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ECONOMIC AND SOCIAL INFRASTRUCTURE

The domestic and global outbreak of COVID-19 posed a significant hindrance to service delivery and development activities pertaining to the economic and social infrastructure in the country. Public transport activities were severely affected by the imposition of islandwide lockdown from mid-March to mid-May while the Bandaranaike International Airport (BIA) was closed since mid-March for tourist arrivals. The ports sector was also impacted by the disruptions to global logistics chains following the imposition of COVID-19 related lockdown measures across the world. Infrastructure development in the transport and ports sectors and activities pertaining to housing and urban development projects, including the Port City project, were put on hold during the lockdown. With the removal of the islandwide lockdown in May, construction activities recovered, and infrastructure development projects recommenced operations. Although the lockdown measures dampened the demand for energy during the first half of 2020, available data for the third quarter show improvements in line with the recovery in economic activity. On a positive note, the telecommunications sector proactively adapted to the challenges posed by COVID-19 and operators strived to ensure seamless virtual connectivity during the lockdown period by offering innovative packages at competitive prices so that essential economic activities could continue smoothly. Despite the limited fiscal space, the Government remained committed to providing social infrastructure with special emphasis on the vulnerable segments of the population. The health sector in Sri Lanka continued to proactively collaborate with numerous other stakeholders to curb the spread of COVID-19, while proactively expanding relevant facilities in preparation for any rapid surges in infections. Efficacious initiatives pursued by all relevant stakeholders have resulted in low fatality rates. However, the recent emergence of new COVID-19 clusters indicates the persistent risk of outbreak. This highlights the importance of maintaining vigilance over potential new clusters and the continuation of stringent disease prevention measures. Despite the intermittent closure of schools, universities, and private tuition classes, educational activities were increasingly continued through digital platforms. Meanwhile, over the two months of April and May, the Government paid an allowance to vulnerable families and individuals enabling them to meet their daily needs, with due consideration to limited income generation activities during the islandwide lockdown. Nevertheless, the likelihood of these population segments falling below the poverty line in the event of any prolonged economic slowdown remains high. The equitable provision of economic and social infrastructure can bridge prevalent vulnerabilities and disparities in the society and pave the way for the creation of sustainable and inclusive growth that can ensure shared prosperity.

Developments in Economic Infrastructure

Petroleum

- Global crude oil prices reached unprecedentedly low levels in March 2020, amidst the contraction in global demand due to the COVID-19 pandemic, and remained relatively low thereafter.** In comparison to the average crude oil price (Brent) of US dollars 64.66 per barrel observed during the period January to September 2019, the average price over the corresponding period of 2020 declined to US dollars 42.82 per barrel. Although crude oil prices were buoyed by geopolitical tensions at the beginning of the year, the sharp decline in demand stemming from the COVID-19 pandemic and the spillover effects of associated mitigation measures led to a rapid deceleration in prices. During the nine months ending in September 2020, the highest daily Brent crude oil price of US dollars 70.21 per barrel was recorded on 08 January 2020. During this period, the lowest price of US dollars 13.03 per barrel recorded on 22 April 2020 was also the lowest level since 2000. Following the same trend, the average WTI prices also declined to US dollars 19.03 per barrel in April 2020 from US dollars 58.28 per barrel recorded in January 2020. Notably, the WTI price fell to negative levels for the first time in history, recording negative

US dollars 37.63 per barrel on 21 April 2020 due to continued production despite weak demand and lack of storage capacity. However, thereafter, production cuts by key oil producing countries and the gradual removal of mobility restrictions in key economies led to a pickup in global crude oil prices from May 2020, with Brent prices reaching US dollars 40.65 per barrel by the end of September 2020. Broadly following the trends in global crude oil prices, the average price of crude oil imported by the Ceylon Petroleum Corporation (CPC) declined to US dollars 45.53 per barrel during the period spanning January to August 2020 compared to the average import price of US dollars 69.13 per barrel observed during the corresponding period of 2019.

- Reflecting the slowdown in economic activity stemming from the imposition of the islandwide lockdown from mid-March, domestic sales of petroleum products across all sectors of the economy recorded a contraction during the eight months ending in August 2020.** Accordingly, overall sales of petroleum products in the domestic market contracted by 21.7 per cent during the period from January to August 2020 with the sales in both the CPC and the Lanka Indian Oil Corporation (LIOC) experiencing a contraction during the period under review. Domestic sales of the CPC and LIOC declined by 18.5 per cent and 46.3 per cent, respectively, during this period. Notably, the CPC's sales to the transportation sector declined by 15.6 per cent during the period from January to August 2020, reflecting the impact of COVID-19 related mobility restrictions on transportation activities. This was underpinned by the decline in sales of both petrol and diesel by 13.2 per cent and 15.6 per cent, respectively, during the eight months ending in August 2020. However, with the gradual removal of mobility restrictions from the end of April, a recovery was noted in the sales of petrol and diesel, with sales levels returning to the pre-pandemic levels by August 2020. While sales of furnace oil for thermal power

Figure 3.1

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

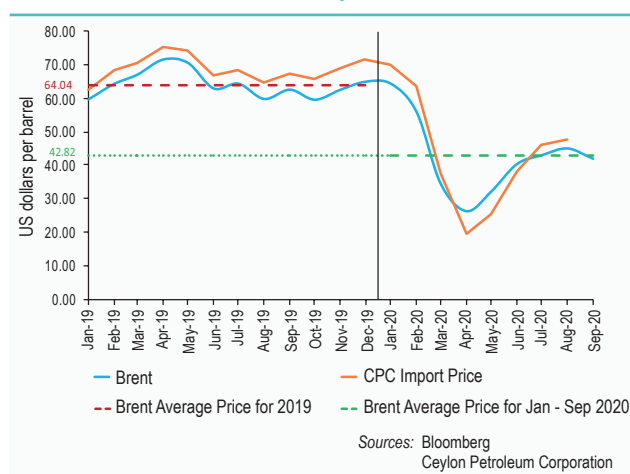
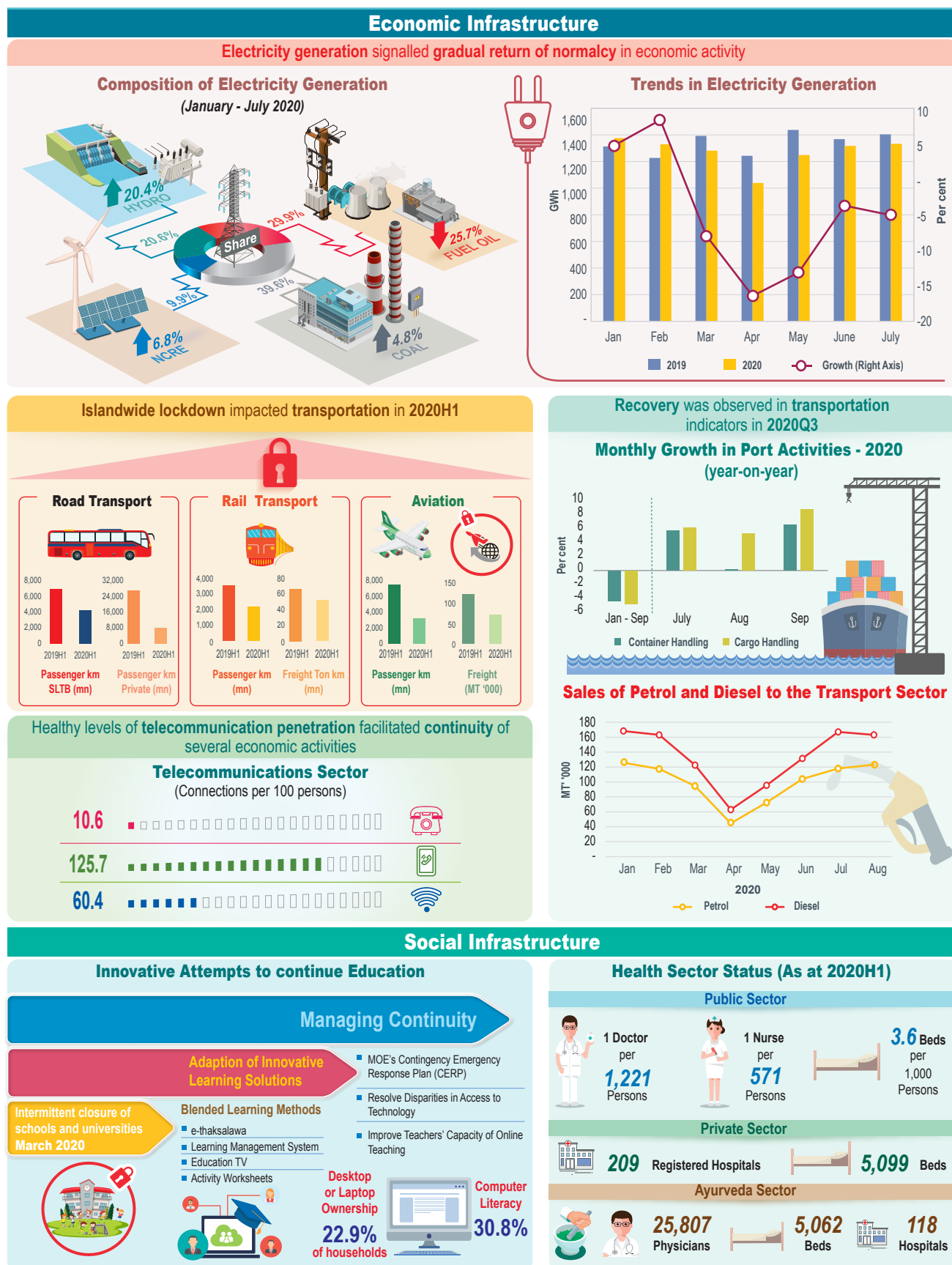


