Principal Indicators of Development

Indicators, Components & Trends (2022 - 2023)

Combined Class Series
Unit- [11]

Key Focus Area:

- Human Development Index (HDI)

- Sustainable Development Goals (SDGs)
    - The five broad areas of focus (5Ps)
    - Goals more important Sri Lanka

- Multidimensional Poverty Related Info
- Sri Lanaka Prosperity Index (SLPI)

PQLI

Physical Quality of Life Index

This a pioneering compact index of development providing a new meaning to the process of measuring a given countries status of economic development, which was introduced in 1979 by Morris D. Morris. The physical quality of life index is prepared by giving equal weighting (importance) to the following three major components or elements.

- **Life expectancy at the age of one (1 year)**
- **Literacy rate**
- **Infant mortality rate**

This index is used to overcome the limitations posed by per capita real gross national income as a compact index to measure social (human) development. The PQLI represents the level of social welfare activities such as education, health care and nutrition etc. The index can range from 0 to 100.

While this index is an effective measure of social development, it fails to effectively recognize the state of economic (income level) development of a county, even though the components represents a relationship between economic factors.

HDI

Human Development Index - HDI

The United Nations Organization (UNO) introduces this development index in 1990 through its human development report. HDI represents a step further from the PQLI and encompasses a combination of social and income (directly economic) considerations. This index is prepared by considering the following three dimensions:

[1]   **Dimension:**   Longevity – Long & Healthy
- ✓ Indicator: **Life expectancy at birth**   [SDG: 3]
- ✓ Dimension Index: **Life expectancy Index**

[2]   **Dimension:**   Knowledge
- ✓ **Indicators:**
  - The mean years receiving schooling [SDG: 4.4]
  - The expected years of schooling (i.e., the number of years a child entering school is expected continues receiving education).   [SDG: 4.3]

- ✓ Dimension Index: **Education Index**

[3]   **Dimension:**   A Decent Standard of Living
- ✓ Indicator: **GNI per capita (PPP $)** [SDG: 8.5]
- ✓ Dimension Index: **GNI Index**

(Source – Human Development Report 2023/2024)

Country groupings

Very high human development	0.800 and above
High human development	0.700–0.799
Medium human development	0.550–0.699
Low human development	Below 0.550

NOTE

The index values can range from (0) to (1). The human development index is used to measure the state of human development in 193 countries and four territories around the world by the UNO.

- The HDI is an effective measure of social – economic development in comparison with certain other compact indexes of development such as per capita income and PQLI. It's an efficient measure of social development since the HDI considers social both components such as life expectancy and education levels and economic aspects.

- The HDI considers the economic component of purchasing power parity gross domestic income. Accordingly, it's an effective indicator that can be used for international comparisons between countries. In comparison with south Asian countries Sri Lanka has gained more index points from social components in comparison to economic components per-capita income (USD – PPP).

Evaluating HDI: Principal Limitations (Drawbacks)

- HDI is an aggregate measure and thus it does not indicate the internal disparities in development.

- HDI does not consider every aspect of human development. It focuses on three dimensions of basic capabilities, whiles other aspects such as participation, political freedom, human security, are equally important.

- Equal weight is given to each of the three main components.

- There is no attention to the role of quality (i.e., quality of schooling, extra year of life with good health, well-functioning individual, and extra year with sharply limited range of capabilities such as being confined to bed)

- HDI does not allow to judge the relative importance of its different components or to understand why a country's index changes over time – whether, for example, it happens because of a change in GNP per capita or because of a change in adult literacy.

Country Analysis

Human Development Index: **2022** (2021)

Country	Index Value	Rank
South Asian Region		
Maldives	0.762 (0.753)	87 (90)
India	0.644 (0.633)	134 (132)
Pakistan	0.540 (0.537)	164 (161)
Bangladesh	0.670 (0.662)	129 (129)
Bhutan	0.681 (0.677)	125 (127)
Nepal	0.601 (0.591)	146 (143)
Afghanistan	0.462 (0.473)	182 (180)
Sri Lanka	**0.780 (0.782)**	**78 (73)**
Very High Human Development		
Switzerland	0.967	**01**
Norway	0.966	**02**
Iceland	0.956	**03**
Hong Kong (SAR)	0.956	**04**
Denmark	0.952	**05**
High Human Development		
Brazil	0.760	89
Cuba	0.764	85
China	0.788	75
Sri Lanka	**0.780**	**78**

