



## Economic and Social Infrastructure

**W**hile the provisioning of the economic and social infrastructure of the country experienced notable disruptions during the first half of 2022, as the economy grappled with a host of adversities emanating from both domestic and external developments, several supply and demand management measures that were subsequently undertaken helped offer some reprieve from these adversities. The economy experienced an unprecedented power and energy crisis during the period under consideration due to a dearth of foreign exchange liquidity and elevated global energy commodity prices. Supply and transport networks were significantly disrupted by both shortages in domestic fuel supply and regular power cuts, which exceeded 10 hours per day towards the middle of the first half of 2022. However, several measures were successively adopted to address supply and demand imbalances of fuel and LPG, alongside reducing the duration of the power cuts due to favourable levels of hydropower generation. Duly considering the urgent need to address the longstanding financial woes of the CPC, the CEB and the NWS&DB, the Government implemented revisions to domestic prices of petroleum products, and also undertook an upward revision of electricity and water tariffs in August 2022 after an 8-year and 10-year hiatus, respectively. In line with the revisions to domestic prices of petroleum products, several other public utility charges, including bus fares and railway fares, were also adjusted upward. Infrastructure projects recorded modest progress during the period under consideration, amidst cash flow difficulties and inadequate supply of raw materials. Despite a fresh outbreak of COVID-19 during the beginning of the year, several quarantine-related protocols and other COVID-19 related protocols were relaxed to ensure continuity of economic activity as a large majority of the population over 12 years had completed the initial protocol and over half of the same population had received the first booster dose. However, currently there are concerns about the prevalence of communicable diseases, such as dengue, malaria, and influenza. Despite the resumption of in-person academic activities since end July 2022, learning losses caused by intermittent disruptions to in-person academic activities, as had been observed since the onset of COVID-19 in 2020, continue to persist and are likely to have caused a widening of inequalities in educational outcomes among children in different economic sectors and geographical locations, and a concerted policy initiative to address these concerns continues to be lacking. The economy will also have to grapple with issues arising from a significant share of the population having emerged as ‘new poor’ due to consecutive hardships caused by COVID-19 over the last two years and the ongoing economic crisis. The Government’s clear expression of its commitment to safeguarding vulnerable segments of the population through expanded financial assistance, as outlined in the Interim Budget 2022, and its efforts to improve social safety net targeting through the Welfare Benefits Board, are commendable. Such concerted and well-targeted initiatives are imperative to ensure social welfare which is essential to the quality, productivity, and wellbeing of the country’s human capital, which for long has been a key asset of the country.

### 3.1 Progress of the Energy Sector

#### Crude Oil and Petroleum Products

Global crude oil prices were at elevated levels during the period from January till October 2022 when compared to the corresponding period of 2021. The higher level of prices during 2022, thus far, was primarily driven by the geopolitical upheaval in Eastern Europe and the resultant tightening of global oil supply conditions.

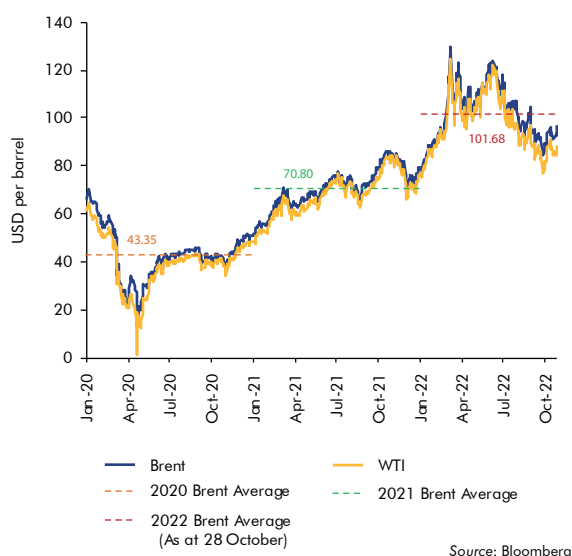
Crude oil prices were on a rising trend during the first half of 2022 with daily prices briefly reaching USD 140 per barrel in March 2022 for the first time since July 2008, driven by sanctions imposed on Russia, one of the world's leading exporters of oil and petroleum products. However, from the beginning of the second half of 2022 prices were on a downward trend to about USD 85 per barrel by late September 2022 on account of the resurgences of COVID-19 and key central banks' monetary policy tightening measures which are expected to dampen global energy demand. Nevertheless, prices climbed upwards again during October 2022 with the announcement of a production cut by OPEC+. While the average Brent crude oil price stood at USD 105.12 per barrel during the first half of 2022, reflecting a 61.7% increase over the corresponding period of 2021, prices recorded a lower average of around USD 96 per barrel during July – October 2022.

Amidst the dearth of foreign exchange liquidity, the CPC imported crude oil only during the months of January (at USD 84.09 per barrel), February (at USD 76.41 per barrel), May (at USD 109.94 per barrel), August (at USD 114.71 per barrel) and September (at USD 119.71 per barrel) in 2022. Meanwhile, price volatilities of crude oil and refined petroleum products in global markets warranted several rounds of revisions to domestic retail prices of key petroleum products in 2022. The domestic prices of several petroleum products sold by the CPC were revised upward in March, April, May, and June 2022 in line with the escalation of global prices, followed by four downward revisions in July, August, and October 2022 which were prompted by the price declines observed in global markets. Meanwhile, the CPC raised the retail price of kerosene significantly at the end of August 2022 to curb the substantial losses that were being incurred on the same. During the period from January till October 2022, LIOC revised domestic prices upward across seven rounds, followed by four downward revisions in July, August, and in October 2022, thereby resulting in prices remaining aligned with those of the CPC.

