

SINGULARITY SRI LANKA

POLICY FRAMEWORK



PROPOSED BY:



Singularity Sri Lanka

CURRENT CRISIS - WHAT WE ARE UP AGAINST

Sri Lanka is facing its worst financial crisis in more than 70 years. Inflation in Sri Lanka averaged 5.1% from 2010 until 2022, reaching an all-time high of 19% in March of 2022. Foreign reserves have fallen down to bear minimum - resulting in severe shortages of imports, essential foods, energy, power and medical supplies across the country. The Central Bank of Sri Lanka has declared its first ever repayment suspensions of all their external debts, leaving the country with limited or no access to the international debt capital market.

All available financial and economic data indicates that an official sovereign default is inevitable in Q2 2022, even with an IMF bailout. FX and interest rates could go through the roof and 50%+ inflation might be a new normal, leading to a potential bank run. If the financial system becomes insolvent the businesses will shut down or move their operations out of the country permanently - resulting in an unprecedented level of unemployment across the nation. Most of the important state services will also become dysfunctional, leaving citizens behind. The entire economy will get crippled with no hope of recovery in the horizon.

Decades of continuous and severe brain-drain due to lack of opportunities and inspiration in the island has made the country more vulnerable and far removed from sustainable economic growth. The crisis has been years in the making, driven by current and previous governments' excessive corruption, weak and short-sighted fiscal, monetary and national policies, and incompetence.

WHAT WENT WRONG

The global economies and markets are evolving and expanding at a rapid pace since 2000, mostly due to the exponential growth in the advancement of technology. The global GDP has grown by threefold from \$33 trillion in 2000 to \$95 trillion 2021, and is expected to mark at \$125 trillion in the year 2026. This unprecedented growth is driven by the emergence of technology related economies in the past two decades. Digital, Mobile, Shared, Decentralized, Creator, Virtual and Space economies, to name a few.

The gravity and the complexity of the global integration of the emergence and expansions of these new markets are highly advanced such that the countries who don't have a skin in the game lose the market share at a free fall, resulting in weak economies and making them extremely vulnerable towards geo-politics and global crises.

Sri Lanka, a country with so much potential, unfortunately has fallen into the latter. The majority of the Sri Lankan politicians have proved to be incompetent when handling a resilient economy, especially within the past two decades. They have continued to follow outdated social economic development models that are heavily saturated or expired at global scale - resulting in economic growth solutions obsolete or irrelevant. Their politically short-sighted convenience has left us with a vast economic, social, and political burden, only to be passed onto generations to come.

WHO WE ARE

Singularity Sri Lanka is a patriotic and futuristic movement that consists of Sri Lankans who live locally and abroad. We collectively work towards making Sri Lanka one of the strongest and resilient nations in the world by empowering our fellow Sri Lankans to become champions of global citizens.

We, the Singularity movement embrace differences. We warmly welcome any and every Sri Lankan citizen to our organization regardless of their gender, ethnic background, religious beliefs, political beliefs, or sexual orientations. Together, we can, and we will make our motherland a prosperous and vibrant nation.

OUR VISION

Our vision is to make Sri Lanka one of the leading global nations that produces an abundance of entrepreneurs and market makers, tackling world's greatest problems with the help of global visionaries, latest technologies, and borderless capital.

OUR MISSION

Our mission is to build a \$150+ billion technology and research -based economy by 2032 whilst maintaining a minimum of 5% annual GDP growth rate, and to add a minimum of 5 local unicorn companies into the global markets, thereafter, making Sri Lanka one of the most attractive entrepreneurial hubs not only in the region, but also in the world for new market seekers, market makers and entrepreneurs, digital nomads, and foreign direct investments.

OUR SOCIAL - ECONOMIC MODEL

We believe that the best political system for a civilized society is Republic Democracy. We also believe that the best path for a thriving and prosperous economy is socially responsible Capitalism. Hence, we have designed and structured our social economic model as an integrated derivative of socially responsible capitalism and true democracy.

Nobel laureate George C. Marshall once said that “Democratic principles do not flourish on empty stomachs.”. Our motherland went through 3 bloody social and political unrests in the past five decades, ending in more than 100,000 young men and women sacrificing their lives. Almost all politicians and national leaders in Sri Lanka interpreted ethnic and/ or politically motivated resistances are the root causes of these unrests. We disagree. There is a common denominator in every one of them – the governments’ failure to deliver economic prosperity to its citizens, specially to the youth, losing their trust in a credible government. Though, rather than addressing the root cause by fixing the economic model, they continued to provide alternative so-called solutions such as constitutional changes, adding new crises to weaken the stability of state governance.

