Lest we forget remembering the 'Pathfinder Beyond the Box: A New Economic Vision for Post – COVID Sri Lanka' presented in May, 2020

The Pathfinder Foundation produced a Report "Pathfinder Beyond the Box; a New Economic Vision for post-Covid Sri Lanka," which was presented to senior policy makers and made available to the public in May 2020. Today, it is time to reinforce the urgency of addressing the issues raised in that report and consider the efficacy of the recommendations contained therein.

The Report presented a policy matrix which identified issues and actions in the following areas: Social Empowerment and Safety Nets: Food Security and Agriculture; Macro-Economic Management; Trade and Investment; Infrastructure; Technology; Labour; Finance; and Policy Coordination.

COVID – 19 and its impact

Sri Lanka, like many countries, has been severely affected by both the medical and the economic consequences of the pandemic. This has placed Sri Lanka in a category alongside the most vulnerable countries, with very limited buffers to absorb the effects of external and/or domestic shocks - a predicament which is the result of very many years where politics consistently overwhelmed basic economic principles.

The economy has been brought to a precarious state. Disruption to economic activities has dealt a blow to the growth momentum. This is being compounded by severe dollar illiquidity. Inflation, particularly food inflation, is accelerating. Businesses, especially MSME's are experiencing a devastating an environment. Families are confronted with major challenges in meeting their basic needs.

On the external front, gross official usable reserves have declined to the point where Sri Lanka's foreign debt is no longer sustainable. The lack of foreign exchange is making it increasingly difficult to support a level of imports which would meet even the demand for essentials, like food and pharmaceuticals, as well as intermediate and investment goods required to support growth, employment and incomes.

Time for an immediate policy re-set

The solutions are well known and have been elaborated upon in the Pathfinder report under reference.

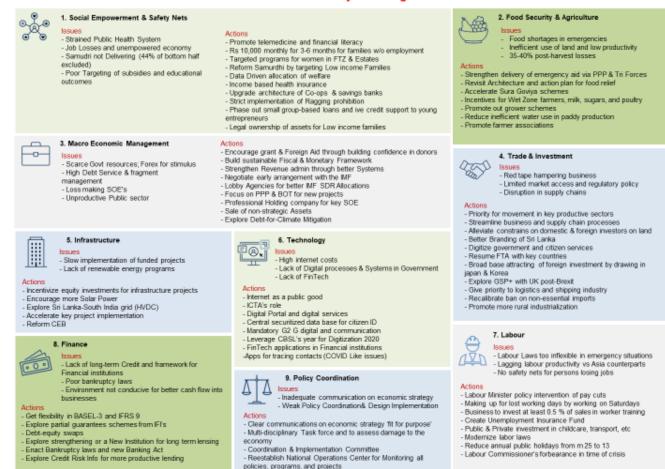
The effect of the combination of decades of weak economic management and the unprecedented adverse impact of the pandemic means that Sri Lanka does not have any easy options. Managing the crisis with as little pain as possible needs to be the priority.

The immediate priorities are: 1. stabilizing the economy and alleviating the painful consequences of the inevitable austerity through seeking support from the IMF and other financing that could be

mobilized once an IMF arrangement is in place; 2. restoring debt sustainability by restructuring external debt. It must be recognized that an IMF programme would not be possible without debt restructuring and debt restructuring would not be possible without an IMF programme.

The full text of the Report 'Pathfinder Beyond the Box: A New Economic Vision for Post – COVID Sri Lanka' is available via <u>https://bit.ly/3iSRx1L</u>

PATHFINDER BEYOND THE BOX: A NEW ECONOMIC VISION FOR POST-COVID-19 SRI LANKA Act Decisively & Act Big

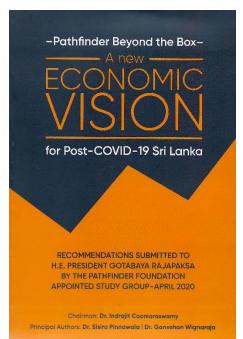


This Matrix explores each strategy, highlighting Opportunities and the Issues that we have to overcome to ensure positive impacts and outcomes

PATHFINDER BEYOND THE BOX: A NEW ECONOMIC VISION FOR POST-COVID-19 SRI LANKA



The previous Matrix explored each strategy, highlighting Opportunities and the Issues that we have to overcome to ensure positive impacts and outcomes



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