**Several revisions were undertaken to domestic prices of petroleum products in line with trends in global prices...**

The overall sales volumes of petroleum products in the domestic market recorded a decline during January - August 2022, amidst significant upward revisions in prices and the implementation of the QR code-based fuel rationing system during the latter part of the period under review. During the period from January till August 2022, total petroleum sales registered a y-o-y contraction of 7.0%, as the notable growth LIOC's sales volumes was largely offset by the decline in sales volumes of the CPC. Accordingly, during the eight months ending August 2022, the CPC's sales to the transport sector recorded a y-o-y contraction of 8.6%, while the aviation sector recorded a y-o-y growth rate of 34.4% primarily driven by the COVID-19 induced lower base observed in the corresponding period of 2021. Although demand for fuel from the power generation sector was high during the first quarter of 2022, the increased reliance on hydropower generation thereafter, following increased reservoir levels with torrential rains, alongside regular load shedding, led to an overall decline in fuel demand

**Figure 3.1**  
**Trends in Global Crude Oil Prices**



from the power generation sector during the eight months ending August 2022. Accordingly, sales of fuel for power generation recorded a contraction of 1.2%, y-o-y, during the period under review.

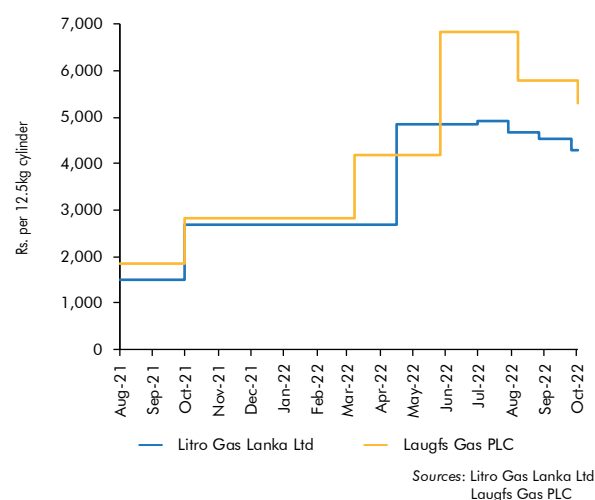
The Ministry of Power and Energy together with the CPC adopted several measures to smoothen the supply of fuel products in the domestic market, amidst procurement disruptions stemming from the country's foreign exchange liquidity issues. From March 2022 onwards, the several rounds of revisions undertaken to the domestic prices of key petroleum products by the CPC in collaboration with the Ministry of Power and Energy signalled that prices will continue to be revised regularly. Further, the Cabinet of Ministers granted approval in May 2022 for the implementation of a pricing formula for petroleum products and a committee was appointed to devise an appropriate cost-reflective pricing formula and a mechanism. Meanwhile, the Ministry of Power and Energy granted approval for several bunker license holders to supply selected fuel products for a specific period, through the oil bank at JCT to exporters, power generation companies, tourism service providers, licensed telecommunication service providers, and other industries against receipt of payment in US dollars. In early July 2022, the CPC also commenced registration of individuals and companies with business registration in Sri Lanka who could pay in US dollars for fuel purchases and such parties were provided a guaranteed quota of fuel. To ensure the supply of limited fuel stocks for the transport sector, the CPC introduced a system, wherein fuel was dispensed through its own filling stations according to the last digit of the vehicle number plate from late July 2022 onwards. Subsequently, the National Fuel Pass QR code system was implemented for the issuance of fuel as per designated quotas from 01 August 2022, at fuel stations across the island. Meanwhile, the Tourist Fuel Pass pre-paid card system was implemented at the beginning of October 2022, enabling tourists to use a US dollar denominated prepaid card to purchase fuel at stations across the island. Initial steps are also underway to facilitate the participation of fuel companies established in fuel producing countries to import and sell fuel in the domestic market. Such deregulation measures are expected to be further complemented by the passing of the Petroleum Products (Special Provisions) (Amendment) Bill in mid-October 2022 to amend the Petroleum Products (Special Provisions) Act No. 33 of 2002. These steps are expected to alleviate

fuel supply issues in the domestic market and create healthy competition, which can prove beneficial to all stakeholders of the economy. Going forward, over the medium term, demand management primarily through qualitative and quantitative improvements to public transport will be essential to reduce demand arising from the private transportation sector, thereby enabling the country to curb excessive foreign exchange outflows pertaining to fuel expenditure.

**Although numerous reforms are in progress across the petroleum sector to ensure the effective and sustainable provisioning of petroleum products, improvements to public transportation are also imperative to manage demand...**

Following the overall trend in global energy prices, the average global LPG prices remained at elevated levels during January - September 2022, despite a marked deceleration since May 2022. The average price of LPG in the global markets (based on the Propane:Butane ratio of 30:70), which peaked to USD 954 per mt in April 2022, declined by around 33% to USD 636 per mt in September 2022, reflecting the moderation of global consumption demand. The supply of LPG in the domestic market was severely disrupted by the dearth of foreign exchange liquidity, particularly during the first half of 2022, largely affecting urban and semi-urban communities. However, the receipt of multilateral assistance in relation to the same and the

**Figure 3.2**  
**Domestic LPG Price Revisions**



adoption of targeted measures by the Central Bank to improve foreign exchange liquidity helped facilitate the timely importation of LPG, thereby restoring normalcy to the supply of LPG in the domestic market. Meanwhile, the domestic prices of LPG were revised in several rounds during January - September 2022 to ensure cost-reflective domestic prices. Accordingly, Litro Gas Lanka Ltd revised domestic prices upward in April and July 2022, followed by three downward revisions in August, September, and October 2022. Following suit, Laugfs Gas PLC also revised domestic prices upward in two rounds during March and June, followed by two downward revisions in August and October 2022.

