

Our Mission

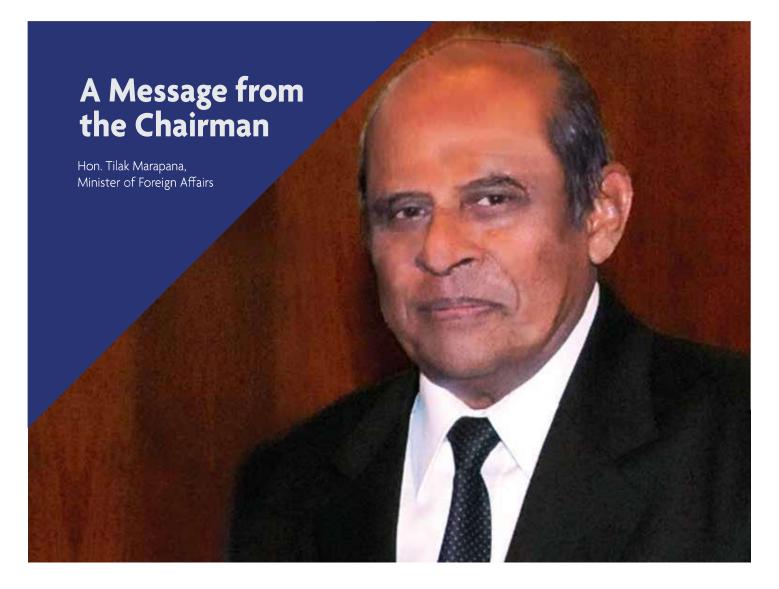
To engage in independent research of Sri Lanka's international relations and strategic interests, and to provide insights and recommendations that advance justice, peace, prosperity, and sustainability.



[U]nless the democracies of the world decide to stand together and fight together and always come to the aid of a member in peril, democracy will not survive.

Contents

1.	Chairman's Message	01		
2.	Executive Director's Message	02 - 03		
3.	About Us	04		
4.	Board of Management	05		
5.	'Connecting Sri Lanka to the World'			
	a. Highlights of 2017	06 - 07		
	b. Conference – 'Sri Lanka's Foreign Policy: Choices in a Changing World'	08 - 10		
6.	Research Insights & Policy Dialogues	11		
	a. Global Governance Programme: Charting Geopolitical Shifts, Highlighting Regional Opportunities	12 - 18		
	b. Global Economy Programme: Evaluating Global Economic Risks, Presenting Local Solutions	19 - 22		
	c. Contributions to the Ministry of Foreign Affairs	23		
7.	LKI's Local and International Engagement			
	a. LKI's Local and International Engagement	24 - 25		
	b. LKI and Youth Out Reach	26 - 27		
8.	Our Team	28 -29		
9.	Organisational Plan	30		
10.	Financial Statements	31 - 42		
11.	Our Supporters	43		



The role of the Lakshman Kadirgamar Institute (LKI) is more important than ever. As Asia looms ever larger in the global order, there has never been a greater need for a world-class, foreign policy think tank to inform foreign policy in Sri Lanka and beyond. This observation mirrors the remarkable foresight of the late Hon. Lakshman Kadirgamar, thanks to whom LKI was established more than a decade ago, and whose vision LKI continues to pursue today.

A number of important initiatives furthered the Institute's objectives in 2017. One was its inaugural and landmark foreign policy conference, which brought together leading voices from Sri Lanka and around the world to consider the course(s) of the country's foreign policy. The appointment of the Chair of the Global Economy Programme, generously supported by

Dilmah, is another notable highlight. This strengthens LKI's capacity to address issues of economic diplomacy, which are increasingly important in international relations.

As we look ahead to greater contributions from a reinvigorated LKI, I am indebted to the Board of Management for its invaluable support in guiding the evolution of the Institute, as well as to the staff and researchers for their dedication to fulfilling its objectives. I also express our gratitude to the many supporters of LKI, whose contributions make its work possible, and to the Institute's global network of partners for their continued collaboration. I look forward to seeing LKI continue to grow in its mission of promoting justice, peace, prosperity and sustainability, both in Sri Lanka and beyond.



The year 2017 was a pivotal year for LKI, marking the midpoint of the Institute's three-year Strategic Plan for 2016-2018 to become an internationally-respected foreign policy think tank. Existing initiatives matured, and new ones were launched to broaden our reach—nationally and beyond. The Institute's research focused on how Sri Lanka can position itself in a rapidly changing global order, and offered large and small forums to discuss Sri Lanka's foreign policy choices. The Institute's public communications—including on social media—and its administration and youth engagement strategies, all helped to advance these developments.

LKI began the year by launching its monthly Foreign Policy Roundtable series, aimed at considering both long-term issues and recent trends in international relations. The twelve roundtables in 2017 featured experts from Sri Lanka and overseas (including from Australia, Bangladesh, Canada, Germany, India, Qatar, Singapore, and South Africa). They spoke on issues ranging from the election of President Trump to trends in international trade, as well as on human resources in foreign ministries, climate change in South

Asia, the Commonwealth's evolving role, the Belt and Road in Sri Lanka, and dispute settlement in international law of the sea. The key insights from these roundtables were compiled in a publication by LKI entitled 'What's Ahead in 2018: Takeaways from Global Leaders.'

Our signature initiative in 2017 was the major conference in June—'Sri Lanka's Foreign Policy: Choices in a Changing World'—which convened policymakers, academics, lawyers, activists, and journalists from Sri Lanka and abroad. Together, they provided analysis and suggestions on the overall direction of Sri Lankan foreign policy, on pressing day-to-day issues in the country's diplomacy, and strategies for international engagement. The two-day event was attended by over 300 participants and made possible by the support of the Ministry of Foreign Affairs and Hemas Holdings PLC, as well as the hard work of LKI's staff. In addition, LKI hosted several other lectures and events in its auditorium, on topics as diverse as BIMSTEC, Brexit, and transitional Justice—featuring global thought leaders who spoke The institute's heightened public outreach through its events in 2017 complemented LKI's growing research profile. The Global Governance programme examined a range of issues, from the implications for Sri Lanka of the Trump administration in the United States, to key priorities for an reinvigorated Indian Ocean Rim Association, and opportunities to tackle youth radicalisation through international engagement. Our work on the economic dimensions of international relations increased exponentially in 2017 with the appointment of Dr. Ganeshan Wignaraja as Chair of LKI's Global Economy programme in July. This was made possible thanks to the generosity of the MJF Group (Dilmah) and supplemented by additional research staff, including with the support of the Overseas Development Institute in the UK. The new team explored the implications for Sri Lanka of economic developments in India and China, and how to improve Sri Lanka's bilateral and multilateral economic diplomacy. It also initiated a landmark study on the Indian Ocean economy, to be published in 2018, aimed at informing Sri Lanka's main foreign policy strategy since 2015 to become a vital centre of the Indian Ocean.

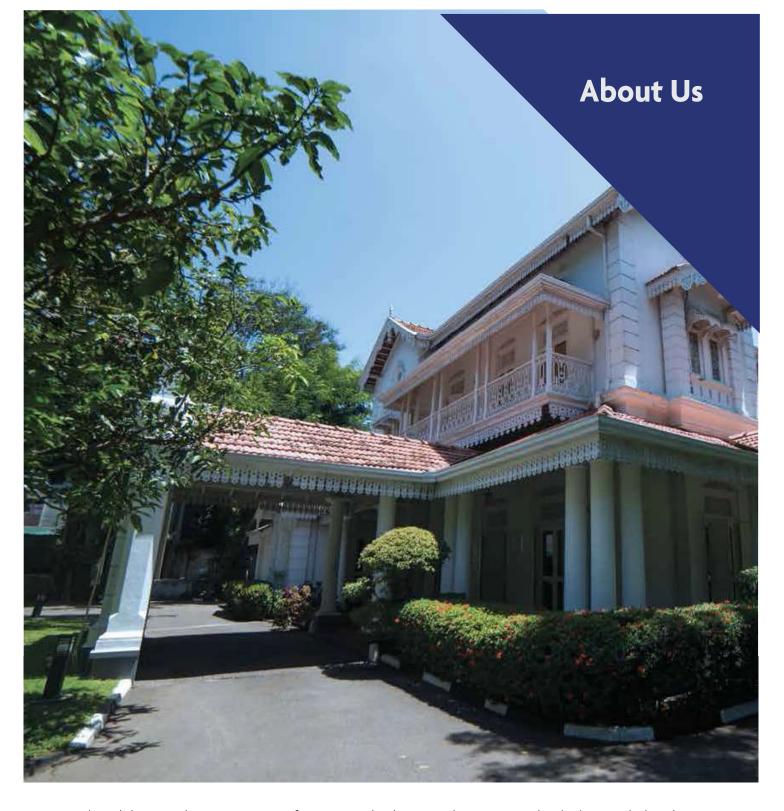
LKI's impact through its research and forums was amplified by continued innovation in its means of communications. This included the launch of a blog, *The Prospector*, to provide a flexible platform for shorter publications and external contributors, and of a monthly email newsletter to keep our audiences updated on LKI's latest publications and events.

The research team also initiated the Weekly Insights brief, emailed directly to subscribers to keep them abreast of the latest thinking on current foreign policy issues. The launch of LKI's YouTube channel in 2017 provided yet another medium to bring foreign policy insights to those beyond the Institute.

All of these developments were ably supported by a strengthened administrative team at LKI. In particular, the appointment of a Deputy Director in February 2017 has significantly enhanced day-to-day operations. The administrative team has helped to secure private sector funding to facilitate research, and to increase LKI's income from the hire of its auditorium and other facilities. The Institute's active internship programme began in 2017 to receive interns from overseas, particularly overseas Sri Lankan youth, who have added new energy and perspectives.

In reflecting on this year of landmark growth at LKI, I am very grateful to the Board of Management of LKI, as well as to the Ministry of Foreign Affairs, each member of the LKI team and the many other invaluable supporters of LKI for their encouragement, advice and assistance during 2017. The Institute's mission to provide insights and recommendations that advance justice, peace, prosperity and sustainability remains more important than ever. We will continue to pursue this mission in optimistic and difficult times alike, and seek your vital support in doing so, for the benefit of Sri Lanka and our region.





The Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI) is a multidisciplinary research institute established by statute. It is named after the late Lakshman Kadirgamar, P.C., M.P. and three-time Foreign Minister of Sri Lanka.

The Institute is the realisation of a goal actively pursued by the late Minister, to fulfil the country's need for a think tank specialising in international relations and strategic studies. The Institute further reflects Minister Kadirgamar's vision for Sri Lanka by raising the country's intellectual profile in foreign policy research and engagement.

Board of Management

Chaired by the incumbent Foreign Minister of Sri Lanka, the Board of Management comprises distinguished persons from civil society, the media, law and the private sector.



