

IT sector contribution for Northern Province

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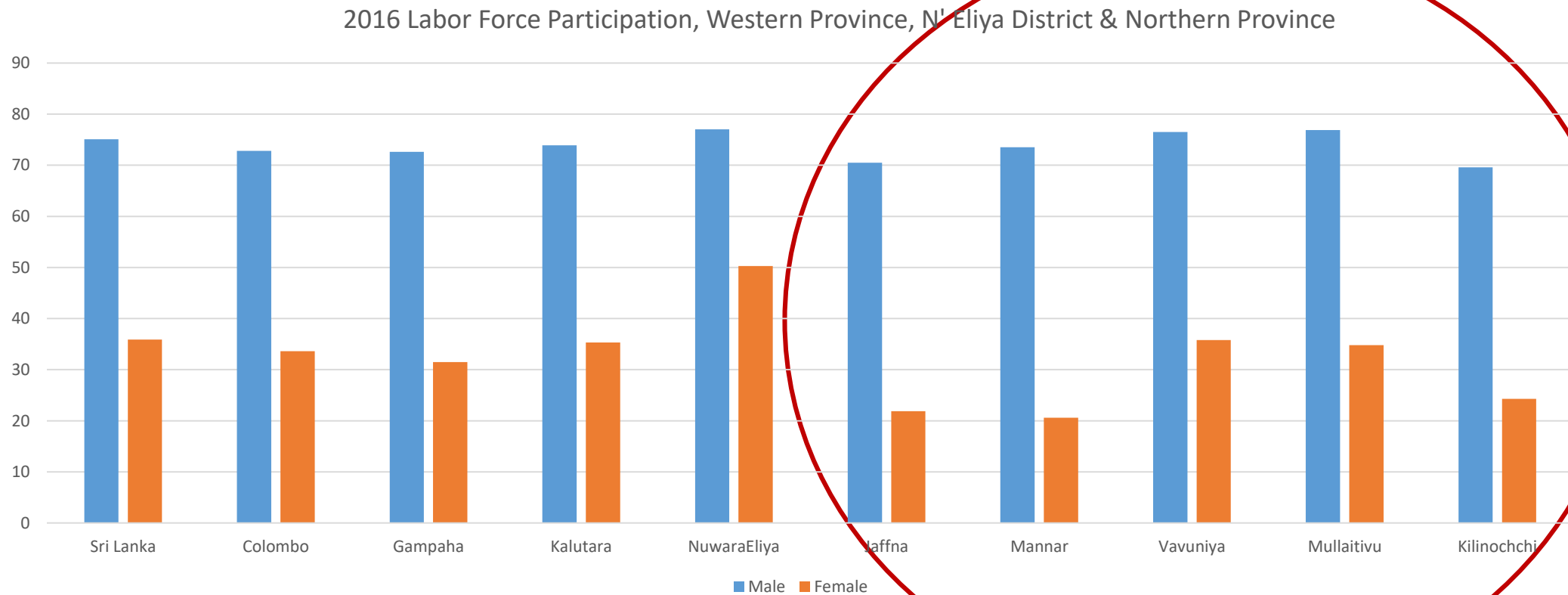
Jaffna Managers' Forum, 27 June 2018



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Labor Force Participation in Sri Lanka is low, esp. among women (35.9%); NP women's lower



