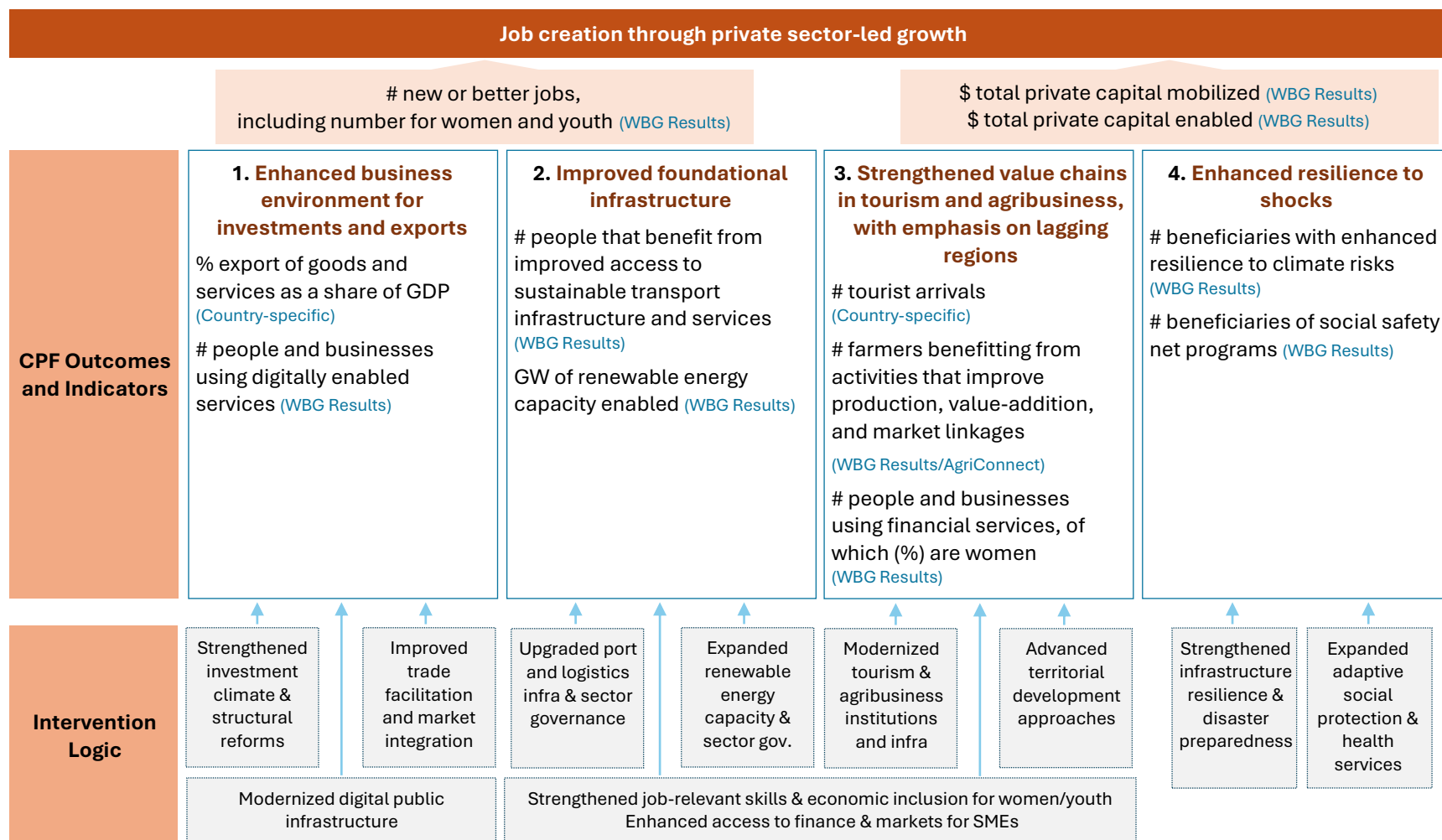


## I. Results Matrix: Intervention Logic and Short-term Business Planning



**Overarching CPF goal: Job creation through private sector-led growth**

**Rationale:** Sri Lanka needs growth that creates local jobs at scale. While nearly a million youth are estimated to enter the workforce in the next decade, only 300,000 formal jobs are likely at current growth rates. Given the limited fiscal space for public investment, mobilizing and enabling private capital (PCM and PCE) in high-potential sectors is critical to drive growth.