Global & Regional HDI Performance [2022]

HDI rank	Human Development Index (HDI) Value 2022	Inequality-adjusted HDI (IHDI) Value 2022	Overall loss (%) 2022	Gender Development Index Value 2022	Group 2022	Gender Inequality Index Value 2022	Rank 2022	Multidimensional Poverty Index Value 2011-2022	Headcount (%) 2011-2022	Intensity of deprivation (%) 2011-2022	Planetary pressures–adjusted HDI Value 2022	Difference from HDI value (%) 2022
Other countries or territories												
.. Korea (Democratic People's Rep. of)	..	..	..	..	..	..	..	..	..	..	..	..
.. Monaco	..	..	..	..	..	..	..	..	..	..	..	..
Human development groups												
Very high human development	0.902	0.807	10.5	0.988	–	0.150	–	0.002	0.5	35.9	0.779	13.6
High human development	0.764	0.628	17.8	0.962	–	0.339	–	0.016	3.8	40.7	0.691	9.6
Medium human development	0.640	0.447	30.2	0.870	–	0.476	–	0.091	20.5	44.1	0.622	2.8
Low human development	0.517	0.341	34.0	0.868	–	0.579	–	0.274	51.6	53.2	0.509	1.5
Developing countries	0.694	0.524	24.5	0.929	–	0.485	–	0.088	18.2	48.5	0.652	6.1
Regions												
Arab States	0.704	0.534	24.1	0.877	–	0.523	–	0.074	15.1	48.9	0.658	6.5
East Asia and the Pacific	0.766	0.640	16.4	0.962	–	0.340	–	0.022	5.1	42.4	0.683	10.8
Europe and Central Asia	0.802	0.708	11.7	0.963	–	0.224	–	0.004	1.2	37.1	0.743	7.4
Latin America and the Caribbean	0.763	0.605	20.7	0.991	–	0.386	–	0.024	5.6	43.1	0.716	6.2
South Asia	0.641	0.443	30.9	0.855	–	0.478	–	0.091	20.5	44.6	0.622	3.0
Sub-Saharan Africa	0.549	0.363	33.9	0.915	–	0.565	–	0.262	49.5	52.9	0.539	1.8
Least developed countries	0.542	0.363	33.0	0.890	–	0.556	–	0.268	51.7	52.0	0.533	1.7
Small island developing states												
Organisation for Economic Co-operation and Development	0.906	0.803	11.4	0.984	–	0.194	–	0.017	4.2	40.5	0.787	13.1
World	**0.739**	**0.576**	**22.1**	**0.951**	**–**	**0.462**	**–**	**0.088**	**18.2**	**48.5**	**0.685**	**7.3**

(Source – Human Development Report – 2023/2024)

[**www.hdr.undp.org**]

Human Development Report 2023/2024 [UNDP]

[A]   Inequality-adjusted HDI [IHDI]

Inequality-adjusted Human Development Index contains two related measures of inequality—the IHDI and the loss in HDI due to inequality. The IHDI looks beyond the average achievements of a country in longevity, education, and income to show how these achievements are distributed among its residents.

The IHDI value can be interpreted as the level of human development when inequality is accounted for. The relative difference between IHDI and HDI values is the loss due to inequality in distribution of the HDI within the country.
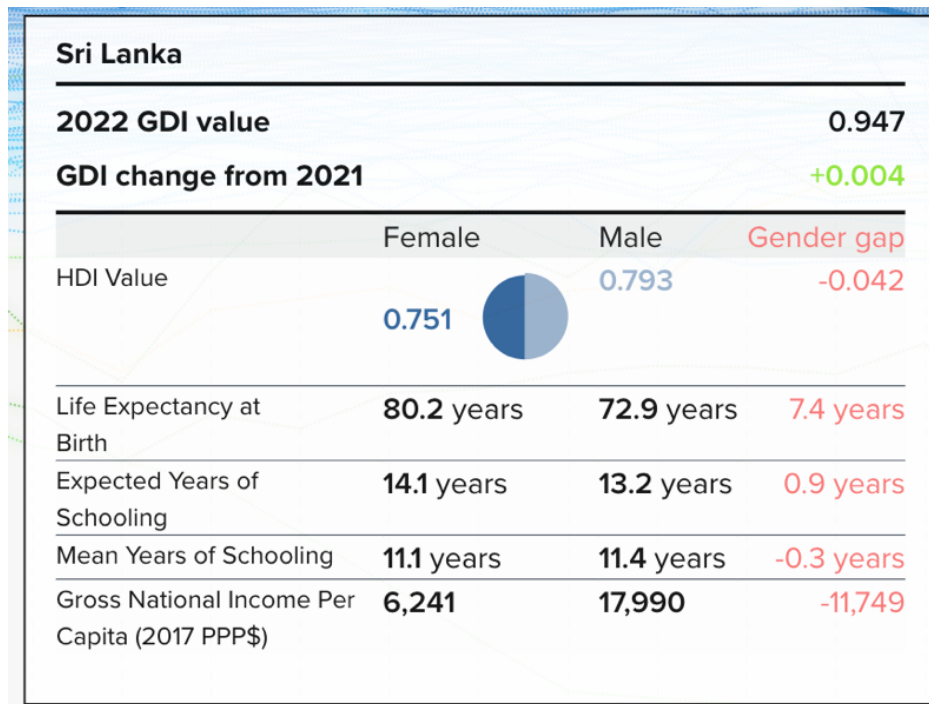
- Covers 193 Countries and four UN Recognized Territories
- Discounts the average value to unmask the inequalities in achieving all 3 dimensions of HDI

