

ECONOMIC REFORM INDEX



CENTRE FOR POLICY ALTERNATIVES | SOCIAL INDICATOR
FRIEDRICH NAUMANN FOUNDATION FOR FREEDOM

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Contents

Introduction	3
Methodology	4
Executive Summary	5
Economic Situation Compared to a Year Ago	5
Perceptions of the Future Economic Condition	5
Perceptions of IMF Assistance	5
International Assistance to Overcome the Economic Crisis	5
Trust in Personnel Driving Economic Reforms	6
Spending Capacity of the Public	6
Willingness to Migrate	6
Awareness and Perception on the Domestic Debt Optimisation (DDO) Programme	6
Awareness and Perceptions of the Aswesuma Programme	7
Awareness and Perceptions of the Anti-Corruption Bill	7
Attitude towards Liberal Economic Policy Proposals	7
Public Opinion on Welfare Policy Proposals	8
Key Findings	9
Graph 01 - Economic Situation Compared to a Year Ago	9
Graph 02 - Economic Situation Compared to a Year Ago by Locality	9
Graph 03 - Economic Situation in One Year	10
Graph 04 - Economic Situation in One Year by Age	10
Graph 05 - Economic Situation in One Year by Locality	11
Graph 06 - Trust that IMF Assistance Will Enable Sri Lanka to Overcome the Current Economic Crisis	12
Graph 07 - Trust that IMF Assistance Will Enable Sri Lanka to Overcome the Current Economic Crisis by Age	12
Graph 08 - Public Perception on Potential International Assistance	13

Graph 09 - Trust on President (Ranil Wickremesinghe) to Resolve the Current Economic Crisis	13
Graph 10 - Trust on President (Ranil Wickremesinghe) to Resolve the Current Economic Crisis by Age	14
Graph 11 - Trust on Central Bank Governor (Dr. Nandalal Weerasinghe) to do the Right Thing to Resolve the Current Economic Crisis	14
Graph 12 - Trust on Central Bank Governor (Dr. Nandalal Weerasinghe) to do the Right Thing to Resolve the Current Economic Crisis by Age	15
Graph 13 - Spending Capacity of the Public	15
Graph 14 - Willingness to Migrate	16
Graph 15 - Willingness to Migrate by Age	16
Graph 16 - Awareness on Domestic Debt Optimisation	17
Graph 17 - Awareness on Domestic Debt Optimisation by Locality	17
Graph 18 - Perceptions of Domestic Debt Optimisation	18
Graph 19 - Approval or Disapproval of Domestic Debt Optimisation	18
Graph 20 - Awareness of the Aswesuma Programme	19
Graph 21 - Awareness of the Aswesuma Programme by Locality	19
Graph 22 - Perception on the Aswesuma Programme	20
Graph 23 - Perception on the Aswesuma Programme by Locality	20
Graph 24 - Awareness on the Anti-Corruption Bill	21
Graph 25 - Awareness on the Anti-Corruption Bill by Age	21
Graph 26 - Perception on the Anti-Corruption Bill	22
Graph 27 - Perception on the Anti-Corruption Bill by Age	22
Graph 28 - Attitude towards Liberal Economic Policies	23
Graph 29 - Public Opinion on Welfare Policies	24

Introduction

After about a year of prolonged bilateral discussions between President Ranil Wickremesinghe's government and the IMF, both parties reached an agreement to work toward recovery from the worst economic crisis Sri Lanka has known in her history. As part of the process, Sri Lanka received a USD 2.9 billion loan facility as the first installment from the IMF in March 2023, along with suggestions for policy changes/ structural reforms driven by the IMF's governance diagnostic exercise. Against this backdrop, the Economic Reform Index Wave 2¹, an island-wide survey, examines public opinion on the current economy and economic reforms initiated or discussed over the past few months.

The survey of the study was conducted by Social Indicator, CPA's survey research arm, which has been conducting public opinion polls since 1999 on a wide range of socio-political issues in Sri Lanka. The survey team consisted of Dr. Pradeep Peiris, M. Krishnamoorthy, Ishara Jayarathne, and Nishara Karunatilake. Social Indicator would like to thank Dr. Paikiasothy Saravanamuttu (CPA) and Mr. Wolfgang Heinze and the team from Friedrich Naumann Foundation for Freedom (FNF) Sri Lanka for their support in conducting the study.

¹ Topline report of Economic Reform Index Wave 1 can be accessed here: <https://www.cpalanka.org/topline-report-of-the-economic-reform-index/>

Methodology

Economic Reform Index wave 2 was carried out using a semi-structured questionnaire with 1000 respondents from the four main ethnic communities (Sinhala, Tamil, Up Country Tamil, and Muslim). The sample consisted of both men and women from urban and rural localities in all 25 districts. A total of 77 field enumerators (male and female) participated in the fieldwork. A multi-staged random stratified sampling technique was used to select the sample locations, and the respondents were selected using a random sampling technique. Fieldwork was conducted from the 21st of August to 29th of August 2023. The dataset was weighted to reflect the actual district and ethnic proportion of the population. The data set was analysed using the Statistical Package for Social Sciences (SPSS).

Executive Summary

Economic Situation Compared to a Year Ago

- The percentage of Sri Lankans who claim that their economic situation has worsened compared to a year ago has reduced from 79% in October 2022 to 62% in August of 2023.
- When comparing urban and rural localities, an overwhelming percentage of urban localities (81%) claim that they are experiencing an economic burden, along with 58% of rural localities.

Perceptions of the Future Economic Condition

- Regarding their economic future, while a quarter of Sri Lankans believe there will be no change in one year's time, two out of five express their pessimism as they think their economic situation will get worse.
- Youth are slightly more optimistic than individuals of 30 years or above with regards to the economic condition.
- The percentage of Sri Lankans who believe that their economy will get worse in one year's time is higher in urban localities (46%) than in rural localities (38%).

Perceptions of IMF Assistance

- People express a mixed opinion with regards to the IMF assistance. Almost 46% of Sri Lankans trust that IMF assistance will enable Sri Lanka to overcome the current economic crisis while an equal percentage express distrust.
- Compared to adults (above 30 years), the trust in the IMF assistance to overcome the current economic crisis among the youth (18-29 years) is slightly higher.

International Assistance to Overcome the Economic Crisis

- Amongst countries such as India, China, Japan, USA, and Russia, a majority of Sri Lankans (38%) think that China would assist Sri Lanka to overcome the current economic crisis, followed by India (22%) and Japan (18%).

Trust in Personnel Driving Economic Reforms

- Almost 42% of Sri Lankans trust that President Ranil Wickremesinghe will resolve the current economic crisis, while half of Sri Lankans do not.
- There is no significant difference in terms of their trust that President Ranil Wickremasinghe will resolve the current economic crisis - between adults (above 30 years) and youth (18-29 years).
- Almost 42% of Sri Lankans express their trust in the Governor of the Central Bank, Dr. Nandalal Weerasinghe's capacity to do the right thing in resolving the current economic crisis, while 38% of Sri Lankans express that they do not feel this way.
- The percentage of trust and distrust is almost equally shared between adults (above 30 years) and youth (18-29 years).

Spending Capacity of the Public

- An overwhelming majority of Sri Lankans claim to have difficulties in spending on food, electricity, health, children's education, and leisure activities.
- Significantly, 83% of Sri Lankans claim to have difficulties in spending on food, and the percentage of population who expressed difficulties increases when asked about spending on health (87%), education (90%), electricity (93%), and leisure activities (94%).

Willingness to Migrate

- Almost 68% of Sri Lankans express their willingness to leave Sri Lanka and live in another country if they were given an opportunity to. There is a slight increase in this preference compared to October 2022 (57%).
- An increase in willingness to migrate can be observed among both adults (above 30 years) and youth (18-29 years).
- The willingness to migrate among the youth (18-29 years) shot up from 77% in October 2022 to 82% in August 2023, and a similar increase can be seen from 45% to 59% among adults (above 30 years).

Awareness and Perception on the Domestic Debt Optimisation (DDO) Programme

- Notably, 70% of Sri Lankans are not aware of the Domestic Debt Optimisation (DDO) programme while only 30% claim that they are aware of it.

- Among the Sri Lankans who claim they are aware, 70% agree that the DDO programme is essential for the country to meet the target set by the IMF, while 63% agree that the DDO programme makes external debt negotiations a bit easier. On the other hand, about 60% of them believe the DDO programme will disproportionately affect pensioners and will have a negative effect on EPF and ETF.
- From those who are unaware of the DDO, 62% approve of it, since the government says it is necessary to resolve the current economic crisis.

Awareness and Perceptions of the Aswesuma Programme

- An overwhelming majority is aware of the Aswesuma Programme. This awareness is slightly higher among rural localities (85%) compared to urban localities (76%).
- Among the Sri Lankans who are aware of Aswesuma, 68% think that the beneficiary selection process is not just and fair.
- Almost close to half of the respondents are of the opinion that Aswesuma would help the poor to face the current economic crisis. The same percentage thinks the opposite.

Awareness and Perceptions of the Anti-Corruption Bill

- A majority of the population (70%) are not aware of the Anti-Corruption Bill passed in Parliament on 19 July 2023. This lack of awareness is almost equally shared by both adults (above 30 years) and the youth (18-29 years).
- A majority of Sri Lankans who are aware of the Anti-Corruption Bill (56%) believe that this bill will not have any effect on reducing corruption. This opinion is shared by 60% of adults (above 30 years) and 50% of the youth (18-29 years).

Attitude towards Liberal Economic Policy Proposals

- According to the survey findings on liberal economic policy proposals, 54% of Sri Lankans are of the opinion that the government should allow foreign companies to invest in our country, as an increase in trade benefits everyone. Meanwhile, 33% hold that government corporations should be privatised as running businesses is not the government's responsibility. Around 70% express the opinion that the government should not restrict a person's earning capacity. When comparing these opinions with those of October 2022, there were no significant differences.