Mrs. Suganthie Kadirgamar, Senior Partner, Valoremjuris Attorneys-At-Law *Life Member*



Dr. Radhika Coomaraswamy,Member, Constitutional
Council of Sri Lanka
February 2015 to Present



Dr. Paikiasothy Saravanamuttu, Founding Executive Director, Centre for Policy Alternatives *February 2015 to Present*



Mr. Azam Bakeer Markar, Assistant Vice President, Business Development and Head of Sustainability, Aitken Spence Plc February 2015 to Present



Prof. Nayani Melegoda,Dean, Faculty of Graduate
Studies, University of Colombo
July 2017 to Present



Ms. Sandya Salgado, Senior External Affairs Officer, World Bank Sri Lanka July 2017 to Present



Mr. Mano Tittawala, Senior Advisor, Ministry of Foreign Affairs *February 2015 - May 2017*



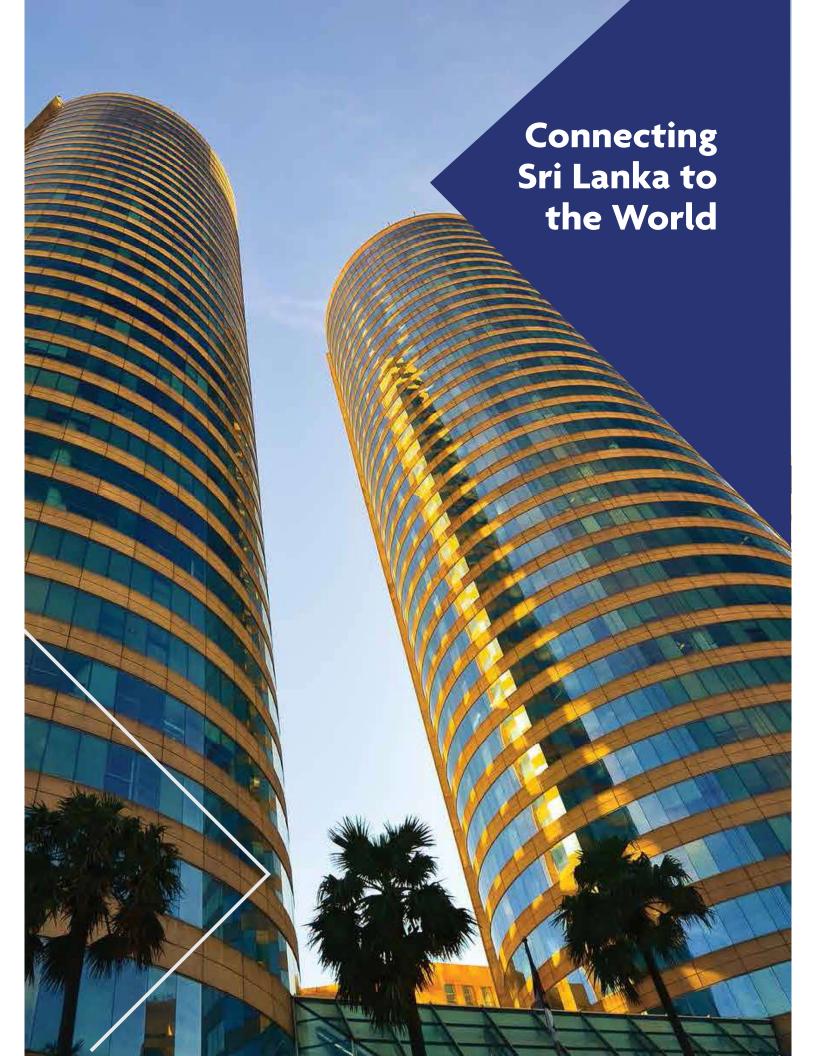
Mr. Ram Manikkalingam,Founding Director,
Dialogue Advisory Group
February 2015 - August 2017



Mr. Saliya Pieris, President's Counsel *February 2015 - July 2017*



Mr. Iqbal Athas,Consultant Editor and
Defence Correspondent,
Sunday Times
February 2015 - October 2017



Highlights of 2017



Increased LKI's engagement with Overseas Sri Lankans (OSLs), to support and grow their contributions to Sri Lanka via the internship programme.



Secured private sector funding which is crucial in enabling cutting edge research on emerging global economy and governance issues.



Catalogued books as a part of LKI's library development efforts.



Hosted several renowned speakers including former French PM Fabius, German Pres. of Bundestag, Foreign Sec. of Bangladesh, Canadian and Singaporean parliamentarians.



As part of LKI's global outreach efforts, LKI's experts represented the Institute at various international forums including in the UK, Australia, China, Singapore, and Thailand.



Launched LKI's monthly news letter and LKI's YouTube Channel, as part of LKI's efforts to create impact through innovative communications that use new formats to convey LKI's high-quality, fact-based analyses to a wider cross-section of stakeholders.



Doubled website traffic in a span of two years to 9000+ monthly pageviews. Boosted LKI's social media audience (4900+ subscribers on Facebook, and 2200+ Followers on Twitter).



Initiated live streaming of all public lectures and panel discussions, via LKI's YouTube channel and Facebook LIVE

Highlights of 2017



Featured for the second time on University of Pennsylvania's Global Go To Think Tank Index in the category of Top Foreign Policy and International Affairs Think Tanks.



Boosted LKI's local and international media footprint with over 100+ media mentions throughout the year.



Launched Weekly Insights, a weekly newsletter that summarises recent commentary on foreign policy issues for time-pressed readers.



Launched an LKI blog,
The Prospector, a flexible
platform for shorter publications
and external contributors.



Convened established experts and new voices for a two-day landmark dialogue on the theme of "Sri Lanka's Foreign Policy: Choices in a Changing World," to examine Sri Lanka's foreign policy, and present ideas and recommendations for its future.



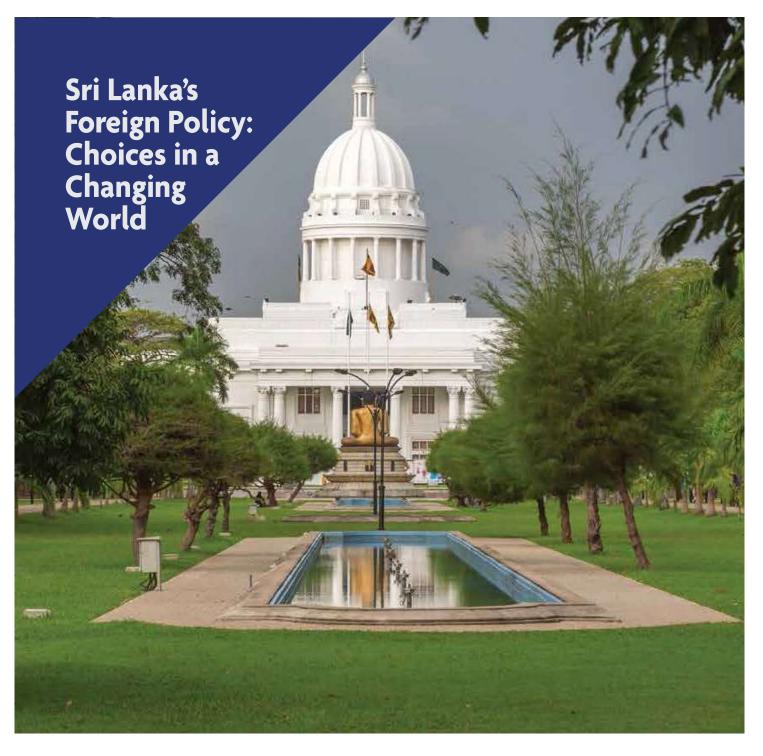
Newly appointed Chair of LKI's Global Economy Programme, Dr. Ganeshan Wignaraja delivered his inaugural address on "A Recovering Global Economy? The Dynamics of China and India in the Future of Global Growth."



Published two key LKI books 'What's Ahead in 2018 -Takeaways from Global Leaders' and 'Shaping the Future of Sri Lanka's Foriegn Policy.'



LKI's Dr. Dinusha Panditaratne was invited to speak as a Sri Lankan think tank representative, at the high-profile Belt and Road Forum in Beijing.



LKI held its first foreign policy conference, entitled 'Sri Lanka's Foreign Policy: Choices in a Changing World' on 28-29 June 2017. The two-day landmark dialogue aimed to review Sri Lanka's foreign policy in light of changes in national, regional and global contexts, and to formulate policy suggestions for the next five years.

The two-day event began with a seminar on 'Emerging Issues in the Indian Ocean,' supported by Hemas Holdings PLC, which brought together foreign and local experts to discuss the regional context of Sri Lanka's foreign policy. This was followed by the 'Sri Lanka Foreign Policy Forum,' where experts examined frameworks of Sri Lankan

foreign policy, and the roles of its key actors, including the Foreign Ministry, international organisations, the media, and the private sector. Distinguished panels of speakers offered their insights as well on issues of energy security, trade and investment, geo-economics, maritime security, human rights, and international law.

This landmark dialogue attracted nearly 300 attendees, including representatives from the Foreign Ministry of Sri Lanka, the diplomatic community, think tanks and academia, civil society, the private sector, and the media. The event garnered extensive media coverage in various local and international outlets.



What we need to think about in terms of making policy is ..not only to come up with what you might think is good technocratic policy, but also to think about how that policy can be politically sustainable ... it is actually about having that conversation in Sinhalese, and in areas outside of Colombo.

- Prof. Kanishka Jayasuriya on 'Geo-economics and Sri Lankan Foreign Policy'















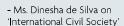








Programmes and projects that are implemented by international civil society organisations must be based on extensive local consultation and input and more importantly, aligned with a national agenda.















"The idea is that rule of law is not just something that's good to have; it is something that we comply with voluntarily, (it is something that we comply [with] because we must.) And if you were not to comply with it, as a small state, we ignore it at our peril."

- Hon. Mahdev Mohan











"The foreign policy of the country should attempt to define Sri Lanka's place in the world. Attention should be placed on creating an identity that encompasses the character of the country and its people ... The quality of governance, multicultural nature of the social fabric, peaceful engagement with the international community is important."

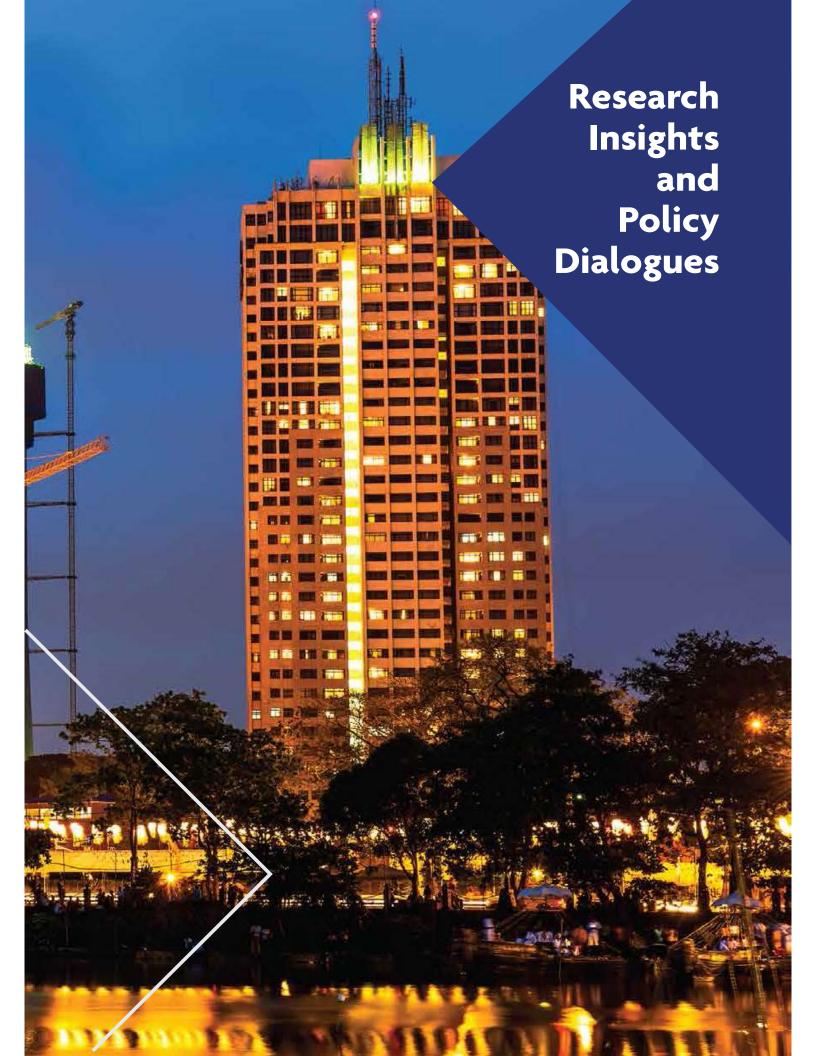
- Mr. M. M. Jaffeer











Research Insights and Policy Dialogues

Research Programmes

LKI's governing legislation provides that it will be dedicated to the study of Sri Lanka's international relations and strategic interests in defence, national security, law, economics, cultural relations, agriculture, and the environment. There are two programmes to capture these themes: Global Governance and Global Economy respectively.