In contrast, our primary focus is to bring economic prosperity to the nation by fixing our economic model first – introducing socially responsible Capitalism. Every powerful nation in the world including but not limited to the West, India, Japan and China practice capitalism in various forms (modern, social, mixed, state, etc.) to accumulate wealth, creating knowledge, gaining technological advancements, providing best education and social welfare systems and setting up the world’s best national security systems, which are the key attributes of a powerful nation.

We determine NOT to settle for less. Through this model, we will build a strong upper middle class with disposable income, and lift the majority of low income families out of poverty, making Sri Lanka one of the leading middle income emerging economies in the region. This approach leads to strong domestic consumption - switching economic growth of Sri Lanka from export to a hybrid of export and consumption – making the country less vulnerable to global economic downturns.

OUR POLITICAL APPROACH

It’s pivotal for us to have a strong political representation at the executive and legislative branches of the government of Sri Lanka in order to accomplish our mission and 10-year national policy plan. Hence, **we will contest in all future national level elections with a team of patriotic Sri Lankans -locals as well as expats - who have gained credibility and reputation as true leaders, doers and executors in various markets and industries, and civil, environmental and political movements.** We believe, as in all other industries, the retirement age to hold a seat in the executive or legislative branches should be capped at the age of 65. Hence the teams that

we produce for future elections will consist of young and energetic people who are passionate about building a resilient nation for the generations to come.

OUR PROMINANCE - YOUTH PARTICIPATION

we believe that the future of Sri Lanka should belong to the youth of Sri Lanka. Hence, we will ensure to have their true representation and active participation reflected in every decision that we make, and every action that we take. We simply want them to be the driving force of our movement.

OUR CORE VALUES

Our initial 10-year National Policy Plan consists of 20 key pillars – attributes and derivatives of republic democracy and socially responsible capitalism.

- ***Free and competitive market***

Unlike other types of economies, a free market economy increases the efficiency of doing business. The government is limited in how it regulates transactions within a free market economy and most rules it enacts are to protect consumers, the environment, market participants, and national security.

The limited role of government promotes increased efficiency and increased competition. With the existence of free competition, businesses tend to do whatever is necessary to lower its costs and to improve its quality in order to improve their market share, giving consumers more choice and access to better products and services at lower prices.

On the other hand, free and competitive markets in the modern world demands checks and balances of all three branches of the government, judicial independence, human rights and transparency in national policy making for its mere existence - strengthening the core values of a true democracy.

- ***Technology and research - based economy***

The global GDP has grown by threefold from \$33 trillion in year 2000 to \$95 trillion 2021, and is expected to mark at \$200 trillion in year 2035. This unprecedented growth is driven by the emergence of technology related economies in the past two decades. Digital, Mobile, Shared, Decentralized, Content Creation, Virtual and Space economies, to name a few.

Furthermore, research and development (R&D) helps create new knowledge, leading to innovations and entrepreneurship which are the founding pillars of a thriving economy. Hence facilitating and promoting technology and R&D driven market activities is the most practical and smartest approach to build a strong and resilient economy of Sri Lanka.

- **Capital market reforms and expansions (Equity and Debt Capital Markets)**

Capital markets play a vital role in an economy as one of the most powerful drivers of economic growth and wealth creation of a country. They can offer better pricing and longer maturities, as well as access to a wider investor base. They can also offer funding for riskier activities that would traditionally not be served by the banking sector, and by doing so contribute significantly to innovation and growth in an economy.

In Sri Lanka, unfortunately, access to capital markets, especially access to equity capital markets is almost non-existent. Hence adequate financial and monetary reforms must be implemented urgently at national level to help bridge the gap between creation and growth of new businesses and markets.

- ***Deregulation***

Deregulation stimulates economic activities by eliminating barriers for new businesses to enter the market, which increases competition. More competition, coupled with innovation and entrepreneurship improves and increases market growth as businesses compete with each other.

Doing business in Sri Lanka is a daunting task, partially due to excessive regulations at local authorities and state levels. Therefore, responsible deregulation will be one of our primary focuses when running a small government.

- ***Small government***

We believe small government leads to more efficient and flexible systems, which is strongly needed for an emerging economy like Sri Lanka. Having large governments tend to have excessive red-tape and bureaucracy creating both incentives and opportunities for bribery and corruption. Further, evidence shows that most of the for-profit State-Owned Enterprises (SOEs) do not add any meaningful value to the national GDP, rather taking money out of the system due to high inefficiencies and mismanagements.

