of 65.8 per cent and 64.9 per cent, respectively, during 2020. As at end 2020, only 53.6 per cent of the total number of private buses were in operation, compared to 92.9 per cent as at end 2019. Meanwhile, as at the end of the year, 3,069 inter-provincial and 17,054 intra-provincial bus permits had been issued by the National Transport Commission (NTC) for private bus operations.

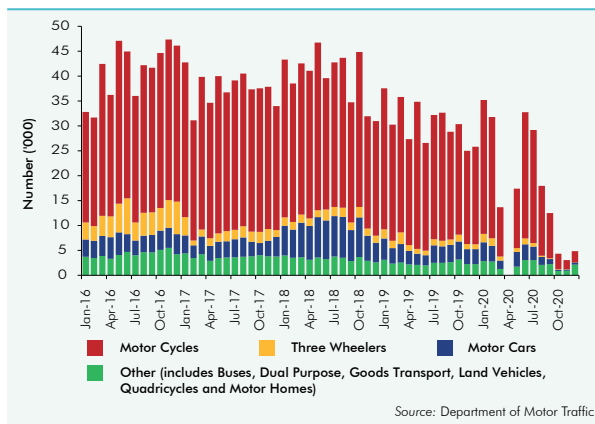
The transport expansion activities that were to be implemented by the NTC experienced significant disruptions during 2020. During the year under review, the NTC continued to focus on extending its special bus services, namely *Sisu Seriya*, *Gemi Seriya* and *Nisi Seriya* in collaboration with the SLTB, to provide special public transport

services amid the COVID-19 pandemic. There were 30 new additions to the *Sisu Seriya* services in early 2020. Due to disruptions in public transport activities, only one new *Gemi Seriya* service was initiated during the year, raising the total number of *Gemi Seriya* services to 16 by end 2020. During the year, 13 new *Nisi Seriya* bus services were introduced to facilitate public transportation during the night hours, thereby increasing the total number of services to 192 by end December 2020. The expenditure incurred on the *Sisu Seriya*, *Gemi Seriya* and *Nisi Seriya* services amounted to Rs. 385.6 million, Rs. 4.2 million and Rs. 12.3 million, respectively, during 2020. Due to seating capacity limitations introduced to transport services, in view of the COVID-19 health regulations, private bus operators raised concerns regarding declining revenues. Accordingly, the Cabinet of Ministers granted special approval in November 2020 for the upward revision of bus fares for normal services by 20 per cent.

The SLTB's financial performance was negatively affected by the limited operation and usage of public transport amidst the COVID-19 pandemic. According to provisional unaudited financial statements, total revenue of the SLTB declined by 28.2 per cent to Rs. 31.2 billion owing to reduced passenger movements. The SLTB, which had been operationally profitable in recent years, reported an operating loss of Rs. 2.3 billion in 2020 compared to an operating profit of Rs. 1.6 billion recorded in 2019. Meanwhile, subsidies granted by the Government for the operation of uneconomical routes and for subsidised season tickets amounted to Rs. 10.7 billion in 2020, in comparison to Rs. 10.9 billion recorded in 2019.

New registrations of motor vehicles declined drastically during 2020 as a result of policy measures taken by the Government and the Central Bank to curtail non-essential imports,

Figure 3.6
New Registration of Motor Vehicles



including the importation of motor vehicles for personal use. Accordingly, new registrations of motor vehicles declined by 44.8 per cent in 2020. Notable reductions in registrations were witnessed across all vehicle categories with new registrations of motor cars, buses and three wheelers declining by 45.0 per cent, 64.2 per cent, and 53.8 per cent, respectively.

Rail Transportation

The operations of the Sri Lanka Railways (SLR) recorded a weak performance during 2020, impacted by mobility restrictions imposed to curb the spread of COVID-19. Accordingly, overall operated kilometrage and passenger kilometrage of the SLR declined notably by 28.9 per cent and 46.6 per cent, respectively, during the year. With the removal of the nationwide mobility restrictions from end-April 2020 onwards, rail passenger kilometrage recovered gradually, but remained below the average rail passenger kilometrage recorded in the pre-pandemic period. Although goods kilometrage recorded a significant contraction during the period from March to May 2020, the overall decline during the year was limited to 1.1 per cent with a recovery observed in freight transportation in the latter part of the year.

The financial performance of the SLR continued to weaken in 2020, reflecting the impact of the decline in train operations during the year. The SLR's operating loss further expanded to Rs. 10.1 billion in 2020, in comparison to the operating loss of Rs. 7.6 billion in 2019. Total revenue of the SLR declined by 42.2 per cent in 2020, largely driven by a 45.6 per cent contraction in revenue generated from passenger transport. In the meantime, the 35.9 per cent increase in the total expenditure of the SLR is to be primarily attributed to the substantial increase in capital expenditure during the period under review. This was due to the increase in payments made for the procurement of rolling stocks and for the Maho-Omanthei track rehabilitation project.

Infrastructure development and improvement activities undertaken by the SLR to ensure efficient passenger and freight transportation in the country were disrupted by the COVID-19 pandemic. However, the SLR continued to carry out several development and enhancement activities during the period, albeit at a slower pace. During 2020, the rehabilitation of the Maho-Omanthei railway line project continued, while double tracking of the railway lines from Polgahawela to Kurunegala and from Payagala South to Aluthgama commenced during the period. Rehabilitation activities of railway stations continued during the year with several railway stations located in areas with tourist attractions undergoing renovation with the financial assistance of the Sri Lanka Tea Board. Meanwhile, with a view to enhancing the rolling stock position, the SLR procured ten locomotives, six normal power sets, nine up country service-related power sets, twenty float wagons and thirty oil tank wagons during 2020. Advance payments were made to purchase two air-conditioned power sets and 160 passenger coaches from India. The project to rehabilitate 200 passenger coaches continued and 50 passenger

Table 3.5
Salient Features of the Transport Sector

Item	2019 (a)	2020 (b)	Growth Rate (%)	
			2019 (a)	2020 (b)
1. New Registration of Motor Vehicles (No.)	367,303	202,628	-23.6	-44.8
Buses	1,613	578	-45.5	-64.2
Motor Cars	38,232	21,021	-52.7	-45.0
Three Wheelers	15,490	7,150	-22.8	-53.8
Dual Purpose Vehicles	13,459	9,532	-20.5	-29.2
Motor Cycles	284,301	151,634	-16.3	-46.7
Goods Transport Vehicles	5,223	3,941	-44.3	-24.5
Land Vehicles	7,666	8,302	-25.4	8.3
Quadricycles and Motor Homes	1,319	470	101.1	-64.4
2. Sri Lanka Transport Board				
Operated Kilometres (million)	431	309	-3.4	-28.4
Passenger Kilometres (million)	14,346	9,725	-7.7	-32.2
Total Revenue (Rs. million)	43,490	31,233	-1.4	-28.2
Operating Expenditure (Rs. million)	41,933	33,565	-	-20.0
Operating Profit (+) / Loss (-) (Rs. million)	1,557	-2,331	-28.2	-249.8
3. Sri Lanka Railways				
Operated Kilometres ('000)	11,230	7,990	-3.5	-28.9
Passenger Kilometres (million)	7,310	3,906	-5.2	-46.6
Freight Ton Kilometres (million)	116	114	-3.5	-1.1
Total Revenue (Rs. million)	7,901	4,567	6.6	-42.2
Operating Expenditure (Rs. million)	15,464	14,618	7.5	-5.5
Operating Profit (+) / Loss (-) (Rs. million)	-7,562	-10,051	8.5	32.9
4. Sri Lankan Airlines				
Hours Flown	106,950	41,585	-2.8	-61.1
Passenger Kilometres Flown (million)	15,509	3,641	-4.1	-76.5
Passenger Load Factor (%)	83	56	-0.4	-32.6
Weight Load Factor (%)	74	62	-1.2	-16.8
Freight (mt '000)	123	56	-9.5	-54.3
Employment (No.)	6,709	6,489	-2.0	-3.3
(a) Revised	Sources: Department of Motor Traffic			
(b) Provisional	Sri Lanka Railways			
	Sri Lanka Transport Board			
	Civil Aviation Authority of Sri Lanka			

coaches were released back into service in 2020. As an extension of this project, the Cabinet of Ministers granted approval for the rehabilitation of an additional 100 passenger carriages. With the intention of improving the safety of railway crossings, initiatives were underway to procure 200 protected level crossing systems under the New Hungarian Credit Line.

