



ANNUAL REPORT 2023

National Innovation Agency
3rd Floor, Sethsiripaya Stage I,
Battaramulla
Tel: 011-3661201 /-3661205
Fax: 0112875935
Email: info@nia.gov.lk
Web: www.nia.gov.lk

(The cover of this report has been generated using AI)

Follow us on:



X: @NationalInnova2



LinkedIn: National Innovation Agency Sri Lanka



Facebook: National Innovation Agency - Sri Lanka



YouTube: National Innovation Agency (NIA) - Sri Lanka

https://www.youtube.com/channel/UCzh8_4WJN3EyN8RbIJSDSIQ

In alignment with the National Innovation Agency Act No. 22 of 2019 and the Sustainable Development Goals (SDGs), the NIA made significant strides throughout 2023, driven by the dedication of its staff under the guidance of the Chairperson and the Steering Council. This Annual Report comprehensively outlines the accomplishments detailed in the Action Plan for the year, encompassing all pertinent information regarding the institute's performance, prospects, and challenges. Adhering to the guidelines for Annual Report preparation issued by the Department of Public Enterprises in 2023, this document serves as a comprehensive reflection of the NIA's activities and achievements over the past year.

Contents	Page No:
What is the National Innovation Agency (NIA)..?	
Vision Mission and Strategy	6
Introduction	7
Objectives of NIA	8
Functions of NIA	9
Chairperson’s Message	12
Chief Innovation Officer’s Review	13
Governance framework	
Brief profile of the Steering Council	14
Organizational structure	18
The Staff	19
Financial Highlights of the previous year	19
Output/Outcome-based performance review in accordance with the Action Plan 2023	20
Audited Financial Report	55
Auditor General’s Report	65
NIA Feedback on Auditor General’s Report	69

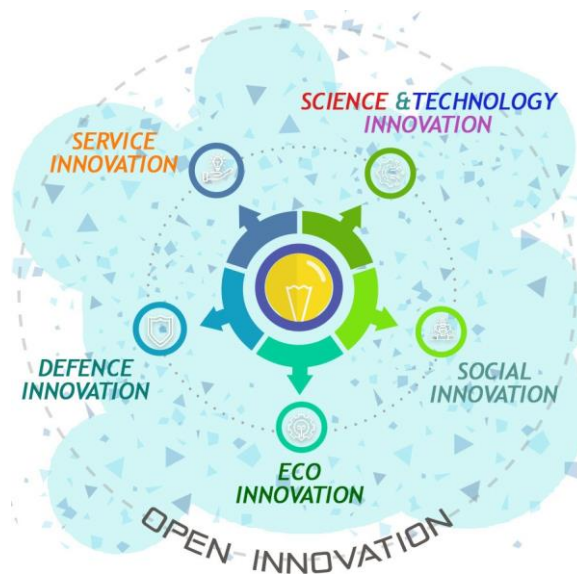


Vision A better Sri Lanka through Innovation
Mission To stimulate and develop the innovation eco-system of Sri Lanka
Strategies 1. National Policy Advocacy 2. National Innovation Eco-system development through collaborative and synergistic partnership 3. Development of National Technology Transfer Platforms 4. Strategic partnerships for inventor/innovation programmes 5. Knowledge Dissemination Programmes and strengthening institutional R2C Capabilities 6. Impact Publications 7. Ensuring service and operational excellence

The National Innovation Agency

The National Innovation Agency (NIA) was established as mandated by ACT, No. 22 of 2019 with the specific aim of promoting a better understanding of innovations in the fields of social, science and technology, defence, environment and service, and their impact on the economy of the country.

The National Innovation Agency (NIA) is a national public entity that serves as the key institutional intervention to bridge the innovation gap between research and development from higher education institutions, science councils, public entities, and private sector, and commercialisation. In other words, it aims to accelerate innovation, driven by close collaboration between industry, academia and government, and facilitated by a platform for dialogue between all three sectors. The National Innovation Agency formally presents the term Innovation as the name of a state entity. 'Innovation' is making things happen creatively and economically, and is not confined only to science, as public sector innovation, social innovation, frugal innovation, open innovation etc., being important examples.



It is quite important to understand the difference between invention and innovation as these terms are often misunderstood.

What is Invention?

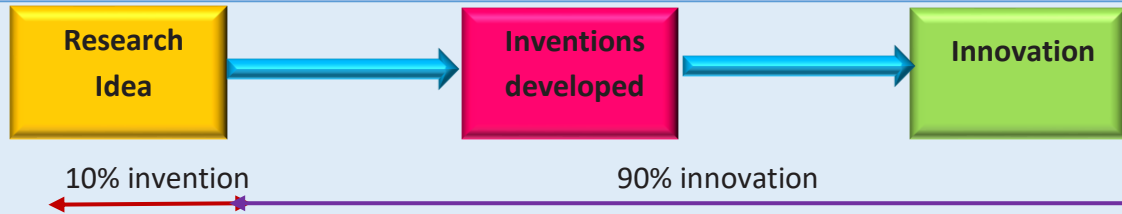
An invention is a novel creation, process, or device that offers a new way of doing something or solves a specific problem. It often involves original thinking and experimentation, leading to something that did not previously exist. Inventions can range from physical products to methods or techniques.

What is innovation?

Innovation is the process of taking an idea, invention, or research output and transforming it into a product, service, or process that creates value and is successfully implemented or adopted in the marketplace or society. It goes beyond the initial act of invention by making improvements, adding value, and ensuring practical application.

What is an innovation value chain?

The whole process of ideas, from invention to finally impactful economic wealth creation constitutes the innovation value chain.



- Innovation can be taught
- Innovation has to be managed
- Innovation can be spurred

These brief explanations indicate that most of our state institutions have been in investing mode thereby generating human capital and/or knowledge. Over 76 years what Sri Lanka has been missing is the conversion process of knowledge or human capital into wealth. The National Innovation Agency is critically positioned to address this missing element. It exemplified that innovation has to be managed. While invention can be an individual effort innovation is a team effort hence the opportunity to provide leadership and management. The NIA in addition to advocacy will act catalytically too to spur the innovation process.

The objectives of the Agency as mandated by Act No. 22 of 2019

- Working on social innovation, science and technology innovation, defence innovation, eco-innovation and service innovation, to make an impact on the economy;
- formulating national policies in respect of innovation;
- ensuring national research is aligned with and contributes to the economy;
- coordinating innovators and initiatives to foster impact;
- identifying any obstacles in the public and private sectors that hamper innovation;
- establishing a vibrant national innovation ecosystem, partnering with the private sector.

The functions and duties of the Agency shall be to: –

- (a) liaise with the public and private sector institutions relevant to important aspects of the objects of the Agency;
- (b) make recommendations to the government to initiate and fund National Innovation Programmes in order to support a creative economy;
- (c) to develop and sustain a national innovation ecosystem in keeping with the Sri Lanka Innovation and Entrepreneurship Strategy as approved by the Cabinet of Ministers;
- (d) support the National Innovation and Entrepreneurship Strategy objectives through the facilitation of hi-tech enterprises stemming from research and technology transfer;
- (e) monitor and evaluate the effectiveness of investment, policies and strategies on innovation and entrepreneurship;
- (f) coordinate and harmonize international activities in innovation with the relevant Ministries, Departments and other innovation institutions in Sri Lanka and with international institutions to encourage commercialization of the outputs of innovation activities;
- (g) drive the progress of Sri Lanka upward through the ranking of global innovation indices to ensure a resilient economic standing, subject to the Sri Lanka Innovation and Entrepreneurship Strategy as approved by the Cabinet of Ministers;
- (h) receive, collate, evaluate and publish the Sri Lankan Annual Innovation and entrepreneurship reports covering the eco system taking into consideration the international linkage and presence;
- (i) to purchase any movable or immovable property which may be required for the Agency, hold, take or give on lease or hire, mortgage, pledge or sell or otherwise dispose of, any movable or immovable property belonging to the Agency as may be deemed expedient with a view to promote the objects of the Agency;
- (j) subject to any applicable written law, to open and maintain current, savings or other deposit accounts in any State bank or banks and to close such accounts;
- (k) subject to any applicable written law, to accept and receive, gifts, grants, loans, donations and bequests both movable and immovable, from sources in or outside Sri Lanka for the use of the Agency: Provided that, the Agency shall obtain prior written approval of the Ministry of Finance in respect of all foreign grants, donations or bequests made to the Agency;
- (l) deposit in any bank account or accounts of the Agency, the funds of the Agency which are not required immediately for the purposes of the Agency;
- (m) make rules in respect of matters pertaining to the administration of affairs of the Agency;

- (m) make rules in respect of matters pertaining to the administration of affairs of the Agency;
- (n) outsource for appropriate payments in compliance with the relevant financial regulations, research, data collating or any other activities necessary for the smooth and efficient discharge of the duties and functions of the Agency. The Agency shall have the ownership of all research, any material or data collected by any person for the purposes of this Act, and be responsible for the protection of such research, material or data;
- (o) with the approval of the Cabinet of Ministers to enter into agreements, with any local or foreign persons or institutions in respect of the objects of the Agency;
- (p) coordinate and facilitate joint ventures with the private sector with the approval of the Minister in order to achieve the objects of the Agency; and
- (q) generally, do such acts and things for the achievement of the objects of the Agency.

NIA Act No.22 of 2019

From the Chairperson



Innovation has been at the forefront of our national agenda, and the past year has been marked by significant strides in fostering creativity, research, and technological advancements. The National Innovation Agency has played a pivotal role in driving this transformation, and our Second Annual Report serves as a testament to our collective dedication to progress.

The National Innovation Agency has actively supported innovation across diverse fields and continued to support budding entrepreneurs through various programmes and initiatives. By providing mentorship and access to resources, we aim to catalyze the growth of innovative start-ups that contribute to the economic and social fabric of our nation.

In the coming year, the National Innovation Agency wishes to focus on impactful initiatives, global partnerships and inclusive innovation, thereby ensuring that the benefits of innovation are accessible to all segments of society, fostering inclusive growth, and addressing societal challenges through innovative solutions.

In conclusion, I extend my sincere appreciation to the team at the National Innovation Agency, our valued partners, and the Members of the Steering Council who have contributed to our success.

EMSB Ekanayake,
Secretary to the President
Chairperson, National Innovation Agency - Sri Lanka
January 30, 2024

Review of the Chief Innovation Officer



Into the second year, I can state with confidence that the National Innovation Agency worked with purpose and vigour in delivering its mandate. The NIA staff strength at 9 worked energetically on multiple fronts to realize results and mindset transformations. There was better consolidation within the staff due to the Department of Management Services (DMS) concurring with some of the requests. A few more requests still are outstanding at the end of the second year too. However, I am privileged to be associated with a team that does not allow administrative pushbacks to affect their work ethos.

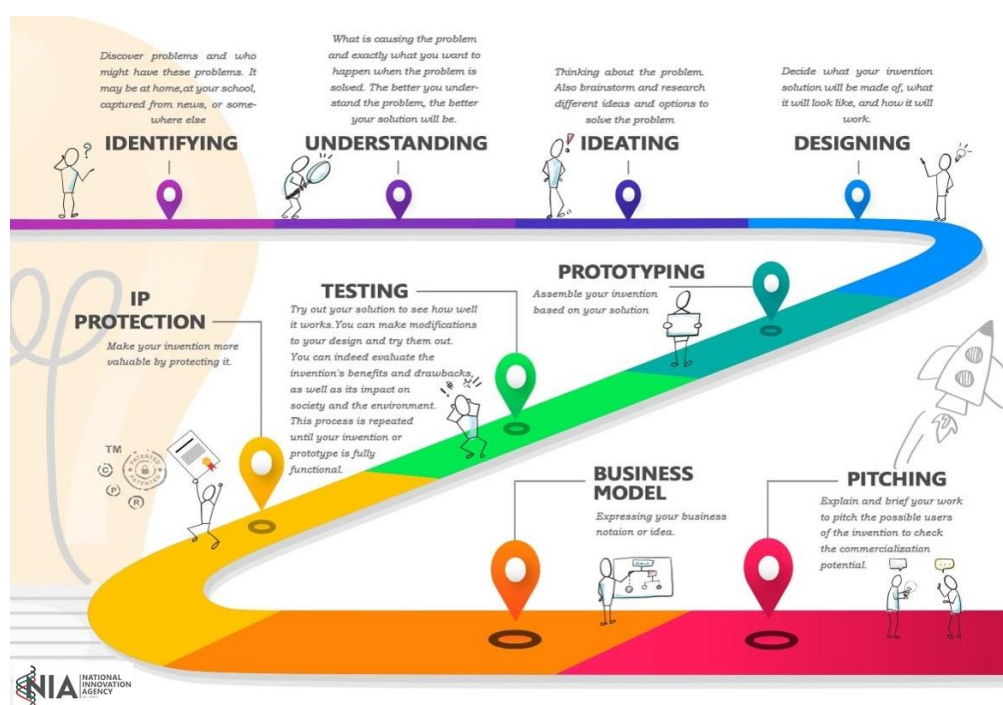
NIA has a vision, mission, strategy and a three-year corporate plan. We have developed our KPIs based on lagging indicators and we are quite keen to ensure outputs and outcomes. As our work is over an eco-system where there are many players and not just confined to one ministry nor one segment i.e. public, we have to ensure continuous engagement and that is what we do. We are using what is currently acceptable means of engagement – please follow us in our social media suite – while ensuring the more conventional engagements in a digital platform. Our LinkedIn reach has given us multiple leads and the reach has not just been local. The e-newsletter Innovation Eye continuously informs what has happened and means to connect to an ever-widening base of recipients.