Programmes

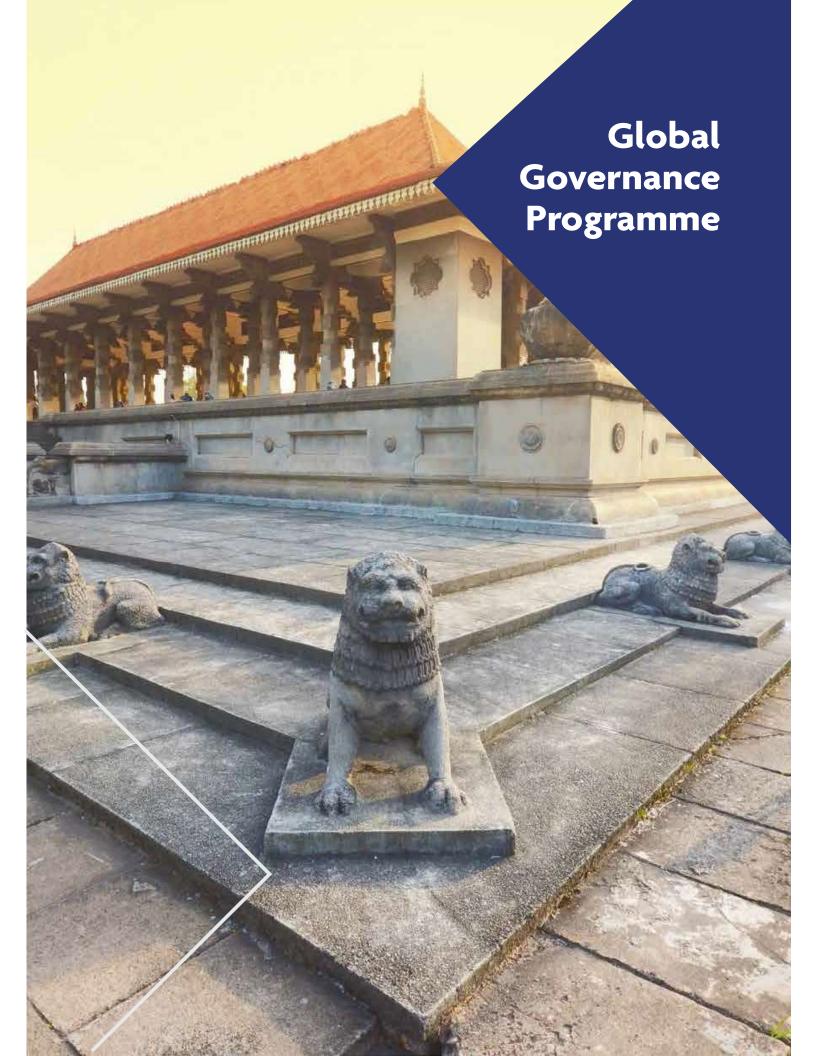
Global Governance Programme

The Global Governance Programme examines issues relating to geopolitics, international law, and security. These include maritime issues, cyber security, transitional justice, international human rights norms, Sri Lanka's role in the UN, and its cultural relations in sports, religion, and the arts.

Global Economy Programme

The Global Economy Programme reflects the shifting emphasis in international relations – in Sri Lanka and elsewhere – to economic diplomacy. This programme will generate analysis of Sri Lanka's trade, foreign investment and tourism, including on initiatives to reposition Sri Lanka as an economic centre of the Indian Ocean Region.





Global Governance Programme: Charting Geopolitical Shifts, Highlighting Regional Opportunities

In a year of shifting alliances and rapidly changing geopolitical challenges, LKI brought together leading experts from around the world to debate the issues and produced compelling research to help policymakers chart a way forward globally, regionally and locally.

"America First" and the New World Order

No other event had a greater impact on the global political order in 2017 than the inauguration of Donald Trump as President of the United States, as highlighted in an *LKI Commentary* by Dr. Dinusha Panditaratne.

"In calling for a foreign policy of "America First", President Trump vowed to end what mainstream American politics regards as American leadership in the world but which he regards as the needless underwriting of foreign needs and agendas."

At our first LKI Foreign Policy Round Table of the year, Dr. Razeen Sally, Associate Professor at the Lee Kuan Yew School of Public Policy at the National University of Singapore, outlined how the US has for many years provided essential international and regional public goods that have facilitated openness and stability, particularly in Asia. With emerging global players, notably China, not yet positioned to take up this role, diminished US leadership threatens the political and economic development of the region and beyond with stagnation or even reversal.

That said, Dr. Panditaratne and LKI Research Fellow Barana Waidyatilake argued in an *LKI Commentary* that small countries like Sri Lanka could have an opportunity to forge more substantial relationships with regional powers. They noted that—

"[P]otentially greater expectations for India in and east of the Indian Ocean region (IOR), would open up opportunities for Sri Lanka vis-à-vis India. Sri Lanka could build on its current trilateral agreement with India and the Maldives, by contributing more broadly to the security of IOR shipping lanes. It could then leverage that role in improving other aspects of its relations with India."

Tackling Climate Change

One area that demands greater engagement from small countries is climate change. Even as the US pulled out of the Paris Agreement in 2017, other major powers, most notably China and the European Union, re-emphasised their commitment to addressing the issue. As such, there is a clear opportunity for small countries to build new partnerships.

LKI Research Associate Anishka De Zylva outlined the importance of the Paris Agreement to Sri Lanka in an *LKI Explainer* and accompanying *Commentary*. To maximise the benefits of the agreement, Ms. De Zylva argued, Sri Lanka must proactively seek climate-smart investment, develop international partnerships to leverage other countries' expertise, and financing from wealthier countries. This is particularly important given the expected impact of climate change on Sri Lanka, and because other countries in the region are already pursuing these options.

At a LKI Foreign Policy Round Table, Shahidul Haque, Foreign Secretary of Bangladesh, highlighted that Bangladesh had formulated a National Implementation Plan in 2007 to counter climate change and has pursued a number of different financing options, including trilateral climate change funding with India and Nepal.

Europe, Brexit and the Future of the Commonwealth

The impending exit of the United Kingdom (UK) from the European Union (EU) has generated uncertainty about the future international role of Europe. In an LKI lecture, Hon. Professor Norbert Lammert, former President of the German Bundestag, suggested that globalisation, rather than transnational organisations like the EU, had irrevocably eroded the national sovereignty of nation states. To preserve positive attitudes toward liberal democracy, he argued, innovative forms of cooperation are required.

Speaking at LKI, Hon. Laurent Fabius, former Prime Minister of France, also underlined the risk that growing Euroscepticism poses to the future of the EU

and suggested as a possible solution, a "Europe of three circles" that would allow countries to pursue integration at a pace consistent with their national priorities and capacity. Such a system could provide a future place for the UK within Europe, though it would have to be compatible with increased emphasis in the UK on its future relationship with the Commonwealth of Nations. Indeed, amid the uncertainty surrounding the current world order, many other Commonwealth members are looking towards this far-flung group as a framework to provide a degree of stability. Canadian Parliamentarians, Yasmin Ratansi and Hon. Salma Ataullahjan, addressing an LKI Foreign Policy Round Table on the future role of the Commonwealth, emphasised that, while greater efforts are needed to promote issues such as gender equality and youth engagement among member Commonwealth has the potential to foster greater stability by serving as the basis for a common set of values agreed by a diverse set of countries.

The Rise of the Indian Ocean

In Asia, the uncertain outlook for existing global alliances has triggered a renewed focus on the opportunities for greater regional cooperation, with the Indian Ocean in particular gaining greater traction in international relations during 2017. The first Indian Ocean Rim Association (IORA) leaders' summit in May produced the Jakarta Accord, which set important standards related to freedom of navigation, counterterrorism and enhancing regional trade. These encouraging developments partly reflect the greater interest of regional powers as their alliances with the US look increasingly fragile. In an LKI Spotlight, Hon. Julie Bishop, Australian Minister for Foreign Affairs, pointed to the Indian Ocean Rim Association (IORA) as crucial for building consensus on regional norms, addressing common challenges and maintaining regional stability.

Ensuring maritime security and avoiding disputes is a particularly important role for regional organisations in the Indian Ocean. Addressing an LKI Foreign Policy Round Table, Professor Dr. Dres. h.c. Rüdiger Wolfrum, former President of the International Tribunal for the Law of the Sea, highlighted the importance of ensuring freedom of navigation in the world's oceans in preserving peace and good governance. Drawing on his wealth of experience in resolving disputes related to the law of the sea, Professor Wolfrum pointed to weaknesses in the current system and suggested that greater use should be made of provisions in the United Nations Convention on the Law of the Sea for advisory opinions and conciliation committees. This would allow other states to participate, while preserving the sovereignty of the states concerned. In the Indian Ocean region, there is a clear opportunity for the IORA to take on a larger role in this area. In an LKI Policy Brief, Barana Waidyatilake argued that IORA member states should develop a code of conduct for the Indian Ocean and strengthen cooperation to combat non-traditional security threats such as piracy. This could take the form of agreements between a limited number of willing states within the IORA, which would likely be morezefficient than a regionwide agreement and would be able to produce outcomes that inspire other members to join. In an accompanying LKI Commentary, Mr. Waidyatilake suggested that Sri Lanka should play a leading role in advocating for such a framework while strengthening its role in combating non-traditional security threats in the region. This would be an important step towards Sri Lanka's ambition of becoming a hub for Indian Ocean trade and commerce.

Sri Lanka's chairing of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in 2018 and 2019 presents another important opportunity to strengthen the country's role in the region. In an LKI lecture, Grace Asirwatham, State Secretary, Ministry of Foreign Affairs, highlighted the economic potential of the Bay of Bengal region and the important role that BIMSTEC can play in facilitating greater connectivity between South and South-East Asia. While recognising that engaging India would be critical to the success of BIMSTEC, Mrs. Asirwatham outlined how Sri Lanka highlighted the economic potential of the Bay of Bengal region and the important role that BIMSTEC can play in facilitating greater connectivity between South and South-East Asia. While recognising that engaging India would be critical to the success of BIMSTEC, Mrs. Asirwatham outlined how Sri Lanka could use its current term as chair to encourage intraregional transfers of technology, address challenges to and maritime security promote economic development.