Civil Aviation

The performance of the civil aviation sector experienced a notable setback in 2020, due to the sharp decline in travel and tourism related activities in the wake of the COVID-19 outbreak. The emergence of the COVID-19 pandemic crippled the global air travel industry. As per the International

Air Transport Association (IATA), international passenger demand declined by about 76 per cent in 2020. Domestically, the continued closure of airports from mid-March onwards till early 2021 weighed negatively on aviation activities in the country. Total number of aircraft movements through the Bandaranaike International Airport (BIA) showed a notable decline of 65.4 per cent to 24,931 aircraft movements, comprising 20,437 international aircraft movements and 4,494 domestic aircraft movements. Total international passenger movements at the BIA, including transit passengers, decreased significantly by 77.4 per cent to 2.6 million during 2020. Although most of the airlines utilised their aircraft for cargo operations during this period, total volume of cargo that was moved through the BIA during the year declined by 44.8 per cent to 136,043 MT. Further, the Mattala Rajapaksa International Airport (MRJA), which was used as an alternative airport to handle repatriation flights, recorded 15,482 passenger movements and 505 aircraft movements during 2020. Following the outbreak of COVID-19, international operations were not carried out by the Jaffna International Airport (JIA) from mid-March to December 2020, while four domestic flights were operated with 20 passengers onboard after resuming operations for domestic travel in October 2020. Accordingly, total passenger movements and aircraft movements at the JIA were reported as 3,502 and 140, respectively, during 2020. Further, total passenger movements in the Ratmalana Airport and the Batticaloa Domestic Airport declined by 14.7 per cent and 63.4 per cent, respectively. Although the recovery in air travel remains subdued thus far, the rapid deployment of vaccines across the world is expected to create a steady improvement in traveler sentiment. The reopening of Sri Lanka's borders in January 2021, with 'bio bubble' arrangements, will enable the country to reap the benefits of renewed interest in air travel. Meanwhile, the BIA received the 'Certificate of Accreditation' in January 2021 by the Airports

Figure 3.7
Air Passenger and Air Cargo Handling



Council International (ACI) for its commitment to prioritising health and safety measures in accordance with international recommendations. This credential is expected to boost the confidence of international travelers and airlines and validate Sri Lanka as a safe travel destination during this pandemic.

The COVID-19 outbreak and related lockdowns dampened the progress of several aviation development projects during 2020. Airport and Aviation Services (Sri Lanka) Limited (AASL) initiated a project comprising the construction of a second terminal at the BIA (package A) and the construction of remote apron and taxiways (package B). Construction work of package A commenced in November 2020 and the project is scheduled to be completed within 36 months, while package B registered a progress of 92 per cent and is scheduled to be completed within the first half of 2021. The construction of an import cargo terminal at the BIA with an additional annual capacity of 150,000 MT is also underway. Meanwhile, activities related to the Master Plan (2018-2030) to develop the Ratmalana Airport as an *'Exclusive Gateway to Colombo'* was in progress during 2020. The AASL was also engaged in the restructuring and remodelling of the existing passenger terminal building to extend the capacity at the BIA, and in the development of a dedicated access road to the BIA with a view to easing traffic congestion during

peak hours. In collaboration with other Government institutions, the AASL also undertook several health and safety measures in light of COVID-19. This included the issuance of Standard Operating Procedures to passengers and airlines, installation of a PCR laboratory and thermal scanners within the BIA premises and facilitating special flights for the repatriation of migrant workers.

Travel restrictions associated with the COVID-19 pandemic weighed negatively on the performance of SriLankan Airlines (SLA). As per provisional financial statements, SLA incurred an operating loss of Rs. 30.9 billion in the period from April 2020 to January 2021, in comparison to the Rs. 13.9 billion loss recorded during the period from April 2019 to January 2020, which also included the impact of the Easter Sunday attacks. During the period under review, revenue of SLA registered a notable decline of 75.9 per cent, while operating expenditure declined by 58.4 per cent. SLA initiated cost-cutting measures including aircraft lease contract renegotiation, employee related cost reduction, renegotiation of contractual obligations and suspension of non-essential service contracts and renegotiation of fuel prices, with a view to mitigating the impact of the COVID-19 pandemic on the financial performance of SLA. During 2020, the airline continued to engage in the repatriation of Sri Lankan nationals dispersed globally, while some charter operations were also carried out to meet new requirements. Accordingly, 39,583 passengers were repatriated through 159 flights from 01 April 2020 to 10 January 2021. Cargo operations of SLA were also expanded in view of facilitating export activities, and the current cargo network comprises 18 destinations.

Port Services

While activities in the ports experienced significant setbacks in 2020 due to the local COVID-19 outbreak and international

3 **disruptions in supply chains, it rebounded to some extent by the end of the year.** Despite the positive growth momentum observed at the beginning of 2020, the negative impact of the pandemic was evident in port activities during March and throughout the second quarter of 2020. However, a turnaround in the performance of port activities was observed in the third quarter, where both container and cargo handling activities recorded positive performance with the easing of mobility restrictions. Meanwhile, the outbreak of the second wave of the pandemic in early October weighed negatively on port sector activities during the final quarter of the year, largely due to a number of COVID-19 cases being reported among staff of the Port of Colombo. As a combination of these factors, both container handling and cargo handling activities at the Port of Colombo witnessed year-on-year contractions in 2020, along with a decline in ship arrivals. Container handling, including transshipment handling, declined in all terminals of the Port of Colombo. The Colombo International Container Terminal (CICT), Sri Lanka Ports Authority (SLPA), and South Asia Gateway Terminal (SAGT) accounted for 42.1 per cent, 30.6 per cent, and 27.3 per cent, respectively, of the total volume of containers handled at the Port of Colombo. Although SLPA and SAGT registered declines in volumes of cargo handling, CICT recorded a marginal growth of 0.6 per cent in the same. The operations of the first quay wall of the East Container Terminal (ECT) commenced in October 2020 and 41,741 Twenty-foot Equivalent Container Units (TEUs) were handled by the ECT by end December 2020.

Although vehicle handling declined notably at the Port of Hambantota during 2020, cargo handling registered a significant expansion with the diversion of some vessels from the Port of Colombo to the Hambantota Port with the outbreak of COVID-19 at the Port of Colombo. The total number of vehicles handled at the Hambantota

Table 3.6
Performance of Port Services

Item	2019	2020 (a)	Growth Rate (%)	
			2019	2020 (a)
1. Vessels Arrived (No.)	4,697	4,337	-3.6	-7.7
Colombo	4,198	3,806	-3.1	-9.3
Galle	43	22	-48.8	-48.8
Trincomalee	142	135	-24.9	-4.9
Hambantota	314	374	16.3	19.1
2. Total Cargo Handled (mt '000)	106,979	102,908	1.9	-3.8
Colombo	101,926	97,681	1.8	-4.2
SAGT	26,515	24,878	-2.0	-6.2
CICT	37,089	37,310	9.4	0.6
SLPA	38,322	35,493	-2.3	-7.4
Galle	510	404	-30.1	-20.8
Trincomalee	3,304	3,072	-7.2	-7.0
Hambantota	1,239	1,750	151.0	41.2
3. Total Container Traffic (TEUs '000) (b)	7,228	6,855	2.6	-5.2
SAGT	2,052	1,872	-0.7	-8.8
CICT	2,894	2,885	8.1	-0.3
SLPA	2,283	2,098	-1.0	-8.1
4. Transshipment Containers Handled (TEUs '000) (b) (c)	5,955	5,765	6.3	-3.2
SAGT	1,651	1,607	-2.1	-2.7
CICT	2,296	2,291	12.5	-0.2
SLPA	2,008	1,867	1.6	-7.0

(a) Provisional
(b) TEUs = Twenty-foot Equivalent Container Units
(c) Includes re-stowing

Source: Sri Lanka Ports Authority

Port declined by 14.3 per cent to 352,917, especially due to the 51.8 per cent decline in domestic vehicle handling to 16,896 vehicles. Policy measures taken by the Government to curtail motor vehicle imports contributed to the slowdown in vehicle handling at the Port of Hambantota. Meanwhile, vehicle handling carried out at the Port of Hambantota for transshipment purposes also witnessed a year-on-year contraction of 10.8 per cent to 336,021 vehicles in 2020.