- 2018/19:   SL IHDI value is 0.686 (12.1 percent less than HDI) and rank is 75th
- 2019/20:   SL IHDI value is 0.673 (13.9 percent less than HDI) and rank is 71st

- 2020/21:   SL IHDI value is 0.676 (13.6 percent less than HDI) and rank is 75th

- 2021/2022: SL IHDI value is 0.630 (19.2 percent less than HDI) and rand is 85th

[B] Gender Development Index [GDI]

Gender Development Index, measures disparities on the HDI by gender. The standard presentation contains HDI values estimated separately for women and men; the ratio of which is the GDI value.

The closer the ratio is to 1, the smaller the gap between women and men. Values for the three HDI components—longevity, education (with two indicators) and income per capita presented by gender.

- Covers 193 Countries and four UN Recognized Territories
- "Defines; Ratio of Female to Male HDI"

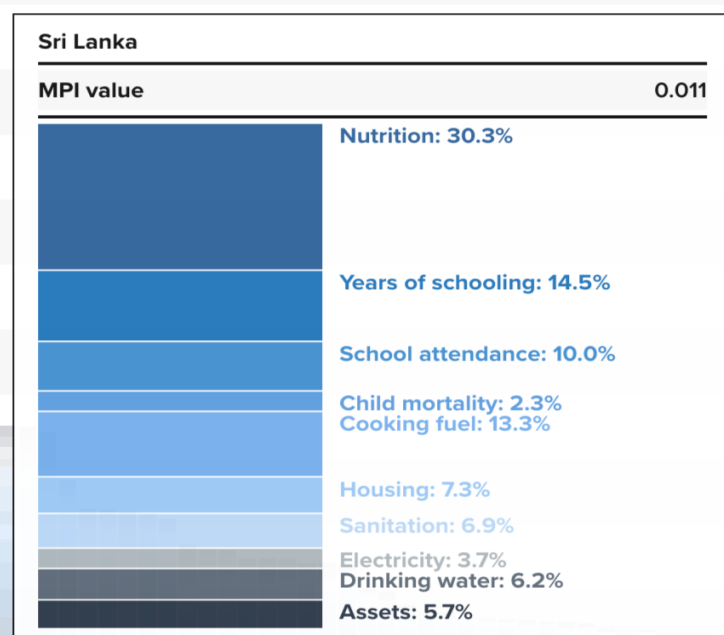| Sri Lanka			
2022 GDI value			**0.947**
GDI change from 2021			**+0.004**
	Female	Male	Gender gap
HDI Value	0.751	0.793	-0.042
Life Expectancy at Birth	**80.2** years	**72.9** years	7.4 years
Expected Years of Schooling	**14.1** years	**13.2** years	0.9 years
Mean Years of Schooling	**11.1** years	**11.4** years	-0.3 years
Gross National Income Per Capita (2017 PPP$)	6,241	17,990	-11,749

[C] Gender Inequality Index [GII]

Gender Inequality Index presents a composite measure of gender inequality using three dimensions namely, reproductive health, empowerment and the labour market.

- The reproductive health indicators are the maternal mortality ratio and the adolescent birth rate.

