



# Position paper on COVID 19:

Economic Preparedness and Building Resilience - Ensuring Disaster Preparedness and Business Continuity:

Recommendations for the Government and policymakers

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## Approach

The unprecedented effects of the COVID-19 pandemic are being felt globally and with many socio-economic implications. Although COVID-19 is a global event, its prevention and preparedness requires strategic planning and execution at national level. The pandemic posed severe detrimental effects on the Sri Lankan economy. The GDP contracted by 3.6% in 2020 from a 2.3% positive growth in 2019, reflecting the largest economic downturn recorded in the country's history. A quantum shift in the approach and architecture in pandemic preparedness is obligatory in Sri Lanka. This position paper proposes a set of recommendations for the private sector but also recognizes the need for a Public-Private Partnership approach to focus on pre-outbreak and post outbreak planning and preparedness.

This position paper has been developed by the Economic Intelligence Unit of the Ceylon Chamber of Commerce, Social Policy Analysis and Research Centre (SPARC) of the University of Colombo and Global Disaster Resilience Centre (GDRC) of the University of Huddersfield. The paper has been informed by the following steps:

**Step 1:** A review of literature, which drew on secondary sources including scholarly articles, institutional reports, news reports and websites.

**Step 2:** A series of consultations with stakeholders in 4 key economic sectors: Agriculture, Apparel, Construction and Tourism and with Asia Disaster Preparedness Centre [ADPC], Disaster Management Centre [DMC] of Sri Lanka and Regional Chambers of Commerce. The consultations sought to capture the impacts of COVID-19 (first and second wave), their current status of preparedness for biological hazards and multi-hazard contexts, and recommendations to enhance disaster and economic preparedness.

**Step 3:** Inclusion of insights from the panel discussion held at the launch event of the first version of the position papers. The first version was revised to incorporate newly available information and recommendations.

## Part 1: Macro Issues and Concerns

Prior experience of managing pandemics such as COVID-19 was not evident from the Government and the community in general. Non-compliance to health and safety protocols by the general public was one of the major problems encountered in controlling the COVID-19 spread during the first wave. In addition, stakeholders expressed the following as major shortcomings (in the scope of first and second waves) in efforts to tackle the pandemic.

- Weak preparedness measures for the pandemic
- Lack of knowledge on preparedness for multi-hazard scenarios
- Aggravated financial pressures
- Gaps in communication mechanisms
- Undiversified export basket
- Lack of attention drawn towards the SMEs and the informal sector
- Lack of innovation and investment
- Issues related to transport and logistics due to mobility restrictions
- Escalation of prices of both local and global goods owing to import restrictions
- Cases of labour shortages, reverse migration and shift to alternative jobs
- Inevitable working capital expenses
- Supply chain disruptions



## Part 2: Recommendations for the Government

### A. Macro Recommendations for Developing a Disaster Responsive Policy Environment

#### Re-drafting of a new Disaster Responsive Policy

Sri Lanka's disaster management policy was drafted in the year 2005 through the Sri Lanka Disaster Management Act No.13. Considering the most recent events encountered with impacts of the pandemic, it would be prudent for the policy to be revisited and updated to align to the present and future context.

Re-drafting a strong and updated National Policy for disaster preparedness and management is a high priority and it needs to be a collaborative effort of all key stakeholders, namely the Government, private sector and disaster management experts.

The policy should also have a holistic approach and therefore, development of a policy on a widely agreed framework is an imperative for the functioning of the economy during and in the aftermath of a crisis. This framework should be built on aspects such as response, recovery, mitigation and preparedness. The policy should establish a framework for strong collaboration and commitment with all relevant stakeholders in order to reduce and avoid losses, ensure a prompt response mechanism for those affected, and accomplish an effective and speedy recovery.

This approach requires farsightedness and a strategic implementation plan backed with a sound financial plan. Further, while focusing on the futuristic objectives, this new disaster responsive policy should include action plan mechanisms.

The study further identified that certain sectors' and stakeholders' exposure to the pandemic was more than others. For example, workers in the construction, apparel and tourism sectors were more disadvantaged due to the nature of their work, and creation of COVID-19 clusters was also evident within these sectors/stakeholders.

Further, as advocated by the sector experts involved in the study, below are the key strategic aspects related to outlining and implementation of an updated new National Disaster Management Policy.