Figure 3.8
Container Handling, Transshipment
Volume and Ship Arrivals

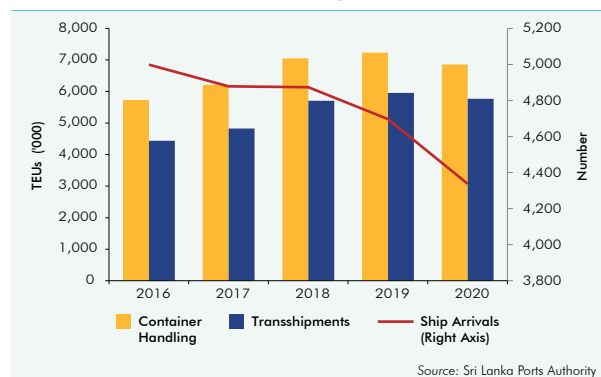
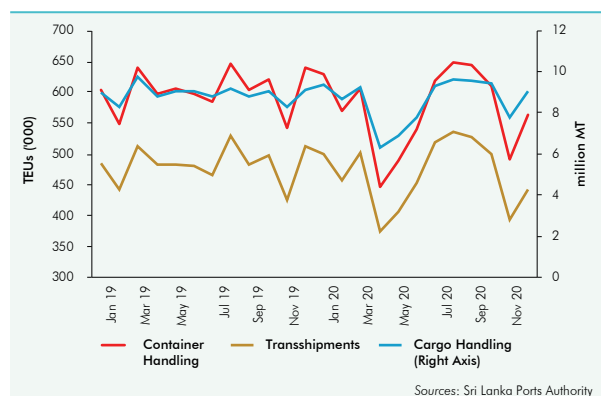


Figure 3.9
Performance of Port Activities



The Government's efforts to enhance infrastructure facilities in the major ports of the country continued during 2020, although several setbacks were caused by the COVID-19 pandemic and trade union actions. A feasibility study for the Colombo North Port Development Project was underway in 2020. The environmental impact assessment for the development and extension of the Kankesanthurai Port was completed in 2020 and the Cabinet of Ministers granted approval for land acquisition for this project. Further, the financial feasibility study for the expansion of the Ashraf Jetty at the Trincomalee Port was completed during the year. Subsequent to trade union action against the proposed foreign partnership for the ECT development project, the Cabinet of Ministers granted approval in February 2021 to operate the ECT as a container terminal fully owned by the SLPA. Further, approval was granted to develop and operate the West Container Terminal (WCT) of the Colombo Port through a partnership between SLPA and parties nominated by the Governments of India and Japan on the basis of returning the same within 35 years.

The financial performance of the SLPA improved during 2020 despite the decline in port activities. Total revenue of the SLPA declined

by 4.5 per cent to Rs. 38.9 billion, while operating expenditure also declined by 20.6 per cent to Rs. 29.7 billion. Accordingly, the SLPA recorded a profit before taxes of Rs. 20.3 billion in 2020 compared to that of Rs. 16.2 billion recorded in 2019.

Communication Services

The telecommunications sector of the country served as the cornerstone to the continuity of several key economic activities, amid mobility restrictions and health regulations imposed to curb the spread of COVID-19. Despite the mobility restrictions that were in place across the country and public health measures imposed curbing in-person attendance, activities across several key sectors, such as banking, health, education, retail and public administration, were able to continue to a great extent due to the innovative services provided by telecommunications providers. With the immediate need to transit away from physical platforms and thereby the growing demand for telecommunications services, there was a notable growth in the numbers of telephone connections. The number of mobile phone connections registered a decline.

Table 3.7
Telecommunications Sector Performance

Item	2019 (a)	2020 (b)	Growth Rate (%)	
			2019 (a)	2020 (b)
1. Fixed Access Services (No.) ('000)	2,300	2,613	-7.4	13.6
Wireline Telephones in Service	1,245	1,246	2.4	0.1
Wireless Local Loop Telephones	1,055	1,367	-16.8	29.6
2. Mobile Phones (No.) ('000)	32,884	28,739	1.1	-12.6
3. Internet connections (No.) ('000) (c)	13,408	17,524	26.9	30.7
4. Public Pay Phones (No.)	476	461	-77.7	-3.2
5. Penetration (d)				
Fixed Lines	10.5	11.9	-8.0	13.0
Mobile Phones	150.8	131.1	0.5	-13.1
Internet (c)	61.5	79.9	26.2	30.0

(a) Revised
(b) Provisional
(c) Including mobile internet connections
(d) Defined as connections per 100 persons

Sources: Telecommunications Regulatory Commission of Sri Lanka
Department of Census and Statistics

With the introduction of ‘work-from-home’ arrangements and the imposition of mobility restrictions, there was a substantial growth in internet usage. As people were largely confined to their residences amid the pandemic, there was a considerable rise in internet usage, for work, education, shopping, banking and leisure purposes. Accordingly, total internet connections, comprising mobile and fixed internet connections, grew by 30.7 per cent during 2020. While data usage continued to grow throughout the year, a sharp peak was observed during the nationwide lockdown in March and April and a second peak was observed during the second wave, during the months of October and November. Although the sector is preparing to move from 4G to 5G services, concerns have been raised regarding the quality of internet services in Sri Lanka. Continued investment in the existing network infrastructure can help resolve quality issues. This will be essential as the economy’s pace of digitalisation grows rapidly.

Given the importance of improved telecommunications services amidst the pandemic, several initiatives were undertaken by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) and the Information and Communication Technology

Figure 3.10
Telephone Penetration

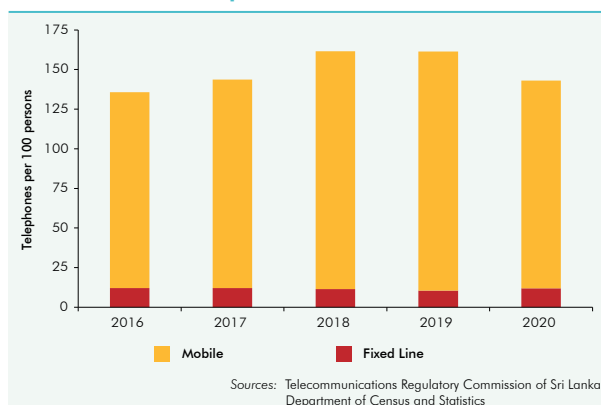
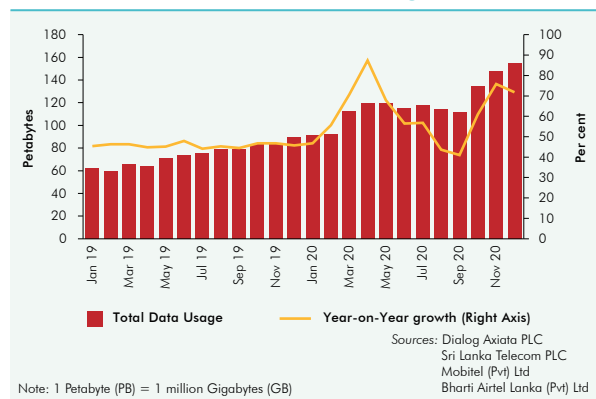


Figure 3.11
Broadband Data Usage



Agency (ICTA) to proactively guide the sector during 2020. The TRCSL commenced the *Gamata Sannivedanaya* project to identify areas of the country that are unserved or underserved in relation to 4G/Broadband coverage. Further, considering the growing demand for internet data volumes at affordable prices for work-from-home and study-from-home arrangements, the TRCSL approved several special tariff plans of various operators during the pandemic period. However, school children in some remote areas experienced numerous difficulties in accessing on-line teaching sessions, due to lack of internet and broadband coverage. This calls for remedial steps to be taken under the Government's island-wide digitalisation programme. The TRCSL is also engaged in innovative initiatives suited to the changing needs of the economy, such as mobile number portability and unlimited internet packages, which are expected to materialise during 2021. The ICTA continued to implement several projects aimed at improving the digital infrastructure base of the economy. This included the Lanka Government Network 2.0, Lanka Government Cloud 2.0, Digital Health Project and Industry Development Programme. Further, in collaboration with other institutions, the ICTA also established a video conferencing platform for Sri Lanka's state sector (meet.gov.lk), an online tool for tracing COVID-19 infected

routes (staysafe.lk), a mobile app populated by data shared by medical authorities (MyHealth app), a web portal for overseas Sri Lankans who require support from the Government (www.contactsrilanka.mfa.gov.lk) and a national website for providing COVID-19 related information (www.covid19.gov.lk).