## Electricity

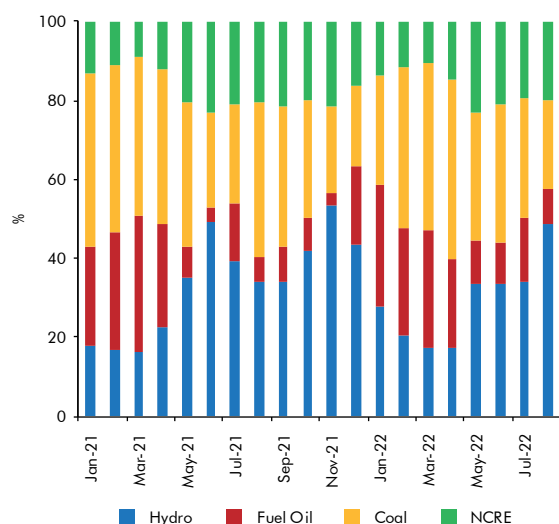
During the period from January till August 2022, total electricity generation registered a y-o-y contraction of 3.3% to 10,744 GWh, particularly reflecting the impact of disrupted fuel and coal supply for thermal power generation. The contribution of hydro, fuel, coal, and NCRE to total power generation stood at 29%, 20%, 35%, and 17%, respectively, during the period under review. With the limited supply of fuel and coal for power generation, amidst the domestic foreign exchange crisis coupled with soaring global energy commodity prices, the CEB undertook daily scheduled power cuts commencing from February 2022 as a demand management strategy. The length of power outages increased to over 10 hours per day towards the end of March 2022 due to the combined impact of the dire status of fuel availability and low reservoir levels,

thereby leading to a severe power and energy crisis. However, torrential rainfalls during the months of May, June, and August 2022, followed by the regular monsoon rains during October 2022, helped shift reliance towards hydropower generation amidst the frequent closures of several fuel based power plants due to fuel shortages and Norochcholai coal power plant units for scheduled maintenance and repairs. In turn, the duration of daily power cuts were shortened to around one to three hours by mid-October 2022. However, electricity provisioning remains vulnerable in the period ahead due to continuing difficulties in fuel procurement and highly volatile energy prices in the global market amidst excessive reliance on hydropower generation.

**“Although favourable weather patterns have helped curb the duration of power cuts in recent months, electricity provisioning remains vulnerable amid difficulties in fuel procurement, volatile energy prices and excessive reliance on hydropower generation...”**

After a hiatus of eight years, the electricity tariffs were revised upward by the PUCSL effective from 10 August 2022 considering the soaring costs in the power sector. Accordingly, electricity tariffs were increased by 75% on average, to further align with the actual cost of generation, with fixed charges being revised with due consideration to implications of these on low-income households. Consequent to the upward revision in tariffs, which had been long overdue, the financial status of the CEB is expected to improve in the period ahead, only if complemented by the timely implementation of required institutional reforms focused on improving financial and operational efficiency. In this regard, several initiatives have been undertaken by the Government to implement long overdue institutional reforms, and a committee was appointed to review the scope as well as the institutional framework of the already formulated reforms in the Electricity Reform Act, No. 28 of 2002 and to recommend restructuring proposals for an appropriate institutional framework. In the meantime, concerted efforts are needed to ensure optimal contribution of renewable energy to the generation mix, considering Sri Lanka's possession of ample natural energy sources, such as

**Figure 3.3**  
**Electricity Generation Mix**



Source: Ceylon Electricity Board



solar, wind, geothermal and tidal energy that can be harnessed for power generation. Initiatives to improve efficiency in transmission and distribution mechanisms are also important to ensure energy security of the country over the medium-term, amidst volatilities in global energy markets and the growing domestic demand for electricity.

**Regular tariff revisions, institutional reforms and timely infrastructure improvements are imperative to improve the financial status of the CEB...**

### 3.2 Progress of Other Economic Infrastructure

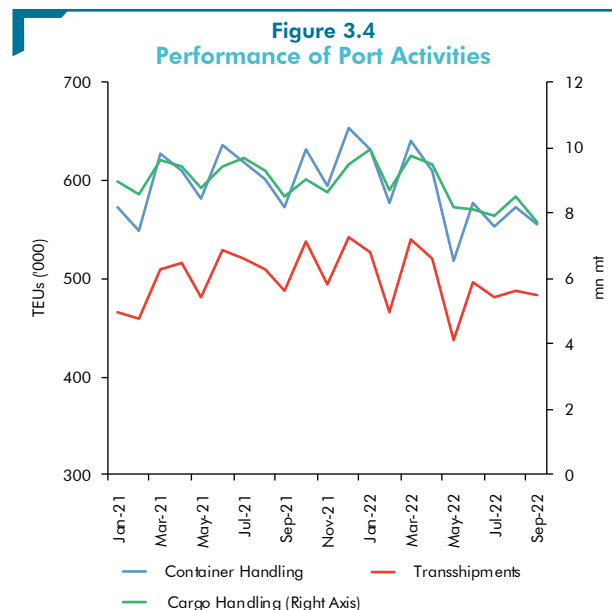
#### Transportation

Although the operations of the SLTB, in terms of passenger kilometrage and operated kilometrage, reported notable growth rates of 86.3% and 27.9%, respectively, during the first half of 2022, passenger kilometrage and operated kilometrage of private bus operators witnessed y-o-y drops of 34.3% and 30.5%, respectively, during the first half of 2022 due to the fuel shortage that made it difficult to obtain fuel in a timely manner. During the period under consideration, three major upward revisions of bus fares were undertaken in March, April, and May 2022, by 15%, 35%, and 19%, respectively, in line with the upward price revisions of fuel, followed by a downward revision in fares by 11% in August 2022 corresponding to the downward fuel price revision. Further, the estimated passenger kilometrage of Sri Lanka Railways increased notably by 138.4%, y-o-y, while goods kilometrage decreased by 6.4% y-o-y, in the first half of 2022. Meanwhile, the railway fares for the conveyance of passengers, goods, and mail were revised upward with effect from 12 July 2022 after a hiatus of almost four years.

The passenger kilometrage of SriLankan Airlines increased notably by 743.3%, y-o-y, to 5.0 billion kilometres during the first half of 2022. This was largely driven by the lower base observed in 2021 as a result of significantly dampened aviation activities on account of COVID-19 in the corresponding period of 2021.