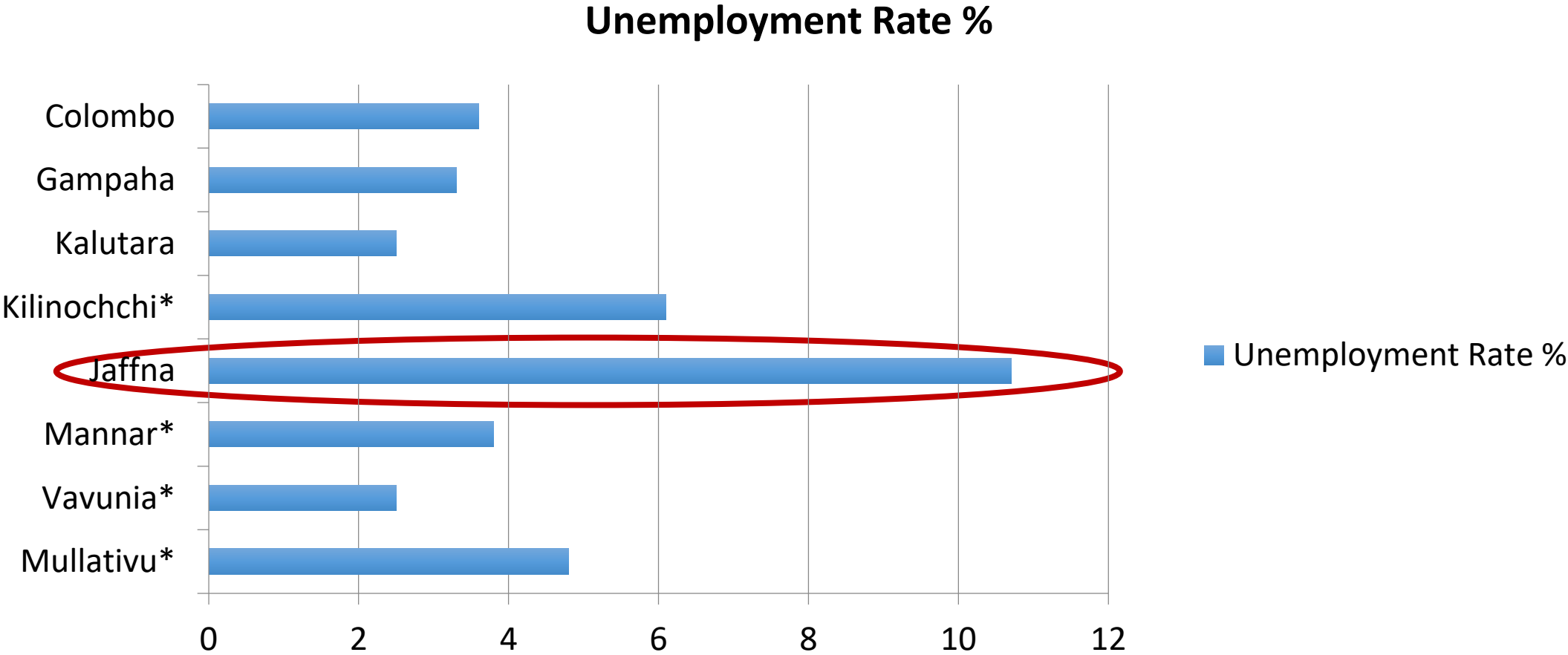
Sri Lanka's female labor force participation is unusual compared to peers

Country	2013		2014		2015		2016		2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Ghana	79.32	49.64	79.17	49.62	79.03	49.60	78.96	49.59	79.13	49.52
Indonesia	84.08	50.57	83.72	50.45	82.71	48.88	81.95	50.76	81.80	50.73
Sri Lanka	75.94	35.69	76.29	34.76	75.40	34.91	74.37	35.19	74.12	35.05
Thailand	80.02	63.01	79.32	62.45	77.76	60.95	77.26	60.65	77.25	60.46
Vietnam	82.94	73.59	83.47	73.90	83.90	73.37	83.48	73.20	83.47	73.24

Data Source : World Bank, (% of female & male population ages 15+)