Our proposal of an ‘STI lens’ for project assessment was demonstrated at the Treasury as well as the National Planning Department. Their responses were quite positive. We are hopeful that the coming year may see some integration of the process as a default. Sri Lanka has to deploy science and technology along with understanding the true value of innovation in the planning and project approval process. We have seen too many instances where poor scientific and technological reasoning has led to the downfall of our economy. There is also the issue of not distinguishing the process of invention and innovation and in the absence of the right understanding, there would not be an innovation economy in Sri Lanka. The NIA pushes for an innovation economy and strongly believes that it is the right medicine for our current economic

ills too. We have elaborated the 3P+P (Papers, Patents, Products and People) tool for assessing institutional performance – especially the research institutes and universities.

The NIA works along five innovation pillars and the work is through collaborative partnerships. The number of Memoranda of Understanding at the end of 2023 stands at 10 with 02 under discussion. The NIA Circle stands at 102 at the year's end. The launch of the Business to People (B2P) platform was done with the partnership of the Sustainable Development Council of Sri Lanka and that was quite welcome as SDC is our special eco-innovation partner and we hope to generate a lot of activity in the site for supporting eco-innovation. We need to popularize the B2P to be the conduit for showcasing new developments – products and services. It is hoped that this site will help in the journey of research to rupees. The year 2023 saw us starting the work of compiling the first national innovation report. The first report is expected to cover five years before settling down to what the act has recommended – an annual report.

A significant ecosystem development was the launch of the first Institute-Business Linkage Cell (IBLC) at Sugarcane Research Institute with the total blessing of the Ministry of Plantations. The IBLs emulate the university UBLs and would carry a similar KPI table. The NIA made representations on behalf of enabling the continuity of UBLs and the launch of IBL was also a recognition of the UBL mechanism. Many other IBLs are being planned.



Commercialization Pathway designed by the NIA

The Technology Innovation Support Center at NIA (TISC@NIA) continued to be very active in the past year too. It conducted workshops and awareness sessions at several places including

the Rajarata University of Sri Lanka, the Embryo Innovation Center of SLT-MOBITEL, the Export Development Board (EDB) and the Center for Defence Research and Development.

As the NIA believes in the importance of service innovation, we have introduced an innovation advocacy session before the council meeting proceedings, that takes actual examples and demonstrates opportunities lost, and the potential for change for an efficient and effective economy. Perhaps issues that would never be discussed or received attention at this level are showcased. As the NIA Steering Council is so broad-based, we believe this approach has merits and believe we have an innovation implemented to the meeting itself perhaps as befits the NIA!

The NIA has supported project development for external funding and is acceptable under the mandate. Two proposals that were submitted to Korean ODA were short-listed and in the last couple of months of 2023, NIA faced four evaluation visits. Three of the visits concerning a bioenergy-circular economy project if implemented would be a first for Sri Lanka and is a future fit project. The second project is to be with the Industrial Technology Institute and involves significant value addition to locally available silica sand. The NIA also participated in BIMSTEC activities and led the Green Hydrogen segment of the BICOST event that was driven by the NRC. The NIA in any activity considers the current status and looks towards means of adding value from an economic perspective.

An eventful year has come to an end and we believe we have enabled the needle to be moved to some extent.

Prof. Ajith de Alwis

Chief Innovation Officer (Actg.) - NIA

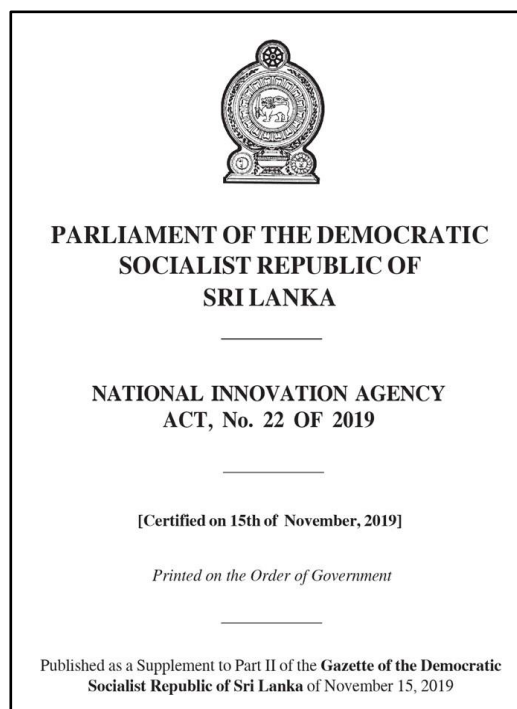
Senior Professor in Chemical and Process Engineering, University of Moratuwa

Dean, Faculty of Graduate Studies, University of Moratuwa

The NIA is an agency responsible for innovation and it is the first time an institution has been established specifically with such a mandate. Considering that there is a gross misunderstanding of nomenclature from research, invention, and innovation, by the way, this topic is discussed, maybe the following provides a quite succinct explanation – research is when money is used to generate knowledge and innovation is when the knowledge so developed is used to generate money. An invention too is similar to research where inputs are carried out in developing something novel – again an expenditure.

<https://www.ft.lk/columns/an-nia-is-born/4-748176>

Governance



The National Innovation Agency is governed by a Steering Council, which has an inter-ministerial structure and is chaired by the Secretary to the President. It consists of ex-officio members as well as individual innovators/entrepreneurs serving as appointed members, the latter being appointed by the President of the Democratic Socialist Republic of Sri Lanka.

NIA Steering Council (01-01-2023 to 31-12-2023)

Chairperson – Secretary to the President Mr E M S B Ekanayake

Members:

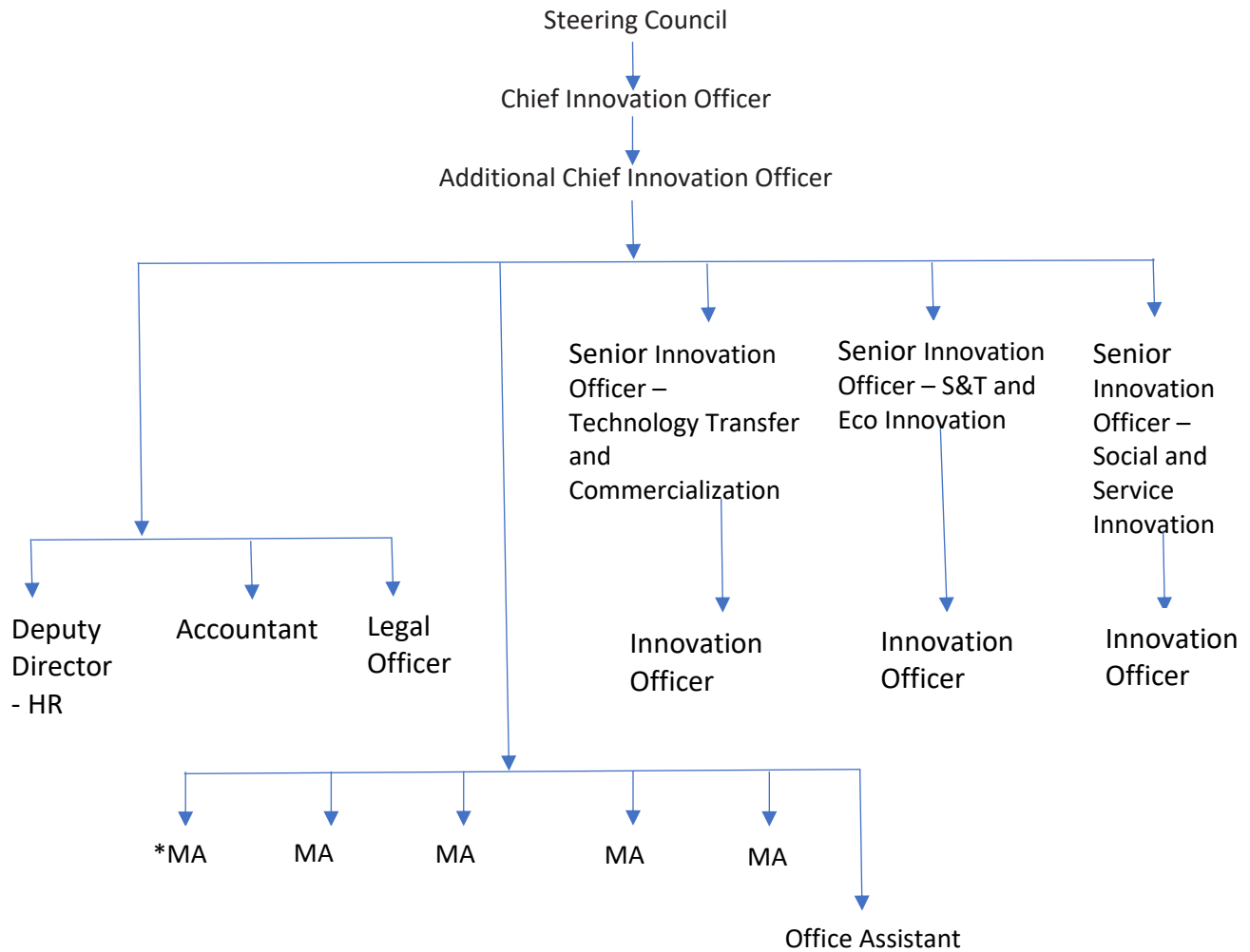
Dr Sankalpa Gamwarige	Appointed Member
Eng. Udaya Dampage	Appointed Member
Prof. Rohan Munasinghe	Appointed Member
Dr Ranga Kalansooriya (from April 2023)	Appointed Member
Eng. Heminda Jayaweera (from April 2023)	Appointed Member
Mr Anushka Wijesinha (from April 2023)	Appointed Member
Ms Randhula de Silva (from April 2023)	Appointed Member
Mr HCDL Silva	Ex-Officio – Ministry of Finance
Mr P.L. Pathmakumara	Ex-Officio – Ministry of Education
Mr Rohitha Uduwawala (from April 2023)	Ex-Officio – Ministry of Higher Education

Mr E. A. Rathnaseela	Ex-Officio – Department of National Planning
Mr MPNM Wickremasinghe (from May 2023)	Ex-Officio – Ministry of Technology
Dr Thushara Vajira Perera (from August 2023)	Ex-Officio – CEO, SLINTEC
Ms Samanthi Weerasinghe (from March 2023)	Ex-Officio – Subject of Research
Mr PM Dharmathilaka (from May 2023)	Ex-Officio – Subject of Science
Mrs Geethanjali R. Ranawaka	Ex-Officio – DG, NIPO
Mr Cyril Suduwella (from August 2023)	Ex-Officio – Commissioner, SLIC
Mr JM Thilakarathna Banda (from December 2023)	Ex-Officio – Ministry of Trades

Number of Meetings of the Steering Council held in 2023: **11**

	Meeting Number	Date		Meeting Number	Date
01	01-2023	27 January 2023	07	07-2023	28 July 2023
02	02-2023	24 February 2023	08	08-2023	25 August 2023
03	03-2023	31 March 2023	09	09-2023	27 October 2023
04	04-2023	28 April 2023	10	10-2023	24 November 2023
05	05-2023	26 May 2023	11	11-2023	29 December 2023
06	06-2023	07 July 2023			

Organisational Structure (Approved by the Department of Management Services)



*MA – Management Assistant

Staff as at 31 December 2023

Prof. Ajith de Alwis – Chief Innovation Officer (Actg.)

