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**INTERNATIONAL DEVELOPMENT ASSOCIATION
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**COMPLETION AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK
FOR
THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

**FOR THE PERIOD FY2024-FY2027
P500098**

January 30, 2026

**Sri Lanka Country Management Unit
South Asia Region**

**The International Finance Corporation
South Asia Region**

The Multilateral Investment Guarantee Agency

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The date of the last Country Partnership Framework was June 28, 2023.

FISCAL YEAR
January 1 – December 31

CURRENCY EQUIVALENTS
(Exchange Rate Effective as of December 15, 2025)
Currency Unit = Sri Lankan Rupee (LKR)
US\$ 1 = LKR 309.11

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics	JICA	Japan International Cooperation Agency
ASMP	Agriculture Sector Modernization Project	LGA	Local Government Authority
ADB	Asian Development Bank	MIGA	Multilateral Investment Guarantee Agency
AIIB	Asian Infrastructure Investment Bank	MSME	Micro, Small, and Medium Enterprises
CBSL	Central Bank of Sri Lanka	NCW	National Commission on Women
CCB	Climate Co-benefits	NPL	Non-Performing Loan
CPF	Country Partnership Framework	PASA	Programmatic Advisory Services and Analytics
CSIAP	Climate Smart Irrigated Agriculture Project	PBA	Performance-based Allocation
DFAT	Department of Foreign Affairs and Trade	PCM	Private Capital Mobilization
DPO	Development Policy Operation	PCE	Private Capital Enabled
D-SIB	Domestic Systemically Important Bank	PER	Public Expenditure Review
EFF	Extended Fund Facility	PFM	Public Finance Management
EPSI	Enhanced Program for School Improvement	PFR	Public Finance Review
FCV	Fragility, Conflict, and Violence	PLR	Performance and Learning Review
FDI	Foreign Direct Investment	RE	Renewable Energy
FM	Financial Management	RESET	Resilience, Stability, and Economic Turnaround
FSSNP	Financial Sector Safety Net Strengthening Project	REGROW	Reforms for Growth, Resilience, and Openness
FY	Fiscal Year	SCD	Systematic Country Diagnostic
GBV	Gender-based Violence	SME	Small and Medium Enterprises
GDP	Gross Domestic Product	SOE	State-owned Enterprise
GEM	General Education Modernization Project	SORT	Systematic Operations Risk-Rating Tool
GRID	Green, Resilient, and Inclusive Development	SPI	Supplementary Indicator
GROW	Global and Regional Opportunities Window	SSN	Social Safety Net
HLO	High-Level Outcome	TA	Technical Assistance
IBRD	International Bank for Reconstruction and Development	TF	Trust Funds
IDA	International Development Association	USD	United States Dollar
IFC	International Finance Corporation	WB	The World Bank
IMF	International Monetary Fund	WBG	World Bank Group
IPF	Investment Project Financing		
JCR	Joint Country Representation		

	World Bank	IFC	MIGA
Vice President	Johannes Zutt	Sarvesh Suri	Ed Mountfield
Director	David N. Sislen	Imad Fakhoury	Sebnem Erol Madan
Country Manager	Gevorg Sargsyan		
Task Team Leaders	Stephan Massing	Shanuki Gunasekera	Olena Koltko

**COMPLETION AND LEARNING REVIEW
OF
THE COUNTRY PARTNERSHIP FRAMEWORK FOR THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA FY24-FY27**

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**DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
COMPLETION AND LEARNING REVIEW OF
THE COUNTRY PARTNERSHIP FRAMEWORK FY24-27**

I. INTRODUCTION

1. **This Completion and Learning Review (CLR) assesses the World Bank Group’s (WBG) Country Partnership Framework (CPF) for Sri Lanka (FY24-27), covering the first two years of implementation (FY24-25).** Designed amid a period of exceptional uncertainty, the CPF adopted a phased engagement approach to remain flexible: an initial phase prioritized stabilization, urgent macro-fiscal reforms, and support for vulnerable populations over 18-24 months; followed by a second phase aimed at longer-term development with a focus on private sector-led job creation¹, contingent on reform progress and sustained external support. Given a substantially improved economic outlook, the formation of a new government in November 2024 – marking a significant shift in the political order² – and the need for a longer planning horizon to back an ambitious post-stabilization and growth agenda, the WBG opted to prepare a new five-year CPF rather than a Performance and Learning Review. The new CPF defines a new set of outcomes, integrates lessons learned, and adopts programmatic shifts aligned with the latest WBG engagement model and the new government’s forward-looking agenda. Therefore, this CLR covers only the CPF’s first phase (FY24-25).

2. **Sri Lanka has restored stability after the severe economic crisis of 2022-23, supported by key reforms and debt restructuring.** After a cumulative 9.5 percent contraction in 2021-23, growth rebounded in 2024 and is projected at 4.6 percent in 2025.³ The recovery was underpinned by macro-fiscal stabilization and structural reforms, progress on debt restructuring and supported by the International Monetary Fund’s (IMF) Extended Fund Facility. However, significant risks remain, and recovery has not yet translated into broad welfare improvements.⁴ Following the 2024 elections, a new government with a five-year mandate is advancing continued reform, pro-people policies, and anti-corruption. Through crisis and recovery, WBG engagement, guided by the CPF, aligned with the government’s strategic focus on economic stabilization and recovery through structural reforms and debt restructuring (*see CPF, para. 47*). Moreover, engagement was maintained with the government, private sector, development partners, and other stakeholders. A mix of instruments supported the reform and recovery agenda.

3. **The overall performance of the CPF program towards achieving its development outcome is rated *satisfactory*, surpassing expectations given its shortened implementation period.** The CPF identified two high-level outcomes (HLOs): (i) economic stabilization and private sector job creation and (ii) protected and enhanced human and natural capital, and five associated objectives and 22 indicators. Of the objectives, one is rated ‘*achieved*,’ three ‘*mostly achieved*,’ and one ‘*partially achieved*’ (*see table 1*).

4. **The overall performance of the WBG in designing and implementing the CPF is rated *good*.** The WBG program was well designed to respond to the ongoing economic crisis and support the country’s immediate needs related to reform and recovery, laying the groundwork for more medium- to long-term growth. Despite challenges linked to issues such as client capacity, project implementation progressed well, helped by proactive WBG implementation and supervision support. Lending projects like the DPO series were grounded in strong government ownership. The program was adequately selective, and risks were well-anticipated. The CPF oversaw portfolio consolidation as part of a strategic shift towards fewer, larger, more programmatic operations. One WBG cooperation was strengthened, particularly with the transition to a Joint Country Representation (JCR). Overall, implementation during the CPF was supported by strong WBG lending and advisory operations (*see Program Implementation in section III*).

¹ Beyond fiscal and debt sustainability, the CPF identified five main development challenges: enhancing human capital and social inclusion; addressing policy, regulatory and infrastructure gaps to foster competitiveness for private sector-led growth and job creation; climate and environmental risks; and cross-cutting governance issues. This consolidated list derives from the seven priorities in the 2021 Systematic Country Diagnostic (Update).

² The National People’s Power’s (NPP) Anura Kumara Disanayake was elected president, marking the first time a third-party candidate has been elected to the position. NPP also secured a two-thirds supermajority in Parliament.

³ World Bank (2025). [Macro Poverty Outlook October 2025](#).

⁴ World Bank (2025). [Sri Lanka Development Update October 2025](#).

II. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOME

5. **Progress towards achieving the CPF development outcome was *satisfactory*.** Within a shorter than originally planned CPF implementation period, out of five Objectives, one is ‘*achieved*’, while three are ‘*mostly achieved*’, and one is ‘*partially achieved*’ (see table 1). Notably, progress on Objective 1 was remarkable, as all associated indicators not only met but exceeded their targets. Moreover, objectives that are *mostly or partially achieved* as of FY25 were largely on track to be *achieved* by the end of the original CPF period. Of 22 indicators, ten have been *achieved or exceeded*, two *mostly achieved*, and four *partially achieved*. However, three indicators have not been *achieved* and data for three could not be verified due to the shortened CPF period.⁵ Annex 1 presents a summary of ratings and Annex 2 assesses progress for each indicator.

Table 1. CPF HLOs and Objectives		Progress
HLO-1: Economic Stabilization and Private Sector Job Creation		
Objective 1: Improve fiscal and debt sustainability		<i>Achieved</i>
Objective 2: Improve economic inclusion		<i>Mostly Achieved</i>
Objective 3: Strengthen the investment climate and increase the resilience and efficiency of the financial sector		<i>Partially Achieved</i>
HLO-2: Protected and Enhanced Human and Natural Capital		
Objective 4: Sustain and strengthen health, education, and social protection systems		<i>Mostly Achieved</i>
Objective 5: Maintain and strengthen natural and human capital for resilience and livelihoods		<i>Mostly Achieved</i>
Cross-cutting Theme: Enhancing Resilience		

HLO-1: Economic Stabilization and Private Sector Job Creation

6. **Sri Lanka made strong progress toward economic stabilization, with some private sector job creation.** Under HLO-1, the CPF sought to support fiscal and debt sustainability, economic inclusion, an enabling environment for the private sector, and financial sector resilience. Given the CPF’s two-phased approach, objectives under HLO-1 largely focused on economic stabilization (phase 1), while laying the groundwork for private sector job creation (phase 2). Overall, HLO-1 indicators show progress: the debt-to-GDP ratio declined from 119.2 percent (2022)⁶ to 103.9 (2024), formal sector employment modestly increased from 41.6 percent (2021) to 43.1 percent (2024), and the share of private sector wage workers rose from 42 percent to 44.4 percent, with gains in female participation from 37.2 to 41 percent.

7. **Objective 1, improve fiscal and debt sustainability, was ‘*achieved*’.** Sri Lanka’s macroeconomic environment has stabilized, driven by the government’s fiscal consolidation efforts and supported by the WBG’s Resilience, Stability, and Economic Turnaround (RESET) DPO series. During the CPF period, two DPOs closed, delivering US\$700 million in budget support, enabling critical reforms that strengthened fiscal sustainability and restored confidence. Supported by technical assistance from the Public Finance Review (PFR)⁷ and the trust-funded Public Financial Management project, these reforms helped raise revenue collection from 8.4 percent of GDP in 2022 to 13.7 percent in 2024, with 15.3 percent projected for 2025. They have also significantly improved the primary balance to GDP ratio (from -3.7 percent of GDP in 2022 to 2.2 percent in 2024, estimated at 3 percent for 2025). Combined with economic recovery and debt restructuring, this has contributed to a decline in the public and publicly guaranteed debt-to-GDP ratio. Debt management has also improved with the establishment of a unified debt management office (part of DPO-supported reforms) and the Central Bank of Sri Lanka’s (CBSL) complete exit from T-bill holdings.

8. **Objective 2, improve economic inclusion, was ‘*mostly achieved*’.** To reduce barriers to women’s economic participation, the RESET DPO, informed by ASA,⁸ supported passage of the 2024 Women’s

⁵ While progress has been made, the final data on indicators ‘not verified’ is expected to be available by the end of the originally envisioned CPF period.