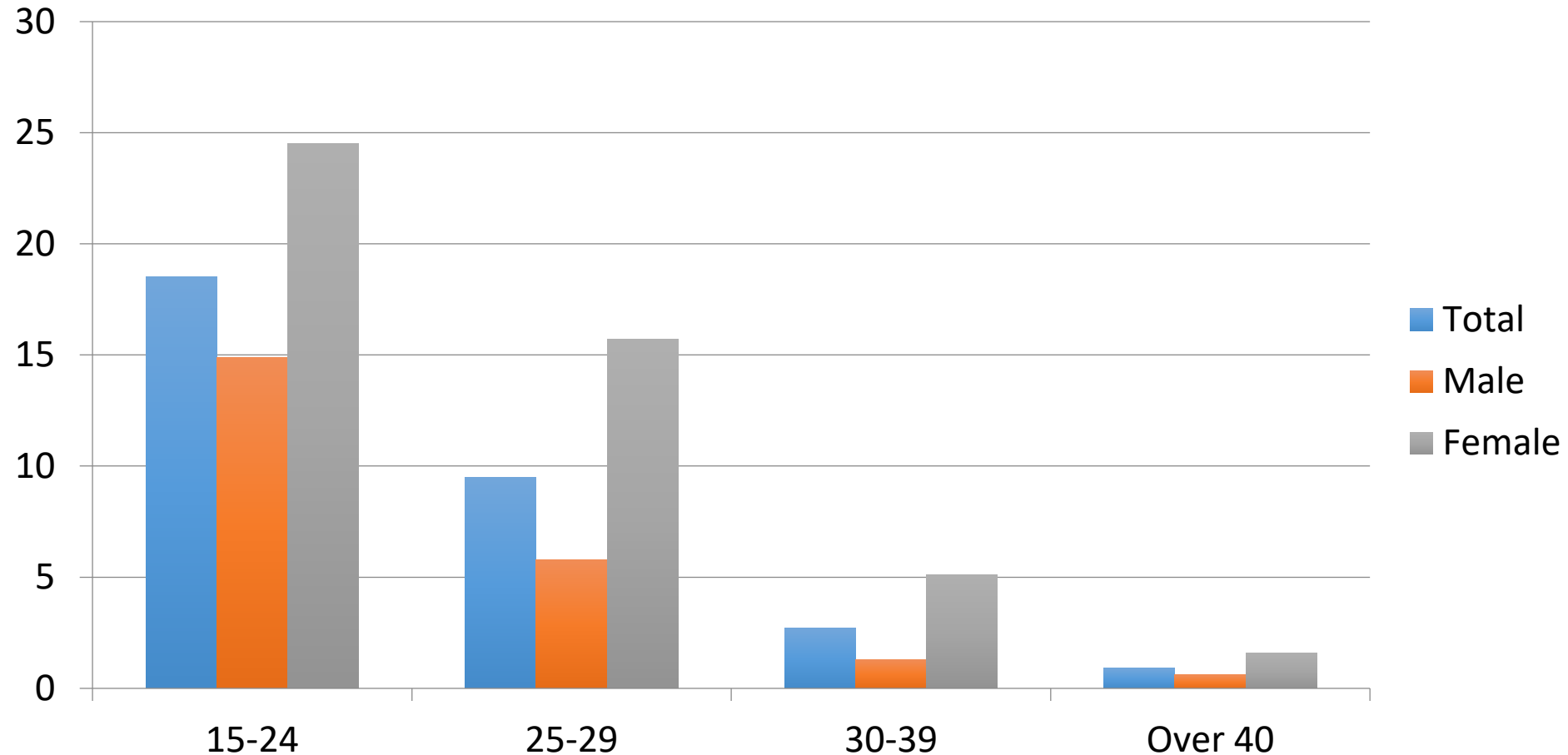
<https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=GH>

Sri Lanka's overall unemployment rate is a low 4.2%, but Kilinochchi & Jaffna significantly higher