Figure 3.2
Economic and Social Infrastructure



Innovative Attempts to continue Education

Managing Continuity

Adaption of Innovative Learning Solutions

- MOE's Contingency Emergency Response Plan (CERP)
- Resolve Disparities in Access to Technology
- Improve Teachers' Capacity of Online Teaching

Blended Learning Methods

- e-thaksalawa
- Learning Management System
- Education TV
- Activity Worksheets

Intermittent closure of schools and universities March 2020

Desktop or Laptop Ownership

22.9% of households

Computer Literacy

30.8%

Health Sector Status (As at 2020H1)

Public Sector

- 1 Doctor per 1,221 Persons
- 1 Nurse per 571 Persons
- 3.6 Beds per 1,000 Persons

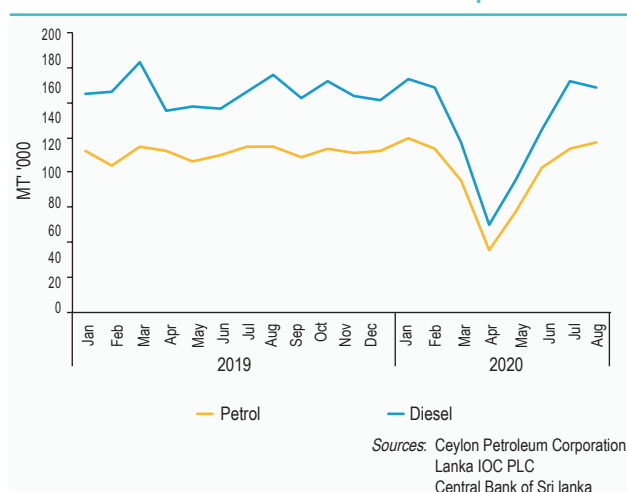
Private Sector

- 209 Registered Hospitals
- 5,099 Beds

Ayurveda Sector

- 25,807 Physicians
- 5,062 Beds
- 118 Hospitals

Figure 3.3
Sales of Petrol and Diesel to the Transport Sector



generation decreased marginally by around 0.5 per cent during the period, diesel sales for power generation contracted notably by 58.0 per cent with the rising share of hydropower generation. Further, amidst disruptions to industrial activity, the sale of petroleum products to the Industry sector also contracted by 4.7 per cent during the period from January to August 2020. Accordingly, sales of kerosene to the Industry sector contracted notably by 43.6 per cent, while sales of furnace oil grew by 4.9 per cent during the period under review. The consumption of kerosene and LPG by the household sector declined by 14.5 per cent and 15.9 per cent, respectively, during the eight months ending in August 2020.

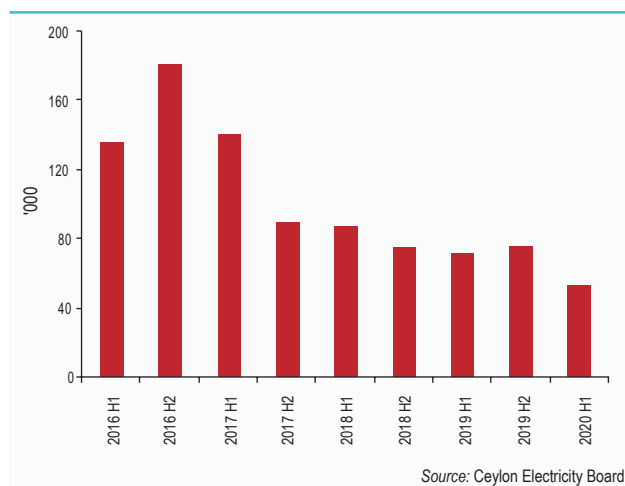
- **While maintaining the prices of petrol and diesel without any revisions since September 2019, the Government established a Fuel Price Stabilisation Fund (FPSF) in March 2020 seeking equitable distribution of the benefits of low oil prices across the economy.** The FPSF was established with an initial capital of Rs. 50 billion (on face value basis) by issuing Treasury bills to the Central Bank on 23 March 2020. In addition, from the end of April 2020, the Government imposed fuel surcharges on the imports of petrol, super diesel, and auto diesel, and these were channelled to the FPSF. The

funds accumulated in FPSF were used for the settlement of dues of the Ceylon Electricity Board (CEB) and were also utilised to settle a portion of the CPC's dues to the banking system. Since the end of 2019, the CPC has maintained prices of petrol 92, petrol 95, and auto diesel unchanged at Rs. 137.00, Rs. 161.00 and Rs. 104.00 per litre, respectively. Meanwhile, the LIOC revised the domestic retail prices of key petroleum products three times during the first half of 2020. The prices of petrol 92, extra premium petrol 95, and auto diesel, as sold by LIOC, stood at Rs. 137.00, Rs. 164.00 and Rs. 104.00 per litre, respectively, by the end of May 2020. Although the CPC had been providing fuel oil to the CEB for thermal power generation at Rs. 96.00 per litre since July 2019, this price was revised downward to Rs. 70.00 per litre with effect from 27 March 2020. The concession was later extended to Independent Power Producers (IPPs) with effect from 08 April 2020.

Electricity

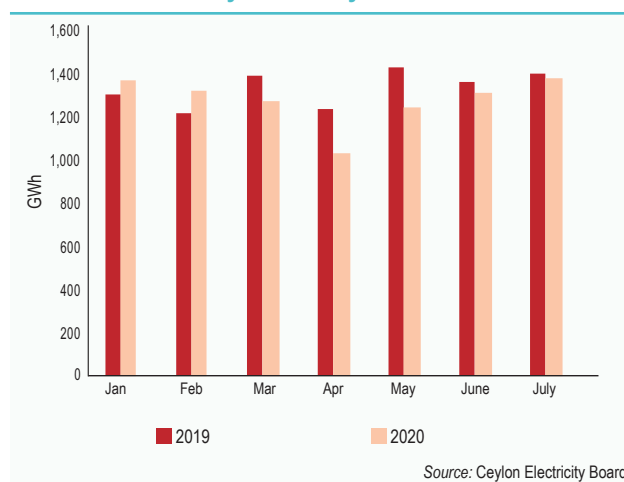
- **Due to the reduction in electricity demand amidst lockdown measures imposed in the face of the COVID-19 outbreak, total electricity generation during the period from January to July 2020 declined by 4.3 per cent to 8,987 GWh in comparison to 9,386 GWh generated in the corresponding period of the previous year.** Although electricity generation increased by 4.8 per cent and 8.4 per cent in January and February 2020, respectively, it declined significantly by 8.0 per cent, 16.4 per cent, and 12.9 per cent in the months of March, April, and May 2020, respectively, on a year-on-year basis. However, total electricity generation improved from June 2020, with the restoration of normalcy to the economy. As the average reservoir level remained healthy during the seven months ending in July 2020, hydropower generation was higher during the period from January to July 2020 compared to the corresponding period of the previous year. Accordingly, hydropower generation increased

Figure 3.4
New Electricity Connections (No.)



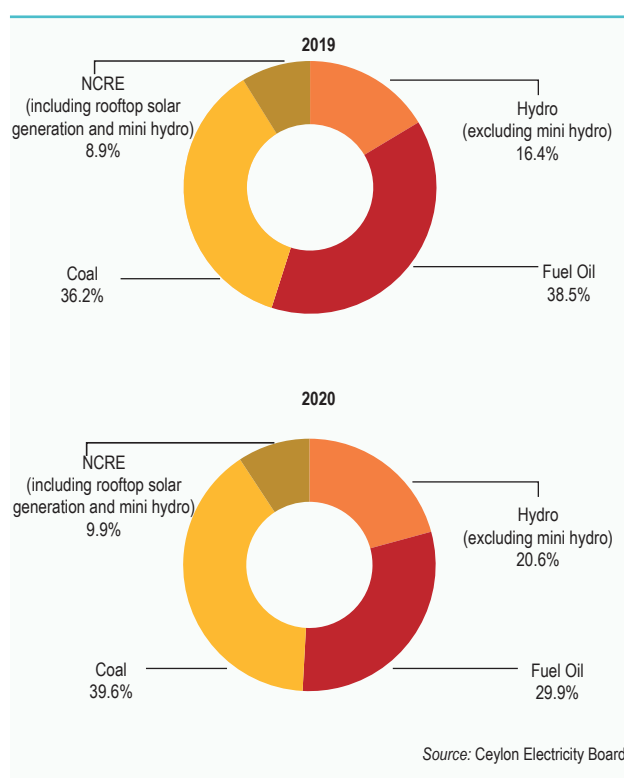
by 20.4 per cent to 1,853 GWh during the period under review. Meanwhile, coal power generation also increased by 4.8 per cent to 3,559 GWh during the seven months ending in July 2020 due to the CEB opting for coal power, given its relatively low financial cost compared to fuel oil. When compared to the period from January to July 2019, lower demand for electricity alongside high levels of hydro and coal-based power generation resulted in a decline of fuel oil-based power generation by 25.7 per cent to 2,686 GWh during the seven months ending in July 2020. Meanwhile, during the period under review, power generation through non-conventional renewable energy sources (NCRE), including mini-hydro and rooftop solar, increased by 6.8 per cent. Accordingly, the contribution of hydro, coal, fuel, and NCRE to total power generation in the seven months ending in July 2020, stood at 20.6 per cent, 39.6 per cent, 29.9 per cent and 9.9 per cent, respectively. Meanwhile, the CEB accounted for 70.6 per cent of the total power generation in the country, while the remainder was generated by IPPs. With due consideration to the issues observed in the billing of electricity usage during the lockdown period, provisional estimates of the transmission and distribution losses during the period from January to July 2020 were approximately 8.6 per cent of total generation. Meanwhile, the total installed electricity generation capacity of the country stood at 4,316 MW by the end of July 2020.