#### Ports

Port activities moderated during the period from January till September 2022. Despite the favourable performance observed during the first quarter of the year, port activities recorded an overall contraction during the nine months ending September 2022, reflecting the impact of contraction in domestic import volumes owing to import restrictions as well as uncertainties associated with the current economic crisis towards the latter part of the period under consideration. Accordingly, overall container handling and cargo handling recorded negative growth rates of 2.5% and 4.7%, respectively, during January - September 2022, while ship arrivals also contracted by 5.7%, compared to the corresponding period of 2021. Container handling by the SLPA (comprising the JCT, UCT, and the first quay wall of ECT), and SAGT recorded y-o-y declines of 9.0% and 1.9%, respectively, while the CICT recorded a y-o-y expansion of 1.7%, during the period from January - September 2022. The shares of CICT, SLPA, and SAGT in total container handling stood at 46%, 29%, and 25%, respectively. Further, the total vehicle handling at the Hambantota Port recorded a growth of 4.2%, y-o-y, during the period reflecting increased vehicle handling for transshipment purposes, although the domestic vehicle handling continued to decline during the period. Meanwhile, construction work relating to the second phase of the ECT commenced at the beginning of 2022, while preliminary work related to the WCT including, obtaining licenses and approvals, and the selection of construction contractors were underway during



the period. Further, the evaluation of Expressions of Interest related to the development of the Port of Galle as a tourism related port in parallel to its operations as a regional commercial port was also underway.

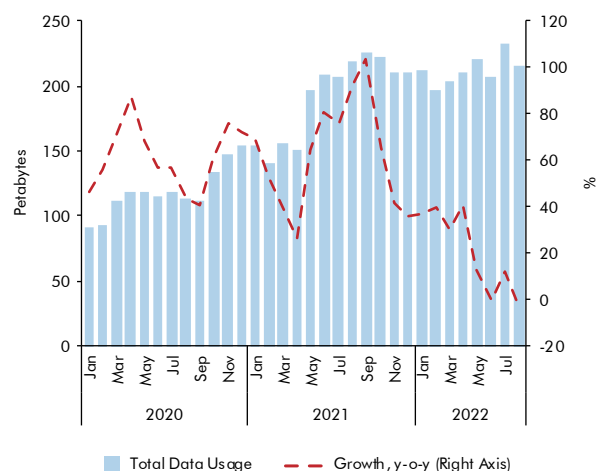
## Urban Development

Activities pertaining to the Colombo Port City Project continued during the first half of 2022. Accordingly, development control regulations for the entire project were gazetted in April 2022, and the Downtown Duty-Free Mall infrastructure was completed. Further, licenses for four banks, including two state-owned banks, have been approved by the Monetary Board of the Central Bank in conjunction with the Ministry of Finance to commence operations in compliance with all relevant regulations and pre-operational requirements. Despite the worsening economic crisis, proactive efforts to promote the Colombo Port City as an attractive financial centre and ‘world class city’ remain crucial to luring in much needed FDIs. Further, the Colombo Lotus Tower was opened for public viewing since mid-September 2022, while negotiations are underway with several private investors to undertake a myriad of activities within the premises. As several infrastructure projects of the Government have come to a standstill amidst limited fiscal leeway, the Government will need to proactively undertake efforts towards initiating new infrastructure projects and recommencing ongoing infrastructure projects through PPPs to ensure that the country’s infrastructure base continues to expand in an effective and efficient manner, thereby creating a conducive investment climate.

## Telecommunication Services

The telecommunications sector continued to expand during the first half of 2022, reflecting the increased adaptation of the internet for work, education, and other daily activities since the COVID-19 pandemic period, and the continuation of those practices amidst disruptions in transportation activities, as observed thus far in 2022. During the first half of 2022, total internet connections and broadband data usage recorded y-o-y growths of 9.1% and 24.4%, respectively, compared to the first half of 2021. Further, fixed line connections and mobile phone connections recorded y-o-y increases of 5.6% and 1.8%, respectively, during the first half of 2022. The ICTA

**Figure 3.5**  
**Broadband Data Usage**



Note: 1 Petabyte (PB) = 1 mn Gigabytes (GB)

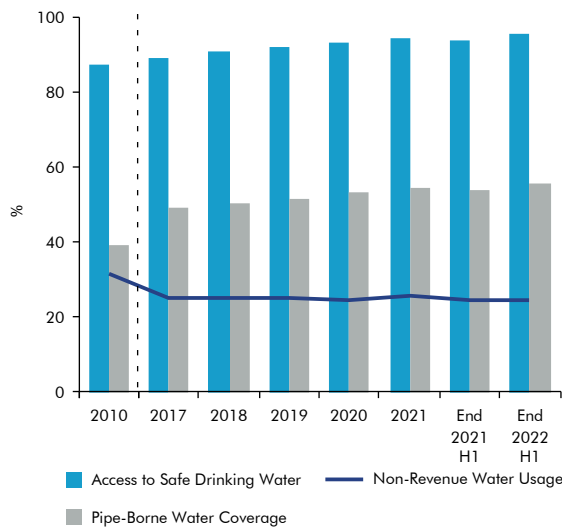
Sources: Dialog Axiata PLC  
Sri Lanka Telecom PLC  
Mobitel (Pvt) Ltd  
Bharti Airtel Lanka (Pvt) Ltd

continued to implement initiatives under the National Digital Transformation Strategy (2021-2024), while the TRCSL continued its efforts to enhance islandwide 4G coverage to ensure seamless access to digital services across the country through the *Gamata Sanniwedanaya* project. A key milestone in the telecommunications sector was the implementation of the National Fuel Pass QR code system that was developed by ICTA and two other leading private sector telecommunications and information technology companies. The Fuel Pass QR code system is expected to pave the way for the transition of several other public services onto similar platforms. Further, with the enactment of the Personal Data Protection Act, No. 9 of 2022 in March 2022, Sri Lanka emerged as the first South Asian country to enact comprehensive data protection legislation. Meanwhile, the rental charges related to data, voice and pay-tv connections were revised upward with effect from 05 September 2022 due to the increase in operational costs, followed by another round of revisions with effect from 05 October 2022 due to the imposition of the Social Security Contribution Levy of 2.5%.