Sri Lanka has 500+ state-owned enterprises, and such a large number of SOEs are not normal globally. The majority of these SOEs are loss making mainly due to government

mismanagement, inefficiencies, corruption and excessive employment due to fulfillment of current and previous government's political ambitions. Their status of business as usual has become an unbearable burden to the hard-working tax payers of the country. Sri Lankan Airlines, Ceylon Petroleum Corporation (CPC), Ceylon Electricity Board, Sri Lanka Post, Sri Lanka Railways, Port Authority to name a few. Given that the nation is on the verge of declaring bankruptcy, coupled with balance of payments crisis and potential government insolvency, our stance is to take immediate action to stop the internal cash bleeding by disposing the majority of these loss making entities.

- ***Entrepreneurial culture***

Entrepreneurship is paramount for a thriving economy. Entrepreneurial activities make economies grow. They lead to innovations and creativity, bringing new products and services, creating new markets, creating new jobs and wealth, and making prosperous economies as a whole. This can be achieved only by creating an entrepreneurial DNA at every layer of our society. Our key efforts of building such DNA locally are as follow;

- Setting up heavily deregulated Entrepreneurship Zones across the country that are fully equipped with basic infrastructure such as co-working spaces, fast speed internet, power supply, etc., and are fully accessible for local as well as foreign entrepreneurs.
- Implement Economic Gardening concept that promote entrepreneurial culture within the society.
- Introduce new market concepts to the curriculums of schools, universities, and educational institutes.
- Introduce a National Entrepreneurship Program to our national education system.
- Improve entrepreneurs' access to local capital markets through new capital markets reforms.
- Improve access to global capital by promoting our startups amongst international angel and venture capital investment communities, via a newly built Startup Gateway.
- Start global scale accelerator and incubator programs in Sri Lanka – helping startups to gain access to markets, capital, knowledge and technology.
- Organize annual international trade shows locally, so that our youth will get exposed to new markets and can get inspired by seeing the prosperity that comes with it.

- ***Responsible cabinet - KPI driven and legally accountable ministerial portfolio management***

In the current system, the government portfolios are managed by a president appointed cabinet and state ministers who are elected members of the parliament (MPs). Given the majority of current MPs are not subject matter experts, these portfolios tend to fail or render a weak performance throughout. Further, it is practically impossible to investigate or prosecute any allegations or corruption in their portfolios, as their MP privileges hinder investigation.

To fix this problem, and to run these ministerial portfolios efficiently and productively, we propose the followings;

- President appointed state or cabinet ministers play a nominal role of observing the portfolio performance, with no authority over decision making powers.
 - Portfolios will be managed by credible civil servants or subject matter experts (SMEs), appointed as secretaries or chairmen on meritocracy basis, and they should NOT be elected members of the parliament.
 - These SMEs will have the full authority over decision making power, reporting only to the prime minister and/or the president.
 - SMEs performance should be reviewed bi-annually by a special parliament committee, against the 10-year National Policy Plan through pre-defined KPIs.
 - SMEs should be fully accountable to the judiciary and parliament.
 - The MPs primary focus should be introduction and implementation of bills, legislations and national policies, in line with the 10-year National Policy Plan.
- ***Data driven policy and decision making***

The rise of data and digital technologies are rapidly transforming economies and societies, with enormous implications for governments' daily operations. It is evident that data-driven policy making not only results in better policies, but also earns trust, creating legitimacy. One of the biggest mistakes the current government has made was failing to practice data driven decision making at national policy formulation (financial and economic metrics, SOE KPIs, etc.)- pushing the economy into a spiraling economic crisis.

Our strategy is to adopt a whole-of-government approach to developing a coherent and comprehensive model of data governance that helps the government to deliver better services while being efficient, transparent and trustworthy in their use of data.

- ***Market driven labor force***

A key factor for both labor force participation and labor productivity is the level of skills acquired. It is evident that due to the impact of fast-emerging technologies and changes in the organization of work, jobs that involve routine tasks that are easy to automate are disappearing, while new employment creation involves tasks demanding skills that are non-routine (e.g., coding, creative, analytical, interpersonal, on-demand trades). Our goal is to ensure that each and every citizen of our labor force has the ability to obtain at least one of these skills in demand via schools, universities and on-line/ off-line structured training programs, before entering into the labor market.

Our Job Bank/ Career Centers initiative will help employers to find most suitable candidates and employees to find most desired careers respectively, through our National Skills Development program. This program is designed according to future market inputs and structured at global standards, and most importantly will be reviewed and updated at least every 5 years given skills required in the markets are changing at a rapid pace.

