

The Sri Lankan advicescape and the productive venture of fixing a balance of payments crisis

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Inequalities in South Asian Advicescapes²

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This second research report addresses how project researchers may conceptualise the advicescape in Sri Lanka. Informed by Appadurai (1990)¹, it historicises and maps the terrain of Sri Lanka's various financescapes and ideoscapes post-independence, demonstrating at different scales how post-colonial crises in capital endure as a significant political problem for GOSL (Government of Sri Lanka) which its engendering of an emergent advicescape attests to address. In doing so, this report takes significant note of international relations and economics scholarship which usefully conceptualises the various geopolitical economic entanglements that GOSL finds itself as a wider game theoretic problem. Combining Appadurai and game theory illuminates the ways in which GOSL efforts to stimulate an advicescape are firmly situated as a policy tool – a fix (to innovate Harvey [2003])² – to address perennial balance of payments crises. At the same time, this report suggests that the advicescape that has emerged in Sri Lanka is also itself a field of strategic manipulation to the extent that its functions may have shifted from the attested objective of 'fixing' these crises and has evolved into a self-serving industry in its own right. By surveying Sri Lanka's histories of national indebtedness and the new infrastructure projects that accompany it, this report invites AFSEE researchers to consider how the advicescape, then, is a product, beneficiary and constitutive part of these wider games and conflicts in capital at various scales.

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Sri Lanka maintained its classification as a middle-income country in July 2020 (World Bank 2020), even though it was downgraded by the thinnest of margins from upper- to lower-middle income.³ Even in development discussions before 2020, it has been customary to celebrate how Sri Lanka's long-term growth rate 'compared favourably' to other developing nations (Kelegama 2000:1477).⁴ The seeming neatness of its post-conflict economic growth and the renewed plaudits of peace and modernity convey a radical break from history – and they belie the existence of longstanding political and economic crises. In particular, the current balance of payment crisis in Sri Lanka merits consideration of its pre-conflict antecedents and the historical, structural legacies of colonial rule. These index the fraught histories of development in Sri Lanka, which continue to characterise the contemporary advicescape – and sets the scene for possibly a new form of 'venture development'.

Let the robber barons come?

Scholars readily observe that two residual features of colonial rule significantly shaped Sri Lanka's development landscape in the period between independence (1948) and the first tranche of liberalisation (1977).

Jayasuriya (2010:111-136)⁵ identifies the first: the (partial) realisation of the Sri Lankan welfare state, which he observes drew inspiration and administrative guidance from the architects of the British post-war welfare settlement. This set the infrastructural groundwork for Sri Lanka's oft-celebrated economic capability and HDI. Kelegama (2000:1481) notes that the Sri Lankan welfare state relied on income raised from export taxation – a fiscal strategy bemoaned by Ivor Jennings, who reportedly played a key role in planning the Sri Lankan post-independent constitution. In any case, the relatively stability of the welfare state until the 1970s, Kelegama notes, was due to a relative post-war consensus between UNP and leftist groups.

This leads to the second post-colonial structural artefact: a plantation-based (tea, rubber, coconut) export economy, which constituted 90% of incoming foreign transfers in the early post-independence era and which relied on state-subsidised rice imports (Kelegama 2000:1477-1478). In retrospect, Kelegama affirms Jennings' concerns about its unsustainability. The terms of trade deteriorated drastically in the early 1970s: Kelagama apportions blame for this on GOSL fiscal over- and mis-spending and increasing dirigisme. It is perhaps telling that Kelegama does not mention Sri Lanka's accession to the Bretton Woods mechanism in 1950 and Sri Lanka's position within circuits of global capital at the time (although he does cite the 1970s OPEC crisis as a key 'external shock' for Sri Lanka).

Whatever the causes and significance of this 1970s deterioration in the terms of trade, economic liberalisation took place in 1977. The rice subsidy programme ended, Kelegama notes approvingly, as GOSL also sought to effect an upsurge in FDI, tourism, anti-trade union policy and the invitation of 'big-D' development donor funding to resolve the ongoing balance of payments crisis. This dovetailed with receipt of the first structural adjustment loan from the World Bank in 1982 (Kelegama 2000:1484).

It is in this well-worn narrative that the then Prime Minister of Sri Lanka reportedly remarked 'Let the robber barons come' (Kelegama 2000:1483; FT, 27 Aug 1980) – a defiant and possibly even desperate hope that collusion with the circuits of capital from the Global North may prove advantageous for the Sri Lankan economy. In retrospect, Jayewardene's brazenly expressed gambit presaged violent government excesses against the Tamil minority. Newton Gunasinghe (e.g., 2004)⁶ and sociologists following him suggest that the dissensus that economic liberalisation generated played a constitutive role in the 26-year conflict that followed in 1983. The Sri Lankan fiscus became variously debt-burdened in the 1990s, largely due to increased military spending (Kelegama 2000:1485) – China emerged as a key arms supplier (Kelegama 2016)⁷; although it might be amiss to suggest that the Civil War necessarily foreclosed economic development (ibid.).