Dr Sachie Panawala – Additional Chief Innovation Officer

Ms Vindya Wijesinghe – Senior Innovation Officer (Technology Transfer and Commercialization)

Ms Navodi Wickremasinghe – Senior Innovation Officer (Service and Social Innovation)

Ms Thidasi Dahanayake – Senior Innovation Officer (Science, Technology and Eco Innovation)

Ms Pooja Malavisooriya – Deputy Director (Human Resources)

Ms Vagira Perera

Mr Shanika Abeyratne (Management Assistant)

Mr Chamikara de Silva (on overseas leave)

Mr Lasitha Kumara (Office Assistant)

Ms Ganesha Wijesinghe – Accountant (Actg.), Ministry of Education

Financial highlights of the previous years

As the National Innovation Agency commenced its operations in 2022, the financial details of the year are as follows:

Year	Financial Details (Rs. million)		
	Allocation	Funds Received	Expenditure
2022	26	12.86	9.66

Performance of the NIA in 2023



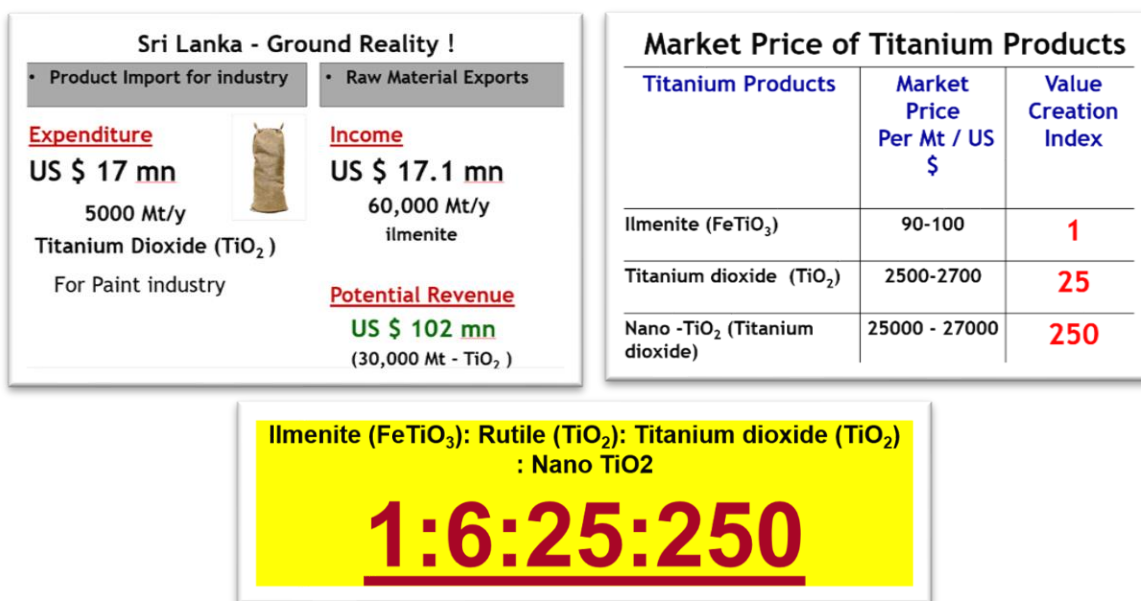
1. National Policy Advocacy

The NIA Innovation Advocacy Proposals

The National Innovation Agency conducts an Innovation Advocacy Programme for the country in which the proposals are initially presented to the Steering Council of NIA as it has an inter-ministerial composition. The proposals presented to the Steering Council are as follows:

1. Production of Titanium and Titanium dioxide (TiO₂) from Ilmenite

Mineral sands, primarily composed of titanium dioxide (TiO₂) along with other valuable minerals such as zircon and rutile, offer significant potential for value addition through the production of Titanium dioxide (TiO₂) and nano TiO₂, and further into the Titanium metal. Titanium dioxide is a versatile compound widely used in various industries, including paints, coatings, plastics, cosmetics, and pharmaceuticals, due to its excellent optical properties, UV resistance, and chemical stability. Sri Lanka has a rich source of Ilmenite and the Sri Lanka Nanotechnology Institute has developed a method for this conversion. However, at present Sri Lanka exports about 60,000 Mt/year of ilmenite and gets an income of only 17.1 M USD, while spending 17 M USD to import 5000 TiO₂ annually for the paint industry only. If Sri Lanka produced TiO₂ within the country, from the amount of ilmenite it exports, the production of TiO₂ would have been 30,000 Mt/Year, which would have generated an income of 102 M USD. It was pointed out that the lack of a sulphuric acid plant in the country has been a key hindrance to the process. Therefore, NIA proposed to support policy decisions to install a sulphuric acid plant in the country and also to commence producing Titanium and Titanium dioxide (TiO₂) from Ilmenite in Sri Lanka as this will not only add value to the mineral sands resource but also open up avenues for innovative technological developments and economic growth.



2. Live Rail travel information system to the Public

The Centre for Defence Research and Development (CDRD) has developed a train tracking system in consultation with the Department of Railway which consists of three phases. The project commenced in 2012 and in 2021 the first phase was completed at LKR 15.3 M, which has been paid to the CDRD by the Department of Railway. That included procurement of computers and communication equipment, software design, and installation of 28 tracking devices on selected trains.

The expected outcome of the project was dynamic information availability to travellers and a more user-friendly rail travel scenario, which would have made a great impact on tourism as well.

However, up to date, the system has not been implemented, making the Return on Investment an absolute zero.

The NIA recommended revisiting this project and providing policy support so that the system would be in place thereby serving the general public.

3. Dark Ships Detection and Control

Dark shipping refers to the practice of ships turning off their Automatic Identification System (AIS) transponders to conceal their location and activities, often for illicit purposes such as smuggling, illegal fishing, or sanctions evasion. Remote sensing technologies play a crucial role in detecting and monitoring dark shipping activities. Satellite-based sensors, including Synthetic Aperture Radar (SAR) and optical imaging, can detect vessels even when their AIS signals are turned off. SAR is particularly useful as it can penetrate clouds and darkness, providing continuous coverage regardless of weather conditions or time of day. Optical imaging sensors can provide additional visual confirmation and identification of vessels.

Remote sensing data, combined with advanced analytics and machine learning algorithms, enable authorities to identify suspicious vessel behaviour, track illegal activities, and enforce maritime regulations more effectively. By leveraging remote sensing technologies, governments, law enforcement agencies, and maritime organizations can improve maritime domain awareness, enhance security, and combat illegal maritime activities more efficiently.

The Centre for Defence Research and Development (CDRD) has completed phase one of the project (Remote sensing Artificial Intelligence). As this project has a high potential of generating income for the Government, NIA pointed out that CDRD needs the necessary attention of the relevant parties including the National Treasury indicating the recommendation for policy support, as the commercialization of this research work means it is being utilized by the Government Authorities.

4. R and D investments for Industry Growth

Sri Lanka is a top tea exporting country – 4th in terms of volume in the world. The Tea Research Institute (TRI) is primarily responsible for research and all related support to the tea industry. However, current global research analysis indicates that Sri Lanka is not listed in the top 25 countries for tea research. Insufficient funds have been a major reason for this drawback. As the tea industry has generated over LKR 400 M through CESS revenues annually, the NIA suggested increasing the funding for TRI from that CESS funds, as sustained growth of any industry depends on innovation and for innovation to take place research has to happen.

5. Upgrading the Quality of Quartz and Silica Sand in Coastal Regions of Sri Lanka

Sri Lanka is one of the countries that are rich in the best quality quartz and silica sand suitable for various industrial applications such as manufacturing quartz crucibles, quartz glassware, and other electronic components. High-purity quartz is essential for the electronics and semiconductor industry. This valuable resource is at present being exported at low prices without much value addition, other than using only separation techniques. The price of washed silica is USD **7-10** / ton, while raw silica is sold at USD **4-5** / ton. The value-added silica sand can be sold at USD **1800**/ton.

In this context, the Industrial Technology Institute (ITI) made a proposal to upgrade the quality of quartz and silica sand from <98% up to 99.9 ~ 99.99 and the NIA forwarded it to the Korea Invention Promotion Association (KIPA). It is expected to transfer the technology to local production of value-added quartz and silica.

The feasibility study was completed in November 2023 in Naththandiya, Chilaw, and at the moment the Government of Korea is considering supporting the project. If this project gets selected by the Government of Korea to be funded, the ITI as the main beneficiary will receive a grant of USD 2 million over 03 years and will be commenced in 2025. The NIA would be responsible for commercializing the technology.

At present, only bottle manufacturing takes place in Sri Lanka using refined quartz and silica and if this technology is transferred to Sri Lanka, the developments could be directly scaled up to quartz glass and sheet glass manufacturing in the country.



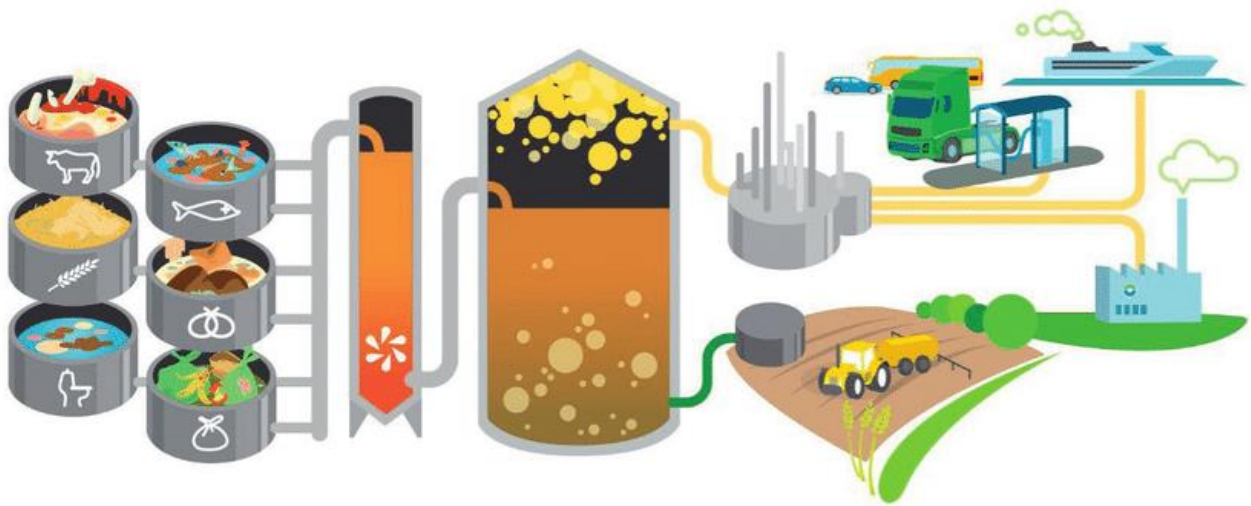
6. Development of Biogas Production and Bottling Plant in Association with Sugar / Distillery / Dairy Industry at Buttala: Biogas-Renewable Energy Project from Bio-Waste Material

The NIA proposed a project to the Korean Institute for Advancement of Technology (KIAT) on the Conversion of Biowaste into Bioenergy and Biofertilizer and the purpose was to introduce renewable natural gas as an alternative to the LPG. The proposal was submitted to Korea via NPD and ERD with the recommendation of the Secretary to the Ministry of Education.

The Government of Korea has awarded the grant for the feasibility study after shortlisting it from 20 proposals, which will be conducted at the site of Pelwatta Industry Estate which includes a dairy unit and has access to bio-effluent from the Pelwatta sugar company.

This project would demonstrate especially the circular economy, and resource optimization through industrial symbiosis and is the first project of this nature in Sri Lanka. The net zero is to be augmented with a circular economy pillar and this may even be slightly ahead of its time. The way to have a lasting impact is by ensuring that the technology is well-tuned to possible variations and ensuring the right business and management model is executed.

By following the triple helix model (University, Industry and Government) NIA has designed the project targeting the involvement of Pelwatta Sugar Ltd, the University of Moratuwa, and the NIA and other relevant stakeholders such as Sustainable Energy Authority. This Circular Economy project (a climate-positive project) facilitated by the NIA would receive a USD 10 million grant over 3 years if selected by the Government of Korea.