⁶ The baseline debt-to-GDP estimate included in the CPF was originally 127 percent. This has been revised to reflect the final, accurate figure.

⁷ The PFR’s first phase delivered essential tools (wage bill forecasting, capital project screening, and expenditure analytics) and training (fiscal equity analysis and macro-fiscal forecasting). The second phase gave recommendations on revenue mobilization and expenditure management.

⁸ The Gender, Citizen Engagement and Social Inclusion Platform generated evidence on constraints to women’s economic empowerment and informed the RESET DPO’s Prior Actions on gender.

Empowerment Act and establishment of the National Commission on Women to address gender-based discrimination across public and private entities. IFC's Women in Work Program – its largest single-country gender-based program – enhanced women's participation in the private sector by improving access to financial and non-financial services and strengthening supply-chain linkages for women-owned micro, small, and medium enterprises (MSMEs). It also advanced key inclusion reforms, including the country's first National Financial Inclusion Strategy⁹ and financial consumer protection regulations¹⁰, now overseen by dedicated CBSL departments. Sri Lanka is also among a few fast-track countries (with joint IFC-IBRD engagement) addressing women's constraints to finance, markets, and enabling services.

9. **To lay the foundation for an inclusive recovery and sustainable livelihoods and employment, the government launched an economic inclusion pilot under the Social Protection Project in April 2025.** 4,662 beneficiaries received a first set of interventions: family development planning, psychosocial counseling, and business planning training. Grants to support business plan implementation were disbursed in December 2025, and a second wave of beneficiaries is expected to be enrolled in April 2026. The now-closed Agriculture Sector Modernization Project (ASMP) created more than 10,000 new long-term, salary-based jobs from agribusiness investments. At the firm level, IFC helped expand access to finance for women-owned small and medium enterprises (SME). 35,474 SME loans were disbursed to women customers, exceeding the CPF target, and 1,293 to new-to-bank women-owned SMEs. However, only partial progress was made on SME skills training as participation in the program's initial phase was constrained due to the economic crisis. While IFC engagement during the CPF period largely focused on retaining jobs, its investments helped create 607 jobs¹¹ and equity investments generated 100,000 part-time and full-time jobs.

10. **Objective 3, strengthen the investment climate and increase the resilience and efficiency of the financial sector, was 'partially achieved'.** While key investment and financial sector reforms were advanced, especially those focused on crisis response and short-term vulnerabilities, more complex structural reforms, including SOE divestiture, were not implemented. This was mainly due to the change in government and uncertainty around investment, trade, and SOE reform paths. Financial sector resilience significantly improved via stronger financial sector safety nets (including capitalization and institutional strengthening of the Deposit Insurance Scheme), implementation of state-owned bank reform and a non-performing loans (NPL) resolution framework, and IFC's help in strengthening the capital base of a systemic bank.¹² While SME access to financing was constrained by the macroeconomic environment and financial sector vulnerabilities, IFC's sector-level advisory services advanced key reforms to support SMEs, including passage of the Secured Transactions Registry Act, initiatives to improve the regulatory environment for climate finance (updating the Sustainable Finance Roadmap¹³ to include SMEs and social aspects), and SME capacity building to enhance export orientation. IFC also continued to support the trade finance operations of its client banks, where its guarantee facilitated essential trade during the crisis.

11. **The World Bank provided critical technical assistance and policy advice for a more predictable investment environment.** This included preparing new investment legislation to simplify entry, increase transparency on restrictions, and strengthen investor protection.¹⁴ Supported by knowledge work such as the Post-COVID-19 Competitiveness Recovery PASA and policy dialogue, it also helped draft the Rescue, Rehabilitation, and Insolvency Bill on financial distress, business restructuring, and efficient liquidation of non-viable enterprises. The government plans to enact the Insolvency Bill and the Investment Bill by March 2026 and June 2026, respectively (Prior Actions under the forthcoming Reforms for Growth, Resilience, and Openness (REGROW)

⁹ Central Bank of Sri Lanka. "Financial Inclusion." <https://www.cbsl.gov.lk/en/financial-system/financial-system-stability/financial-inclusion>

¹⁰ Central Bank of Sri Lanka. "Regulations on Financial Consumer Protection." <https://www.cbsl.gov.lk/en/news/regulations-on-financial-consumer-protection>

¹¹ IFC Dashboard.

¹² Domestic Systemically Important Banks (D-SIBs) are large, interconnected banks whose failure would significantly destabilize the local financial system, identified by CBSL based on criteria like size, interconnectedness, substitutability, and complexity, requiring them to hold higher capital buffers (Higher Loss Absorbency) to enhance resilience. During the CPF period, only four out of 30 banks were identified as D-SIBs in Sri Lanka.

¹³ Central Bank of Sri Lanka. "CBSL Launches the Sustainable Finance Roadmap 2.0." May 5, 2025. <https://www.cbsl.gov.lk/en/news/CBSL-launches-the-sustainable-finance-roadmap-2.0>

¹⁴ The World Bank provided technical assistance for a standalone investment bill, later incorporated under the Economic Commission Chapter of the Economic Transformation Act (August 2024). As the Economic Commission was not established within the statutory timeframe, the chapter needs to be re-submitted to Parliament. The new government has plans to introduce a new Investment and Trade Commission Act in 2026.

DPO series). IFC complemented these efforts with a diagnostic on secondary market development for NPLs to inform distressed debt and financial sector financing. While a national tariff policy was approved under the RESET DPO and modest tariff measures were implemented, phasing-out para-tariffs stalled but will be part of the REGROW DPO. On SOE reforms, no progress was made on divestment as government focus shifted from privatization toward other ways of improving efficiency. However, SOE reform remains a priority and the new government is designing its specific approach, including a new umbrella holding company to improve efficiency. The adoption of a new Public Commercial Enterprise Bill is a Prior Action under the REGROW DPO series.

12. **The CPF recognized infrastructure as essential for stronger investment and job-creating growth, emphasizing the need for sustained sector dialogue through the crisis.** The WBG maintained engagement through ongoing operations and knowledge and advisory work in energy, transport, and digital. In energy, it supported the transition to renewable energy (RE), including through the Energy Sector Management Assistance Program’s analytical work that helped enable its first new energy operation in over a decade. This will support private RE investments via WBG guarantees and IFC financing, support system stability and grid integration of RE subprojects, and assist the Ceylon Electricity Board. In transport, the WBG helped develop the Five-Year Transport Sector Strategic Engagement, conducted bus transport and road safety reviews, and maintained progress in two ongoing projects. In digital, including through sectoral ASA, the WBG supported the development of the National Digital Economy Strategy 2030 and provided technical assistance on reforms to open telecom markets, strengthen cybersecurity, and advance digital public infrastructure and services. This laid the foundation for a new project to digitize public services across sectors and boost the startup ecosystem and IT industry. Engagements in these sectors illustrate the CPF’s flexibility that allowed the WBG to pursue emerging opportunities without predetermined areas of intervention. The new CPF defines a selective set of infrastructure priorities as foundational for growth and job creation, with new indicators to track progress.

HLO-2: Protected and Enhanced Human and Natural Capital

13. **Sri Lanka made commendable efforts to protect its human and natural capital following the economic crisis, but challenges remain in ecosystem preservation.** Under HLO-2, the CPF sought to contribute to strengthening the resilience of poor and vulnerable populations, ensuring access to quality health and education services, and maintaining and strengthening natural and human capital. At the CPF’s start, the economic crisis had created challenges in public service delivery, threatening human capital outcomes. Food shortages had resulted in increased child malnutrition, while the lack of imported medicines and out-migration of health workers constrained health service delivery. The stunting rate among children under 5 had increased from 9.2 percent in 2022 to 10.5 percent in 2024, but has since reversed (10.1 percent in 2025). While updated data on the Human Capital Index and social protection linked to HLO-2’s indicators are not yet available, the ecosystem vitality metric of the Yale Environmental Performance Index shows a slight decline. The 2024 score stands at 39.7, down from 40.1 in 2022, indicating limited progress in preserving, protecting, and enhancing Sri Lanka’s ecosystems.

14. **Objective 4, *sustain and strengthen health, education, and social protection systems*, was ‘mostly achieved’.** In health, the World Bank supported COVID-19 response, future pandemic preparedness, and strengthened primary healthcare institutions to improve service delivery, expand healthcare packages, and address key challenges, notably a rising burden of non-communicable diseases and an aging population. By end-2024, 550 primary medical care institutions supported through the World Bank Primary Healthcare System Strengthening Project (FY18-24) met the required capabilities for comprehensive, quality care. As a result, over 3.5 million people gained access to high-quality public primary care. A follow-on operation (FY24-28) is scaling reforms to over 1,000 primary care facilities nationwide and further strengthening services for the elderly. In education, WBG assistance sustained services during the economic crisis, including distance education during school closures across all nine provinces. The World Bank-supported General Education Modernization (GEM) Project improved learning outcomes through curriculum reform, teacher development, and strengthened school management. Under the Enhanced Program for School Improvement, 85 percent of zones met targets, exceeding the 2024 target of 75 percent. In 500 target schools, English and mathematics outcomes improved for 82.45 percent and 83.92 percent of

students, respectively – surpassing the 80 percent targets for 2024-25. Additional Financing to GEM will sustain and deepen results.

15. **In social protection, the World Bank supported the design and rollout of Aswesuma, introduced in mid-2023 as a successor to the previous cash transfer program.** The rollout and timing of Aswesuma were critical in the context of the economic crisis and broader reform process that followed, providing a much-needed overhaul to protect vulnerable households from the prolonged impacts of the crisis and possible adverse effects of fiscal consolidation. Although official data will only be published in 2026, interim data from November 2025 shows that the program is benefiting 1.6 million families (around 29 percent of the population), including 48.2 percent of households in the poorest quintile, with the transfers equivalent to 19 percent of that group’s consumption of the poorest quintile. Aswesuma is built on a social registry, which was supported by a Human Capital PASA, with geotagged data on 3.6 million households, covering over half of the population. The registry has already supported targeting for economic empowerment programs and education interventions and is expected to play a critical role in directing support to those most in need, including during disaster response.

16. **Objective 5, *maintain and strengthen natural and human capital for resilience and livelihoods*, was ‘mostly achieved’.** This objective highlighted the importance of building resilience to shocks (particularly climate-related) by pairing measures that preserve nature-based livelihoods with stronger health, education, and adaptive social protection so vulnerable people can better absorb, adapt, and recover. As reported above (*see objective 4*), World-Bank-supported health and education engagements strengthened the resilience of primary healthcare and education systems, enhancing service continuity during shocks. A pooled Contingent Emergency Response Component also helped finance the procurement and import of essential medicines during this period. The social protection project strengthened the resilience of households by ensuring a minimum level of consumption through the Aswesuma program, while the economic inclusion pilot builds and diversifies livelihoods (*see objective 2*).