Ensuring Justice and Protecting Human Rights

Greater international and regional engagement on legal issues can bring important benefits for small countries like Sri Lanka. During a LKI Foreign Policy Round Table, Dikgang Moseneke, former Deputy Chief Justice of South Africa, highlighted his country's experience of integrating economic, cultural and social rights into its constitution. He outlined how it had advanced South Africa's international standing and allowed the judiciary, as well as citizens, to foster accountability and transparency in governance. Gender equalityis one important aspect of such rights. In an LKI Spotlight conducted to mark International Women's Day, Kavita Ramdas, former President and Chief Executive Officer of the Global Fund for Women, discussed the importance of placing more women in national leadership positions and

highlighted the many waysthat it could improve a country's foreign policy.

International legal norms and frameworks must, however, suit the local setting. At an LKI lecture held during his visit to Sri Lanka in 2017, Pablo de Greiff, United Nations Special Rapporteur on the Promotion of Truth, Justice, Reparations and Guarantees of Non-recurrence, highlighted this issue in relation to transitional justice. While transitional justice has become normalised over the past 20–30 years as an expected set of judicial and other measures implemented after a conflict, it is ineffective without comprehensive and holistic application. Mr. de Grieff argued that this ultimately depends on the existence of an independent civil society that can clearly articulate its demands and a government truly willing to look after the welfare of its citizens.

International Engagement to Address Local Issues

LKI researchers highlighted the concrete ways that greater international engagement can help to address a variety of local issues in Sri Lanka. In an LKI Policy Brief, Anishka De Zylva, Research Associate, explored how Sri Lanka could engage both regional and global actors to tackle the pressing issue of youth radicalisation. In particular, Ms. De Zylva outlined how Sri Lanka could take a leading role in this area through existing regional organisations like IORA and the Bay of

Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), for example, by encouraging the establishment of networks of practitioners to enhance the sharing of information, institutional knowledge and best practices toward countering radicalisation. This could be complemented with bilateral partnerships to build on the experience of other countries in addressing youth radicalisation.

Efforts to use global networks to drive development need not be confined to national actors. In an LKI Commentary, Rapti Ratnayake, former Research Associate, highlighted the potential of actors such as mayors and municipal leaders to take a greater international role. City-to-city links have been fittingly awarded the portmanteau 'diplomacity' and can help maximise a country's international opportunities. Ms. Ratnayake argued that Sri Lanka's largest city, Colombo, could benefit from 'diplomacity' as it aspires to become a regional hub and financial centre. Sri Lanka's municipal leaders should strengthen existing international partnerships, such as the Global Parliament of Mayors, while fostering independent diplomatic channels with nearby regional cities.

Global Governance Programme: Publications



What did Trump's Inaugural Address say on Foreign Policy? - Commentary



President Trump: Implications for Sri Lanka - Commentary



Women & Foreign Policy with Kavita Ramdas - Spotlight



International Engagement in Countering Youth Radicalisation: Sri Lanka's Untapped Opportunities - Policy Brief



The Indian Ocean Rim Association: Scaling Up? - Policy Brief



'Diplomacity' in the 21st Century: Why Sri Lanka's Local Mayors must become Global Players - Commentary



Australia's Vision and Strategies for Regional Engagement with Hon. Julie Bishop - Spotlight



The Paris Agreement on Climate Change and Sri Lanka - Explainer

Global Governance Programme: Publications



Sri Lanka's Opportunities to Counter Youth Radicalisation - Commentary



Maintaining Momentum: Sri Lanka's Strategy in the Indian Ocean Rim Association

- Commentary



The Paris Agreement is an Opportunity for Sri Lanka - Commentary

Global Governance Programme: Policy Dialogues



Professor Razeen Sally on 'The Global Order and Asia in the Age of Trump: What it means for Sri Lanka' - Round Table



Hon. Laurent Fabius on Post-Brexit Europe and the International Order - Lecture



Hon. Norbert Lammert on the Future of Liberal **Democracy** - Lecture



Justice Moseneke on 'Economic, Social, Cultural Rights: South Africa's Experience and the International Context' - Round Table



Mr. Md. Shahidul Haque, Foreign Secretary of Bangladesh, on Climate Change and Sustainable Development - Round Table



Pablo de Greiff on Transitional Justice
- Lecture

Global Governance Programme: Policy Dialogues



Canadian Parliamentarians on 'The Role of the Commonwealth in the New World Order'

- Round Table



Professor Sultan Barakat on 'The Current Gulf Crisis and its Impact on the Gulf Cooperation Council' - Round Table



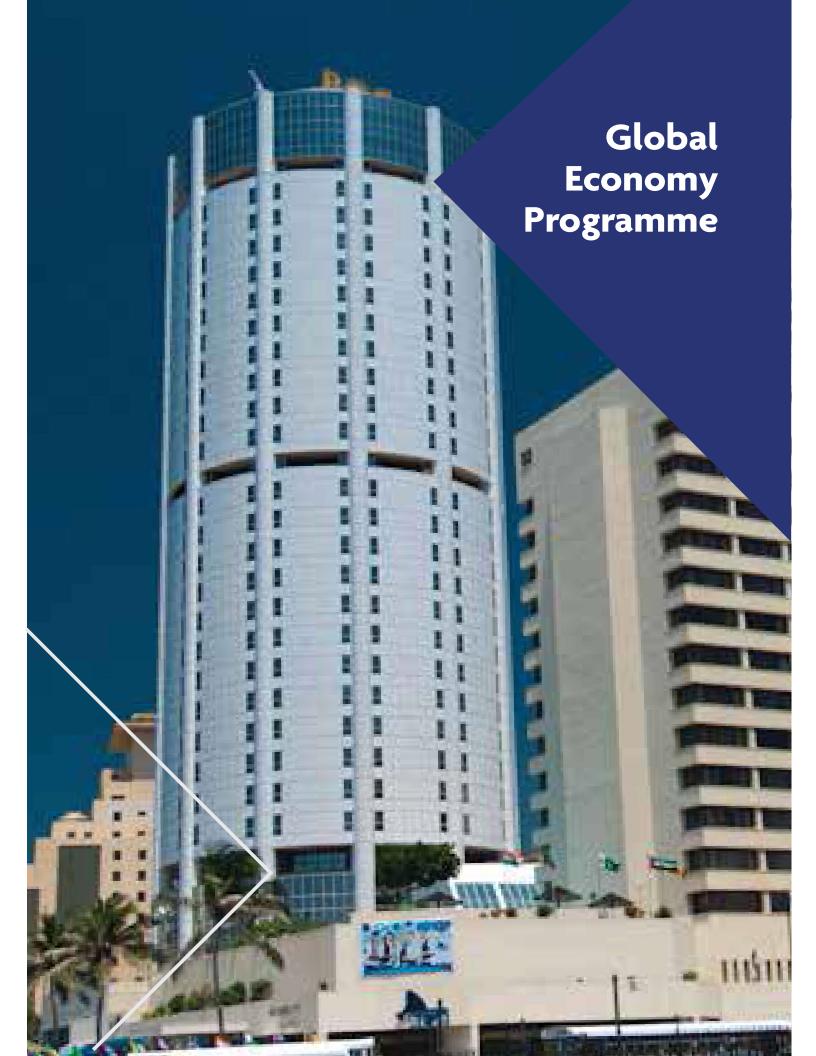
Professor Wolfrum on 'The Dispute Settlement System under UNCLOS: Current Trends'

- Round Table



BIMSTEC at 20 - Priorities for the Future

- Lecture and Panel Discussion



Gobal Economy Programme: Evaluating Global Economic Risks, Presenting Local Solutions

As threats to the health of the world economy worsened in 2017, LKI rapidly expanded its Global Economy Programme. On topics ranging from the future of the World Trade Organization (WTO) to stiffening economic competition between China and India, LKI research and events sought to put the emerging global risks in a local context.

A Recovering Global Economy?

The global economy proved to be much stronger in 2017 than expected. While the upturn in global growth was broad-based, it continued to be led by the rising economic powerhouses of China and India. The growing importance of these two regional giants to the world economy makes their internal political and economic dynamics more important than ever to other countries.

Recognising this, Dr. Ganeshan Wignaraja, the newly appointed Chair of the Global Economy Programme (supported by Dilmah), discussed the economic outlook for China and India in his inaugural lecture at LKI. In an accompanying LKI Policy Brief, he outlined the factors behind the rise of these regional giants and how current policy shifts under the leadership of Chinese President Xi Jinping and Indian Prime Minister Narendra Modi should sustain growth. He highlighted, however, the many risks on the horizon that could tilt the giants' short-term economic outlook to the downside and have knock-on effects for the rest of the world economy: political uncertainty, trade protectionism, tighter global financial conditions, heavily indebted state-owned enterprises and weak productivity growth.

The Protectionist Threat and the Future of the WTO

The spectre of greater trade protectionism has dominated much of the discourse on the global economy since the election of President Trump in the US who campaigned on a platform promising a much more aggressive stance on trade policy. Speaking at LKI Foreign Policy Round Tables, Dr. Harsha Singh, Executive Director of Brookings India, and Dr. Shiro Armstrong, Fellow at the Crawford School of Public Policy at Australian National University, both highlighted the threat posed to the world economy, and to Asia in particular, from greater trade protectionism. While Dr. Armstrong suggested that Asia should push ahead with Regional Comprehensive Economic Partnership (RCEP) to counter US

isolationism, Dr. Singh pointed to the WTO as the most hopeful normative framework on trade. With this in mind, Dr. Ganeshan Wignaraja and LKI Research Fellow Adam Collins, presented the case in a widely published *LKI Commentary* for small, open economies such as Sri Lanka to vigorously support the WTO. They argued that smaller states are the key beneficiaries of the rules-based global trading system that the WTO underpins, as it allows them to resolve trade disputes with much larger countries with equal standing. As larger powers seek to engage with the US more closely on a bilateral basis, small states will be critical in defending the multilateral system.

Sri Lankan support for the most recent concrete WTO achievement, the Trade Facilitation Agreement, is an important example of this. In an LKI Explainer, Research Associate Anishka De Zylva, explored the potential benefits of this agreement's focus on stimulating greater trade by reducing transaction cost, to Sri Lanka. It unlocks funding from multilateral agencies and the developed economies to support initiatives in developing economies that they would otherwise struggle to afford. Sri Lanka has already benefited from international funding for its trade facilitation efforts, Ms. De Zylva reported, that significant potential remained untapped for Sri Lanka to receive additional funding made available through appropriate and effective changes to domestic policy.

Sri Lanka's Place in a Rising Region

A greater role for Sri Lanka in Asian economic organisations would further support the global trading system while offering potentially significant benefits to the local economy. The government of Sri Lanka acknowledged this prospect in 2017 with the release of its Vision 2025 strategy, which explicitly aims to make Sri Lanka an economic hub in the Indian Ocean. In an LKI Commentary, Dr. Ganeshan Wignaraja outlined how greater integration with fast-growing economies in East and South-East Asia, would allow Sri Lanka to take advantage of its strategic geographic location by integrating into global value chains. Beyond pursuing further bilateral free trade agreements (FTAs), a crucial first step would be, in Dr. Wignaraja's view, gaining observer status in the Association of Southeast Asian Nations (ASEAN), which could pave the way to membership in the RCEP, Asia's most ambitious regional trade agreement. Accompanied by the necessary domestic reforms, this could provide an alternative engine of growth for

Sri Lanka's China-India Balancing Act

At the same time, though, the shifting of the world's economic centre of gravity towards Asia means that Sri Lanka must deepen its bilateral engagement with China and India. The difficulty is in balancing the strategic interests of both parties, while maximising the benefits for the local economy.