Through this prism of historical dissensus and (geo)political manoeuvring, the refrain 'Let the robber barons come' acquires renewed analytic salience in the post-conflict Sri Lankan development landscape.⁸

Various commentators usefully deploy the international relations heuristic of 'the game' to illuminate the present-day foreign relations entanglements that GOSL finds itself in and variously invites.⁹ China's Belts and Road development initiative figures prominently in these discussions. Visually striking examples of recent Chinese investment in Colombo's infrastructure include the Nelum Pokuna performing arts centre, the Lotus Tower telecommunications project and Colombo Port City. (These development projects densely populate the skyline of the Colombo district which plays host to the variously celebrated 'movers and shakers' of the advicescape that is surveyed in this report). For Jayawardena (2018) among other commentators, this exemplifies Chinese jockeying for dominance to challenge Indian subcontinental hegemony. Meanwhile, Trincomalee Harbour in the Tamil north east has seen various reports of Indian and US expressions of interest to redevelop the port infrastructure, presumably to counterbalance China's influence in Sri Lanka.¹⁰

The wider political bargains that these development projects comprise are well observed. Abeyagoonasekera (2021) notes the mutual political expedience for both China and Sri Lanka of the latter's embrace of China's Belts and Road Initiative.¹¹ For China, he notes, Sri Lanka represents a strategic hub through which Chinese regional influence might be exerted (vis-à-vis

India and the US) – and GOSL supports the Chinese state’s policy towards the Uyghurs in exchange for Chinese vetoes to heightened UN scrutiny of GOSL’s excesses towards its Tamil minority.¹² The development of China-Sri Lankan relations by presidential executive discretion has not been solely challenged by commentators on the basis that it is seemingly undemocratic to bypass the Sri Lankan legislature – although such critiques of Rajapaksa do resound (e.g., Gunasekara 2021; Sultana 2021¹³). More importantly for many observers, this mode of conducting international relations indicates limited gamesmanship (e.g., Abeyagoonasekera 2021).¹⁴

Financial commentators observe that the Sri Lankan cycles of balance of payment crises continue (Moramudali 2019).¹⁵ Since 2007, Sri Lanka’s debt burden has increased considerably due to less attractive loan terms being imposed upon it by international sovereign debt bond market than its previous concessionary lenders (e.g., World Bank). Indeed, Sri Lanka’s heightened recourse to Chinese finance to fund its development projects – much of it on commercial terms – is interpreted by many commentators as a last resort and a compounding factor to conjoined crises of sovereign debt and balance of payments.¹⁶ Moramudali notes that a series of these sovereign bonds – to the value of \$5 billion – are due to be paid by the end of 2022; and that perennial concerns exist on the financial markets about Sri Lanka’s indebtedness. Although GOSL had previously attested that it would not rely on IMF financial facilities¹⁷, it recently resorted to \$787 million of IMF Special Drawing Rights reserves.¹⁸ For commentators, the increased interest liability for GOSL and creditworthiness degrade by Fitch¹⁹ and S&P represents both a cause and ongoing effect of a debt-crisis which combines with the ongoing BOP crises. Indeed, recent announcements that Sri Lanka has secured a further loan from China (\$1.5 billion) are seen as an indicator of the problem²⁰; reports of the Chinese acquisition of the Chinese-funded Hambantota Port express further claims of ‘debt-trap’ diplomacy.²¹

International relations scholars attending to Sri Lanka’s recent debt crises observe that GOSL is ‘no stranger to geopolitical games’, highlighting the need to situate GOSL’s interactions with other states and international financial institutions as a form of political strategising through which it seeks to realise its own interests.²² This insight aligns with the *longue durée* of Sri Lankan development examined earlier: these histories reveal the cyclical post-colonial nature of balance of payment crises which continue to impel GOSL to pursue a fix, enunciated 30 years earlier by Jayewardene’s ‘robber barons’ refrain. In the post-conflict era, this report suggests, the GOSL’s longstanding objective to increase exports and FDI represents an ongoing fix. Yet, whilst the problems and objectives that this fix seeks to address are well-worn, it finds new expression in the adoption of a development-by-ICT agenda which has generated a highly populated Sri Lankan advicescape: a convoluted arena for old and new actors which is considerably structured by these geopolitical games and post-colonial legacies.

Fixing the crisis with a scatter gun? The business of strategic bricolage

By seeking to implement a pro-‘start-up’ and ‘e-development’ agenda immediately post-conflict, GOSL signalled its renewed intent to ‘rebalance’ its national economy’s current account. The most apparent governmental driver of this agenda remains the ICTA – a governmental organisation under the the Ministry of ICT. The ICTA’s About Us section attributes the inspiration for this ‘Digital Sri Lanka’ development agenda – and thus the ICTA’s very founding – to the World Bank. A key World Bank publication details the process through which the GOSL’s e-development strategy was first conceived (Hanna 2007).²³ It notes that the Sri Lankan project drew inspiration from a seemingly trailblazing India-USAID collaboration in 2002 and that GOSL’s Minister of Science and Technology took the ‘unusual’ initiative of approaching the World Bank himself to propose a similar e-development scoping project in Sri Lanka, the prospects of which the Bank had reportedly found dubious at first due to Sri Lanka’s ‘development challenges’ at the time (Hanna 2007:13). The World Bank publication observes that GOSL’s expressions of interest were nonetheless well-justified. At the time of the initial scoping analysis, GOSL and the World Bank estimated that Sri Lanka’s total export revenues from e-commerce in 2003 were \$155 million: they forecast a baseline scenario of \$1,800 million in e-commerce export revenue from e-development in 2014 if the vision was successfully implemented (Hanna 2007:82). A \$6 million ICT Capacity Building fund was reportedly disbursed to GOSL by the World Bank in 2007 for a 4-year program to contribute to the development of the infrastructure which (GOSL and the World Bank anticipated) would germinate into what is now considered the ‘start-up ecosystem’ (Hanna 2007:100). This has since been followed inter alia by Asian Development Bank assistance (see, e.g., its 2016 package).²⁴