In accordance with the National Policy strategy of 'Establishing a Technology-based Society', several activities were carried out by the Government towards firmly establishing a digital government, digital economy and digital services. Accordingly, several projects, including the *e-Grama Niladari* project, Sri Lanka Digital Economy Strategy and Enhancement of Digital Literacy of Students and Teachers were in progress during the year. Meanwhile, a National Certification Authority was established by the Sri Lanka Computer Emergency Readiness Team (SLCERT) Coordination Centre with a view to facilitating the legal, administrative and technical framework for granting, managing and enforcing the use of digital certificates.

The performance of the Department of Posts (DOP) was subdued throughout 2020 due to the COVID-19 pandemic. The outbreak weighed negatively on postal services as the Government restricted the movement of people and goods to contain the transmission of COVID-19. Disruptions in international postal networks also hampered the performance of the DOP. Amid these constraints, the DOP established a system to deliver medicines required by patients registered at clinics in Government hospitals. Further, the DOP also continued to facilitate the payment of government pensions, farmers' pensions, and elderly and other social beneficiary allowances. The DOP carried out these services through 653 main post offices, 3,409 sub post offices and 134

agency post offices. Overall, the financial position of the DOP remained weak in 2020. As per provisional financial statements, the DOP recorded an operating loss of Rs. 7.7 billion in 2020, in comparison to the loss of Rs. 5.3 billion in 2019. This was the combined outcome of a 24.2 per cent decline in revenue to Rs. 6.4 billion and a 2.2 per cent increase in operating expenditure to Rs. 14.0 billion during 2020. With due consideration to the lack of improvements in revenue compared to the rising expenses, the DOP developed a Business Development Plan with strategies to create effective income generating avenues. Considering the changing nature of activities and the needs of the economy, it is essential to focus on the urgent modernisation of the DOP's domestic and international services to reap the benefits of the growing demand for courier services.

Water Supply and Irrigation

In accordance with the Government's policy priority of ensuring the provision of clean and safe drinking water to the entire population, the National Water Supply and Drainage Board (NWS&DB) strived to increase the access to pipe borne water during 2020. Despite COVID-19 related disruptions, 122,733 new water supply connections were provided by the NWS&DB, and as at end 2020, there were 2.6 million connections. Further, access to safe drinking water in Sri Lanka increased to 93.2 per cent in 2020 from 91.9 per cent in the previous year. During the year, non-revenue water usage of the country declined slightly to 24.6 per cent from 25.1 per cent in 2019. Meanwhile, the NWS&DB recorded a net profit of Rs. 532.9 million during the year, compared to the loss of Rs. 1.2 billion recorded in the previous year. This was largely due to the increase in total revenue during the period under review. During the year, the NWS&DB undertook several

3 projects to enhance access to safe drinking water. Accordingly, the Ruwanwella Water Supply Project was commenced in 2020, aiming to provide safe drinking water to 35,000 people living in Ruwanwella, Bulathkohupitiya and Yatiyantota. Meanwhile, the Kelani Right Bank Water Supply Project II, which commenced in 2017, was completed during the year. This project seeks to provide potable water supply facilities to meet the increasing demand for water in urban areas, particularly in Kelaniya, Kadawatha, Wattala, Peliyagoda, Mahara, Ragama, Biyagama, Welisara, Kandana, Ja-ela, Pamunugama, and Ekala. Despite these efforts, some remote villages continue to experience many hardships due to non-availability of pipe-borne drinking water. The Water Supply and Sanitation Project in Jaffna and Kilinochchi was also underway during the year. The project will expand access to safe drinking water for 689,000 people in the city of Jaffna, surrounding suburbs and several townships in the peninsula. In addition, the Greater Matale Water Supply Project, which aims to address issues pertaining to low quality drinking water and low coverage of pipe borne water supply in the Matale District, was also underway during the year and is expected to be completed in 2021.

Table 3.8
Water Supply by National Water
Supply and Drainage Board

Item	2019	2020 (a)	Growth Rate (%)	
			2019	2020 (a)
Total Water Supply Schemes (No.) (b)	348	331	-	-4.9
Total New Connections provided during the period (No.)	108,850	122,733	-0.6	12.8
Total Connections (No.) (b)	2,437,504	2,560,237	4.7	5.0
Total Water Production (MCM) (c)	746	782	5.5	4.8
Non Revenue Water (%)				
Colombo City	40.6	39.2	-2.6	-3.4
Islandwide	25.1	24.6	0.5	-1.7
Access to Safe Drinking Water (per cent) (d)	91.9	93.2	1.4	1.4
Access to Pipe Borne Water (per cent) (e)	51.8	53.1	2.6	2.5

(a) Provisional

(b) As at year end

(c) MCM=Million Cubic Metres

(d) Comparative figure based on the HIES-2016 of the DCS is 88.8 per cent

(e) Includes systems managed by other authorities

Source: National Water Supply and Drainage Board

The Irrigation Department continued its activities during 2020, ensuring sustainable management of water resources for irrigation and other domestic purposes. There were 25 irrigation projects in progress during 2020 under the purview of the Irrigation Department. The total expenditure incurred during the year on irrigation projects amounted to Rs. 6.7 billion, of which expenditure on the Yan Oya Reservoir project was Rs. 5.4 billion during the year. The Uma Oya downstream development project achieved physical progress of 91.5 per cent by end 2020. The Climate Resilience Improvement Project (CRIP), which has been designed as a 5-year project spanning from 2014 to 2019 with the objective of implementing adverse climate shock resilience improvements in hydraulic infrastructure, was extended to 2020. The approved estimated cost of the CRIP is Rs. 5,736.5 million, of which Rs. 4,038.7 million had been spent by end 2020. The Productivity Enhancement and Irrigation System Efficiency Improvement project (PEISEIP), which commenced in 2017, continued to progress in 2020, albeit at a slower pace due to COVID-19 related disturbances. The project aims at enhancing land, water and crop productivity of 80 irrigation schemes in the country.