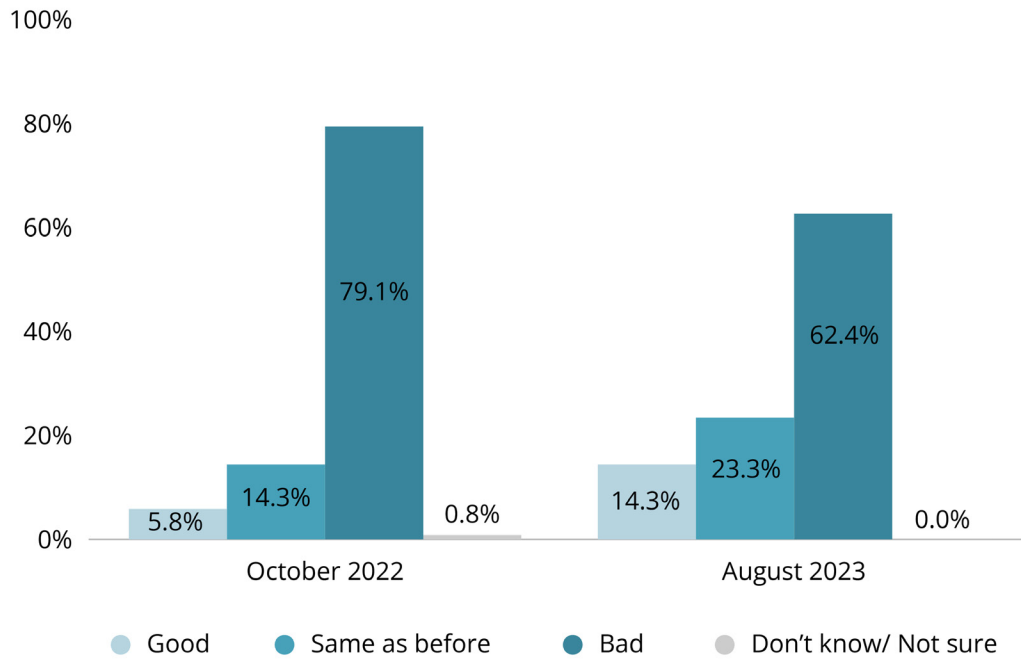
Public Opinion on Welfare Policy Proposals

- Regarding welfare policies, almost half of the population thinks the number of government employees should be reduced to reduce government spending.
- The same percentage of Sri Lankans held this opinion in October 2022 as well. However, 64% believe that it is the government's responsibility to look after its people and spend on welfare programmes. Interestingly, this belief has increased over the year from 56% in October 2022.

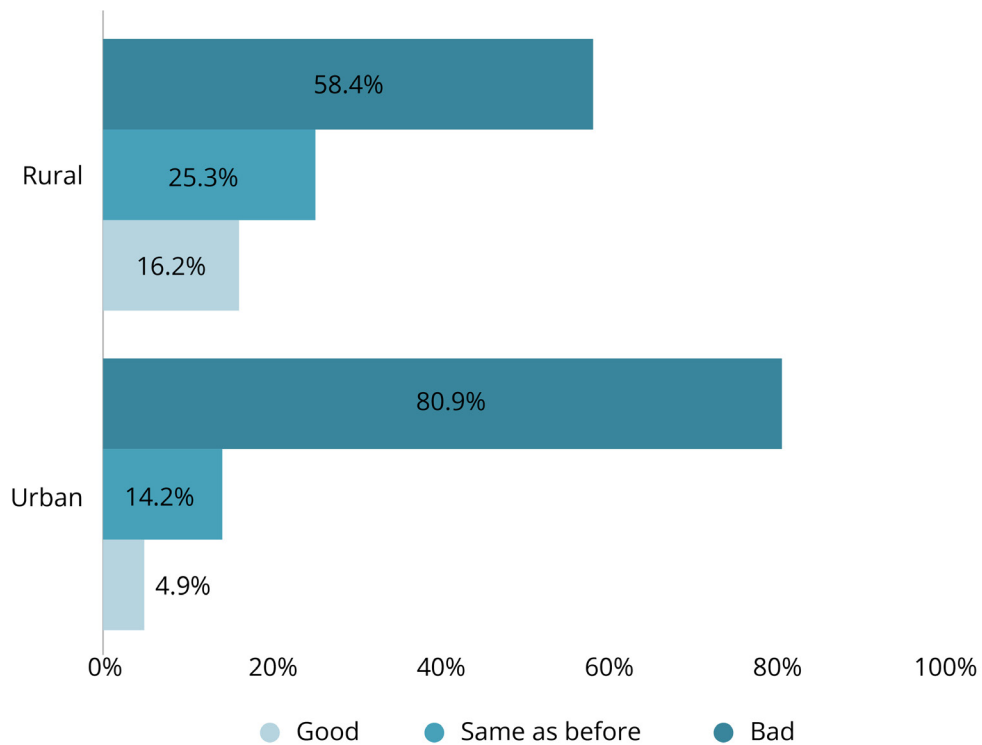
Key Findings

Economic Situation Compared to a Year Ago

Graph 01 - Economic Situation Compared to a Year Ago

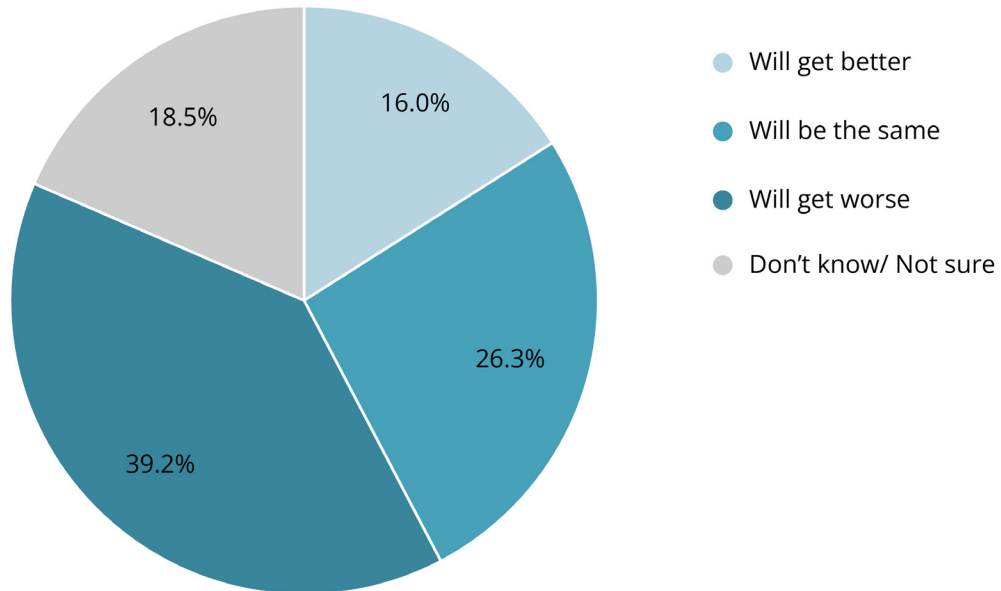


Graph 02 - Economic Situation Compared to a Year Ago by Locality

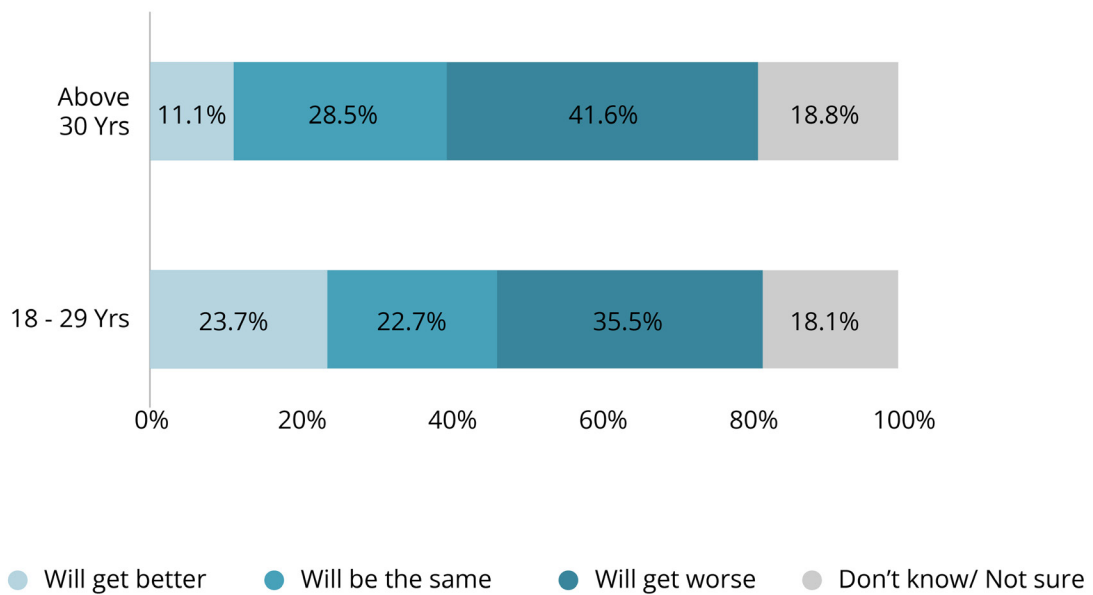


Perceptions of the Future Economic Condition

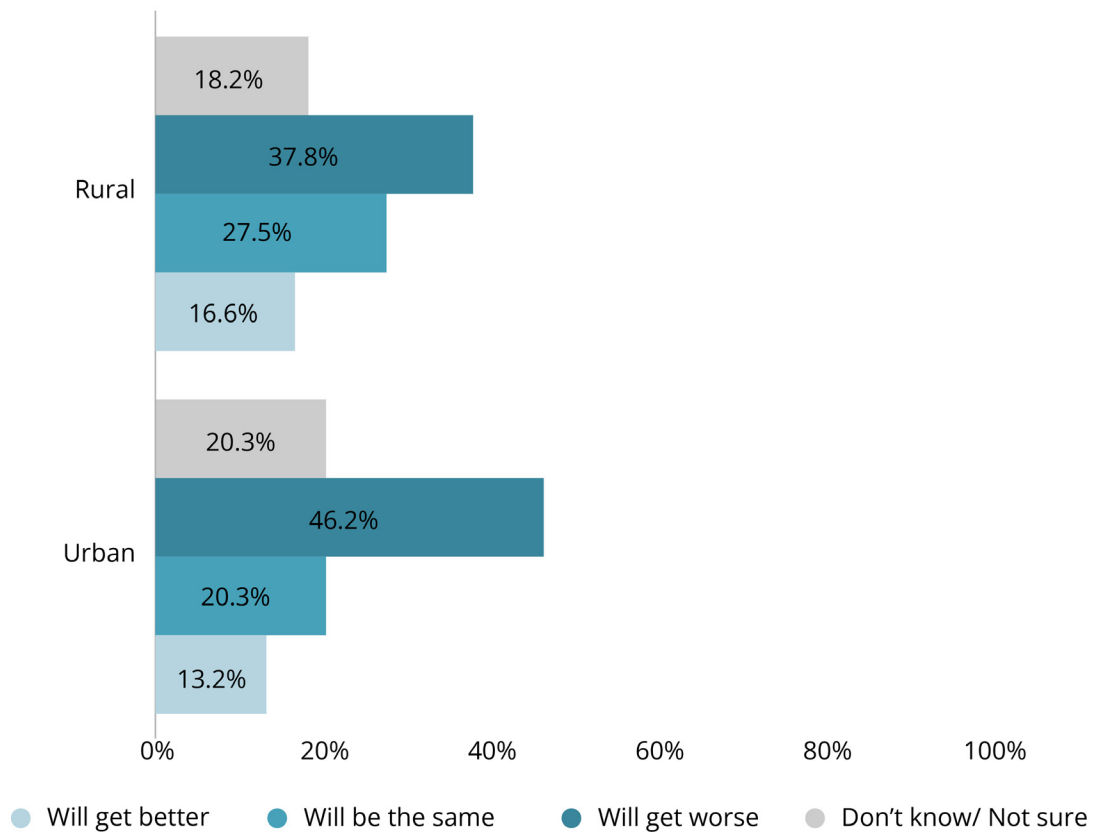
Graph 03 - Economic Situation in One Year