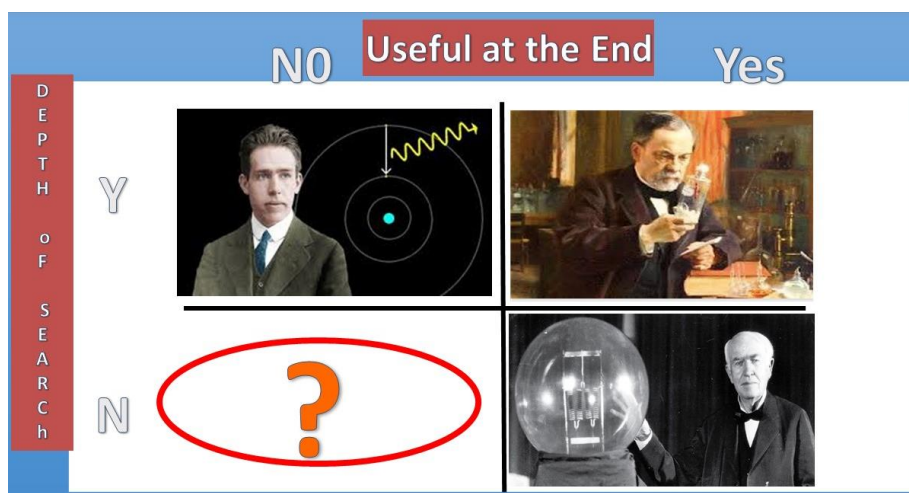
Proposal on National Budget Proposal Evaluation through STI Lens

The recent Colombo Declaration made in Colombo calls for ensuring science is factored in decision-making. The absence of this has been felt badly for Sri Lanka over the entire course of post-independence history. The remedy of course lies in understanding the issue and making the relevant course corrections.

The National Innovation Agency (NIA) had a round-table discussion with the Secretary, Ministry of Finance and the Director Generals of the departments under the purview of the Ministry.

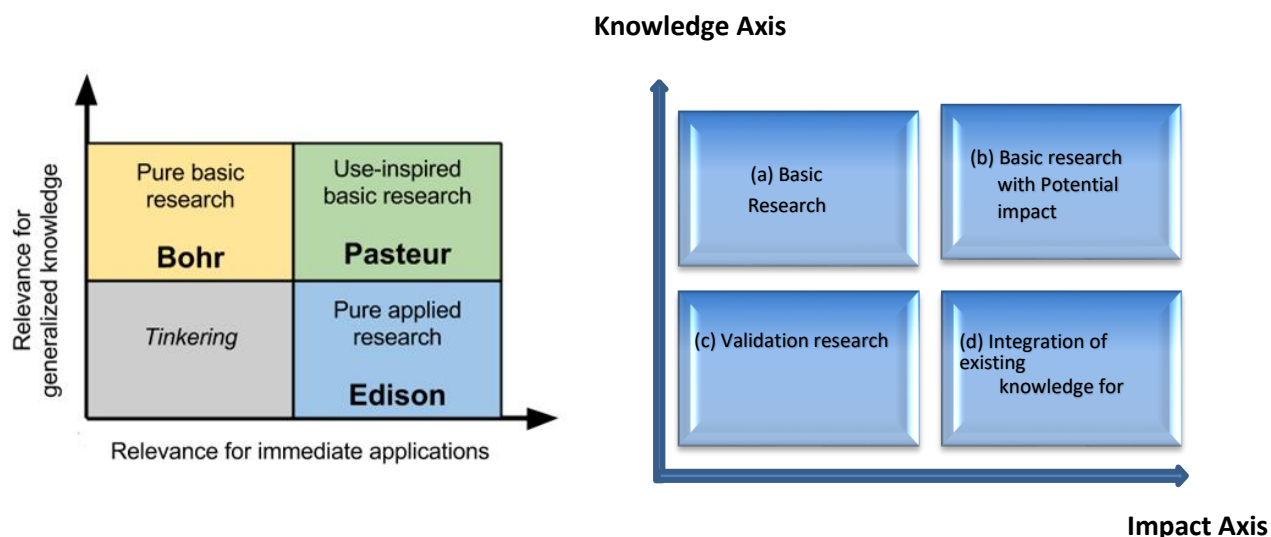
The NIA showed how value addition would improve the economy of Sri Lanka rather than just exporting the raw materials taking silica sand as an example.

During the meeting, it was explained how the NIA envisions the evaluation of national development proposals through innovative evaluation methodologies.



The NIA proposed the Ministry of Finance to use the Science, Technology, and Innovation (STI)-Lens, using the Bohr quadrant as the model. The Bohr quadrant is a framework used for evaluating research, named after Niels Bohr, the physicist who made significant contributions to the understanding of atomic structure. The Bohr quadrant consists of four quadrants, each representing different aspects or dimensions of research. Purely from a research project perspective, the four quadrants do carry specific names which convey the meaning easily. What was proposed was making use of the same concept over broader project analysis but well within scientific boundaries.

It was explained how this innovative lens aims to revolutionize the initial screening process of all national proposals. By infusing a science, technology, and innovation perspective, the STI-Lens promises a more productive and forward-looking evaluation framework.



- (a) Basic Research
- (b) Basic research with Potential impact
- (c) Validation research only
- (d) Integration of existing knowledge for immediate impact

A follow-up meeting took place at the Department of National Planning (NPD) which was presided over by the Director General, along with other officials of NPD. It was agreed upon to commence a collaborative venture between NIA and NPD which signifies a forward-thinking approach to national development. The infusion of innovation into the evaluation process is poised to redefine Sri Lanka's strategic initiatives, setting the stage for a more robust and future-oriented development trajectory. As these efforts unfold, the partnership between NIA and NPD stands as a testament to Sri Lanka's commitment to embracing innovation as a cornerstone for national progress.



Global Innovation Index (GII) – Sri Lanka

The Global Innovation Index (GII) tracks the most recent global innovation trends and reveals the most innovative economies in the world, ranking the innovation performance of around 132 economies while highlighting innovation strengths and weaknesses. Envisioned to capture as complete a picture of innovation as possible, the Index comprises around 80 indicators, including measures on the political environment, education, infrastructure and knowledge creation of each economy. The different metrics that the GIi offers help to monitor performance and benchmark developments against economies within the same region or income group.

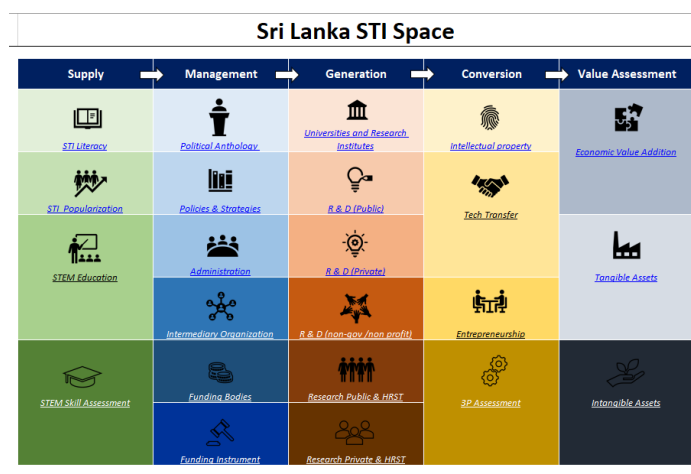
In September 2023 the 16th Global Innovation Index (GII) was launched by the World Intellectual Property Organization (WIPO), and according to that, Sri Lanka has been ranked at 90th position in the GIi 2023 among 132 world economies. The National Innovation Agency (NIA), the mandated government institute of the country to bring forward Sri Lanka in Global indices had been able to make the GIi 2023 consider the percentage of graduates in science and engineering of total tertiary graduates, which was lacking in the previous years. As a result, Sri Lanka has been placed in the indicator rank of 48 in that pillar.

Sri Lanka						GII 2023 rank
						90
Output rank	Input rank	Income	Region	Population (mn)	GDP, PPP\$ (bn)	GDP per capita, PPP\$
79	103	Lower middle	CSA	21.8	318.7	14,230.1
Score / Value Rank						Score / Value Rank
 Human capital and research						17.3 110
2.1 Education						32.2 116
2.1.1 Expenditure on education, % GDP						🕒 2.0 120 ○ ◇
2.1.2 Government funding/pupil, secondary, % GDP/cap						🕒 6.3 97 ○ ◇
2.1.3 School life expectancy, years						🕒 14.1 71
2.1.4 PISA scales in reading, maths and science						n/a n/a
2.1.5 Pupil-teacher ratio, secondary						17.7 89
2.2 Tertiary education						18.9 93
2.2.1 Tertiary enrolment, % gross						22.2 97
2.2.2 Graduates in science and engineering, %						24.1 48
2.2.3 Tertiary inbound mobility, %						0.4 105 ○
2.3 Research and development (R&D)						0.7 105
2.3.1 Researchers, FTE/mn pop.						🕒 105.6 89
2.3.2 Gross expenditure on R&D, % GDP						🕒 0.1 101
2.3.3 Global corporate R&D investors, top 3, mn US\$						0.0 40 ○ ◇
2.3.4 QS university ranking, top 3*						0.0 71 ○ ◇

2. National Innovation Eco-system development through collaborative and synergistic partnership

Mapping the Science Technology and Innovation Space of Sri Lanka

The National Innovation Agency mapped the science, technology and innovation space of the public sector in Sri Lanka including the research space as well. As per the exercise, the following information has been revealed:



Generation categories	Count
Research units with state institutes	53
Public research institutes	37
Universities	20
Semi-government research units with other state institutes	31
Total	141

Mapping allows for an in-depth analysis of Sri Lanka's existing STI ecosystem, identifying areas of strength and weakness. This information is vital for policymakers, researchers, and investors to strategically allocate resources and address gaps. Furthermore, a comprehensive map provides insights for strategic planning and policy formulation. It helps in setting priorities, defining goals, and aligning efforts to foster innovation-led growth and sustainable development. By understanding the STI landscape, decision-makers can allocate resources effectively, ensuring that investments are directed towards areas with the highest potential for impact and return on investment. Mapping facilitates collaboration and networking among stakeholders in the STI ecosystem. It helps connect researchers, entrepreneurs, industry players, and policymakers, fostering partnerships that drive innovation and technology transfer. Most importantly, Mapping enables ongoing monitoring and evaluation of STI initiatives and policies. It provides a basis for assessing progress, measuring impact, and making informed adjustments to strategies over time.

Memorandum of Understanding between the National Innovation Agency and Factum LK

NIA signed a Memorandum of Understanding with Factum LK, which is an independent consultancy agency and think-tank that offers critical insights, analyses and perspectives on global politics and strategic communications and tech cooperation services. It is registered as a for-profit company under the Companies Act of Sri Lanka. It is expected to establish international collaborations within the region to promote innovation through this partnership.



NIA Signs Memorandum of Understanding with TRACE

The National Innovation Agency signed a Memorandum of Understanding with TRACE with a view of promoting innovation and entrepreneurship in the country to make an impactful contribution to the national economy. Technologically Reawakening Culture of Excellence (TRACE) is a company incorporated under the Companies Act No.07 of 2007 of Sri Lanka as a Company Limited by Guarantee.



NIA Signs MoU with Island Climate Initiative (ICI)

NIA signed an MOU with Island Climate Initiative to foster the NIA Eco-Innovation pillar. Island Climate Initiative is a company based in Colombo, Sri Lanka, that provides management, facilitation, and investment services in sustainable development. Their main targeted areas are circular economy, renewable energy, and plastic waste reduction.



Collaboration with Citra Social Innovation Lab

Within the framework of the National Innovation Agency's (NIA) five innovation pillars, the social innovation pillar assumes a central role, effectively catering to and directly engaging with the broader society of the nation. Notably, it holds the potential to emerge as the most significant pillar, given its direct impact on the general populace.

Citra Social Innovation Lab marks a groundbreaking milestone in Sri Lanka's innovative landscape. As the nation's first Social Innovation Lab and functioning as a rapid prototyping facility, Citra employs foresight and innovation tools to envision diverse alternative scenarios. This approach allows for the creation of agile and comprehensive solutions, all rooted in a citizen-centred perspective. The NIA's collaboration with Citra Social Innovation Lab marks a significant stride towards harnessing the transformative power of innovation for the betterment of society. By pooling their resources, expertise, and shared vision, this partnership has the potential to create a lasting impact, inspiring innovative solutions that address pressing societal needs.



Fostering Sustainable Development through Innovation: NIA and SDCSL Collaboration

The role of innovation in driving progress towards the Sustainable Development Goals (SDGs) cannot be overstated. Acknowledging the significance of innovation as a catalyst for all 17 SDGs, the National Innovation Agency - Sri Lanka (NIA) and the Sustainable Development Council of Sri Lanka (SDCSL) joined forces in a collaborative partnership to propel innovative solutions that expedite the attainment of these goals.