17. **On strengthening natural capital and rural resilience, good progress was made in water supply, irrigation, agriculture, and local development.** The recently closed Climate Smart Irrigated Agriculture Project (CSIAP) and the Integrated Watershed and Water Resources Management Project (IWRMP) expanded irrigation, advanced climate-smart agriculture practices and established Cascade Management Committees for sustainable water resource governance. After initial delays, IWRMP is advancing infrastructure rehabilitation, increasing water availability, and raising farmers’ incomes. However, an upcoming restructuring will significantly reduce IWRMP’s original irrigation target due to initial overestimation and slower-than-expected progress. CSIAP achieved 82 percent of its irrigation targets in 11 hotspots. The recently closed Water Supply and Sanitation Improvement Project benefited over one million people, significantly increasing water and sanitation access in lagging regions. For instance, access to safe water services rose from 3 to 24 percent in Mullaitivu and from 2 to 30 percent in Kilinochchi, two of Sri Lanka’s poorest districts. The ASMP, through technology transfer and matching grants to rural smallholder agriculture value chains, enabled farmers to reap livelihood benefits from improved natural resource conditions. It also supported professional growth and skill development through training and technology, creating over 10,000 jobs. The Local Development Support Project improved access to resilient local infrastructure (roads, water supply, drainage systems, and waste management), while supporting economic recovery, including by establishing 200 public markets.

18. **In support of agriculture and rural resilience, IFC’s advisory work has helped promote agricultural exports and climate-smart practices.** In the cinnamon sector, IFC helped improve agronomy practices to raise overall quality and sustainability. The Export Agri Sri Lanka Project achieved several interim milestones, including establishing processes for Geographical Indication certification, building public sector capacity, and increasing farmer awareness and uptake of climate-friendly practices, laying the groundwork for increased cinnamon exports to higher-value markets and strengthened sectoral resilience. IFC advisory at the sector level and via direct advisory to firms helped design a forthcoming coconut sector intervention to address challenges in private sector expansion. Advisory services also laid the foundation for a systemically important bank to engage in green finance and pursue net-zero transition, culminating in its issuance of a green bond.

Cross-cutting Theme: Enhancing Resilience

19. **A concerted effort was made to integrate resilience across all CPF objectives and WBG engagements.** This recognized the multi-dimensional nature of resilience in Sri Lanka – across macroeconomic, social, environmental, and climate aspects. Recognizing that macro-economic and financial system stability are at the core of resilience, the WBG mobilized significant support, notably through its DPO series, to enhance economic governance and fiscal oversight (*see objective 1*) and strengthen financial sector resilience (*see objective 3*). Other examples include support to enhancing social protection through the rollout of Aswesuma (*see objective 4*) and promoting sustainable rural livelihoods and climate-smart agriculture (*see objective 5*). Climate resilience advanced through a dedicated operation on disaster risk preparedness. ASA informed lending and policy dialogue on resilience, e.g., the Poverty Assessment and the Human Capital Development ASA, which helped shape Aswesuma.

III. WORLD BANK GROUP PERFORMANCE

20. **Overall CPF design and implementation performance is assessed as *good*.** Following Sri Lanka’s macro-fiscal crisis, the CPF supported a shift from emergency response to supporting government stabilization, recovery, and critical reforms. Its phased approach and broad priorities, rather than a prescriptive list (see para. 25), provided essential flexibility for a rapidly evolving context. In year two, the World Bank streamlined the portfolio and initiated a strategic shift to align with improved conditions and the new government’s priorities. The CPF’s medium-term objective to catalyze private sector growth and advance structural reforms laid a strong foundation for the next CPF, enabling fewer, more programmatic interventions with a deliberate One WBG focus.

Design and Relevance

21. **The design of the CPF aligned with government priorities and Sri Lanka’s needs.** A phased approach focused on the first half of the CPF proved effective, especially given the economic uncertainty that made long-term planning challenging at the design stage. This allowed the WBG to monitor the reform and recovery process in Sri Lanka and continue engaging with the government at both the national and sectoral levels. The CPF was informed by extensive stakeholder consultations at the national and provincial levels, which were particularly critical given the risks and sensitivities surrounding the planned reform agenda and recovery process at the time. Although prepared before the escalation of the economic crisis, development challenges identified by the Systematic Country Diagnostic Update (2022) remained relevant and were considered alongside lessons from past CPF implementation, as captured in the 2022 CLR¹⁵. The CPF also accurately anticipated a high-risk environment and mitigation measures, marked by high levels of macro-fiscal and political uncertainty, which have since eased.

22. **The CPF’s design recognized the critical role of the private sector in driving longer-term recovery, growth, and job creation.** Developed at a time of significant uncertainty for the private sector, the CPF emphasized the need to restore investor confidence and create an enabling environment for private sector-led development. The CPF outlined broad medium-term priorities for private sector growth to allow the WBG to maintain and adapt its engagement with Sri Lanka’s private sector. This flexibility enabled IFC to deliver an important program through investments (supporting exports, essential imports like food and medicine, the financial sector, and healthcare) and advisory services (targeting SMEs and export agriculture) by proactively engaging with clients and responding to evolving private sector priorities.

23. **The blend of instruments used was diverse and well-suited to the context.** Selective and grounded in national ownership, the DPO series was critical in supporting the reform and stabilization agenda, especially in improving Sri Lanka’s fiscal health. Further, both core and sectoral ASAs have guided reforms and policy making, especially supporting the sustainability and viability of the reform agenda. Fast-disbursing Investment Project Financing (IPF) operations such as the Social Protection Project played an important role in improving resilience

¹⁵ The 2022 CLR included insights related to greater cooperation with development partners to improve the sustainability of WBG interventions, deepening One WBG for stronger synergies and outcomes in critical sectors, and ensuring robust monitoring and supervision to help navigate an implementation process influenced by a complex institutional landscape and inadequacies in project staffing and capacity.

and crisis response and supporting the overhaul of a benefits system fraught with exclusion and inefficiencies. Other ongoing IPFs have been important in sustaining WBG engagement in infrastructure, health and education, and other sectors. Together, the set and composition of lending and advisory activities made contributions to progress across all CPF objectives and its cross-cutting theme (*also see section II*).

24. **A strong emphasis on One WBG and cooperation with development partners was a key part of the CPF's design, building upon lessons from the previous CLR.** The CPF outlined tentative areas where the One WBG approach could be strengthened, including financial sector stability, investment climate strengthening, and promoting private investment in key infrastructure sectors like energy, transport, and digital. It also systematically identified areas of partner engagement, ensuring complementarity and reinforcing the selectivity of its program.

25. **The Results Framework generally captured key outcomes effectively, but some indicators could have benefited from stronger links to overall objectives.** CPF objectives were relevant and consistent with country priorities (*see para. 2*), and the selected indicators reflect the goals and achievements of the CPF's first phase, capturing critical progress on the reform and recovery agenda as well as efforts to preserve human and natural capital, while also covering activities supporting the private sector. Results that were not achieved or not verified can largely be attributed to the shortened CPF evaluation period, which limited implementation time and the availability of data sources. A few indicators could have benefited from clearer alignment with the objectives. For example, Objective 3 includes indicators on foundational infrastructure for a better investment climate, such as internet access and use; however, their causal link to the objective is not immediately evident. An error in the baseline for Indicator 15, intended to capture cash transfer benefits reaching the poorest 20 percent and not broader social protection programs, was identified during CLR preparation.

Program Implementation

26. **Lending largely followed the CPF's planned programming with continued portfolio consolidation.** Sri Lanka fully utilized its IDA20 (FY23-25) allocation, drawing from its country allocation and additional resources from Regional IDA, Scale-Up Window Shorter Maturity Loan, and cancellations, collectively totaling about US\$1.4 billion. This reflects substantial financing to aid the country's stabilization and recovery efforts. The CPF inherited 16 projects totaling US\$2.8 billion, of which eight have closed. At the end of FY25, the World Bank's active portfolio included 13 operations with a total commitment of US\$1.82 billion (IDA: US\$1.23 billion; IBRD: US\$0.59 billion; Trust Funds: US\$4.2 million). This consists of 12 IPFs, including one multi-donor trust-funded project and one DPO. Since the start of the CPF period, US\$1.42 billion in lending has been approved as of end-FY25. This figure includes the first RESET DPO and Social Protection Project, both approved on June 28, 2023, alongside the CPF. Portfolio consolidation was pursued as part of a deliberate strategic shift towards fewer, larger, more programmatic operations – a direction that will remain a cornerstone of the next CPF.

27. **Project implementation progressed well, and the portfolio's disbursement ratio remained strong.** Ten of the World Bank's 12 active investment projects are rated *Highly Satisfactory*, *Satisfactory*, or *Moderately Satisfactory* in terms of progress in achieving their development objectives; one is rated *Unsatisfactory* and one is rated *Moderately Unsatisfactory*. On implementation progress, ten are *Moderately Satisfactory* or higher, while two are *Moderately Unsatisfactory*. The Climate Resilience Multi-Phase Programmatic Approach is facing persistent challenges and has been classified as a problem project with an *Unsatisfactory* rating for 50+ months.¹⁶ Of the closed projects for which outcome ratings are available, one was *Highly Satisfactory*, two were *Satisfactory*, and two were *Moderately Satisfactory*. During the CPF period, the Independent Evaluation Group also evaluated three World Bank projects, of which two were rated *Moderately Satisfactory* or higher, and one IFC investment project, where IFC's additionality was rated *Satisfactory*. Of the three IFC advisory projects evaluated during the period, one was rated *Successful*, one *Mostly Successful*, and one *Unsuccessful*. The World Bank portfolio's disbursement rate remained strong at 33.4 percent in FY24 and 29 percent in FY25, and its safeguards/ESF implementation largely remained moderately satisfactory to satisfactory.

¹⁶ In consultation with the government, this project was restructured with partial cancellation of US\$16 million in July 2025. Further restructuring and partial cancellation is expected in FY26.

28. **However, implementation faced challenges from low client capacity, partly due to brain drain during the economic crisis, and complex institutional arrangements.** Many Project Management Units operate with few qualified staff, high turnovers, and delays in appointments. Sri Lanka's fragmented government structure has complicated coordination across departments and the involvement of multiple agencies in program implementation diffuses ownership. Weak procurement planning and contract management further delay progress. In sectors like health and education, unclear mandates between the center and provinces and complex fiduciary relationships slow implementation. Limited financial management capacity in financial reporting, external audit, internal audit, managing project closure, and designated account undermines efficiency, accountability, and cost effectiveness. These issues are compounded by limited understanding of World Bank procedures, lending instruments and an increase in complaints. Moreover, most departments lack dedicated environmental and social staff, complicating project preparation; externally sourced specialists are often required during implementation.

29. **To address these challenges, World Bank teams proactively provided sustained supervision and implementation support.** For example, addressing delays in the Empowerment Program required close World Bank support through frequent progress updates, more steering committee meetings, hiring of expert consultants, and continuous capacity building. In education, the success of the program was driven by intensive support to national and provincial implementation partners. In agriculture, ASMP targeted delays and staffing gaps by strengthening implementing agencies such as the Department of Agriculture, using dedicated financing to build capacity and transfer knowledge. In water, the Water Supply and Sanitation Improvement Project introduced a structured monitoring tool and shifted from monthly to fortnightly progress review meetings, significantly enhancing problem-solving and responsiveness. Targeted financial management (FM) capacity-building and ongoing support for project staff and auditors improved FM performance, including the timeliness and quality of audit reports. For environment and social risk management, WBG teams worked closely with government counterparts, providing training and Hands-on Expanded Implementation Support. Overall, a strong World Bank presence in the region improved responsiveness and facilitated close engagement with counterparts.