The role of China in Sri Lanka was particularly controversial in 2017 with the lease of the strategically important Hambantota Port to China Merchants Port Holdings Company as part of the Chinese government's Belt and Road Initiative (BRI). This added to China's existing role in the Colombo Port and the new Colombo International Financial City. In an LKI Foreign Policy Round Table on the BRI, Dr. Ranee Jayamaha, Lead Consultant (South Asia) at the World Bank, acknowledged the potential offered by such large infrastructure projects but argued that the gains would depend on the willingness of the participating countries to tackle the associated challenges and enable their full utilisation of these assets. In Sri Lanka's case, a major gap is the lack of a comprehensive policy framework to maximise the benefits of large infrastructure investments.

Recognising this, Dr. Wignaraja explores the various infrastructure initiatives emerging in Asia and highlights the need for a Sri Lankan national infrastructure development plan. The LKI Commentary notes that this would allow Sri Lanka to manage the BRI in conjunction with other very large regional infrastructure initiatives, such as the Master Plan for Connectivity led by ASEAN and the Africa—Asia Growth Corridor led by India and Japan, to maximise potential benefits. This should be complemented by

prudent debt management, a strong anti-corruption policy, and capacity building on infrastructure financing, which would help mitigate the risks posed by large foreign investments.

Sri Lanka is seeking greater engagement with both India and China on trade, including FTA negotiations with China and an expanded agreement with India continuing through 2017. Ravindra Deyshappriya, Research Director of the Global Economy programme, highlighted the current imbalance in the trading relationship between Sri Lanka and China in an LKI Commentary. Commenting on the trading relationship, he notes that China imports relatively little from Sri Lanka. Mr. Deyshappriya argued that the government should seek to rebalance this relationship by boosting exports, particularly given the potential in the domestic Chinese market. However, he noted that a successful export strategy must acknowledge the diversity of consumer preferences across the Chinese market and target export sectors accordingly.

Sri Lanka's trade relationship with India is similarly unbalanced, fuelling claims that it is unfair. In a joint lecture held by LKI and the Institute of Policy Studies of Sri Lanka, Dr. Subbaraman Narayan, former Finance Secretary in the Indian Ministry of Finance, sought to address this concern. He pointed out that Sri Lankan exports to India have risen in recent years and that a vibrant informal trade relationship exists between the two countries. To support future trade between India and Sri Lanka, Dr. Narayan suggested that ongoing negotiations to expand the existing FTA should focus on addressing non-tariff barriers, while Sri Lanka exporters should widen their focus beyond Tamil Nadu to the other fast-growing South Indian States.

Global Economy Programmes - Publications



Sri Lanka-China Trade Relations: Time to Focus on Unexplored Chinese Markets - Commentary



Sri Lanka's Future Lies in Emulating Factory Asia - Commentary



Sri Lanka's Absence from Asia's Big FTA Game - Commentary



Implications of the WTO Trade Facilitation Agreement for Sri Lanka - Explainer



Bowl" of Regional Infrastructure? - Commentary

How Can Sri Lanka Gain from Asia's "Noodle



A Recovering World Economy? The Dynamics of China and India in Global Growth - Policy Brief



Why Sri Lanka Must Support the WTO at its **Ministerial Conference in Buenos Aires**

- Commentary

Global Economy Programmes - Policy Dialogues



Dr. Ganeshan Wignaraja on 'Asia's Trade Slowdown: Implications for Sri Lanka' - Round Table



Dr. Shiro Armstrong on 'Rising Protectionism, East Asian Trade and the Future of Asian Integration' - Round Table



Dr. Ganeshan Wignaraja on a Recovering Global Economy? The Dynamics of China and India in the Future of Global Growth

- Inaugural Lecture and Panel Discussion



Dr. Harsha Singh on 'The Outlook for World Trade Growth, US Trade Policy, Asia, and the WTO' - Round Table

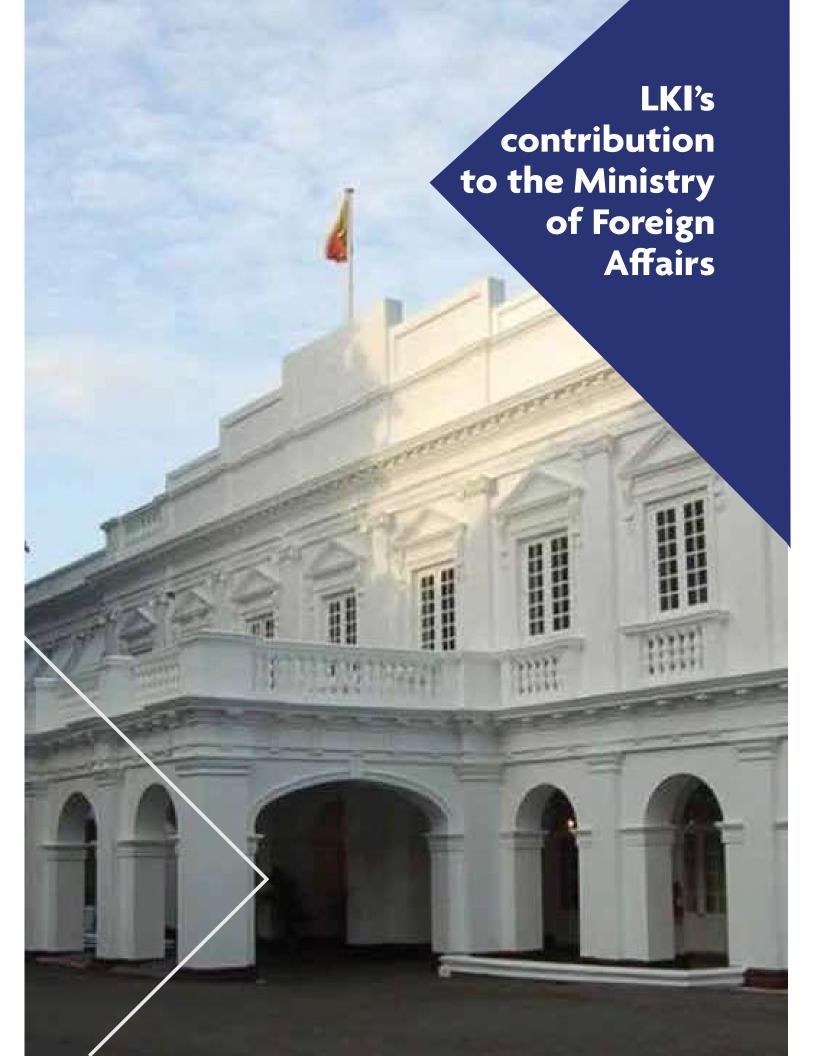


Dr. Ranee Jayamaha on 'The Belt and Road Initiative and Potential Economic Benefits to Sri Lanka - Round Table



Former Finance Secretary of India on Indo-Sri Lanka Economic Relations in Modi's India

- Lecture and Panel Discussion



LKI's Contribution to the Ministry of Foreign Affairs



LKI Research Director, Ravindra Deyshappriya, presented his Working Paper on 'Sri Lanka—China Economic Relations' on 2 February 2017. The presentation was delivered first in a series of "brown bag" seminars initiated by the Ministry of Foreign Affaira (MFA). The presentation was attended by around 40 Foreign Ministry officials.



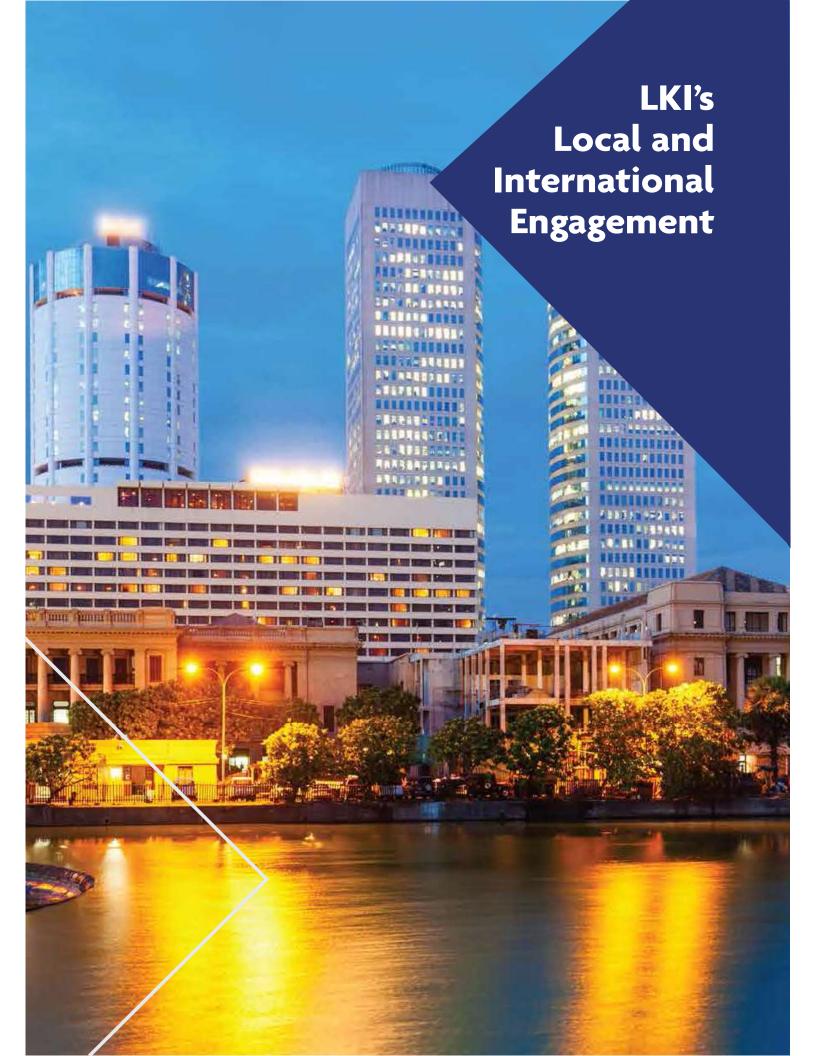
An LKI Foreign Policy Round Table was conducted with Mr. Alfred Grannas Deputy Director General of Infrastructure and Security at the German Foreign Office, on 'Transforming Human Resources: The Experience of German Foreign Office.' The round table held on 5 April 2017, at the MFA, was attended by the Dr. Michael Dohmen, Deputy Head of Mission of the German Embassy; Mr. Sarath Dissanayake, Senior Director General of the Overseas Administration Division, MFA; and other Foreign Ministry officials.



LKI's Research Fellow, Barana Waidyatilake shared his insights on the IORA at MFA in June 2017.



Dr. Ganeshan Wignaraja, Chair of the Global Economy Programme at LKI, was invited to speak on ;Commercial Diplomacy' at the MFA. Held on 24 July 2017, the presentation was attended by the Mr. Esala Weerakoon, Secretary to the MFA; and over 30 senior Foreign Ministry officials, including, Ms. Grace Asirwatham, Mr. A. L. A. Azeez, Mr. M. M. Jaffeer, and Ms. Sashikala Premawardhane.