Graph 04 - Economic Situation in One Year by Age

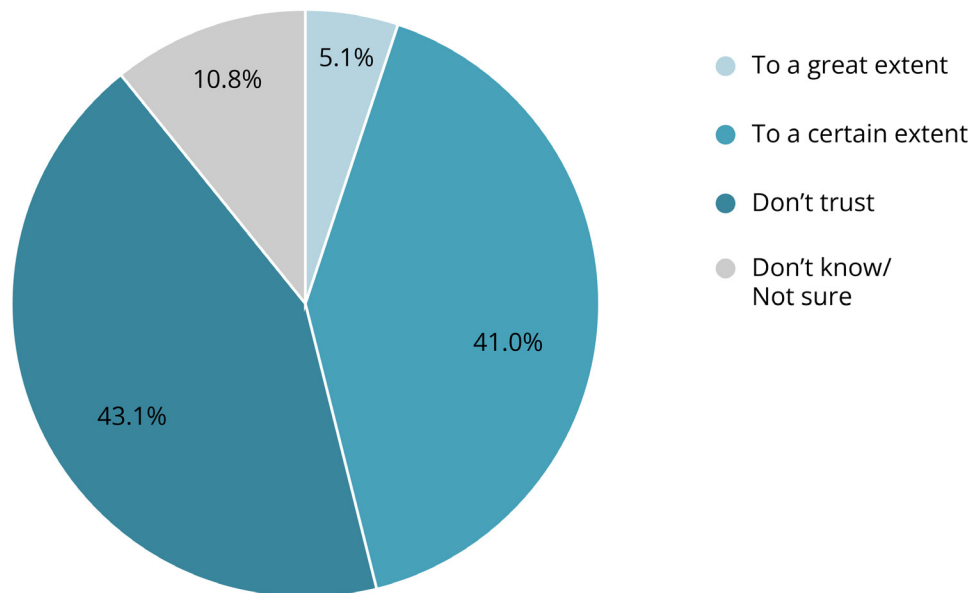


Graph 05 - Economic Situation in One Year by Locality

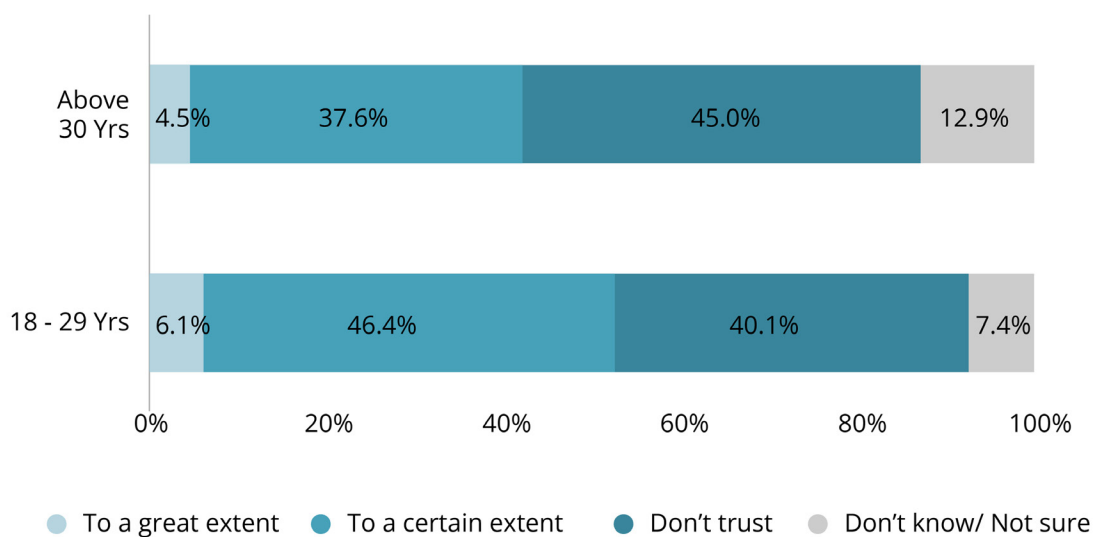


Perceptions of IMF Assistance

Graph 06 - Trust that IMF Assistance Will Enable Sri Lanka to Overcome the Current Economic Crisis

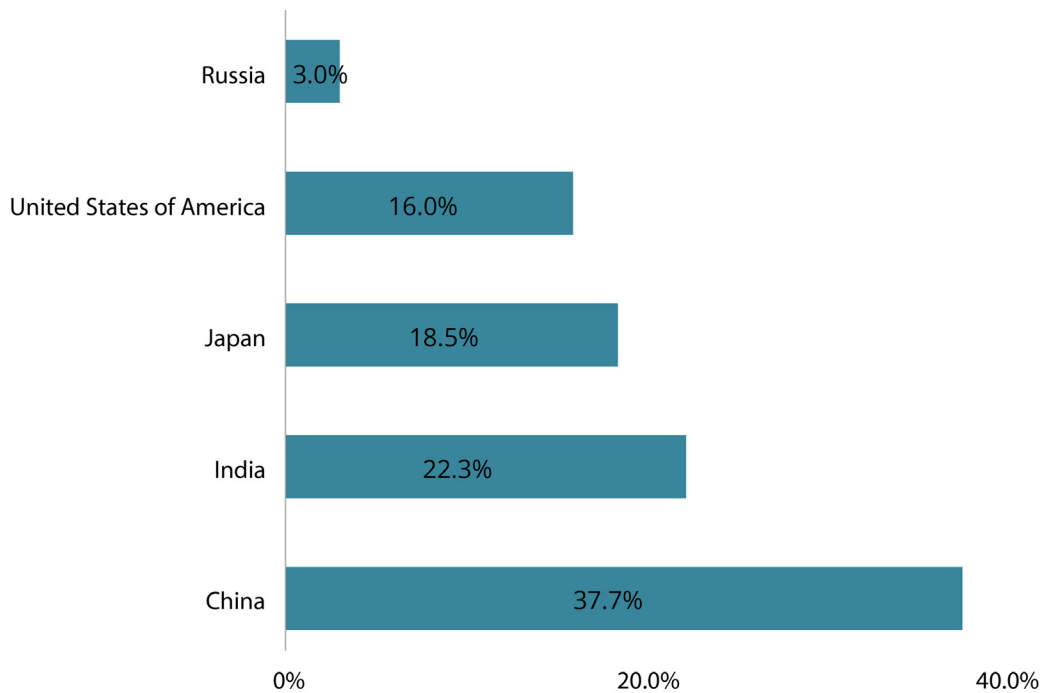


Graph 07 - Trust that IMF Assistance Will Enable Sri Lanka to Overcome the Current Economic Crisis by Age



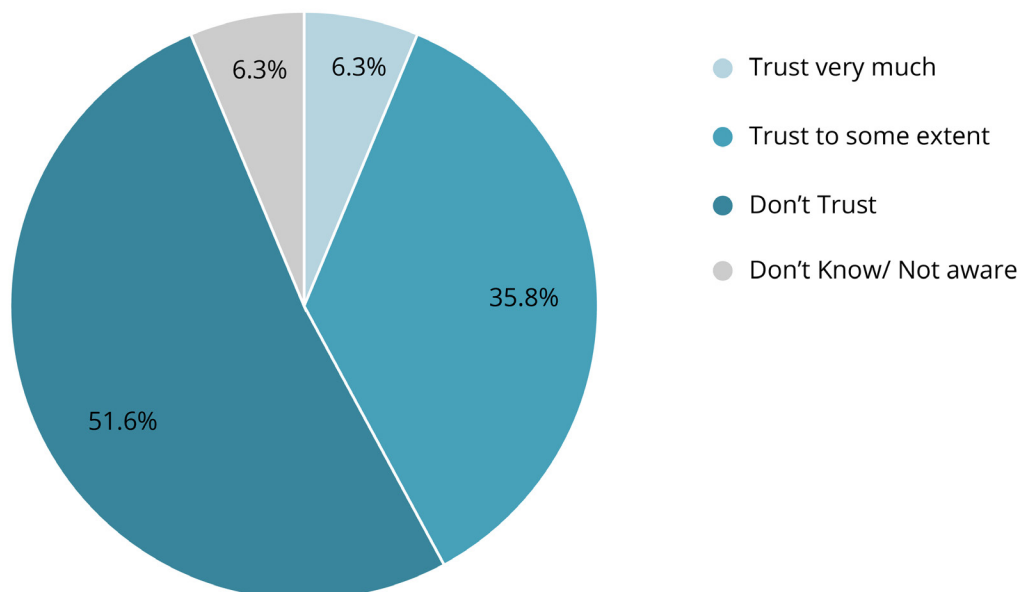
International Assistance to Overcome the Economic Crisis

