

SRI LANKA PROSPERITY INDEX (SLPI) - 2016



Key Facts

The SLPI improved to 0.746 in 2016 from 0.685 recorded in 2015, due to the enhancements in the Economy and Business Climate and Well-being of the People sub-indices.

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

The highest increase of overall prosperity index was recorded from the North Western province with enhancements in all three sub-indices.

Sri Lanka Prosperity Index - 2016

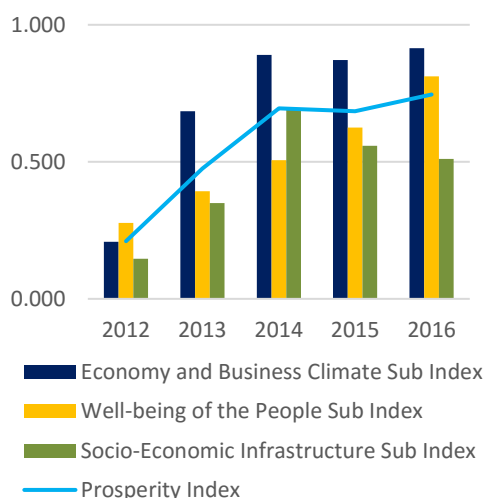
Prosperity, measured by the Sri Lanka Prosperity Index (SLPI), which is a composite indicator that measures and compares the level of prosperity of the country and across its provinces, improved to 0.746 in 2016 from 0.685 in the previous year. In analyzing the movements of the sub-indices of SLPI, for the period of 2015 to 2016, the Economy and Business Climate and Well-being of the People sub-indices have improved, while there is a moderation in Socio-Economic Infrastructure sub-index.

Table 1: SLPI and Sub-Indices 2015 – 2016

Year	Sri Lanka Prosperity Index	Economy and Business Climate Sub-Index	Well-being of the People Sub-Index	Socio-Economic Infrastructure Sub-Index
2015	0.685	0.871	0.625	0.558
2016	0.746	0.915	0.812	0.510

The improvements in employment rate, informal sector wages, industrial density and banking density have contributed towards the enhancement of the Economy and Business Climate sub-index. With regard to the sub index of the Well-being of the People, high performance in availability of healthcare facilities, availability & quality of education, wealth of people and availability & usage of entertainment facilities were the key drivers. The reduction observed in the Socio-Economic Infrastructure sub-index was led by reduced levels of pipe borne water quality, female participation in civic activities and available transport facilities. However, the aspects of road coverage, availability of electricity, crime free environment and availability of Information and Communication Technology (ICT) facilities in schools have shown improvements within the Socio-Economic Infrastructure sub-index.

Figure 1: Sri Lanka Prosperity Index and Sub-Indices 2012 – 2016

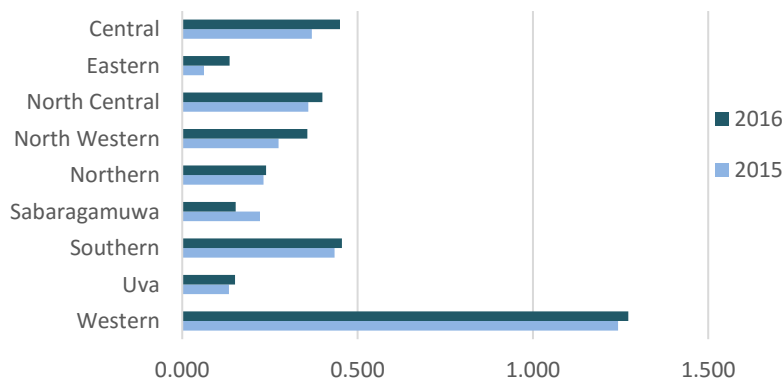


¹ The Sri Lanka Prosperity Index (SLPI) comprises of three sub-indices, Economy and Business Climate, Wellbeing of the People and Socio-Economic Infrastructure, which are measured using 43 representative variables reflecting the economic and social progression of provinces.

Provincial Prosperity

The Western province remained at the leading position recording the highest value of 1.272, for the overall prosperity index, with an increase of 0.029 index points compared to 2015. In comparison to the other provinces, the high performance of the Western province was driven by maintenance of higher standards in all three sub-indices. Except for the Sabaragamuwa province, all other provinces recorded higher overall prosperity index values during 2016 compared to the previous year. The overall prosperity index of the Sabaragamuwa province has declined due to the moderation in the Socio-Economic Infrastructure sub-index, partly driven by the impact of the 2016 floods on water quality and other socio-economic variables. The Eastern province, although remained at the same level in the provincial ranking in 2016, recorded an increase of 0.072 index points in the overall prosperity index with enhancements in all three sub-indices. The highest increase of 0.082 index points in the overall prosperity index was recorded from the North Western province. The provincial rankings of the nine provinces in terms of the overall prosperity, remained unchanged from 2015 to 2016.