Figure 3.5
Monthly Electricity Generation



- According to the provisional estimates of the CEB, total electricity sales during the period from January to July 2020 declined by 3.5 per cent to 8,218 GWh compared to 8,519 GWh in the corresponding period of 2019. The decline in sales was driven by lower demand from all user categories, except households and government sector.

Figure 3.6
Electricity Generation Mix (Jan - Jul)



The imposition of the lockdown compelled people to remain in their residences, thereby resulting in an increase in sales to the household sector by 7.8 per cent during the seven months ending in July 2020. The household sector accounted for 36.7 per cent of total electricity sales of the CEB during this period. Moreover, sales to the government sector grew by 1.2 per cent, while the sector accounted for 1.5 per cent of total electricity sales. Meanwhile, sales to the industry, general-purpose, and hotels sectors declined by 10.2 per cent, 8.8 per cent and 26.7 per cent, respectively. The industry, general-purpose, and hotels sectors accounted for 27.7 per cent, 20.0 per cent and 1.4 per cent of total electricity sales, respectively. It is to be noted that the CEB experienced significant difficulties in meter reading during the COVID-19 lockdown period in the absence of digitalised meter reading facilities, resulting in numerous issues and complaints pertaining to customer billing after the resumption of manual meter reading with the end of the lockdown.

- **The PUCSL carried out numerous activities to reduce the financial burden on consumers associated with electricity usage during the lockdown.** In this regard, the PUCSL issued guidelines to the CEB and Lanka Electricity Company (LECO) on the issuance of monthly electricity bills for the period of lockdown to ensure fairness to the consumers. The CEB and LECO provided uninterrupted electricity throughout the lockdown period irrespective of non-payment. These guidelines were issued with due consideration to the financial difficulties experienced by the CEB, LECO as well as households and businesses during the lockdown period. Guidelines issued by the PUCSL stipulated bill calculation methods based on the number of electricity units calculated on a prorata basis. Meanwhile, a sufficient grace period was provided for bill settlement upon issuance of the bills to consumers after the lockdown. Accordingly, the PUCSL instructed the

CEB and LECO not to disconnect the electricity supply, in relation to these issued bills, until the end of the relevant grace period. Meanwhile, the PUCSL in collaboration with the CEB, LECO, and the National Water Supply and Drainage Board (NWS&DB), implemented a hotline service for consumers to hire registered electricians and plumbers from their respective areas to address issues related to electrical systems and plumbing during the curfew period. Having been initially made available to the Western Province, this service was later made available to other districts as well.

- **The lockdown imposed to curtail the spread of COVID-19 hampered the progress of activities pertaining to the construction of new power plants during the first half of 2020.** The construction work of the main dam, main tunnel, diversion tunnel, powerhouse, and switchyard site under the Broadlands hydropower project achieved physical progress of 72.3 per cent by the end of June 2020. The Broadlands hydropower project, with a capacity of 35 MW, is expected to be connected to the national grid by January 2021. In addition, land acquisition, preparatory work, and construction activities related to the Moragolla hydropower project, which is to have a capacity of 30.5 MW, continued during the first half of 2020.
- **During the first half of 2020, the Government continued to enhance the electrification level in the country while promoting the use of renewable energy.** During the period under review, 17 rural electrification schemes were completed, benefiting 2,319 families. Meanwhile, under the *Soorya Bala Sangramaya project*, 395 consumers were connected to the national grid under the Net Metering scheme, adding 3.1 MW to the grid during the first half of 2020. Furthermore, 1,050 consumers joined the project under the Net Accounting scheme adding 10.4 MW while under the Net Plus scheme 126 electricity producers joined the project, adding 10.3 MW under the Net

Plus scheme. By end June 2020, solar power generation encompassed 18,628 solar energy consumers and producers in the country whilst solar power capacity stood at 222.7 MW.

Road Development

- Road development and rehabilitation activities continued albeit at a slower pace during the first half of 2020.** The Road Development Authority (RDA) incurred an expenditure of Rs. 69.6 billion during the first half of 2020 for the maintenance, development of expressways and highways, widening and improvement of roads, construction of bridges and flyovers, and the rehabilitation of roads affected by natural disasters. Of the total expenditure, over 60 per cent was incurred on highway development while expressway development accounted for approximately 24 per cent. The RDA maintained a total length of 12,496 km of national highways, including expressways, as well as around 4,662 bridges during the first half of 2020. However, the islandwide lockdown imposed by the Government weighed negatively on construction activities of roads and bridges.
- Construction activities pertaining to the expressway network continued at a slower pace, during the first half of 2020.** The extension of the Southern Expressway Project from Matara to Hambantota, including an expressway link to Mattala, continued during the first half of 2020. Under the Southern expressway extension project, the expressway link of Godagama–Palatuwa–Beliatta–Barawakumbuka was opened to the public on 25 February 2020. The expressway extension from Mattala to Hambantota via Andarawewa was also in progress during the period under review. By end June 2020, the physical progress of this project was 98.7 per cent. Meanwhile, the construction work of the Central Expressway, from Kadawatha to Meerigama and from Meerigama to Kurunegala, was in progress while the land

acquisition process in relation to the Central Expressway from Pothuhera to Galagedara and Kurunegala to Dambulla continued during the first half of 2020. Land acquisition for the Baseline Road Project Phase III was in progress and by the end of June 2020, the physical progress of land acquisition was 79 per cent while the physical progress of investigation, design, and procurement work was 35 per cent. Under the Central Expressway Section 2 project, the construction of two national roads from Pasyala to Giriulla (13.0 km) and from Alawwa to Dampalassa (3.36 km) commenced during the first half of 2020 to enhance the Central Expressway connectivity. Rehabilitation of the Medawachchiya - Horowpothana road under the Northern Road Connectivity Project and the Rural Road Reawakening Programme were also in progress during the first half of 2020.

- Amidst the uncertainty surrounding the COVID-19 outbreak, few road and bridge development programmes commenced during the first half of 2020.** The imposition of mobility restrictions affected the physical progress of several road development projects. The environmental impact assessment of phase I of the Elevated Highway, which is to connect the Outer Circular Highway with the New Kelani Bridge, has been completed and the environmental impact assessment of phase II of the project is in progress. Although the feasibility study of the proposed Ruwanpura Expressway was completed during the first half of 2018, this is to be reassessed with special consideration to the section of the Expressway from Ingiriya to Pelmadulla. Preconstruction work, including the land acquisition and procurement of civil work, for the Kahathuduwa - Ingiriya section was in progress. Meanwhile, feasibility studies for the extension of the Marine Drive from Dehiwala to Panadura and the Kochchikade bypass were also in progress during the first half of 2020. By the end of June 2020, the feasibility studies for the construction of flyovers at the Alawwa and

Muththettugala railway level crossings were completed while the feasibility study for the Slave Island flyover was in progress.

Road Passenger Transportation

- Mobility restrictions owing to the COVID-19 outbreak affected the performance of the public passenger transportation sector during the first half of 2020.** Public passenger transportation was suspended with the imposition of the islandwide lockdown. From the end of April, mobility restrictions were gradually relaxed and public passenger transportation gradually recommenced in all districts except Colombo and Gampaha. With the relaxation of daytime curfews in the Colombo and Gampaha districts from May, inter provincial and intra provincial public transport services commenced islandwide in line with the health guidelines provided by the Government. Accordingly, when considering the first half of 2020, operations of both the Sri Lanka Transport Board (SLTB) and private bus operators showed a notable decline in terms of operated kilometrage and passenger kilometrage during the first half of 2020. Operated kilometrage and passenger kilometrage of the SLTB recorded a decline of 35.7 per cent and 39.2 per cent, respectively, during the first half of 2020 compared

Table 3.1
Performance of Road Passenger Transportation Sector

Item	2019 Jan - Jun	2020 Jan - Jun (a)	Change %
Sri Lanka Transport Board (SLTB)			
Operated Kilometrage (mn)	213	137	-35.7
Passenger Kilometrage (mn)	7,110	4,324 (b)	-39.2
No. of Buses Owned	6,948	7,273	4.7
Average No. of Buses Operated	5,094	3,618	-29.0
Private Sector			
Operated Kilometrage (mn)	541	150	-72.3
Passenger Kilometrage (mn)	27,024	8,149	-69.8
No. of Buses Owned	20,016	20,060	0.2
Average No. of Buses Operated	18,662	15,097	-19.1
No. of Inter Provincial Permits Issued	3,133	3,034	-3.2
No. of Intra Provincial Permits Issued	16,883	17,026	0.8