LKI's Local and International Engagement

LKI's research team increased its engagement with the local research community through presentations at a number of high-level events in 2017, including:

- Asia Foundation's Strategy Planning Meeting 2017–2020
- Central Bank of Sri Lanka's Research Seminars
- Chartered Institute of Transport and Logistics Conference
- Colombo Air Symposium
- Sri Lanka Economic Summit 2017
- University of Colombo Seminars

2017 was also marked by the establishment of new international links through participation in a number of forums and the hosting of foreign delegations, including:

- Australian Institute of International Affairs, Melbourne
- Belt and Road Forum, Beijing
- Institute of South Asian Studies, National University of Singapore
- Lau China Institute, King's College London
- National Defence College of Bangladesh
- National Defence College of Oman
- National Defence University of Pakistan
- United Nations Economic and Social Commission for Asia and the Pacific

































Internship Programme

LKI is proud of its engagement with both young Sri Lankans and overseas Sri Lankans (OSLs) to support and expand its contribution to Sri Lanka. As part of the LKI Next initiative, our internships offer young Sri Lankans and OSLs the chance to learn about and experience Sri Lanka's international relations. The initiative supports the development of the next generation of foreign policy experts in Sri Lanka.

The internship programme provides practical experience to highly motivated individuals who wish to pursue a career in international affairs, public policy or the non-profit sector. Depending on their interests and backgrounds, interns may work in the following areas: Research, Communications, Programmes, and the Library.

In addition, LKI partners with the Asia Foundation in its LankaCorps Fellowship Program, which brings young OSLs to Sri Lanka.

"[LKI] has exceeded my expectations in terms of the responsibilities that I thought I would have."

- Nimaya Mallikahewa, University of New South Wales, Australia





LKI Next - Interns in 2017

A. G. Lishanthi Anoshika Mindula Bulumulla Yasodha Rathnayake S. P. Sudarshi Priyanjana Serasinghe Mariam Hussain Dinuka Malith Don Nakanakage Saritha Irugalbandara Amjad Hamza Himalshi Randilini Fernando Y. H. Ashcharya
Dona Pabasara Kannangara
Himalshi Randilini Fernando
Y. H. Ashcharya
Daniella Alison Kern
Kimberley Watson
Sanjani Nimaya Mallikahewa
K. A. Amandi Fernando

"LKI offered a great place, an international environment to develop my skills It gave me many opportunities and challenges, which helped me develop quickly."

- Daniella Kern, The Hague University, The Netherlands





Our Team

LKI has a core team of internationally-credentialed researchers and highly experienced operations staff. The work of the Institute is facilitated by dedicated support staff and capable interns. The small but growing team works together to provide the highest quality research and insights on a range of foreign policy issues.



Dr. Dinusha Panditaratne, Executive Director

Experts



Dr. Ganeshan Wignaraja, Chair of the Global Economy



Dr. Kadira Pethiyagoda, Chair of the Global Governance Programme



Ravindra Deyshappriya, Research Director (until April 2017)



Barana Waidyatilake, Research Fellow



Adam Collins, Research Fellow



Anishka De Zylva, Research Associate



Divya Hundlani, Research Associate



Malinda Meegoda, Research Associate



Rapti Ratnayake, Research Associate (until June 2017)

Operations



Radhika De Silva, Deputy Director



Nuzaifa Hussain, Communications Manager



Bhadra Jayasinghe, Librarian



Aruni Hewapathirana, Events & Administration Officer



Sanjaya Gunarathna, Finance, Procurement, and Human Resources Officer



Nicola Wijayarathna, Project Coordinator



Shenali Fernando, Project Coordinator

Support



K.P.W.G. Sugath, Caretaker



M.H. Dahanayake, Office Driver



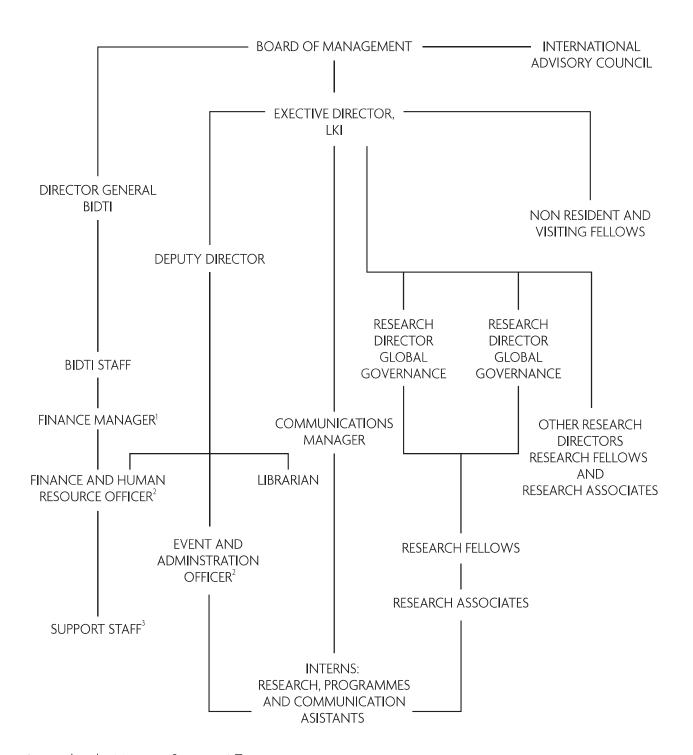
K. G. P. C. Aththudawa, Office Assistant



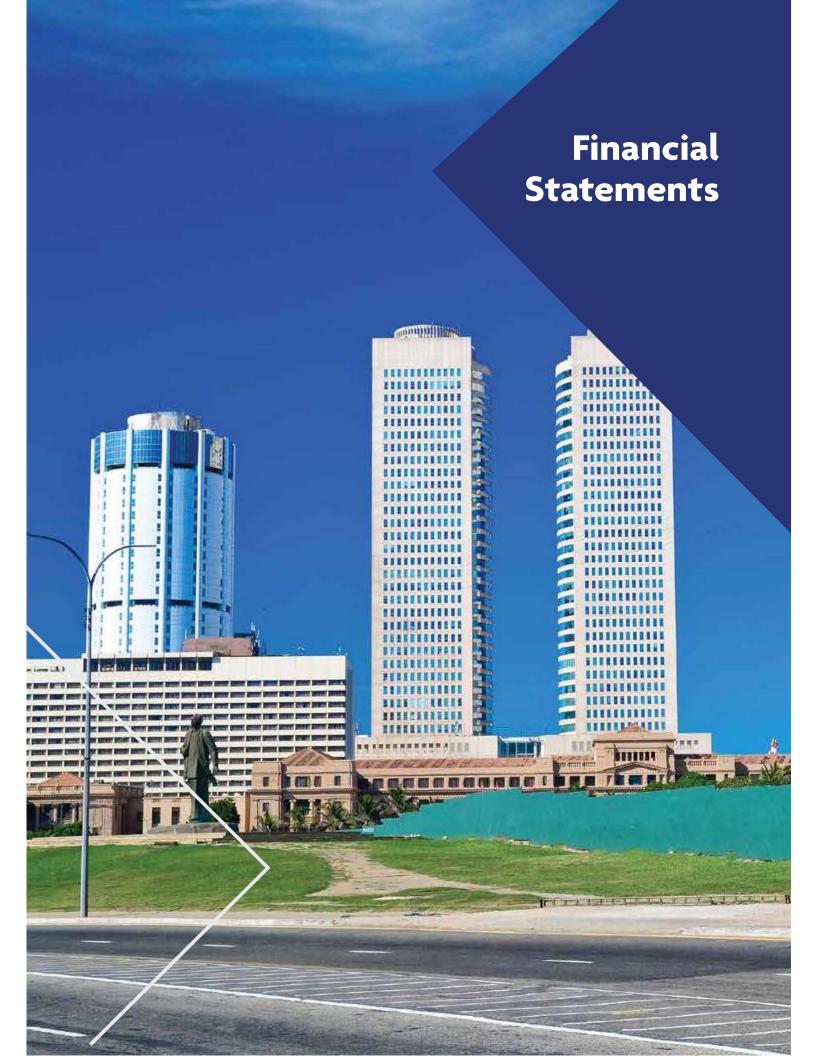
W. M. K. G. Gayan, Office Assistant And Driver

Organisational Plan

The Board of Management approved the following organisational structure in 2017.



- 1. Based at the Ministry of Foriegn Affairs
- 2. Provided by the Ministry of Foreign Affairs
- 3. Support staff includes a caretaker, office assistants, and driver



Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2017

1. Corporate Information

1.1 General

The Lakshman Kadirgamar Institute for International Relations and Strategic Studies and the principal place of operations is situated at "The Light House" 24 Horton Place, Colombo 7. The Bandaranaike International Diplomatic Training Institute (BIDTI) which is vested under the LKI is located at Suite 3907, BMICH Complex, and Colombo 7. Final Accounts of LKI and BIDTI are amalgamated and submitted in this report.

1.2 Principal Activities and Nature of Operations

The LKI provides a forum for exchange of knowledge and opinions, discussion analysis and evaluation of reasearch in strategic studies and international relations conducting joint seminars, lectures and workshop, promote and assist research in strategic studies and international Relations. foster relationships with like-minded institution both local and foriegn, and act as a focal point for research and discussions on global and regional issues that assist the government in policy planning and formulation of policy alternatives.

- 1.3 The BIDTI is the training institute of the Ministry of Foreign Affairs and is responsible for staff training.
- 1.4 The Notes of the Financial Statements are attached hereto from an integral part of the financial statements.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

These financial statements are prepared in accordance with Sri Lanka Public Sector Accounting Standard (SLIPSAS) introduced in 2009 and 2013. The Statement of financial Position, Statement of Financial Performance, Cash Flow Statement and Statement of Charges in Net Assets/Equity have been prepared together with Accounting Policies and Notes to the Financial Statements of the institutes as at 31 December 2017.

2.2 Property, Plant and Equipment

A) Cost

Properties, Plant and Equipment are initially recorded at cost. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working condition for the intended use.

(B) Depreciation

The provision for the depreciation is calculated by using straight line basis on the cost of Fixed Assets in order to write off such amounts over the estimated useful lifetime. The principal annual rates used are:

	LKI	BIDTI
Steel furniture Electric equipment Office Equipment Computer Equipment Library books Lecture Hall equipment Furniture and Fittings Building & Structures Machinery	10% 10% 10% 25% 5%	5% 10% 5%
Name Board & Logo		10%

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

2.3 Liabilities

All known liabilities have been accounted for in preparing the Financial Statements.

2.4 Defined Contribution

Plans - Employees' Provident Fund and Employees' Trust Fund Employees are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund contribution in line with respective statutory requirement and other related regulation.

2.5 Statement of Financial Performance

2.5.1 Revenue/Expenditure Recognition

Fixed Deposit interest, interest for Treasury Bills and Course Fees of BIDIT are accounted for Cash basis and all other transactions are accounted for on accrual basis.