Subsequent GOSL reforms to the taxation system followed in 2014. These first sought to incentivise *foreign* ICT start-ups in particular. Business analysts Oxford Business Group reported that new firms in 2012 with ‘investments in excess of \$250,000 were granted four-year tax holidays’ by GOSL – and those with investments over \$2 million were granted ‘additional tax free years’.²⁵ OBG cites Virtusa as a notable beneficiary of this change: a multi-billion dollar American fintech firm. In 2014, new IT firms attracted a five-year tax holiday. Further tax reforms in 2020 variously extended these concessions to a wider array of investment more generally: IT start-ups now reportedly qualify for an effective 0% corporation tax and capital gains rate, for example, and other foreign firms are also eligible for 5 to 10-year tax holidays.²⁶ This mirrors the incentive structure of the Chinese-funded and –owned new Colombo Port SEZ. Founded in its current guise in 2021, the SEZ advertises itself as a tax-free zone and burgeoning international financial centre open to local and international firms that are able – in fact, required as a condition – to attract foreign investment.²⁷ For many Sri Lankan political commentators, these reforms amount to the creation of a tax haven which represents an

uneasy assemblage of Chinese and (prospectively) US capital inter alia, playing host to a volatile mixture of geopolitical and financial forces and selling off Sri Lanka sovereignty in the process. This suturing of Chinese infrastructure and US-backed finance initiatives represents an analytically emblematic political economic backdrop for the Sri Lankan advicescape: foreign debt in Sri Lanka has both variously contributed to ongoing balance of payment crises and has constructed the infrastructure that is variously celebrated as representing a potential panacea.

A bifurcation is evident in Sri Lankan discourse as elsewhere between ‘start-ups’ and ‘SMEs’ – and in the Sri Lanka online sphere, SMEs are seemingly not accorded as much attention as start-ups.²⁸ This is somewhat striking, given that various GOSL policy papers recognise the potential of SMEs to contribute to national exports. Two organisations prominently feature in the Sri Lankan advicescape for SMEs: the Sri Lanka Chamber of Small & Medium Industries (a longstanding chamber of commerce with GOSL support) and the Small Enterprises Development Division of the GOSL Ministry for Youth and Sport.²⁹ Yet these organisations appear to lack the same publicity of their work and wider policy briefs as their start-up counterparts. Indeed their respective websites seem to be in disrepair or unfinished, as does the website of a further relevant government body: the Ministry of National Policies and Economic Affairs.³⁰ Other government bodies such as Tertiary and Vocational Education Commission³¹ and National Apprentice and Industrial Training Authority³² also appear to be closely linked in this GOSL cluster of the SME advicescape. What coalesces this disparate array of entities is that they appear to be static in their self-representation and policy visions. These organisations, then, seem to represent the vestiges of an earlier era of liberalisation that have not been incorporated into GOSL’s post-2010 development agenda and the infrastructure and incentive reforms which accompany it. In other words, they appear to be largely remnants of a welfarist project that focussed on education and skilling labour for SMEs – not to become entrepreneurs in their own right.

In contrast, there is been a voluminous proliferation of seemingly devoted attention to the Sri Lankan start-up ecosystem since 2010³³: a flourish of new institutional bodies with polished websites, promotional media and grandstand events, a series of which have been hosted in the Nelum Pokuna performing arts centre.³⁴ In an early report written by Pricewaterhouse Coopers for SLASSCOM (a central industry body with GOSL support) and the Sri Lanka Export Development Board (a GOSL body), the ICT sector was once more highlighted as a potential ‘top export revenue generator for Sri Lanka’ (PwC 2010:4).³⁵

The landscape of GOSL-sponsored start-up development bodies represents a dense and multiplex mosaic; its overcrowding eludes straightforward analysis, as an earlier project Concept Note duly observes. This is evident even *within* the singular ICT ministerial policy brief of ‘e-development’.

Two Colombo-based, GOSL-supported initiatives co-exist with the *same* name: Startup Sri Lanka. Compare their respective 'About Us' online briefs (enumeration my own):

Startup Sri Lanka₁: Startup Sri Lanka Hub is a one-stop platform for all stakeholders in the Startup ecosystem to interact amongst each other, exchange knowledge and form successful global level partnerships in a highly dynamic environment.³⁶

Startup Sri Lanka₂: Startup Sri Lanka [...] is the national online platform for startups in Sri Lanka, connecting them to thousands of other startups, as well as other key stakeholders such as investors, mentors and incubators.

