ABOUT THE WORLD BANK GROUP (WBG)

Mission: fight poverty and support inclusive growth

WORLD BANK GROUP
Five Institutions, One Group

IBRD
The International Bank for Reconstruction and Development

IDA
The International Development Association

IFC
The International Finance Corporation

MIGA
The Multilateral Investment Guarantee Agency

ICSID
The International Centre for Settlement of Investment Disputes

Together, IBRD and IDA form the World Bank

Sri Lanka has been a member of the World Bank since 1950 and IFC in 1956
Since then, the WBG has been instrumental in supporting Sri Lanka’s development
Diagnostic of core development issues and priorities

CPF FY23-26 preparation is underway. It is informed by:
- SCD Update
- IFC Country Strategy and country priorities

Review of previous CPF (2017-2021) just completed

Midterm review planned
CPF ADDRESSES GOVT. PRIORITIES, KEY CHALLENGES (INDICATIVE OUTCOMES INCLUDED)

**GOVERNMENT PRIORITIES**

- Economic stabilization and revival through structural reforms and debt restructuring
  - Fiscal consolidation, promoting trade and investment, SOE reforms, etc.
- Enhancing social welfare
- Enhancing access to quality education
- Maintaining and increasing effectiveness of essential health services

**MAIN DEVELOPMENT CHALLENGES**

- Fiscal challenge to ensure macro-economic stability
- Governance, public financial management
- Heightened financial sector stress/risk
- Lack of competitiveness
- Increased poverty and vulnerability; existing social protection system is inadequate
- Stress on public healthcare systems; learning losses due to successive crises
- Climate change vulnerabilities; natural capital degradation
To help Sri Lanka restore economic stability and build a stronger foundation for green, resilient, and inclusive development and recovery, while protecting the poor and vulnerable

**THE CPF SUPPORTS 2 ASPIRATIONAL OUTCOMES**

**Improved Economic Resilience and Access to Jobs**
- Improve Fiscal and Debt Sustainability
- Strengthen the Investment Climate and Increase the Resilience and Efficiency of the Financial Sector
- Improve Economic Inclusion

**Protected and Enhanced Human and Natural Capital**
- Sustain and Strengthen Health, Education and Social Protection Systems
- Maintain and Strengthen Natural and Human Capital for Resilience and Livelihoods

**OBJECTIVES**

**CROSS-CUTTING THEMES**

Enhancing resilience
The crisis presents an opportunity to reset Sri Lanka’s economic development narrative
Working with the Government and other development partners, WBG will contribute to this recovery

**IDA resources are limited compared to Sri Lanka’s extensive needs**

- **Selectivity** and calibrated project design is critical
- Need to **leverage existing resources**
- Need greater **flexibility/adaptability** in approach
- Planned **mid-cycle assessment** to calibrate engagement
- **Inclusion** and targeting crucial

**The crisis presents an opportunity for WBG to support Sri Lanka through:**

- Addressing structural **governance** weaknesses
- Greater focus on **human capital**
- Greater focus on building **institutional resilience** to future shocks; **building back better**
- Stronger **collaboration** with DPs
- WBG collaboration to **address vulnerabilities** and enable greater **private sector participation**
Shift from previous CPF

Crisis presents an opportunity to build back better

Continuous monitoring of the country context, regular dialogue with stakeholders, and a planned mid-cycle assessment will help WBG calibrate the program

While Sri Lanka’s needs are extensive, available resources are limited. In this context, the WBG program will be selective, leveraging existing resources and partnerships

Focus on restoring economic stability and building a stronger foundation for green, resilient, and inclusive development and recovery, while protecting poor and vulnerable populations

Greater alignment and cooperation within the WBG and with development partners are critical to maximizing impact in a resource-constrained environment

Enhancing cooperation

Initial focus on stabilization and recovery

Greater selectivity

Flexible and adaptive CPF approach

Crisis presents an opportunity to help Sri Lanka rethink its economic development narrative, frontload analytics
A roadmap for the development of the Sri Lanka CPF 2023-26

1. Government strategy as input
2. SCD as input
3. CLR as input
4. Internal WBG deep dive sessions
5. Initial consultations with government, DPs
6. WBG Regional Operations Committee Concept review
7. Stakeholder consultations: government, development partners, private sector, CSOs, IFIs, youth, academia
8. WBG Operations Committee review
9. Final government review
10. Board presentation (May 2023)
FOR DISCUSSION

Does the proposed approach address the key challenges the country is currently facing?

Given the resource-constrained environment, are the proposed areas of focus appropriate?

Are there any opportunities for complementarities/collaboration between the WBG’s approach and your work?

Are there any specific knowledge and analytical products the WBG should undertake during the CPF period?