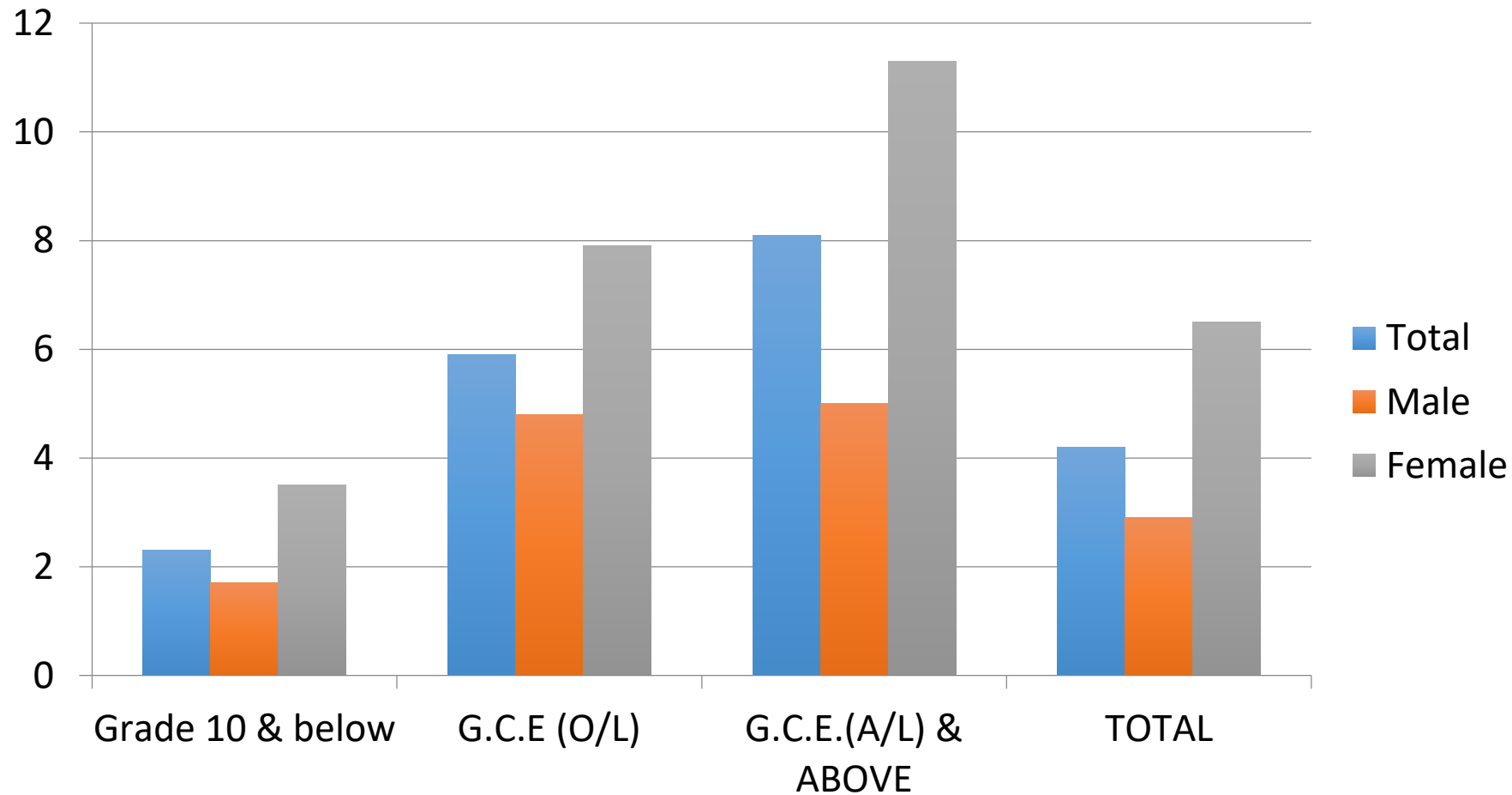


2017 Sri Lanka Labor Force Survey Annual Bulletin; Starred data unreliable because of high coefficient of variation⁴

Unemployment rate for 15-24 yrs group is 4x national rate; for 25-29 group, it is 2x



More education → higher unemployment



What the numbers tell us . . .

- Sri Lanka is not creating the kinds of jobs our young people want
 - Anecdotal evidence about the numbers of applications received for lowly government jobs
 - The demand for foreign employment
- Something is holding back women's participation in the work force
- More education → less employable
- Problems appear to be somewhat aggravated in the Northern Province

No longer do governments think of developing ICT sector as a unit

- Digital strategies are applied across the economy, e.g.,
 - ICT in agriculture
 - ICT in retail
 - ICT in tourism, etc.



1. Accelerate — Digitalising Industries

To digitalise every industry and every business, raising productivity and efficiencies to grow the economy.

In 2017, the Government rolled out 23 Industry Transformation Maps (ITMs). And supporting these ITMs, are Industry Digital Plans to facilitate digitalisation in every industry.