Graph 08 - Public Perception on Potential International Assistance

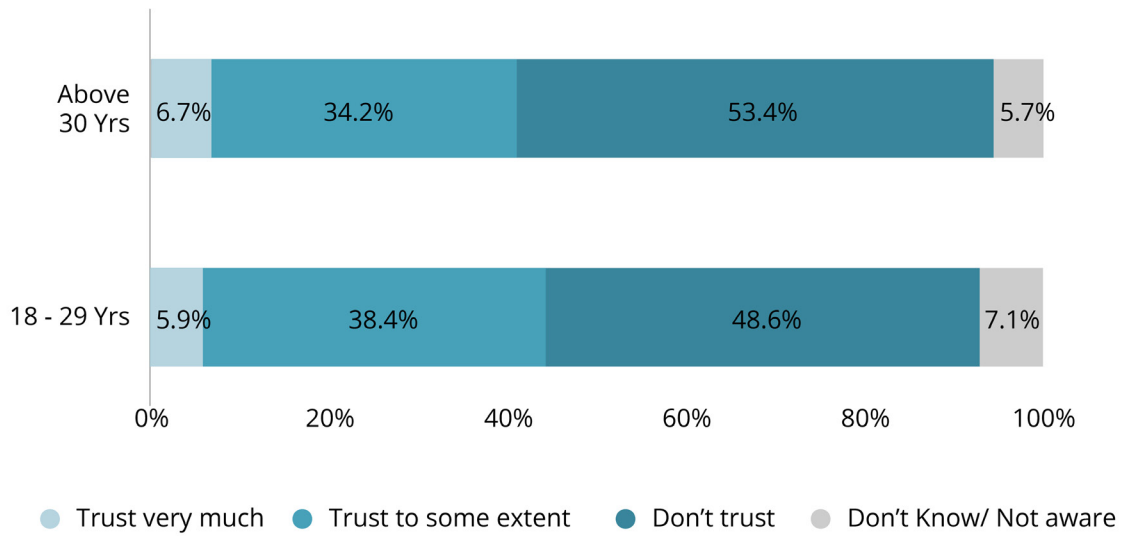


Trust in Personnel Driving Economic Reforms

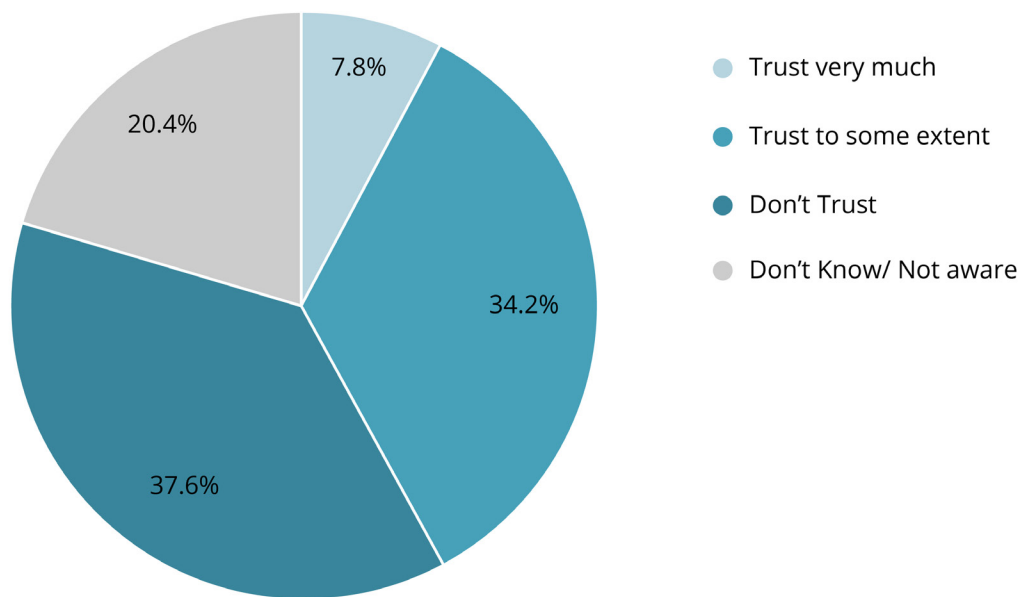
Graph 09 - Trust on President (Ranil Wickremesinghe) to Resolve the Current Economic Crisis



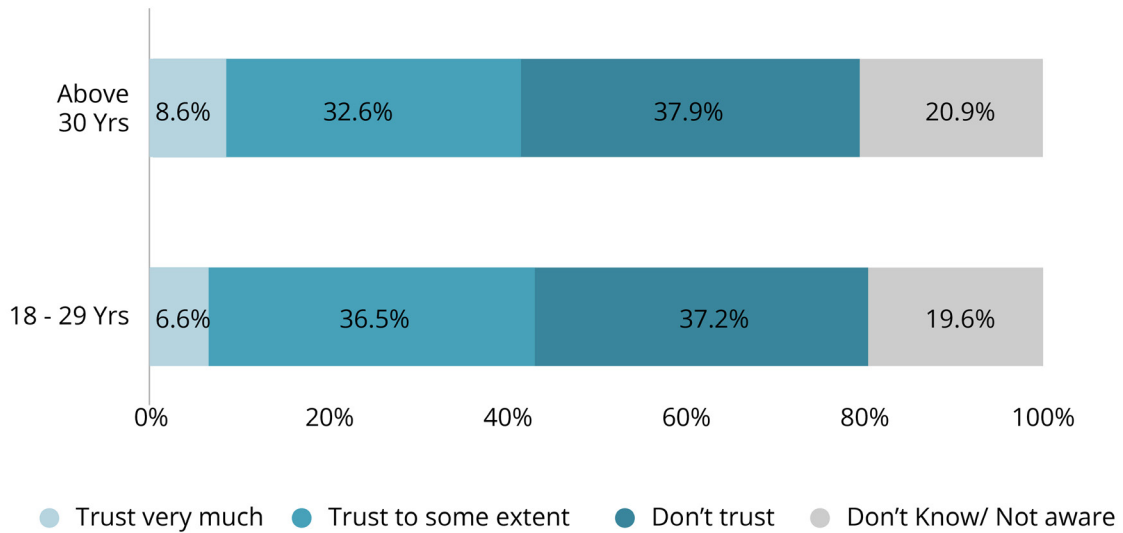
Graph 10 - Trust on President (Ranil Wickremesinghe) to Resolve the Current Economic Crisis by Age



Graph 11 - Trust on Central Bank Governor (Dr. Nandalal Weerasinghe) to do the Right Thing to Resolve the Current Economic Crisis

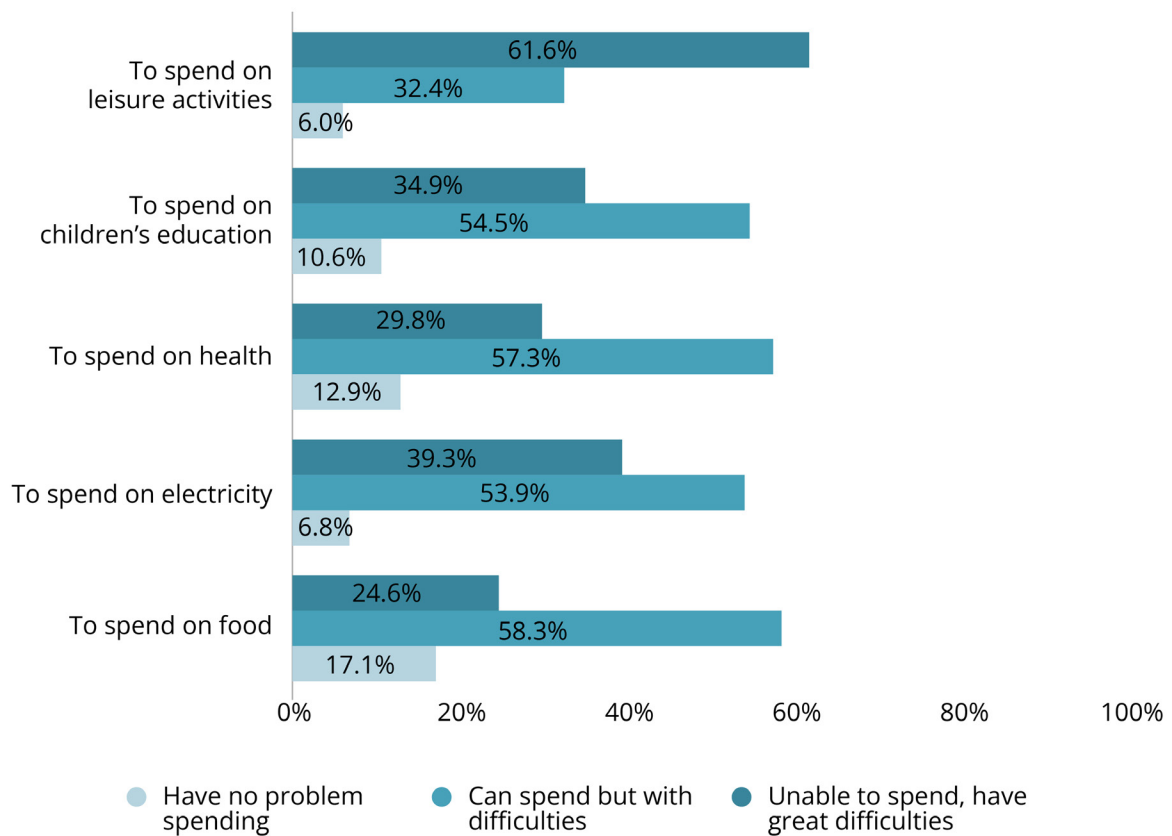


Graph 12 - Trust on Central Bank Governor (Dr. Nandalal Weerasinghe) to do the Right Thing to Resolve the Current Economic Crisis by Age