3.3 Social Infrastructure Policies, Institutional Framework and Performance

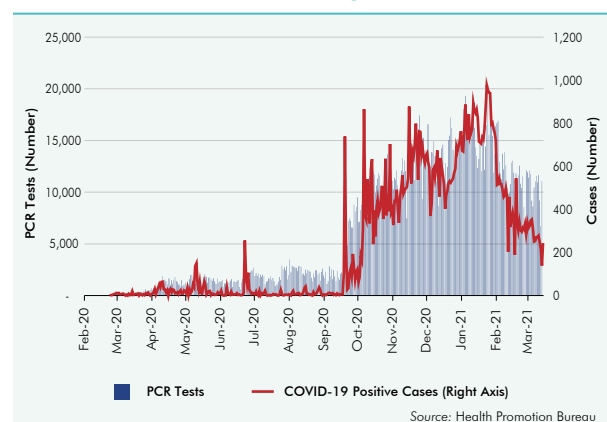
Health

Although Sri Lanka faced severe challenges in containing the two waves of the COVID-19 outbreak, collaborative actions of the health sector and other stakeholders enabled the country to maintain the case load at a manageable level during 2020. Following the identification of the first COVID-19 case in January

2020, Sri Lanka took proactive measures to rein in the outbreak through screening at entry points to the country, augmenting the testing facilities, isolating and hospitalising all infected persons, contact tracing and quarantining contacts at designated centres, and upscaling the human and physical resources to combat the pandemic, such as increasing the hospitals designated for treating COVID-19 patients and increasing intensive care unit capacities. During the first wave, the Government took early and decisive steps to curtail the spread of the virus through the imposition of a nationwide lockdown and mobility restrictions from mid-March to end-April. Although the lockdown was gradually eased from early May, limitations on social gatherings, social distancing measures and mandatory use of facemasks were continued to limit the possibility of a resurgence of the outbreak locally. Guidelines were issued instructing all sectors and the general public to embrace and work under new normal conditions, ensuring strict adherence to prevention and control measures of COVID-19. Accordingly, the first wave of the pandemic was successfully contained by end-July 2020, and since then, locally acquired COVID-19 cases were not reported until the end of the third quarter. However, the second wave of COVID-19 emerged in early October, resulting in a rapid spread of the pandemic across the country with new clusters appearing in industrial zones and main food supply chains, especially in the densely populated Western Province. Learning from the experiences in the first local outbreak and global pandemic responses, the Government implemented regional lockdown measures, depending on the risk of disease spread in different areas, instead of locking down the entire economy. Despite the sharp escalation in the number of cases during the second wave, Sri Lanka was still able to maintain the case load at a manageable level with the existing resources of the health sector.

Although the fatalities increased, in comparison to the first wave, it remained low relative to many other countries with a similar number of reported cases. Collaborative actions of the health sector, the tri forces, the police, universities and the research community, intelligence services, and numerous other public and private sector workers contributed to the effective management of the outbreak. By 31 March 2021, total number of cases and total number of deaths were 92,706 and 568, respectively. This reflected 4,229 cumulative cases per one million persons and a 0.61 per cent fatality rate. A majority of the COVID-19 deaths occurred due to non-communicable diseases (NCDs) related complications that were aggravated by the COVID-19 infection. Notably, deaths in the above 60-years category accounted for around 70 per cent of the COVID-19 related deaths, as the aged population is more prone to NCDs. Meanwhile, 89,407 COVID-19 patients recovered by 31 March 2021 registering a 96.4 per cent recovery rate. Further, Sri Lanka commenced the COVID-19 vaccination programme in January 2021, by inoculating the health sector and other front-line workers in the battle against COVID-19. By 31 March 2021, the number of vaccination doses administered per 100 people amounted to 4.2 in Sri Lanka.

Figure 3.12
COVID-19 Positive Cases and PCR Tests
Performed (Daily Count)



Several other outbreaks of communicable diseases were observed in Sri Lanka in 2020. During the year, the Dengue epidemic was subdued to some extent since mobility restrictions compelled people to stay in their residences thereby enabling them to maintain a cleaner environment while keeping their premises free of mosquito breeding. Accordingly, a total of 31,017 Dengue cases with 36 deaths were reported during the year reflecting a fatality rate of 0.12 per cent, as opposed to 105,049 Dengue cases and a fatality rate of 0.15 per cent, in 2019. Due to social distancing measures, as well as the usage of facemasks, the usual seasonal Influenza pattern was also not observed during the year. A total of 8,545 cases of leptospirosis were identified locally in 2020. Meanwhile, in July 2020, the World Health Organization (WHO) certified that Sri Lanka has eliminated Rubella, three years ahead of the target set by the WHO.

Although the priorities of the country's health sector changed in 2020 with attention deviating from NCDs to communicable diseases, the public health system continued its efforts to reduce the NCD burden in the country. Although most activities planned to prevent and control NCDs were disrupted due to the COVID-19 pandemic, the Ministry of Health (MoH) continued with surveillance and monitoring activities related to NCDs, while attempting to provide uninterrupted services to patients who were receiving long term care from government hospitals. Accordingly, the MoH took measures to distribute medicines to the homes of NCD patients who were undergoing long term follow up at government hospitals. This was carried out by postal delivery and delivery through health and non-health government officers, village leaders and volunteers. Awareness campaigns were conducted through mass media and social media to promote healthy lifestyles and to educate the general public on the identification of warning signs of emergencies related to NCDs and how to obtain medical services

in an emergency. Public Health Nursing Officers, who provide NCD related care to the community, were given guidelines on how to provide home-based essential palliative care to needy NCD patients in the community. Further, a telemedicine system was launched in 16 Nephrology clinics in government hospitals to facilitate communication with high risk immunity compromised patients.

The Government continued its efforts to augment physical and human resources in the health sector. Construction activities related to district general hospitals in Hambantota and Nuwara Eliya and the construction of National Nephrology Hospital in Polonnaruwa were completed during the year. Numerous physical infrastructure development projects, such as the Matara District Maternal and New-born Health Care Strengthening Project, Northern Province hospitals development project, the development of Ambulatory Care Centre at the National Hospital Sri Lanka, Primary Healthcare System Strengthening Project, and the construction of a maternity hospital in Karapitiya and the Heart Centre at the Lady Ridgeway Hospital continued during 2020. During the two waves of the COVID-19 pandemic, the Government spent approximately Rs. 4.5 billion for the distribution of medical equipment to combat the pandemic. In terms of

Table 3.9
Salient Features of Health Services

Item	2019 (a)	2020 (b)
1. Government (No.)		
Hospitals (Practicing Western Medicine)	603	609
Beds	77,964	77,121
Primary Medical Care Units	499	518
Doctors	18,130	19,615
Assistant Medical Practitioners	756	658
Nurses	38,276	37,634
Attendants	8,531	8,384
2. Ayurvedic (No.)		
Hospitals	116	118
Beds	5,052	5,058
Qualified Ayurvedic Doctors	1,768	1,757
Registered Ayurvedic Doctors (c)	25,783	26,061
Sources: Ministry of Health Department of Ayurveda		
(a) Revised		
(b) Provisional		
(c) Registered with the Ayurvedic Medical Council		

indicators, there was one doctor for every 1,117 persons, one nurse for every 582 persons and 3.5 beds for every 1,000 persons in the state hospitals by end 2020. Meanwhile, government hospitals contained 715 Intensive Care Unit (ICU) beds as at end 2020, reflecting 3.3 ICU beds per 100,000 persons. Enhancement of physical resources in the health sector, particularly intensive care facilities, is needed to combat not only the COVID-19 pandemic, but also other contagious diseases, such as Dengue.

Private sector healthcare services also played a vital role in 2020, despite the challenges posed by the pandemic. There were 217 private hospitals in operation by end 2020, with a capacity of 5,173 beds. Guidelines were issued to private healthcare providers on clinical management of COVID-19 patients and suspected patients as well as on PCR testing. Amidst mobility restrictions, leading healthcare providers resorted to the use of novel approaches, such as provision of online disease screening facilities and consultation services via telemedicine, to address the medical needs of patients. In order to provide home delivery of drugs for those who usually purchase drugs from the private sector, a web based mechanism was established with state and private pharmacies in collaboration with the Pharmacy Owners Association. More than 1,800 pharmacies around the country were involved and this service covered 96.3 per cent of Medical Officer of Health areas in the country.

