



WORLD BANK GROUP

# SRI LANKA Country Partnership Framework FY23-26

# ABOUT THE WORLD BANK GROUP (WBG)

## Mission: fight poverty and support inclusive growth



### 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

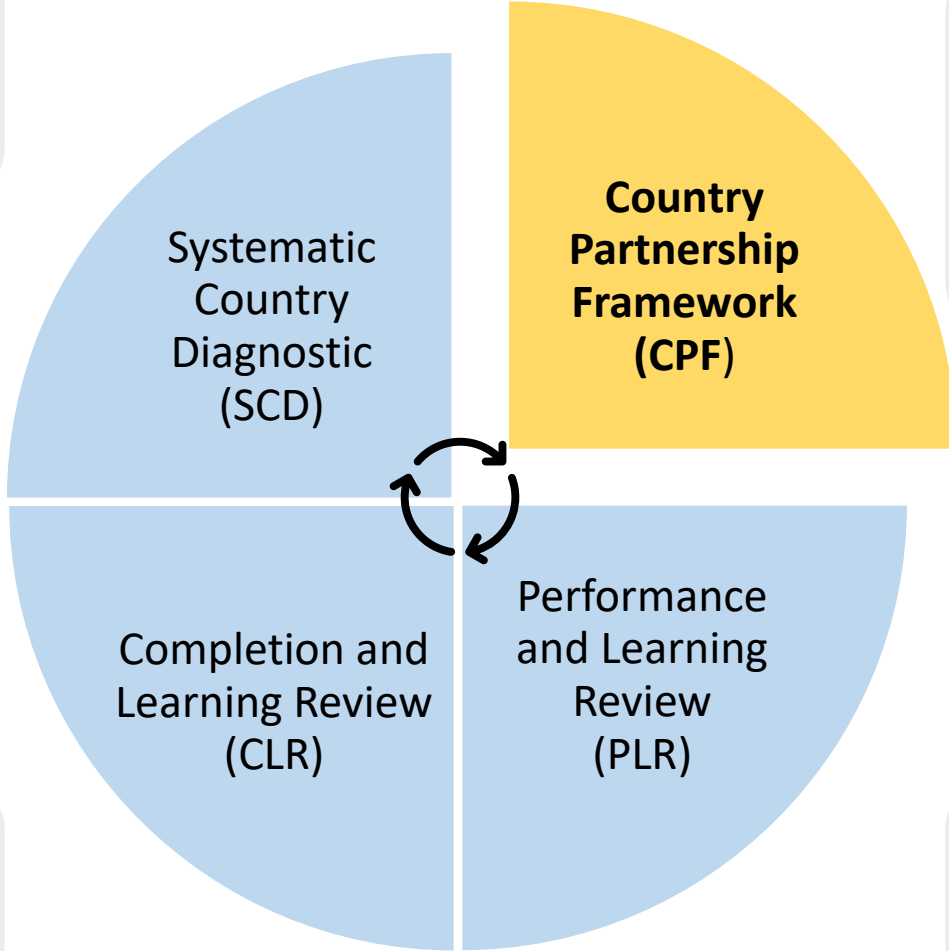
Sri Lanka has been a **member of the World Bank since 1950 and IFC in 1956**