#### Harmonization of the national policies

There is an urgent need for Sri Lanka to develop a National Policy for Disaster Preparedness and Management that provides a holistic approach to policy making and policy harmonisation that can contribute to sustainable development. This holistic approach should cover the key sectors that are captured in the current Total Disaster Risk Management (TDRM) strategies: Physical Planning, Urban Development, Forestry, Lands, Agriculture, Land Development, Mining, Irrigation, Health, Sanitation, Education, Housing, Drinking Water Supply, Roads, Environment, Coastal and Marine Area Management, Tourism, Industry, Fisheries and Aquatic Resources, Power and Transport. This would ensure that all Ministries, Departments, Provincial Councils, District Secretariats, Divisional Secretariats, NGOs/INGOs, Grama Niladari offices, Village Committees and village volunteer groups formulate disaster management plans that comply with the framework of the National Plan, which would enhance the implementation efficiency. Experts also accentuated that the policy decisions of the country should be backed by scientific evidence, and professional and stakeholder views aiming at future-oriented policy goals. A more targeted approach to identifying cascading effects should be undertaken to ensure the financial viability and effectiveness of the development projects. Hence, policy harmonization is pivotal for risk mitigation, and enhancing disaster responsiveness and preparedness. This would avoid the creation of conflicting policies within the ministries, and policy alternatives could be evaluated to execute the best policy options that suit the country and aid its development process. The importance of this was further emphasized with reference to certain hardships the businesses were faced with such as the import restriction measures.

#### Importance of timely support and coordination

It is important to streamline Government support in terms of timely decision making, communication, inter-departmental and inter-ministerial coordination. An appropriate functioning system for proper coordination should be set. This includes different levels, such as the national, provincial and district, so that there can be flexibility in execution of disaster management initiatives. Strengthening the coordination system, as mentioned above, is vital in this situation as well. Furthermore, the Government's financial support to businesses should be offered at the right time and needs to be periodically reviewed. Support could also be in the form of low interest rate schemes for entrepreneurs to invest



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in new machinery and technology, and upskill human talent. As a solution to the lack of financial assistance, it is recommended to establish a Government fund to support businesses during a crisis.

### Public - Private Partnership

Need for public-private interaction and collaboration to effectively manage crises. However much prepared the industries are, it is important that such public-private partnerships are established to take joint accountability for preparing and responding to a pandemic or any kind of crisis situation. There should be a strong emphasis on strengthening private-public sector engagement and collaboration mechanisms. These engagement and collaboration mechanisms should promote a healthy public-private dialogue on leveraging innovations to overcome challenges posed by the pandemic and other multi hazardous scenarios.

### Future oriented structural changes

The structural changes required to be better prepared and to address emerging future needs should be identified clearly. This includes changes in laws, policies, regulations, guidelines, payment methods and legal structure.

The presence and activation of a standard operating procedure is important, with provisions for flexibility for making changes when required. For example, there should be guidelines on how minimum staff requirements can be met in accordance with health requirements for companies to operate in a pandemic situation. Firms could then adopt models that are best suited for their business operations. The working environment and labour laws should also be amended accordingly to meet such challenges and enhance productivity for better economic outcomes for the country.

Furthermore, it is an appropriate time to consult and adopt international norms, standards and guidelines on disaster management, and to consider their applicability to Sri Lanka. COVID-19 was perceived as a new challenge by the Government of Sri Lanka and other stakeholders such as the Local Government and the Private Sector. In this case, existing laws, regulations and policies may prove inadequate and/or inappropriate to effectively address the issues brought forth by the 'new normal'. One potential solution would be to adopt international guidelines, for example, guidelines on business continuity planning developed by the International Labour Organization [ILO] and the International Chamber of Commerce, and localize them as relevant to the national business conditions.

### Development of a database leveraging on regional resources

A database of available resources in different districts, divisions and local authorities should be developed for institutions to access as needed. According to the current Disaster Management policy, a separate technical committee is appointed for risk assessment, data collection, research and analysis. Nevertheless, the study consultants highlighted the lack of data and information as one of the main problems faced in managing impacts during crises and taking preventive measures for managing disasters that may occur in the future. With the advent of the pandemic, the absence of a database on business data and information was strongly felt. Regional chambers do not have the financial capability to collect and update the data. Certain regional chambers confirmed the capability of preparing databases for business profiling but they also highlighted the need for support from the Government in this regard. Therefore, they require Government assistance to develop a planned approach to setting up a good quality database that will help to identify different business profiles and thereby provide targeted support.