30. **IFC played a countercyclical role during the crisis by delivering critical private sector support.** Although its portfolio decreased from US\$405 million in FY24 to US\$306.5 million by end-FY25, IFC's strategic short-term investments supported economic stability. IFC's financing provided strong additionality as the sovereign default drove most foreign investors out, prompting international banks to cut exposure limits and creating a lack of financial counterparties. IFC stepped in with US dollar liquidity through US\$100 million cross-currency swap lines to three financial institutions to support essential imports (e.g., food and medicine), which helped restore investor confidence. IFC investments also strengthened the capitalization of a systemic bank and a healthcare conglomerate expanding pharmaceutical manufacturing. The IFC portfolio reflects strategic investments in manufacturing, agriculture, and services (50 percent), infrastructure (33 percent), financial sector (15 percent), and tech startups (2 percent), and performed well with no NPLs. IFC's advisory portfolio reached US\$13.8 million (14 projects) by end-FY25, focusing on export agriculture, SME capacity, the startup ecosystem, female labor force participation, financial inclusion, and climate finance.

31. **MIGA renewed its business development efforts in Sri Lanka.** MIGA has intensified its activities to support new foreign investment projects amid improving economic conditions. Under the WBG Guarantee Platform housed at MIGA, a World Bank (IDA) guarantee was approved by the Board in FY25 as part of the Secure, Affordable, and Sustainable Energy for Sri Lanka program. In the energy sector, MIGA collaborated closely with the World Bank and IFC, staying up to date on reforms and exploring private sector opportunities in generation, transmission, and distribution. MIGA's regional representation in South Asia has been key in identifying potential joint projects and responding to private sector interest.

32. **Sectoral and core ASA played a vital role in informing lending and driving critical WBG policy and reform dialogue in Sri Lanka** (see annexes 3 and 6). Key ASA delivered include: Maldives and Sri Lanka Poverty and Equity Programmatic ASA (FY25), Country Climate and Development Report (FY25), and PFR (FY25). The ASA program informed reforms under the DPO series (see CPF objective 1), sector dialogue and new lending in public digital infrastructure, sustainable energy and transport (see para. 10), human capital, and agri-food systems. For instance, the Accelerating Human Capital Development ASA provided technical assistance that informed the

design and effectiveness of Aswesuma (*see para. 15*). The Gender, Citizen Engagement, and Social Inclusion Platform strengthened gender equality and inclusion in Sri Lanka through analytics, policy engagement, and supporting the DPO (*see CPF objective 2*) and Primary Healthcare Systems Strengthening Project, while generating evidence to improve GBV service delivery. Annex 6 provides more details on ASA contribution to CPF objectives.

33. **IFC’s advisory services played a strategic role.** Addressing priorities during the COVID-19 pandemic, a novel advisory intervention with a private healthcare provider helped pilot digital health services – efforts that were replicated in other markets. IFC’s advisory services were also instrumental in addressing the government’s aim to boost exports. A focus on agri exports led to a new engagement to support cinnamon exports. A cinnamon sector advisory program supported public sector entities in implementing processes to obtain Geographic Indication certification for Ceylon Cinnamon, identifying untapped export markets, building public sector capacity, and increasing farmer uptake of better practices. Prior IFC advisory in agri-insurance, particularly for digital farmer data, was replicated in the cinnamon sector as well. Additionally, advisory engagement with an agri-processing company to improve its distribution and retail network led to an IFC investment supporting its overseas expansion.

34. **Transitioning to a Joint Country Representation (JCR) in Sri Lanka has strengthened One WBG collaboration, integrating complementary expertise and finance.** Established in July 2024, the JCR unified country leadership across the World Bank, IFC, and MIGA. Joint teams have since been established for new operations in energy¹⁷ and agriculture¹⁸, with clear benefits. For example, the design of the new rural development project benefited from IFC’s private sector experience and advisory work in export agriculture (notably cinnamon), and a new IFC advisory support was launched to improve the national agriculture insurance scheme. In October 2025, Sri Lanka became a first-mover country under the Agri-Connect Initiative. Opportunities for joint World Bank-IFC approaches have been identified in all pipeline priorities, notably tourism, digital, and ports/logistics, while MIGA has been working with the World Bank and IFC to explore support for private investment in RE. The JCR also began the process of strengthening trust and awareness among WBG staff through regular joint training and briefings, cross-institutional developmental assignments, and joint administrative support functions.

35. **The WBG strengthened collaboration with development partners to advance reforms and sector priorities.** Through the *MDB+ group*, the WBG coordinated with the IMF, Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), Asian Infrastructure Investment Bank (AIIB), and the United States, on key reforms and harmonizing dialogue with authorities. Joint work with the IMF focused on debt management and revenue administration to enhance fiscal sustainability. Partnerships with JICA and others improved pandemic preparedness and facilitated dialogue on elderly care models. In education, collaboration with UNESCO and the World Food Programme (WFP) supported school feeding and capacity building. By end-2024, the World Bank and Australia’s Department of Foreign Affairs and Trade (DFAT) concluded a decade-long partnership on trade, competitiveness, and SOE governance. The IFC-DFAT Women in Work program addressed women’s access to jobs and assets. The European Union co-financed ASMP and the public finance management (PFM) engagement, and IFC advisory in export agriculture, SMEs, and climate finance.

36. **The CPF accurately anticipated a high-risk environment and mitigation measures.** The start of CPF implementation was marked by high levels of macro-fiscal and political uncertainty, which eased as stabilization progressed. The WBG program outlined in the CPF was predicated on Sri Lanka remaining within the IMF program, maintaining support from international creditors and partners, and making progress on stabilization and recovery. While these conditions held, the WBG proactively enacted mitigation measures outlined in the CPF through sustained dialogue across the political spectrum, development partners, and civil society. This approach ensured continuity of implementation even after the election of a new government in November 2024.

IV. ALIGNMENT WITH CORPORATE COMMITMENTS

37. **The program was aligned with corporate goals,** with emphasis on gender considerations, climate change, and citizen engagement in both project design and implementation. Increasingly concerted efforts to mobilize

¹⁷ Scaling Private Investments for Renewable Energy Transformation in Sri Lanka MPA (P511072). Board approval on June 20, 2025.

¹⁸ Integrated Rurban Development and Climate Resilience Project (P505241). Board approval on April 10, 2025.

private capital were also made over the CPF period as recovery took hold.

38. **Climate co-benefits (CCB) and resilience remained integral to the WBG’s strategic focus, with continued efforts to embed climate considerations into project design and implementation.** In FY24, the program achieved a 13 percent CCB with two approved projects – e.g., the Primary Healthcare System Enhancing Project with a dedicated climate indicator. In FY25, the program achieved 33 percent CCB with five approved projects. However, this is lower than the peak of 71 percent in FY22. As of October 2025, Sri Lanka’s project pipeline features three projects with 60 percent tentative CCB, reflecting an increased focus on climate mitigation-oriented investments.

39. **The CPF advanced women’s economic empowerment through policy reforms and investments, improving childcare access, enhancing GBV and workplace protections, and embedding gender and social inclusion in high-impact operations.** A Prior Action in the RESET DPO addressed discriminatory legal policies, while IFC’s Women in Work Program advanced private sector inclusion and access to financial and non-financial services for women-owned MSMEs. Complementary World Bank and IFC efforts helped expand quality childcare and workplace safety. The World Bank also strengthened national GBV response services through analytics and health sector investments. Since FY23, 100 percent of Sri Lanka’s portfolio has been gender-tagged.

40. **The WBG made citizen engagement a core element of the CPF-supported reform process.** Drawing on lessons about early, meaningful civil society engagement, the CPF called for regular, inclusive stakeholder engagement and clear messaging on inclusion, participation, and transparency. Partnering with a local think tank, the World Bank led a communications campaign on reforms in social protection, taxation, SOE restructuring, and trade – using focus groups, town halls, media outreach, and a national event on the RESET DPO prior actions. A perception survey with the WFP provided the government with insights into the public’s views on social protection and SOE reforms. The World Bank team continues to collaborate with global and local non-governmental organizations to sustain reform momentum and ensure communication remains participatory and equitable.

41. **With Sri Lanka moving from crisis into recovery, private capital mobilization (PCM) became a central pillar of new WBG engagements, with targeted efforts across projects.** Currently, three projects in the World Bank portfolio account for an estimated US\$201 million in PCM¹⁹ and two World Bank projects help enable private capital: Financial Sector Safety Nets Strengthening Project (US\$18 million) and Second RESET DPO (US\$100 million). During the CPF period, IFC enabled PCM worth US\$5.8 million.²⁰

V. LESSONS LEARNED

42. **The design and implementation of the CPF offer lessons that can inform the next CPF and future operations and engagement.** Key lessons are presented below.

43. **Lesson 1. Flexible CPF design and a phased approach are critical to steer and sustain the relevance of WBG engagement during periods of grave uncertainty.** This CPF’s phased approach proved effective amid severe economic uncertainty that made long-term planning impractical. It allowed the WBG to strategically focus on Sri Lanka’s needs, leveraging a narrow but critical window for stabilization and reform, while preserving space to adapt as conditions evolved. This structure provided a framework for continued engagement with government at both national and sectoral levels, while keeping sight of medium- to longer-term priorities. Even in instances where CPF-prescribed targets were not met, such as the politically complex SOE divestment agenda, the program had sufficient space to remain engaged and sustain a focus on the longer-term private sector-led growth agenda. This allowed the WBG to make meaningful contributions to its enabling environment, ultimately providing a springboard for the new, more explicitly private sector-oriented CPF. Future CPFs in similar contexts should incorporate phased or flexible structures to preserve space for adjustments and responsiveness to emerging needs and/or risks.

¹⁹ These include the Inclusive Connectivity and Development Project (US\$58 million PCM), the recently approved Integrated Rurban Development and Climate Resilience (US\$17 million PCM) and Sealing Private Investments for Renewable Energy Transformation in Sri Lanka (US\$126 million PCM).

²⁰ The IFC PCM figure is lower than usual due to Sri Lanka’s ‘default’ sovereign rating following the economic crisis and the narrow PCM definition, which counts only ‘core mobilization’ requiring client fee payment. A broader PCM definition was introduced only in FY26.