This strategic alliance between the NIA and SDCSL holds the potential to reshape Sri Lanka's developmental trajectory. By synergizing innovation and sustainable development, the collaboration can catalyze transformative solutions that address societal challenges, safeguard the environment, and steer the nation closer to achieving the SDGs.



Memorandum of Understanding with Adventa Holdings Pvt Ltd

The National Innovation Agency officially signed a Memorandum of Understanding (MOU) with Adventa Technologies Pty Ltd on 21st September 2023, solidifying their commitment to implementing the "Innotrix" platform.

This collaboration aims to boost innovation management on a national scale in Sri Lanka. Adventa will provide its advanced innovation management platform, "Innotrix" to the National Innovation Agency Sri Lanka and "Innotrix" streamlines the process of capturing, nurturing, and scaling innovations, addressing the specific challenges faced by NIA and Sri Lanka's innovation community. The primary goal is to empower NIA in catalyzing innovation nationwide, fostering collaboration, and breaking down silos across sectors. This partnership aligns with NIA's mission to promote innovation and economic growth in Sri Lanka, and Innotrix is expected to play a crucial role in achieving these goals.

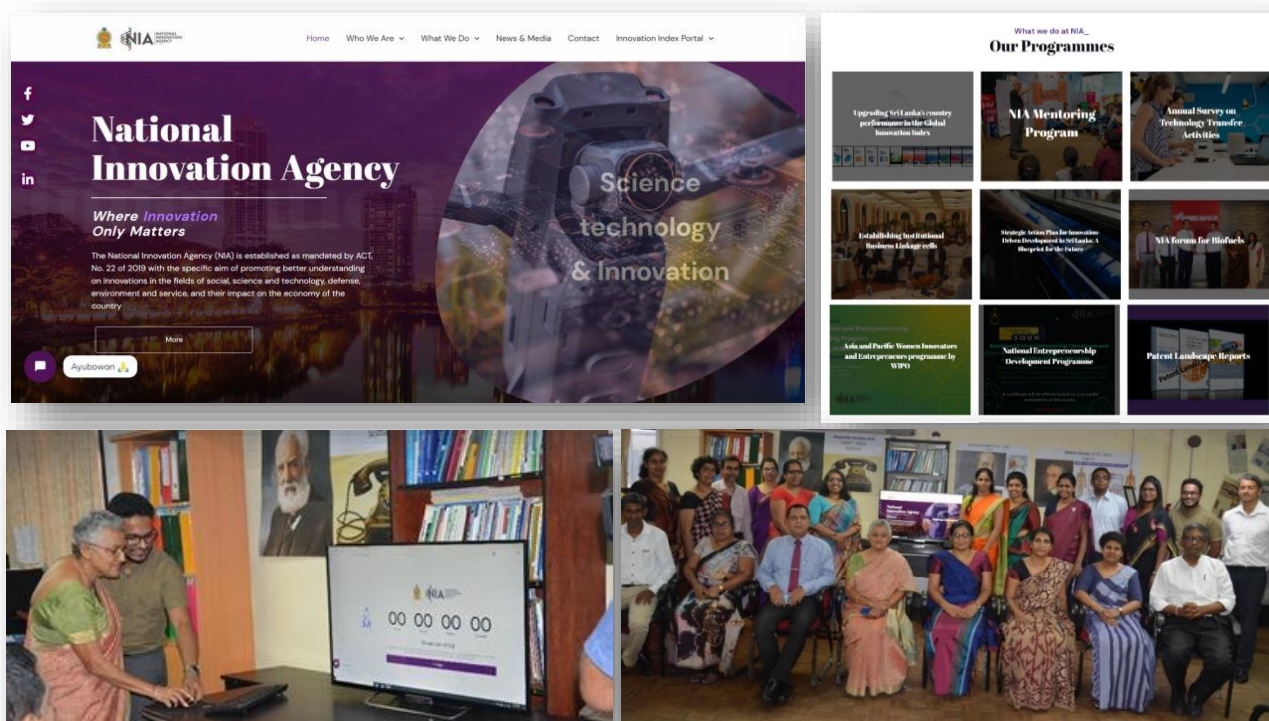


3. Development of National Technology Transfer Platforms

Launch of the website of the NIA www.nia.gov.lk

The launch of the National Innovation Agency (NIA) website, www.nia.gov.lk, took place on the 05th January 2023 at its premises at the Sethsiripaya Stage I, Battaramulla.

By launching its website, the NIA has taken an important step towards increasing its visibility and accessibility to the public, as well as creating a platform for sharing information about its programmes, initiatives, and resources.

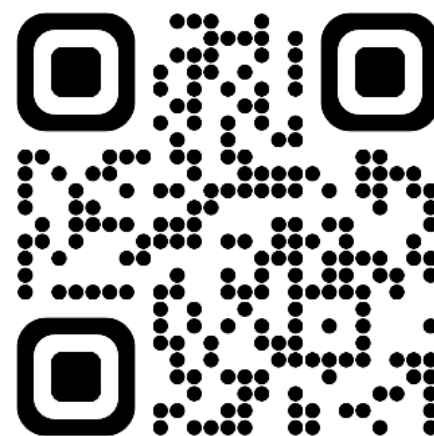


Business to People (B2P) Sri Lanka Virtual Platform

The "Business to People Sri Lanka" Virtual Platform, a pioneering initiative developed by the National Innovation Agency Sri Lanka was launched in collaboration with the Sustainable Development Council of Sri Lanka on November 6th, 2023, at the Auditorium of Dialog Axiata PLC. This cutting-edge virtual platform is poised to revolutionize collaboration by seamlessly connecting inventors, investors, and industries in a digital environment. Our mission is to cultivate partnerships that not only drive sustainable development but also contribute to substantial economic growth in Sri Lanka.



The QR code for the B2P Platform



The former Secretary to the President Mr Udaya R. Senevirathne and ITI Chairman Prof. Sirimal Premakumara launching B2P Platform

Before the launch, a discussion was held at the Ceylon Chamber of Commerce showcasing the B2P Platform. The NIA expects to popularise this site and make it the window to showcase new developments. A special feature and an activity for the NIA would be the displaying of the Technology Readiness Level (TRL) for each of the entries.

National Innovation Ecosystem Development Programme

The NIA started work on developing the National Innovation Ecosystem in partnership with the Information and Communication Technology Agency (ICTA) and OREL IT. The work is ongoing and the ICTA handed over its partnership rights completely to the NIA in December 2023. The Project is expected to be completed in 2024.

The Dolphin TechPitch: Riding the Waves of Innovation

The National Innovation Agency (NIA) commenced the Dolphin TechPitch series, aimed at propelling forward cutting-edge technological advancements. Kicking off this series was the presentation on "Advancements in RFID Thread Technology: A Gateway to the Digital Product Passport (DPP) for Textiles" by Dr. Anura Rathnayake, hosted at Dilmah Genesis Premises.

Dr Rathnayake's work heralds a future where textiles seamlessly merge with the digital realm, revolutionizing product tracking, authentication, and consumer interaction. The implications for supply chain transparency, anti-counterfeiting measures, and consumer engagement are profound. The NIA envisions the Dolphin TechPitch series as a cornerstone event, fostering innovation and driving national development. By prioritizing pivotal innovations, NIA aims to steer Sri Lanka towards a future defined by technological excellence and societal progress.



4. Strategic partnerships for inventor/innovation programmes

Dialog Innovation Challenge

The National Innovation Agency joined hands with the Dialog Axiata PLC for the Dialog Innovation Challenge as the “Technology Ecosystem Partner”. This initiative aims to unearth scalable, innovative digital solutions that will shape the future of technology in Sri Lanka. This initiation will provide a dynamic platform for talented innovators to showcase their prowess in crafting transformative solutions to drive digital excellence and foster a culture of innovation.



Fostering Innovation and Entrepreneurship: The Scale-up Shop in Sri Lanka's Organic Agriculture Sector

In a collaborative effort, the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ) have joined forces to support small and medium enterprises in the organic agriculture sector through the 'Support to Small and Medium Enterprises in the Organic Agriculture Sector' Programme. Central to this initiative was the Scale-Up Shop, a platform that recently showcased the results of weeks of intensive incubation and mentorship. Ten remarkable innovators from the food and agriculture sector took centre stage, presenting their groundbreaking ideas to an enthusiastic audience comprising program partners, investors, and key players in the ecosystem. The NIA played a major role as the mentoring partner of the programme, focusing on intellectual property management, technology transfer, and addressing gaps in commercialization.



The Plastic Innovation Tradeshow and Demo Day

The Island Climate Initiative (ICI) launched Plastic Innovation Challenge, supported by funding and advisory backing from the United States Agency for International Development's Clean Cities, Blue Ocean (CCBO) program. The National Innovation Agency joined the initiative as a distinguished collaborator alongside John Keells X and MAS Foundation for Change in this commendable venture, where it played the role of a mentor too. The primary aim of the program was to identify and support innovators with ideas capable of making a lasting impact on Sri Lanka's plastic pollution issue.



Bridging Borders Through Innovation – Discussions with NRDC India

NIA officials had a very productive virtual discussion with the National Research Development Corporation (NRDC) of the Government of India for a bilateral collaboration on 7th December 2023, on mechanisms for seamless technology transfer to accelerate progress. The discussion was mainly focused on identifying opportunities for cross-border collaborations between businesses and startups, leveraging each other's strengths to fast-track the development and commercialisation of innovative solutions and establishing a continuous exchange of ideas, expertise, and best practices.



NIA's Visit to Hatch Sri Lanka

The National Innovation Agency (NIA) visited Hatch Sri Lanka, a thriving startup incubator located in Colombo, Sri Lanka, which is currently home to over 104 startups. Hatch Sri Lanka won the best co-working space award at the Global Startup Awards 2021, the first Sri Lankan organization to secure such a record among over 18,000 global candidates. The NIA and Hatch exchanged ideas on the potential of developing a collaboration between the two entities.



5. Knowledge Dissemination Programmes and strengthening institutional R2C Capabilities

Establishment of the First Institutional Business Linkage Cell

The National Innovation Agency joined hands with the Sugarcane Research Institute of the Ministry of Plantations in establishing the first-ever Institutional Business Linkage Cell (IBLC) at SRI. The IBLs emulate the university Business linkage Cells (UBLs) and would carry a similar KPI table. The NIA made representations on behalf of enabling the continuity of UBLs and the launch of IBL was also a recognition of the UBL mechanism. This marks a pivotal step towards fostering synergistic collaborations between academia and industry. With the assistance and guidance of the NIA, this initiative aims to bridge the gap between cutting-edge research and practical application within the sugarcane sector. By facilitating seamless communication and collaboration between researchers and industry stakeholders, the Cell endeavours to catalyse innovation, drive technological advancements, and ultimately enhance the sustainability and competitiveness of the sugarcane industry. Through strategic partnerships and knowledge exchange, this collaborative endeavour promises to unlock new opportunities, spur economic growth, and propel Sri Lanka's sugarcane sector towards a brighter and more prosperous future.



Disrupting the economic status quo of Sri Lanka through endogenous innovation

Discussion Forum

Sri Lanka is in a position where there's a need to reinvent itself. All that we hear today are the tightening of belts, 360-degree taxation and the traditional advice on monetary and fiscal discipline and consolidations. After the serious demonstration of lack of discipline some of these steps are inevitable as any system should not deviate from the fundamentals.

The current issue is that we hear of all these steps as well as the need to understand the painful times ahead. However, the issue is we appear to communicate in unison that this is the sole pathway available. While the steps appear to address debt management there are no broader statements on moving beyond to a growth stage.

One of the fundamental structural issues of the Sri Lankan economy that led to the ongoing crisis was Sri Lanka's failure to increase exports. Although the country's economy was booming, very little of that economic growth came from exports. Global trade was moving towards value chains and countries started to focus on expanding exports through the production of parts and components. Sri Lanka on the other hand continued to rely on traditional exports such as textiles, garments, tea, and rubber.

Along with Sri Lanka's upgrade to middle-income status in 1997, the country's wage levels also increased. This meant Sri Lanka could no longer compete with countries like Bangladesh and Vietnam which provides significantly cheaper labour than Sri Lanka. To avoid this issue and to increase exports, Sri Lanka needed to increase high technological exports and link them to global value chains. However, Sri Lanka failed badly in that aspect. Sri Lanka's high-technology exports (% of manufactured exports) were 2 per cent in 2008 and further reduced to 1 per cent in 2019. This resulted in the stagnation of dollar inflows through exports causing an increase in debt levels subsequently leading to the sovereign default.