Since then, the WBG has been instrumental in supporting Sri Lanka's development



# WBG ENGAGEMENT CYCLE

Diagnostic of core development issues and priorities



**CPF FY23-26 preparation is underway.** It is informed by:

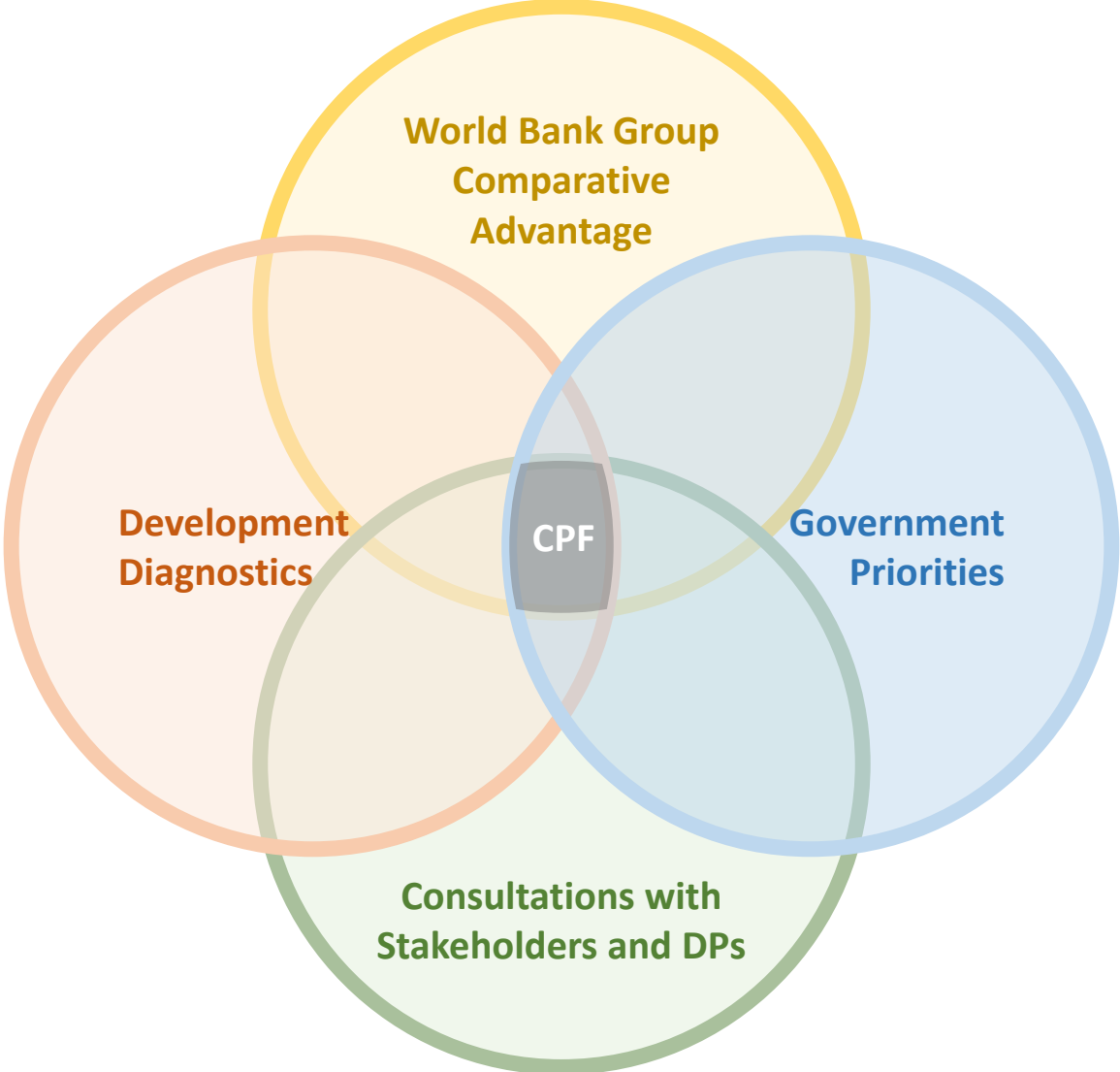
- SCD Update
- IFC Country Strategy and country priorities