(a) Provisional
(b) Estimates

Sources: Sri Lanka Transport Board
National Transport Commission

Table 3.2
New Registration of Motor Vehicles

Item	2019 Jan - Sep	2020 Jan - Sep (a)	Change %
Buses	1,099	507	- 53.9
Motor Cars	28,574	20,048	- 29.8
Three Wheelers	12,144	7,040	- 42.0
Dual Purpose Vehicles	9,933	9,092	- 8.5
Motor Cycles	223,728	144,399	- 35.5
Goods Transport Vehicles	4,136	3,102	- 25.0
Land Vehicles	5,531	5,790	4.7
Quadricycles and Motorhomes	981	464	- 52.7
Total	286,126	190,442	- 33.4

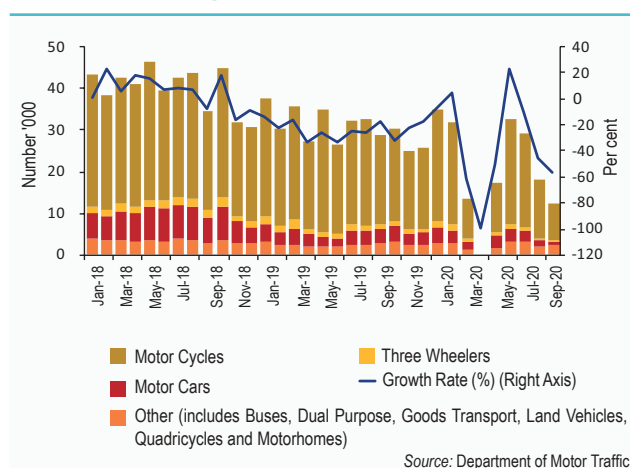
(a) Provisional

Source: Department of Motor Traffic

to the corresponding period of the previous year. Meanwhile, passenger kilometrage and operated kilometrage of private bus operators witnessed a decline of 69.8 per cent and 72.3 per cent, respectively, during the first half of 2020. As at end June 2020, the total number of private buses that were in operation stood at 15,097, which was 75.2 per cent of the owned fleet. Inter provincial and intra provincial bus permits of private bus operators stood at 3,034 and 17,026, respectively, by the end of June 2020.

- Amidst limitations stemming from the COVID-19 outbreak, the National Transport Commission (NTC) continued to undertake initiatives to enhance the provision and coverage of road passenger transportation.** The new bus services that were to be launched by the NTC during the first half of 2020 were temporarily suspended due to the COVID-19 outbreak. During the period under review, only eight new *Sisu Seriya* services were launched, and currently, a total of 1,427 buses operate under this programme. The NTC has taken steps to popularise and expand the *Sisu Seriya* project, which seeks to provide regular transport services to school children and teachers. Meanwhile, under the *Gami Seriya* and *Nisi Seriya* bus services projects, only four projects were launched during the first half of 2020. Accordingly, there were 16 *Gami Seriya* services and 182 *Nisi Seriya* services in operation by the end of June 2020.

Figure 3.7
New Registration of Motor Vehicles



- **Restrictions imposed on the importation of non-essential goods by the Government and the Central Bank to reduce the pressure on the exchange rate, amidst limited foreign currency inflows, caused a declining trend in the registration of new motor vehicles to continue.** The total number of new vehicles registered during the nine months ending in September 2020 recorded a decline of 33.4 per cent, compared to a contraction of 23.3 per cent recorded during the corresponding period of 2019. A reduction in registrations was observed across all categories of motor vehicles, except land vehicles.

Rail Transportation

- **Reflecting the limited mobility of people across regions as well as the stringent measures adopted in relation to goods transportation in the wake of the COVID-19 outbreak, the Sri Lanka Railways (SLR) experienced a substantial setback in both passenger and freight transportation during the first half of 2020, despite smooth functioning during the first two months of the year.** Rail passenger kilometrage decreased by 42.8 per cent to 2.0 billion passenger km in the first half of 2020 from 3.6 billion passenger km recorded in the corresponding period of 2019.

Meanwhile, goods kilometrage declined by 17.3 per cent to 50.6 million MT km in the first half of 2020 from 61.2 million MT km recorded in the corresponding period of the previous year. With the gradual relaxation of mobility restrictions, the SLR resumed limited services from early May and recommenced its regular schedule from early June. COVID-19 related health guidelines were also implemented by the SLR to ensure the provision of safe transport services to the general public.

- **Infrastructure development projects as well as maintenance activities undertaken by the SLR experienced some disruptions due to restrictions imposed in the wake of the COVID-19 outbreak.** Although initial work pertaining to the rehabilitation of the Maho – Omanthei railway line had commenced, the project was delayed during the first half of 2020. However, the SLR carried out feasibility studies related to the Colombo Suburban Railway Project (CSRP) funded by the Asian Development Bank. Due to disruptions caused by the COVID-19 outbreak, the SLR carried out limited maintenance activities for its rolling stock during the first half of the year. However, the SLR managed to upgrade its existing rolling stock by procuring four Diesel Multiple Units (DMUs) from China, thereby completing the planned procurement for upcountry train services. In addition, the SLR continued rehabilitation activities for 200 passenger carriages during the period. The SLR also initiated measures to procure additional DMUs for the intercity service as well as 160 passenger coaches. Continuing the rehabilitation of countrywide railway stations, around nine

Table 3.3
Performance of Sri Lanka Railways

Item	2019 Jan - Jun	2020 Jan - Jun (a)	Change %
Operated Kilometrage (mn)	5.3	3.7	- 29.8
Passenger Kilometrage (mn)	3,594	2,057	- 42.8
Freight Ton Kilometrage (mn)	61.2	50.6	- 17.3

(a) Provisional

Source: Sri Lanka Railways

stations were renovated, while several railway stations located in areas with tourist attractions also underwent limited renovation with the financial assistance of the Ceylon Tea Board. Further, to enhance the efficiency of financial procurement, maintenance, administration, and planning activities of the SLR, an Enterprise Review Programme (ERP) was commenced during the first half of 2020. Meanwhile, a decision was made by the Cabinet of Ministers to cancel the Light Rail Transit System Project that was to be implemented in the Western region.

3

Civil Aviation

- **The performance of the civil aviation sector was hindered by the COVID-19 pandemic, resulting in a sharp decline in passenger and aircraft movements and cargo volume.** Accordingly, total international passenger movements at the Bandaranaike International Airport (BIA), including transit passengers, decreased significantly by 58.0 per cent to 2.4 million during the first half of 2020 from 5.8 million passengers recorded in the first half of 2019. Meanwhile, during the first half of 2020, total aircraft movements of the BIA also registered a slowdown of 50.9 per cent to 17,999 aircraft movements comprising 15,225 international aircraft movements and 2,774 domestic aircraft movements. The total volume of cargo handled by the BIA decreased by 43.7 per cent to 69,436 MT during the first half of 2020. The BIA operated below its capacity with a limited workforce due to the need to adhere to health and safety measures in line with COVID-19 related guidelines. Currently, the Mattala Rajapaksa International Airport (MRIA) is being used as an alternative airport to handle ship crew changes and repatriation flights. Despite this rerouting of passengers to MRJA, domestic passenger movements through the MRJA registered a decline of 88.8 per cent to 121 domestic passenger movements during the first half of 2020 compared to 1,078 domestic passenger

movements recorded in the corresponding period of 2019. The MRJA handled 106 aircraft movements, depicting a reduction of 83.3 per cent during the first half of 2020. The Ratmalana Airport and the Batticaloa Domestic Airport (BDA) recorded 3,957 and 727 passenger movements, respectively, during the first half of 2020. Meanwhile, during the year, the Jaffna International Airport (JIA) handled 136 aircraft movements and 3,482 passenger movements till the closure of the airport on 15 March due to the COVID-19 pandemic.

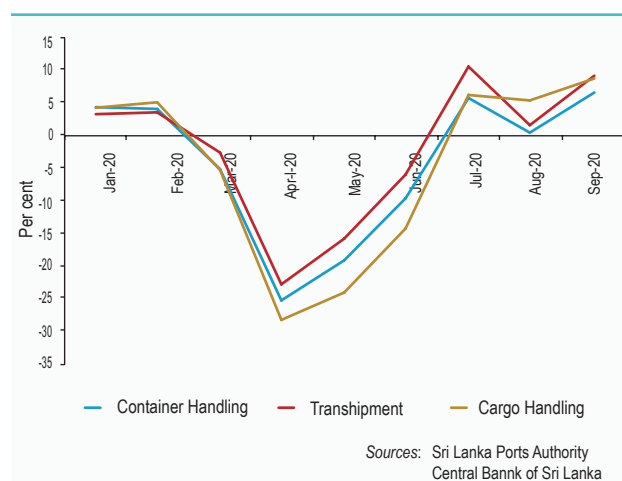
- **The progress of development projects undertaken by the Government to improve the airport and aviation sector in the country was adversely affected by the outbreak of COVID-19 during the first half of 2020.** The construction of the second terminal (T2) project of BIA, comprises package A to construct a second terminal at the BIA and package B to construct a remote apron and taxiways. Progress pertaining to both projects was limited during the first half of 2020. Airport and Aviation Services Sri Lanka Limited (AASL) signed the contract agreement with the chosen Japanese contractor in March 2020 for package A of the project. However, the commencement of the project was delayed due to COVID-19 related disruptions. Meanwhile, package B of the above project registered a progress of around 80 per cent by the end of June 2020. Further, AASL was engaged in an evaluation of options to expand the utilisation of MRJA. Such options include developing MRJA as a cargo hub and as a training facility for aeronautical engineering, with private sector participation. Meanwhile, AASL was involved in developing a dedicated access road to BIA in collaboration with several other government institutions, and the project is expected to be completed by May 2021. Under this project, a stretch of the Minuwangoda road was completed during the first half of 2020. Meanwhile, in the context of the unprecedented impact emanating

from the pandemic, several COVID-19 screening measures were implemented to mitigate the spread of the virus due to passenger movements. In this regard, AASL proactively implemented several arrangements including the quarantining process in airports, setting up PCR test laboratories, and arranging special flights for migrant workers and other foreign returnees. With due consideration to the high risk of COVID-19 exposure among airport staff, strict COVID-19 regulations were implemented in the airport premises as well.