Education

With the establishment of the Presidential Task Force on Education in early 2020, the Ministry of Education commenced a rigorous review of the current education system, along with relevant stakeholders. Proposed

educational reforms are to include the revision of curriculum and learning strategies, broadening and standardisation of teacher development, recognition of the relationships between education, occupation and productive moral and social contribution as members of society. The review and subsequent implementation of proposals, although spearheaded by the Ministry of Education (MOE), are to be undertaken in collaboration with all stakeholders, including the relevant State Ministries. With the view of increasing the number of national schools to 1,000 through the upgrading of selected provincial schools, 123 schools have already been identified to be upgraded under phase I and another 671 schools under phase II. Further, one new trilingual school is to be established per district. The '13 Years of Mandatory Education programme' was expanded to cover 421 schools and a financial incentive of Rs. 500 per day was granted to institutionalised students, based on their attendance. Under this programme, 1,142 students completed National Vocational Qualification (NVQ) Level 4 training and another 5,650 students are to commence the NVQ training. Throughout the year, physical and teaching infrastructure were upgraded to ensure the success of this programme. Other key initiatives of the MOE included programmes to improve the quality of school infrastructure and to expand student exposure to subjects, such as Mathematics, Science, English and other foreign languages, Technological Education, Business Studies and Accounting, among others. Initiatives towards teacher development, education and management were also undertaken. In early 2020, approval was obtained from the Cabinet of Ministers to implement the National Policy on Pre-School Education to uplift the quality of pre-school education. The approval was obtained in March 2021 to establish the National Management and Regulatory Committee on Early Childhood Education, comprising field experts and other key

public stakeholders to regulate, monitor and provide national guidance on pre-schools, early childhood development centres and daycare centres.

Despite intermittent school closures from March 2020 onwards, with the longest periods of closure seen across the Western Province, several innovative initiatives were undertaken to facilitate the continuity of educational activities. In an attempt to continue educational activities to some degree, the MOE partnered with telecommunications providers to facilitate online teaching and learning. The national e-learning portal of the MOE, *e-thaksalawa* was rapidly developed to disseminate a wide variety of learning material for all grades to facilitate continued learning from home. The MOE continued to collaborate with relevant stakeholders to broadcast several educational programmes titled '*Guru Gedara*', both in Sinhala and Tamil via dedicated television channels, while launching a new television channel with the National Institute of Education (NIE) for G.C.E. Ordinary Level and G.C.E. Advanced Level students. Before the reopening of schools, the MOE provided instructions on COVID-19 prevention measures such as disinfection, water supply for hand washing, classroom arrangements, and other aspects required to create a safe learning environment. Amid the challenges of COVID-19, the Grade 5 Scholarship and G.C.E. Advanced Level and Ordinary Level Examinations were successfully held by the Department of Examinations with special examination centres being set up and transport facilities being provided for those in quarantine areas and for those who were undergoing treatment in hospitals. During both waves of the pandemic in the second and fourth quarters of the year, the Western Province experienced the longest school closures. For grades 5, 11 and 13, educational activities resumed prior to their respective national examinations

for short periods of time. Subsequent to the second wave, educational activities for all grades were resumed with the reopening of schools from end March 2021 in a phased manner and with student attendance being determined by the size of the class. While commending the multi-sector solutions developed by the MOE to tackle the challenges arising from COVID-19, it must be emphasised that the experience during the COVID-19 pandemic must be used in designing any future transition initiatives to online education and other alternatives to 'in-school' learning. Online teaching and learning experiences over the past year highlight that, despite the relatively quick

Table 3.10
Salient Features of General Education

Item	2019 (a)	2020 (b)
1. Schools (No.)	11,084	11,077
Government Schools	10,165	10,155
Primary	3,891	3,891
Secondary	6,274	6,264
o/w National Schools	373	373
Other Schools	919	922
Privenas	801	802
Private & Special Schools (c)	118	120
2. Students (No.) (d)	4,268,039	4,240,433
Government Schools	4,061,653	4,031,865
Other Schools	206,386	208,568
Privenas	68,319	69,709
Private & Special Schools (c)	138,067	138,859
International Schools	140,223	n.a.
3. Teachers (No.) (d)	261,803	264,781
Government Schools	246,592	249,387
Other Schools	15,211	15,394
Privenas	7,200	7,221
Private & Special Schools (c)	8,011	8,173
International Schools	13,568	n.a.
4. New Admissions (No.) (e)	328,632	318,179
5. Student/Teacher Ratio		
Government Schools	16	16
Other Schools	14	14
International Schools	10	n.a.
6. Primary Net Enrolment Ratio (Grade 1-5)	91.12	n.a.
7. Secondary Net Enrolment Ratio (Grade 6-11)	96.62	n.a.
8. Age Specific Enrolment Ratio (Grade 1-9)	94.77	n.a.
9. Teacher Training Colleges (No.)	8	8
10. Teachers Trained during the Year (No.)	2,954	973
11. National Colleges of Education (No.)	19	19
Teacher Trainees (No.)	16,237	12,373
Number Passed Out during the Year	4,247	3,864

(a) Revised

(b) Provisional

(c) Private schools approved by the Government and schools for children with special needs (This figure excludes international schools, which are registered under the Companies Act)

(d) Excluding data from international schools

(e) Government schools only

Source: Ministry of Education

adoption of new teaching and learning methods by teachers, students, and relevant authorities, there are significant disparities in access to technology-related infrastructure at school level as well as student level and limitations on teachers' capacity to utilise devices for teaching. There needs to be a coordinated multi-sectoral infrastructure investment initiative to continue blended learning approaches. This is crucial for the creation of effective educational outcomes, especially among disadvantaged student groups across varied family income levels and across various learning difficulties.

The higher education system continued to undertake academic activities via remote learning systems amidst the disruptions caused by the pandemic. During the period of closure, universities rapidly initiated online learning through the Learning Management System (LMS), which had been a part of the blended learning system pursued by state universities. 502,000 Zoom sessions were conducted with a total of 22.3 million online participations over the period from end March 2020 till end January 2021. Such rapid adoption of education technology by both staff and students and their enthusiastic engagement is highly commendable. However, as in the case of school education, disadvantaged student groups may have been disproportionately impacted by the change in the mode of delivery of higher education as well. During the period, the University Grants Commission (UGC) stipulated guidelines for alternative assessment methods due to the inability to conduct closed book written examinations. Meanwhile, the Cabinet of Ministers granted approval to uplift the Gampaha Wickramarachchi Ayurveda Institute into a fully-fledged University that is aligned with the development goals of the Gampaha district. The Cabinet of Ministers approved an amendment

to the Universities Act No. 16 of 1978 to enable the establishment of two separate universities as 'universities with specific purposes' to replace Colleges of Nursing and Teacher Training Colleges. A 'Virtual University' based on modern information and communication technologies, is to be established by the Government as a public sector, non-profit institution with the aim of improving access to high quality higher education programmes in an affordable manner and with no geographical barriers. In line with the Government's development agenda, proposals are underway to establish 'City Universities' in 10 districts to cater to their own unique developmental needs. The UGC also continued to expand the academic capacity of state universities through the granting of approvals for the establishment of new faculties, departments, and undergraduate

Table 3.11
Salient Features of University Education (a)

Item	2019 (b)	2020 (c)
1. Universities (No.)	15	15
2. Other Higher Educational Institutions (No.)	20	20
3. Students (Undergraduates) (No.)(d)		
Universities (e)	100,944	106,304
Institutes	3,724	3,844
Open University	25,165	26,255
4. Total Staff (All Universities) (No.)		
Academic	6,321	6,386
Non-Academic	13,029	12,962
5. Student/Teacher Ratio	17.5	18.9
6. Age Specific Undergraduate Enrolment Ratio (19-23 yrs) (d)	7.8	8.2
7. Progression to University from GCE (A/L)		
Eligible for University Admission (%)	62.87	62.40
Admission as a Percentage of Eligible (%)	18.98	22.50 (f)
8. Students Graduated (No.) (g)	34,881	n.a.
Basic Degree	24,890	n.a.
Postgraduate Degree	9,991	n.a.
9. New Admissions for Basic Degrees (No.) (h)	31,902	n.a.
10. Students Eligible to be Admitted to Universities (No.)	167,992	181,144

(a) Universities and higher education institutions that come under the purview of University Grants Commission
(b) Revised
(c) Provisional
(d) Excluding external degree courses
(e) Excluding Open University
(f) Estimates
(g) Including external degrees and Open University
(h) Excluding external degrees and Open University

Source: University Grants Commission

and postgraduate programmes. With the view of addressing the continued prevalence of ragging, the UGC provided communication portals for complaints while conducting awareness and orientation programmes for new entrants regarding the same.