- The empowerment indicators are the share of parliamentary seats held by women and the share of population with at least some secondary education by gender.

- The labour market indicator is participation in the labour force by gender. A low GII value indicates low inequality between women and men, and vice-versa. Covers 193 Countries and four UN Recognized Territories

Sri Lanka

2022 GII value		0.376
GII change from 2021		-0.001
Maternal Mortality Ratio		28.8 death/100,000 live births
Adolescent Birth Rate		15.4 births/1,000 women age 15-19

	Female	Male	Gender gap
Share of seats in parliament	5.3%	94.7%	-89.3%
Population with at least some secondary education (age 25 and older)	80.6%	83.3%	-2.6%
Labour force participation rate (age 15 and older)	29.7%	70.7%	-41.0%

[D]   Multi-dimensional Poverty Index [MPI]

- The Multidimensional Poverty Index captures the multiple deprivations that people in developing countries face in their health, education and standard of living.

- The MPI shows both the incidence of non-income multidimensional poverty (a headcount of those in multidimensional poverty) and its intensity (the average deprivation score experienced by poor people). Based on deprivation score thresholds, people are classified as vulnerable to multidimensional poverty, multidimensional poor or in severe multidimensional poverty.

- It also presents measures of income poverty—population living below the national poverty line and population living on less than $2.15 in purchasing power parity terms per day.

Sri Lanka

MPI value	0.011

Nutrition: 30.3%

Years of schooling: 14.5%

School attendance: 10.0%

Child mortality: 2.3%
Cooking fuel: 13.3%

Housing: 7.3%

Sanitation: 6.9%

Electricity: 3.7%
Drinking water: 6.2%

Assets: 5.7%

Index Value: 0.011

MPI Headcount: 2.9 %

Intensity of Deprivation: 38.2 %

[E] Planetary Pressure – adjusted HDI (PHDI)

2020/2021:   SL Index value 0.761 (2.70% less than HDI), Rank 27th

20219/2020:   SL index value 0.765 (2.17% lesser than HDI), Rank 34th

2022/2023: SL Index value 0.762 (2.3% less than HDI), Rank 54th

<u>MDG</u> (2000 – 2015)

MILLENNIUM DEVELOPMENT GOALS & HUMAN DEVELOPMENT

(1) Eradicate Extreme Poverty and Hunger

(2) Achieving Universal Primary Education

(3) Promote Gender Equality and Empower Women

(4) Reduce Child Motility

(5) Improve Maternal Health

(6) Combat HIV/AIDS, Malaria and other Diseases

(7) Ensure Environmental Sustainability

(8) Develop a Global Partnership for Development

Sources (www.hdr.undp.org) (MDG Sri Lanka's Progress & Key Achievements – UNSL /GOSL)

The following comparative chart represents the close relationship between millennium development goals and the main dimensions of human development. It could be observed that MDG's are formulated using aspects of human development as a core consideration.

Aspects of Human Development	Millennium Development Goals
Attaining a healthy and long life (longevity)	Eradicate extreme poverty and hunger
	Reduce child mortality
	Improve maternal health
	Combat HIV/AIDS, malaria and other deadly diseases
	Providing safe drinking water
Receiving Knowledge and Education	Achieving universal primary education
	Promote gender equality and empower women
Access to resources required to ensure a Decent Living Standard	Eradicating extreme poverty
	Develop a global partnership for development

Sustainable Development Goals (SDGs)

On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit — officially came into force. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

The SDGs build on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty. The new Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

While the SDGs are not legally binding, governments are expected to take ownership and establish national frameworks for the achievement of the 17 Goals. Countries have the primary responsibility for follow-up and review of the progress made in implementing the Goals, which will require quality, accessible and timely data collection. Regional follow-up and review will be based on national-level analyses and contribute to follow-up and review at the global level.