Port Services

- **Although port sector activities experienced a significant decline during the nine months ending in September 2020, both container and cargo handling activities recorded positive performance in the third quarter of 2020.** Despite the emergence of COVID-19 related disruptions in global logistics chains from early 2020, the impact of such disruptions on port sector activities in Sri Lanka was evident only from March 2020. While the positive growth momentum observed in port activities during the beginning of the year reversed during March and throughout the second quarter of the year, a turnaround was observed from the beginning of the second half of the year. In terms of container and cargo handling, the Port of Colombo registered contractions of 4.4 per cent and 4.9 per cent, respectively, during the period from January to September 2020, when compared to the corresponding period of 2019. However, when

Figure 3.8
Growth in Port Activities - 2020



considering only the third quarter of the year, cargo handling activities and container handling activities in the Port of Colombo experienced growth of 5.1 per cent and 4.1 per cent, respectively, in comparison to the corresponding quarter of 2019. The Port of Colombo handled 5.2 million Twenty-foot Equivalent Container Units (TEUs) during the period from January to September 2020 as against 5.4 million TEUs recorded in the corresponding period of the previous year. During the nine months ending in September 2020, total container handling at the South Asia Gateway Terminal (SAGT) and the terminals of Sri Lanka Ports Authority (SLPA) at the Colombo Port recorded contractions of 7.1 per cent and 7.9 per cent, respectively, when compared to the corresponding period of 2019. However, total container handling at the Colombo International Container Terminal (CICT) recorded a marginal expansion of 0.5 per cent during the period from January to September 2020, when compared to the corresponding period of 2019. In terms of transshipment container handling, all three terminals recorded a contraction during the period under review. Accordingly, transshipment container handling at the SLPA, CICT, and SAGT recorded contractions of 5.7 per cent, 0.3 per cent, and 0.7 per cent, respectively, on a year-on-year basis. Within the

Table 3.4
Performance of Port Services

Item	2019 Jan - Sep	2020 Jan - Sep (a)	Change %
Ships Arrivals at Ports of Sri Lanka (b)	3,513	3,320	- 5.5
Total Cargo Handling (mt '000) (b)	80,579	76,675	- 4.8
Total Container Handling (TEUs '000) (c)(d)	5,428	5,190	- 4.4
Transshipments (TEUs '000) (c) (d) (e)	4,484	4,384	- 2.2

(a) Provisional
(b) Includes data from Ports of Colombo, Galle, Trincomalee and Hambantota
(c) Includes data only from Port of Colombo
(d) TEUs - Twenty-foot Equivalent Container Units
(e) Includes re-stowing

Source: Sri Lanka Ports Authority

Port of Colombo, the CICT, SLPA, and SAGT accounted for 41.3 per cent, 31.1 per cent, and 27.6 per cent, respectively, of total container handling during the period under review. Meanwhile, the total volume of cargo handling at the Port of Colombo registered a negative growth of 4.9 per cent during the period from January to September 2020. Accordingly, the volume of cargo handling in the three terminals, SLPA, SAGT, and CICT registered contractions of 9.1 per cent, 5.2 per cent and 0.3 per cent, respectively, during the nine months ending in September 2020, when compared to the corresponding period of 2019.

- **Although the overall volume of cargo and vehicle handling declined in the Port of Hambantota during the first half of 2020, a sharp recovery in cargo handling was observed since the beginning of the second half of the year.** During the nine months ending September 2020, total cargo handling at the Port of Hambantota witnessed an expansion of 14.6 per cent while a notable expansion of 159.4 per cent was recorded in the corresponding period of 2019. Cargo handling activities at the Port of Hambantota showed a notable growth of 66.1 per cent in the third quarter of 2020. Meanwhile, the volume of vehicle handling at the Port of Hambantota during the nine months ending in September 2020 recorded a decline of 21.3 per cent compared to the significant growth of 61.8 per cent recorded in the corresponding period of the previous year. Meanwhile, total vehicle handling at the Port of Colombo recorded a decline of 71.1 per cent during the period from January to September 2020 compared to the corresponding period of the preceding year. The import control measures imposed by the Government on motor vehicles were the major cause for the low level of vehicle handling witnessed during the period from January to September 2020.

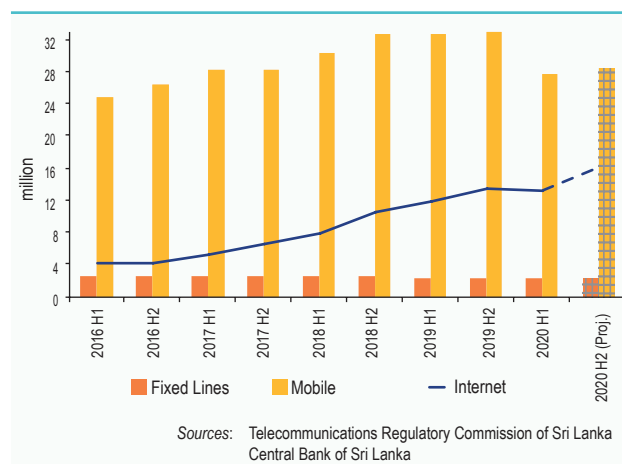
- **Amidst the disruptions caused by the spread of COVID-19, major development activities in the port sector continued, albeit at a slower pace.** The SLPA was in the process of developing the East Container Terminal (ECT) and the West Container Terminal (WCT) in line with a five-year plan that is expected to be fully operationalised by 2025. Each of these two terminals is expected to have an annual yard capacity of 2.4 million TEUs. Preliminary documentation for the procurement work associated with the WCT and the evaluation of bids was underway. Meanwhile, the SLPA also planned to develop a new port, the Colombo North Port, on the northern side of the existing Port of Colombo. The proposed Colombo North Port is to be used for liquid bulk, dry bulk, Roll-On/Roll-Off (RO-RO) ships, and containers. In this respect, the SLPA initiated the procurement process and signed an agreement with the consultant AECOM Infrastructure and Environment UK Limited on 20 February 2020 to conduct a feasibility study for the Colombo North Port Development Project. Meanwhile, the Cabinet of Ministers granted approval in February 2020 for the acquisition of 15 acres of land adjoining the harbour and to acquire another 35 acres of land under private ownership to develop and extend the Kankesanthurai (KKS) port activities. The SLPA received the final environmental impact assessment report for the rehabilitation of the KKS Port in June 2020. Meanwhile, with the view of expanding the operational capacity of the Port of Trincomalee, the SLPA plans to extend the existing Ashraff Jetty by 100 metres resulting in a transition depth of 13 to 14 meters. In addition, the Night Navigation Improvement Project at the Port of Trincomalee was also underway during the period under review. The installation of navigation buoys, mooring buoys, construction of a radar tower, construction of a substation, lighthouse modification, supply, and installation of power cables were undertaken and completed successfully by the SLPA. Meanwhile,

the Government's attempts to develop the Port of Galle as a regional port for tourism and commercial activities continued.

Communication Services

- **The telecommunications sector showed a mixed performance during the first half of 2020.** When compared to the end of the first half of 2019, fixed wireline telephone connections recorded a growth of 2.0 per cent as at the end of the first half of 2020, while fixed wireless connections continued its declining trend recording a contraction of 4.6 per cent. Accordingly, a minor decline of 1.1 per cent was observed in the total fixed telephone connections during the period under review. As at end June 2020, fixed telephone penetration, i.e., connections per 100 persons, stood at 10.6. Meanwhile, when compared to the first and second quarters of 2019, the number of mobile telephone connections decreased by 2.1 per cent and 15.4 per cent during the first and second quarters of 2020, respectively. Notably, mobile phone penetration in Sri Lanka stood at 125.7 as at the end of the first half of 2020.
- **With the imposition of mobility restrictions across the country, usage of internet services increased significantly.** With people being restricted to their homes, there was a notable increase in demand for internet services, for work, education, and leisure purposes. Reflecting this,

Figure 3.9
Phone Connections (Fixed Line and Mobile) and Internet Connections



total internet connections grew by 10.9 per cent to 13.3 million connections during the first half of 2020, resulting in a rise in internet penetration to 60.4 by the end of June 2020 in comparison to 55.0 by the end of June 2019. This rise was driven by a growth of 9.8 per cent in mobile internet connections and a growth of 18.5 per cent in fixed internet connections. In line with these trends, broadband data usage also recorded substantial growth, especially in the months of March and April. Internet usage is expected to continue to expand as leading service providers continue to provide innovative yet affordable data packages to meet growing demand, especially for education and entertainment purposes. Moreover, according to the latest report of the International Telecommunication Union on Information and Communication Technology price trends, Sri Lanka was ranked within the top 30 countries with the lowest internet charges and was noted to have relatively affordable mobile voice, mobile data, and fixed broadband services.