44. **Lesson 2. Continued technical assistance and targeted analytics are critical to sustain Sri Lanka’s reform momentum and support its growth trajectory.** The implementation of the CPF’s first phase demonstrated that such support was essential in driving key reforms in areas like debt management and public financial management (e.g., passage of the debt law and establishing the Public Debt Management Office). While the Bank’s engagement on other key reforms, such as the Economic Transformation Act, and the Rescue, Rehabilitation, and Insolvency Bill, was not completed during the CPF’s first phase, they are now advanced by the government under the new series of DPOs, building on the earlier work. Practical, hands-on training and simple tools also helped strengthen government ownership of reform and build capacity within government agencies, for instance, on wage-bill forecasting and trade modeling tools for the Ministry of Finance. Leveraging the World Bank’s global expertise, close collaboration with the IMF, and partnerships with bilateral partners via trust funds (DFAT, EU) also played a critical role in these efforts. Continued hands-on support over the next CPF cycle and smart partnerships on technical assistance and knowledge will be crucial to sustaining reform momentum.

45. **Lesson 3. Weak client capacity and complex institutional arrangements constrain program delivery, underscoring the need for simpler implementation structures and systematic investments in institutional capacity.** Sri Lanka’s crisis-related brain drain and persistent weakness in ministry capacity have resulted in bottlenecks and slow progress across key sectors. These constraints are magnified by complex implementation setups, spanning multiple ministries and central-provincial interfaces, that delay decisions and reduce government ownership, as seen in the Climate Resilience MPA and ASMP. Where the WBG has paired proactive, hands-on support (frequent monitoring, robust M&E, and targeted capacity building) with clearer responsibilities and streamlined arrangements, delivery has improved (*see para. 29*). Going forward, capacity strengthening of implementing agencies should be sustained, and complemented by expanded use of Hands-On Expanded Implementation Support. As the WBG shifts toward more programmatic multi-sectoral engagements, simpler implementation arrangements with clearer demarcation of responsibilities (fewer agencies, clear division of labor and fund flows, lean decision processes, subsidiary agreements) will be needed.

46. **Lesson 4. Adapting to changing market needs during a crisis and remaining engaged with clients even before investment opportunities arise are essential to provide crucial countercyclical support to the private sector.** Although not fully captured by CPF results, to adapt to market needs, IFC adopted customized financial instruments alongside a careful selection of clients based on prior engagement, playing a crucial countercyclical role. This included US\$100 million in cross-currency swap lines to three financial institutions, helping restore confidence in Sri Lanka’s banking system, and support to one of four D-SIBs. A selective approach informed IFC loans to export-oriented conglomerates in consumer staples, a leading telco with a strong foreign parent sponsor, and a large apparel exporter with geographically dispersed operations, and equity investments, including in a healthcare conglomerate. These strategies resulted in strong investment portfolio performance with no problem loans, despite falling outside the originally agreed CPF targets (e.g., SME capacity building).

47. **Lesson 5. The Joint Country Representation in Sri Lanka demonstrated that unified country leadership and structured cross-institutional teams materially improve program design and delivery.**²¹ Clear roles, regular joint briefings, improved information-sharing, and shared administrative support created the conditions for deepened practical collaboration. This enabled joint energy and agriculture operations to integrate private sector insights early and identify complementary advisory and risk-mitigation instruments (*see para. 34*). Sequencing also proved to be critical. Early alignment on common priorities and project/sector pipelines helped identify bankable opportunities and accelerate design of joint or complementary operations across the World Bank, IFC, and MIGA. Finally, internal trust-building exercises, such as developmental assignments and targeted training, proved to be foundational to sustain and deepen a One WBG culture and advance initiatives like Agri-Connect.

²¹ This builds on a lesson from the 2022 CLR that emphasized how “a One WBG approach can generate stronger synergies and substantial outcomes in critical sectors of the economy”.

Annex 1. Status of Sri Lanka CPF FY24-27 Results Framework

CPF Indicators	Status at CLR	Overall
Objective 1. Improve fiscal and debt sustainability		
Indicator 1: Reduce the share of T-Bills owned by the Central Bank of Sri Lanka	<i>Achieved</i>	<i>Achieved</i>
Indicator 2: Public and Publicly Guaranteed Debt to GDP ratio	<i>Achieved</i>	
Indicator 3: Primary Balance to GDP ratio	<i>Achieved</i>	
SPI 1: Establishment of unified debt management office	<i>Achieved</i>	
SPI 2: Revenue to debt ratio	<i>Achieved</i>	
Objective 2. Improve economic inclusion		
Indicator 4: Beneficiaries of economic inclusion pilot with increased total income or revenue as a result of the interventions	Not Verified	<i>Mostly Achieved</i>
Indicator 5: Number of women accessing new financial services	<i>Achieved</i>	
Indicator 6: Number of SMEs and WSMEs receiving high quality skill building services	<i>Partially Achieved</i>	
Indicator 7: Number of new-to-bank WSMEs	<i>Achieved</i>	
SPI 3: Number of people benefiting from the interventions	<i>Mostly Achieved</i>	
SPI 4: Percentage of females benefiting from the interventions	<i>Mostly Achieved</i>	
Objective 3. Strengthen the investment climate and increase the resilience and efficiency of the financial sector		
Indicator 8: Outstanding MSME loans from commercial banks	<i>Not Achieved</i>	<i>Partially Achieved</i>
Indicator 9: Funding ratio of deposit insurance scheme (DIS reserves to insured deposits)	<i>Mostly Achieved</i>	
Indicator 10: Number of SOEs divested (via majority private sector share/strategic investor/liquidation)	<i>Not Achieved</i>	
Indicator 11: Unweighted average of import duty levels reduced	<i>Not Achieved</i>	
Indicator 12: Number of key private sector development reforms enacted	<i>Partially Achieved</i>	
Indicator 13: Unique mobile internet subscribers (percent of population)	<i>Partially Achieved</i>	
Indicator 14: Number of mobile internet subscribers on the client company's (Dialog Axiata) network	<i>Achieved</i>	
SPI 5: Transaction Advisors appointed for 15 SOEs (a given advisor can be appointed for more than one SOE, depending on complexity)	<i>Partially Achieved</i>	
SPI 6: Tariff policy issued that targets a reduction in tariffs by 10% by 2025	<i>Achieved</i>	
SPI 7: Number of contracts signed for infrastructure sharing	<i>Not Achieved</i>	
SPI 8: A new digital economy strategy is adopted by the Government	<i>Achieved</i>	
Objective 4. Sustain and Strengthen Health, Education, and Social Protection Systems		
Indicator 15: Benefits reaching the poorest 20% of the population	<i>Partially Achieved</i>	<i>Mostly Achieved</i>
Indicator 16: Enhanced Program for School Improvement (EPSI) results achieved	<i>Achieved</i>	
Indicator 17: Number of primary medical care institutions that have the required capabilities for providing comprehensive and quality care	<i>Achieved</i>	
Objective 5. Maintain and strengthen natural and human capital for resilience and livelihoods		
Indicator 18: People gaining access to improved water and sanitation services	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>
Indicator 19: Area provided with improved irrigation services	<i>Partially Achieved</i>	

Indicator 20: Incremental area under improved climate-smart agriculture practices	<i>Achieved</i>	
Indicator 21: Local Government Authorities (LGAs) with improved access to resilient infrastructure services and economic opportunities (number)	<i>Achieved</i>	
Indicator 22: Increase in cinnamon exports	Not Verified	

Annex 2. Sri Lanka CPF FY24-27 Results Framework Evaluation

Objective & Overall Rating	Indicator	Baseline/Target	Status at CLR	WBG Program Instruments
HLO-1: Economic Stabilization and Private Sector Job Creation				
<p>1. Public and Publicly Guaranteed Debt to GDP ratio Baseline: 119.2% (2022)* At CLR: 103.9% (2024) Source: Ministry of Finance</p> <p>2. Share of formal sector employment to total employment, gender disaggregated (%) a. Total:- Baseline: 41.6% (2021) At CLR: 42% (2023) b. Male:- Baseline: 37.3% (2021) 37.3 At CLR: c. Female:- Baseline: 50.3% (2021) At CLR: Source: Department of Census and Statistics</p> <p>3. Share of private sector wage workers to total employment, gender disaggregated (%) a. Total:- Baseline: 42% (2021) At CLR: 44.5% b. Male:- Baseline: 44.4% (2021) At CLR: c. Female:- 37.2% (2021) At CLR: 41.2% Source: Department of Census and Statistics</p>				
<i>* The estimate included in the CPF has been updated to reflect the final figure</i>				
Objective 1. Improve fiscal and debt sustainability <i>(Achieved)</i>	Indicator 1: Reduce the share of T-Bills owned by the Central Bank of Sri Lanka (CBSL)	Baseline: 61.2% (2021) Target: 20% (2025)	Achieved: 0% (2024)²² The share of T-Bills owned by CBSL has been reduced to 0 in less time than anticipated. Under the new Central Bank of Sri Lanka Act , the CBSL is not allowed to purchase government securities in the primary market, restricting its ability to further acquire T-bills. Data for 2025 will be available in April 2026. <i>Source:</i> Annual Economic Review 2024 (Central Bank of Sri Lanka) – Statistical Appendix (Table 16)	IDA: Closed Operations First RESET Development Policy Operation (P179808); FY25 Second RESET Development Policy Operation (P180549); FY26 ASAs (Closed): Sri Lanka Macroeconomic Monitoring (P181319); FY24 Sri Lanka Public Finance Review (P501002); FY25
	Indicator 2: Public and Publicly Guaranteed Debt to GDP Ratio	Baseline: 119.2% (2022) ²³	Achieved: 103.9% (2024) Alongside the economic recovery and debt restructuring efforts, improved fiscal discipline contributed to a decline to 103.9 percent in the public and publicly guaranteed debt	

²² Table 16 of the Statistical Appendix published by CBSL shows that the central bank's holdings of Treasury bills were 0 as at the end of 2024. This is consistent with the domestic debt optimization undertaken in September 2023, under which T-bills held by the central bank were converted into longer term instruments.

²³ Indicator 2's baseline has been revised at CLR to reflect the final 2022 Public and Publicly Guaranteed Debt to GDP Ratio of 119.2%, lower than the estimate used at CPF preparation, which was 127%.

	Target: 103 percent (2026)	to GDP ratio. ²⁴ Full-year data for 2025 will be available in April 2026. Mid-year estimates for 2025 (published Dec 31, 2025) suggest PPG debt of 104.1 percent of GDP (provisional). <i>Source:</i> Debt Data Report – End of 2024 (Ministry of Finance) ; Annual Economic Review 2024 (Central Bank of Sri Lanka)
Indicator 3: Primary Balance to GDP ratio	Baseline: -2.7% (2022) Target: 2% (2026)	Achieved: 2.2% (2024) Higher revenue collection increased the revenue to GDP ratio supported by reforms in the WBG RESET DPO series and contributed to a significant improvement in the primary balance to GDP ratio to 2.2 percent as of 2024. <i>Source:</i> Annual Economic Review 2024 (Central Bank of Sri Lanka)
SPI 1: Establishment of unified debt management office	Baseline: Not established (2022) Target: Established (2026)	Achieved: Unified debt management office established (2024) Debt management has improved with the establishment of a unified Debt Management Office supported by WBG TA and reforms in the RESET DPO series. <i>Source:</i> Public Debt Management Office
SPI 2: Revenue to GDP ratio	Baseline: 8.7% (2022) Target: 13.5% (2026)	Achieved: 13.7% (2024) Higher revenue collection has increased the revenue to GDP ratio to 13.7 percent (2024) with the support of reforms in the WBG RESET DPO series <i>Source:</i> Central Bank Annual Economic Review 2024
<p>Additional evidence: <i>Related to SPI 1: The IMF EFF Fourth Review (July 2025) notes that the authorities are on track to fully operationalize the Public Debt Management Office (PDMO). According to the report, new PDMO staff are undertaking training from CBSL, and the necessary infrastructure is being set up. The PDMO prepared and published a medium-term debt strategy and an annual borrowing plan, as part of the 2026 national Budget.</i></p> <p><i>Source:</i> IMF EFF Fourth Review (July 2025)</p>		

²⁴ 2024 numbers reported in the Sri Lanka Development Update (April 2025) were provisional. Numbers reported in the Sri Lanka Development Update (October 2025) refer to central government debt, due to changes in the debt reporting format.