The SDGs:

** Goal 1:   End poverty in all its forms everywhere

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3: Ensure healthy lives and promote well-being for all at all ages

** Goal 4:   Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5: Achieve gender equality and empower all women and girls

Goal 6: Ensure availability and sustainable management of water and sanitation for all

** Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

** Goal 10: Reduce inequality within and among countries

** Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12: Ensure sustainable consumption and production patterns

Goal 13: Take urgent action to combat climate change and its impactsa

Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

** Goals more important for Sri Lanka

Key Targets
✓ By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $ 2.15 (updated) a day
✓ By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Background

- 836 million people still live in extreme poverty
- About one in five persons in developing regions lives on less than $2.15 (updated) per day
- The overwhelming majority of people living on less than $ 2.15 (updated) a day belong to two regions: Southern Asia and sub-Saharan Africa
- High poverty rates are often found in small, fragile and conflict-affected countries
- One in seven children under age five in the world has inadequate height for his or her age
- Every day in 2014, 42,000 people had to abandon their homes to seek protection due to conflict

2 ZERO HUNGER

| **Goal 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture |

Key Targets

- ✓ By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

- ✓ By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons

3 GOOD HEALTH AND WELL-BEING

| **Goal 3:** Ensure healthy lives and promote well-being for all at all ages |

Key Targets

- ✓ By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births

- ✓ By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

4 QUALITY EDUCATION

| **Goal 4**: Ensure inclusive and quality education for all and promote lifelong learning |

Key Targets

- ✓ By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes

- ✓ By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education

5 GENDER EQUALITY

| **Goal 5**: Achieve gender equality and empower all women and girls |

Key Targets

- ✓ End all forms of discrimination against all women and girls everywhere

- ✓ Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation

6 CLEAN WATER AND SANITATION

Key Targets

Goal 6: Ensure access to water and sanitation for all

- ✓ By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- ✓ By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

7 AFFORDABLE AND CLEAN ENERGY

Key Targets

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

- ✓ By 2030, ensure universal access to affordable, reliable and modern energy services
- ✓ By 2030, increase substantially the share of renewable energy in the global energy mix

8 DECENT WORK AND ECONOMIC GROWTH

Key Targets

Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all

- ✓ Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
- ✓ Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors
- ✓ Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

Background

- Global unemployment increased from 170 million in 2007 to nearly 202 million in 2012, of which about 75 million are young women and men.
- Nearly 2.2 billion people live below the US$2 poverty line and that poverty eradication is only possible through stable and well-paid jobs.
- 470 million jobs are needed globally for new entrants to the labour market by 2030.

Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation
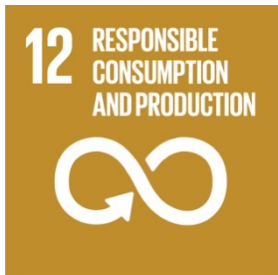
Key Targets

- ✓ Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

- ✓ Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

Goal 10: Reduce inequality within and among countries

Key Targets

- ✓ By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

- ✓ By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

The Five Broad Focus Areas of SDGs [5Ps]

Board Area	Description
People	To end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.
Planet	To protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.
Prosperity	To ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.
Peace	To foster peaceful, just and inclusive societies which are free from fear and violence. There can be no sustainable development without peace and no peace without sustainable development.
Partnership	To mobilise the means required to implement this agenda through a revitalised Global Partnership for Sustainable Development, based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and the most vulnerable and with the participation of all countries, all stakeholders and all people

Source: https://sustainabledevelopment.un.org/post2015/transformingourworld

Bhutan's Gross National Happiness Index

The phrase 'gross national happiness' was first coined by the 4th King of Bhutan, King Jigme Singye Wangchuck, in 1972 when he declared, **"Gross National Happiness is more important than Gross Domestic Product."** The concept implies that sustainable development should take a **holistic approach** towards notions of progress and give **equal importance** to **non-economic aspects of wellbeing.**

The GNH Index includes both traditional areas of socio-economic concern such as living standards, health and education and less traditional aspects of culture and psychological wellbeing. It is a holistic reflection of the general wellbeing of the Bhutanese population rather than a subjective psychological ranking of 'happiness' alone.

The GNH Index includes nine domains:

6) Psychological wellbeing
7) Health
8) Education
9) Time use
10) Cultural diversity and resilience

6) Good governance
7) Community vitality
8) Ecological diversity and resilience
9) Living standards

GLOBAL HAPPINESS INDEX

This report is based on the guidelines on measuring and understanding '**Subjective well-being'** released by OECD (Organization for Economic Co-operation and Development). The report is compiled by the Sustainable Development Solutions Network (SDSN) as commissioned by UN Secretary-General.

