



WORLD BANK GROUP

SRI LANKA Country Partnership Framework FY23-26

ABOUT THE WORLD BANK GROUP (WBG)

The World Bank Group (WBG) is an international financial institution (IFI) with a mission to 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

WBG IN SRI LANKA

Sri Lanka has been **a member of the World Bank since 1950**

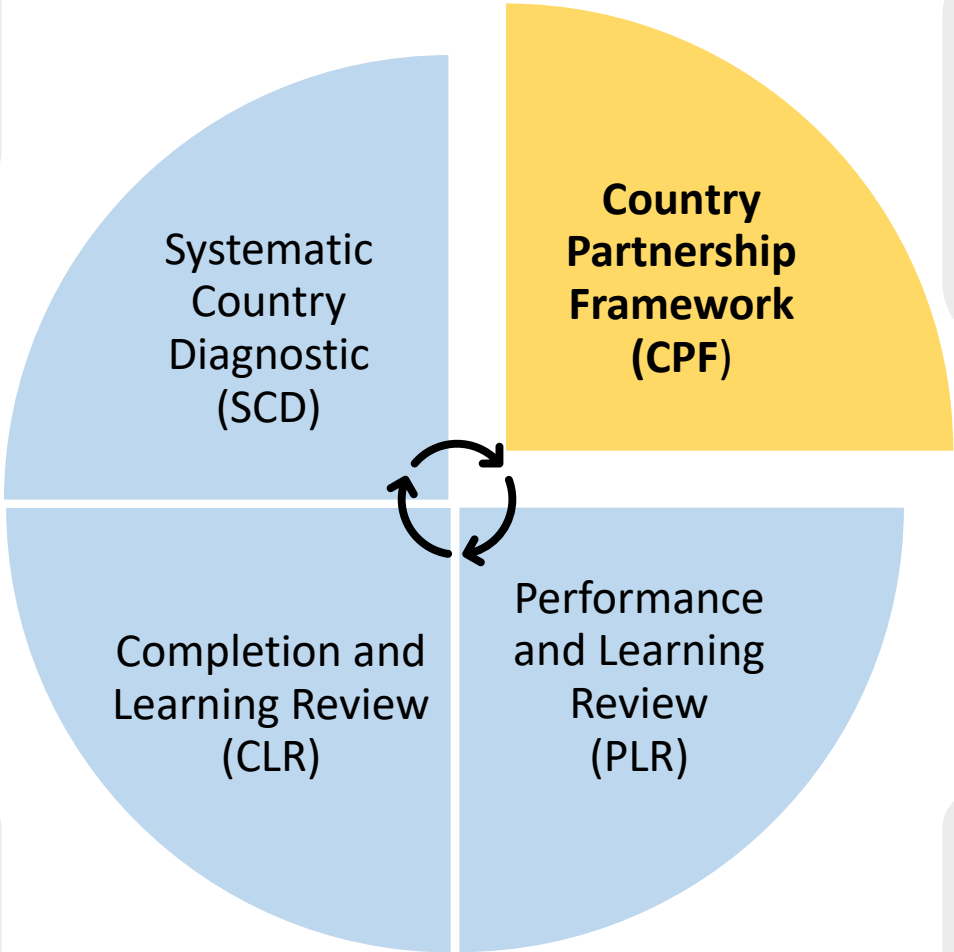
Since then, the WBG has been instrumental in supporting Sri Lanka's development

