

SRI LANKA UPDATE | 17 - 24 FEBRUARY 2023

Politics & Policy:

[Local Government Elections postponed due to non-availability of funds](#) - The Election Commission of Sri Lanka (EC) informs the Supreme Court that Local Government Elections will not be held on February 09 as planned. The lack of necessary funds to conduct the election was stated as the main reason for the failure to proceed. The EC further said that LKR 410.6 million must be allocated to the Department of Government Printing for ballot papers. The Treasury also failed to provide additional funds for police services during the election.

The opposition party [Samagi Jana Balawegaya \(SJB\)](#), files [Fundamental Rights Petition in the Supreme Court](#) highlighting the Treasury's failure to release funds allocated through the 2023 Budget to the EC. The petitioner further stated that this is a violation of the Fundamental Rights guaranteed to the Petitioner and the citizens of Sri Lanka by Articles 12(1) and 14(1)(a) of The Constitution of the Democratic Socialist Republic of Sri Lanka.

[Sri Lanka Digital Citizen Association \(SLDCA\) highlights importance of digital voting system](#) for the country to significantly reduce cost of printing and transporting ballot papers and payments for staff and security when conducting polls across the country.

[Cabinet approves preparation of Bill enabling the National Security Council](#) - With the Supreme Court order suggesting the formation of the National Security Council on a constitutional basis. The Cabinet gave the green light to prepare the Bill to be legislated by an Act in Parliament. The Sri Lankan National Defence Council has acted as the country's preliminary executive body to advise the President on national defence and security matters and coordinate Sri Lanka's regional, global, economic, and military strategies.

[Progress of 261 large-scale development projects reviewed by Cabinet](#) - With progress slowing down in the past year, Cabinet requested line ministries to prepare feasibility studies of 261 large-scale development projects in the country. The President has also requested the implementation of a framework to measure results produced by projects whose long-term viability is at risk. The President also suggested obtaining support and assistance from the National Data Operation Centre to measure overall impact on economic development.

The Economy:

[President says Government open to alternative economic revival proposals](#) - Emphasising the importance of having a proper plan to strengthen the country's economy, the President expressed openness to considering alternative economic revival proposals the Government could present to the International Monetary Fund (IMF). The President reiterated his commitment to continue building the country's economy despite obstacles stating that all members of Parliament should work towards rebuilding the economy.

[President orders expeditious establishment of proposed Economic Commission](#) - The establishment of an Economic Commission has been proposed to expedite investment approvals and to boost opportunities for local and foreign investors. The Budget 2023 proposed a merger of the Board of Investment of Sri Lanka (BOI) and the Sri Lanka Export Development Board (EDB) but was later amended so the Economic Commission would instead be a supervisory committee to manage and guide the activities of both BOI and EDB.

[Cabinet approves paying USD 2.6 Bn in loans in the first half of 2023](#) - The Cabinet Co-Spokesman said Sri Lanka would be paying back multilateral loans from the World Bank and Asian Development Bank, along with those from a few other bilateral partners due in the first half of 2023. The amount payable in the first half of 2023 is just under USD 300 million, which the country is expecting to receive from the IMF's Extended Fund Facility (EFF).

[Inflation down to 53.2 percent in January 2023](#) - The Department of Census and Statistics stated that inflation, as measured by the Colombo Consumer Price Index (CCPI), declined to 54.2 per cent in January 2023, from 57.2 per cent in December 2022. The year-on-year movement of the National Consumer Price Index (NCPI) also declined to 53.2 per cent in January 2023, from 59.2 per cent in December 2022.

[Colombo Port City attracts investments of USD 2.5 billion](#) - The port city administration said that local and foreign investors have expressed interest in investing about USD 2.5 billion collectively in the Port City. Regulatory permissions for investing in the Colombo Port City project and the fees required have been submitted for Cabinet approval; the intent is to attract more investments for Port City, Sri Lanka's biggest FDI-funded development project. It is designed to be a hub for international investment, trade, finance, entertainment, leisure and other services with infrastructure development slated for completion by Q3 of 2023. The project is billed to generate significant employment opportunities and support Sri Lanka's economic recovery.

WHAT YOU NEED TO KNOW



Sri Lanka's apparel sector works to improve safety in apparel manufacturing plants - Sri Lanka's apparel sector, together with the International Labour Organization (ILO) and the International Finance Corporation (IFC) is taking measures to improve safety in the country's apparel manufacturing plants. Better Work Sri Lanka is a bespoke programme designed for Sri Lanka which builds on the high standards that exist in the sector. The recently concluded three-month-long workshop "Better Work Sri Lanka", reviewed Occupational, Safety and Health (OSH) in the apparel sector. The 70 participants will be "Industry Advisers" and create bipartite committees within the industry. The workshop covered facilitation techniques, communication skills, technical aspects of occupational safety and health and management systems.

The Government to ban single-use plastic products - Intending to lower the level of pollution, the Government decides to ban seven types of single-use plastic products from the 01st of June 2023. A committee of experts was appointed in 2021 to recommend steps to reduce usage. Accordingly, the production, importation, selling and use of single-use plastic products are prohibited as per the proposal submitted by the Minister of Environment.

Sri Lanka to enter into Free Trade Agreement (FTA) with Thailand within the first quarter - The Cabinet Spokesman stated that the impending FTA with Thailand would be signed in Q1 of 2023. Sri Lanka will also be able to join the Regional Comprehensive Economic Partnership (RCEP) Trade Agreement with this signing, strengthening bilateral trade ties with Thailand. The FTA would further assist Sri Lanka in embracing internationalization as the foundation for growth and enable exporters to explore new opportunities in a variety of overseas markets.

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This Advisory, written for our partners interested in developments in Sri Lanka against the backdrop of the current crisis, is an update on the one issued last week. This document summaries developments covering significant political and economic events. The Advisory includes economic, political, social and governance perspectives. It draws on news reports, analyses, Government announcements and documents, and from other sources that we may be in contact with or have access to.

*This Advisory was prepared by the Strategic Communications Unit of Adfactors PR Lanka.
For inquiries, contact pumudika.amarasekara@adfactorspr.com*