Both initiatives' websites serve a commensurable function: a rudimentary Who's Who of the start-up ecosystem of Sri Lanka, an online networking platform between start-ups, influential figures (government and private-sector) and venture capital.³⁷

Following the Bangladesh AFSEE report, it might be inferred that both initiatives represent an attempt to realise the presumably synergistic potential of capital by increasing the proximity of funding, ideas and certain kinds of people. At the same time, the degree of fragmentation in the Sri Lankan advicescape is more evident than the Bangladesh case, challenging the notion that it serves a similar function. The remainder of this report addresses the reasons why the Sri Lankan start-up advicescape displays such complexity, attending to how the Sri Lankan start-up advicescape represents an emerging market *in and for itself*, seemingly drifting away from the GOSL agenda of correcting the current account deficit whilst simultaneously effecting GOSL's e-development agenda.

Closer attention to each Startup Sri Lanka initiative helpfully reveals their distinct institutional lineages. Startup Sri Lanka₁ is a direct ICTA initiative. Among other services, it invites aspiring entrepreneurs to access private-sector financing by filling in a downloadable expression of interest form from its website:

The steps to follow;

1. Download, fill the EOI (Expression of Interest), and send to startups@icta.lk an email note requesting debt
2. You will be contacted by PwC regarding the submission
3. Sign the NDA with PwC who will be assessing the company and derive the credit rating
4. ICTA will communicate the ratings to the banks

5. The business unit of the banks will contact the company for further information/assessment
6. The rates and the amount which the banks can offer will base on a mutual agreement between the banks and the company

Startup Sri Lanka₂, meanwhile, is a project which is directed by the private-sector body, SLASSCOM. Unlike Startup Sri Lanka₁ – interestingly – Startup Sri Lanka₂ does not provide as forthright insight into how one might access start-up finance; instead, it relies largely on the purported networks of investors and angels who populate the initiative’s membership and who, its publicity indicates, provide mentorship for aspirant entrepreneurs who sign up for membership of the network.

These two initiatives seem to exhibit complementarity rather than diffuse competition. Startup Sri Lanka₂, for example, promulgates recent GOSL reforms to economic incentives, approvingly citing their benefits for the IT sector. In the other direction, ICTA lends its approval to many SLASSCOM publications: key ministerial figures have tended to feature as foreword authors. In addition, ICTA branding is ever-present in the dazzling array of SLASSCOM events and support initiatives, which have reportedly developed a new generation of Sri Lankan start-ups.

A survey of the corporate ‘success stories’ of the various SLASSCOM/ICTA initiatives, however, suggests that the success of their so-called alumni is not in fact evidently attributable to their participation in such initiatives. Shehan Selvanayagam is one of the most evidently celebrated success stories of the Spirallation programme - a SLASSCOM-sponsored yearly cohort start-up development programme.³⁸ Selvanayagam’s narrative is celebrated by Spirallation as a 2010 alumnus who subsequently realised his start-up vision – a digital marketing agency named LOOPS – and who returns to share the same inspiration he received:

I actually started as one of the first Spirallation [sic] companies about 9 years ago, and got lot of learnings. Spirallation gave me a lot of insights because there was a demanding 6 month training program where we got mentors and all of that. It was not so much about the money, but learnings in terms of how to start a company, legal framework, technical things and mentors were able to guide us how to do the solution, that was very useful.³⁹

The role that Spirallation plays in the success of Selvanayagam’s enterprises appears tenuous. A browse of Selvanayagam’s LinkedIn⁴⁰ suggests that he was already a well-qualified, serial entrepreneur with access to funding (not least for overseas higher degrees) even before 2010:

Experience
Managing Director
Loops Integrated
Jan 2011 - Present
Colombo, Sri Lanka

Founding Member
Digital Marketing Association of Sri Lanka
(DMASL)
Jul 2021 – Present

General Council
SLASSCOM (Sri Lanka Association for
Software and Services Companies)
Jun 2020 - Present

Director
Creative Kiwi Animations
Jan 2016 - Present

Director
Onally Holdings PLC
Sep 2012 - Apr 2021

Head of Marketing
Healthy Living
Jan 2013 - Mar 2017
Sri Lanka

E-Channels Manager
Nations Trust Bank PLC
Apr 2008 - Jun 2011

E-Commerce Executive
SriLankan Airlines Official
Sep 2005 - Apr 2008

Head of Voice Operations
Hello Corporation
Jul 2002 - Jul 2004

Founder
ClickLanka
2002 - 2004

Founder
Technoserv
1996 - 2003

Education
Keele University
M.Sc Information Technology
2006 - 2008

CIM | The Chartered Institute of
Marketing
Marketing
2005 - 2008

University of Wales
B.Sc Business Management
1998 - 2001

Wycherley International School
High School Diploma - Commerce
1987 - 1998

Selvanayagam's profile is largely representative of the alumni of such schemes inasmuch as alumni's start-up credentials were evidently appreciable *before* their inclusion into such support initiatives.

