

Sri Lanka Prosperity Index - 2019



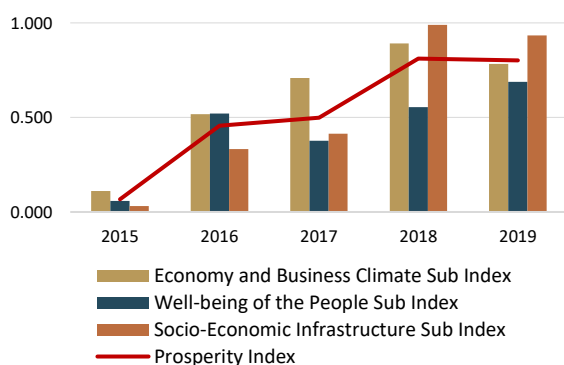
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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

National Prosperity

Sri Lanka Prosperity Index¹ (SLPI), recorded 0.802 in 2019 compared to 0.811 in 2018, with marginal declines of 'Economy and Business Climate' and 'Socio-Economic Infrastructure' sub-indices. Meanwhile, the 'Well-being of the People' sub-index has improved during the year.

	2018	2019
Sri Lanka Prosperity Index	0.811	0.802
Sub-Indices		
Economy and Business Climate	0.891	0.784
Well-being of the People	0.554	0.688
Socio-Economic Infrastructure	0.989	0.934

Figure 1 - Movements of SLPI and Sub-Indices: 2015 – 2019



Source: Central Bank of Sri Lanka

Spillover effects of the Easter Sunday attack on tourism and related industries resulting in an increase in unemployment, and relatively high inflation due to adverse weather conditions towards the latter part of 2019 were the key reasons for the decline in Economy and Business Climate sub-index.

Reduced usage of public transportation due to concerns on security, aftermath of the Easter Sunday attack, mainly resulted in the decline in Socio-Economic Infrastructure sub-index.

Improvements in the aspects of quality of education, health facilitation and wealth of people were the major contributors to the increase in Well-being of the People sub-index.

Figure 2 – Aspects covered in SLPI



Source: Central Bank of Sri Lanka

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 41 variables representing different aspects of prosperity.

Provincial Prosperity

Western province led with the highest value of provincial prosperity index, while Southern and Central provinces were ranked at second and third positions, respectively. In comparison to the previous year, North Central province recorded the highest increase in provincial prosperity index followed by Eastern and Western provinces.

Figure 3 - Provincial Prosperity Indices²: 2018 – 2019

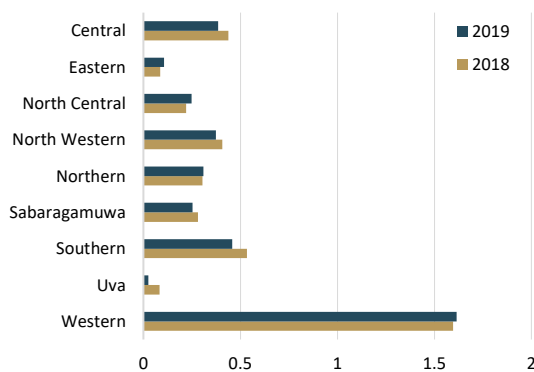


Table 1: Provincial Prosperity Indices and Provincial Ranks

	Prosperity Index		Provincial Rank	
	2018	2019	2018	2019
Central	0.438	0.386	3	3
Eastern	0.087	0.107	8	8
North Central	0.220	0.249	7	7
North Western	0.406	0.373	4	4
Northern	0.305	0.310	5	5
Sabaragamuwa	0.281	0.254	6	6
Southern	0.533	0.458	2	2
Uva	0.083	0.025	9	9
Western	1.597	1.615	1	1

Source: Central Bank of Sri Lanka

Performance of Provincial Prosperity Sub-Indices

Economy and Business Climate Sub-Index

Eastern, North Central, Northern and Uva provinces have recorded improvements in the sub-index with increases in informal sector wages and increased formal sector employment. The deterioration of the sub-index in other provinces was mainly caused by decreases in employment and high inflation levels.

Well-being of the People Sub-Index

The sub-index improved in all provinces except for Southern, predominantly due to improvements in the aspects of health, education and wealth of people where vehicle ownership and access to supermarkets increased. Meanwhile, the slight deterioration of the sub-index in Southern province was mainly due to reduced levels in the aspects of environment, entertainment and education.

Socio-Economic Infrastructure Sub-Index

Southern and Western provinces recorded increases in the sub-index with improvements to the road network, availability of electricity and enhanced crime-free environment. The decline of the sub-index of other provinces, with the highest decline recording from Uva, was mainly due to reduced levels of transportation and availability of safe drinking water.

Table 2: Provincial Prosperity Sub-Indices²

	2018	2019
Economy and Business Climate Sub-Index		
Central	0.453	0.348
Eastern	0.127	0.146
North Central	0.411	0.532
North Western	0.542	0.467
Northern	0.359	0.463
Sabaragamuwa	0.333	0.151
Southern	0.518	0.212
Uva	0.134	0.197
Western	1.860	1.829
Well-being of the People Sub-Index		
Central	0.157	0.176
Eastern	-0.075	-0.028
North Central	0.224	0.253
North Western	0.338	0.365
Northern	0.236	0.241
Sabaragamuwa	0.287	0.369
Southern	0.499	0.490
Uva	-0.091	-0.047
Western	1.163	1.198
Socio-Economic Infrastructure Sub-Index		
Central	0.703	0.636
Eastern	0.210	0.204
North Central	0.026	-0.038
North Western	0.336	0.287
Northern	0.319	0.226
Sabaragamuwa	0.224	0.242
Southern	0.583	0.671
Uva	0.207	-0.075
Western	1.769	1.819

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.

Source: Central Bank of Sri Lanka

Technical Note:

Prosperity Index

The index is compiled using 41 variables, which are categorised into three sub-indices. All sub-indices have equal weights in prosperity index.

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 10 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 and quality drinking water, availability of sanitation and crime-free environment.

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 the past 10 years. Since the index values for the country and for the provinces are compiled separately, provincial indices cannot be compared with the national level indices. Thus, indices at provincial level can be compared across provinces as well as time, while the national level indices can only be compared across time.