Table 3.5
Telecommunication Services

No. of Subscribers	End June 2019	End June 2020 (a)	Change %
Fixed Lines ('000)	2,355	2,328	-1.1
Mobile Phones ('000)	32,723	27,679	-15.4
Internet Connections ('000) (b)	11,991	13,295	10.9
Fixed Line Penetration (c)	10.8	10.6	-2.1
Mobile Phone Penetration (c)	150.1	125.7	-16.3

Sources: Telecommunications Regulatory Commission of Sri Lanka
Central Bank of Sri Lanka

(a) Provisional

(b) Including mobile internet connections

(c) Defined as connections per 100 persons

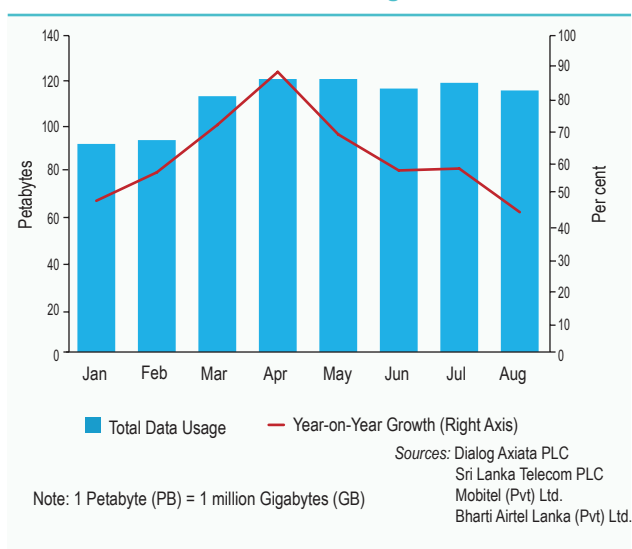
- **The Telecommunication Regulatory Commission of Sri Lanka (TRCSL) and the Information and Communication Technology Agency of Sri Lanka (ICTA) continued to support the growth of the telecommunication sector.** During the first half of 2020, at the request of the TRCSL, leading

telecom operators introduced several special packages to facilitate work from home (WFH) and study from home (SFH) arrangements. Moreover, the TRCSL took steps to implement the *Gamata Sanniwedanaya* project to drive Sri Lanka towards 100 per cent 4G/Broadband coverage to ensure seamless access to digital services across the country, especially in underserved areas. The initial phase of the project is to be commenced in the Ratnapura district. The TRCSL also undertook initial steps towards the implementation of mobile number portability, which would enable users to select service providers without changing existing numbers. The initiative is expected to increase the competition among mobile service operators by encouraging them to compete on the cost-effectiveness and efficiency of services. Meanwhile, the ICTA engaged in various projects to develop the digital infrastructure of the country. A National Digital Policy (Sri Lanka's digital agenda for 2020 – 2025) framework has been initiated for Sri Lanka to achieve sustained digital economic development and growth, through the creation of a digital government and a digital economy. Several initiatives are to be undertaken under this framework to facilitate the enhancement of digital identification (digital ID),

fintech, health-tech, e-government services and private sector digitalisation, among other areas. In collaboration with other relevant stakeholders, the ICTA has also undertaken several initiatives with the COVID-19 outbreak, such as the introduction of mobile applications 'MyHealth Sri Lanka' and 'Contact Tracing'. The ICTA also developed the platform, 'meet.gov.lk' to facilitate the provision of reliable and secure video conferencing facilities for the public sector while introducing an application for pre-arrival clearance for airport arrivals.

- **During the first half of 2020, the Government took numerous initiatives to enhance socio-economic activities through telecommunication services amidst the COVID-19 outbreak.** The Telecommunication and Digital Infrastructure division of the Ministry of Defence continued several projects, during the first half of 2020, including the *e-Grama Niladhari* project, Sri Lanka Digital Economy Strategy, Enhancement of Digital Literacy of Students and Teachers, and Promotion of Internet Awareness and Digitalisation. Meanwhile, the Sri Lanka Computer Emergency Readiness Team Coordination Centre (SLCERTCC), which acts as the responsible organisation for the cybersecurity system of the country, established a National Certification Authority as the standard-setting entity for the smooth and effective functioning of certification service providers. The SLCERTCC is in the process of establishing a National Cyber Security Operations Centre for monitoring threats to digital government applications and infrastructure. The operations at this centre are expected to commence in 2021. Such initiatives of the Government, alongside the strong telecommunication infrastructure base, paved the way for Sri Lanka to advance its position in the E-Government Development Index (EGDI) of the United Nations. Having been ranked 94th out of 193 countries in 2018, Sri Lanka advanced to the 85th position out of 193 countries in 2019.

Figure 3.10
Broadband Data Usage - 2020



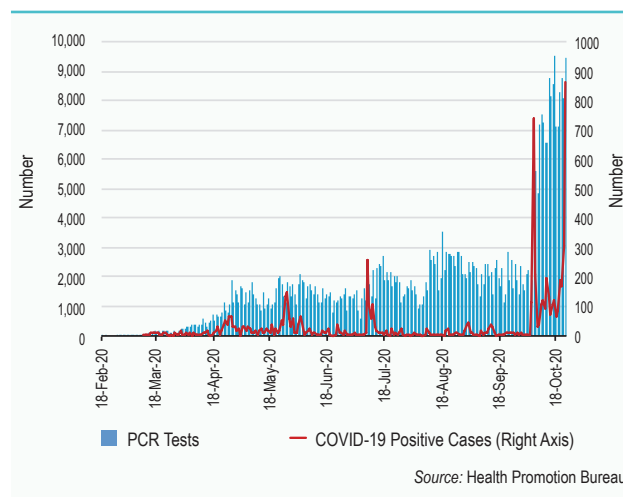
The Index recognises how a country is using information technologies to promote access and inclusion of its people. Key criteria include the quality of online services and information, adequacy of telecommunication infrastructure, and the ability of human resources to promote the use of Information and Communications Technology (ICT).

Developments in Social Infrastructure

Health

- The health sector's proactive and well-coordinated response, in collaboration with the Tri-forces and other stakeholders, to manage the COVID-19 outbreak is commendable.** However, continuous vigilance and strict adherence to social distancing policies are imperative to prevent the outbreak from reaching a level that is unmanageable with available health sector resources. With the appointment of a National Action Committee to prevent the spread of COVID-19 in Sri Lanka in January 2020, the health sector remained vigilant of the possibility of cross border transmission of COVID-19. Accordingly, screening and surveillance of incoming passengers from entry ports and collection of passenger information via health declaration forms commenced from late January 2020. Sri Lanka reported its first COVID-19 infected local individual on 11 March 2020. The response to the local outbreak was multifaceted, with the health sector playing the leading role supported by numerous stakeholders. With the rapid spread of the disease globally, Sri Lanka imposed restrictions on incoming passengers from 19 March 2020. However, the Government continued to engage in the repatriation of Sri Lankan students, workers, dependents, and pilgrims, who were then subject to mandatory quarantine for 14 days. An islandwide lockdown was imposed in mid-March to contain the spread of the virus. While mobility restrictions were

Figure 3.11
COVID-19 Positive Cases and PCR Tests Performed
(Daily Count As at 23 October 2020)



gradually relaxed from the end of April, certain regions were isolated for short periods based on the extent and risk of the spread of the virus. People residing in such regions who were deemed to be at risk of contracting the virus were quarantined at designated quarantine centres or were subject to self quarantine within their residences. Throughout this period, COVID-19 testing facilities continued to be strengthened islandwide with the support of universities as well as the private sector. Based on a selection algorithm, tests were performed on suspected cases, those at risk of contracting the virus such as close contacts of positive cases, those belonging to high-risk communities, and 'hotspots' of community transmission. Random testing was consistently undertaken. Numerous guidelines were also issued to enable the mitigation of the outbreak and to ensure the health and safety of the community with the gradual restoration of normalcy from mid-2020. In addition to proactive case management measures, strict implementation of social distancing policies and other related health guidelines and rapid improvements to the capacity of the healthcare system enabled the country to flatten the epidemic curve to a great extent till the end of September 2020. Meanwhile, a surge in the

number of COVID-19 patients was reported from 04 October with the identification of new clusters, underscoring the importance of continued adherence to social distancing and personal safety measures while being vigilant of the possible emergence of new COVID-19 clusters. It is to be noted that with the identification of the recent new clusters, the Government undertook several timely measures to rapidly increase PCR testing while increasing the resources available for quarantining of suspected cases and for the treatment of COVID-19 positive patients. The cumulative number of COVID-19 cases reported as at 10.00 am on 23 October 2020 were 6,287 while the number of recovered patients and COVID-19 related fatalities were 3,644 and 14, respectively. This translates into a caseload of 285 positive patients per one million persons, a recovery rate of 58.0 per cent, and a case fatality rate of 0.2 per cent.