Declaration

The Financial Statement give a true and fair view of the institute's state of affair as at 31 December 2017. For and on belhalf of the Board of Directors;

Radhika De Silva Deputy Director, LKI Pamela J Deen Director General, BIDIT Dr. Ganeshan Wignaraja Executive Director (Actg.), LKI

Date: 28.09.2018

Statement of Finance Performance FOR THE YEAR ENDED 31 DECEMBER 2017

							LKR
REVENUE	NOTES	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Income	1	15,170,797.31	15,612,086.40	30,782,883.71	12,452,665.82	12,910,285.54	25,362,951.36
Other Income	2	19,055,026.85		19,055,026.85	17,431,213.51		17,431,213.51
Total Revenue		34,225,824.16	15,612,086.40	49,837,910.56	29,883,879.33	12,910,285.54	42,794,164.87
EXPENSES							
Staff Expenses	3	13,099,951.03	6,290,943.03	19,390,894.06	8,611,099.97	5,577,595.14	14,188,695.11
Supplier & Consumables	4	20,291,135.41	5,833,123.77	26,124,259.18	14,306,163.83	3,812,679.77	18,118,843.60
Grant & Other Transfer Payments	5				90,,860.00		90,860.00
Depreciations	6	1,944,911.45	418,313.67	2,363,225.12	1,513,546.12	403,736.30	1,917,282.42
Other Expenses	7	2,157.736.78	197,640.11	2,355,376.89	305,917.42	211,986.00	517,903.42
Finance Cost	8	43,470.00	6,975.00	50,445.00	156,712.62	6,000.00	162,712.62
Total Expenses		37,537,204.67	12,746,995.58	50,284,200.25	24,984,299.96	10,011,997.21	34,996,297.17
Surplus/Deficit for the Period		(3.311.380.51)	2.865.090.82	(446.289.69)	4.899.579.37	2.898.288.33	7.797.867.70

Statement of Financial Position

AS OF 31 DECEMBER 2017

							LKR
ASSETS	NOTES	LKI 2017	BIDTI 2017	TOTAL-2017	LKI 2016	BIDTI 2016	TOTAL 2016
Current Assets							
Cash & Cash Equivalents	9	1,123,129.32	865,988.93	1,989,118.25	8,431,752.18	1,207,756.71	9,639,508.89
Festival Advance & Loan Due	10	343,301.50	2,000.00	345,301.50	303,482.62	5,000.00	308,482.62
Fuel Advance, Other Advances							
and Receivables.	11	113,539.16		113,539.16	50,000.00		50,000.00
Non Current Assets							
Investments	12	89,500,000.00	16,111,782.74	105,611,782.74	85,500,000.00	12,718,220.11	98,218,220.11
Property Plant & Equipment	13	9,020,279.07	2,288,025.84	11,308,304.91	8,967,216.44	2,542,867.01	11,510,083.45
Total Assets		100,100,249.05	19,267,797.51	119,368,046.56	103,252,451.24	16,473,843.83	119,726,295.07
Equity & Liabilities							
Current Liabilities							
Accrued Expenses	14	8,557,029.30	50,488.24	8,607,517.54	8,397,850.98	121,625.38	8,519,476.36
Non Current Liabilities							
Retirement Benefit Obligations	15	184,750.00	621,400.00	806,150.00	184,750.00	621,400.00	806,150.00
Total Liabilities		8,741,779.30	671,888.24	9,413,667.54	8,582,600.98	743,025.38	9,325,626.36
Net Assets		91,358,469.75	18,595,909.27	109,954,379.02	94,669,850.26	15,730,818.45	110,400,668.71
Capital Contributed By							
Capital Reserves		75,000,000.00		75,000,000.00	75,000,000.00		75,000,000.00
Accumulated Surplus		16,358,469.75	18,595,909.27	34,954,379.02	19,669,850.26	15,730,818.45	35,400,668.71
Equity & Liabilities		100,100,249.05	19,267,797.51	119,368,046.56	103,252,451.24	16,473,843.83	119,726,295.07

The Accounting Policies on page 06 to 08 and Notes on the page 13 to 21 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. The Financial Statements were approved by the Board of Directors and signed on their behalf.

For and on behalf of the Board of Directors

Radhika De Silva Deputy Director, LKI Pamela J Deen Director General, BIDTI Ganeshan Wignaraja Executive Director (Actg), LKI

Cash Flow Statement FOR THE YEAR ENDED 31ST DECEMBER 2017

CASH FLOWS FROM OPERATING	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	LKR TOTAL 2016
Surplus For The Period	(3,311,380.51)	2,865,090.82	(446.289.69)	4,899,579.37	2,898,288.33	7,797,867.70
Non-Cash Movements	, ,		, ,			
Depreciations	1,944,911.45	418,313.67	2,363,225.12	1,513,546.12	403,736.30	1,917,282,42
FD Interest added to the Investment		(889,737.68)	(889,737.68)		(294,291.59)	(294,291.59)
Increase/Decrease in the Investment						
Value of Treasury Bills		(3,824.95)	(3,824.95)			0.00
Increase/Decrease in Receivables		3,000.00	3,000.00	(244,652.62)	33,299.70	(211,352.92)
Increase/Decrease in Payables	(103,358.04)	(71,137.14)	(174,495.18)	(249,586.43)	(3,703,232.51)	(3,952,818.94)
Net Adjustment Made to the						
Accumulated Surplus	159,178.32		159,178.32	91,891.81		91,891.81
Gratuity Provisions for the year 2016					186,700.00	186,700.00
Net Cash Flow from Operating						
Activities	(1,310,648.78)	2,321.704.72	1,011,055.94	6,010,778.25	(475.499.77)	5,535,278.45
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets	(1,997,974,08)	(163,472.50)	(2,161,446.58)	(4,794,969.65)	(449,487.50)	(5,244,457.15)
Investments in Fixed Deposits	(4,000,000.00)	(2,500,000.00)	(6,500,000.00)		(5,000,000.00)	(5,000,000.00)
Decrease in the Investment Value						
of Treasury Bills					29,444.90	29,444.90
Net Cash Flow from Investing						
Activities	(5,997,974.08)	(2,663,472.50)	(8,661,446.58)	(4,794,969.65)	(5,420,042.60)	(10,215012.25)
CASH FLOWS FROM FINANCING ACTIVITIES						
Net Increase in Cash and Cash						
Equivalents	(7,308,622.86)	(341,767.78)	(7,650,390.64)	1,215,808.60	(5,896,542.37)	(4,679,733.77)
Cash and Cash Equivalents at the		•				
Beginning of the Year	8,431,752.18	1,207,756.71	9,639,508,89	7,215,943.58	7,103,299.08	14,319,242.66
Cash and Cash Equivalents at the						
End of the Year	1,123,129.32	865,988.93	1,989,118.25	8.431,752,18	1,207,756.71	9,639,508.89

Statement Of Changes In Equity/Net Assets FOR THE YEAR ENDED 3IST DECEMBER 2017

LKI LKR

ATTRIBUTABLE TO OWNERS OF THE CONTROLLING ENTITY								
Contributed Capital Accumulated Surplus Total								
Balance as at 01.01.2017	75,000,000.00	19,669,850.26	94,669,850.26					
Deficit for the Period		(3,311,380.51)	(3,311,380.51)					
Balance as at 31.12.2017	75,000,000.00	16,358,469.75	91,358,469.75					

BIDTI LKR

ATTRIBUTABLE TO OWNERS OF THE CONTROLLING ENTITY								
Contributed Capital Accumulated Surplus To								
Balance as at 01.01.2017		15,730,818.45	15,730,818.45					
Surplus for the Period		2,865,090.82	2,865,090.82					
Balance as at 31.12.2017	-	18,595,909.27	18,595,909.27					

Notes

01. INCOME						LKR
Description	LKI 2017	BIDTI 2017	TOTAL-2017	LKI 2016	BIDTI 2016	TOTAL 2016
Interest	8,173,046.81	1,148,651.45	9,321,698.26	5,877,865.82	515,091.74	6,392,957.56
Course Fees		14,459,610.00	14,459,610.00		12,388,955.80	12,388,955.80
Increase in the Investment						
Value of Treasury Bills		3,824.95	3,824.95			
Hire Charges	6,997,750.50		6,997,750.50	6,574,800.00	6,238.00	6,581,038.00
Total	15,170,797.31	15,612,086.40	30,782,883.71	12,452,665.82	12,910,285.54	25,362,951.36
02. OTHER INCOME						LKR
Description	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Other Income/ Miscellaneous	4,161,996.25		4,161,996.25	2,939,601.02		2,939,601.02
Grant from MFA	14,879,076.19		14,879,076.19	14,481,075.15		14,481,075.15
Loan Interest Received	13,954.41		13,954.41	10,537.34		10,537.34
Total	19,055,026.85		19,055,026.85	17,431,213.51	_	17,431,213.51
	10,000,020.00		10,000,020,00	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		17, 101,210101
3. STAFF EXPENSES						LKR
Description	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Salaries	10,356,608.80	3,714,246.00	14,070,854.80	6,636,646.02	3,226,351.40	9,862,997.42
Employees' Provident Fund	1,203,142.65	262,829.52	1,465,972.17	756,036.71	198,851.62	954,888.33
Employees' Trust Fund	300,785.65	66,467.80	367,253.45	188,435.28	49,712.92	238,148.20
OT/Allowances	1,239,413.93	581,371.71	1,820,785.64	1,029,981.96	591,494.96	1,621,476.92
Lecturer's Payment		1,206,375.00	1,206,375.00		815,000.00	815,000.00
Paper Marking, Supervising &						
Examination Expenses		284,000.00	284,000.00		261,646.24	261,646.24
Travelling		72,803.00	72,803.00		166,248.00	166,248.00
Gift for Lecturers		102,850.00	102,850.00		81,590.00	81,590.00
Gratuity Provisions					186,700.00	186,700.00
Total	13,099,951.03	6,290,943.03	19,390,894.06	8,611,099.97	5,577,595.14	14,188,695.11

Notes

04. SUPPLY & CONSUMABLES EXPENSES

LKR

Description	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Newspapers & Periodicals		122,700.00	122,700.00		19,260.00	19,260.00
Examination Expenses					308,776.20	308,776.20
Course Expenses		645,828.50	645828.50			
Photograph Expenses				152,118.50		152,118.50
Office Rent		3,141,849.61	3141,849.61		1,094,595.95	1,094,595.95
Website Development & Hosting					156,000.00	156,000.00
Office Maintenance		87,750.00	87,750.00			
Advertising		118,910.00	118,910.00		63,497.00	63,497.00
Course Inauguration, Convocations						
& Awards		39,205.00	39,205.00		260,932.23	260,932.23
Hiring Vehicles				13,983.23		13,983.23
Exam Hall Expenses		235,042.84				
Fuel/Travelling	1,946,274.19	320,300.00	2,266,574.19	416,446.08	269,090.00	685,536.08
Water	298,452.74	40,048.57	338,501.31	202,294.34		202,294.34
Electricity	2,034,021.60		2,034,021.60	2,040,190.69		2,040,190.69
Postal & Telecommunication	2,549,204.13	278,353.74	2,827,557.87	2,282,656.53	234,026.08	2,516,682.61
Maintenance (Garden/Building)	1,994,479.00		1,994,479.00	2,589,703.23		2,689,703.23
Stationary/Printing Charges	3,090,029.21	441,924.32	3,531,953.53	993,446.67	436,345.57	1,429,729.24
Goods & Services	2,142,278.40		2,142,278.40	750,927.88		750,927.88
Refreshments	2,336,528.50	248,188.00	2,584,716.50	727,994.99	869.992.85	1,597,937.84
Security	1,812,526.63		1,812,526.63	1,879,934.32		1,879,934.32
Janitorial	1,507,094.00		1,507,094.00	1,413,510.00		1,413,510
Maintenance (Plant/Machinery/						
Equipment/Vehicle)	580,247.01	113,023.19	693,270.20	743,007.37	100,163.89	843,171.26
Hospitality						
Training & Accommodation						
Total	20,291,135.41	5,833,123.77	26,124,259.18	14,306,163.83	3,812,679.77	18,118,843.60

