Sri Lanka Prosperity Index - 2018

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

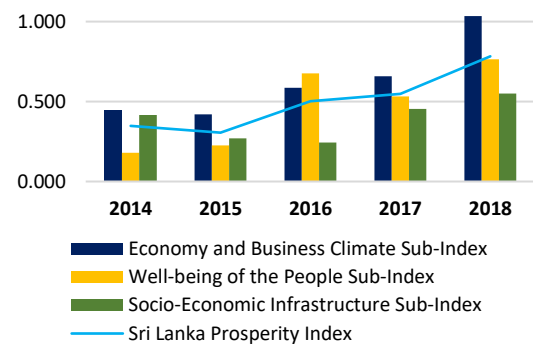***Sri Lanka Prosperity Index increased in 2018 with improvements in all Provincial Prosperity Indices.***

National Prosperity

Sri Lanka Prosperity Index[1] (SLPI), increased to 0.783 in 2018 from 0.548 recorded in 2017. All three sub-indices of SLPI, namely 'Economy and Business Climate', 'Well-being of the People' and 'Socio-Economic Infrastructure' contributed to this increase.

Economy and Business Climate sub-index improved mainly due to price stability and increase in informal sector wages during 2018. With regard to the sub-index of Well-being of the People, major improvements were recorded in the aspects of health facilitation, quality of education, wealth of people and purity of the environment. Socio-Economic Infrastructure sub-index also increased slightly during 2018 mainly due to the improvements in availability of electricity, transportation, and Information and Communication Technology (ICT) facilities and pipe borne water quality.

	2017	2018
Sri Lanka Prosperity Index	**0.548**	**0.783**
Sub-Indices		
Economy and Business Climate	*0.658*	*1.034*
Well-being of the People	*0.532*	*0.764*
Socio-Economic Infrastructure	*0.454*	*0.550*

Figure 1 - Movements of SLPI and Sub-Indices: 2014 – 2018

- Economy and Business Climate Sub-Index
- Well-being of the People Sub-Index
- Socio-Economic Infrastructure Sub-Index
- Sri Lanka Prosperity Index

Source: Central Bank of Sri Lanka

Figure 2 – Aspects covered in SLPI

Price Stability
Living Standard
Income & Poverty
Healthcare
Education
Wealth
Entertainment
Environment

Employment
Industrial Density
Banking Density
Transport & Road Coverage
Telecommunication & ICT Facilities
Electricity, Water & Sanitation Facilities
Crime Free Environment
Female Participation in Civic Activities

Economy and Business Climate
Well-being of the People
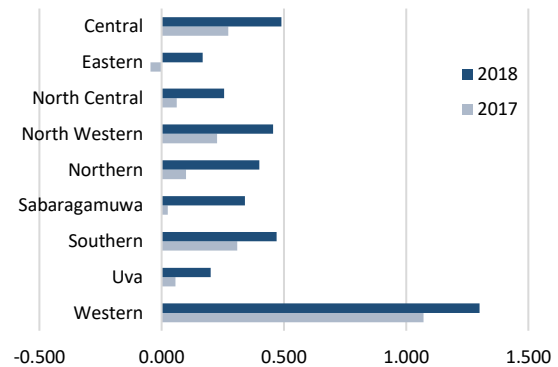Socio Economic Infrastructure
SLPI

Source: Central Bank of Sri Lanka

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[1] 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 three sub-indices, i.e. Economy and Business Climate, Well-being of the People and Socio-Economic Infrastructure, measured using 43 variables representing different aspects of prosperity.

Provincial Prosperity

Provincial prosperity indices, which were compiled to measure the level of prosperity across provinces, increased in all nine provinces. Western province led with the highest values of provincial prosperity index and its sub-indices. Meanwhile, the highest increase of provincial prosperity index was recorded from Sabaragamuwa province mainly due to improvements within its Economy and Business Climate sub-index driven by price stability and increase in informal sector wages.

Figure 3 - Provincial Prosperity Indices[2]: 2017 – 2018

Source: Central Bank of Sri Lanka

Performance of Provincial Prosperity

Economy and Business Climate Sub-Index

Economy and Business Climate sub-index increased in all provinces and improvements were recorded in price stability and informal sector wages. The highest increase within the sub-index was recorded from Northern province with improvements in employment aspects in addition to the factors mentioned above.

Well-being of the People Sub-Index

Well-being of the People sub-index improved in all provinces predominantly due to improvements in the aspects of quality of education, purity of environment and wealth of people where vehicle ownership and access to super markets increased. Sabaragamuwa province has recorded the highest increase within this sub-index eventhough the aspect of vehicle ownership has declined when in all other provinces an improvement in this aspect could be observed.

Socio-Economic Infrastructure Sub-Index

Socio-Economic Infrastructure sub-index recorded increases in eight provinces. The improvements were mainly due to enhanced availability of electricity and ICT facilities. The highest increase within the sub-index was recorded from Western province with improvements in road developments, transportation facilities, enhanced crime free environment and pipe borne water quality, in addition to the above factors. Meanwhile, the deterioration of the sub-index in Eastern province was mainly due to the subdued levels of telecommunication facilities, road developments, crime free environment and female participation in civic activities.

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[2] The index values are compiled by standardising 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.

Table 1 - Provincial Prosperity Indices, Sub-Indices and Provincial Ranks

Index and Province	Index Value		Provincial Rank	
	2017	2018	2017	2018
Provincial Prosperity Index				
Central	0.272	0.490	3	2
Eastern	-0.046	0.168	9	9
North Central	0.062	0.256	6	7
North Western	0.227	0.456	4	4
Northern	0.099	0.399	5	5
Sabaragamuwa	0.025	0.341	8	6
Southern	0.309	0.470	2	3
Uva	0.057	0.201	7	8
Western	1.071	1.301	1	1
Economy and Business Climate Sub-Index				
Central	0.283	0.586	3	4
Eastern	-0.198	0.302	9	9
North Central	0.091	0.495	7	6
North Western	0.198	0.672	4	3
Northern	-0.170	0.473	8	7
Sabaragamuwa	0.117	0.568	5	5
Southern	0.332	0.680	2	2
Uva	0.105	0.345	6	8
Western	1.524	1.734	1	1
Well-being of the People Sub-Index				
Central	0.118	0.274	7	7
Eastern	-0.078	0.075	9	9
North Central	0.148	0.318	6	6
North Western	0.244	0.390	4	5
Northern	0.300	0.397	3	4
Sabaragamuwa	0.162	0.406	5	3
Southern	0.469	0.552	2	2
Uva	-0.001	0.078	8	8
Western	0.903	1.125	1	1
Socio-Economic Infrastructure Sub-Index				
Central	0.416	0.610	2	2
Eastern	0.139	0.127	5	7
North Central	-0.052	-0.044	8	9
North Western	0.239	0.305	3	4
Northern	0.168	0.328	4	3
Sabaragamuwa	-0.205	0.050	9	8
Southern	0.126	0.179	6	6
Uva	0.066	0.179	7	5
Western	0.787	1.043	1	1

Technical Note:

Prosperity Index

The index is compiled using 43 variables, which are categorised into three sub-indices. All sub-indices have equal weights in prosperity index 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 categorised into the aspects of price stability, living standard, income, poverty, 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 & quality of 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 transport facilities, availability of road coverage, availability of telecommunication facilities, availability of ICT facilities, availability of electricity, availability of safe drinking water, quality of pipe borne water, availability of sanitation, crime free environment 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 into a common scale by standardising 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.

Source: Central Bank of Sri Lanka