Objective 2. Improve economic inclusion <i>(Mostly Achieved)</i>	Indicator 4: Beneficiaries of economic inclusion pilot with increased total income or revenue as a result of the interventions	Baseline: N/A Target: 50% (2026)	<i>Not Verified</i> Economic inclusion pilot (Empowerment Program) is designed to be implemented in two phases. The first phase of an estimated 4,557 beneficiaries started receiving interventions such as development of family development plans, psychosocial counselling, and are currently in the process of developing business plans/waged employment plans. Economic inclusion grants commenced in November 2025, reaching over 1,100 beneficiaries by end of 2025. The second phase will commence after a baseline survey and random selection of maximum 6,600 beneficiaries in April/May 2026. <i>Source:</i> Social Protection Project, P178973, ISR, Seq. No. 5	IDA: <u>Ongoing Operation</u> Social Protection Project (P178973) <u>Closed Operation</u> First RESET Development Policy Operation (P179808); FY25 Second RESET Development Policy Operation (P180549); FY26 Agriculture Sector Modernization Project (P156019); FY25 IFC: <u>Closed Operations</u> Banking on Women Portfolio CBC Global Linker SME Skills Development Project Women in Work (WiW) Employment Phase 2 Commercial Bank of Ceylon (CBC) Ecosystem Project
	Indicator 5: Number of women accessing new financial services	Baseline: 0 (2022) Target: 7,000 (2025)	<i>Achieved: 35,474 (2024)</i> IFC engaged with the Commercial Bank of Ceylon (CBC) PLC to launch a comprehensive digital marketplace in March 2023. The platform connects SMEs and WSMEs in Sri Lanka, offering integrated financial solutions and facilitating online transactions and business growth. <i>Source:</i> Client Data	
	Indicator 6: Number of SMEs and WSMEs receiving high quality skill building services	Baseline: 0 (2022) Target: 10,000 (2025)	<i>Partially Achieved: 5,292 (2024)</i> By December 2024, 5,292 MSME customers had received training through FI partners, and program implementation ended that month. The under achievement was mainly due to the inability to host physical training during the COVID and economic (fuel) crisis periods. <i>Source:</i> Client Data	
	Indicator 7: Number of new-to-bank WSMEs	Baseline: 0 (2023) Target: 250 (2024)	<i>Achieved: 1,293 new-to-bank women customers (January 2023 to April 2025)</i> These results were tracked as part of IFC's collaboration with CBC in launching the Commercial Bank LEAP GlobalLinker Platform. <i>Source:</i> Client Data	
	SPI 3: Number of people benefiting	Baseline: 0	<i>Mostly Achieved: 4,557 (2025)</i> Economic inclusion pilot (Empowerment Program) implemented in two phases. The first phase of 4,557	

	from the interventions	Target: 5,000 (2025)	beneficiaries started receiving interventions such as development of family development plans, psychosocial counseling, and are currently in the process of developing business plans/waged employment plans. The request for economic inclusion grants will commence in November 2025. The second phase will commence after a baseline survey and random selection of maximum 6,600 beneficiaries in April/May 2026. <i>Source: Social Protection Project, P178973, ISR, Seq. No. 5</i>	
	SPI 4: Percentage of females benefiting from the interventions	Baseline: 0 Target: 75% (2025)	Mostly Achieved: 51.4% The GoSL requested to revise the results target from 75% to 60% during the negotiations of the Bank’s SP project, as reflected in the PAD. The indicator is on track towards achieving the revised results target. Additional emphasis will be placed in providing interventions to more female beneficiaries in the second wave. <i>Source: Social Protection Project, P178973, ISR, Seq. No. 5</i>	
<p>Additional evidence: <i>Related to Indicator 4: The launch of the economic inclusion pilot was delayed by 6-10 months. It provided economic inclusion grants for the first phase of 4557 beneficiaries from November 2025 and will provide grants to a second phase by mid-2026. An increase in total income or revenue of targeted beneficiaries can only be assessed after implementing the business plan/waged-employment plan. Data and evidence will be available in mid-2027.</i></p> <p><i>Related to SPI 3: ISR No 5 results include phase 1 economic inclusion beneficiaries. After implementation of the baseline survey, phase 2 interventions will commence in April 2026, and the results will be confirmed in mid-2026.</i></p> <p><i>Related to SPI 4: The Phase 2 will recruit more female beneficiaries, and the results will be confirmed in mid-2026.</i></p>				
Objective 3. Strengthen the investment climate and increase the resilience and efficiency of the financial sector <i>(Partially Achieved)</i>	Indicator 8: Outstanding MSME loans from commercial banks	Baseline: 268,894 (2021) Target: 5% increase (2025)	Not Achieved: 64,605 (2024) The pandemic followed by the economic crisis resulted in the decline of credit operations of all financial institutions. Most banks de-risking their portfolios led to a decline in credit provided to MSMEs which are perceived as a riskier segment, and there was an overall reduction in private sector credit demand driven by the macroeconomic slowdown. <i>Source: IFC Reach Survey 2024</i>	IDA: <u>Ongoing Operations</u> Financial Sector Safety Net Strengthening Project (P180861) Inclusive Connectivity and Development Project (P176164) Kandy Multimodal Transport Terminal Development Project (P172342)
	Indicator 9: Funding ratio of deposit insurance scheme (DIS)	Baseline: 1.2% (June 2022)	Mostly Achieved: 2.92% (June 2025) [CBSL, Provisional data] The funding ratio of DIS is at 2.92% (Jun-2025), close to the target and on track to be achieved by end-2027.	

reserves to insured deposits)	Target: 3% (2028) (in the absence of payouts)	<i>Source:</i> Financial Sector Safety Net Strengthening Project (P180861), ISR Seq No:4.	Secure, Affordable, and Sustainable Energy for Sri Lanka (P505052)
Indicator 10: Number of SOEs divested (via majority private sector share/ strategic investor/ liquidation)	Baseline: 0 (2022) Target: 7 (2025)	Not Achieved The new Government has shifted away from SOE divestment and is focusing on other ways of improving efficiency, including aspects described in the forthcoming Public Commercial Enterprise Bill. <i>Source:</i> N/A	Scaling Private Investments for Renewable Energy Transformation in Sri Lanka (P511072)
Indicator 11: Unweighted average of import duty levels reduced	Baseline (2022): 27.9% for consumer goods; 13.3% for intermediate goods Target (2025): 20.9% for consumer goods; 9.9% for intermediate goods	Not Achieved Using the 2025 Tariff regime as provided by the MOF, the unweighted average of import duty levels (customs duty, CESS AND PAL) is 32.4% for consumer goods and 14.9% for intermediates. Under the REGROW DPO, the WBG is working with the government to lay out a four-year tariff reform plan to completely phase out the para-tariffs (CESS and PAL). Tariff reforms under the RESET DPO series were insufficient to meet targets given its design around revenue neutrality. Furthermore, the full anticipated series of reforms were not completed under the DPO series. <i>Source:</i> Sri Lanka Tariff Guide March 31, 2025	<u>Closed Operations</u> First RESET Development Policy Operation (P179808); FY25 Second RESET Development Policy Operation (P180549); FY26 Transport Connectivity and Asset Management Project (P132833); FY24 <u>ASAs (Active)</u> SL Financial Sector PASA (P502167); FY27 Country Growth and Jobs Report (P512064); FY27
Indicator 12: Number of key Private sector development reforms enacted	Baseline: 0 (2022) Target: 3 (2028)	Partially Achieved: 1 reform has been fully enacted (Secured Transactions Act No. 17 of 2024, April 2024) Economic Transaction Act was enacted on 9 August 2024 by Parliament, but the new Government did not take steps to operationalize the Act. A new Investment and Trade Commission Act is expected to be approved by Parliament in early 2026. Rescue, Rehabilitation, and Insolvency Bill were not enacted in 2024 but slated to go for Parliamentary approval in 2026. <i>Source:</i> The Parliament of Sri Lanka website, Act & Bills	<u>ASAs (Closed)</u> Digital for GRID (P177824); FY25 Sustainable Renewable Energy Support (P175305); FY25 Sri Lanka Maldives Post Covid-19 Competitiveness Recovery (Programmatic ASA) (P175642); FY25 Green, Resilient, and Inclusive Development
Indicator 13: Unique mobile internet subscribers (% of	Baseline: 39.8% (2022) ²⁵	Partially Achieved: 43% (2024) As of 2024, subscriber growth is slightly lagging the projected trend (43% actual vs. 45% projected).	

²⁵ Indicator 13's baseline has been revised at CLR to 39.8% (from the original 55%) to reflect revisions to the GSMAs data after the CPF period began. Accordingly, proportionally proposed to the revised baseline, the target has also been revised to 55% from 75%.

population)	Target: 55% (2027) ²⁵	<i>Source:</i> World Bank Digital Transformation Database/GSMA.	Advisory Program for Maldives, Nepal and Sri Lanka Programmatic ASA (P176456); FY26 IFC: Ongoing Operations Financial Institution Group Investment Investment Climate Advisory Portfolio and Pipeline Dialog Axiata (Investment and Advisory)
Indicator 14: Number of mobile internet subscribers on the client company's (Dialog Axiata) network	Baseline: 7.98 million (2021) Target: 10.8 million (2029)	Achieved: 19.4 million (2025) 19.4 million (4G+5G subscribers) have subscribed to the client company's network as of Q2 2025 <i>Source:</i> Client Data, Dialog Annual Report 2024, https://www.dialog.lk/fact-sheet	
SPI 5: Transaction Advisors appointed for 15 SOEs (A given advisor can be appointed for more than one SOE, depending on complexity)	Baseline: 0 (2023) Target: 15 (2027)	Partially Achieved: 7 Transaction Advisors (2025) The indicator is off track due to the change in national direction. The new Government has shifted away from SOE divestment and is focusing on other ways of improving efficiency, including aspects described in the forthcoming Public Commercial Enterprise Bill. <i>Source:</i> N/A	
SPI 6: Tariff policy issued that targets a reduction in tariffs by 10% by 2025	Baseline: No (2023) Target: Yes (2028)	Achieved: Tariff policy approved (2024) The National Tariff Policy (NTP) was approved by the Cabinet in April 2024 under the former government and officially published. The new administration has confirmed its commitment to implementing the national tariff policy. The planned REGROW DPO, is expected to include a series of prior actions to support the implementation of the NTP with a focus on the full phase out of the para-tariffs CESS and PAL over a 4-year period. <i>Source:</i> National Tariff Policy of Sri Lanka 2024	
SPI 7: Number of contracts signed for infrastructure sharing	Baseline: 0 (2023) Target: 15 (2027)	Not Achieved: 0 contracts signed The Telecommunications Regulatory Commission (TRC), following the 2024 amendment to the telecommunications law under the RESET DPO, is developing a regulatory framework for cross-sectoral infrastructure sharing with World Bank advisory support. The framework and implementing guidelines are expected to be finalized in 2026, followed by standard access agreements and model contracts to govern infrastructure sharing arrangements, enabling new contracts to be signed under clear and legally aligned rules. <i>Source:</i> N/A	