In other words, these start-up advice and support initiatives appear scarcely 'transformative'. Their criteria and selection process favour start-up companies that are already well-developed and highly networked, with their founders already (emergent) mainstays of the start-up ecosystem.⁴¹ They do not, then, neatly represent a vehicle for new entrants who might not have already possessed the capacity to access the ecosystem in any case. Even then, these support initiatives' value to the start-up ecosystem is likely to be overstated by the plaudits: the overwhelming majority of highly celebrated Sri Lankan start-ups by online commentators do not appear to be associated with such schemes. PickMe, for example, a 2015 founded Colombo start-up represents one of the most lauded enterprises, its model as a ride-hailing app drawing inevitable parallels to Uber. Its founder, Jiffry Zulfer, has also been celebrated as a 'rising star' and 'tech disrupter', recently featuring in a Colombo magazine's list of young influential figures (*Echelon* 2020).⁴² A browse of Zulfer's LinkedIn demonstrates his qualified profile and his status as an alumnus of a prestigious independent school – St Aloysius College.⁴³ These success narratives also belie how Zulfer was the beneficiary of a major acquisition of a previous online retail platform that he had earlier co-founded in 2011 (by Dialog Axiata, a major Sri Lanka telecommunications conglomerate).⁴⁴ (That platform, anything.lk, is now defunct; its successor – wow.lk – was acquired by Chinese conglomerate Alibaba in 2019 to become Daraz.lk).⁴⁵ Zulfer's PickMe received seed funding from John Keells Holdings Plc – a major service sector Sri Lankan conglomerate that was founded in the 1870s by English colonialists in the Ceylonese tea plantations.⁴⁶ John Keells maintains a presence on PickMe's management board in the guise of Ajit Gunewardene. Despite the plaudits, then, access to finance in the Sri Lankan ecosystem follows well-worn paths that appear historically structured and timeless, alluding to the analytic salience of the macro-level geopolitical games for influence discussed earlier.

As such, a brief survey of these highly publicised development initiatives in the Sri Lankan advicescape affirms the findings of an earlier study of the determinants of start-up success in France: pre-existing capital and wealth remain crucial barriers to entry to what is now termed the start-up ecosystem (Bastié, Cieply and Cussy 2013).⁴⁷ If anything, Sri Lankan initiatives such as Spirallation seem to extend this intuitive argument insofar as such barriers to entry exist not just to penetrate the start-up ecosystem *per se*, but also to *access the support schemes* to claim to do so.

The uses of the scattergun approach: unicorn mining or extraction by iterative co-optation

Even through this brief online survey of the Sri Lankan start-up ecosystem, the iterative fragmentation of the start-up advicescape challenges the assumption that its current form singularly functions to conjure unicorns. In other words, nascent start-ups may not represent the sole beneficiaries of the start-up advicescape given its noticeable convolution, self-referencing and barriers to entry. Indeed, rather than increasing the proximity of ideas, capital and burgeoning entrepreneurs to each other, it might be more accurate to suggest that it increases the proximity of already dominant players in the Colombo and global circuits to each other and affords them new opportunities to extract value.

A new industry of start-up development organisations in Sri Lanka is evident: those organisations that assume the charter of stimulating the Sri Lankan start-up ecosystem represent some of the most conspicuous beneficiaries. PricewaterhouseCoopers, for example, is an MNC beneficiary that performs a financially productive pivotal role: acting as a mediator between entrepreneurs and credit, and authoring SLASSCOM's regular reports on the state of the start-up ecosystem. A Silicon Valley headed entity, Startup Genome is another MNC advice and consultancy organisation which has been contracted by GOSL to evaluate the state of the national start-up ecosystem and advise on how to stimulate its growth.⁴⁸ Hatch – a Colombo Port City based start-up incubator and co-working space – provides infrastructure support to SLASSCOM (e.g., managing the Startup Sri Lanka₁ platform) and presumably also benefits from the enhanced networking of the ecosystem in order to publicise itself to prospective clients.⁴⁹ Dialog Axiata also considerably populates the various management boards of SLASSCOM, presumably benefitting from the publicity and plaudits that SLASSCOM provides too. Indeed, it appears customary in successive yearly SLASSCOM award galas to recognise Dialog for stimulating the ecosystem. The bodies that attest to support the start-up ecosystem therefore derive considerable reputational benefit in doing so and heightened business opportunities. This largely mirrors what has been observed in the aid industry (Mosse and Lewis 2005)⁵⁰: these organisations have carved a sphere to generate revenue in a manner that appears considerably unmoored from the original project of supporting new entrants and balancing the national current account deficit in that manner. Yet, differing considerably from the aid industry, it seems that it is not aimed at extracting value from the 'bottom of the pyramid' as much as synergistically enhancing – and consolidating – capital returns towards the top.⁵¹

It is possible to infer then that the Sri Lankan advicescape variously evidences a degree of 'regulatory capture'. This characterisation is not without merit and will largely pivot on the future prospects of these organisations to contribute to a reduction in the balance of payments deficit – the attested central GOSL policy objective. At the same time, this case of 'capture' is somewhat subtle, since there are clear attestations of support from start-up development

bodies for GOSL's IT industrial support policy package. From the outset, the objective of a flourishing Sri Lankan start-up ecosystem was not conceived as a need-based development lever to animate growth from the bottom of the pyramid, but indeed as a fraught fix to historical geopolitical conflicts of capital which appears to now assume a life of its own.