The private sector continued to engage in the provision of tertiary education alongside the Government. As at end 2020, there were 21 Non-State Higher Education Institutes (NSHEIs) recognised as degree awarding institutes offering 164 accredited degree programmes. During the year, three new NSHEIs were recognised as degree awarding institutes and 18 new degree programmes offered by NSHEIs were recognised. Meanwhile, reviews of several new programmes were underway. The MOE, with the view of formulating a legal framework to establish the 'Quality Assurance and Accreditation Commission', drafted a bill that was gazetted after obtaining the approval of the Cabinet of Ministers. The gazette is currently undergoing stakeholder consultation. With due consideration to the issue of employability of graduates, approval was granted by the Cabinet of Ministers to consider STEM+A subjects, i.e., Science, Technology, Engineering and Mathematics through Art.

With due consideration to the contemporary skill needs of the economy, the Technical and Vocational Education and Training (TVET) sector continued its activities to improve the skills base of the labour force. By the end of 2020, there were 1,239 registered institutions in the TVET sector conducting over 3,400 accredited courses. In an attempt to improve the relevancy of vocational qualification programs, the Tertiary and Vocational Education Commission (TVEC) developed new National Competency Standards for over forty NVQ programmes while revising said standards for over

Table 3.12
Salient Features of Tertiary and Vocational Education and Training (TVET)

Item	2019	2020 (a)
1. Registered TVET Institutions (No.) (b)	1,290	1,239
Public	582	570
Private and Non-Governmental Organisations	708	669
2. Total Accredited Courses (No.)	2,691	3,413
Public	2,099	2,900
Private and Non-Governmental Organisations	592	513
3. Issued NVQ Certificates (No.)	78,007	47,621
DTET	11,199	8,670
NAITA	11,387	8,266
VTA	25,696	15,608
NYSC	1,933	2,118
Private	27,792	12,959
(a) Provisional	Source: Tertiary and Vocational Education Commission	
(b) As at year end		

twenty five NVQ programmes. Responding to the transition of TVET to online platforms, the TVEC developed evaluation criteria for the registration of training institutes providing online courses and an online system to collect information on the training performance of students. To ensure some continuity of educational and training endeavours, the TVEC conducted several webinar sessions and collaborated with television channels to broadcast a series of lessons for vocational trainees across a range of subject areas during this period. The TVEC also continued to liaise closely with industry representatives and developed a database of industry representatives. Currently, initiatives are underway to match the local NVQ framework with other similar foreign qualification frameworks to improve the employability of the qualified workforce abroad.

Housing and Urban Development

Impacted by the adverse consequences of the COVID-19 pandemic, housing and urban development activities led by the Government remained subdued in 2020. The Urban Development Authority (UDA) continued to carry out the Middle Income Housing project in 2020, which seeks to provide housing for government employees and professionals at

reasonable prices. Accordingly, the 'Oval View' and 'Lake Crest' government servants' housing schemes were completed during 2020. Further, the UDA commenced an Upper Middle Income Housing Project in Borella, comprising 400 housing units, while two other housing projects are to be commenced in Thalawathugoda. In the meantime, another affordable housing scheme comprising 5,000 housing units is to be commenced in 2021, targeting the middle income population in Colombo and other major cities. Further, the National Housing and Development Authority (NHDA) launched a new housing programme '*Obata Geyak - Ratata Hetak*', with the intention of catering to the housing requirements of low income families. The initial project target of constructing 14,022 housing units annually was later revised in 2020 to 10,000 housing units due to limited budgetary allocations as well as disruptions to construction activities caused by the pandemic. Under this programme, the NHDA's plan is to provide a grant of Rs. 600,000 for at least one low income earning family per Grama Niladhari division. Under this programme, measures were taken to commence construction of 9,972 housing units in 2020, of which 3,949 housing units were completed on participatory basis during the year.

Development activities in the Colombo Port City project continued in 2020. More than 90 per cent of work in relation to infrastructure development, including the waste water system, irrigation reservoir, potable reservoir and pumping stations had been completed by end 2020, while construction activities of external utility supply services were under progress during the year. Although construction activities related to the Port City project were put on hold during the months of March and April due to COVID-19 related mobility restrictions imposed by the Government, these are currently being expedited. The project is expected to emerge as a Special Economic Zone (SEZ) in the South Asian region. Accordingly, preliminary

work on the construction of the Financial and Commercial centre has already commenced at a cost of US dollars 1.1 billion. The Colombo Port City Economic Commission Bill was gazetted in end March 2021, outlining the establishment of the SEZ and the regulatory framework that is to govern the SEZ.

The Government's efforts to establish an efficient waste management system in urban areas continued to progress in 2020.

Development activities under the Metro Colombo Solid Waste Management Project (MCSWMP) continued during the year, attaining cumulative financial and physical progress of 80 per cent by the end of the year. Although the project was planned to be completed by end 2020, construction activities were delayed due to the outbreak of COVID-19. Under the said project, construction activities of the Aruwakkalu sanitary landfill facility attained progress of almost 98 per cent, while pre-commissioning of the leachate treatment plant at Aruwakkalu was initiated in 2020. Construction activities relating to the solid waste transfer stations at Kelaniya and Aruwakkalu under the MCSWMP continued during the year, recording physical progress of 60 per cent and 92 per cent, respectively, by end 2020. Further, the Kerawalapitiya Waste Project (KWP), which was initiated after the failure of the Meethotamulla open dump in 2017, continued during 2020. In addition, in line with the Government's policy concept of 'converting waste to resource', the first waste to energy power plant in Sri Lanka commenced operations in early 2021 in partnership with a private company.

Poverty Alleviation and Safety Nets

The COVID-19 pandemic may pose a significant challenge to maintaining the progress in poverty reduction over the past three decades. According to the

Household Income and Expenditure Survey (HIES)-2016, the Poverty Headcount Ratio (PHCR) had declined to 4.1 per cent in 2016 from 6.7 per cent recorded in 2012/13. In 2016, it was estimated that the number of individuals living below the poverty line had declined from 1.3 million during the 2012/13 survey period to 0.8 million in 2016. Despite this decline in the poor population between the two survey periods, 2016 survey data showed that significant disparities in the level of poverty across provinces and districts continued to persist with those in the Western Province being better off than their peers across the country. COVID-19 may have aggravated these disparities between urban, rural, and estate areas. The pandemic may have also had a significant impact on urban poverty, which had been consistently low in the past, as several urban cities, especially within Colombo, experienced the longest periods of lockdown or mobility restrictions due to the spread of COVID-19 in these densely populated areas. Across the country, the COVID-19 outbreak is expected to have had the highest impact on the informal sector low-wage workers in low-income households whose nature of employment neither allowed for 'work-from-home' options nor provided any paid leave during the peak of the pandemic. Despite the return of the economy to normalcy, lingering effects of the pandemic will weigh negatively on the livelihoods of these population segments. With almost 57.4 per cent of those employed lying outside the ambit of formal employment, the socioeconomic security of such population segments is weak in the wake of these shocks.