## Water Supply

As at the end of the first half of 2022, total pipe-borne water coverage stood at 55.4%, while access to safe drinking water stood at 95.5% of the population. Considering the rise in costs and the resultant financial losses incurred by the NWS&DB, amidst the lack of any revisions to water tariffs for almost a decade, the

**Figure 3.6**  
**Status of Water Supply**



Source: National Water Supply and Drainage Board

Cabinet of Ministers granted approval for the upward revision of water and sewerage tariffs effective from 01 September 2022. Accordingly, water tariffs for all categories of users were increased substantially with usage tariffs for the domestic category being raised by around 70%. However, tariffs applicable to low-income consumers, such as Samurdhi recipients, remained almost unchanged alongside those applicable to schools, religious, and charitable institutions. Further, fees applicable for new water connections were also revised upward with effect from 17 October 2022. With this round of revisions to both tariffs and other charges, the financial performance of NWS&DB is expected to improve significantly. However, it will be necessary to ensure that water tariffs also undergo a process of revision at regular and pre-determined time intervals to ensure the sustainability of NWS&DB over the medium term.

### 3.3 Progress of Social Infrastructure

#### Health

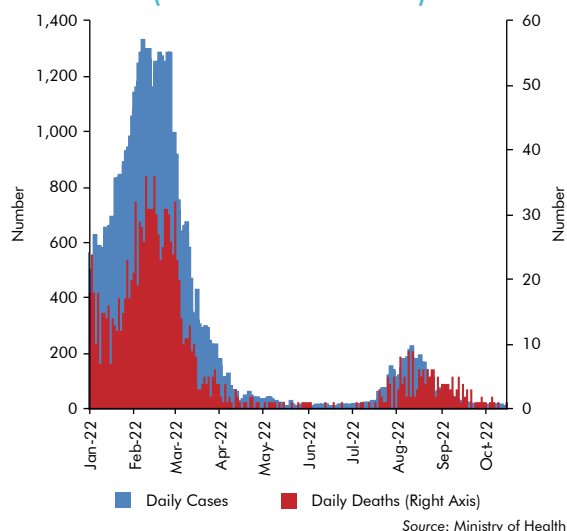
The spread of COVID-19 within the country has been greatly curtailed as at end October 2022. Following the detection of the *Omicron* variant at the end of 2021, a continuous rise in COVID-19 cases was observed till the end of April 2022, before the gradual dissipation in caseload thereafter until July 2022. Accordingly, several COVID-19 related restrictions and guidelines were eased during the second quarter of the year. The Ministry of

Health relaxed the mandatory requirement of wearing face masks on 10 June 2022, as COVID-19 cases sharply declined. However, with the surge in the new variant *Omicron.BA.5*, the spread of the virus had intensified in mid-July 2022 and, later subsided by mid-September 2022, accompanied by an increase in uptake of the second booster dose of the COVID-19 vaccine. As of mid-October 2022, Sri Lanka reported a total of 670,918 confirmed cases and 16,769 deaths due to the virus and, national vaccine coverage stood at 97.0% of the population over the age of 12 having received at least one dose and 83.2% having received the initial protocol of two vaccine doses, while 55.7% of those who had completed the initial protocol received the first booster dose and 2.4% of those who had received the first booster dose had received the second booster dose. The administration of a second booster dose was commenced in May 2022. Measures were taken to vaccinate children over the age of 12 with the booster vaccine from January 2022 onwards, primarily as an island wide school based campaign. Notably, Sri Lanka has relatively high COVID-19 vaccination coverage in South Asia, and its vaccination rate remains higher than the global average.

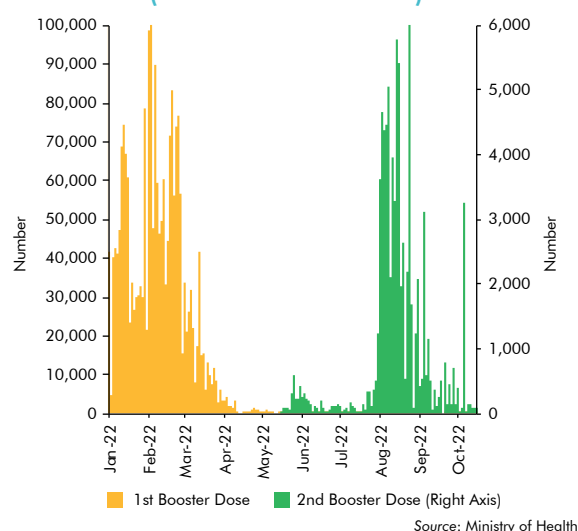
**It is essential that the health sector continues to receive priority in the allocation of limited foreign reserves, while measures to promote domestic production of drugs and improving efficiency in procurement are essential to safeguard the health outcomes that have been achieved over several decades...**

However, the country continued to be straddled by communicable diseases, such as dengue which intensified further in 2022, with 35,424 cases recorded up to June 2022, compared to 9,448 cases reported during the corresponding period of 2021, reflecting the negative impact of shortages in pesticides and fuel in executing dengue preventive measures during the first half of the year. Further, 25 imported malaria cases were reported during January - July 2022, compared to just 26 cases reported during 2021. The health sector continues to experience shortages in

**Figure 3.7**  
**COVID-19 Cases and Deaths**  
(as at 15 October 2022)



**Figure 3.8**  
**Progress in Booster Vaccination**  
(as at 15 October 2022)



several pharmaceuticals and other medical supplies amidst the dearth of foreign exchange liquidity, which has constrained the provisioning of essential health services, particularly those required by the poor and most vulnerable groups of the population. Although the risks of future outbreaks of COVID-19 have been greatly averted by the successful and rapid vaccination deployment programme of the Government, the emergence of any new and stronger variants of the virus is likely to significantly strain existing health services amidst the reduced availability of medical and pharmaceutical supplies in the country. In this context, there is an urgent need to continue to prioritise the health sector in the allocation of limited foreign reserves, while continuing to promote investments in domestic production of drugs and other medical supplies as well as improving efficiency in procurement procedures, to safeguard the health sector and its ability to ensure the health status of the population.