Review of previous CPF (2017-2021) just completed

Midterm review planned



# CPF PRINCIPLES OF ENGAGEMENT



# 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



# THE CPF SUPPORTS 2 ASPIRATIONAL OUTCOMES (INDICATIVE OUTCOMES INCLUDED)

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



## 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

OBJECTIVES



## 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

CROSS-CUTTING THEMES

Enhancing resilience








# PROPOSED APPROACH






## 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*

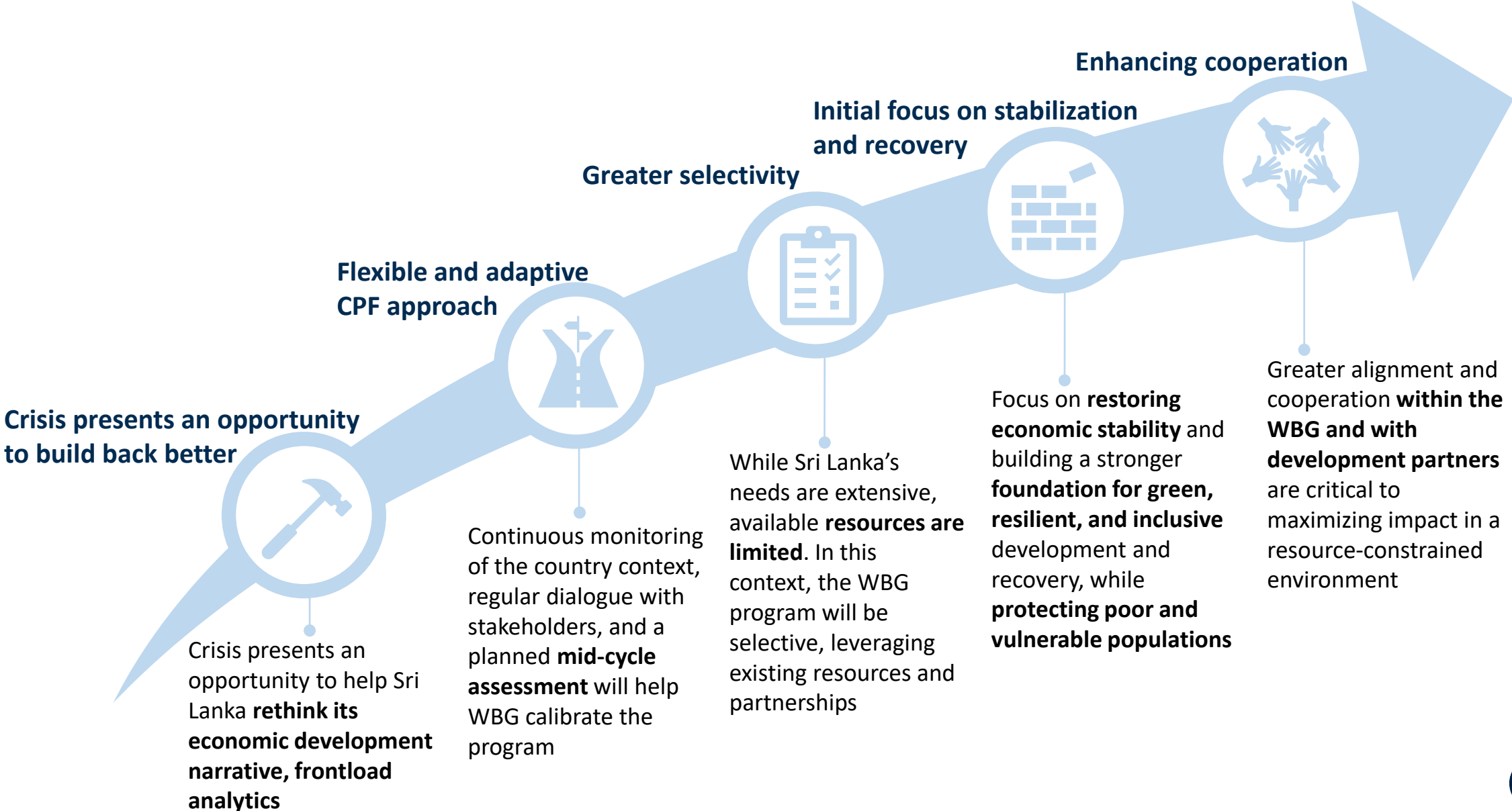
-  **Selectivity** and calibrated project design is critical
-  Need to **leverage existing resources**
-  Need greater **flexibility/adaptability** in approach
-  Planned **mid-cycle assessment** to calibrate engagement
-  **Inclusion** and targeting crucial