Indicator	Intervention Logic	Business Planning		Results/Targets
		Ongoing lending, knowledge, and advisory	Pipeline lending, knowledge, and advisory (18-24 months)	
<b>Indicator 1:</b> <b>New or better jobs, including number for women and youth</b> (WBG Results)	Jobs creation in Sri Lanka requires an environment that boosts private sector activity especially in labor-intensive sectors such as tourism, agribusiness and in lagging regions (see Outcome 3). WBG support will combine public- and private sector interventions to: (i) strengthen the regulatory environment and investment climate; (ii) build foundational infrastructure in ports, logistics, and energy, and (iii) modernize agriculture and tourism value chains by helping firms and farms adopt technology/innovation, access markets, and mobilize private capital. Interventions will also strengthen skills and access to finance and markets for entrepreneurs and businesses, with a strong focus on women and youth.	<b>One WBG: <u>Digital</u>:</b> IDA Sri Lanka Digital Transformation Project <b><u>Agriculture</u>:</b> IDA Integrated Rurban Development and Climate Resilience Project <b>IDA:</b> Social Protection Project <b>IFC:</b> Investments across financial and real sectors; Advisory for employer-led childcare facilities <b>ASA:</b> Sri Lanka Country Growth and Jobs Report; Private Sector Development PASA	<b>One WBG: <u>Tourism</u>:</b> IDA Tourism for Heritage, Resilience, Inclusion, and Value-driven Employment (THRIVE) SOP; IFC investments and advisory in high-value tourism   <b><u>Territorial dev.</u>:</b> IDA Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies (REVIVE) SOP; IFC investments in financial intermediaries and private equity funds   <b><u>Agriculture</u>:</b> IFC investments in export-oriented agribusinesses; IFC advisory for export agriculture (coconut) <b>IDA:</b> Skills, entrepreneurship, and women’s economic empowerment [tbc] <b>ASA:</b> Sri Lanka Skills for Employment Knowledge Platform	<b>Baseline [2025]: 0</b> <b>Target [2030]: TBC</b> [based on final methodology]
<b>Indicator 2:</b> <b>Total private capital mobilized</b> (WBG Results)	PCM and PCE require a One WBG approach that strengthens institutional frameworks, advances private capital-enabling reforms, reduces regulatory uncertainty, and upgrades infrastructure. WBG support will lift upstream barriers and channel downstream finance in energy, transport/logistics, and agriculture—sectors with the greatest PCM potential. The WBG will support enabling reforms for capital-market development and operationalization of the secured-transactions registry, establish predictable regulations in energy, transport, and digital development, and reinforce financial-sector oversight. WBG teams will structure and de-risk PPPs in renewable energy, ports, logistics, and agribusiness. Investment in financial and service sectors and niche manufacturing will also be mobilized.	<b>One WBG<sup>1</sup>: <u>Energy</u>:</b> IDA Scaling Private Investments for Renewable Energy Transformation in Sri Lanka MPA   <b><u>Agriculture</u>:</b> IDA Integrated Rurban Development and Climate Resilience Project <b>IDA:</b> Financial Sector Safety Net Strengthening Project <b>ASA:</b> Financial Sector PASA; Private Sector Development PASA	<b>One WBG: <u>Energy</u>:</b> IFC investments in renewable energy (RE) generation & distribution; Potential MIGA/WB GP instruments in RE   <b><u>Ports/logistics</u>:</b> IBRD; Sri Lanka Ports and Logistics Development Program (PORTAL) IPF; IFC investments; Potential WBG GP guarantees   <b><u>Tourism</u>:</b> IDA Tourism for Heritage, Resilience, Inclusion, and Value-driven Employment (THRIVE) SOP; IFC investments and advisory in high-value tourism; Potential MIGA/WB GP guarantees   <b><u>Territorial dev.</u>:</b> IDA Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies (REVIVE) SOP; IFC investments in financial intermediaries, VC/PE funds <b>IDA:</b> Reforms for Growth, Resilience, and Openness DPO Series	<b>Baseline [2025]: 0</b> <b>Target [2030]: \$1,250 million</b>
<b>Indicator 3:</b> <b>Total private capital enabled</b> (WBG Results)		<b>Baseline [2025]: 0</b> <b>Target [2030]: \$1,000 million</b> [TBC based on final methodology]		

<sup>1</sup> One WBG engagement combines IDA, IFC, and MIGA/WBG Guarantee Platform advisory, guarantees and financing instruments. This may include joint financing or complementary investments supported by guarantees.