## Education

Despite the reopening of schools and universities at the beginning of 2022, following several intermittent closures in 2021 due to COVID-19, continuity of education activities was again hindered towards the early part of the second quarter of 2022 due to fuel shortages and power outages. Due to transportation difficulties amidst the fuel crisis, educational activities were once again shifted to online platforms from mid-June onwards. With some alleviation of issues pertaining to fuel supply, academic activities were

recommended from the last week of July 2022 through a blended learning approach, and in-person academic activities were recommenced on a full-time basis from mid-August 2022 onwards. Although the commitment of all relevant stakeholders to ensure the continuity of general education activities via online platforms is highly commendable, it is important to duly recognise that such online educational activities are likely to have exacerbated existing inequalities in learning outcomes, largely driven by disparities in access to technology related infrastructure facilities amidst economic hardships of households. Further, learning losses among vulnerable households may have also arisen on account of food insecurity issues. Although academic activities have experienced several disruptions from 2020 onwards, a proper nationwide micro-level assessment is yet to be conducted to assess the impact of the disruptions on the learning outcomes of students at all levels within the public education system. The Government continued to hold all national level examinations, which were due in 2021, during the first half of 2022 without any significant compromises on syllabi covered in the examinations and without any changes to methods of assessment. Nevertheless, several major national exams scheduled for 2022 have been postponed to 2023. Such postponement of examinations, rather than adopting novel or more appropriate methods of assessment considering the several challenges faced by all stakeholders of the education system on all fronts, not only hinders the timely academic progress of students in the short term but also poses concerns about the effectiveness of the education system and its ability to achieve the long-term



**“ There is a strong need to adopt novel methods of academic assessment that can more appropriately assess the academic standards of students whose learning processes have been significantly hindered during the last three years...”**

objective of creating a productive human capital base. These national examinations have life-long implications in terms of pursuing higher education and employment opportunities. Accordingly, the lack of change to academic assessment methods during such a prolonged period of crisis is disconcerting as these examinations are unlikely to appropriately assess the academic standards of students, whose learning processes have been significantly hindered over the past three years. Considering the long lasting nature of the challenges that students have experienced and the implications of these, the Government must strive to formulate a comprehensive student-centric action plan that can ensure that students are not only able to recuperate from the learning losses of the past three years but are also assessed in an equitable manner considering these challenging circumstances.

### Poverty and Safety Nets

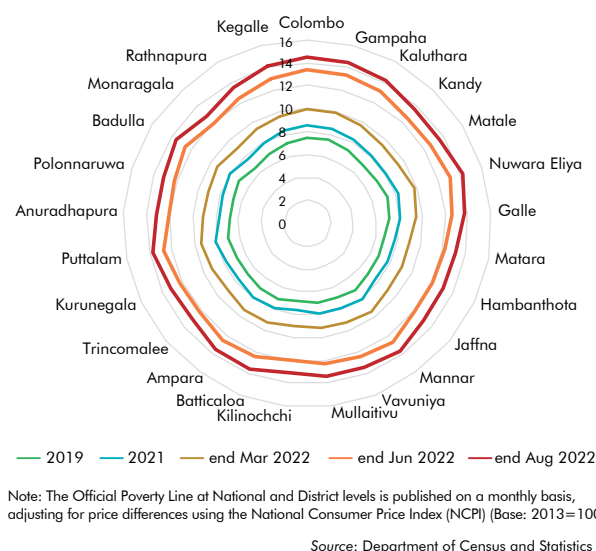
As per the updated official poverty line that was devised by the DCS based on the HIES 2012/13 data, the share of the population living below the poverty line in 2019 stood at 14.3%. Accordingly, as per the updated poverty line, approximately 3.04 million individuals live below the poverty line; this is almost 4.4 times more than the number of people that were previously estimated to be living below the 2002 poverty line. The new data series continues to highlight the presence of significant disparities across the sectors as well, with poverty levels in the estate sector remaining high at 33.8% in comparison to 15.0% in the rural sector and 6.0% in the urban sector. The HIES 2019 also reveals that approximately one in six Sri Lankans are multidimensionally poor and experience deprivations across 42% of the weighted indicators. The national multidimensional poverty headcount ratios were also relatively high at 16.6% in rural areas and

51.3% in estate areas. The people in the estate sector experienced the highest level of deprivation. Among the districts, the lowest incidences of multidimensional poverty were in Colombo (3.5%) and Gampaha (5.1%), whereas the highest was in Nuwara Eliya (44.2%). Despite the substantial disparity across the districts, the quantum of multidimensionally poor people was higher in the Colombo and Gampaha districts due to the higher population density that is typical for such urban areas. These poverty statistics from 2019 highlight the vulnerability of a significant share of the population to poverty even before the COVID-19 pandemic. Although more recent national statistics on poverty remain unavailable from respective agencies, the contemporary vulnerability of the population is reflected to some extent by the shift in the national poverty line that is calculated by the DCS based on HIES 2012/13 data. While there had been a level shift in the district poverty lines over the years, the shift observed between March 2022 and June 2022 is significant with the escalation in prices of all food commodities during this period. When considering the most recent poverty line data, in August 2022, the national poverty line stood at Rs. 13,460, registering a significant y-t-d increase of 70.1% compared to 2021. Meanwhile, the district poverty line of Colombo, Gampaha, Kalutara, Kegalle and Nuwara Eliya exceeded Rs. 14,000 in August 2022, reflecting the disproportionate impact of inflation on cost of living in urban areas, in comparison to Rs. 13,004 and Rs. 12,870 as observed in rural districts such as Kilinochchi and Monaragala, respectively.