Therefore, long-term solutions to Sri Lanka's economic crisis lie within the ability to increase exports through linking to value chains. However, that cannot be done by relying on cheap labour as Sri Lanka does not have that advantage anymore. Therefore, Sri Lanka's focus should be on linking to value chains and increasing high-technology exports. For both these, innovation as well as research and development hold the key.

In this context, on 3rd March 2023, a discussion forum on Sri Lanka's economic status quo and the way forward of changing it through endogenous innovation was co-organized by the National Innovation Agency (NIA), Factum LK and Default LK at TRACE Expert City. The event aimed to bridge the gap in the discussion between the public, professionals, and the media.

Prof. Ajith de Alwis - NIA, Mr Umesh Moramudali and Mr Thilina Kalhara - Default LK, Mr Uditha Devapriya – Factum LK addressed the gathering, while Dr Ranga Kalansooriya – Factum LK made the concluding remarks. Many distinguished guests including economists, innovators and former and present diplomats graced the occasion. The report of the meeting is available on the NIA Website.



Advancing Innovation and Commercialization in Sri Lanka's Plantation Sector

The National Innovation Agency (NIA) in Sri Lanka operates with a primary mandate to foster connections between industry, academia, and the public sector. Its core objective is to bridge the gap between innovation and commercialization. A significant initiative in this endeavour is the establishment of a "National Technology Transfer Network."

In alignment with this mission, the Ministry of Plantation Industries, a pivotal ministry in Sri Lanka, has taken a significant stride towards implementing a comprehensive commercialization strategy. This strategy aims to encompass all research and development institutes operating under the ministry's purview.

To initiate this strategy, a series of sector-specific meetings were organized. The primary goal of these meetings was to identify gaps, challenges, and requisites for effectively securing Intellectual Property (IP), managing IP assets, enabling smooth technology transfer, and facilitating successful commercialization endeavours.

As a concrete outcome of these discussions, the respective institutes were directed to formulate their Intellectual Property Policies. Notably, the Tea Research Institute of Sri Lanka, Sugar Cane Institute and Rubber Research Institute have already established their institute-specific IP policies. Additionally, the Coconut Research Institute has made substantial progress in drafting its IP policies, which were reviewed by NIA officials.



An informative session for entrepreneurs at the Embryo Innovation Center of SLT-MOBITEL

The session, held on November 2nd, 2023, was specifically tailored for participants in the final stage of the "Entrepreneurship Studio Programme – cohort 2023/24." Members of TISC@NIA shared insights on the critical importance of safeguarding Intellectual Property Rights and effective management strategies.

This collaborative effort is expected to enhance the entrepreneurial ecosystem by equipping participants with knowledge essential for protecting and managing their innovative assets. The session took place at TRACE Expert City in Maradana, marking a valuable contribution to the development of innovative enterprises.



Empowering Innovation and Commercialization through IP Protection: NIA's Collaborative Webinar

The National Innovation Agency (NIA) stands as the definitive authority for fostering innovation and facilitating commercialization. In the dynamic journey of innovation, a key destination is the acquisition of intellectual property (IP) protection for inventive creations. This protection not only enhances the value of innovation but also serves as a crucial enabler for economic growth. Recognizing this, the NIA consistently encourages the adoption of proper IP protection in the commercialization process. By doing so, it not only adds value to innovation but also contributes to the nation's economy by nurturing intangible assets.

Aligned with its mandate of IP-embedded commercialization, in partnership with the Technology Innovation Support Center (TISC) of NIA, a webinar was organized on April 28, 2023.

The central theme of the webinar was "Women in Intellectual Property: Accelerating Innovation and Creativity."

This event coincided with the "World IP Day" celebrations orchestrated by the World Intellectual Property Organization (WIPO).

THE SRI LANKAN WOMEN AND IP
'RIGHT' Brain for National Development

MS TAMARA NANAYAKKARA
Counsellor
IP for Business Division
IP and Innovation
Ecosystems Sector
WIPO

DR. IMALKA MUNAWEERA
Senior Lecturer
Department of Chemistry
Faculty of Applied Sciences
University of
Sri Jayewardenepura

MS GARIMA SAHDEV
Regional Consultant and
Women Lead
Division for Asia and the
Pacific
Regional and National
Development Sector
WIPO

MS DILANI SAMANTHIKA
Founder/CEO
Cloud Content Marketing
Private Limited

MS VINDYA WIJESINGHE
Moderator
National Innovation Agency

28 th April
@ 10 am - 11.30am (IST)

<https://us06web.zoom.us/j/84572664074?pwd=VnZpTlZAwNjYVWlRlOWlRQkVlSjVWVzZz09>

NIA
NATIONAL INNOVATION AGENCY
"Where Innovation only Matters"

Celebrating World Science Day organized by the Ministry of Education

The National Innovation Agency took part in the Science exposition themed "Prosperity through Scientific Empowerment" organized by the Science, Research and Innovation Division of the Ministry of Education from 8th to 10th November 2023 at the National Museum premises, Colombo.



National Entrepreneurship Development Programme

Lack of entrepreneurship is a serious weakness in Sri Lankan youth. Most inventors fail in the commercialization process primarily due to their lack of entrepreneurship. Entrepreneurship is still not a regular part of our education system- from schools to universities. A few national and private institutions have attempted to launch entrepreneurship programs with their limited capacity and with limited success. As such, Sri Lanka does not have a sustainable national-level entrepreneurship programme to date.

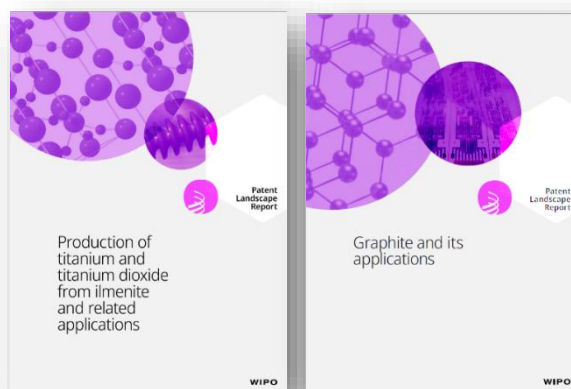
In view of this, the NIA co-organized a National Entrepreneurship Development Programme with the Faculty of Business, University of Moratuwa.

The virtual programme commenced in August 2023 and was completed in October, successfully. The successful participants will be awarded a certificate of completion.

6. Impact Publications

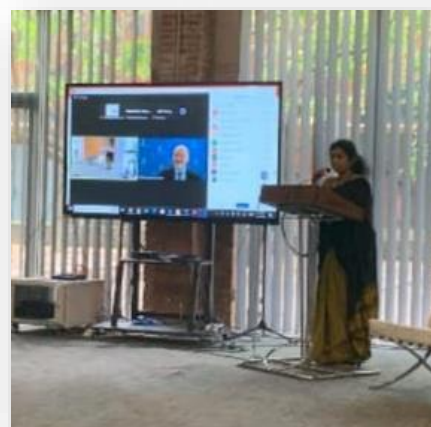
Launch of two Patent Landscape Reports prepared by WIPO

The World Intellectual Property Organization – WIPO has prepared Patent Landscape Reports on Graphite and Ilmenite, which are considered two most valuable mineral resources in the country, that visualize the current and future trends of the technologies related to Graphite and Ilmenite and the possible technological enhancements. The two reports were launched in Sri Lanka in early March 2023 in collaboration with NIA.



Patent Landscape Report - Graphite and its Applications

This Report examines global graphite-related patenting activity in the last decade. In addition, the report uses market and business information to assess the current state of graphite technologies and identify innovation hot topics, as well as examine both better-studied areas and the emerging uses of graphite.



Patent Landscape Report – Ilmenite and related applications

This report provides a landscape of the patent activity on the process of extracting titanium dioxide or titanium metal from ilmenite ore. In addition, a section on the industrial applications of titanium dioxide and titanium metal focuses on selected applications, such as ceramics, medical technology, electrodes for batteries, cosmetics, coatings and water treatment. This WIPO Patent Landscape Report aims to help policy and decision makers identify opportunities for ilmenite processing technologies and applications.

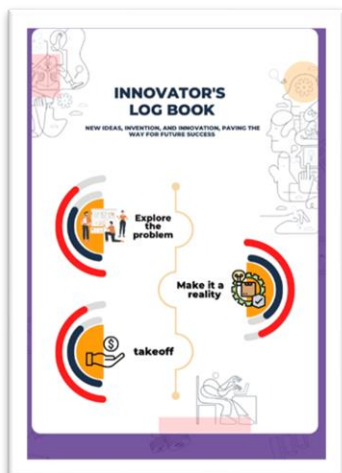
Mr Andrew Czajkowski the Director of the Technology and Innovation Support Division WIPO and Ms Lakshmi Supriya Patent Analytics officer, of the Technology and Innovation Support Division WIPO took the lead in preparing these reports as Mr David Simmons the Counsellor Asia and Pacific Division of WIPO connected the exercise to Sri Lanka through Enabling Innovation Environment Project. Prof Ajith de Alwis CIO- NIA and Prof Nilwala Kottegoda Senior Professor at the University of Sri Jayawardanapura acted as the local consultants for this project.

The Innovator's Logbook

The National Innovation Agency (NIA) takes pride in announcing the introduction and launch of the Innovator's Logbook, a significant publication that provides a structured pathway and emphasizes the importance of record-keeping for innovators. Creating this Innovator's Logbook aligns with NIA's commitment to facilitate a systematic approach for individuals engaged in the innovation process.

The primary objective behind the Innovator's Logbook is to offer a comprehensive account of the innovation journey. More than just a record-keeping tool, it serves as a dynamic diary, capturing the nuances of each step taken in the innovation process. It outlines the 'what,' 'why,' and 'how' of actions, providing a detailed and organized record of the innovation process.

The Log Book is available to be downloaded from the NIA website at: <https://nia.gov.lk/tisc/>



The Innovation Eye – Quarterly Newsletter of the National Innovation Agency

The NIA publishes a quarterly Newsletter named Innovation Eye, that captures the salient activities and events that took place during the relevant three months. It published four issues of the Innovation Eye in 2023.



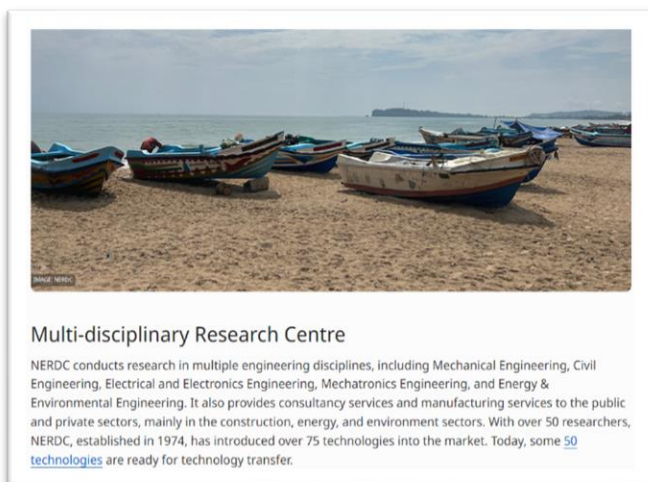
The Newsletter is circulated to all the research institutes, universities, relevant line Ministries and other players in the innovating ecosystem of Sri Lanka.

Success stories from the Enabling Innovation Environment Project

Success stories from the Enabling Innovation Environment Project were communicated by the NIA to WIPO as case studies from Sri Lanka. Consequently, the NIA was successful in getting three such stories published on the WIPO Website.

Those success stories can be viewed on the WIPO Website through the given links.