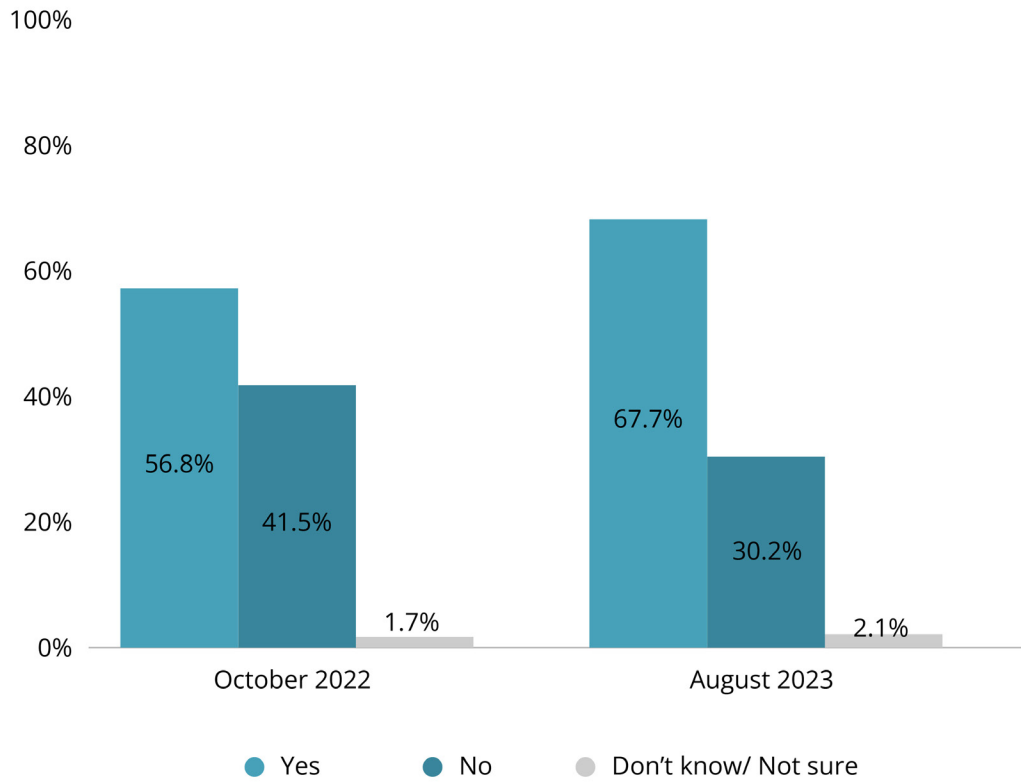
Spending Capacity of the Public

Graph 13 - Spending Capacity of the Public

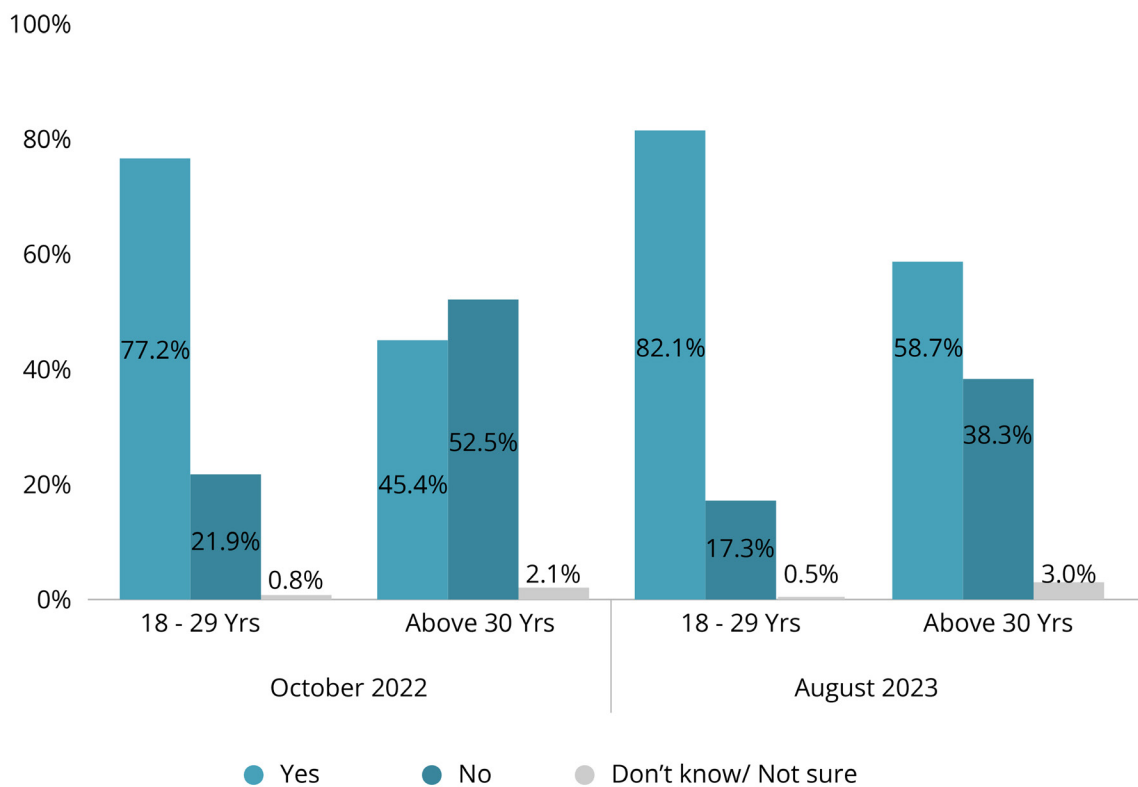


Willingness to Migrate

Graph 14 - Willingness to Migrate

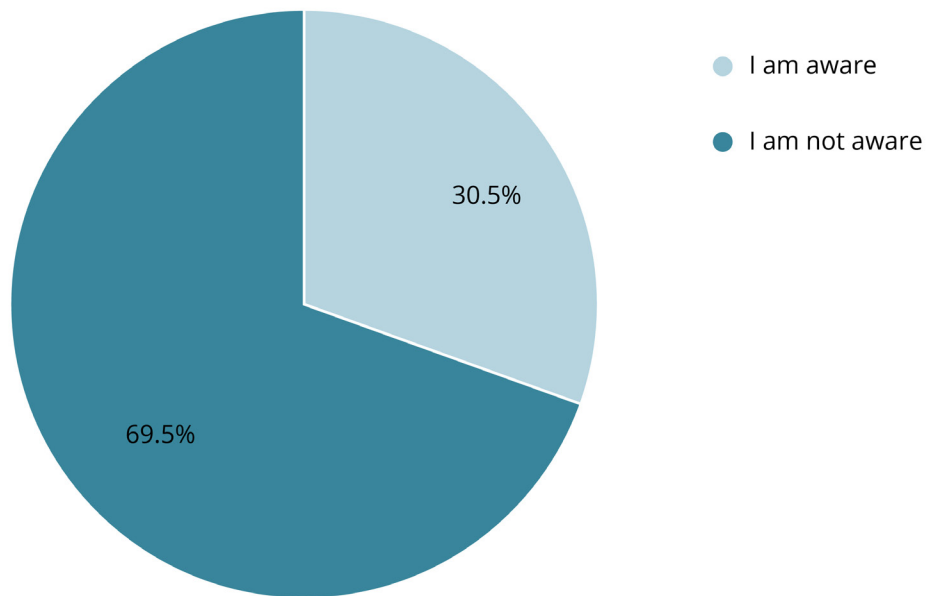


Graph 15 - Willingness to Migrate by Age

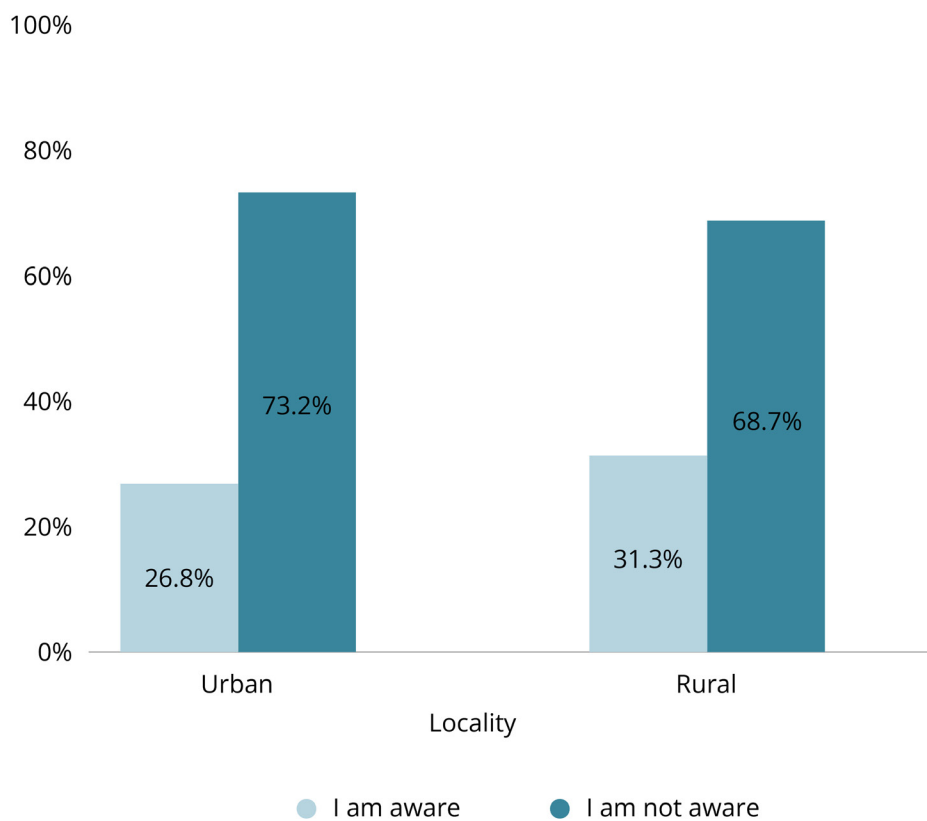


Awareness and Perception on the Domestic Debt Optimisation (DDO) Programme

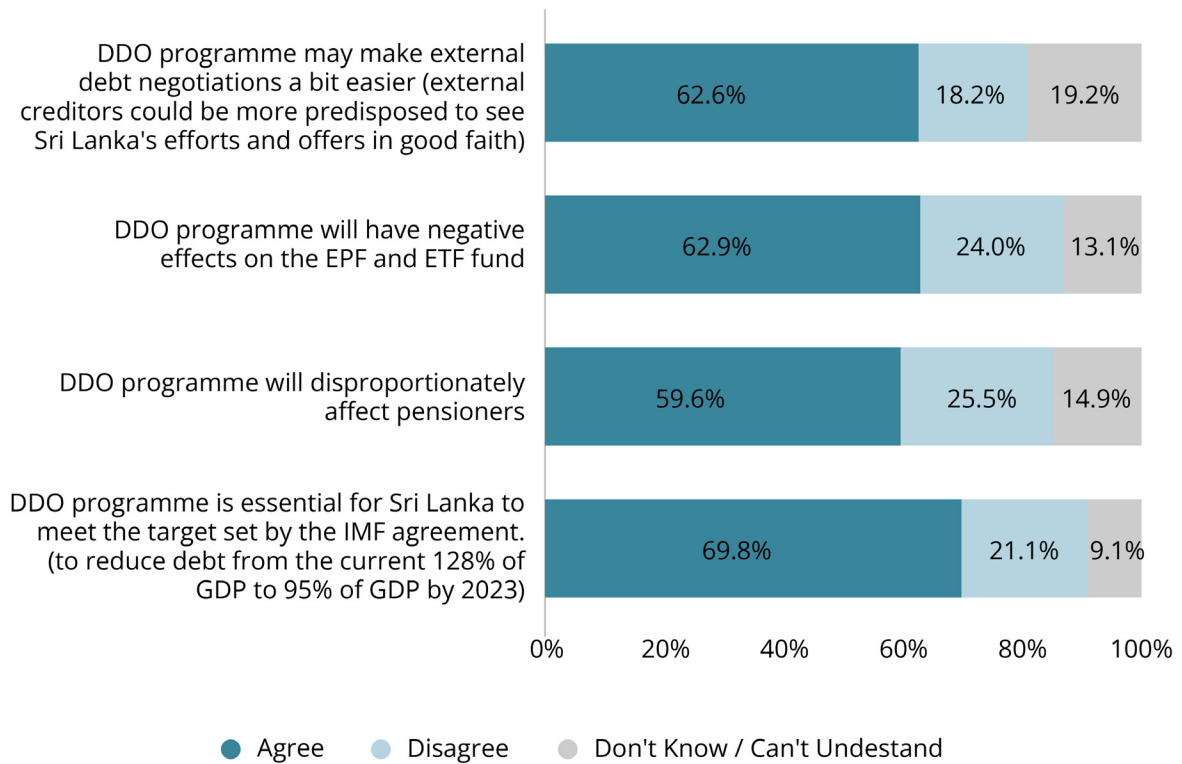
Graph 16 - Awareness on Domestic Debt Optimisation