Appendix 1 – select media and sectoral coverage that promote Sri Lanka’s start-up ecosystem and its dominant players

GSMA (2017) *A deep dive into the Sri Lankan start-up ecosystem*

<https://www.gsma.com/mobilefordevelopment/country/sri-lanka/deep-dive-sri-lankan-start-ecosystem/>

PrimeOne Global [a Sri Lankan digital marketing firm] (n.d., likely Nov 2016) *20 Fastest Growing Startups In Sri Lanka you need to know about* <https://www.primeone.global/startups-in-sri-lanka/>

ICTA (2021) *Sri Lanka’s Startup Ecosystem through the lenses of Startup Genome’s Global Startup Ecosystem Report 2021* <https://www.icta.lk/news/sri-lankas-startup-ecosystem-through-the-lenses-of-startup-genomes-global-startup-ecosystem-report-2021/>

PrimeOne Global (n.d., likely June 2017) *5 Reasons Why Now Is The Best Time To Start Your Sri Lanka Startup* <https://www.primeone.global/best-time-to-start-your-srilanka-startup/>

Lanka Business Online (August 2021) *Transforming Sri Lanka into a Startup Nation* <https://www.lankabusinessonline.com/transforming-sri-lanka-into-a-startup-nation/>

Tracxn [a startup incubator] (2021) ‘List of 10 most exciting Sri Lankan startups.’ <https://tracxn.com/explore/Startups-in-Sri-Lanka>

Founder Institute (2021) *First ever Founder Institute Sri Lanka Startup Accelerator Opens Applications. Let’s build the future.* <https://fi.co/insight/first-ever-founder-institute-sri-lanka-startup-accelerator-opens-applications-let-s-build-the-future>

[Founder Institute is a Silicon Valley firm that states that it operates an incubator programme for very early stage start-ups – much earlier than the GOSL/private-sector bodies surveyed. In return, it appears that it appears to reserve the right to up to 4% equity ownership of a given start-up to fund the project: <https://fi.co/agreements>]

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- ³ A World Bank update announcing this change in classification is here: <https://blogs.worldbank.org/opendata/new-world-bank-country-classifications-income-level-2020-2021>. Also see, for example, this local news outlet report: <https://economynext.com/sri-lanka-downgraded-to-world-bank-lower-middle-income-country-as-per-capita-income-falls-71644/#modal-onev>
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- ⁶ Gunasinghe, N. (2004[1984]). The open economy and its impact on ethnic relations in Sri Lanka in Winslow, D., & Woost, M. D. (Eds.). *Economy, culture, and civil war in Sri Lanka*, 99-114. Indiana University Press.
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- ⁸ See, for example, this useful Chatham House briefing paper about recent Chinese infrastructural projects in Sri Lanka: <https://www.chathamhouse.org/sites/default/files/CHHJ8010-Sri-Lanka-RP-WEB-200324.pdf>
- ⁹ De Silva (2019) Sri Lanka: Caught in an Indo-China 'Great Game'?, *The Diplomat*, <https://thediplomat.com/2019/02/sri-lanka-caught-in-an-indo-china-great-game/>; Eshan Jayawardena (2018) Balancing the Chinese presence in Sri Lanka: India and Japan's game of the stag hunt, *LSE South Asia Blog*, <https://blogs.lse.ac.uk/southasia/2018/06/05/balancing-the-chinese-presence-in-sri-lanka-india-and-japans-great-game-of-the-chinese-stag-hunt/>;
- ¹⁰ Bandula Sirimanna (2021) US firm to develop oil refinery at Trincomalee Harbour site, *Sunday Times* (Sri Lanka), retrieved from: <https://www.sundaytimes.lk/210808/business-times/us-firm-to-develop-oil-refinery-at-trincomalee-harbour-site-451516.html>
- See also similar negotiations play out in the further redevelopment of the Colombo Port City, where India has been awarded such a contract. *France 24* (2021) India counters China in Sri Lanka with \$700 million port deal, retrieved from: <https://www.france24.com/en/live-news/20210930-india-counters-china-in-sri-lanka-with-700-million-port-deal>; *Daily Pioneer* (India) (December 2021) India's bid to regain ground in Sri Lanka, retrieved from:

<https://www.dailypioneer.com/2021/columnists/india---s-bid-to-regain-ground-in-sri-lanka.html>

¹¹ Asanga Abeyagoonasekera (2021a) How China won over local agency to shackle Sri Lanka using a port city, Observer Research Foundation, <https://www.orfonline.org/expert-speak/how-china-won-over-local-agency-to-shackle-sri-lanka-using-a-port-city/>

¹² See, e.g., this expression of GOSL defence for the Chinese government about anti-Uyghur action that Abeyagoonaskera cites:

<https://twitter.com/LiuXininBeijing/status/1401481490475536385?s=20>

¹³ Gulbin Sultana (2021) 'Colombo Port City Economic Commission Act' breeds Economic and Geostrategic Concerns, *Financial Express* (India), retrieved from:

<https://www.financialexpress.com/world-news/colombo-port-city-economic-commission-act-breeds-economic-and-geostrategic-concerns/2263439/>

¹⁴ Adopting a two-level game model, these commentators imply that the strategy of direct negotiation independent of domestic constituencies (for ratification/legitimation) risks weakening a nation's bargaining hand in relation to other states. Abeyagoonasekera (2021) in Observer Research Foundation

See also cited across *ibid*: Putnam, R. D. (1988). Diplomacy and domestic politics: the logic of two-level games. *International organization*, 42(3), 427-460.

