

SRI LANKA PROSPERITY INDEX (SLPI) - 2015



Key Facts

Prosperity continues to improve in recent years with some moderations noted in 2015 from its trend growth over the last 5 years.

The index point change of 0.172 of Well-being of the People sub-index contributed predominantly to the improvement in SLPI in 2015.

Western province continues to occupy foremost position among provinces, followed by Southern and North Central provinces.

Though Sabaragamuwa, Uva and Eastern provinces occupy the bottom three positions, their prosperity levels have improved.

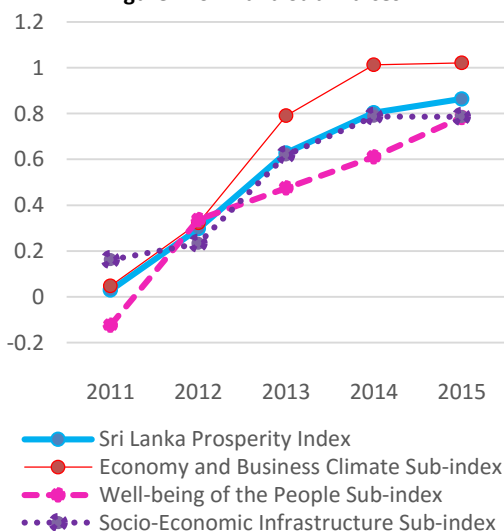
Sri Lanka Prosperity Index 2015

The prosperity, measured by the Sri Lanka Prosperity Index (SLPI), which is a composite indicator that measures and compares the level of prosperity of the country and across its provinces, has improved to 0.864 in 2015 from 0.804 in the previous year. Analyzing the movements in 2014-2015 period, the SLPI improved along with the improvements in Economy and Business Climate and Well-being of the People sub-indices, while there is a moderation in Socio-Economic Infrastructure sub-index.

Table 1: SLPI and Sub-Indices 2014 – 2015

Year	Sri Lanka Prosperity Index	Economy and Business Climate Sub-Index	Well-being of the People Sub-Index	Socio-Economic Infrastructure Sub-Index
2014	0.804	1.012	0.611	0.788
2015	0.864	1.022	0.783	0.786

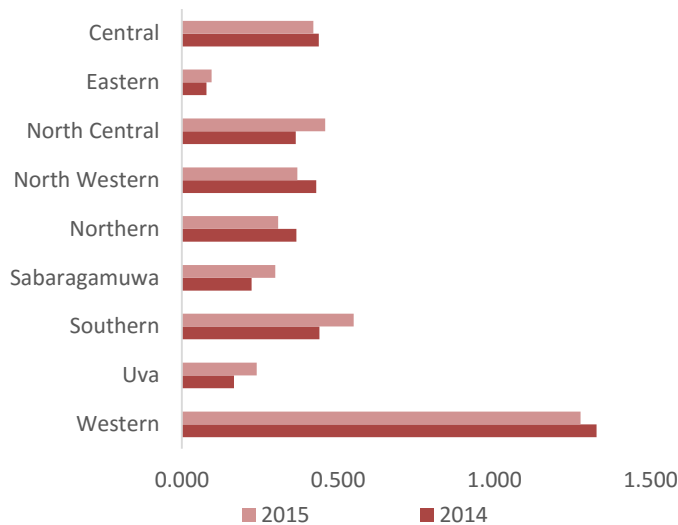
Figure 1: SLPI and Sub-Indices



The improvements in per capita Gross Domestic Product, informal sector wages, industrial density and banking density have contributed towards the enhancement of the Economy and Business Climate sub-index. With regard to sub index of Well-being of the People, the improvements were mainly due to high performance in availability of healthcare facilities, availability & quality of education, wealth of people and availability & usage of entertainment facilities. The moderation of the Socio-Economic Infrastructure sub-index was led by moderate levels of government expenditure for road development and availability of transport facilities as a whole. However, the aspects of availability of electricity, telecommunication facilities and crime free environment of Sri Lanka have shown marginal improvements within the Socio-Economic Infrastructure sub-index during 2014 – 2015 period.

Provincial Prosperity

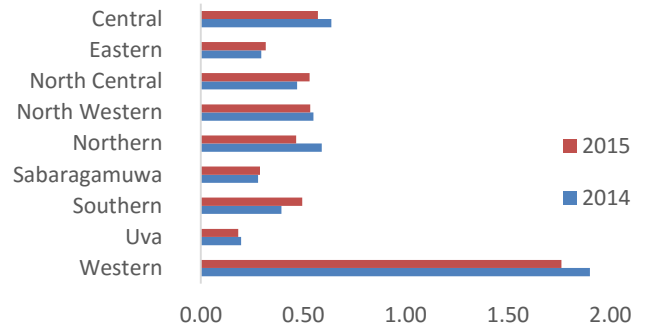
Figure 2: Prosperity Index



Continuing the recent trends in prosperity, the Western province is leading with highest value of overall provincial index of 1.275 driven mainly by maintenance of higher standards in the Economy and Business Climate sub-index. The Southern province managed to maintain its second position in 2015 with the highest contribution coming from the Well-being of the People sub-index. The improvement in rank by three positions in the North Central province was noticeable in 2015 due to improvements in all three sub-indices. In the Central, North Western and Northern provinces, which are at 4th, 5th and 6th positions respectively, changes in rank by a single position could be observed due to relative performance of sub-indices compared against other provinces. In the provinces Sabaragamuwa, Uva and Eastern, despite the increases in index values, relative ranking positions remained unaffected in 2015.

