

SRI LANKA
G. L. PEIRIS, Governor ad interim

On behalf of the Sri Lanka delegation, I wish to join previous speakers in expressing our warm thanks to the Government of the United States, especially Governor Cayetano, Mayor Jeremy Harris, and the people of Honolulu for their hospitality, and to the Management and staff of the Asian Development Bank (ADB), for the excellent arrangements that have been made. Mr. Chairman, on behalf of my delegation, may I congratulate you on your election as chairman of this meeting, and let me also welcome the new member of ADB, Turkmenistan.

In 2000, the Asian economy grew by 7.1 percent, one of the fastest-growing regions for the year. Most of the crisis-affected Asian economies further recovered, and the countries most affected by the 1997 financial crisis, e.g. Indonesia, Republic of Korea, Malaysia, Philippines, and Thailand, achieved the best performance since 1997. The south Asian economy grew at the level of 5.8 percent during the year, yet it accommodates the majority of the poor in the Asian and Pacific region.

In this development context, the Sri Lankan economy grew by 6 percent in 2000 compared with 4.3 percent in 1999, largely owing to favorable export conditions especially in textiles and garments and the tea sector. However, as with many developing economies, our economy was adversely affected by high oil prices in terms of a widened external current account deficit and a substantial reduction in the gross official reserves during the year. This situation was aggravated by the civil conflict, as much of the scarce resources were diverted to safeguarding the integrity of the country. We would like to take this opportunity to express our deep appreciation for the indispensable support extended by the international community to Sri Lanka as the country's economy passes through a difficult period.

We note that, in the year 2000, ADB approved a record level of assistance for Sri Lanka, totaling \$209 million in loans and \$6.7 million in technical assistance grants, to support private sector development, secondary education modernization, and natural resources management for poverty reduction.

We fully support ADB's continued assistance in promoting private sector growth and improving access to basic economic and social services, and its efforts to address economic and social development issues. We would like to stress the importance of strategic infrastructure investment and institutional and policy changes to support the creation of productive employment opportunities for the poor. This is one of the major findings of both ADB's poverty analysis and the Government's Framework for Poverty Reduction, and was further endorsed by the High Level Forum on Poverty Reduction recently held in Colombo with ADB assistance.

To face the challenge of, and also to benefit from, a fast-growing world economy that is characterized by sophisticated information technology, institutional and policy changes are essential for Sri Lanka to support the development of a stable and

competitive macro economy and achieve sustained poverty reduction. Our Government is committed to the development of a policy environment conducive to private sector growth, and to a variety of changes in the role of Government from direct producer and service provider to regulator in many areas of previous involvement. ADB is supporting the Government in key sector reforms, particularly in respect of highways, power, and ports.

However, it is our view that structural changes represent a long and complex process, and as we make incremental progress in the appropriate direction at the strategic level, the implementation of the reforms should not be rushed. Earlier experiences have indicated that changes need wider consultation of the stakeholders, respect for the choices of affected groups, and most important, the ownership of the country and its institutions to sustain and harvest in a durable manner the fruits of the changes.

It is a pleasure for me to acknowledge on this occasion recent changes in the International Monetary Fund's policy support programs, which allow developing member countries more decision-making authority on appropriate sequencing and pacing of structural changes based on specific country situations.

This year, we specifically look to ADB's continued support, as our country goes through a challenging period, and as we are committed to and are making our best efforts in advancing the peace process, supported by the international community. Sri Lanka, as a founding member of ADB, takes pride in its excellent relationship with ADB. As in the past, 2000 again has been a year of close cooperation between my country and ADB toward achieving the common goal of development and poverty reduction.

In 2001, we would greatly appreciate ADB's continuing support to further the Government's ambitious sector and institutional development programs in the highways, power, and port sectors as well as small and medium enterprise development, to promote private sector development and good governance for sustained economic growth and poverty reduction.

Finally, I would like to place on record our appreciation to ADB for its substantial support extended to Sri Lanka. I express our deep appreciation to President Chino of ADB, the three Vice-Presidents, the Board of Directors, the Management, and the staff for their valuable contribution to the work of ADB.