With the effects of the pandemic observed throughout 2020 and 2021 and the ongoing economic crisis that has had far reaching implications on both

**“ Even prior to COVID-19, 1 in 6 Sri Lankans were multidimensionally poor highlighting an urgent need for concerted policy initiatives to curb the possible rapid deterioration of the living standards of the population amidst the current economic crisis...”**

**Figure 3.9**  
**District Official Poverty Line (Rs. '000)**



livelihoods and well-being, it is likely that a new poor segment of the population, which remains at the brink of poverty would have emerged. The current crisis is likely to have impacted not only the financial stability of households but also on their nutritional status. The FAO and the WFP in their early warning assessments on food insecurity added Sri Lanka to a list of 48 countries designated as *Hunger Hotspots* highlighting the likelihood of further worsening of acute food insecurity. Moreover, as part of the *Crop and Food Security Assessment Mission* of the WFP and the FAO released in end August 2022, based on surveys covering all nine provinces across estate, urban, and rural settings, it has been estimated that already 6.3 million people are food-insecure; approximately 1 in 3 people are food insecure. This highlights significantly worsening nutrition outcomes as official statistics were already signalling issues pertaining to malnutrition, especially stunting, wasting, and underweight in children below the age of 5 years, as early as 2016. In addition to nutritional status, the

**It is likely that the current crisis has led to people grappling with not only food insecurity but also other disparities relating to asset ownership and access to infrastructure..**

current crisis is also likely to have worsened other disparities that were already prevalent even prior to the COVID-19 pandemic, such as access to health and education infrastructure and the asset base of households. Well-targeted interventions of sufficient quantity and quality are of utmost importance to help preserve and improve the productive capacity of households over the medium run.

As mitigation of the impact of the ongoing economic crisis on poor and vulnerable segments remains critical, the Government has engaged in providing different forms of assistance to alleviate the burden on households. In this regard, an emergency cash transfer program was undertaken by the DSD to provide allowances in the range of Rs. 3,000 to Rs. 5,000 to Samurdhi beneficiaries for the period from May to December 2022, using multilateral financial assistance. The monthly Samurdhi allowance for households was also increased in February 2022 by around 28% per beneficiary family as proposed in the Budget 2022. Accordingly, the family unit allowances of Rs. 3,500, Rs. 2,500, and Rs. 1,500 per family were increased to Rs. 4,500, Rs. 3,200, and Rs. 1,900 per family, respectively. Recognizing the far-reaching impact of the ongoing economic crisis, the recent Interim Budget 2022 also outlined a vast social welfare package aimed at offering financial cushioning to those who have lost their livelihoods, pregnant mothers and families who are experiencing food insecurity, and a kerosene subsidy to small boat owners in the fishing industry and those in plantation areas with no electricity. The DSD is also expecting to improve the targeting of the Samurdhi safety net through the development of a social registry by the Welfare Benefits Board, with technical assistance from specialist multilateral agencies. This is expected to enable continuous assessment of eligibility of recipients of social assistance and thereby also ensure the creation of an effective exit mechanism from social assistance programmes within a reasonable period. Accordingly, registering of low-income families under the fast tracked *Leave No One Behind* welfare programme was expedited with the intention of expanding coverage to families/individuals, who are on waiting lists as well as those who are affected by the ongoing economic crisis and seeking welfare



***Provision of comprehensive and timely datasets by relevant institutions is essential in the current context to ensure prompt and efficacious assessment of social vulnerabilities...***

benefits from the Government. With due consideration to rising concerns about malnutrition and in recognition of the long-term impacts of this issue, a multi-sector combined mechanism for empowering rural economic revitalization centres to ensure food security and nutrition was introduced in September 2022. This programme intends to not only address malnutrition issues in children but also to safeguard the food security of adults, while strengthening

domestic agricultural supply and thereby overall food availability. It is to be reiterated that the lack of timely and regular provision of comprehensive and recent datasets related to poverty and social welfare render it immensely difficult for policymakers and other stakeholders to engage in efficacious interventions, particularly in relation to social vulnerabilities. During unprecedented economic episodes, such as COVID-19 and even the ongoing economic crisis that is expected to be prolonged over the near-term with a substantial reduction in per capita incomes, providing relevant and timely datasets or flash assessments by responsible institutions can contribute immensely to ensuring that social vulnerabilities are not only assessed promptly but also addressed in an efficacious manner, which is particularly important, considering the financial scale of such essential initiatives amidst limited fiscal space.

**Table 3.1**  
**Performance of the Transportation Sector**

Item	202 Jan-Jun (a)	2022 Jan-Jun (b)	Change %
<b>Road Passenger</b>			
<b>Sri Lanka Transport Board (SLTB)</b>			
Operated Kilometrage (mn)	136	174	27.9
Passenger Kilometrage (mn)	3,393	6,322	86.3
No. of Buses Owned	7,015	6,699	-4.5
Average No. of Buses Operated	1,353	3,966	193.1
<b>Private Sector</b>			
Operated Kilometrage (mn)	364	253	-30.5
Passenger Kilometrage (mn)	16,292	10,701	-34.3
No. of Buses Effectively Available	20,021	20,057	0.2
Average No. of Buses Operated	9,053	8,973	-0.9
No. of Inter Provincial Permits Issued	3,132	3,114	-0.6
No. of Intra Provincial Permits Issued	16,922	16,938	0.1
<b>Sri Lanka Railways</b>			
Operated Kilometrage (mn)	4.2	n.a.	-
Passenger Kilometrage (mn)	1,211	2,887	138.4
Freight Ton Kilometrage (mn)	78.1	73.1	-6.4

(a) Revised  
(b) Provisional  
n.a.- Not Available

Sources: Sri Lanka Transport Board  
National Transport Commission  
Sri Lanka Railways