**CPF Outcome 1: Enhanced business environment for investments and exports**

**Rationale:** Sri Lanka’s economy has become more inward-oriented since the early 2000s, with exports falling from 39 percent of GDP in 2000 to 20 percent in 2024, and FDI remaining less than 1 percent of GDP. To unlock job-creating growth driven by increased exports and private investment, a more predictable, transparent, and investor-friendly business and regulatory environment is essential. This requires macroeconomic stability alongside reform measures, including those targeting trade openness to boost exports, reducing the state’s economic footprint and fostering competition, and addressing distortions and rigidities in factor markets. A special focus is also needed on sectors with high growth and job creation potential like tourism, agribusiness, and logistics. In parallel, addressing governance issues through greater digitization will be critical to build investor and citizen trust, enable private sector innovation and sectoral digitalization.

Indicator	Intervention Logic	Business Planning		Results/Targets
		Ongoing lending, knowledge, and advisory	Pipeline lending, knowledge, and advisory (18-24 months)	
<b>Indicator 4:</b> <b>Export of goods and services as share of GDP</b> (Country-specific)	Targeted reforms are required to capitalize on Sri Lanka’s untapped export potential and improve its regional and global competitiveness. To support enhanced growth, trade, and investment, the WBG will back targeted reforms through a DPO series, complemented by technical assistance and knowledge work. These efforts will address cross-cutting constraints and facilitate downstream investments, supported by potential guarantees. WBG support will also boost quality and value addition in agribusiness and tourism (both directly and indirectly via financial intermediaries) with additional investments in niche manufacturing and service exports.	<b>One WBG: <u>Agriculture</u>:</b> IDA Integrated Rurban Development and Climate Resilience Project <b>IDA:</b> Second Resilience, Stability and Economic Turnaround DPO <b>IFC:</b> Trade finance support and advisory in niche manufacturing (export apparel sector); Advisory for SME export orientation & export agriculture (cinnamon) <b>ASA:</b> Country Growth and Jobs Report; Poverty and Equity Assessment	<b>IDA:</b> Reforms for Growth, Resilience, and Openness DPO Series <b>One WBG: <u>Agriculture</u>:</b> IFC investments in export agribusinesses + advisory for export agriculture (coconut); Potential MIGA guarantees   <b>Tourism:</b> IDA Tourism for Heritage, Resilience, Inclusion, and Value-driven Employment Project (THRIVE) SOP; IFC investments and advisory in high-value tourism; Potential MIGA/WBG GP instruments <b>IFC:</b> Investments in niche manufacturing <b>ASA:</b> Fiscal Implementation Support	<b>Baseline [2024]:</b> 19.9 percent
<b>Indicator 5:</b> <b>People and businesses using digitally enabled services</b> (WBG Results)	Greater digitization can improve transparency and regulatory predictability, boosting investor and citizen confidence. Planned WBG investments will focus on online service delivery and horizontal, cross-sectoral platforms for data sharing, digital signatures and credentials, and data hosting. Advisory support will focus on related policy, institutional, and technical aspects.	<b>One WBG: <u>Digital</u>:</b> IDA Sri Lanka Digital Transformation Project <b>IFC:</b> Investments in telecom infrastructure <b>ASA:</b> Digital Transformation for Sri Lanka and Maldives	<b>One WBG: <u>Digital</u>:</b> IFC investments in tech startups (directly or through funds), cloud infrastructure, telecom; Potential WBG GP guarantees	<b>Baseline [2025]:</b> 0 <b>Target [2030]:</b> 4 million

**CPF Outcome 2: Improved foundational infrastructure**

**Rationale:** Building foundational physical and human infrastructure (including the skills base of the population) is critical for job creation and spurring private sector growth. Despite strong potential in sectors such as energy and transport, gaps in physical infrastructure continue to constrain productivity and private sector growth. Sri Lanka’s strategic location makes it a vital regional maritime hub, but targeted investments in connectivity and logistics are required to boost its competitiveness and maximize its potential. At the same time, the lack of market-relevant skills constrains productive employment and remains a key bottleneck for economic competitiveness. Women and youth especially face obstacles to skills development, finance, and broader employment.

