The government was able to reach Staff-Level Agreement to obtain an extended fund facility of USD 2.9 billion from the International Monetary Fund – Prime Minister Hon. Dinesh Gunawardena

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Prime Minister Hon. Dinesh Gunawardena said in Parliament today (01) that the government was able to reach a staff level agreement this morning to obtain an extended fund facility of USD 2.9 billion dollars from the International Monetary Fund that will operate for a period of four years.

The Prime Minister also mentioned that after obtaining the approval of the International Monetary Fund's Executive Board, the official Bilateral Level Discussion will be followed.

Various weaknesses and wrong policy decisions ultimately led to debt default and pushed the country into a deep economic crisis and in order to recover from this crisis, similar deep and comprehensive economic reforms have to be carried out, the Prime Minister emphasized. He also mentioned that it is necessary to carry out these reforms regardless of which party is in power.

full speech of Prime Minister Hon. Dinesh Gunawardena is as follows.

Hon. Deputy Speaker,

This morning, the government was able to reach an agreement at the staff level to obtain an extended fund facility of USD 2.9 billion from the International Monetary Fund, which will operate for a period of four years. This is a very important milestone in Sri Lanka's efforts to recover from the deep economic crisis it is facing. Sri Lanka needs an Adequate Financing Assurance from lenders that they will help achieve debt sustainability in Sri Lanka's debt restructuring programs following the staff -level agreement.

After that, it is necessary to obtain the approval of the Executive Board of the International Monetary Fund. Official Bilateral Level Discussion is scheduled to start next. At the same time, we are given opportunities to obtain loans from bilateral and multilateral development partners. Through that, we will get funds for essential activities, and we will be able to gradually restore the economy and people's lives. Although today's agreement is a sign of great progress in our efforts, we must remember that this is only the beginning and we have a long way to go.

In the future, we will have to make great sacrifices to find solutions to this economic crisis. For decades we have had a higher consumption comparative to what we had saved. As a result, our debt has increased greatly. The income of the country has decreased to a very low level due to various reasons. Because of this, we have not been able to invest more in important sectors like health, education and public transport. We have been consuming utilities such as petroleum and electricity at low prices in the country for a long time. As a result, a large trade deficit was created and exchange rates weakened. Public sector has been mismanaged for decades. As a result, those institutions suffered huge losses. It also created a huge tax burden on the public.

Various weaknesses and wrong policy decisions ultimately led to debt default and plunged the country into a deep economic crisis. To recover from this crisis, similar deep and comprehensive economic reforms have to be carried out. No matter who is in power, these reforms are necessary. Only then can sustainable and broad-based economic growth be achieved.

In the past five months, the government has prepared programs that include these reforms. Those programs have now received official approval. More challenging is the implementation of these difficult reforms. The government also knows that it is very difficult to carry out these reforms in a situation where the people are suffering economically. Therefore, the essential point is to understand why these reforms are necessary to save the country in the med-term and long-term and thereafter to ultimately achieve higher development. I would also like to remind you that the President and our government are committed to put the bankrupt country back on the path of development and to inherit a good future for our future generations.

Finally, I would like to say that after reaching an agreement with the International Monetary Fund, we will present further details to this Parliament. thank you.