The report examines the social foundations of world happiness, within a six-factor explanatory framework. These independent variables or predicators, which act as the social foundations of well-being can be listed as follows:

✓ GDP per capita (PPP USD = 2011)
✓ Social support
✓ Healthy life expectancy
✓ Freedom to make life choices
✓ Generosity
✓ Perceptions of corruption

In the report 137 courtiers are considered and ranked based on an average index score ranging from 0 to 10 for the period 2020 – 2022 [0 indicating perfectly unhappy and 10 indicating perfectly happy]

World Happiness Report:

[2018 – 2020]

Rank	Country
1	Finland (7.828)
2	Denmark (7.625)
3	New Zealand (7.533)
49	Singapore (6.494)
117	Pakistan (5.432)
95	Bhutan (5.082)
125	Bangladesh (4.456)
170	Sri Lanka (4.381)
180	India (4.011)
182	South Sudan (2.866)

[2020 – 2022]

Rank	Country
1	Finland (7.804)
2	Denmark (7.586)
3	Iceland (7.530)
25	Singapore (6.587)
108	Pakistan (4.555)
95	Bhutan (5.082)
118	Bangladesh (4.282)

ECONOMIC FREEDOM INDEX

This is an index prepared by **American Heritage Foundation**

Economic freedom is the fundamental right of every human to control his or her own labor and property. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please. In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself.

We measure economic freedom based on 12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom:

1. **Rule of Law** (property rights, government integrity, judicial effectiveness)
2. **Government Size** (government spending, tax burden, fiscal health)
3. **Regulatory Efficiency** (business freedom, labor freedom, monetary freedom)
4. **Open Markets** (trade freedom, investment freedom, financial freedom)

Each of the twelve economic freedoms within these categories is graded on a scale of 0 to 100. A country's overall score is derived by averaging these twelve economic freedoms, with equal weight being given to each.

- Free   100 – 80
- Mostly Free   79.9 – 70
- Moderately Free   69.9 – 60
- Mostly Unfree   59.9 – 50
- Repressed   49.9 – 00

2018/2019	
(1)	Hong Kong [90.2]
(2)	Singapore [89.4]
(3)	New Zeland [84.4]
(115)	Sri Lanka [56.4]

2023/2024	
(1)	Sigapore [83.5]
(2)	Switzerland [83.0]
(3)	Ireland [82.6]
(4)	Taiwan [80.0]
(149)	Sri Lanka [49.2]

[Source - www.heritage.org]

CORRUPTION PERCEPTION INDEX

This is an index prepared by Transparency International

The Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).

A country or territory's rank indicates its position relative to the other countries and territories in the index. This year's index includes 180 countries and territories.

2022/2023 Index Scores & Rankings:

(1)	Denmark (90.00)	(101)	Sri Lanka (36.00)
(2)	Finland (87.00)	(85)	India (40.00)
(2)	New Zealand (87.00)	(147)	Bangladesh (25.00)
(5)	Singapore (83.00)		

THE INDEX OF GOOD GOVERNANCE

The Worldwide Governance Indicators (WGI) project of the World Bank Group reports aggregate and individual governance indicators for 200 economies over the period 1996–2013, for six dimensions of governance:

- **Voice and Accountability**
- **Political Stability and Absence of Violence**
- **Government Effectiveness**
- **Regulatory Quality**
- **Rule of Law**
- **Control of Corruption**

These aggregate indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. They are based on 32 individual data sources produced by a variety of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms.

[Source – www.worldbank.org]

What is Governance?

Governance consists of the traditions and institutions by which authority in a country is exercised or implemented. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

(Base- World Bank)

Asper the Governance Efficiency Ranking of 2023:

(1)	Estonia	(76.0)	(91)	India	(50.7)
(2)	Switzerland	(74.0)	(111)	Sri Lanka	(47.6)
(3)	Norway	(73.0)	(122)	Bangladesh	(46.6)

THE HUMAN CAPITAL INDEX (HCI) AND ITS COMPONENTS

Human Capital Index Rank 74 out of 157. The HCI measures the amount of human capital that a child born today can expect to attain by age 18. It conveys the productivity of the next generation of workers compared to a benchmark of complete education and full health. It is constructed for 157 countries.

It is made up of five indicators:
1) The probability of survival to age five
2) A child's expected years of schooling
3) Harmonized test scores as a measure of quality of learning
4) Adult survival rate (fraction of 15-year-olds that will survive to age 60)
5) The proportion of children who are not stunted.

Globally, 56 percent of all children born today will grow up to be, at best, half as productive as they could be and 92 percent will grow up to be, at best, 75 percent as productive as they could be.

WHAT IS THE STATE OF HUMAN CAPITAL IN SRI LANKA?