Indicator	Intervention Logic	Business Planning		Results/Targets
		Ongoing lending, knowledge, and advisory	Pipeline lending, knowledge, and advisory (18-24 months)	
<b>Indicator 6:</b> <b>People that benefit from improved access to sustainable transport infrastructure and services</b> (WBG Results)	Targeted reforms and strategic investments are essential to maximize the potential of Sri Lanka’s port and logistics. WBG support will focus on modernizing the Port of Colombo via capacity expansion, operational optimization, value-added logistics, and institutional reforms, followed by enhancing inland logistics integration. Ongoing WBG engagement in roads is supporting connectivity to economic and social opportunities, especially for rural communities.	<b>IDA/IBRD:</b> Kandy Multimodal Transport Terminal Development Project; Inclusive Connectivity and Development Project  <b>ASA:</b> Nepal, Maldives and Sri Lanka – Urban Mobility	<b>One WBG: <u>Ports/logistics</u>:</b> IBRD Sri Lanka Ports and Logistics Development Program (PORTAL) IPF; IFC investments in ports and logistics; Potential MIGA guarantees  <b>IDA:</b> Kandy Multimodal Transport Terminal Development Project Additional Financing	<b>Baseline [2025]:</b> 780,000 <b>Target: [2030]:</b> 2,150,000
<b>Indicator 7:</b> <b>GW of renewable energy capacity enabled</b> (WBG Results)	Diversifying Sri Lanka’s energy mix away from thermal (47.5 percent) and hydro (42.5 percent), toward other RE sources can strengthen its adaptive capacity and resilience to climate shocks. Phased WBG engagement will help Sri Lanka achieve 70 percent RE by 2030 and add private sector-led capacity. Support will aim for clear policy direction in power sector reforms, streamlined procurement processes, robust risk mitigation instruments, and grid infrastructure readiness to unlock sustained private investment in RE.	<b>One WBG: <u>Energy</u>:</b> IDA Scaling Private Investments for Renewable Energy Transformation in Sri Lanka MPA; IFC investments in RE  <b>ASA:</b> Sri Lanka Long-Term Energy PASA	<b>One WBG: <u>Energy</u>:</b> IFC investments in RE generation and transmission; MIGA/WB GP guarantees	<b>Baseline [2025]:</b> 0 <b>Target [2030]:</b> 1 GW

**CPF Outcome 3: Strengthened value chains in tourism and agribusiness with emphasis on lagging regions**

**Rationale:** Critical labor-intensive sectors, notably tourism and agri-business, require special attention to unlock their potential. Additionally, growth has lagged in the Northern and Eastern Provinces with critical infrastructure gaps and institutional challenges hindering private investment and economic transformation, demanding a holistic regional development approach.

Indicator	Intervention Logic	Business Planning		Results/Targets
		Ongoing lending, knowledge, and advisory	Pipeline lending, knowledge, and advisory (18-24 months)	
<b>Indicator 8:</b> <b>Number of tourist arrivals</b> (Country-specific)	Sri Lanka's tourism is concentrated in a few established destinations. WBG support will develop new tourism destinations through premium art, culture, heritage, and nature-based products; skills and service quality upgrades; modernized tourism institutions; and PCM. These measures are expected to generate additional tourist flows to new destinations, and to attract higher-spending visitor segments. As data systems improve, indicators such as average daily spend per visitor and length of stay will be considered as supplement or potential replacement of the tourist arrival indicator.	<b>IFC:</b> Advisory on digital institutional reform & financial sector lending <b>ASA:</b> Sri Lanka Tourism Platform PASA	<b>One WBG: <u>Territorial Development</u>:</b> IDA Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies (REVIVE) SOP; <b><u>Tourism</u>:</b> IDA Tourism for Heritage, Resilience, Inclusion, and Value-driven Employment (THRIVE) SOP; IFC investments and advisory in high-value tourism; Potential MIGA guarantees <b>ASA:</b> Nature-Based Tourism	<b>Baseline [2025]:</b> 2,362,521
<b>Indicator 9:</b> <b>Number of farmers benefiting from activities that improve production, value-addition, and market linkages</b> (WBG Results)	Agrifood value chains need better access to finance and markets for producers and SMEs, particularly smallholders and in lagging regions. WBG will strengthen rural connectivity, support Productive Partnerships and strengthen National Quality Infrastructure (e.g., labs and cold chains) to link farmers to commercial finance and higher-value markets while enhancing productivity, aggregation and value addition in agriculture, livestock, and aquaculture. This indicator measures the contribution to the corporate AgriConnect initiative.	<b>One WBG: <u>Agriculture</u>:</b> IDA Integrated Rurban Development and Climate Resilience Project; <b>IBRD:</b> Inclusive Connectivity and Development Project	<b>One WBG: <u>Agriculture</u>:</b> Potential IFC investments in agribusiness firms and advisory; Potential MIGA guarantees   <b><u>Territorial Development</u>:</b> IDA Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies (REVIVE) SOP 2	<b>Baseline [2025]:</b> 0 <b>Target [2030]:</b> 400,000
<b>Indicator 10:</b> <b>People and businesses using financial services, of which percent are women</b> (WBG Results)	Most Sri Lankan businesses are SMEs, creating significant jobs, including in lagging regions and for women. The WBG will deepen activities to support self- and formal employment in the private sector. This includes investments and advisory services in/to financial intermediaries to expand access to finance for SMEs, especially in CPF priority sectors, including women-owned SMEs. Capacity building (incl. financial literacy) for SMEs through anchor corporates and developing an enabling environment for moveable asset finance will also help improve SME access to finance.	<b>One WBG: <u>Agriculture</u>:</b> IDA Integrated Rurban Development and Climate Resilience Project. <b>IDA:</b> Financial Sector Safety Net Strengthening Project <b>IFC:</b> Advisory services to banks to increase access to finance to SMEs via supply chain financing programs <b>ASA:</b> Sri Lanka Women's Employment and Entrepreneurship; Sri Lanka Private Sector Development PASA	<b>One WBG: <u>Digital</u>:</b> IFC investments in tech startups (directly or through funds); <b><u>Territorial Development</u>:</b> IFC investment in SMEs through PE funds <b>IFC:</b> Investments in FIs to expand access to finance for SMEs (including WSMEs) and advisory services. <b>MIGA:</b> Potential guarantees for SME/WSMEs	<b>Baseline [2025]:</b> 61,000 <b>Target [2030]:</b> 1,700,000