1. NERDC story



Multi-disciplinary Research Centre

NERDC conducts research in multiple engineering disciplines, including Mechanical Engineering, Civil Engineering, Electrical and Electronics Engineering, Mechatronics Engineering, and Energy & Environmental Engineering. It also provides consultancy services and manufacturing services to the public and private sectors, mainly in the construction, energy, and environment sectors. With over 50 researchers, NERDC, established in 1974, has introduced over 75 technologies into the market. Today, some 50 technologies are ready for technology transfer.

https://www.wipo.int/web/ip-advantage/w/stories/providing-a-healthier-alternative-to-traditional-fish-smoking-in-sri-lanka?p_l_back_url=%2Fen%2Fweb%2Fip-advantage%2Fsearch%3Fdelta%3D20%26start%3D1

2. John Keells Research story



https://www.wipo.int/web/ip-advantage/w/stories/applications-of-silver-nanoparticles-in-cosmetics-and-electric-switches?p%20back_url=%2Fen%2Fweb%2Fip-advantage%2Fsearch%3Fdelta%3D20%26start%3D1

3. TRI story



https://www.wipo.int/web/ip-advantage/w/stories/ceylon-tea-value-added-products?p%20back_url=%2Fen%2Fweb%2Fip-advantage%2Fsearch%3Fdelta%3D20%26start%3D1

National Technology Transfer Survey

The NIA conducted a Technology Transfer Survey, which was a comprehensive study aimed at understanding and evaluating the process of technology transfer within the country. This survey involved gathering data from various stakeholders such as government agencies, research institutions, universities, industries, and technology recipients.

The primary objectives of the survey were:

- Assessing the effectiveness of existing mechanisms and policies for technology transfer.
- Identifying barriers and challenges hindering the smooth transfer of technology.
- Evaluating the impact of technology transfer on economic development, innovation, and competitiveness.
- Identifying best practices and success stories in technology transfer initiatives.
- Providing recommendations for improving the technology transfer ecosystem in Sri Lanka.

Key areas of focus in the survey included the identification of technology transfer channels, such as licensing agreements, joint ventures, and collaborations between academia and industry. It also looked into the role of intellectual property rights, funding mechanisms, and government policies in facilitating technology transfer.

Through the findings of the survey, which will be published in early 2024, policymakers, researchers, and industry stakeholders can gain valuable insights into the strengths and weaknesses of the technology transfer landscape in Sri Lanka. This information can then be used to formulate targeted interventions and strategies to enhance technology transfer activities, foster innovation, and drive economic growth in the country.

7. Ensuring service and operational excellence

Adopting MiHCM for the Human Resource Management at the NIA

The NIA started deploying MiHCM for its human resources management practices. It is a comprehensive cloud-based platform that revolutionizes traditional HR practices. It integrates various aspects of human resource management, including talent acquisition, employee engagement, maintenance of leave records, performance management, payroll, and analytics, into a single unified system. MiHCM's digital HR cloud solution is an enterprise-grade HR platform delivered with a modern consumer-grade user experience. It uses advanced analytics and natural language query functionalities to provide talent insights for timely and accurate decision-making.

MiHCM is a spin-off digital HR venture by Microimage, a leading technology provider in business interest in many domains. MiHCM regional HQ is in Kuala Lumpur, Malaysia and the nerve centre of the firm's Research and Development activity is in Colombo, Sri Lanka.



Continued work of the Technology Innovation Support Center at NIA (TISC@NIA) on Intellectual Property Management

1 Workshop on Patent Search, Patent Drafting and IP Management at Faculty of Technology, Rajarata University of Sri Lanka

TISC@NIA completed the 2nd phase of its Patent Search, Patent Drafting, and Intellectual Property Management workshop conducted at Rajarata University of Sri Lanka, successfully. This special session, spearheaded by the Faculty of Technology on November 28th and 29th, 2023, represents a yet another milestone in TISC@NIA's mission to cultivate knowledge and innovation.



2 Awareness session at Center for Defence Research and Development

On the 11th of August 2023, the Technology Innovation Support Center (TISC@NIA) conducted a training session for officers of Tri-forces at the Centre for Defence Research and Development (CDRD) on "Research into Rupees - how to secure and manage your Intellectual Property for economic development".



3 Empowering Export Growth through Intellectual Property Management and Innovation

TISC@NIA had the privilege of conducting an insightful awareness session for the officials of Sri Lanka Export Development Board, shedding light on the key role of Intellectual Property (IP) management, technology transfer, and commercialization in the export sector. IP Diagnostic Tools developed by the World Intellectual Property Organization – WIPO were introduced to them during this session, which they can use to help SMEs self-assess their IP capacity.



The Defence Innovation Pillar Activated in Partnership with Centre for Defence Research and Development (CDRD)

The National Innovation Agency (NIA) collaborates with the Centre for Defence Research and Development (CDRD) to activate a dedicated innovation pillar. This strategic partnership marks a significant step towards advancing defence technologies and capabilities to support upscaling their innovation commercialisation.

In a notable development, officials from the National Innovation Agency (NIA) recently convened with counterparts at the Centre for Defence Research and Development (CDRD) to initiate a collaborative effort aimed at activating the Defence Innovation Pillar within the NIA framework. The meeting yielded a fruitful discussion, emphasizing the shared commitment to advancing defence technologies through innovation. Additionally, the CDRD sought guidance and support from the NIA in the crucial areas of technology transfer and commercialization.



Meeting the Geological Survey and Mines Bureau (GSMB)

The NIA had a very productive discussion with the Chairman and other high officials from GSMB on possible STI intervention for value addition in Sri Lankan minerals and the usefulness of using patent data for the process. Two Patent Landscape Reports generated by the World Intellectual Property Organization – WIPO on Graphite and Ilmenite were highlighted as the best examples during this discussion.



Collaborating with the Sri Lanka Export Development Board (EDB) to synergize efforts in promoting the export of innovative products from Sri Lanka

The National Innovation Agency (NIA) of Sri Lanka and the Sri Lanka Export Development Board (EDB) agreed to work towards boosting the export of innovative products from the country. This collaboration aims to reshape Sri Lanka's high-tech landscape, ushering in a new era of technological excellence. Together, they are actively defining high-tech industries in Sri Lanka, laying the groundwork for sustainable growth and technological advancement. A highlight of this partnership was the introduction of the 'Business to People Sri Lanka' platform by NIA, an initiative fostering collaboration and driving innovation across industries. Through this concerted effort, NIA and EDB would be propelling Sri Lanka as a global hub for innovation, attracting attention and forming partnerships on the international stage.



Meeting the Sri Lanka Accreditation Board for Conformity Assessment (SLAB)

The National Innovation Agency Sri Lanka (NIA) had a productive meeting with representatives from the Sri Lanka Accreditation Board for Conformity Assessment (SLAB), marking a momentous collaboration. The meeting served as a dynamic platform for engaging in discussions and the exchange of valuable insights on innovation, conformity assessment, and accreditation practices. This encounter underscores a shared commitment to excellence and cooperation between NIA and SLAB, with a collective goal to elevate standards and promote innovation across diverse sectors. The deliberations highlighted a shared vision for a future where innovation and conformity assessment seamlessly intertwine, contributing to the advancement of Sri Lanka's development landscape. It was decided that the NIA would work towards adopting ISO56000 for its operations.



Official visit of National Innovation Agency to Bandaranayaka Memorial Ayurveda Research Institute (BMARI)

National Innovation Agency officials visited Bandaranayaka Memorial Ayurveda Research Institute (BMARI) to explore potential avenues for collaboration in the realms of technology transfer, Intellectual Property Management, and the commercialization of research. The discussions were marked by a spirit of mutual enthusiasm and shared commitment to advancing innovation in the field of Ayurveda. As a testament to this shared vision, both parties have agreed to establish an institutional business linkage cell, which will serve as a focal point for collaborative efforts. Additionally, it was decided to collaboratively draft an Intellectual Property and commercialization policy tailored to the unique needs and goals of the institute. This marks the beginning of a promising journey towards harnessing the full potential of Ayurvedic research and technology, and we look forward to the fruitful outcomes that this collaboration will undoubtedly bring.





Research into Rupees!

NATIONAL INNOVATION AGENCY

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	NOTE	<u>2023 (Rs)</u>	<u>2022 (Rs.)</u>
REVENUE			
Treasury Grants	01	17,835,855	12,863,900
In-kind Assets Transfers		-	4,885,627
		<u>17,835,855</u>	<u>17,749,527</u>
EXPENDITURES			
Personal Emoluments	02	12,205,124	8,894,495
Council Member Allowances	03	708,000	324,000
Traveling Expenses	04	225,419	69,973
Supplies and Consumables used	05	1,117,875	139,140
Maintenance Expenses	06	200,560	23,500
Contractual Services	07	323,415	543,533
Depreciation	08	1,178,725	1,148,525
Amortization	09	35,321	-
Rent for Office Premises		3,182,256	-
Bank Charges		7,025	8,020
		<u>19,183,720</u>	<u>11,151,186</u>
NET SURPLUS (DEFICIT)		<u>(1,347,865)</u>	<u>6,598,340</u>

The Accounting Policies and Notes form an integral part of these Financial Statements

NATIONAL INNOVATION AGENCY

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

DESCRIPTION	NOTE	<u>2023 (Rs.)</u>	<u>2022 (Rs.)</u>
ASSETS			
Non-Current Assets			
Property Plant and Equipment	08	3,352,980	3,737,102
Intangible Assets	09	615,069	95,000
		<u>3,968,049</u>	<u>3,832,102</u>
Current Assets			
Prepayments and Recoverable	10	8,164	2,917
Cash and Cash Equivalents	11	2,753,176	3,200,022
		<u>2,761,340</u>	<u>3,202,938</u>
TOTAL ASSETS		<u>6,729,389</u>	<u>7,035,040</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated Fund		5,250,476	6,598,340
Revaluation Reserve		604,723	-
		<u>5,855,199</u>	<u>6,598,340</u>
Current Liabilities			
Other Payables	12	874,190	436,700
		<u>874,190</u>	<u>436,700</u>
TOTAL LIABILITIES		<u>6,729,389</u>	<u>7,035,040</u>

Signed for and on behalf of the National Innovation Agency

Prof. Ajith de Alwis
Chief Innovation Officer

W.A.G.P. Wijesinghe
Accountant (Acting)

"The Board of Directors are responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Steering Council of the National Innovation Agency

E.M.S.B. Ekanayake
Chairperson, Steering Council of NIA

H.D.C.L. Silva
Member, Steering Council of NIA
Chairman, AMC of NIA

NATIONAL INNOVATION AGENCY

STATEMENT OF CHANGES IN EQUITY

AS AT 31ST DECEMBER 2023

	Accumulated Fund (Rs.)	Revaluation Reserve (Rs.)	Total (Rs.)
Balance as at 01.01.2022	-	-	-
Opening balance Adjustment			
Transfer of Asset	-	-	-
Surplus/Deficit during the year	6,598,340	-	6,598,340
Prior Year Adjustment	-	-	-
Rounding up transaction			
Balance as at 31.12.2022	6,598,340	-	6,598,340
Opening balance Adjustment			
Prior Year Adjustment	-	-	-
Surplus/Deficit during the year	(1,347,865)	604,723	(743,141)
Balance as at 31.12.2023	5,250,476	604,723	5,855,199

NATIONAL INNOVATION AGENCY**CASH FLOWS STATEMENT****YEAR ENDED 31ST DECEMBER 2023**

	<u>2023 (Rs.)</u>	<u>2022 (Rs.)</u>
NET OPERATING SURPLUS /(DEFICIT) FOR THE YEAR		
Surplus (Deficit) from Ordinary Activities	(1,347,865)	6,598,340
ADJUSTMENT OF NON-CASH MOVEMENTS		-
Depreciation	1,178,725	1,148,525
Amortisation	35,321	-
Assets Transferred from Line Ministry	-	(4,885,627)
	1,214,046	(3,737,102)
OPERATING SURPLUS /(DEFICIT) BEFORE WORKING CAPITAL CHANGES	(133,819)	2,861,239
Increase/Decrease in Receivables	(5,247)	(2,917)
Increase/Decrease in Other Payables	437,491	436,700
	432,243	433,783
NET CASH IN OPERATING ACTIVITIES	298,424	3,295,022
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Acquisition of property, Plant & Equipment/Intangible Assets	(745,270)	(95,000)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(745,270)	(95,000)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Grants Received	-	-
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents.	(446,846)	3,200,022
Cash and Cash Equivalents at the beginning of the year	3,200,022	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,753,176	3,200,022

ACCOUNTING POLICIES

01. GENERAL

1.1. The Accounting Convention of the National Innovation Agency is prepared under the historical cost convention except for the revaluation carried out for Property Plant and Equipment. Financial Statements are prepared in accordance with the Sri Lanka Public Sector Accounting standards. The financial statements are prepared in Sri Lanka Rupees (Rs).

1.2 Post Balance Sheet Events

All material Post Balance Sheet events have been considered and appropriate adjustments made to or disclosures have been made in the Financial Statements.