- ***STEM education***

STEM (Science, Technology, Engineering and Mathematics) education gives pupils skills that make them more employable and ready to meet the current labor demand, mostly in technology-based economies. It encompasses the whole range of experiences and skills such as research, critical thinking, innovations, problem-solving, analytical, conscious decision making, etc. We believe that STEM system prepares professionals who can transform our society with innovative and sustainable solutions. STEM will be the foundation of our technology-based economy for many years to come.

- ***Creativity***

Creativity and technology do work together and are not mutually exclusive. Instead of suppressing creativity, technology has the ability to enhance specific areas of the creative process, by presenting a new platform for creativity to exist on. Through the advancement of technology, creative ideas can now be set free and come to life in the physical and virtual worlds, Creative content creation, Metaverse, E-gaming to name a few.

Creator economy has grown to well over \$100 billion in 2022. With the help of big data, it is expected to become a trillion dollar economy within the next 10 years. One of our key initiatives focuses on building a global content creation eco-system locally, aiming for a \$5 billion+ market share by 2030.

- **Affordable energy independence**

Sri Lanka's current energy demand is met mostly through non-renewable energy sources – making the country extremely vulnerable towards global fossil fuel supply and demand shocks plus foreign exchange fluctuations. We believe the national energy security and independence plays a vital role building a strong economy. In fact, it is the backbone of a thriving economy. To get there, we have a multi-fold approach, as outlined below;

- Implement **Crude Intermediation Model** urgently to solve the current crude, refined product supply crisis. Financing of the process will be separated from the operations and managed via Special Purpose Vehicle (SPV), managed by a reputed international Investment Bank or a Commodities Brokerage Firm. Refineries (CPC), pipelines and other distributors will get paid a fee at a market rate, only for the services they provide. No operational burden of CPC will be passed onto the SPV under any circumstances.
- Mitigate the price risk of crude/nat. gas purchases by entering into long term forwards and options contracts, and mitigate FX risk by swaps and futures contracts.
- Mitigate supply chain, liquidity, and operational risks of crude/nat. gas purchase, refining and distribution by entering into long term intermediation and physical contracts.
- Accelerate the addition of renewable energy sources to the national energy supply system – Solar, wind and Green Hydrogen.
- Working closely with Norway, Japan and Australia, the pioneers of Green Hydrogen production and logistics, when introducing Green Hydrogen for local consumption.
- Consider introducing decentralized Independent System Operator mechanism to the national electricity / power supply – making the national power supply price competitive, highly reliable, and most importantly fully compatible for the country's

expected economic boom. If these were to be implemented, the national power supply will be treated and protected as a matter of national security by the law of Sri Lanka, and any disruptions or unhealthy completion will be heavily regulated and penalized financially, as well as under criminal law.

- ***Bank the Unbanked - Financial inclusion***

Bank the unbanked is a major step towards inclusive economic growth. It helps in the overall economic development of the underprivileged population. Financial inclusion improves income and increase savings thus enabling the previously underserved to invest in necessities such as healthcare, education, food, growing their business, and managing financial risk.

The government also benefits when all citizens are connected, the velocity of money and economic activity is increased, and transmission mechanisms efficiently execute monetary policy.

- ***Smart mobility***

The rapid urbanization of Sri Lanka has brought heavy traffic congestion, serious safety issues and growing urban inequality to the urban societies. Further, the transport sector consumes more than 36% of the country's total energy, which is directly related to an increase in CO2 emissions. Unreliable, outdated and inefficient public transportation systems make the traffic congestion no better. Average commuting time in Sri Lanka (one way) is approx. 1 hour and 15 mins, as compared to 25 minutes in the developed countries. Every function of the current mobility system of Sri Lanka has become dysfunctional - making the whole system a greater burden for the growth of the economy.

The best way to make it functional, and to have a thriving mobility system, is to introduce and promote smart mobility functions such as LRT systems, eclectic and hydrogen buses, e- bikes, ride-sharing, carpooling, congestion charging zones for private vehicles into our mobility system. Functions such as reliability, availability, connectivity, comfort and public safety will also be considered when designing the national smart mobility plan.

- ***Checks and balances of the Executive, Legislative and Judicial branches***

We strongly believe that, with adequate checks and balances, each of the three branches of government can limit the powers of the others. This way, no one branch could abuse

its power, preventing them from harming the democratic values and hindering basic human rights of a democratic society.

When a proper checks and balances mechanism is in motion, citizens put their trust into government to protect the people's rights, and markets become fair and competitive, restoring investor confidence and healthy capital inflow.