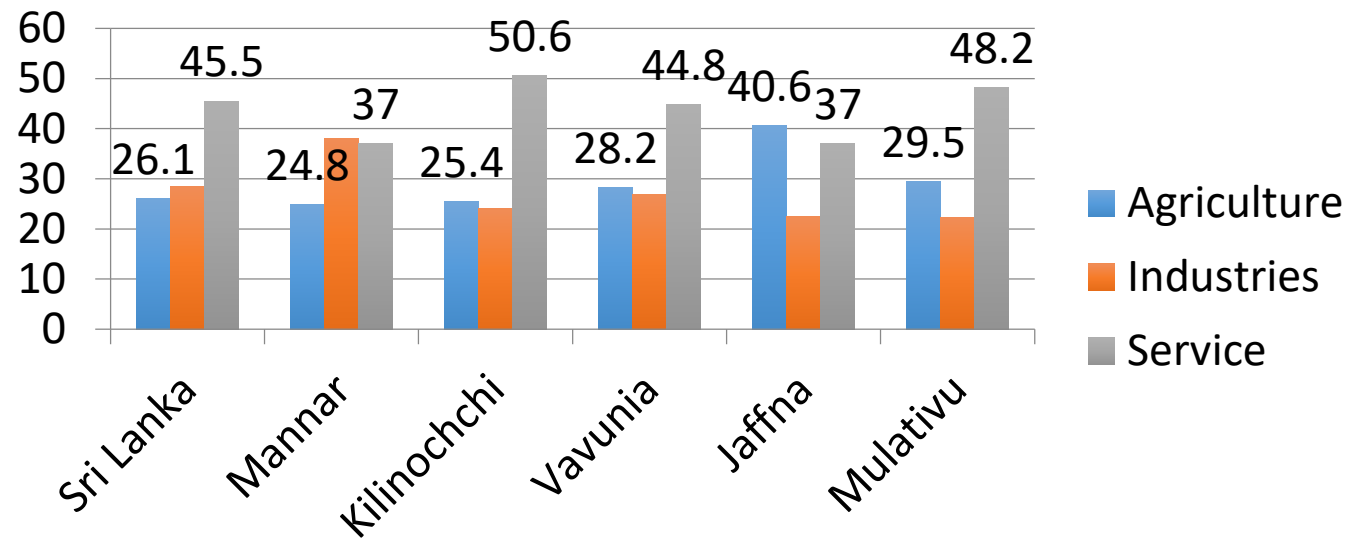
SMEs in particular will get step-by-step support for every stage of their digital transformation, while businesses that are already digitalising can expect aid to push boundaries and explore new growth areas.

At the same time, digital platforms such as e-invoicing will help save costs, speed up transactions and reduce mistakes – all so businesses stay competitive in this rapidly digitalising marketplace.

How to create the right kinds of jobs: Rewarding work in agriculture?

- Agriculture: 26.1% of the workforce producing 7.5% of GDP
→ low productivity
 - Jaffna District has 40.6% in agriculture
- If not the present workers, many in next generation will leave agriculture
 - Where can they be accommodated?
- Those who remain will require greater rewards