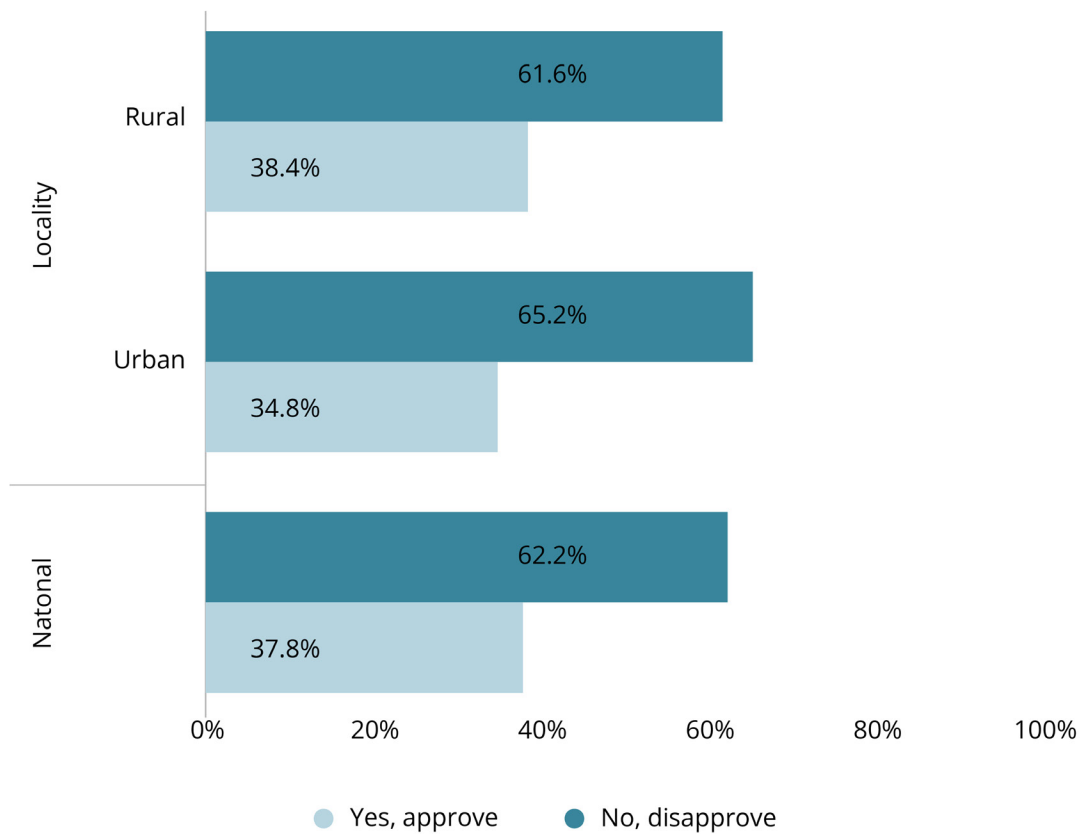
Graph 17 - Awareness on Domestic Debt Optimisation by Locality



Graph 18 - Perceptions of Domestic Debt Optimisation

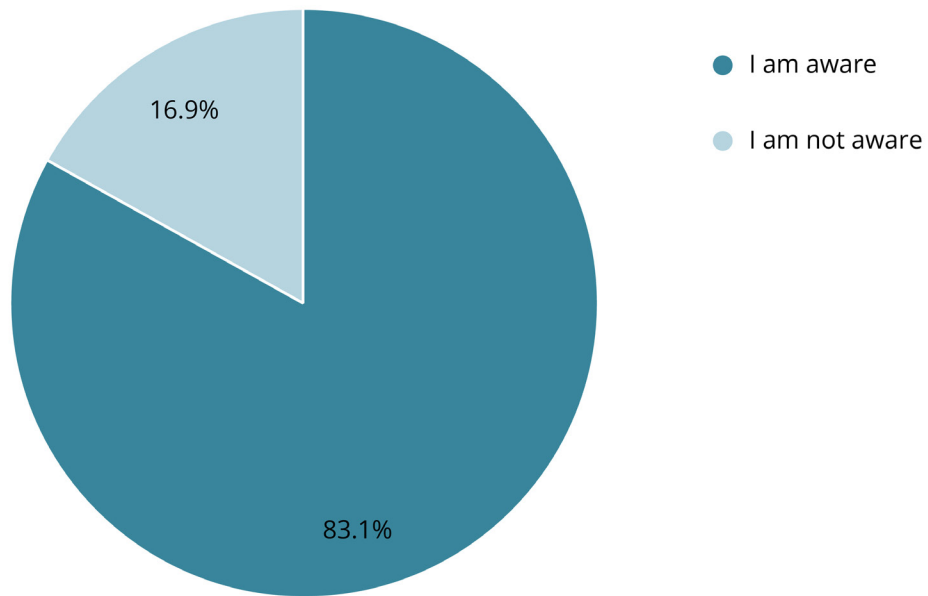


Graph 19 - Approval or Disapproval of Domestic Debt Optimisation

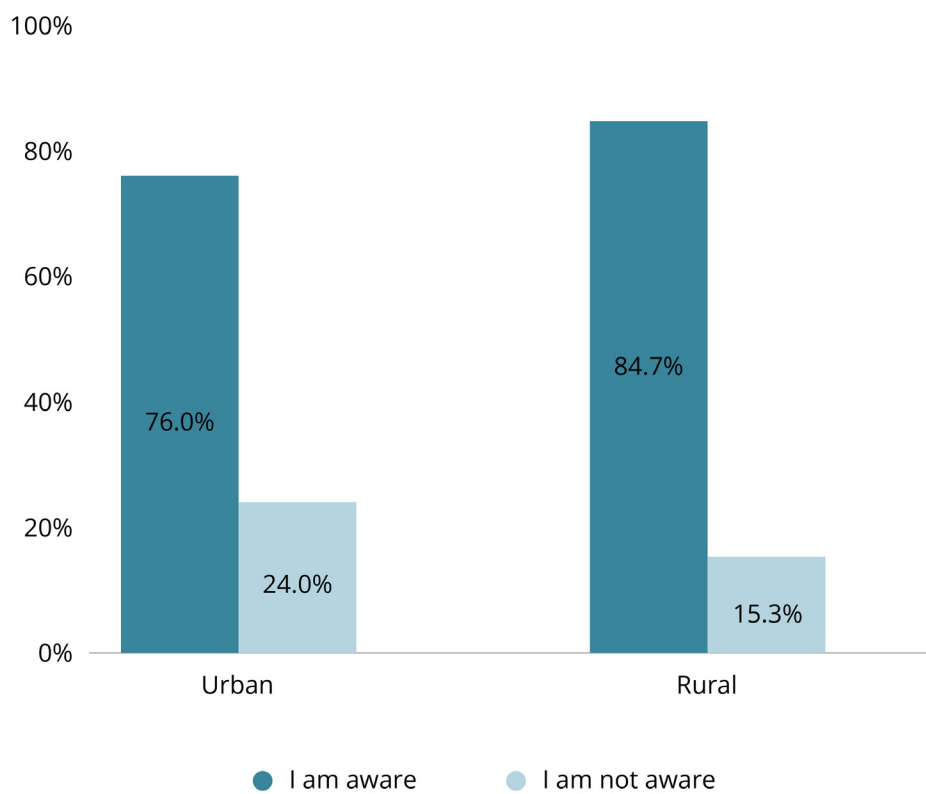


Awareness and Perceptions of the Aswesuma Programme

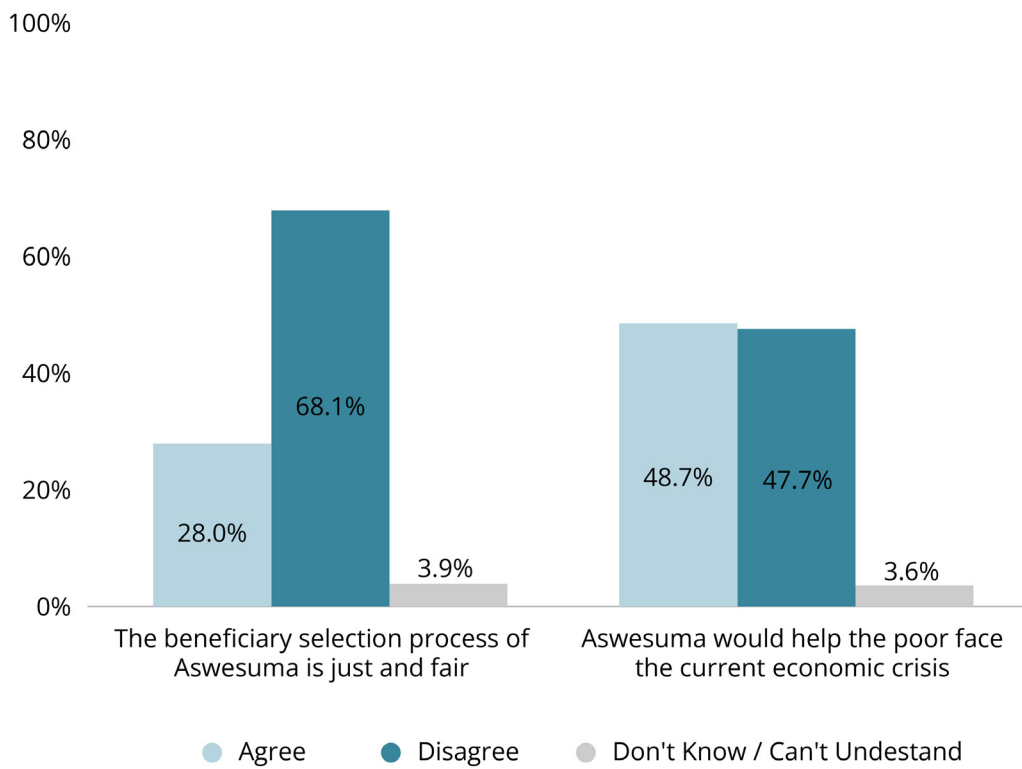
Graph 20 - Awareness of the Aswesuma Programme



