

RESEARCH NOTE

# The International Monetary Fund in Sri Lanka: a critical dialogue

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**ABSTRACT** *On 20 April 2001, the International Monetary Fund (IMF) approved a US\$253 million stand-by credit facility to Sri Lanka to stabilise the country's macroeconomic fundamentals. The government should be commended for requesting the IMF to make the stand-by arrangement a public document, facilitating public scrutiny. However, there are some critical discrepancies in the statistical data presented in the IMF Country Report No. 01/71 compared with annual reports of the Central Bank of Sri Lanka. These anomalies are highlighted with examples regarding defence expenditure, poverty reduction programmes, and public service recruitment.*

The International Monetary Fund (IMF) approved a US\$253 million stand-by credit facility to Sri Lanka on 20 April 2001, to stabilise the country's macroeconomic fundamentals. An initial instalment of US\$131 million has already been released, and the rest is expected to be released in four equal instalments (US\$30.5 million each) depending on the performance of the economy. In addition to this, another US\$250 million may be provided under the Poverty Reduction and Growth Facility, itself the successor to the Enhanced Structural Adjustment Facility.

The government of Sri Lanka (GOSL) should be commended for requesting the IMF to make the stand-by arrangement a public document, hence facilitating public scrutiny. This is the first time the full text of an IMF–GOSL agreement has been made available to the general public, and is a very welcome step on the part of both parties towards transparency and good governance. However, it is disappointing and disturbing to note that there are some critical discrepancies in the statistical data, *inter alia*, presented in the *IMF Country Report No. 01/71* (citing 'Sri Lankan Authorities') when compared with the Annual Reports of the Central Bank of Sri Lanka (CBSL).

\*The views expressed in this paper are solely those of the author, and not of The International Centre for Ethnic Studies.

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