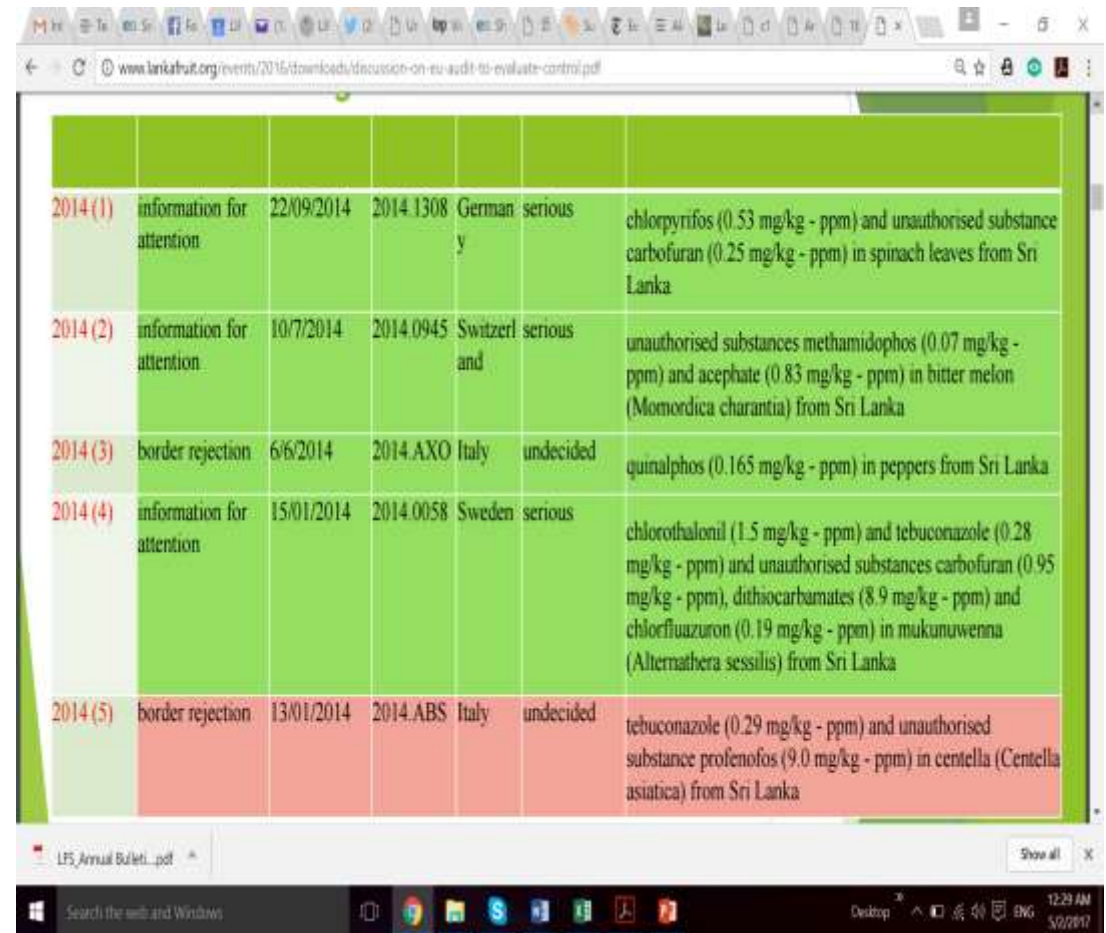
(<https://www.export.gov/article?id=Sri-Lanka-Agricultural-Sector>)



2017 Sri Lanka Labor Force Survey Annual Bulletin

Connecting Jaffna farmers to global value chains

- Sri Lankan firms are increasing exports of fruits & vegetables but are experiencing difficulties
 - In getting adequate supplies
 - In ensuring quality, including adherence to Good Agricultural Practices (GAP)
 - As a result, containers are being rejected
- LIRNEasia is working with the Department of Agriculture on solutions based on smartphones
 - Information as needed in the field
 - Ability to transmit photos of diseased plants to 1920 (agri information call center)
 - LIRNEasia will be in Jaffna soon to facilitate inclusion of Jaffna farmers in export value chains