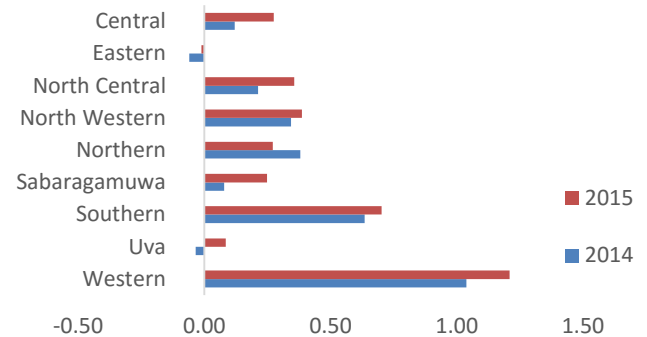
Economy and Business Climate

Figure 3: Economy and Business Climate Sub Index



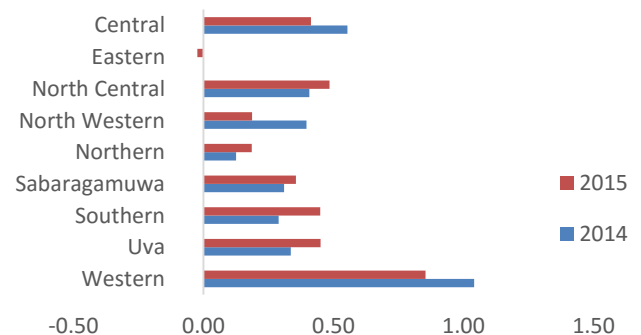
Well-being of the People

Figure 4: Well-being of the People Sub-Index



Socio Economic Infrastructure

Figure 5: Socio-Economic Infrastructure Sub-Index



Provincial Prosperity Ranks and Indices

Table 2: Prosperity Index values with their provincial ranks 2014 - 2015

Index and Province	Index Value		Provincial Rank	
	2014	2015	2014	2015
Overall Prosperity Index				
Central	0.438	0.420	3	4
Eastern	0.079	0.095	9	9
North Central	0.364	0.458	6	3
North Western	0.430	0.370	4	5
Northern	0.366	0.308	5	6
Sabaragamuwa	0.223	0.298	7	7
Southern	0.440	0.550	2	2
Uva	0.167	0.240	8	8
Western	1.327	1.275	1	1
Economy and Business Climate Sub-Index				
Central	0.638	0.572	2	2
Eastern	0.295	0.318	7	7
North Central	0.470	0.531	5	4
North Western	0.550	0.535	4	3
Northern	0.591	0.466	3	6
Sabaragamuwa	0.280	0.289	8	8
Southern	0.394	0.496	6	5
Uva	0.198	0.183	9	9
Western	1.901	1.761	1	1
Well-being of the People Sub-Index				
Central	0.122	0.275	6	5
Eastern	-0.059	-0.011	9	9
North Central	0.214	0.357	5	4
North Western	0.344	0.387	4	3
Northern	0.381	0.272	3	6
Sabaragamuwa	0.079	0.249	7	7
Southern	0.635	0.703	2	2
Uva	-0.033	0.085	8	8
Western	1.039	1.210	1	1
Socio-Economic Infrastructure Sub-Index				
Central	0.555	0.414	2	5
Eastern	0.000	-0.023	9	9
North Central	0.408	0.486	3	2
North Western	0.397	0.187	4	7
Northern	0.127	0.187	8	8
Sabaragamuwa	0.310	0.356	6	6
Southern	0.290	0.450	7	4
Uva	0.336	0.450	5	3
Western	1.041	0.855	1	1

Provincial Performance Highlights

Southern province recorded the highest index change of 0.110 in overall prosperity with enhancements in all three sub-indices.

North Central province enhanced its ranking to the 3rd position in 2015 from the 6th position in the previous year.

PROCEDURE AND METHODOLOGY

The Sri Lanka Prosperity Index (SLPI) is a multi-dimensional indicator which is compiled by the Central Bank of Sri Lanka. The SLPI is categorized into three sub-indices which consist of 42 variables. All the sub-indices have equal weights in the SLPI and each variable bears an equal weight within the sub-index it belongs to.

A new methodology which closely follows the Legatum Prosperity Index's methodology has been adopted in compilation of SLPI from 2014. The index values are compiled by standardizing each and every variable. Therefore sign of an index value implies its positive or negative deviation compared to the respective mean. Thus the negative values in the index do not imply that the prosperity levels are negative.

FREQUENCY

Annually

The relevant Press Release can be found on the below link:

http://www.cbsl.gov.lk/pics_n_docs/02_prs/_docs/press/press_20170103e.pdf