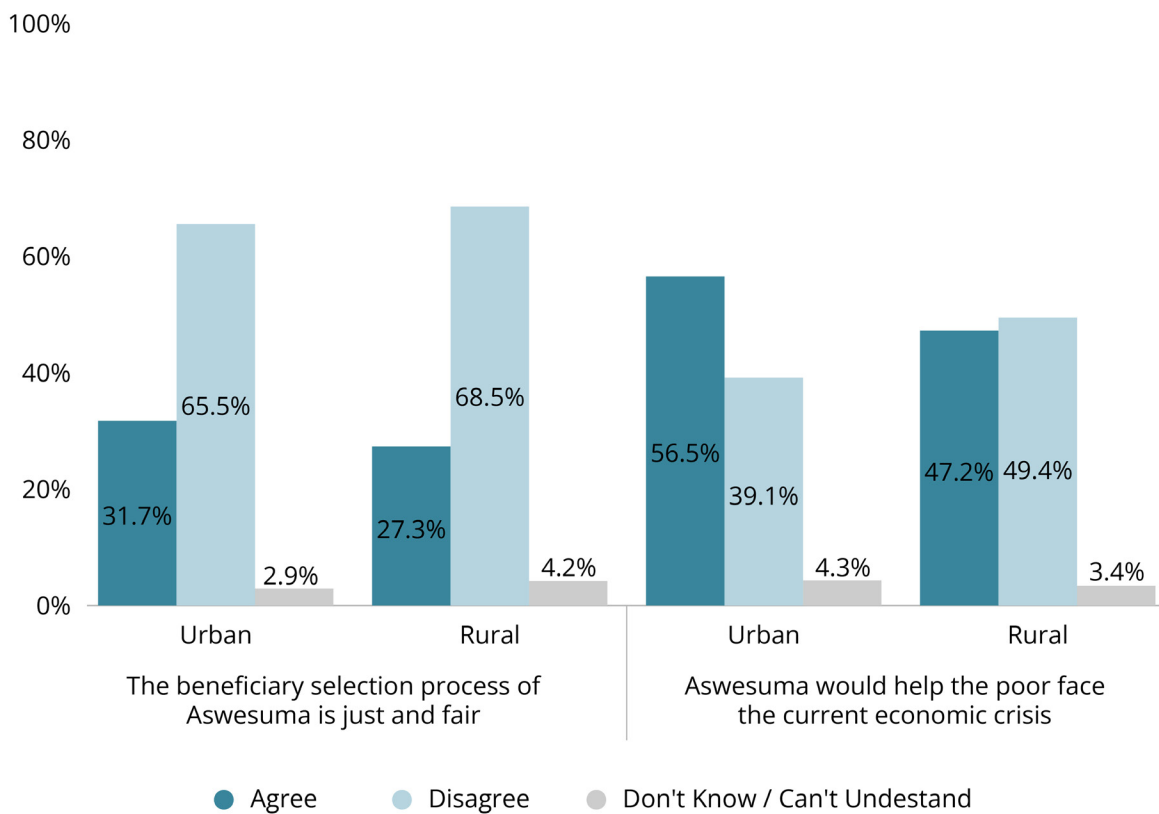
Graph 21 - Awareness of the Aswesuma Programme by Locality



Graph 22 - Perception on the Aswesuma Programme

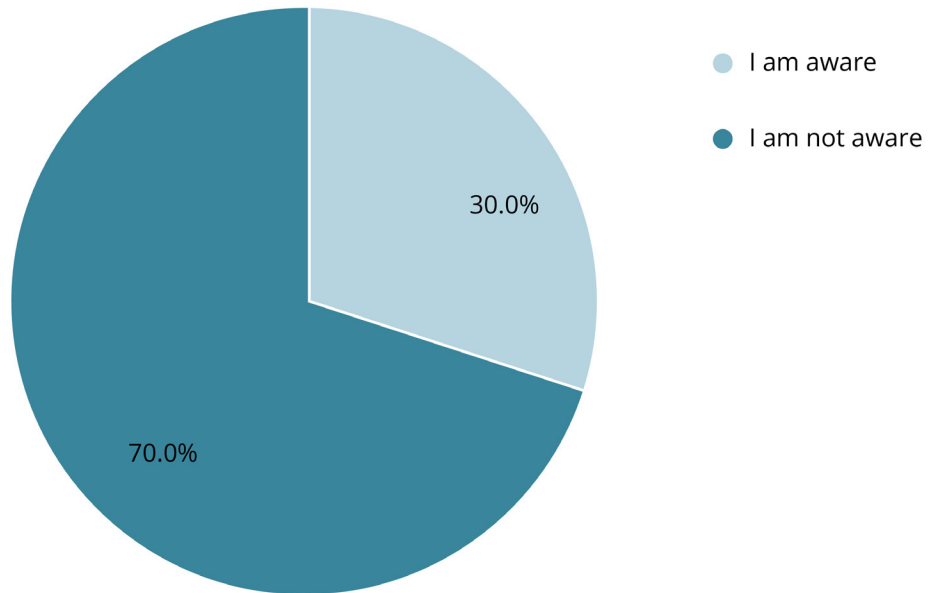


Graph 23 - Perception on the Aswesuma Programme by Locality

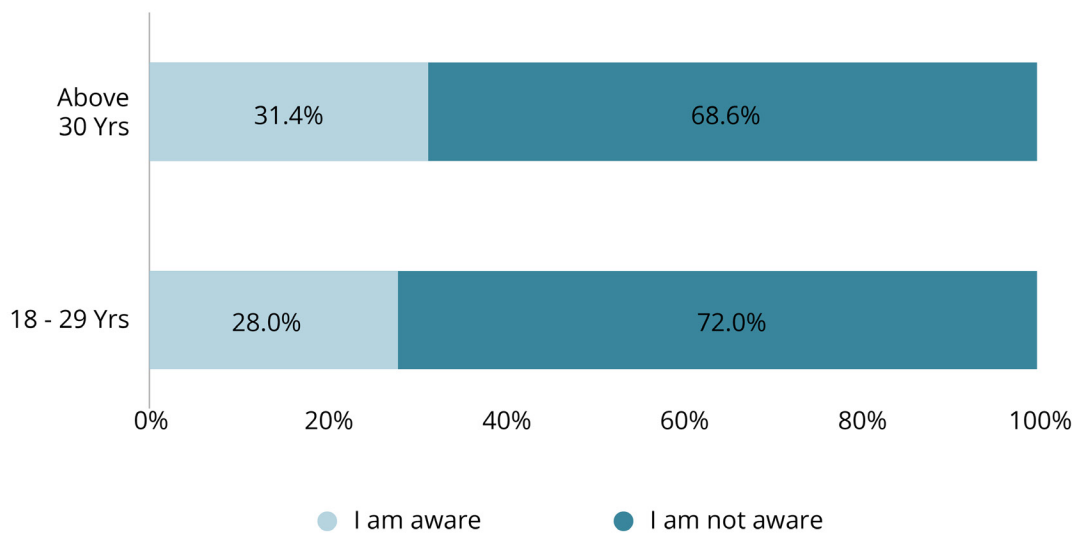


Awareness and Perceptions of the Anti-Corruption Bill

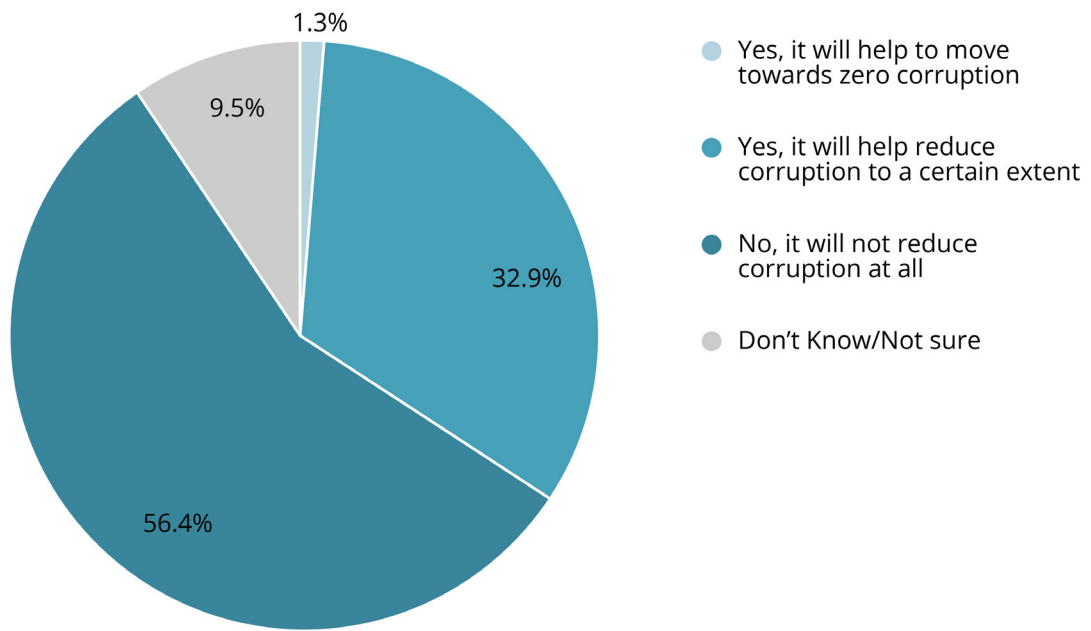
Graph 24 - Awareness on the Anti-Corruption Bill



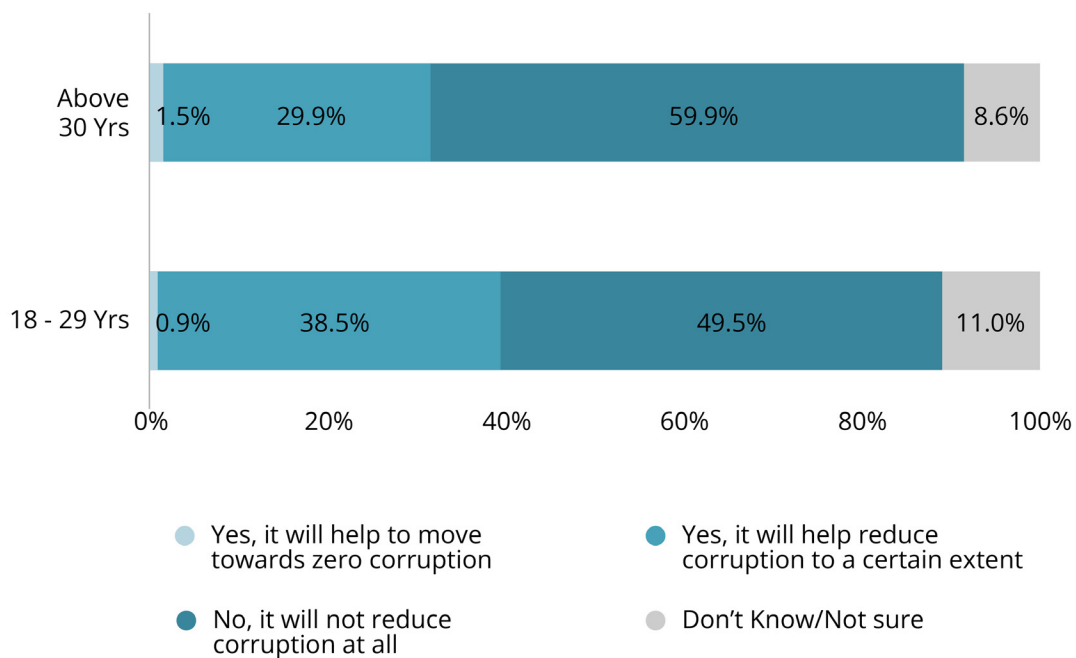
Graph 25 - Awareness on the Anti-Corruption Bill by Age