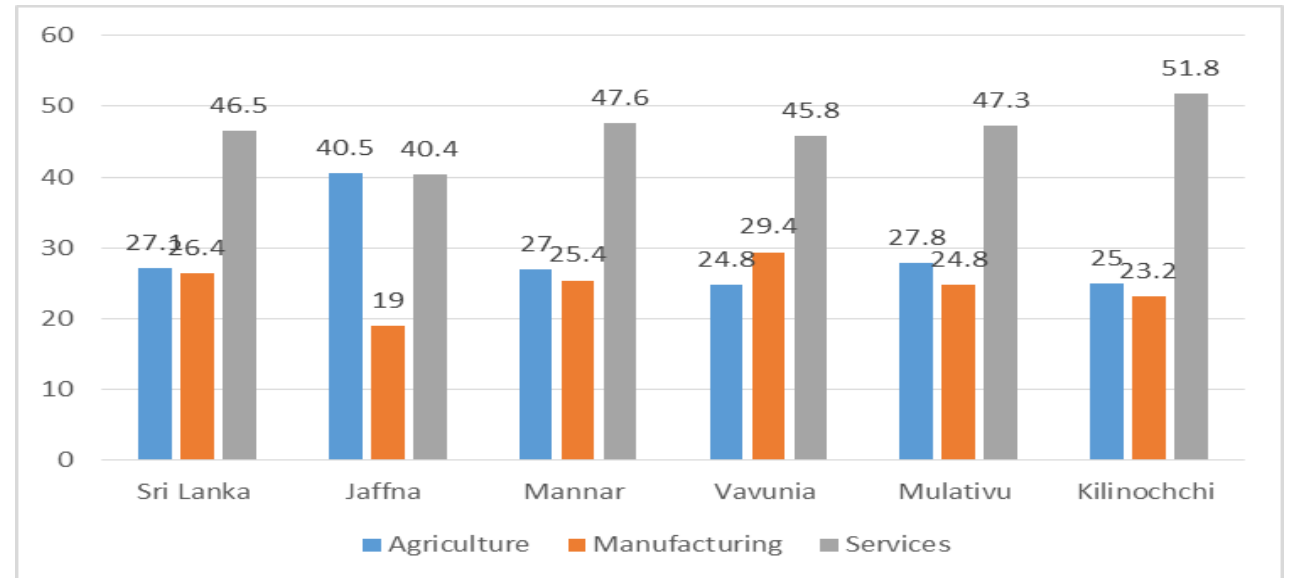


The screenshot shows a web browser window displaying a table with five rows of data. The table is titled 'LIRNEasia Annual Bulletin' and lists various agricultural export issues from Sri Lanka. The rows are color-coded: green for 'information for attention', red for 'border rejection', and white for 'undecided'.

Year	Issue	Date	Reference	Country	Severity	Substance/Issue
2014 (1)	information for attention	22/09/2014	2014.1308	Germany	serious	chlorpyrifos (0.53 mg/kg - ppm) and unauthorised substance carbofuran (0.25 mg/kg - ppm) in spinach leaves from Sri Lanka
2014 (2)	information for attention	10/7/2014	2014.0945	Switzerland	serious	unauthorised substances methamidophos (0.07 mg/kg - ppm) and acephate (0.83 mg/kg - ppm) in bitter melon (<i>Momordica charantia</i>) from Sri Lanka
2014 (3)	border rejection	6/6/2014	2014.AXO	Italy	undecided	quinalphos (0.165 mg/kg - ppm) in peppers from Sri Lanka
2014 (4)	information for attention	15/01/2014	2014.0058	Sweden	serious	chlorothalonil (1.5 mg/kg - ppm) and tebuconazole (0.28 mg/kg - ppm) and unauthorised substances carbofuran (0.95 mg/kg - ppm), dithiocarbamates (8.9 mg/kg - ppm) and chlorfluazuron (0.19 mg/kg - ppm) in mukunuwenna (<i>Alternanthera sessilis</i>) from Sri Lanka
2014 (5)	border rejection	13/01/2014	2014.ABS	Italy	undecided	tebuconazole (0.29 mg/kg - ppm) and unauthorised substance profenofos (9.0 mg/kg - ppm) in centella (<i>Centella asiatica</i>) from Sri Lanka

How to create the right kinds of jobs: Is manufacturing an option?

- We missed manufacturing bus because of investment going instead to Thailand and Indonesia in 1983
- Then, high energy costs & high labor costs prevented growth
- Only option is high-value manufacturing associated with global production networks
 - Trade agreements
 - Investors/entrepreneurs
 - Good transportation links, etc.