- **Apart from the epidemiological burden of COVID-19, Sri Lanka had to grapple with the spread of several other communicable diseases.** In July 2020, the World Health Organization (WHO) declared that Sri Lanka had successfully eradicated Measles and Rubella, with no evidence of endemic transmission of the two viruses for over three years. The success is to be attributed to the well performing surveillance system and immunisation programmes spearheaded by the Government. Due to the imposition of mobility restrictions and social distancing measures, the usual seasonal pattern of Influenza was not observed during the first half of 2020. Further, surveillance and proactive case management activities were carried out to prevent any resurgence of indigenous Malaria that had been eliminated in 2012. Accordingly, only 21 imported Malaria cases were identified during the first half of the year. Meanwhile, the Dengue epidemic was curtailed to some extent as the imposed lockdown measures allowed people to engage in cleaning and other maintenance activities in their surroundings which helped

prevent the formation of mosquito breeding grounds. Accordingly, a total of 26,734 patients were confirmed with Dengue fever over the eight months ending in August 2020, which is a 40.4 per cent reduction compared to the corresponding period of the preceding year. As the Dengue outbreak that began in the latter part of 2019 continued into 2020, the majority of cases reported in 2020 were identified in January. This number gradually decreased and a remarkable reduction in caseload was observed with the lockdown of the country due to COVID-19, resulting in only 493 confirmed cases in April, despite the lack of house-to-house mosquito control campaigns during the lockdown period spanning mid-March to mid-May. However, vector control programmes at abandoned/discontinued construction sites and closed schools/institutions continued. Meanwhile, a rise in Leptospirosis cases was observed during the eight months ending in August 2020. A total of 5,289 cases of Leptospirosis were identified during this period, thereby recording an increase in cases by 66.0 per cent compared to the corresponding period of 2019. High caseloads were reported from Ratnapura, Kalutara, and Galle districts. Although child immunisation programmes had to be suspended in April 2020 owing to the lockdown, these services resumed in end April via a strict appointment-only schedule. A majority of the backlog in immunisations had been cleared by mid May.

- **Amidst the challenges surrounding COVID-19, the healthcare system continued to combat the incidence of non-communicable diseases (NCDs) such as diabetes, chronic respiratory diseases, Chronic Kidney Disease (CKD), cancers, and cardiovascular diseases which remain a leading cause of mortality and morbidity issues in the population.** Although numerous infrastructure development, surveillance and monitoring, health promotion, and risk reduction activities were planned for the control of acute and chronic NCDs in the country, the Ministry of Health (MOH) was unable to make

much progress in relation to these activities, due to the increased focus on curtailing the pandemic during the first half of 2020. However, despite COVID-19 related restrictions, the MOH facilitated the provision of medicines to NCD patients who were receiving long term care through the Government and private sector hospitals. While medicines were dispatched through the postal service, technical guidance was provided to healthcare staff regarding NCD patients. Mass media and social media campaigns were also conducted to promote healthy lifestyles.

- **Physical and human resources in the public health sector were strengthened during the first half of 2020 with the intention of curbing the COVID-19 outbreak.** By end June 2020, there were 18,041 qualified doctors and 38,569 nurses in government hospitals – equivalent to one doctor for every 1,221 persons, and one nurse for every 571 persons. Meanwhile, the total number of beds in state hospitals was 78,526, translating to 3.6 beds for every 1,000 persons. There were 25,807 registered Ayurvedic physicians and 118 government Ayurvedic hospitals with a bed capacity of 5,062 by end June 2020. At the end of the first half of 2020, there were approximately 775 Intensive Care Unit beds available across the country.
- **The private health sector continued to play an important role during the pandemic period, particularly in relation to non-COVID diseases.** As at the end of June 2020, there were 209 registered private hospitals with a capacity of 5,099 beds. As at end July 2020, there were 128 full-time general practices/dispensaries/medical clinics, 156 medical laboratories, 80 medical centres/screening centres/day-care medical centres/channelling centres and 216 part-time general practices/dispensaries/medical clinics registered under the Private Health Services Regulatory Council of the MOH. Meanwhile, guidelines were issued to private healthcare providers regarding clinical management of

COVID-19 patients and suspected COVID-19 patients. With the view of addressing the medical needs of patients amid mobility restrictions and social distancing guidelines, leading private health institutions adopted novel methods to meet medical needs of patients. This included the provision of online disease screening facilities, consultation services via telemedicine, and delivery of pharmaceuticals for tele-prescriptions.

Education

- **In collaboration with provincial education authorities and national level institutes, the Ministry of Education (MOE) prepared a medium-term strategic plan for the period 2020-2025.** This strategic plan is expected to address systematic issues pertaining to equity, quality, efficiency, effectiveness, relevance, and adequacy of general education opportunities. The '13 years of mandatory education programme' was expanded to cover 421 schools, and a financial incentive of Rs. 500 was granted to institutionalised students based on their attendance. As this programme seeks to create skilled workers, initiatives have been undertaken to change the model of the programme to reduce the time spent in school and increase the time spent on 'on-the-job' training by vocational training institutes. The MOE along with the National Institute of Education (NIE) also engaged in initiatives pertaining to curriculum development and reforms to improve the overall quality of educational outcomes, while also aligning relevant aspects of the current education system with the STEM (science, technology, engineering, and mathematics) approach.
- **The outbreak of COVID-19 had a substantial impact on educational activities with schools having to intermittently close from mid-March.** While the Government's prompt action to safeguard children from the pandemic through closure of schools is commendable, disruptions to educational activities could have a longstanding

impact on children's learning processes. These disruptions are expected to disproportionately affect students with learning difficulties and those who come from academically or socioeconomically disadvantaged backgrounds. Such students may not be able to sufficiently benefit from remote learning strategies. In an attempt to continue educational activities to some extent, the MOE continued to encourage schools to provide students with activity sheets and to conduct distance learning classes via online platforms. Currently, the national e-learning portal of the MOE, *e-thaksalawa* offers a significant amount of learning material for Grades 1 to 13 to facilitate continued learning from home. The MOE also collaborated with relevant stakeholders to broadcast several educational programmes in both Sinhala and Tamil via dedicated television channels and launched a new television channel with the NIE for Advanced Level and Ordinary 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. The MOE also prepared a 'Contingency Emergency Response Plan (CERP) to Minimise the COVID-19 Pandemic Disruptions in the School Education Sector in Sri Lanka.' The plan focuses on the facilitation of learning from home, promotion of e-learning and self-learning facilities in schools, strengthening teachers' professional capacity in relation to electronic and distance learning modalities, creation of a safe and hygienic school environment, and importantly, the development of comprehensive risk analysis and emergency response plan and relevant emergency response units. Despite the adoption of online education by teachers, students, and relevant authorities, several issues such as, the disparities in access to technology-related infrastructure, limitations in teachers' capacity to utilise devices for teaching, and infrastructure investment required to continue blended learning approaches have become evident.

- **Despite universities being intermittently closed since mid-March 2020, the University Grants Commission (UGC) alongside universities and other key stakeholders continued to undertake academic activities via remote learning systems.** During the period of closure, almost all 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. During the period from the end of March till the middle of August, it was estimated that approximately 160,000 sessions were conducted in LMS with 6.7 million aggregated user logins. Such rapid adoption of education technology by both staff and students and their enthusiastic engagement is commendable. As seen in the general education sector, students and members of faculty in the university sector also reported experiencing difficulties regarding accessing e-learning platforms due to infrastructure deficiencies pertaining to equipment and internet facilities. Accordingly, initiatives are underway to convert all lecture material to a form that is suited for online learning while also addressing the infrastructure deficiencies experienced by students and academic staff. In line with the Government's development agenda, 'City Universities' are to be established in 10 districts to cater to their own unique developmental needs. Discussions are also ongoing to establish other specialised state universities to cater to the growing needs of the economy. The UGC also continued to proactively expand the academic capacity of state universities through the granting of approvals for the establishment of new faculties, departments, undergraduate and postgraduate programmes. With the view of addressing the persisting issues pertaining to ragging, the UGC continues to provide communication portals for complaints while conducting awareness and orientation programmes for new entrants regarding the same. A detailed study is also underway to study ragging and sexual and gender-based violence within the state university system.

- **The private sector continued to proactively engage in the provision of tertiary education alongside the Government.** As at end June 2020, there were 19 Non-State Higher Education Institutes (NSHEIs) recognised as degree awarding institutes that offer 160 locally accredited degree programmes. During the first half of 2020, one new NSHEI was recognised as a degree awarding institute and 14 new degree programmes offered by NSHEIs were recognised. Meanwhile, reviews of several new degree programmes are 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. Moreover, considering several factors highlighted by stakeholders, an expert committee was appointed in 2019 to prepare guidelines stipulating the 'Minimum Standards for the Degree Awarding Institutes'. The recommendations of the expert committee are to be reviewed by the Standing Committee on Accreditation and Quality Assurance. The MOE is to submit a revised memorandum for Cabinet approval regarding the registration and regulation of NSHEIs. The formulation of a visa policy for international students is also in progress to facilitate and regulate international students pursuing studies in Sri Lanka in an attempt to enable the sector to exploit the regional demand for pursuing higher studies in Sri Lanka.
- **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 the first half of the year, there were 1,334 registered institutions in the TVET sector. The Tertiary and Vocational Education Commission (TVEC) has also developed new National Competency Standards for over 40 national vocational qualification programmes

while revising said standards for over 10 national vocational qualification programmes. In the wake of COVID-19, the TVEC developed evaluation criteria for the registration of training institutes providing online courses and an online system was developed to collect data on the training performance of students. In addition to conducting webinar sessions, the TVEC also collaborated with television channels to broadcast a series of lessons for vocational trainees across a range of subject areas during this period. The current policy direction of the Government is expected to ensure continued commitment to improve the quality and relevance of the TVET sector.