05. GRANT AND OTHER TRANSFER PAYMENTS

LKR

Description	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Rates/Taxes				90,860.00		90,860.00
Total				90,860.00		90,860.00

06. DEPRECIATIONS LKR

	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Depreciations	1,944,911.45	418,313.67	2,363,225.12	1,513,546.12	403,736.30	1,917,282.42

Notes

07. OTHER EXPENSES						LKR
	LK 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Miscellaneous Expense	2,141,972.68	136,358.11	2,278,330.79	305,917.42	89,225.00	395,142.42
Petty Cash	2,040.00	61,282.00	63,322.00	, 	122,761.00	122,761.00
Others	13,724.10	, 	13,724.10		, 	·
Total	2,157,736.78	197,640.11	2,355,376.89	305,917.42	211,986.00	517,903.42
08. FINANCE COST						LKR
	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	TOTAL 2016
Bank Charges/Withholding Taxes		6,975.00	6,975.00	90,445.62	6,000.00	96,445.62
Audit Fees	43,470.00		43,470.00	66,267.00		66,267.00
Accounting Fees						
Total	43,470.00	6,975.00	50,445.00	156,712.62	6,000.00	162,712.62
09. CASH & CASH EQUIVALENTS						LKR
	LKI 2017		BID	TI 2017		TOTAL 2017
Bank of Ceylon	1,123,129.32		865,	988.83		1,989,118.15
10. FESTIVAL ADVANCE & LOAN DUE						LKR
10. FESTIVAL ADVANCE & LOAN DUE	LKI 2017	BIDTI 2017	TOTAL 2017	LKI 2016	BIDTI 2016	LKR
10. FESTIVAL ADVANCE & LOAN DUE Balance as at 31.12.2016	LKI 2017 343,301.50	BIDTI 2017 2,000.00	TOTAL 2017 345,301.50	LKI 2016 303,482.62	BIDTI 2016 5,000.00	
						TOTAL 2016 308,482.62
Balance as at 31.12.2016						TOTAL 2016 308,482.62
Balance as at 31.12.2016	343,301.50	2,000.00	345,301.50	303,482.62	5,000.00	TOTAL 2016 308,482.62 LKR
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE	343,301.50 LKI 2017	2,000.00 BIDTI 2017	345,301.50 TOTAL 2017	303,482.62 LKI 2016	5,000.00	TOTAL 2016 308,482.62 LKR TOTAL 2016
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances	LKI 2017 50,000.00	2,000.00 BIDTI 2017	345,301.50 TOTAL 2017 50,000.00	303,482.62 LKI 2016	5,000.00	TOTAL 2016 308,482.62 LKR TOTAL 2016
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances Receivable Mr. Adam	LKI 2017 50,000.00 1,000.00	2,000.00 BIDTI 2017	TOTAL 2017 50,000.00 1,000.00	303,482.62 LKI 2016	5,000.00	TOTAL 2016 308,482.62 LKR TOTAL 2016
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances Receivable Mr. Adam EPF/ETF Receivable	LKI 2017 50,000.00 1,000.00	2,000.00 BIDTI 2017	TOTAL 2017 50,000.00 1,000.00	303,482.62 LKI 2016	5,000.00	TOTAL 2016 308,482.62 LKR TOTAL 2016
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances Receivable Mr. Adam EPF/ETF Receivable Other Cash	LKI 2017 50,000.00 1,000.00 62,539.16	2,000.00 BIDTI 2017 - - -	TOTAL 2017 50,000.00 1,000.00 62,539.16	LKI 2016 50,000.00	5,000.00 BIDTI 2016 - - -	TOTAL 2016 308,482.62 LKR TOTAL 2016 50,000.00
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances Receivable Mr. Adam EPF/ETF Receivable Other Cash Total	LKI 2017 50,000.00 1,000.00 62,539.16	2,000.00 BIDTI 2017 - - -	TOTAL 2017 50,000.00 1,000.00 62,539.16	LKI 2016 50,000.00	5,000.00 BIDTI 2016 - - -	TOTAL 2016 308,482.62 LKR TOTAL 2016 50,000.00
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances Receivable Mr. Adam EPF/ETF Receivable Other Cash Total	343,301.50 LKI 2017 50,000.00 1,000.00 62,539.16 - 113,539.16	2,000.00 BIDTI 2017 - - -	TOTAL 2017 50,000.00 1,000.00 62,539.16 - 113,539.16	LKI 2016 50,000.00 50,000.00	5,000.00 BIDTI 2016	TOTAL 2016 308,482.62 LKR TOTAL 2016 50,000.00 50,000.00
Balance as at 31.12.2016 11. FUEL ADVANCE & LOAN DUE Fuel Advances Receivable Mr. Adam EPF/ETF Receivable Other Cash Total 12. INVESTMENTS	343,301.50 LKI 2017 50,000.00 1,000.00 62,539.16 - 113,539.16	2,000.00 BIDTI 2017 BIDTI 2017	TOTAL 2017 50,000.00 1,000.00 62,539.16 - 113,539.16	LKI 2016 50,000.00 50,000.00	5,000.00 BIDTI 2016 BIDTI 2016	TOTAL 2016 308,482.62 LKR TOTAL 2016 50,000.00 50,000.00 LKR TOTAL 2016

13. PROPERTY, PLANT AND EQUIPMENT

LKI

Description	Cost as at 01.01.2017	Additions & Disposals		Accumulated Depreciation	Depreciation for the year as at 01.01.2017	Accumulated Depreciation as at 31.12.2017	Net Book Value
Electric Equipments	5,102,442.14	160,500.00	5,262,942.14		526,294.21	1,833,773.91	3,429,168.23
Computer Equipments	1,918,680.01	1,568,100.00	3,486,780.01	2,048,437.51	871.695.00	2,920,132.51	566,647.50
Office Furniture	1,994,658.48	196,432.50	2,191,090.98		219,109.10	1,075,200.23	1,115,890.75
Steel Furniture	290,259.44	-	290,259.44		29,025.94	172,471.39	117,788.05
Machinery Sundry Itoms	892,377.06	=	892,377.06 234,084.38		89,237.71	200,379.14	691,997.92
Sundry Items Building & Structures	234,084.38 3,189,193.00	-	3,189,193.00		23,408.44 159,459.65	75,204.81 733,198.25	158,879.57 2,455,994.75
Library Books	460,686.44	72,941.58	533,628.02		26,681.40	49,715.72	483,912.30
Total	14,082,380.95	1,997,974.08	16,080,355.03		1,944,911.45	7,060,075.96	9,020,279.07
BIDTI							
Description	Cost as at	Additions &	Cost at	Accumulated	Depreciation	Accumulated	Net Book
	01.01.2017	Disposals	31.12.2017	Depreciation	for the year	Depreciation	Value
				as at		as at	
				01.01.2017		31.12.2017	
Office Equipment	1,851,125.24	122,075.00	1,973,200.24	1,297,407.37	197,320.02	1,494,727.39	478,472.85
Lecture Hall Equipment	814,647.50	6,000.00	820,647.50	572,500.00	82,064.75	654,564.75	166,082.75
Furniture & Fittings	1,760,774.42	22,657.50	1,783,431.92	398,754.96	89,171.60	487,926.56	1,295,505.36
Library Books	163,621.00	12,740.00	176,361.00	106,152.82	8,818.05	114,970.87	61,390.13
Name Board & Logo	409,392.51	=	409,392.51	81,878.50	40,939.25	122,817.75	286,574.76
Total	4,999,560.67	163,472.50	5,163,033.17	2,456,693.65	418,313.67	2,875,007.32	2,288,025.85

14.ACCRUED EXPENSES

LKI	LKR
-----	-----

Description	Amount
BMICH and Others	7,501.646.93
Salary	32,440.34
Allowance/OT	64,861.92
Janitorial	184,542.00
Postal Telecommunication	74,144.53
Security	152,451.29
Electricity	150,850.40
Water	19,597.15
Maintenance of Garden and Building	63,000.00
Good & Service	42,000.00
Other	13,724.10
Stationaries/Printing	27,107.16
Refundable Deposit	200,000.00
PAYE tax	30,663.48
Total	8,557,029.30
BIDTI	
Description	Amount
Hospitality/ Refresh	1,260.00
Miscellaneous	439.00
Postal and Communication	17,359.17
Water	1,560.00
Overtime	15,860.07
Newspapers	14,010.00
Total	50,488.24

15. RETIREMENT BENEFIT OBLIGATIONS

LKR

	LKI 2017	BIDTI 2017
Balance at 01.01.2017	184,750.00	621,400.00
Provisions for the Year	-	-
<u>Payments</u>	-	-
Balance as at 31.12.2017	184,750.00	621,400.00

Fixed Deposits

FIXED DEPOSITS

LKI

Institution	Date of Invest	Date of Maturity	Amount
BOC	29.05.2017	29.05.2018	5,000,000.00
BOC	05.06.2017	05.06.2018	25,000,000.00
BOC	09.06.2017	09.06.2018	1,500,000.00
BOC	21.07.2017	21.07.2018	9,000,000.00
BOC	19.09.2017	19.09.2018	15,000,000.00
BOC	17.12.2017	17.12.2018	25,000,000.00
BOC	23.11.2017	23.11.2018	5,000,000.00
BOC	04.25.2017	04.25.2018	2,000,000.00
BOC	04.25.2017	04.25.2018	2,000,000.00
Total			89,500,000.00

FIXED DEPOSITS

BIDTI

Institution	Date of Invest	Date of Maturity	Balance
BOC	11/22/2017	02/20/2018	596,246.22
BOC	11/19/2017	05/18/2018	590,490.87
BOC	02/10/2017	02/09/2018	1,1,40,459.20
BOC	08/24/2017	08/23/2018	1,157,480.50
BOC	11/03/2017	11/02/2018	1,763,308.01
BOC	03/11/2017	03/10/2018	2,161,000.00
BOC	05/20/2017	05/19/2018	2,165,600.00
BOC	10/07/2017	01/06/2018	1,109,444.47
BOC	05/30/2017	01/30/2018	2,500,000.00
Total			13,184,029.27

TREASURY BILLS

BIDTI

Institution	Date of Invest	Date of Maturity	Investment Value	Balance
BOC	11/03/2017	05/04/2018	479,042.00	500,000.00
BOC	11/10/2017	02/09/2018	1,000,391.97	1,021,275.00
BOC	11/03/2017	05/04/2018	479,042.00	500,000.00
BOC	11/24/2017	05/25/2018	479,501.50	500,000.00
BOC	11/10/2017	05/25/2018	489,776.00	500,000.00
Total			2,927,753,47	3,021,275.00

Our Supporters

The Lakshman Kadirgamar Institute welcomes support, financially and in kind, to develop influential and independent research of high quality. LKI accepts contributions from supporters who do not seek to compromise the independence of its research. All sources and terms of support are subject to internal review and approval from the Board of Management. LKI is grateful for the generous support it receives. In keeping with practice in leading think tanks, LKI is committed to transparency in its funding relationships.

Our major supporters in 2017 are listed below:

MJF Group (Dilmah Ceylon Tea Company)
Expolanka Holdings PLC
Hemas Holdings PLC
J. Walter Thompson Sri Lanka
Overseas Development Institute