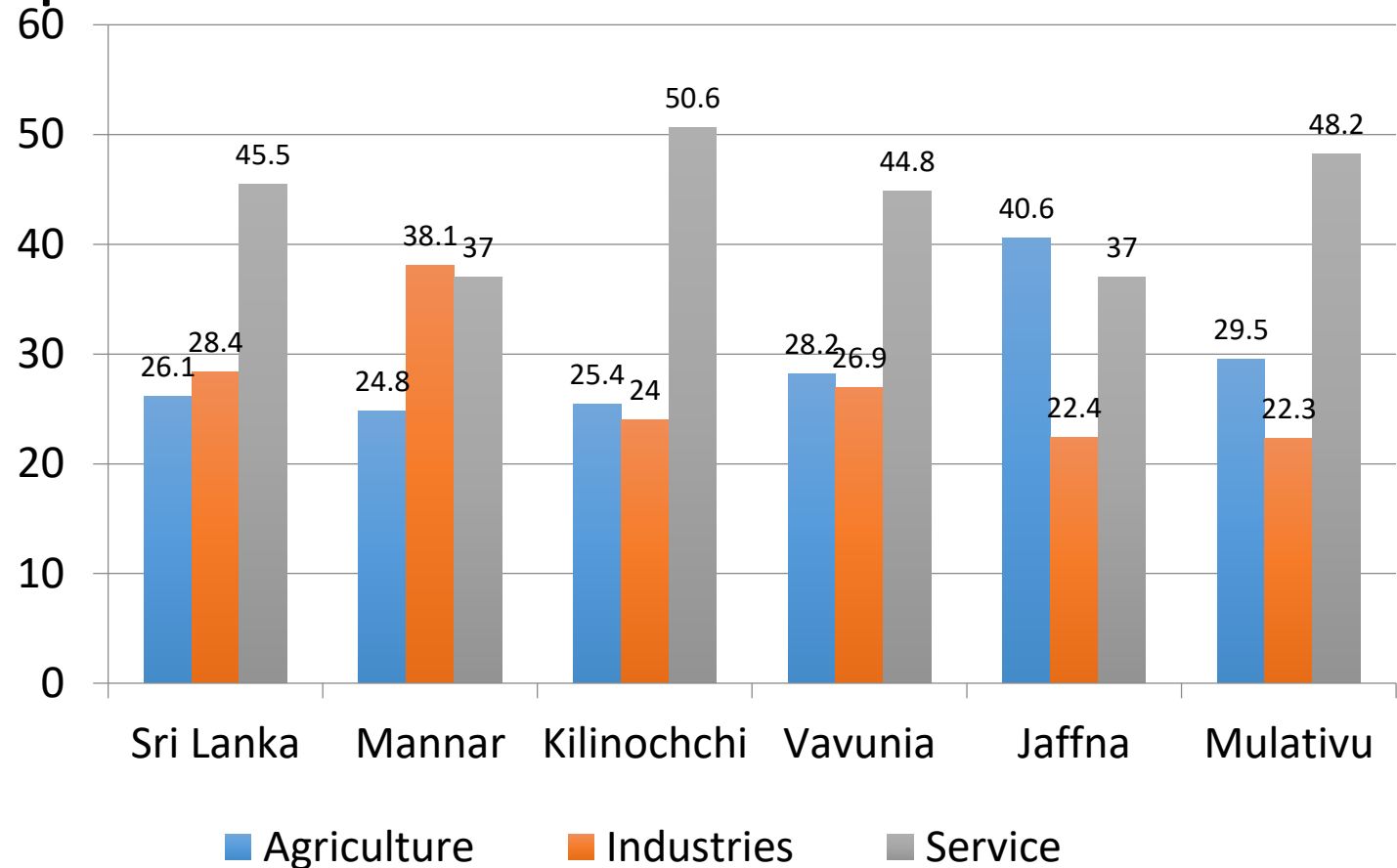


Improving logistics and the facilitation of exports of high-value products

- Small and even medium enterprises have difficulty in handling the transaction costs associated with exports
- Possible solutions:
 - Simplify procedures
 - Build digital free zones
 - Improve logistics
- All involve ICTs

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Some software firms have established operations in the North; but more are needed



Strong ITES firms have emerged in NP: Extreme SEO in Vavuniya



The entire eco system has to be built

- Properly supervised internships for students
 - Purely academic preparation and exams inadequate
 - Difficult without large firms in the North
- Will large firms locate in Jaffna without a good supply of new employees?
- Is critical mass needed?
- Entertainment?
- Improved connectivity between Jaffna/Vavuniya and Colombo
- What about women?

Investments and market access

- Can we attract the needed investments without trade agreements?
- Should the trade agreements limit the discretion of government officials re work permits?
 - Effective participation in the highly competitive IT and ITES sector requires flexibility with regard to sourcing expertise for work teams
 - If even the highly restrictive Singapore FTA is being challenged, does this sector stand a chance?