- A child born in Sri Lanka today will be 58 percent as productive when she grows up as she could be if she enjoyed complete education and full health.
- Probability of Survival to Age 5. 99 out of 100 children born in Sri Lanka survive to age 5.

- Expected Years of School. In Sri Lanka, a child who starts school at age 4 can expect to complete 13 years of school by her 18th birthday.
- Harmonized Test Scores. Students in Sri Lanka score 400 on a scale where 625 represents advanced attainment and 300 represents minimum attainment.

- Learning-adjusted Years of School. Factoring in what children actually learn, expected years of school is only 8.3 years.
- Adult Survival Rate. Across Sri Lanka, 87 percent of 15-year-olds will survive until age 60. This statistic is a proxy for the range of fatal and non-fatal health outcomes that a child born today would experience as an adult under current conditions.
- Healthy Growth (Not Stunted Rate). 83 out of 100 children are not stunted. 17 out of 100 children are stunted, and so at risk of cognitive and physical limitations that can last a lifetime.

[Source: www.worldbank.org/humancapitalproject]

Concepts commonly used as components in computing many **Developments Indexes**

        A. Infant Mortality Rate
        B. Child Malnutrition Rate
        C. Life Expectancy at birth
        D. Literacy Rate

[A]   INFANT MORTALITY RATE

This is the process of calculating the infant mortalities (infants below the age of 1) as a ratio of live births within a period of one year. Generally, the infant mortalities are presented for every 1000 live births.

- 2000   13.4 (000)
- 2010   9.9 (000)
- 2015   7.5 (000)
- 2019   7.4 (000)

[B]   CHILD MALNUTRITION

Child malnutrition refers to the children under the age of five years who are below the standard weight requirement or the children who have not received the minimum requirement of calories per day needed by a child under the age of five years. The malnutrition levels in Sri Lanka are at relatively high levels of children under the age of five.

The main reason for such high levels of malnutrition is the relatively high levels income poverty, the limited consumption and availability of nutritional food etc. In comparison the infant mortality rates show a declining trend due to widespread and effective vaccination campaigns and the control of certain critical diseases etc.

- 20.5% in 20216
- 12.2 % in 2021
- 15.3 % in 2022

[C]   LIFE EXPECTANCY AT BIRTH

The average number of years a child born today is expected to live if there are no changes in the mortality patterns or trends is known as life expectancy at birth. The expectation of life at birth in Sri Lanka is relatively high due to continuously declining mortality rates, because of improving health care, disease control and prevention, vaccination, nutritional food consumption, sanitation services and general awareness of good eating habits and health practices.

- Females   78.5 years
- Males   72.1 years
- Overall,   75. 5 years   (2021)

The life expectancy at birth is commonly used in preparing compact development indices such as, Human Development Index (HDI) and PQLI

The government can implement some of the following measures on an island wide basis to further improve the life expectation. These policies should also focus on further reducing infant mortality and maternal mortality.

- Better health care policies and Sanitation facilities
- Nutrition improvement policies and Environmental protection policies

[D]   LITERACY RATES

Literacy in simple terms refers to the ability to read and write. In a broad sense literacy includes factors such as listening skills, clear pronunciation, explanation, the ability to think autonomously or independently and the ability read with understanding.

In modern days literacy also considers the ability to make use of information communication technology (ICT), more specifically computer literacy. Literacy is commonly used as an indicator of human development and the ability of an individual to receive knowledge and education.

The literacy rate represents the percentage of the total population with the ability to read and write a specific language. Literacy rates are presented based on age, gender, and education levels, etc. literacy rates in Sri Lanka over the years have been at a higher level due to certain factors such as free education and strict rules and regulation to ensure school education to every child in the school going age.

	15-24 yrs	**15 yrs, Older**	**65 yrs, Older**	**National**
▪ **Males**	98.55%	92.98%	86.45%	**94.3%**
▪ **Females**	99.15%	90.97%	75.44%	**92.3%**
▪ **Overall**	98.86%	91.90%	80.32%	**93.3%**

Human development indices or compact indices of development which consider literacy rates as an important component.

- ▪ HDI, MPI
- ▪ PQLI

Computer Literacy

Definition for Computer literacy: A person (aged 5-69) is considered as a computer literate person if he/she could use computer on his/her own. For example, even if a 5-year-old child can play a computer game then he/she is considered as a computer literate person.