¹⁵ Moramudali (2019) Is Sri Lanka Really a Victim of China's Debt Trap?, *The Diplomat*, <https://thediplomat.com/2019/05/is-sri-lanka-really-a-victim-of-chinas-debt-trap/> ; K.D.D.B Vimanga And Naqiya Shiraz (2021) Reform or Perish – Urgent Action Vital to Save Ravaged Economy, *Groundviews*, <https://groundviews.org/2021/09/17/reform-or-perish-urgent-action-vital-to-save-ravaged-economy/>

¹⁶ See, *ibid.* and e.g., *Reuters* (2021) Analysis: Debt-hobbled Sri Lanka risks running out of options, retrieved from: <https://www.reuters.com/world/china/debt-hobbled-sri-lanka-risks-running-out-options-2021-08-03/> ;

¹⁷ Anusha Ondaatjie (March 2021), Sri Lanka shuns IMF for China by taking a leaf out of Malaysia's contrarian crisis playbook, *The Economic Times* (India), retrieved from: <https://economictimes.indiatimes.com/news/international/business/sri-lanka-shuns-imf-for-china-by-taking-a-leaf-out-of-malaysias-contrarian-crisis-playbook/articleshow/81405762.cms?from=mdr>

¹⁸ *The Hindu* (September 2021), Sri Lanka receives \$787 million SDR from IMF and \$150 million swap from Bangladesh , retrieved from: <https://www.thehindu.com/news/international/sri-lanka-receives-787-million-sdr-from-imf-and-150-million-swap-from-bangladesh/article36219370.ece>

¹⁹ Fitch downgrade report available here: <https://www.fitchratings.com/research/sovereigns/fitch-downgrades-sri-lanka-to-ccc-27-11-2020>

²⁰ Agence France-Presse (2021) Sri Lanka secures \$1.5 billion Chinese loan, *Arab News*, <https://www.arabnews.com/node/1830766/business-economy>

²¹ See, e.g., Wade Shepard (2016) China Tells Sri Lanka: We Want Our Money, Not Your Empty Airport, *Forbes*, <https://www.forbes.com/sites/wadeshepard/2016/07/31/china-to-sri-lanka-we-want-our-money-not-your-empty-airport/?sh=39c908d01beb>

²² Cited from Brautigam and Rithmire (2021) The Chinese ‘Debt Trap’ Is a Myth, *The Atlantic*. Retrieved from: <https://www.theatlantic.com/international/archive/2021/02/china-debt-trap-diplomacy/617953/>; see also

Carrai (2021) Questioning the Debt-Trap Diplomacy Rhetoric surrounding Hambantota Port, *Georgetown Journal of International Affairs*. Retrieved from: <https://gja.georgetown.edu/2021/06/05/questioning-the-debt-trap-diplomacy-rhetoric-surrounding-hambantota-port/>

²³ The World Bank publication by Hanna is available here: <https://openknowledge.worldbank.org/bitstream/handle/10986/6628/383320Evisioning01OFFICIAL0USE0ONLY1.pdf?sequence=1&isAllowed=y>

²⁴ Asian Development Bank (2016) credit/ICT package: <https://www.adb.org/projects/documents/sri-sme-line-credit-project-rrp>

²⁵ Oxford Business Group coverage: <https://oxfordbusinessgroup.com/overview/smart-growth-dynamic-sector-continues-evolve-and-tax-incentives-are-helping-drive-innovation-and> ;

²⁶ See BDO’s tax bulletin (a tax advisory firm) from July 2021 for this coverage about Sri Lanka’s more recent tax reforms: <https://www.bdo.global/en-gb/microsites/tax-newsletters/corporate-tax-news/issue-59-july-2021/sri-lanka-strike-it-rich-with-tax-free-investments!>

²⁷ Port City Colombo’s press release (July 2021): <https://www.portcitycolombo.lk/press/2021/07/06/port-city-colombo-commission-act-special-economic-zone.html>

²⁸ There is one non-GOSL organisation – YouLead – which is the result of a USAID collaboration with Arizona State University which is also associated with this GOSL youth technical skills SME cluster of initiatives. It appears to be in the sunset phase of its project, having been funded by USAID until 2022. Its website – somewhat underdeveloped – is here: <https://www.youlead.lk/> - and here is the USAID rubric: <https://www.usaid.gov/sri-lanka/youlead>

²⁹ GOSL SEDD website: <http://www.sed.gov.lk/sedweb/en>

³⁰ SCLCSMI website section of ‘Services > Facilitating Loans’ conveniently states that page content is under construction: http://www.slcsmi.lk/index.php/services?view=slcsmi_services_list&service_title=Facilitating%20Loans;