### CPF Outcome 4: Enhanced Resilience to Shocks

**Rationale:** Sri Lanka is highly vulnerable to shocks, with climate-related disasters posing persistent and worsening risks. Extreme weather and losses from floods and droughts cost ~US\$380 million (0.4% of GDP) per year, with flooding alone affecting 10 million people. These factors have increased overall vulnerability, which has been further exacerbated by the economic crisis and the reversal in hard-won gains in poverty reduction. The effects of crises are particularly acute for women and marginalized groups. Strengthening the capacity of individuals, communities, and institutions to respond to shocks is essential to building the resilience of both the population and the economy.

Indicator	Intervention logic	Business Planning		Results/Targets
		Ongoing lending, knowledge, and advisory	Pipeline lending, knowledge, and advisory (18-24 months)	
<b>Indicator 11:</b> <b>Beneficiaries with enhanced resilience to climate risks</b> (WBG Results)	Building climate resilience in Sri Lanka requires a multi-sectoral approach to manage growing climate-induced hazards such as coastal erosion, flooding, landslides, and extreme heat exacerbated by rapid urbanization, shifting land use, and climate change. The WBG’s engagement here spans support to climate smart agriculture and building rural resilience, irrigation and integrated water resource management and small-scale infrastructure development in lagging regions. It also includes a dedicated support to strengthen capacity for disaster risk management and preparedness.	<b>One WBG: <u>Agriculture</u>:</b> IDA Integrated Rurban Development and Climate Resilience Project <b>IDA:</b> Climate Resilience MPA; Sri Lanka Integrated Watershed and Water Resources Management Project <b>IFC:</b> Advisory for green finance, energy efficiency, and finance reforms	<b>One WBG: <u>Territorial Development</u>:</b> IDA Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies (REVIVE) SOP <b>IDA:</b> New Operation Crisis Response and Resilience [subject to approval of CRW financing] <b>IFC:</b> Investments in sustainable finance (thematic bonds – green, social, sustainability) <b>MIGA:</b> Potential guarantees for climate resilient investments in agriculture, water, and infrastructure	<b>Baseline [2025]:</b> 376,000 <b>Target [2030]:</b> 2,200,000
<b>Indicator 12:</b> <b>Beneficiaries of social safety net programs</b> (WBG Results)	Sri Lanka's social protection system faces significant challenges. Ongoing World Bank engagement aims to improve coverage and adequacy of support for the poorest and most vulnerable and make the social protection system more responsive to economic and climate-related shocks. This includes supporting the development of a unified beneficiary registry, strengthening the design and delivery of cash transfer program, and advancing system and database interoperability. Together, these efforts	<b>IDA:</b> Social Protection Project <b>ASA:</b> Sri Lanka Poverty and Equity Assessment		<b>Baseline [2025]:</b> 4,378,172 <b>Target [2027]:</b> 7,400,000