Graph 26 - Perception on the Anti-Corruption Bill

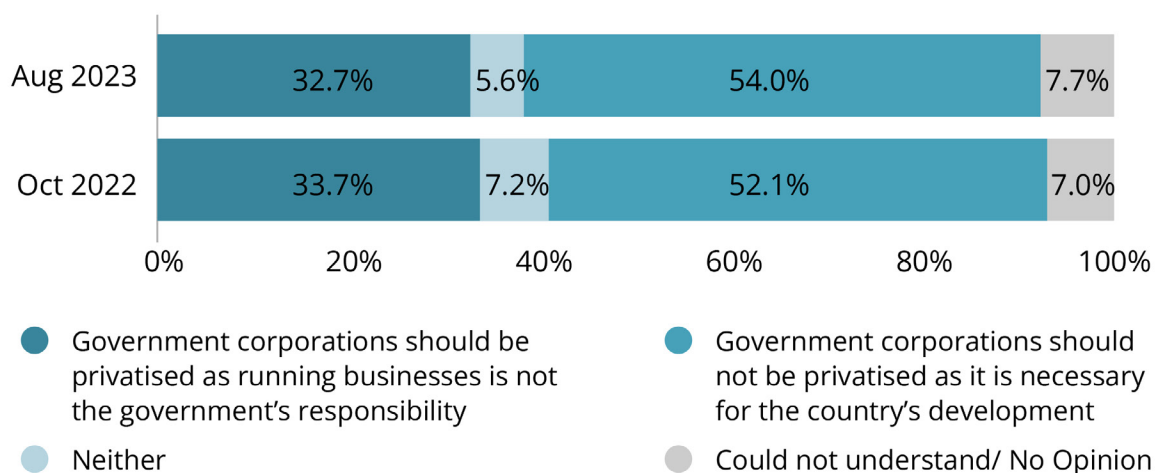
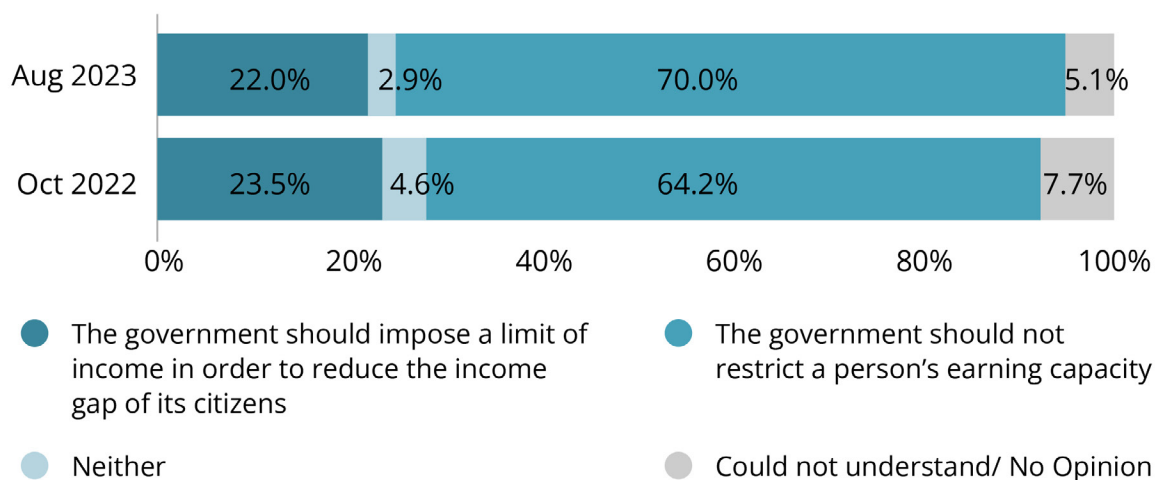
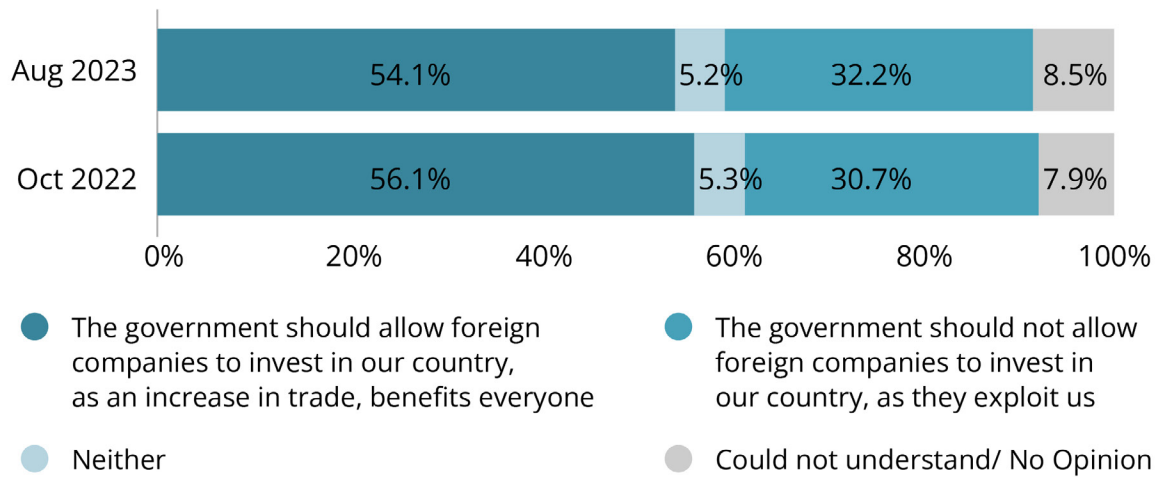


Graph 27 - Perception on the Anti-Corruption Bill by Age



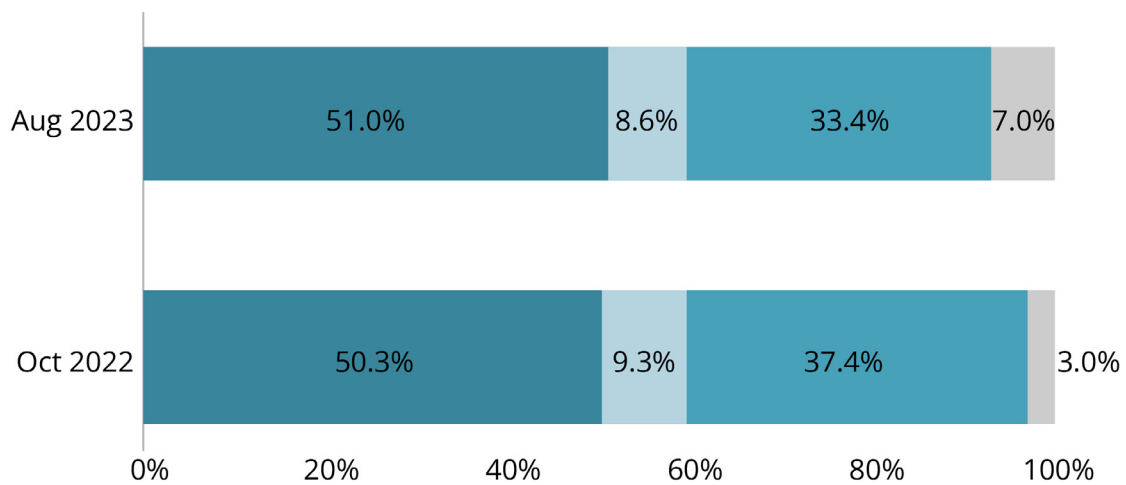
Attitude towards Liberal Economic Policy Proposals

Graph 28 - Attitude towards Liberal Economic Policies

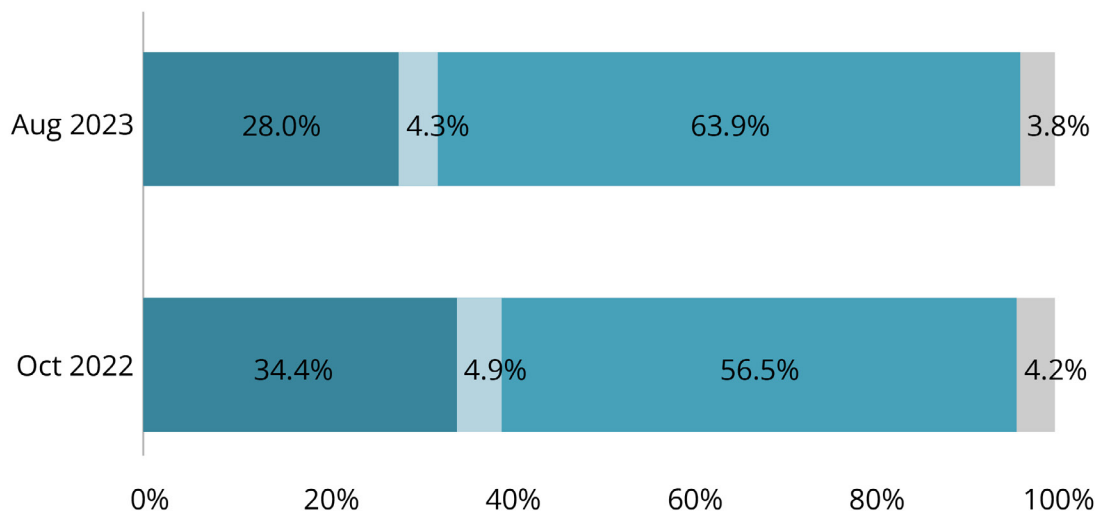


Public Opinion on Welfare Policy Proposals

Graph 29 - Public Opinion on Welfare Policies



- The number of government employees should be reduced in order to reduce the government spending
- The number of government employees should not be reduced, even though it impacts high government spending
- Neither
- Could not understand/ No Opinion



- People should take care of their own welfare instead of government spending on various welfare programmes
- It is the government's responsibility to look after its people so spend on welfare programmes
- Neither
- Could not understand/ No Opinion

END.

The Friedrich Naumann Foundation for Freedom was established in Germany in 1958 by the first president of the Republic of Germany, Theodor Heuss. The Foundation aims to promote the goal of making the principle of freedom valid for the dignity of all people and in all areas of society, both in Germany and abroad. Our work is funded by the German Parliament through the Federal Ministry of Economic Cooperation and Development, the Foreign Office and, increasingly by the European Union. The Friedrich Naumann Foundation for Freedom works in over 60 countries worldwide. In South Asia, FNF has offices in India, Pakistan, Bangladesh and Sri Lanka. Additionally FNF works with partners in Nepal, Bhutan and the Maldives. The association of our Foundation for Freedom with Sri Lanka is five decades old. During the period 1968 to 2013, and upon recommencing its work in 2016 the Foundation's work focuses on the core values of freedom and responsibility.



The Centre for Policy Alternatives (CPA) is an independent, non-partisan organization that focuses primarily on issues of governance and conflict resolution. Formed in 1996 in the firm belief that civil society's vital contribution to the public policy debate requires strengthening, CPA is committed to programmes of research and advocacy through which public policy is critiqued, alternatives identified and disseminated.

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Social Indicator (SI) is the survey research unit of the Centre for Policy Alternatives (CPA) and was established in September 1999, filling a longstanding vacuum for a permanent, professional and independent polling facility in Sri Lanka on social and political issues. Driven by the strong belief that polling is an instrument that empowers democracy, SI has been conducting polls on a large range of socio-economic and political issues since its inception.

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