Urban Development and Housing

- **Mobility restrictions imposed during the COVID-19 outbreak hampered housing and urban development activities during the first half of 2020.** In line with the Government's policy, the National Housing and Development Authority (NHDA) commenced the Obata Geyak Ratata Hetak housing programme, which seeks to identify one low-income family per Grama Niladhari division and provide them with a house. Accordingly, under this programme, 14,022 housing units are to be constructed through the provision of a grant amounting to Rs. 600,000 per family. However, the implementation of the programme was stalled with the onset of COVID-19 and only 288 housing units were completed in the first half of 2020. Meanwhile, the Colombo Urban Regeneration project and Middle Income Housing projects were in progress during the period under review. Further, the Urban Development Authority (UDA) initiated two new city beautification projects in addition to the ongoing Beira Lake Development and pedestrian walkway development projects. Accordingly, the Galle Face Green Development project and the construction of a Pedestrian Facility Centre in Colombo 01 are currently underway. The Beira

Lake and Uttaranada Mawatha pedestrian walkway development projects, which were underway during 2019, were completed during the year.

- **The Colombo Port City project activities continued during the first half of 2020, though at a slower pace.** Internal utility infrastructure is expected to be completed by the project company by the end of 2020. Work on landscaping commenced and is expected to be completed in 2021. Construction activities related to the Port City were put on hold during the lockdown, but these activities have resumed.

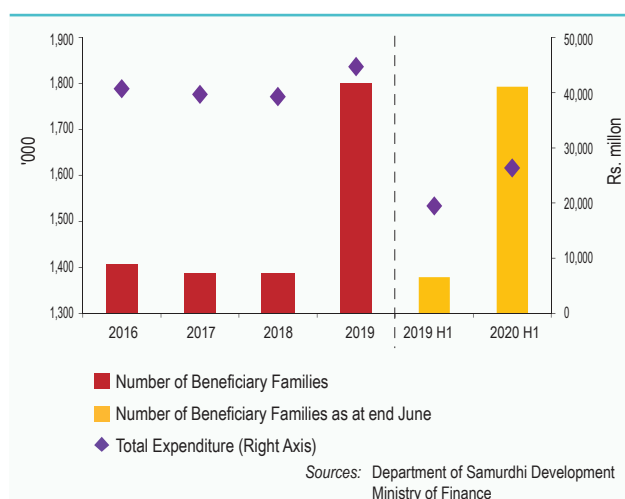
Water Supply

- **In line with the Government's aim to achieve uninterrupted provision of clean drinking water to all households over the next few years, the National Water Supply and Drainage Board (NWS&DB) continued its endeavours to increase the coverage of pipe-borne water to expand the supply of safe drinking water.** At the end of the first half of 2020, the total pipe-borne water coverage in Sri Lanka stood at 52.1 per cent, having improved marginally from 51.8 per cent as at the end of 2019. Access to safe drinking water stood at 92.2 per cent of the population at the end of the first half of 2020, compared to 91.9 per cent recorded at end 2019. Amid setbacks experienced due to the COVID-19 outbreak, the NWS&DB was able to provide 18,744 new water supply connections during the first half of 2020 compared to 26,902 new connections that were provided during the corresponding period of 2019. Further, 5,813 new sewerage connections were provided during the first half of the year. Meanwhile, the percentage of islandwide non-revenue water usage increased marginally to 25.4 per cent in the first half of 2020 from 24.9 per cent in the same periode of 2019.

Safety Nets and Poverty Alleviation

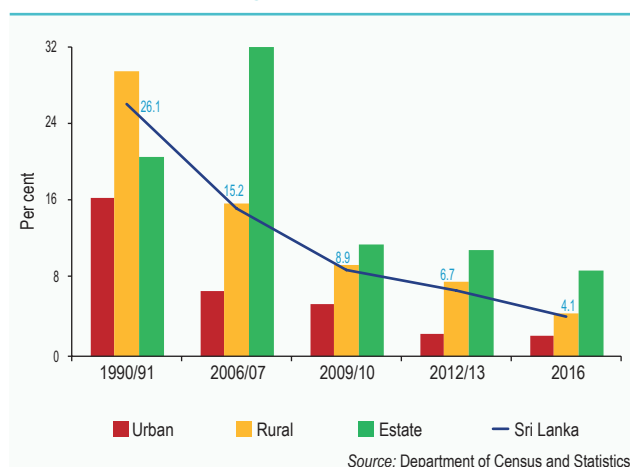
- **Although Sri Lanka has seen a substantial decline in poverty over the past three decades, the COVID-19 pandemic reiterated the presence of socioeconomic vulnerabilities.** According to the Household Income and Expenditure Survey (HIES) – 2016 of the Department of Census and Statistics, the Poverty Headcount Ratio (PHCR) had declined to 4.1 per cent by 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 the declining trend in poverty, significant disparities were observed across provinces with the lowest PHCR of 1.7 per cent registered for the Western province and the highest level of 7.7 per cent registered for the Northern province. The disparity was more obvious at district level with Colombo recording the lowest PHCR of 0.9 per cent and Kilinochchi recording the highest level of 18.2 per cent. It has also been noted that a sizable share of the population lives just above the poverty line. Against this backdrop, the COVID-19 outbreak is expected to have severe implications on low-wage workers in low income households whose informal nature of employment neither allows for 'work-from-home' options nor provides any paid leave. With almost 57.4 per cent of those employed lying outside the ambit of formal employment, the socioeconomic security of such population segments is questionable in the wake of shocks such as the COVID-19 outbreak. In turn, this may have implications on the Government's poverty eradication efforts.
- **Amidst 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 promptly recognised the financial vulnerabilities of

Figure 3.12
Performance of the Samurdhi/Divineguma Subsidy Programme



low income households and provided a Rs. 5,000 allowance per vulnerable household over two months. Under this initiative, approximately Rs. 50.1 billion was disbursed. Meanwhile, the Government and the Central Bank, working closely with the financial sector, facilitated a debt moratorium on capital and interest, provided working capital at low-interest rates, reduced interest rates charged on credit card payments, and reduced minimum monthly payment dues on credit cards. The rapid implementation of such measures, alongside the eased monetary policy and the low tax regime, is expected to mitigate the financial burden on households, both through direct and indirect channels. The Government's commencement of the provision of 100,000

Figure 3.13
Poverty Headcount Ratio



employment opportunities to unskilled workers from extremely poor households, who have no formal education or with education lower than GCE Ordinary Level, is also aimed at eradicating poverty.

- **The Government continued to implement various projects and programmes during the first half of 2020 to uplift the socioeconomic wellbeing of low income and vulnerable individuals and households.** The Department of Samurdhi Development (DSD) distributed Rs. 26.4 billion among 1.8 million beneficiary families under the Samurdhi relief programme during the first half of 2020. Further, Rs. 627 million was distributed among 114,670 beneficiary families under the Samurdhi Social Security programme, which aims to offer financial relief to low income families during difficult times and special occasions. Meanwhile, the DSD continued to undertake entrepreneurship development projects such as the development of *Suwa Bojun* centres and marketing centres and the conducting of training programmes on organic food production. In addition, the Government continued the nutrition allowance programme targeting expectant and lactating mothers. A sum of Rs. 3.2 billion had been allocated for this programme for the period from January to August 2020, of which Rs. 2.2 billion had been incurred during the first half of 2020 covering 186,554 beneficiaries. The morning meal programme for pre-school children and early childhood development centres, especially those from low-income families, was also continued. Accordingly, during the eight months ending in August, 72,840 children benefited from this programme which cost Rs. 66.3 million.

Expected Developments

- **Numerous infrastructure projects in relation to electricity and ports are currently underway and are expected to contribute to the enhancement of the country's productive capacity.** In September 2020, the Cabinet granted approval to construct the second

300 MW combined cycle Liquefied Natural Gas (LNG) powerplant in Kerawalapitiya. With the growing demand for electricity in the country, it is crucial to increase the installed capacity for electricity generation, particularly through lowcost energy sources. Meanwhile, the SLPA is in the process of developing the East Container Terminal (ECT) and the West Container Terminal (WCT), in accordance with their five-year plan. These terminals are expected to be fully operationalised by 2025 and are expected to have an annual yard capacity of 2.4 million TEUs each. The Government is expected to continue its efforts to provide and improve essential physical infrastructure, with due consideration to fiscal constraints. These developments are expected to improve the productive capacity of the economy, and thereby pave the way for the creation of sustainable and inclusive growth that can bridge prevalent disparities and ensure shared prosperity. The private sector is also expected to play a more engaging role in infrastructure development.

- **While the COVID-19 pandemic created unprecedented disruptions across all spheres of the economy, importantly in the education and health sectors, these disruptions also provide opportunities to devise novel and innovative means of delivering such services.** Despite the economic turmoil created by the pandemic, the crisis has also stimulated

innovation, particularly within the education and health sectors. This includes the delivery of educational services through online platforms, mass media, and take-home study packages in the education sector, and in the health sector this includes online consultant channelling services and home delivery of medicine to regular patients of government hospitals. The telecommunication service providers also introduced several new products, such as special data packages for work and educational purposes, to cater to the contemporary and changing needs of consumers. Given the possibility of prolonged COVID-19 related disruptions, accelerated changes in the delivery modalities of education and health services are envisaged. However, these innovative and efficient service delivery mechanisms also need to be rapidly institutionalised to formalise these new methods and ensure their continued implementation, while undertaking measures that will enable the exploitation of potential foreign exchange earning and saving opportunities created by distant working modalities that have gained popularity with the pandemic. Further, equity and inclusion should also be given due consideration in tandem with new developments, especially in the education and health sectors, to ensure that vulnerable and marginalised segments of the population are not disproportionately affected by these unprecedented changes and rapid developments.