

Sri Lanka Prosperity Index - 2017



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

National Prosperity

Sri Lanka Prosperity Index (SLPI), increased to 0.771 in 2017 from 0.661 recorded in 2016, mainly due to improvements in ‘Economy and Business Climate’ and ‘Socio-Economic Infrastructure’ sub-indices. Economy and Business Climate sub-index has improved during 2017, due to increase in per capita Gross Domestic Product (GDP) and enhancements of the aspects associated with employment. With regard to the sub-index of Socio-Economic Infrastructure, improvements to the road network with the extensions to the expressways, construction of bridges and flyover projects, availability of electricity facilities and improvements in pipe borne water quality were the key drivers. Eventhough ‘Well-being of the People’ sub-index has declined during 2017 mainly due to the reduced levels of purity of environment and air quality, improvements were recorded in the aspects of availability of healthcare facilities, availability and quality of education, wealth of people and their engagement in entertainment activities.

Sri Lanka Prosperity Index (SLPI)

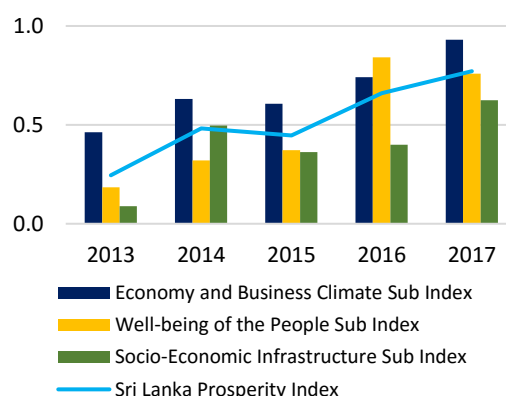
SLPI is a composite indicator compiled by the Statistics Department of the Central Bank of Sri Lanka to measure the level of prosperity of the country. The index comprises of three sub-indices, Economy and Business Climate, Well-being of the People and Socio-Economic Infrastructure.

Table 1: SLPI and Sub-Indices 2016 – 2017

	2016	2017
Sri Lanka Prosperity Index	0.661	0.771
Economy and Business Climate Sub-Index	0.742	0.931
Well-being of the People Sub-Index	0.841	0.759
Socio-Economic Infrastructure Sub-Index	0.399	0.624

Source: CBSL

Figure 1: Movements of SLPI and Sub-Indices 2013 – 2017

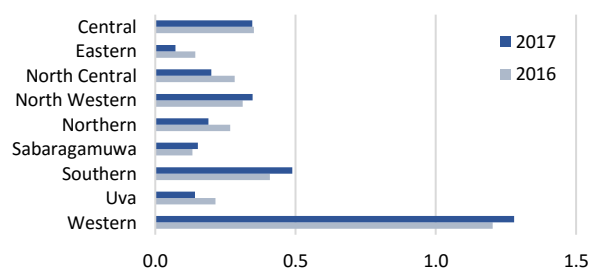


Source: CBSL

Provincial Prosperity

Provincial Prosperity Indices, compiled to measure the level of prosperity across provinces, increased in North Western, Sabaragamuwa, Southern and Western provinces. Meanwhile, enhancements in rankings could be observed in North Western and Sabaragamuwa provinces. The provincial prosperity performances are given in Table 2.

Figure 2: Provincial Prosperity Index 2016 – 2017



Source: CBSL

Provincial Prosperity Sub-Indices

Economy and Business Climate Sub-Index

Economic and Business Climate sub-index has improved in five provinces namely, Central, Sabaragamuwa, Southern, Uva and Western mainly due to improvements in per capita GDP, high employment rate and increases in informal sector wages.

Meanwhile, high provincial inflation rates, slight increases in unemployment levels, and decline in industry and banking density have been observed as key drivers for the subdued performance in Eastern, North Central, North Western and Northern provinces.

Well-being of the People Sub-Index

Well-being of the People sub-index has improved only in Southern province, while declines were recorded in all other provinces. The improvement in Southern province was predominantly due to the higher performance in the aspects of availability and quality of education as well as in the measurement of wealth of people where vehicle ownership and access to super markets increased.

The decline of this sub-index in the rest of the provinces, was mostly due to the adverse impact on the purity of environment caused by the dengue epidemic prevailed during 2017 and the low standards recorded in air quality, despite improvements in the aspects of availability of healthcare facilities, availability and quality of education, wealth of people and their engagement in entertainment activities.

Socio-Economic Infrastructure Sub-Index

Socio-Economic Infrastructure sub-index has recorded increases in Western and North Western provinces, mainly due to the improvements in road development with the construction of the Central Expressway project, the progress of Rajagiriya, Ganemulla and Polgahawela flyovers, and the availability of electricity and telecommunication facilities. Further, positive developments could be observed in the aspect of law and order as measured in terms of the number of crimes reported during 2017.

The deterioration of the Socio-Economic Infrastructure sub-index in the other seven provinces were mostly driven by the decline in the availability of Information and Communication Technology (ICT), telecommunication and transport facilities.