	<p>SPI 8: A new digital economy strategy is adopted by the Government</p>	<p>Baseline: No (2023) Target: Yes (2027)</p>	<p>Achieved: Yes (2024) The “National Digital Economy – 2030 for Sri Lanka” was endorsed by the Cabinet in March 2024 and published in April 2024. The WBG has supported the development of the strategy and its implementation plan.</p> <p><i>Source:</i> National Digital Economy – 2030 for Sri Lanka</p>	
<p>Additional evidence: Related to SPI 7: The telecommunications law was amended in 2024 (PA under RESET DPF). The Telecommunications Regulatory Commission (TRC) is in the process of defining the regulatory framework for cross-sectoral infrastructure sharing. With WB advisory support, TRC has prepared a concept note and consultation paper on infrastructure sharing. Stakeholder consultations are expected to begin in November 2025, with the objective of establishing a comprehensive regulatory framework that promotes the reuse of existing infrastructure for broadband deployment, facilitates efficient and transparent access to passive infrastructure across sectors (such as energy, transport, and water), and incentivizes investment while ensuring fair competition and cost-based access conditions. Following the consultation process, TRC plans to finalize the regulatory framework and adopt implementing guidelines in 2026. Subsequent steps will include the preparation of standard access agreements and model contracts to govern infrastructure-sharing arrangements between operators and utilities. New contracts are expected to be signed once these regulatory and procedural instruments are in place and approved, ensuring legal certainty and alignment with the new rules.</p>				
<p>HLO-2: Protected and Enhanced Human and Natural Capital</p> <p>1. Human Capital Index Baseline: 0.6 (2020) At CLR: Not available</p> <p>2. Social protection coverage of the poorest 20% Baseline: 43% (2019) At CLR: Not available</p> <p>3. Ecosystem vitality metric of the Yale Environmental Performance Index (score) Baseline: 40.10 (2022) At CLR: 39.7 (2024) Source: Yale Environmental Performance Index</p>				
<p>Objective 4. Sustain and Strengthen Health, Education, and Social Protection Systems</p>	<p>Indicator 15: Benefits reaching the poorest 20% of the population</p>	<p>Baseline: 37.5% (2019)²⁶ Target: 60% (2026)</p>	<p>Partially Achieved: 48.2% (2025) Interim data is based on a BRIGHT National Survey 2024-2025 conducted by the International Food Policy Research Institute. The final data to verify this indicator will be available only in 2026 using the Household Income & Expenditure Survey.</p> <p><i>Source:</i> https://hdl.handle.net/10568/178136</p>	<p>IDA: <u>Ongoing Operations</u> Social Protection Project (P178973) General Education Modernization Project & AF (P163714) Primary Health Care System Enhancing Project (P181564)</p>

²⁶ Indicator 15’s baseline has been corrected at CLR to reflect the accurate figure for cash transfer benefits reaching the poorest 20%. The original baseline included was 43%, which reflected wider support programs beyond cash transfers (as captured by HLO-2’s indicator 2).

<i>(Mostly Achieved)</i>	Indicator 16: Enhanced Program for School Improvement (EPSI) results achieved	Baseline: 40% (2023) Target: 75% (2024)	<i>Achieved: 85% of zones</i> EPSI results have been achieved in 85% of zones. <i>Source:</i> General Education Modernization Project, P163714, ISR Seq. 15	<u>Closed Operations</u> Primary Health Care System Strengthening Project (P163721); FY24 Accelerating Higher Education Expansion and Development Operation (P159995); FY24 The Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project (P173867); FY24
	Indicator 17: Number of primary medical care institutions that have the required capabilities for providing comprehensive and quality care	Baseline: 360 (2022) Target: 550 (2024)	<i>Achieved: 550 (2024)</i> With PSSP (P163721), 550 primary care medical institutions have met the required capacity by 2024. The PHSEP which commenced in 2024 (P181564) will support the same indicator, with an indicative target of 275 by 2028. <i>Source:</i> Primary Health Care System Strengthening Project, P163721, ICR Primary Healthcare System Enhancing Project, P181564, ISR Seq.3	<u>ASAs (Active)</u> Sri Lanka Poverty and Equity Assessment (P512355); FY27 Sri Lanka Women's Employment and Entrepreneurship ASA (P512514); FY27 Sri Lanka Skills for Employment (P513859); FY28 <u>ASAs (Closed)</u> Designing systems to address GBV in Nepal, Sri Lanka and the Maldives PASA (P178346); FY24 Accelerating Human Capital Development in the Maldives, Nepal and Sri Lanka PASA (P177660); FY25 Maldives and Sri Lanka Poverty & Equity Programmatic ASA (P179674); FY25

				Gender, Citizen Engagement and Social Inclusion Platform PASA - Maldives, Nepal and Sri Lanka (P179463); FY25
	<p>Additional evidence: <i>Related to Indicator #15:</i> As per ISR No 5, the benefits reaching the poorest 20% of the population can be verified with the Department of Census & Statistics, Household Income & Expenditure Survey data which will become available for analysis by June 2026, and the result will be confirmed by the end of 2026. However, in the interim, data from the survey conducted by the International Food Policy Research Institute is presented to show progress of this indicator.</p>			
<p>Objective 5. Maintain and strengthen natural and human capital for resilience and livelihoods</p> <p><i>(Mostly Achieved)</i></p>	<p>Indicator 18: People gaining access to improved water and sanitation services</p>	<p>Baseline: 0 (2015) Target: 1,144,549 (2025)</p>	<p>Mostly Achieved: 1,018,027 (June 2025) The project delivered improved water supply services and improved sanitation to over 1 million people. The project made substantial contributions to providing 24-hour treated piped water supply services in rural, peri-urban, and estate areas in ten districts that are among poorest in the country. It also provided public sanitation in 53 schools and public areas, nine septage treatment plants, and hygiene and sanitation training to 285,000 people.</p> <p><i>Source:</i> Water Supply and Sanitation Improvement Project & AF, P147827, ISR Seq.20</p>	<p>One WBG: <u>Ongoing Operations</u> Integrated Rurban Development and Climate Resilience Project (P505241)</p> <p>IDA: <u>Ongoing Operations</u> Sri Lanka Integrated Watershed and Water Resources Management Project (P166865) Climate Resilience Multi-Phase Programmatic Approach (P160005)</p> <p><u>Closed Operations</u> Agriculture Sector Modernization Project (P156019); FY25 Water Supply and Sanitation Improvement Project & AF (P147827); FY25 Local Development Support Project (P163305); FY25 Climate Smart Irrigated Agriculture Project (P163742); FY26</p> <p><u>ASAs (Active)</u> GRID PASA- Maldives,</p>
	<p>Indicator 19: Area provided with improved irrigation services</p>	<p>Baseline: 0 (2019) Target: 164,707 ha (2026)</p>	<p>Partially Achieved: 20,525 ha Two projects have contributed towards this result including the IWRMP (16,405 ha) and the CSIAP (4,120 ha). Canals have been completed, providing 16,405 ha of land with improved irrigation services under IWRMP and 4,120 ha under CSIAP. A recalibration of the IWRMP results target is ongoing due to an overestimate at project start due to methodological issues.</p> <p><i>Source:</i> Integrated Watershed and Water Resources Management Project, P166865, ISR Seq No. 13 Climate Smart Irrigated Agriculture Project, P163742, ISR Seq No.14</p>	
	<p>Indicator 20: Incremental area under improved climate-smart agriculture practices</p>	<p>Baseline: 0 ha (2019) Target: 20,000 ha (2025)</p>	<p>Achieved: 55,527 ha (2024) With support of CSIAP, a total of 55,527 have been brought under improved climate smart agriculture practices.</p> <p><i>Source:</i> Climate Smart Irrigated Agriculture Project, P163742 ISR Seq No. 14</p>	

<p>Indicator 21: Local Government Authorities (LGAs) with improved access to resilient infrastructure services and economic opportunities</p>	<p>Baseline: 0 (2018) Target: 134 (2024)</p>	<p>Achieved: 134 LGAs (2024) LDSP has provided improved access to resilient infrastructure services and economic opportunities through 2700 sub-projects implemented in 134 local authorities. The sub projects were categorized under (i) basic service delivery, (ii) social welfare, (iii) economic recovery, and (iv) LGA capacity improvement. <i>Source:</i> Local Development Support Project, P163305, ICR</p>	<p>Nepal and Sri Lanka (P176456); FY26 including fisheries review and green growth platform TA Nepal, Maldives and Sri Lanka - Urban Mobility (P500652); FY26 <u>ASAs (Closed)</u> Designing systems to address GBV in Nepal, Sri Lanka and the Maldives PASA (P178346); FY24 Sri Lanka Country Climate and Development Report (P500980); FY25 Transforming Agri-food Systems in Sri Lanka: Identification of Policy Reform and Investment Priorities (P180567); FY26</p>
<p>Indicator 22: Increase in cinnamon exports</p>	<p>Baseline: 19% (2023) Target: 25% (2027)</p>	<p>Not Verified This is an impact level indicator, expected to be achieved one year post implementation. However, the project is on track with positive progress on the activities planned up to the period under review, including establishing processes for Geographical Indication certification, building public sector capacity, and increasing farmer awareness and uptake of climate friendly practices, laying the groundwork for increased cinnamon exports to higher value markets, and strengthened sectoral resilience. <i>Source:</i> N/A</p>	<p>IFC: <u>Ongoing Operations</u> Advisory Agri competitiveness projects in coconut and cinnamon Export Agri SL (605564)</p>
<p>Additional evidence: <i>Related to Indicator 19:</i> As per the last ISM for IWWRMP, a recalibration of the results target is ongoing. The target under the project is to be revised to around 85, 000 hectares and the final number will be confirmed only in February 2026. <i>Related to Indicator 22:</i> Per the last PSR, the project has set in place relevant processes for quality/Geographic Indication certification, farmers certified for quality and improved practices, support for export linkages, which all contribute to the impact target of increasing exports.</p>			

Annex 3. Status of ASA Delivery in CPF Period (as of October 2025)

