

IMF agreement gives us confidence, grateful to India: Lankan envoy

Sri Lanka's High Commissioner in New Delhi, Milinda Moragoda, has declared that the preliminary agreement with the International Monetary Fund (IMF), under which Sri Lanka could receive \$2.9 billion to tackle the ongoing economic crisis, is a "first step" in the long haul of economic recovery, but would provide the country and investors "confidence" to attract increased investments and remittances.

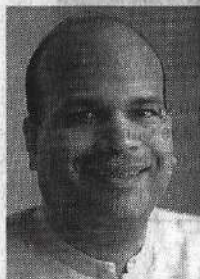
The HC has said so at 'The Indian Express Idea Exchange' programme. *The Indian Express* quoted Moragoda as having said that with the IMF agreement taking shape, Sri Lanka now expected more countries to offer assistance, while underlining that India was the "only partner" to have stepped up even without a framework in place.

"The key fact here is that having the staff-level agreement gives us confidence. The money is not huge but it gives us confidence — one for investors to come in, maybe for our remittances, which have dropped by half, to increase and...also for other bilaterals, like Japan, to come. We

are grateful to India, which encouraged us to go to the IMF Finance Minister (Nirmala Sitharaman and External Affairs Minister S Jaishankar played a role in that. India was the only country, the only partner, which stepped up without us having any kind of programme," Moragoda said.

Earlier this year, Sri Lanka, battling the worst economic crisis in its history, had plunged into unprecedented turmoil, with an acute shortage of essentials, such as fuel and medicine, triggering massive protests, which forced Gotabaya Rajapaksa to flee the country and resign as President, a post taken over by Ranil Wickremesinghe.

Following the IMF package, Moragoda identified power, oil and tourism as some of the areas where structural reforms, through cooperation with India, can help restore macroeconomic stability. India, he said, can explore developing the port city of Trincomalee as an energy hub.



Milinda Moragoda

Asked what the low-hanging fruit was when it came to vital structural reforms, Moragoda said:

"I would take the electricity sector. I would use the relationship with India, have the connectivity grid with India, and bring in private investment in electricity generation. That could mean new power plants in renewable energy, or it

could mean buying existing plants, through a privatisation process. I would go as far as to liberalise the last mile distribution, like you have done and use the grid to India to create capacity and export, and also import, if we need it. But I think India can be the catalyst for that, but we need to move quickly."

Asked if Rajapaksa, who is reportedly in Thailand, plans to return, Moragoda said, "He will return soon; I think, to Sri Lanka." But the possibility of him finding a place in the country's political leadership is thin, said Moragoda, who took over as High Commissioner last year. (The interview was con-

ducted just before Gotabaya Rajapaksa's return to Sri Lanka over the weekend)

"He has to find his place. I don't think in politics, he should maybe look more at the social side... Former Presidents can be icons. For instance, (US President) Jimmy Carter is known more for what he did after leaving office than what he did while in office," Moragoda said.

The crisis, however, was long in the making, the politician-turned-diplomat said. He suggested that the elder Rajapaksa's technocratic approach could have been a factor behind the crisis, which, he suggested, needed a stronger, more direct political outreach.

"To some extent, the vacuum in this was that the main political parties were not in a position to engage because our President himself is not a politician. Once he was elected, he did not really get involved in politics at all... Politicians felt disengaged from the system altogether. And the economy was crumbling. There was no political way of filling this vacuum. So this whole movement came up," he said.