### *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**



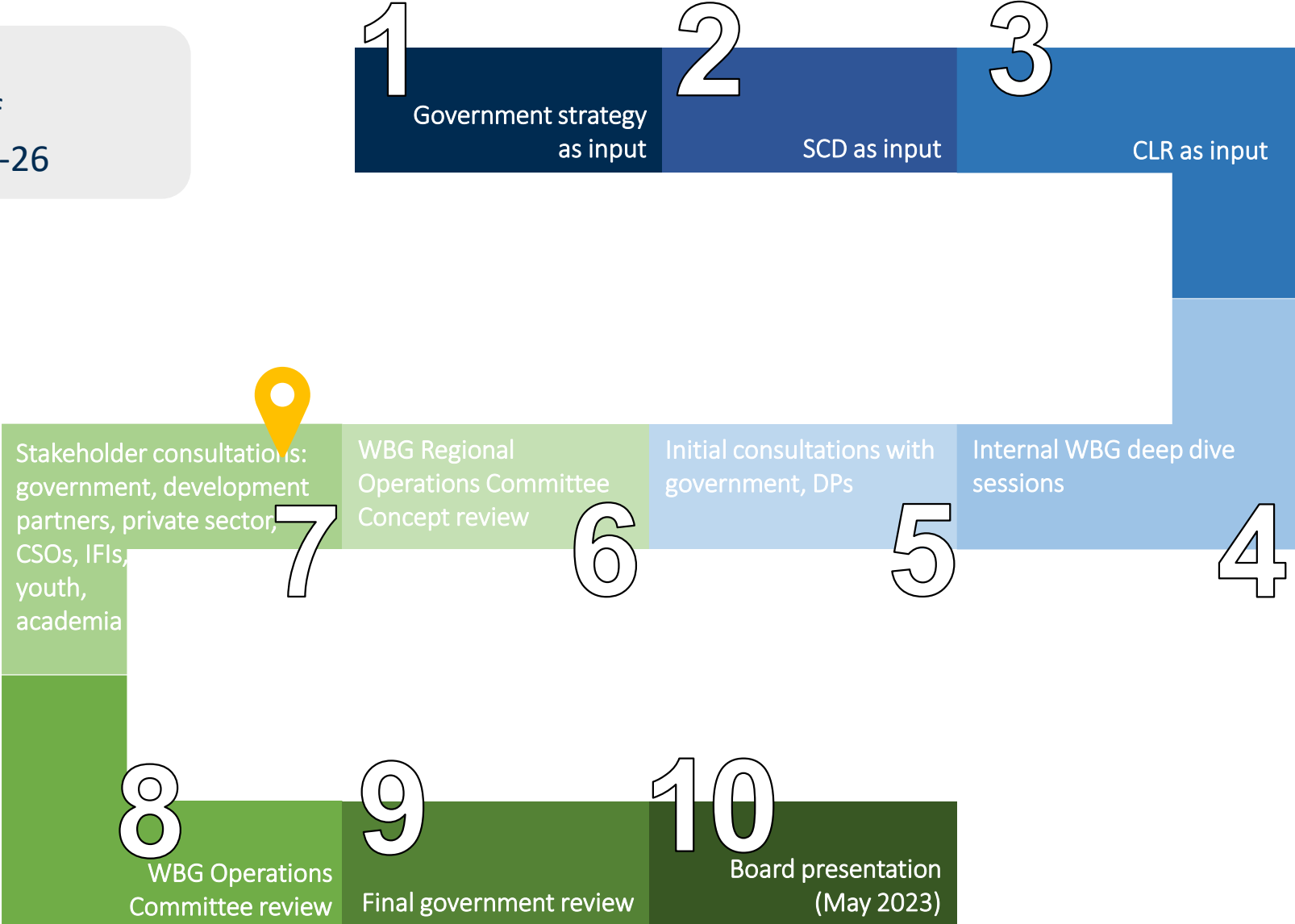
# SHIFT FROM PREVIOUS CPF









# CPF TIMELINE

A roadmap for the development of the Sri Lanka CPF 2023-26



# 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?**