Definition for computer literacy rate: Computer Literate population expressed as a percentage to the total population, (aged 5 – 69 years) within the respective domain. Digital literacy Definition for

Digital Literacy

Definition: A person (aged 5-69) is considered as a digital literate person if he/she could use computer, laptop, tablet or smartphone on his/her own.

Definition for Digital literacy rate: Digital Literate population expressed as a percentage to the total population, (aged 5 – 69 years) within the respective domain.

- ▪ Computer Literacy: 30.1
- ▪ Digital Literacy: 44.3   [Reference Period: 2018/2019]

Table 4: Computer literacy among computer aware employed population (aged 15 – 69 years) by Occupation group – 2021, 2022 & 2023 (during 1ˢᵗ six months)

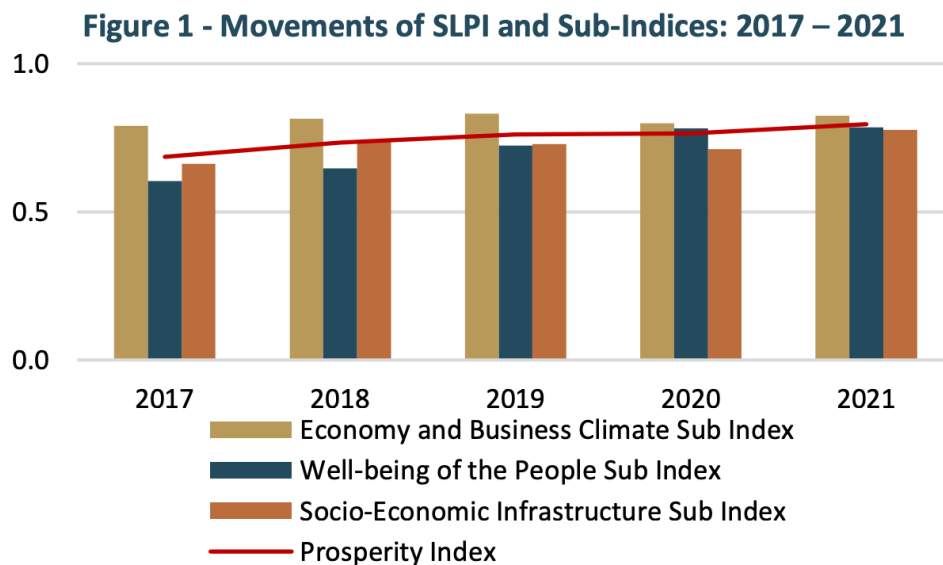| Occupation group	Computer literacy rate (%)		
	2021	2022	2023
Sri Lanka	66.5	67.1	72.2
Managers, Senior Officials and Legislators	86.5	87.9	90.0
Professionals	93.8	93.5	96.4
Technicians and Associate Professionals	91.8	91.2	93.6
Clerks and Clerical support workers	89.6	94.3	93.2
Services and Sales workers	55.1	56.3	62.8
Skilled Agricultura1, Forestry and Fishery workers	20.7	22.4	27.0
Craft and Related Trades workers	38.6	42.5	49.5
Plant and Machine operators and Assemblers	38.0	39.7	46.9
Elementary occupations	29.1	36.8	36.4

Table 6: Computer literacy rate and Digital literacy rate by Gender, Sector and Age group – 2023 (during 1ˢᵗ six months)

Gender, Sector, Age group	Computer Literacy	Digital Literacy
Sri Lanka	39.5	63.8
By Sex		
Male	41.4	66.1
Female	37.8	61.6
Sector		
Urban	52.3	76.2
Rural	37.9	62.0
Estate	17.7	45.6

Sri Lanka Prosperity Index (SLPI)

Sri Lanka Prosperity Index (SLPI) recorded an index value of 0.796 in 2021 with a slight increase compared to 0.764 recorded in 2020 where the economy was severely affected by the COVID-19 pandemic.

The marginal increases of 'Economy and Business Climate', 'Well-being of the People' and 'Socio-Economic Infrastructure' subindices have contributed to this slight increment in SLPI**.**

Figure 1 - Movements of SLPI and Sub-Indices: 2017 – 2021

Source: Central Bank of Sri Lanka

	2020	**2021**
Sri Lanka Prosperity Index	*0.764*	*0.796*
Sub-Indices		
Economy and Business Climate	*0.799*	*0.825*
Well-being of the People	*0.781*	*0.786*
Socio-Economic Infrastructure	*0.711*	*0.777*