

Sri Lanka- Country Statement- under Agenda Item 2

Third Session of the Committee on Macroeconomic Policy, Poverty Reduction
and Financing for Development,

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Agenda Item 2- Towards an inclusive, resilient and sustainable economic recovery from the coronavirus disease pandemic

Mr./ Madam Chair,

Excellencies,

Ladies and Gentlemen,

Good Morning to you all

It is a great privilege to join this virtual meeting during this challenging time of crisis, resilience and recovery. Today, I will briefly discuss Sri Lanka's response to the coronavirus pandemic, along with key policy priorities that can help to achieve a strong, inclusive, sustainable recovery and especially effective path for the achievement of the 2030 Agenda.

The COVID-19 has become a global pandemic which is defining health and economic crisis of our time. With the first domestic cases of COVID-19 reported in March 2020, the Government rapidly scaled-up control measures. Due to those measures, combined with rigorous case finding, contact tracing, as well as quarantine and isolation, ensured that the first wave was contained successfully. The second wave of infections and rapid increase of cases were reported during the last quarter of 2020 but the second wave was also kept under control.

The country is now under the influence of the 3rd wave of COVID-19 infections and the Government has successfully managed to control the infections and fatalities due to the pandemic mainly from the implementation of full-fledged vaccination programme together with island-wide lockdown. As of today (15th Oct,) the Government has managed to get almost 58 percent of the population fully vaccinated and about 70 per cent with at least one dose in spite of having limited fiscal space in the country. Aforementioned vaccinated numbers can be kept on par with any other country with highest levels in their vaccination programme.

Not only are we in the process of administering the vaccines to children from the ages 12, but also the third dose. The success of these actions are evident as daily new infections that was as high as around 5,000 in August has now reduced to around 670 while deaths which although was around 200 per day during August has now reduced to 20 with a recovery rate of almost 92.8 per cent. While the death rate was only 2.5 per cent and the total infections were only 529,755, the toll on the economy in particular is significant".

However, proactive measures other than vaccination taken by the Government including suspension of tourist arrivals, imposing island-wide curfew and lockdowns were hit sectors like tourism, construction, and transport especially hard, while collapsing global demand affected the textile industry. Job and earning losses disrupted private consumption and uncertainty impeded investment.

Despite this difficult situation, the Government spent an estimated 0.7 percent of GDP in cash transfers to displaced daily workers, affected senior citizens, persons with a disability and kidney patients, among others and these measures helped and soften the impact of the crisis on poverty.

At present, the governments are attempting to absorb the shocks by providing a wide range of fiscal and monetary stimulus. We have granted tax reliefs and also introduced debt moratoria to ease the burden on domestic businesses and individuals.

Despite the fact that the pandemic has hit harder during 2021, Sri Lankan economy has indicated impressive signs of fast recovery of the economy devastated by the pandemic with a real GDP growth of 4.3 percent in first quarter of 2021 and specially 12.3 percent in the second quarter. If the global economy recovers faster than expected and the global tourism industry rebounds more quickly with the progress on the global vaccination programs, the growth outlook could become more favourable.

However, we expect to be back on track soon by vaccinating majority of the population and move forward in 2022 with a new approach to expedite the progress in 2030 agenda.

Sri Lanka can work to secure fiscal and debt sustainability and drive resilient growth and jobs, particularly a focus on the blue and green economy and on smart agriculture, allowing productive local companies to integrate into global value chains, and attaining higher value addition in the manufacturing, agribusinesses, and service sectors.

Further, the development strategies and sustainability indicators should be changed accordingly to be in line with the global new-normal conditions and the economic recovery needs to be measured and evaluated, incorporating the new variables included due to the post-pandemic global conditions.

Thank you.