Ministry of National Policies and Economic Affairs' website – not functioning:
<http://www.mnpea.gov.lk/>

³¹ TVEC website available here: <https://www.tvec.gov.lk/>

³² NAITA website available here: <http://www.naita.gov.lk/#> ; see also Department for Technical Education and Training: <https://www.dtet.gov.lk/en/>

³³ See, e.g., Renaissance Sri Lanka (2021) *Did you know? Sri Lanka is a major innovation and startup hub*, retrieved from: <https://www.renasl.org/3776/did-you-know-episode-3-the-rise%E2%80%AFof-innovation-and-start-up-culture-in-sri-lanka%E2%80%AF%E2%80%AF/> and non-institutional promotions of Sri Lanka's ecosystem potential on Medium (a blogging site): <https://medium.com/on-technology/a-tech-startup-ecosystem-in-sri-lanka-9baa17415ed7>; <https://medium.com/eksara-jayan/startup-ecosystem-of-sri-lanka-the-rising-phoenix-575fec881239>. Further laudatory coverage of Sri Lanka's start-up ecosystem can be found in Appendix 1.

³⁴ For example, Disrupt Asia's conferences – a yearly programme of workshops, motivational speakers and 'Startup Battles' where shortlisted enterprises provide a pitch to an audience and judges: <http://www.disruptasia.today/> ; this genre of 'venture capital dramas' appears to be a crowded field. See, for example, TV Derana's advertised broadcast of one on free-to-air TV: <https://deranastartup.lk/about/>

³⁵ The PwC (2010) report is available here: <https://slasscom.lk/wp-content/uploads/2019/10/ICT-Export-Value-Survey-2010-Final-Report-v1-0.pdf>

³⁶ 01. What is Startup Sri Lanka. Retrieved from: <https://www.startupsrilanka.lk/faq/>. See also complimentary media coverage for the recent launch (August 2021) of the platform here: <https://www.ft.lk/front-page/SLASSCOM-launches-Start-up-Sri-Lanka-web-portal-to-empower-start-ups-in-Sri-Lanka/44-722372>

³⁷ But see also another SLASSCOM initiative targeted at younger people – SLASSCOM Academy – which appears to be more targeted at 'young people's' capacity building' than actually existing start-up entrepreneurs: <https://academy.slasscom.lk/home>

³⁸ Spirallation's website available here: <https://spiralation.com/>

³⁹ Selvanayagam's success story retrieved from here: <https://spiralation.com/success-stories/>

⁴⁰ Retrieved from: <https://lk.linkedin.com/in/shehansselvanayagam>

⁴¹ Spirallation's selection criteria, for example, requires would-be participants to be digitally literate English speakers with some degree of legal registration and an already formulated business plan which relies on familiarity with project management (e.g., Gantt charts). Retrieved from: <https://spiralation.com/eligibility-criteria/>. This is not dissimilar from the information requested in the ICTA Expression of Interest in credit form, retrieved from <https://www.startupsl.lk/creditEvaluation>

⁴² Zulfer's *Echelon* feature is available here: <https://echelon.lk/ne100/jiffry-zulfer/>

⁴³ Zulfer's LinkedIn: <https://lk.linkedin.com/in/zulfer>

⁴⁴ This is based on a triangulation of Zulfer's (hagiographic) Wikipedia entry and LinkedIn

⁴⁵ Derived from Mirror (Sri Lanka) coverage of these ventures:

<https://www.dailymirror.lk/110288/wow-lk-celebrates-years-of-success-as-the-largest-online-shopping-mall-in-sri-lanka>; <https://www.dailymirror.lk/recommended-news/Alibaba%E2%80%99s-Daraz-and-Dialog-Axiata-Sign-a-Strategic-Partnership-to-Grow-Digital-Commerce-in-Sri-Lanka/277-178867>

⁴⁶ Synthesised from Wikipedia entry and above sources; see also John Keells About Me:

<https://www.keells.com/history>

⁴⁷ Bastié, F., Cieply, S., & Cussy, P. (2013). The entrepreneur's mode of entry: the effect of social and financial capital. *Small Business Economics*, 40(4), 865-877. Retrieved from:

<https://www.jstor.org/stable/43552836>

⁴⁸ Startup Genome's website: <https://startupgenome.com/ecosystems/sri-lanka>; see *Daily Mirror* (Sri Lanka) coverage about the most recent annual Startup Genome evaluation of the Sri Lankan start-up ecosystem here: <https://www.dailymirror.lk/business-news/GSER-2021-features-Sri-Lankas-startup-ecosystem-with-key-insights/273-220922>

⁴⁹ Hatch's website: <https://hatch.lk/>

⁵⁰ Mosse, D., & Lewis, D. (Eds.). (2005). *The aid effect: Giving and governing in international development*. London: Pluto.

⁵¹ There is limited (if any) mention within ICTA/SLASSCOM policy documents and publicity that the emergent start-up ecosystem represents a mode of national/welfarist development in the poverty alleviation sense – this is in stark contrast to the Bangladesh survey