Figure 2: Prosperity Index 2015 – 2016



The performance of the Economy and Business Climate sub-index improved across six provinces except for the Central, Northern and Southern provinces while the Well-being of the People sub index values have increased in all nine provinces. Provincial values of the Socio-Economic Infrastructure sub-index have increased only in the Central, Eastern, North Western and Western provinces.

Figure 3: Economy and Business Climate Sub Index

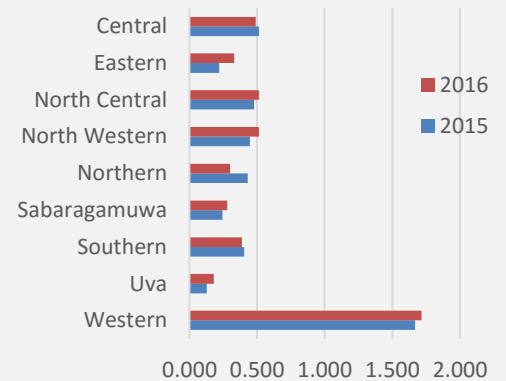


Figure 4: Well-being of the People Sub-Index²

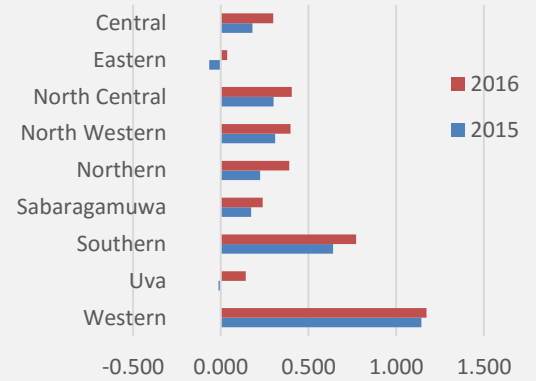
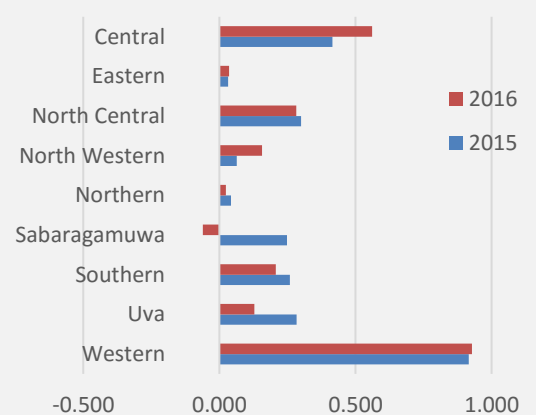


Figure 5: Socio-Economic Infrastructure Sub-Index



² The index values are compiled by standardizing each and every variable, closely following the Legatum Prosperity Index methodology. 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.

Provincial Prosperity Ranks and Indices

Table 2: Index values of overall prosperity index and sub-indices with their provincial ranks

Index and Province	Index Value		Provincial Rank	
	2015	2016	2015	2016
Overall Prosperity Index				
Central	0.370	0.450	3	3
Eastern	0.062	0.135	9	9
North Central	0.360	0.400	4	4
North Western	0.274	0.356	5	5
Northern	0.232	0.239	6	6
Sabaragamuwa	0.222	0.153	7	7
Southern	0.435	0.455	2	2
Uva	0.133	0.151	8	8
Western	1.243	1.272	1	1
Economy and Business Climate Sub-Index				
Central	0.514	0.490	2	4
Eastern	0.221	0.333	8	6
North Central	0.478	0.513	3	3
North Western	0.448	0.515	4	2
Northern	0.430	0.301	5	7
Sabaragamuwa	0.244	0.281	7	8
Southern	0.404	0.388	6	5
Uva	0.129	0.181	9	9
Western	1.668	1.715	1	1
Well-being of the People Sub-Index				
Central	0.181	0.300	6	6
Eastern	-0.066	0.036	9	9
North Central	0.301	0.404	4	3
North Western	0.311	0.398	3	4
Northern	0.224	0.391	5	5
Sabaragamuwa	0.172	0.238	7	7
Southern	0.640	0.771	2	2
Uva	-0.013	0.143	8	8
Western	1.144	1.173	1	1
Socio-Economic Infrastructure Sub-Index				
Central	0.415	0.561	2	2
Eastern	0.032	0.036	9	7
North Central	0.300	0.282	3	3
North Western	0.064	0.156	7	5
Northern	0.043	0.024	8	8
Sabaragamuwa	0.248	-0.061	6	9
Southern	0.259	0.207	5	4
Uva	0.284	0.129	4	6
Western	0.917	0.928	1	1

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

http://www.cbsl.gov.lk/pics_n_docs/02_prs/docs/press/press_20171205ex.pdf

Provincial Performance Highlights

The provincial rankings of the nine provinces in terms of the overall prosperity, remained unchanged from 2015 to 2016.

The Eastern province, although remained at the same level in the provincial ranking in 2016, recorded an increase of 0.072 index points in overall prosperity with enhancements in all three sub-indices.

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 43 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.

FREQUENCY

Annually