Session 03-Transforming the Economy through Technology

Summary

- **Sri Lanka should leverage its position as an adopter of new ideas.**
- **Enforce an innovation eco-system in terms of creating an interface between real markets and new products is a top priority.**
- **The government can incentivize, subsidise etc. and promote the adoption of technology and drive productivity.**
- **Innovations requires a solid IT environment.**

Key Takeaways

1. Sri Lanka's export performance has gone down and goods exports are not diversified enough. Even if Sri Lanka can obtain the market access, it is questionable whether Sri Lanka could respond as country's industries cannot expand fast partly due to issues related to Foreign Direct investment (FDI) and labour shortages.

2. Asia is where the growth is going to take place and within Asia the largest unexploited markets are around the Bay of Bengal. This could be used as an opportunity to attract companies who want to supply products to these markets, and Sri Lanka would be able to gain a relative advantage with regard to logistics.

3. It was suggested that as an island nation to "leverage its position as an adopter of new ideas", of course by providing the required infrastructure.

4. Strong focus on innovation is a top priority. In 2016, Sri Lanka was at number 10 in the Innovation Efficiency category of the Global Innovation Index, however it is now 43 places behind Vietnam and 30 places behind India.

5. Enforce an innovation eco-system in terms of creating an interface between real markets and new products is needed. In order to implement the above the following are required,
   - Capability to do market surveys
   - Improve data analytics and the qualitative research
   - Should be able to do the above conveniently, faster and at a low cost.

6. There is an eco-system in place for innovation however it is a disjoined one. There are 49 research institutes coming under 18 different line ministries and 17 in the public university system under 3 ministries.

7. 0.1% of GDP spent on R&D, although recommended value is 1% of GDP.

8. Coordination in the eco-system is a key issue. The private sector does not understand the public sector offers and the public sector may not understand the private sector's requirement.

9. Sri Lanka can play a role in becoming "South Asia's Design Innovation Hub", the government can work on this in collaboration with the private sector, and also get the Diplomatic community involved.

10. With regard to the agriculture industry, it contributes 10% of the GDP, but employs 30% of the population. In order to keep the future generation in agriculture, it is must to introduce more technology. The need for collaboration between the government and farmers to create new technologies is very important and essential.
11. Basic technology can radically improve productivity. The government can incentivize, subsidise etc. and promote the adoption of technology and drive productivity.
12. With regard to the legal framework to safeguard innovation and design, there is an ongoing programme with the National Intellectual Property Office and the World Intellectual Property Office. The private sector should look into intellectual property.
13. Innovations requires a solid IT environment.

Suggestions and Recommendations

1. Actions required in order to enforce an innovation eco-system in terms of creating an interface between real markets and new products,
   - The Government should provide greater flexibility for cross border movements of skilled personnel
   - Develop angel and venture financing
   - Make Trace Expert City a space for research and innovation
   - Cross fertilization of ideas with a reward system for successful innovators
   - Foster mind-sets conducive for innovation and larger than thinking of Sri Lanka.

2. Need a novel solution to fund new R&D institutes. A Suggestion was made for all higher educational institutes to introduce internship programmes in private companies.
3. Sri Lanka can be the test bed of Asia.
4. Introduce modern technology to the Agriculture sector.
5. Establish a solid IT environment to facilitate innovation.