### Ensure emergency preparedness measures

At an organizational level, it is recommended to ensure emergency preparedness measures and regular emergency training. This will overcome the lack of preparedness within organizations that operate within the industries studied. Further, these measures should be mainstreamed into the organizational policies, plans and activities through constant liaison with relevant Government authorities, particularly the disaster management authorities in the country. It is acknowledged that measures such as awareness building of potential hazards, their vulnerability, accessing early warning, response mechanisms and confidence building in taking appropriate and timely action, were drafted under national strategies of the current policy. However, it is also observable that these measures are inconsistent and are not conducted promptly. Measures such as evacuation drills should be carried out regularly. For example, for the past two years, evacuation drills and training have not been performed as required and these measures are outdated. Incorporating preparedness measures to organizational policies could effectively minimize the current inconsistencies in emergency preparedness practices of the Government authorities and private sector as well.

### Enhance the clarity of communication

The clarity of communication should be strengthened as proper communication during a crisis is vital. In addition to enhancing the clarity of communication, disseminating the right information through a coordinated system should be



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considered in order to improve preparedness. Dissemination of timely information regarding relief measures, such as moratoriums to regional businesses, and information regarding isolated areas, were cited as examples of enhancing the clarity of communication.

The current policy statements confirm that comprehensive and reliable information to support disaster management should be disseminated to the public. This should be issued by a single authorised agency as a unified message covering all potential stakeholders. However, according to experts, a decision made by one authority is not passed down to all the other relevant authorities effectively. Strengthening the clarity of communication will improve the confidence of the public on the accuracy, timing and advice related to early warning and notices issued by the responsible authorities.

### Integrating disaster management in higher education curriculum

The pandemic has reinforced the importance of developing education and professional competencies to support disaster risk reduction efforts. Courses on building disaster resilience and industry survival during disruptions should be incorporated into the higher education curriculum in related subjects. This has been outlined as a preparedness strategy in the present policy. It mentions that all academic institutions, both formal and informal, should incorporate disaster management into curricular, and contribute to strengthening and mainstreaming concepts of disaster management to support professional development. Despite appearing in the present policy, this has not yet been implemented.

### Focus on SMEs and the informal sector in Disaster Policies

More focus should be drawn towards the SMEs and informal sector in drafting and implementing disaster management initiatives and policies. Value chains and links should be formed for large businesses to reach the small-scale businesses easily. This would help small businesses to sustain themselves in difficult situations. Many of the SMEs engaged in informal economic and financial activities were not eligible for the support provided during the COVID-19 pandemic. For instance, the moratorium was only provided to SMEs that had obtained loans from formal financial institutes, while SMEs with informal loans from micro finance institutions were not eligible. Approximately around three million people work in the informal sector. There is an entire eco-system of SMEs and informal sector that has been built around large players in the economy. Therefore, more attention should be diverted to SMEs and the informal sector as many players in the industry depend on these sectors. Industries should be linked with the local government structure to minimize disproportionate impacts of the pandemic on the informal sector and to better prepare for and respond to future COVID-19 waves and crises.

## B. Sector Wise Recommendations

### I. AGRICULTURE SECTOR

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#### Investment in post-harvest technology and storage

Investment in post-harvest technology involves the creation of cold chains, investment in various types of post-harvest processing technologies and providing incentives for such investments. A village based storage system should be in place to ensure secure storage to develop the resilience in the sector. Secure storage is important to enhance food security, reduce post-harvest losses and to improve profitability at the level of farmers and growers

#### Better management of land for agricultural purposes

More than 60-70% of the land in Sri Lanka is owned by the state. The disbursement of those land has to be facilitated through an effective mechanism such as through establishment of a land bank. This will facilitate easy access to farming land. Hence, the country will be better prepared for future pandemics through effective utilization of arable and farming land that adopts a risk minimization approach while ensuring food and nutrition security.

#### Making Sri Lankan agriculture market focused

Market driven value chains should be created through public-private partnerships. There is a need for public infrastructure, facilitation of processing systems and provision of incentives for the private sector to invest robustly in



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value added agriculture to create market driven value chains. Further, establishing linkages with export markets and value addition mechanisms should be given attention. A strong focus on agricultural value chains is required to build resilience of the sector. There is lack of information and access to information for farmers on what to grow, how to grow and when to grow. Establishing a market focused agriculture sector is important to build the resilience of the sector to future disasters.