Task ID	Task Name	Completion Date
P180567	Transforming Agri-food Systems in Sri Lanka: Identification of Policy Reform and Investment Priorities	Completed - 13-Oct-2025
P179674	Maldives and Sri Lanka Poverty & Equity Programmatic ASA	Completed - 30-June-2025
P175642	Sri Lanka Maldives Post Covid-19 Competitiveness Recovery	Completed - 27-June-2025
P500980	Sri Lanka Country Climate and Development Report	Completed - 21-June-2025
P177660	Accelerating Human Capital Development in the Maldives, Nepal and Sri Lanka	Completed - 13-June-2025
P179463	Gender, Citizen Engagement and Social Inclusion Platform - Maldives, Nepal and Sri Lanka	Completed - 27-May-2025
P175305	Sustainable Energy Support	Completed - 28-April-2025
P501002	Sri Lanka Public Finance Review	Completed – 8-April-2025
P177824	Digital for GRID in Maldives, Nepal, and Sri Lanka	Completed - 15-Dec-2024
P178346	Designing systems to address GBV in Nepal, Sri Lanka and the Maldives	Completed - 17-Jun-2024
P181319	Sri Lanka Macroeconomic Monitoring	Completed – 31-May-2024

Annex 4. IDA Lending Program (FY24-26) – Planned vs Actual

FY Approval	CPF FY24-26 Planned (US\$ millions)				CPF FY24-26 Actual (US\$ millions)			
	Project Name	IDA	Co-financing	Total	Project Name	IDA	TF	Total
FY 23 24	Sri Lanka Resilience, Stability and Economic Turnaround Development Policy Operation (P179808) *	500.0		500.0	Sri Lanka Resilience, Stability and Economic Turnaround Development Policy Operation (P179808) *	500.0		500.0
	Social Protection Project (P178973) *	200.0		200.0	Social Protection Project (P178973) *	200.0		200.0
	Financial Sector Safety Net Strengthening Project (P180861)	150.0		150.0	Financial Sector Safety Net Strengthening Project (P180861)	150.0		150.0
	Trade, Investment and SOEs Competitiveness IPF				Sri Lanka: Primary Healthcare System Enhancing Project (P181564)	150.0		150.0
	Subtotal – FY24	850.0		850.0	Subtotal – FY24	1000.0		1000.0
FY 25	Sri Lanka Second Resilience, Stability and Economic Turnaround Development Policy Operation (P180549)	200.0		200.0	Sri Lanka Second Resilience, Stability and Economic Turnaround Development Policy Operation (P180549)	200.0		200.0
	Integrated Rurban Development and Climate Resilience Program (P505241)	100.0		100.0	Integrated Rurban Development and Climate Resilience Program (P505241)	100.0		100.0
	General Education Modernization Project AF (P163714)	50.0		50.0	Secure, Affordable, and Sustainable Energy for Sri Lanka (P505052)	30.0		30.0
					Scaling Private Investments for Renewable Energy Transformation in Sri Lanka (P511072)	40.0		40.0
					General Education Modernization Project AF (P163714)	50.0		50.0
					<i>Dropped</i>			
					Sri Lanka Moving from Stabilization to Growth (P502796)		4.7	4.7
	Subtotal - FY25	350.0		350.0	Subtotal - FY25	420.0	4.7	424.7
FY 26	Sri Lanka Reforms for Growth, Resilience and Openness Development Policy Operation	100.0		100.0	Sri Lanka Digital Transformation	50.0		50.0
	Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies	100.0		100.0				
	Subtotal – FY26	200.0		200.0	Subtotal - FY26	50.0		50.0
	Grand Total	1400.0		1400.0		4.7	1474.7	

*Approved on June 28, 2023, with the CPF.

Annex 5. IDA/IBRD Portfolio Indicators over the CPF Period

Portfolio and Disbursements

FY	Active Portfolio Number of Projects	Portfolio Total Commitment \$	Portfolio Total Disbursement \$	Portfolio Total Undisbursed Balance \$	Portfolio Disbursement FY \$	IPF Disbursement Ratio %
2024	14	\$ 2,315,055,010.48	\$ 1,485,275,512.45	\$ 813,161,985.97	\$ 475,063,719.43	33.42 %
2025	13	\$ 1,825,060,400.00	\$ 1,060,349,857.86	\$ 766,553,370.08	\$ 406,606,997.01	29.05 %
2026*	12	\$ 1,549,060,400.00	\$ 871,873,457.11	\$ 680,320,953.01	\$ 99,724,252.90	15.10 %

* FY26 data as of January 30, 2026

Portfolio Riskiness

FY	Number of Actual Problem Projects	Problem Project %	Number of Potential Problem Projects	Number of Projects at Risk	Total Commitment at Risk	Proactivity %
2024	1	7.14 %	0	1	\$ 92,000,000.00	100.00 %
2025	3	23.08 %	0	3	\$ 165,727,400.00	100.00 %
2026*	2	16.70 %	0	2	\$80,200,000.00	66.7 %

* FY26 data as of January 30, 2026

Annex 6. Contribution of WBG Knowledge Work to CPF Objectives

CPF Objective	Issues	Contribution of WBG Knowledge	Pathway	Selected Outcome(s)
1. Improve fiscal and debt sustainability	Fragmented debt management, weak fiscal anchor, low revenue, and limited expenditure analytics	<ul style="list-style-type: none"> - Heightened macro monitoring (SL Development Updates, MPOs) - PFR analytics (wage bill forecasting, expenditure analysis) - PFM bank-executed trust fund TA on debt management and public investment to establish Public Debt Management office and strengthen public investment management; Revenue diagnostics on tax administration 	Diagnostics and surveillance informed policy dialogue and were integrated into MoF budget processes, shaping the debt, tax, and financial pillars of RESET DPO and capital spending tools	<p>Public and Publicly Guaranteed Debt/GDP declined to 103.9% (2024) [CPF Indicator 2]</p> <p>Unified debt management office established (2024) [CPF SPI 1]</p> <p>Revenue/GDP rose to 13.7% (2024) [CPF SPI 2]</p>
2. Improve economic inclusion	<i>Gender:</i> Low female labor force participation, limited data, fragmented GBV service delivery	<ul style="list-style-type: none"> - Gender, Citizen Engagement, and Social Inclusion Platform produced evidence on GBV costs, service gaps, and constraints to women’s economic empowerment; informed RESET DPO’s Prior Actions on gender 	<p>Adoption of Women’s Empowerment Act (2024) and creation of National Commission on Women were supported; consumer protection and inclusion mandates were strengthened.</p> <p>Helped strengthen GBV service delivery in national Mithuru Piyasa centers and informed GBV component under Primary Healthcare System Enhancing Project</p>	<p>35,474 women accessing new financial services [CPF Indicator 5]</p> <p>1,293 new-to-bank WSMEs [CPF Indicator 7]</p>
	<i>Social protection:</i> High vulnerability to shocks; limited responsiveness; outdated targeting; weak delivery systems; limited progressivity of fiscal instruments	<ul style="list-style-type: none"> - Poverty & Equity PASA (FY25) - Social Protection Strategy TA - Public Expenditure Review (PER) – Transfers and Subsidies Deep Dive - 2024 technical note on reform impacts on poor and vulnerable households 	<p>Informed Samurdhi reform and transition to Aswesuma, improving targeting and reducing inclusion/exclusion errors; distributional analysis guided transfer and subsidy redesign</p> <p>PER analyzed distributional impact of transfers and subsidies advocating for better targeting, including of fertilizer subsidies</p> <p>Data on poverty generated through biannual monitoring in the absence of official surveys (since 2019)</p>	<p>48.2% of poorest 20% covered (interim 2025 data; verification expected in 2026) [CPF Indicator 15]</p>
3. Strengthen the investment climate and increase the resilience and efficiency of the financial sector	<i>Digital:</i> Lack of coherent digital strategy and regulatory frameworks	<ul style="list-style-type: none"> - Digital for GRID ASA supported National Digital Economy Strategy 2030, telecom reform, and cybersecurity/CERT capacity 	<p>Advisory reflected in the amendment of Sri Lanka Telecommunications Act (2024) and helped TRC advance its regulatory frameworks for infrastructure sharing</p> <p>Informed digital IPF (approved in 2025) to lay foundations for digital public infrastructure and strengthen IT industry and startups</p>	<p>LKR 24.1 billion committed to digitalizing government services across sectors (including support for CERT) in the 2025 budget</p> <p>Telecom licensing reforms opened markets and</p>

				<p>attracted two new market players to Sri Lanka's broadband ecosystem</p> <p>National Digital Economy – 2030 for Sri Lanka approved (2024) [CPF SPI 8]</p>
	<i>Competitiveness/ financial sector:</i> Weak investment climate, incoherent tariff/investment policy, and financial sector instability	<ul style="list-style-type: none"> - COVID-19 Competitiveness Recovery ASA informed investment and insolvency legislation, tariff policy, SOE reform (holding company, new SOE bill), and financial sector crisis management and resolution frameworks 	<p>Inputs adopted into National Tariff Policy (2024) and forthcoming investment and insolvency legislation</p> <p>Reforms integrated into RESET and REGROW DPO and FSSNP design</p>	<p>National Tariff Policy approved (2024) [CPF SPI 6]</p> <p>Key Private sector development reforms enacted [CPF Indicator 12]</p>
	<i>Energy:</i> Utility insolvency risks and non-cost reflective tariffs	<ul style="list-style-type: none"> - Energy ASA supported Ceylon Electricity Board 5-year strategic plan, restructuring and debt sustainability analysis, and draft tariff methodology for cost recovery 	<p>Inputs considered in plans to unbundle energy utility and in preparing the draft tariff methodology</p> <p>Provided due diligence for design of WBG Secure, Affordable, and Sustainable Energy for Sri Lanka project.</p>	<p>Implementation of the Electricity Act 2024 and the Amendments to the Electricity Act 2025</p>
4. Sustain and strengthen health, education, and social protection systems	Outdated targeting and fragmented service delivery	<ul style="list-style-type: none"> - Human Capital PASA supported design of Aswesuma registry (geotagging, intake, dynamic updating) - Social Protection Strategy TA 	<p>Government adopted registry as the primary targeting platform across multiple programs</p>	<p>48.2% of poorest 20% covered (interim 2025 data; verification expected in 2026) [CPF Indicator 15]</p>
5. Maintain and strengthen natural and human capital for resilience and livelihoods	Weak climate risk management; poor irrigation governance	<ul style="list-style-type: none"> - Agri-food Systems PASA delivered Agriculture PER and policy notes on fertilizer, tea exports, and integrated landscape management 	<p>Evidence reframed constraints and informed mainstreaming of climate smart land/water management</p> <p>Helped mainstream climate-smart and sustainable land and water management via CSIAP and IWRRMP and highlight operational inefficiencies in irrigation assets</p> <p>Contributed to formalization of new governance structure for cascades, including progress in the amendment of the Agrarian Development Act.</p> <p>Informed fertilizer subsidy reforms to improve efficiency, targeting, and sustainability — contributed</p>	<p>55,527 hectares under climate-smart practices [CPF Indicator 20]</p> <p>Improved irrigation and cascade governance</p>

			technical inputs to the MoF's 2026 national budget discussions	
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