Amid the COVID-19 pandemic, the Government undertook several measures to protect low-income and vulnerable households while striving to mitigate the

financial burden on households stemming from the loss of livelihoods during the lockdown and thereafter. In the wake of the COVID-19 outbreak, the Government, recognising the fragile financial status of low-income households, provided an allowance of Rs. 5,000 per vulnerable household in two rounds. In each of these rounds, approximately 5 million families had benefited, and Rs. 25 billion was disbursed. In the meantime, the Government and the Central Bank, working closely with the financial sector, continued to facilitate debt moratoria on capital and interest, provided working capital at low-interest rates, and reduced interest rates. The rapid implementation of such measures is expected to have mitigated the financial burden on households to some extent. However, the low-income and vulnerable households, which have little access to formal financial markets, are likely to have been disproportionately affected

Figure 3.13
Intensity Map of Poverty Head Count Index
District-wise Data-2016

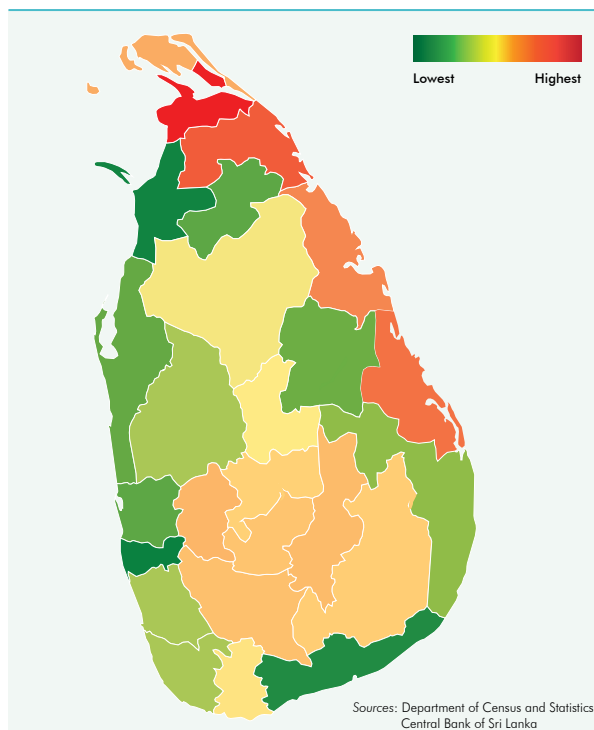


Table 3.13
Main Welfare Programmes - Number of Beneficiary Families and Value of Grants

Year	Divineguma / Samurdhi Subsidy Programme		Nutrition Allowance Programme		Dry Ration Programme
	Families (No.) (a)	Value (Rs. million) (b)	Beneficiaries (No.) (a)	Value (Rs. million) (c)	Value (Rs. million)
2016	1,407,235	40,740	337,554	5,746	111
2017	1,388,242	39,707	372,407	5,408	84
2018	1,384,021	39,239	329,047	5,490	58
2019	1,800,182	44,660	300,246	5,279	105
2020	1,770,086	52,472	238,034	4,761	n.a.

(a) As at year end
(b) Including the kerosene subsidy
(c) Data for 2020 are based on State Ministry of Women and Child Development, Pre-Schools & Primary Education, School Infrastructure & Education Services but data for 2016 to 2019 period are based on Ministry of Finance

Sources: Department of Samurdhi Development
State Ministry of Women and Child Development, Pre-Schools & Primary Education, School Infrastructure & Education Services
Ministry of Finance

by these economic shocks. As a new initiative towards alleviating poverty the Government also commenced the provision of employment opportunities to unskilled workers from extremely poor households, who have no formal education or with educational attainment lower than G.C.E. Ordinary Level.

The Government continued to implement various projects and programmes during the year to uplift the socio-economic wellbeing of low-income and vulnerable individuals and households. The Department of Samurdhi Development (DSD) distributed Rs. 52.5 billion among 1.8 million beneficiary families under the Samurdhi Relief programme during 2020. With the view of offering a financial buffer during any special occasions or difficult times, Rs. 1.6 billion was distributed among 358,343 beneficiary families under the Samurdhi Social Security programme. The DSD also continued several livelihood, entrepreneurship, and social development programmes to help beneficiaries improve their overall socio-economic well-being. During the year, despite several disruptions, the State Ministry of Women and Child Development, Pre-Schools and Primary Education, School Infrastructure and Education Services continued the nutrition allowance programme targeting expectant and lactating mothers and the morning meal programme for pre-school children and/or early childhood

development centres, especially targeting low-income families. The latter programme, which cost Rs. 76.5 million, covered 85,798 children. Several other initiatives to promote day care centres, upskill women, and safeguard the rights of women and children were also undertaken by the State Ministry during the year. Meanwhile, the rapidly ageing population is likely to have substantial implications on poverty in the coming years. With a substantial portion of the labour force being in the informal sector and in the private sector, both of which do not benefit from a formal pension system, there is a dire need for a nationwide contributory pension scheme to support future retirees. In the absence of such a scheme, retirees may resort to other social security schemes of the Government in the future creating a substantial fiscal burden over several years along with the consistent rise in life expectancy. This will further aggravate existing issues in the Government's financial support and poverty alleviation schemes, such as ambiguous identification, entry and exit procedures, which lead to ineffective targeting.

Environment

Striking a balance between economic growth and protection of the environment is vital to ensure sustainable growth and thereby, macroeconomic stability. Economic growth derived through an unsustainable rate of resource

consumption and disregard for environmental impact mitigation measures, can result in the depletion and degradation of natural resources, such as forests, water bodies and soil, and can also lead to the accumulation of waste and thereby environmental pollution. In turn, these can culminate in climate change. Needless to say, these will negatively impact agricultural productivity, energy generation and tourism sector activities, especially considering that ecotourism is a growing niche in the country. In the Global Climate Risk Index 2019, Sri Lanka was ranked 30 out of 180 countries in 2019 and was ranked 23 out of 180 countries in terms of overall performance over the period 2000 – 2019. While the country has moved out of the '10 most affected countries' category in the index, climate change related vulnerabilities still persist with far reaching impact, as seen in the case of both droughts and floods in Sri Lanka. Impact of climate change on economic activity, human population and ecosystems may be irreversible and potentially systemic as its materialisation could transform the functioning of the entire economy. With due consideration to these, there is a growing need for policymakers and relevant stakeholders to urgently prioritise responsible resource consumption, environmental conservation measures and climate change adaptation strategies in the development policy agenda of the country.

During 2020, the Central Environment Authority (CEA) continued to engage in initiatives pertaining to the control of environmental pollution and waste management activities. In addition to monitoring industrial activities to ensure pollution control, the CEA continued to ensure compliance with environmental standards while encouraging prevention of pollution, waste minimisation and cleaner production by industries, through the issuance of Environmental Protection Licenses (EPLs) to industries.

Accordingly, during the year, 1,242 EPLs were issued for industrial activities and 3 EPLs were issued to BOI zones. Further, the CEA issued two Environmental Impact Assessment certificates and 98 Initial Environmental Examination certificates during the year. Under the e-waste management programme, the CEA, with the support of the DOP, collected 77.5 MT of e-waste from households and handed over to e-waste collectors. Meanwhile, the CEA developed an online spatial database for the management of environmental resources in Sri Lanka and updated the data layers, such as wildlife reserves and forest reserves.

According to the Forest Cover Assessment Survey – 2015 (published in 2020) of the Department of Forest Conservation, the estimated total forest cover of the country was 1,865,671 hectares representing 28.4 per cent of the land in Sri Lanka. As per the preceding Forest Cover Survey that was published in 2010, the forest cover estimate was 29.7 per cent. Since forest cover estimation is not adjusted for the extent of land reforested and deforested annually until the findings of the next survey is published, recent forest cover estimates do not provide the current situation with regard to forest resources in the country. Therefore, Sri Lanka needs to maintain a database on forest cover with up to date information collected through new digital geospatial technologies to identify unauthorised and environmentally unsustainable level of deforestation.

The Department of Meteorology (DoM), the National Building Research Organisation (NBRO) and the Disaster Management Centre (DMC) continued to carry out numerous activities to provide early warnings and to improve the country's disaster preparedness and disaster responses. During 2020, the DoM

issued 5,718 forecasts and 513 warnings and advisories to the general public, related disaster management authorities and fisheries community to facilitate early preparedness activities and to minimise the natural disaster risks. In addition, the DoM, in collaboration with the Indian National Centre for Ocean Information Services, issued three oil spill advisories indicating the hypothetical oil drift pattern from the vessel New Diamond, which caught fire off the Eastern coast of Sri Lanka in September 2020, to identify the trajectory and zones that could have been affected by the oil spill.

The DMC coordinated with other stakeholders to implement national, district-wise, divisional and local level disaster preparedness and post-disaster response activities during the *Amphan* and *Burevi* tropical cyclones in 2020. Meanwhile, the NBRO adopted structural mitigation measures for three unstable slopes and sites of potential landslides selected on a priority basis. In 2020, the NBRO expanded its network of automated rain gauges to 300 gauges in 14 landslide prone districts for monitoring rainfall and real time data acquisition for effective landslide early warning.