### Government support and technical inputs

Technical inputs should be provided by the Government to mitigate climate change impacts on the tea sector. Moreover, attention should be drawn to upgrade infrastructure and enhance the quality of amenities of the plantation communities. Experts highlighted the need for policymakers to be facilitators of policy rather than enforcing regulations/policies which would be disruptive to economic resilience and stability. Relevant Government authorities should direct more focus on risk prevention. E.g. shift to sustainability [regenerative agriculture and regenerative production].

### Need for a high level of technology advancements

Facilitating technology advancements to all the actors to improve the management of agricultural resources is also important for building a resilient agriculture sector. This includes smallholder farmers, SMEs and commercial growers. This will improve productivity of the sector and promote food security, enabling the economy to be better prepared for future pandemics and multi hazard scenarios owing to technological advancements. Therefore, innovative mechanisms for technology transfer should be facilitated in Sri Lanka.

### Enabling shift from subsistence farming to commercial farming

The shift from subsistence farming to commercial farming has to be supported by Government policies through renewing focus on the types of crops that are to be grown. Ease of access to better quality agronomy practices should be facilitated, starting with high quality inputs such as planting material, seeds and crop protection. Procedures for obtaining approvals for importing high quality planting material and seeds should be eased and expedited. An examination of these procedures, which are predominantly controlled by Government institutions, is also necessary.

### Enterprise Resource Planning System

An agricultural Enterprise Resource Planning system should be established at the national level. This can be done as a public private partnership.

### Establishment of Centers of Excellence

There is a need for setting up and prioritizing at least five centers of excellence for each one of the high potential crop through public-private partnerships.

## II. APPAREL SECTOR

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### Recognition for the Artisan Industry and support for development

In Sri Lanka, there are many artisans engaged in skilled crafts and products such as handloom, batik, Beeralu lace etc. that create unique products with potential international recognition. The industry needs to be recognized and their skills enhanced as a collective Artisanal Industry. During the pandemic, since the global market was out of reach, the artisan industry saw high demand as local consumers switched to local products.

Having a strong recognition for the artisan industry would ensure the continuity and the sustainability of the traditional apparel sector both globally and locally, even during pandemic and multi hazard scenarios.



### III. TOURISM SECTOR

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#### Transformational action

Given that the tourism sector is highly susceptible to periodic external shocks [e.g., natural hazards, conflicts, pandemics etc.], it is recommended that the industry adopts a culture of flexibility and innovation that supports transformational action in the face of shocks. In that case, attention should be drawn to utilize the digital nomad movement as a market opportunity and take transformational actions. For example, promotion of long stay tourism would support the survival of the industry and a substantial movement among youth is evident in this regard due to a growth in remote work arrangements post-pandemic. This should be backed by a proper policy and institutional framework. In leveraging new market opportunities and taking transformational action, it is also important to build on the competitive advantages of Sri Lanka. For instance, sector experts highlighted the possibility of leveraging the country's affinity to the medical system of Ayurveda in promoting Sri Lanka's tourism industry as an industry revival strategy following the pandemic.

#### Building Sector Resilience

The COVID-19 pandemic has highlighted the need for the sector to be better prepared financially for managing the recovery period following a pandemic/disaster. A sector plan can be formulated as a template of how the industry should operate and agreed upon in advance by policymakers and the private sector. Crisis management unit should be established through public-private partnership with multi-stakeholder representation. Sector recovery packages may need to be predesigned, providing consideration to the extent of coverage required such as debt and assistance in working capital. Further, a special fund can be setup to be utilised during disaster periods.

These efforts can be complemented by a digital marketing campaign. An increase in marketing is often needed in the recovery stage following a disruptive event, as highlighted by recent events, including the Easter Sunday attacks and the COVID-19 pandemic.

### IV. CONSTRUCTION SECTOR

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#### Enforcing health and safety measures

Implementation of health & safety measures and improving welfare facilities should be given attention as it is imperative to prepare for a future pandemic/disaster. More focus should be given to construction sites located in the main cities since those are the key areas exposed to hazards. Construction sites are highly exposed as dengue breeding grounds and steps should be taken to eliminate vector borne diseases such as dengue from construction sites to ensure such diseases do not emerge from the sites themselves. By nature, the construction industry is labour intensive, and is therefore vulnerable to communicable diseases. Social distancing measures are challenging as construction workers have to be on site, share equipment and dormitories. Further, the Government should draw more attention to the construction sector in particular when considering priority sectors for vaccinating, while also addressing the practicality of complying with COVID-19 safety measures.