1.3 Comparative Information

Financial Statements prepared for the Year 2023 presents the 2nd Financial Statement prepared for the National Innovation Agency and Comparative figures of 2022 were disclosed in the current year's financial statements.

02. DEPRECIATION AND AMORTISATION POLICY

Classes of Assets and depreciation rates were as follows.

ASSETS	RATE
01. Computer and Accessories	25%
02. Electrical and Communication Equipment	20%
03. Furniture and Fittings	20%
04. Office Equipment	25%
05. Computer Software	25%

Depreciation is charged on all property, plant and equipment on the book value before the revaluation. Provision for depreciation and amortization is calculated based on the date of purchase/date of disposal for all the assets.

03. ASSETS

Property Plant and Equipment are stated at revaluation amount as at the balance sheet date and all the asset categories are revalued.

04. LIABILITIES AND PROVISIONS

All material commitments and contingent liabilities are considered and where necessary adjustments or disclosures are made in these financial statements.

05. FINANCIAL PERFORMANCE

5.1. Treasury Grants received from the Government have been accounted to the Statement of Financial Performance

- 5.2 The Deficit/ (Surplus) of the Revenue over Expenditure has been arrived at after making provision for all known and quantifiable liabilities if not otherwise mentioned in the Notes and Discoursers to Financial Statements.
- 5.3 All costs incurred in operation and maintaining capital assets have been charged to the Statement of Comprehensive Income.
- 5.4 Value of Inventory items that cannot be capitalized with short life and non- material in nature has been charged to the Statement of Financial Performance.

NATIONAL INNOVATION AGENCY**NOTES FOR THE STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	<u>2023 (Rs.)</u>	<u>2022 (Rs.)</u>
01 Treasury Grants		
Treasury Grants -Recurrent	17,835,855	10,863,900
Treasury Grants - Capital	-	2,000,000
	<u>17,835,855</u>	<u>12,863,900</u>
02 Personnel Emoluments		
Salaries and Wages	6,735,562	4,546,625
Other Allowances	3,479,053	2,451,578
EPF Contribution	750,885	736,165
ETF Contribution	187,721	184,041
Overtime and Holiday Pay	82,980	27,135
CIO Allowance	968,923	948,949
	<u>12,205,124</u>	<u>8,894,495</u>
03 Council Member Allowances		
Honorarium of Council Members	708,000	324,000
	<u>708,000</u>	<u>324,000</u>
04 Traveling Expenses		
Domestic	225,419	69,973
	<u>225,419</u>	<u>69,973</u>
05 Supplies and Consumables used		
Stationery and Other Office Requirements	79,650	50,784
Transport Expenses	107,520	77,797
Postage and Communication	22,405	4,820
Repair and Maintenance	6,590.00	-
Water	6,800	-
Refreshment Expenses and Other	316,197	5,739
Other Capital Expenses	578,714	-
	<u>1,117,875</u>	<u>139,140</u>
06 Maintenance Expenses		
Computer Equipment Maintenance	51,000	23,500
Website Maintenance	110,000	-
A/C Maintenance	39,560	-
	<u>200,560</u>	<u>23,500</u>
07 Contractual Services		
Telecommunication Fiber Connection	279,248	511,450
Web Hosting Fee	44,167	32,083
	<u>323,415</u>	<u>543,533</u>

NATIONAL INNOVATION AGENCY

NOTES FOR THE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

08 Property, Plant & Equipment

COST				
	<u>01.01.2022</u>	<u>Revaluation</u>	<u>Disposal</u>	<u>31.12.2022</u>
Computer and Accessories	-	-	-	2,948,653
Electrical and Communication Equipment	-	-	-	363,360
Furniture and Fittings	-	-	-	1,094,271
Office Equipment	-	-	-	479,343
	-	-	-	4,885,627
	<u>01.01.2023</u>	<u>Revaluation</u>	<u>Disposal</u>	<u>31.12.2023</u>
Computer and Accessories	2,948,653	(2,040,153)	-	915,670
Electrical and Communication Equipment	363,360	(97,360)	-	266,000
Furniture and Fittings	1,094,271	602,329	-	1,696,600
Office Equipment	479,343	(187,343)	-	474,710
	4,885,627	(1,722,527)	-	3,352,980

DEPPRECIATION					
	Rate	<u>01.01.2022</u>	<u>Revaluation</u>	<u>Disposal</u>	<u>31.12.2022</u>
Computer and Accessories	25%	-	-	-	737,163
Electrical and Communi. Equi	: 20%	-	-	-	72,672
Furniture and Fittings	20%	-	-	-	218,854
Office Equipment	25%	-	-	-	119,836
		-	-	-	1,148,525
		-			3,737,102
	Rate	<u>01.01.2023</u>	<u>Revaluation</u>	<u>Disposal</u>	<u>31.12.2023</u>
Computer and Accessories	25%	737,163	(1,475,372)	-	-
Electrical and Communi. Equip	20%	72,672	(145,344)	-	-
Furniture and Fittings	20%	218,854	(437,708)	-	-
Office Equipment	25%	119,836	(268,826)	-	-
		1,148,525	(2,327,250)	-	-
					3,352,980

09 Intangible Assets

	<u>2023 (Rs.)</u>	<u>2022 (Rs.)</u>
Website	95,000	95,000
B2P	555,390	-
	650,390	95,000
Less: Accumulated Amortisation	(35,321)	-
	615,069	95,000

NATIONAL INNOVATION AGENCY

NOTES FOR THE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	<u>2023 (Rs.)</u>	<u>2022 (Rs.)</u>
10 Prepayments and Recoverable		
Prepaid Expenses-Lanka Host	3,750	2,917
EPF Recoverable	4,414	-
	<u>8,164</u>	<u>2,917</u>
11 Cash and Cash Equivalents		
Cash at Bank	2,753,176	3,200,022
	<u>2,753,176</u>	<u>3,200,022</u>
12 Other Payables		
Payable - Associated News Papers	215,050	-
Payable to 360 Innovations and Business Solutions	20,000	-
Payable to Ministry of Education	265,188	-
Payable to Sri Lanka CERT	250,000	-
Stamp Duty Payable	650	-
OT Payable	4,609	4,047
Payable - SLT	25,314	30,246
APIT Payable to IRD	28,831	20,788
Payable -Personnel Emoluments	64,548	327,529
EPF Payable	-	1,434
ETF Payable	-	215
Payable to Harmony Fund	-	42,000
Payable to UDA	-	6,200
Payable to Dept of Social Services	-	4,240
	<u>874,190</u>	<u>436,700</u>

DISCLOSURE TO THE FINANCIAL STATEMENTS

1. Property Plant and Equipment

All the Fixed Assets were revalued as at 31st December 2023 at the market value by a committee appointed for that purpose.

2. Intangible Assets

Business to People (B2P) web-based platform was developed by NIA during the year and it has recorded as an addition to Intangible Assets.

3. Personnel Emoluments

This includes Salaries and Allowances for the National Innovation Agency staff and the Chief Innovation Officer's allowance.

In 2022, permanent appointments were issued to six staff members with effect from 21st October 2022. In 2023, after considering the recommendations made by the National Pay Commission and Department of Management Services, the Steering Council of NIA has decided that the appointment date of the NIA's existing employees should be 1st January 2022. Accordingly, Salary arrears computed according to the NIA salary scale were paid in September 2023 for the period from 1st January 2022 to 20th October 2022.

Accordingly, employees' 1st salary increment was due on 1st January 2023 and six permanent employees' basic salaries were established by adjusting the first salary increment in December 2023 and arrears payment was made.

4. Revaluation Reserve

The difference in between net book value as at 31st December 2023 and revalued amount of Property Plant and Equipment has been recognized as the revaluation reserve.



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

IMT/D/NIA/123/125

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

29 April 2024

Chief Innovation Officer
National Innovation Agency

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Innovation Agency for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the National Innovation Agency for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Agency's 2023 Annual Report.

The other information comprises the information included in the Agency's 2023 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the other information I have obtained and the work I have performed prior to the date of this audit report, I conclude that this other information is materially misstated, I am required to report that fact. I have nothing to report in this regard.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Agency is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Agency.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Agency as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements of the Agency presented are consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention.

2.2.1 to state that any member of the governing body of the Agency has any direct or indirect interest in any contract entered into by the Agency which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018

2.2.2 to state that the Agency has not complied with any applicable written law, general and special directions issued by the governing body of the Agency as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018, except for;

Reference to law/ direction	Observations
Section 3 (d) of the National Innovation Agency Act No. 22 of 2019	Although it is an objective of the Agency to coordinate innovators and initiatives to foster impact, as the Agency has successfully coordinated only 2 programmes with private and public institutions in 2023 completely, these objectives have not been fulfilled quantitatively.

2.2.3 to state that the Agency has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Agency had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

2.3 Other Matters

- The total actual staff of the institution was 11 and for the said staff during the year under review Rs. 12,205,100 salaries and allowances, and as building rent Rs. 3,182,256 had been paid, which was 80.21% of the total expenditure.
- Although the agency is tasked with supporting the objectives of the National Innovation and Entrepreneurship Strategy by facilitating high-tech enterprises emerging through research and technology transfer, only two technology assignments were successfully completed in the year 2023. Furthermore, the Agency had spent Rs. 665,890 to create a web page and included the innovation data of only two institutions in order to fulfil the objectives mentioned in the act.

W.P.C. Wickramaratne
Auditor General

NIA Feedback on Auditor General's Report 2023

2.2.2. observations	Feedback
Although it is an objective of the Agency to coordinate innovators and initiatives to foster impact, as the Agency has successfully coordinated only 2 programmes with private and public institutions in 2023 completely, these objectives have not been fulfilled quantitatively.	Disagree. It is to be clarified here that to the query made by your office on 01.03.2024, we replied on 11.03.2024 only in respect of the projects 'completed by that time' and that for linking innovations and initiatives, in the year 2023, the number of programs that were conducted (and are still being conducted) by NIA is more than that. Examples are the Sri Lanka Innovators and World Intellectual Property Office Linking Program, Women Innovators and Entrepreneurs Linking Program, Biogas Innovators and Entrepreneurs Linking Program, etc. In this work, many rounds of negotiations have to be held. It should be noted here that the interest of the relevant parties is also important for connecting innovations and initiatives. It is difficult to achieve such interest in a short period of time and we would like to bring to your attention that the NIA staff is working very hard for this.
2.3 Other Matters	Feedback
(a) The total actual staff of the institution was 11 and for the said staff during the year under review Rs. 12,205,100 salaries and allowances, and as building rent Rs. 3,182,256 had been paid, which was 80.21% of the total expenditure.	It is agreed that 80.21% of the total cost of the institution was for staff salaries and allowances and building rent. The reason for that is that a small percentage of the capital expenditure allocated to the institution in the year 2023 had actually been spent. It should be mentioned here that since most of the work done by the institute could be done without spending money, it is not possible to show them as a percentage of expenses and therefore those work is not visible in financial terms.
(b) Although the agency is tasked with supporting the objectives of the National Innovation and Entrepreneurship Strategy by facilitating high-tech enterprises emerging through research and technology transfer, only two technology assignments were successfully completed in the year 2023.	Disagree. In the year 2023, we have replied to the inquiry about technology transfers made by NIA only in respect of technology transfers completed "successfully", and the number of technology-transfers we have facilitated is more than that. However, due to some reasons of the respective parties (reasons beyond the scope of NIA's intervention), the transfers were not completed successfully. As a result, it was decided to report only on successfully completed technology transfers.

Furthermore, the Agency had spent Rs. 665,890 to create a web page and included the innovation data of only two institutions in order to fulfil the objectives mentioned in the act.	Disagree. The institute created the B2P Virtual Platform for long-term use, and data entry should be done by innovators and researchers at various research institutes, universities or individual level. The role of NIA is to check the data and check whether there is a suitable Technology Readiness Level to be displayed on this platform and approve them for display and facilitate accordingly. Data entry is not the role of the NIA and is not practical. NIA is conducting awareness seminars, workshops as well as meetings and discussions requesting all research institutes, universities and inventors as well as researchers to send their innovations ready for commercialization to this B2P virtual platform. It is brought to your attention that the B2P virtual platform was launched in November 2023, therefore it is not practical or realistic to expect the above parties to enter their data into it as soon as it was launched.
<u>Note</u> However, as a whole, we have thoroughly studied the audit observations you have made on the 2023 financial statements and have taken steps to inform the relevant authorities by taking note of the corrective measures that have been indicated and agreed upon by this institution and by taking preventive measures to prevent their recurrence.	