Figure 3: Economy and Business Climate Sub-Index 2016 – 2017

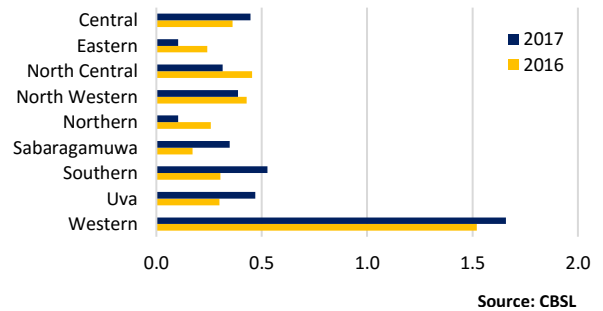


Figure 4: Well-being of the People Sub-Index 2016 – 2017

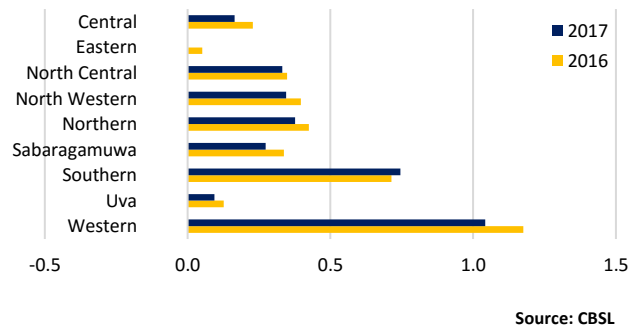


Figure 5: Socio-Economic Infrastructure Sub-Index 2016 – 2017

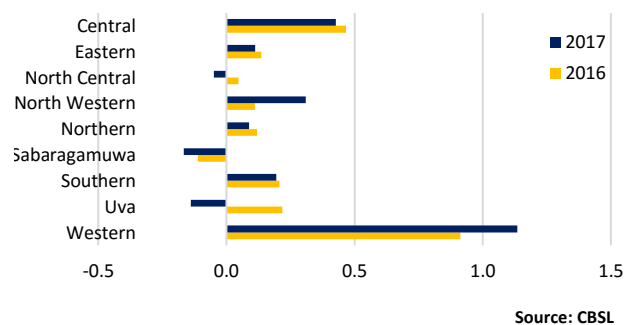


Table 2: Provincial Prosperity Index and its sub-indices with provincial ranks

Index and Province	Index Value		Provincial Rank	
	2016	2017	2016	2017
Provincial Prosperity Index				
Central	0.352	0.346	3	4
Eastern	0.143	0.072	8	9
North Central	0.283	0.199	5	5
North Western	0.312	0.347	4	3
Northern	0.267	0.189	6	6
Sabaragamuwa	0.132	0.152	9	7
Southern	0.408	0.489	2	2
Uva	0.215	0.141	7	8
Western	1.203	1.279	1	1
Economy and Business Climate Sub-Index				
Central	0.361	0.447	4	4
Eastern	0.242	0.104	8	8
North Central	0.454	0.315	2	7
North Western	0.428	0.387	3	5
Northern	0.258	0.104	7	9
Sabaragamuwa	0.171	0.348	9	6
Southern	0.304	0.527	5	2
Uva	0.300	0.469	6	3
Western	1.520	1.659	1	1
Well-being of the People Sub-Index¹				
Central	0.228	0.164	7	7
Eastern	0.051	-0.001	9	9
North Central	0.348	0.332	5	5
North Western	0.397	0.344	4	4
Northern	0.424	0.376	3	3
Sabaragamuwa	0.338	0.273	6	6
Southern	0.714	0.745	2	2
Uva	0.127	0.094	8	8
Western	1.175	1.042	1	1
Socio-Economic Infrastructure Sub-Index				
Central	0.466	0.427	2	2
Eastern	0.136	0.112	5	5
North Central	0.047	-0.049	8	7
North Western	0.111	0.309	7	3
Northern	0.119	0.088	6	6
Sabaragamuwa	-0.112	-0.167	9	9
Southern	0.207	0.195	4	4
Uva	0.218	-0.139	3	8
Western	0.913	1.136	1	1

Source: CBSL

Technical Note:

The Index

SLPI is compiled using 43 variables which are categorized into three sub-indices. All the sub-indices have equal weights in SLPI and each variable bears an equal weight within the sub-index it belongs to.

The Economy and Business Climate sub-index is compiled using 9 variables categorized into the aspects of living standard, employment, income, poverty, price stability, sector wise employment, industrial density and banking density. In compiling the Well-being of the People sub-index, 22 variables pertaining to the aspects availability of healthcare facilities, availability of education facilities, quality of available education facilities, wealth, availability & usage of entertainment facilities, air quality and purity of environment are used. Socio-Economic Infrastructure sub-index includes 12 variables and the relevant aspects are availability of electricity, availability of telecommunication facilities, availability of road coverage, crime free environment, availability of transport facilities, availability of safe drinking water, quality of pipe borne water, availability of ICT facilities, availability of sanitation and female participation in civic activities.

Methodology

Variables used in compiling SLPI are in the form of many different units of measurement. Therefore, all variables are transformed to a common scale by standardizing data over past 10 years. Since the index values for the country and for the provinces are compiled separately, provincial indices cannot be compared with the country level indices. Thus, indices at provincial level can be compared across provinces and time, and the country level indices can only be compared across time.

¹ The index values are compiled by standardizing each and every variable with respect to last 10 years. 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.