**Table 3.2**  
**Performance of the Power Generation Sector**

<b>Installed Capacity and Electricity Generation</b>			
Item	2021 Jan - Aug	2022 Jan - Aug (a)	Change %
<b>Installed Capacity (MW - End Period)</b>	<b>4,199</b>	<b>4,354</b>	<b>3.7</b>
CEB	3,040	3,075	1.2
Private	1,158	1,279	10.4
<b>Total Power Generation (GWh)</b>	<b>11,107</b>	<b>10,744</b>	<b>-3.3</b>
Hydro (b)	3,215	3,122	-2.9
Fuel Oil	2,063	2,125	3.0
Coal	4,020	3,707	-7.8
NCRE (c)	1,810	1,790	-1.1
<b>Share of Hydro Power in Total Generation (%)</b>	<b>29</b>	<b>29</b>	<b>0.4</b>
<b>Electricity Sales (GWh)</b>			
<b>Total Sales by CEB</b>	<b>10,062</b>	<b>9,854</b>	<b>-2.1</b>
Domestic	3,458	3,435	-0.7
Religious	54	55	1.2
Industrial	3,178	2,957	-6.9
General Purpose	1,933	1,987	2.8
Government	143	139	-2.4
Hotel	143	163	13.9
Bulk Sales to LECO	1,085	1,053	-2.9
Street Lighting	68	64	-5.4
<b>Average Cost and Average Tariff of Electricity (Rs./unit)</b>			
<b>CEB</b>	<b>8.54</b>	<b>16.73</b>	<b>96.0</b>
CEB - Hydro	1.83	1.84	0.9
CEB - Coal	9.13	18.41	101.6
CEB - Fuel Oil	29.40	54.60	85.7
CEB - Wind	n.a.	4.20	-
<b>Private</b>	<b>22.46</b>	<b>32.75</b>	<b>45.8</b>
<b>Overall Average Cost (at Generation Point)</b>	<b>11.74</b>	<b>20.74</b>	<b>76.6</b>
<b>Overall Average Cost (at Selling Point)</b>	<b>17.29</b>	<b>29.17</b>	<b>68.7</b>
<b>Overall Average Tariff</b>	<b>16.22</b>	<b>17.47</b>	<b>7.7</b>

(a) Provisional  
(b) Excluding mini hydro power generation  
(c) Refers to Non-Conventional Renewable Energy (NCRE), including mini hydro and rooftop solar generation  
n.a.- Not Available

Source: Ceylon Electricity Board

**Table 3.3**  
**Sector wise Sales of Petroleum Products by the Ceylon Petroleum Corporation**

Sectors	2021 Jan - Aug			2022 Jan - Aug (a)		
	Amount (mn ltrs)	Share (%)	y-o-y Growth (%)	Amount (mn ltrs)	Share (%)	y-o-y Growth (%)
Power Generation	491	14.9	-29.6	486	16.5	-1.2
Transport	2,287	69.2	8.6	2,090	71.0	-8.6
Aviation	149	4.5	-22.2	200	6.8	34.4
Industries	100	3.0	63.9	63	2.1	-36.7
Other (b)	279	8.5	-10.1	106	3.6	-62.2
<b>Total</b>	<b>3,307</b>		<b>-1.8</b>	<b>2,945</b>		<b>-11.0</b>

(a) Provisional

Source: Ceylon Petroleum Corporation

(b) Includes petroleum sales for domestic use, farmers, export and bunkering

**Table 3.4**  
**Performance of the Aviation Sector**

Item	2021 Jan - Jun	2022 Jan - Jun (a)	Change %
<b>Passengers (No.)(b)</b>	<b>323,754</b>	<b>2,754,508</b>	<b>750.8</b>
SriLankan Airlines	182,869	1,538,153	741.1
Foreign Airlines	140,885	1,216,355	763.4
<b>Freight Handling (mt)</b>	<b>79,310</b>	<b>94,904</b>	<b>19.7</b>
SriLankan Airlines	39,425	45,858	16.3
Foreign Airlines	39,885	49,046	23.0
<b>Aircraft Movements (No.)(c)</b>	<b>9,462</b>	<b>21,549</b>	<b>127.7</b>
BIA	9,119	21,160	132.0
MRIA	337	184	-45.4
JIA	6	205	3,316.7

(a) Provisional

Source: Civil Aviation Authority of Sri Lanka

(b) Includes transit passengers

(c) Includes domestic aircraft movements

## Abbreviations and Acronyms

4G	: Fourth Generation	mt	: Metric Tonnes
BIA	: Bandaranaike International Airport	MW	: Mega Watt
CEB	: Ceylon Electricity Board	n.a.	: Not Available
CICT	: Colombo International Container Terminal	NCRE	: Non-Conventional Renewable Energy
CPC	: Ceylon Petroleum Corporation	NWS&DB	: National Water Supply & Drainage Board
DCS	: Department of Census and Statistics	OPEC+	: Organisation of Petroleum Exporting Countries and other affiliated countries
DSD	: Department of Samurdhi Development	PB	: Petabyte
ECT	: East Container Terminal	PPP	: Public Private Partnership
FAO	: Food and Agriculture Organisation	PUCSL	: Public Utilities Commission of Sri Lanka
FDI	: Foreign Direct Investments	QR code	: Quick Response code
GB	: Gigabyte	Rs.	: Rupees
GWh	: Giga Watt Hours	SAGT	: South Asia Gateway Terminal
H1	: First Half	SLPA	: Sri Lanka Ports Authority
HIES	: Household Income and Expenditure Survey	SLTB	: Sri Lanka Transport Board
ICTA	: Information and Communication Technology Agency	SSCL	: Social Security Contribution Levy
JCT	: Jaya Container Terminal	TEUs	: Twenty-foot Equivalent Units
JIA	: Jaffna International Airport	TRCSL	: Telecommunications Regulatory Commission of Sri Lanka
kg	: Kilogramme	USD	: United States Dollar
LIOC	: Lanka IOC PLC	WCT	: West Container Terminal
LPG	: Liquefied Petroleum Gas	WFP	: World Food Programme
Ltrs	: Litres	WTI	: West Texas Intermediate
mn	: Million	y-o-y	: Year-on-Year
MRIA	: Mattala Rajapaksa International Airport		