- ***Diversity and inclusion***

Diversity and inclusion breeds productivity as the ability to learn and grow from each other is exponentially expanded. Multicultural exchange of ideas bolster richer idea generation, in turn leading to innovation and creativity. Leaders from diverse backgrounds often develop more creative insights, proffer alternative and comprehensive solutions and thus make decisions that better serve the citizens, specially those who live in multi-ethnic, multi-religious and multi-cultural countries.

- ***Freedom of expression***

We believe freedom of expression is a fundamental human right. It reinforces all other human rights, allowing society to develop and progress. The ability to express our opinion and speak freely is essential to bring about change in society. Freedom of speech is not only about your ability to speak but the ability to listen to others and allow other views to be heard. This is one of the key pillars of true democracy.

- ***Individualism***

We believe that each person should be able to make decisions and actions independently, and should be free from conforming to societal norms and expectation, especially when it goes contrary to one's individuality.

Further, Individualist culture attaches social status rewards to personal achievements and thus, provides not only monetary incentives for innovation but also social status rewards, leading to innovations and economic growth as a whole.

- ***Secularism***

We stand for the freedom of religion of all citizens. The government should treat their citizens equally regardless of religion, and avoid preferential treatment for a citizen based on their religious beliefs, affiliation or lack of either.

Furthermore, we neither accommodate priests and monks representing any religion to enter into active politics via our political platform, nor support political parties that have religious representations. We simply believe that religions should be there to be observed and practiced by individuals for their higher, spiritual purposes.

- ***Technology driven food security***

Sri Lanka is a land that is blessed with plenty of Agri-related basic needs such as favorable soil conditions, island wide irrigation system, abundance of sunlight, wet and dry seasons, etc. Unfortunately, due to the absence of national food security policies and politicians' short-sighted actions, we are currently facing a significant food insecurity crisis. Highly inefficient transportation and storage methods make 40% of the crops become wastage before reaching the end users. Not utilizing climate and weather related data leads to unexpected slumps in crop availability.

Our food security approach is four-fold – Improving Availability, Access, Utilization and Stability using new technologies such as IoT (sensors, drones, etc.), artificial intelligence, Big Data and Data Analytics and Blockchain. We also plan to partner with Israel and India who are the current champions in food security and Agro-tech industry.

Israel's drip irrigation is tested and proven as one of the best water management systems in the world. India's mobile weather forecast apps are heavily in use among Indian farmers. IoT monitoring sensors supported by communication technologies are capable of monitoring farmland and crop metrics throughout the full planting, production and delivery lifecycle, collecting metrics such as soil, temperature, humidity, light, crop growth, pesticide residue, production device, equipment conditions, transportation, storage status and more. Applying these smart technologies in mass scale will not only boost the crop yields by 20%-30%. but untimely reduce their wastage by 50-60%.

OUR SHORT-TERM SOLUTIONS FOR CURRENT CRISES

We have outlined a basic framework of short-term solutions for current crises below. Details will be discussed with relevant parties if and when needed.

Foreign Reserves Crisis

\$7 billion special purpose liquidity facility

- **\$1 billion Expat Bailout Fund** -SPV that acts as a revolving credit facility for development purposes, managed by a reputed international financial institution. The investment strategy to be agreed with all stakeholders prior to deployment of the capital.
- **\$3 billion IMF Bailout** – T&Cs, especially the covenants of the first bailout should be negotiated based on external debt restructuring purposes only.
- **\$3 billion Development Fund** -Tap into unconventional, activist investors (debt or equity) in democratic countries – This approach can be vastly successful, but achievable ONLY with fresh government consisting of experts in Investor Relations who will get elected from a new democratic election.

Essential Food and Medicine Crisis

- While the current unstable economy has birthed numerous predicaments, the food and medicine security crises take prominence as they negatively affect a large portion of the population. Especially the underprivileged. **To address this, we are forming a Collective -a group of civil organizations - that strives to leave no one behind and provide food and medical security to vulnerable and marginalized communities island-wide, at least for a 6–12-month period.**
- Our approach will attempt to generate short and mid-term solutions to ensure food and medical security. Accordingly, food and medicine will be provided to selected underprivileged communities which will be identified through our trusted networks and other state channels.
- We plan to procure the necessary food and medicine and distribute these items via a scientific, transparent, and accountable process.

Energy and Power Crisis

- Implement **Crude Intermediation Model** urgently to solve the current crude, refined product crisis. The financing will be separated from the operations and managed via \$750 million Special Purpose Vehicle (SPV), managed by a reputed international Investment Bank or Commodities Brokerage Firm. Refineries (CPC), pipelines and other distributors will get paid a fee at a market rate, only for the services they provide. No operational burden of CPC will be passed onto the SPV under any circumstances. Investors who have vested interest in USD and LKR would be the stakeholders of this SPV.