Sri Lanka became **a member of the IFC in 1956**



WBG ENGAGEMENT CYCLE

Diagnostic of core development issues and priorities



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

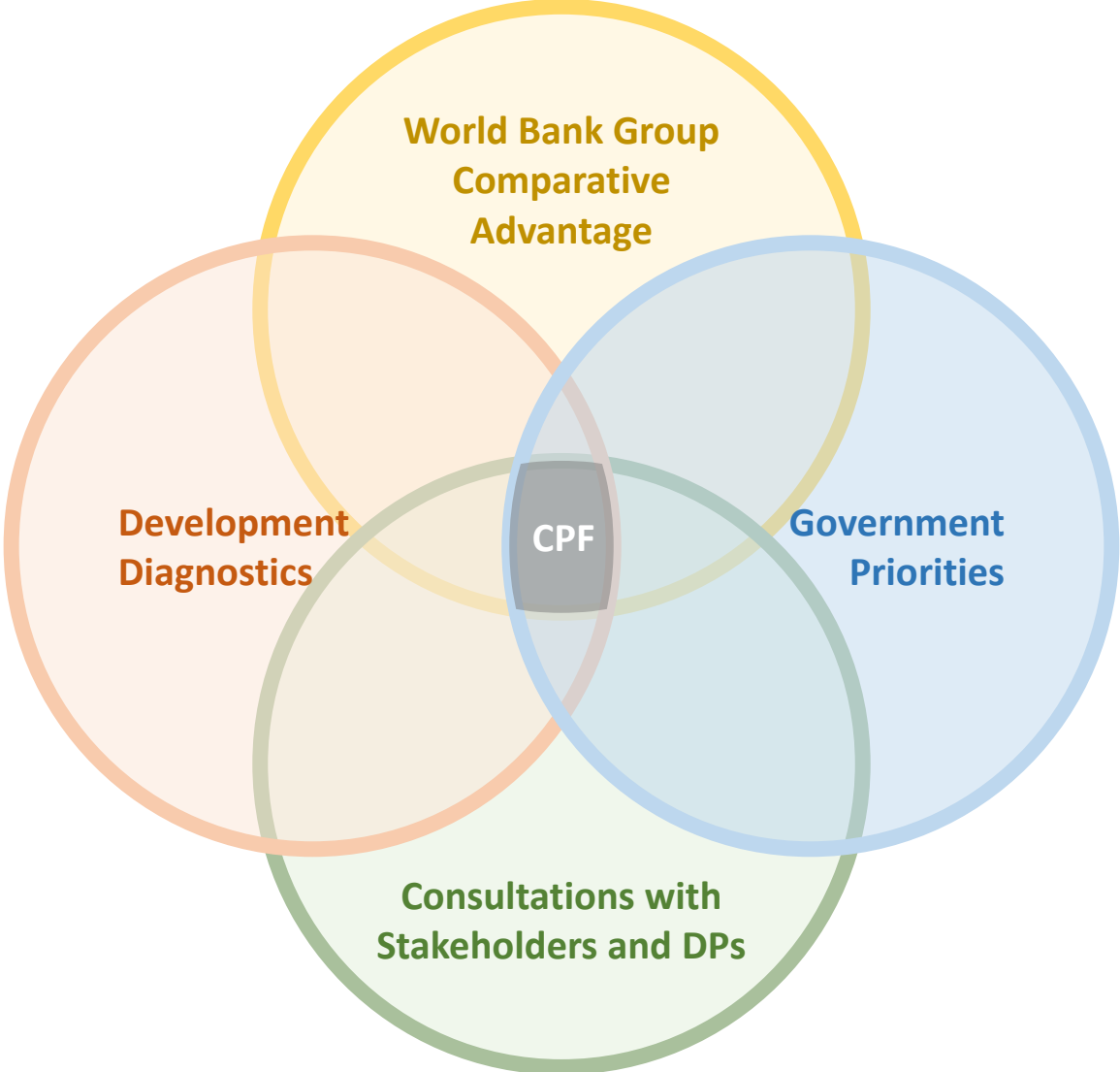
- SCD Update
- IFC Country Strategy and country priorities

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 early, primary, secondary education and vocational, higher education

Maintaining essential health services and increasing effectiveness

MAIN DEVELOPMENT CHALLENGES (SCD UPDATE)

- 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



Achieved Resilient, Inclusive, and Robust Economic Growth

Improve Fiscal and Debt Sustainability

Increase the Resilience and Efficiency of the Financial Sector

Strengthen Infrastructure and the Investment Climate for Sustainable Growth

OBJECTIVES



Protected and Enhanced Human and Natural Capital

Improve Social Protection System

Maintain and Strengthen Health and Education Systems and Inclusion

Maintain and Strengthen Natural and Human Capital for Resilience and Livelihoods

CROSS-CUTTING THEME

Improve Governance and Green Growth








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

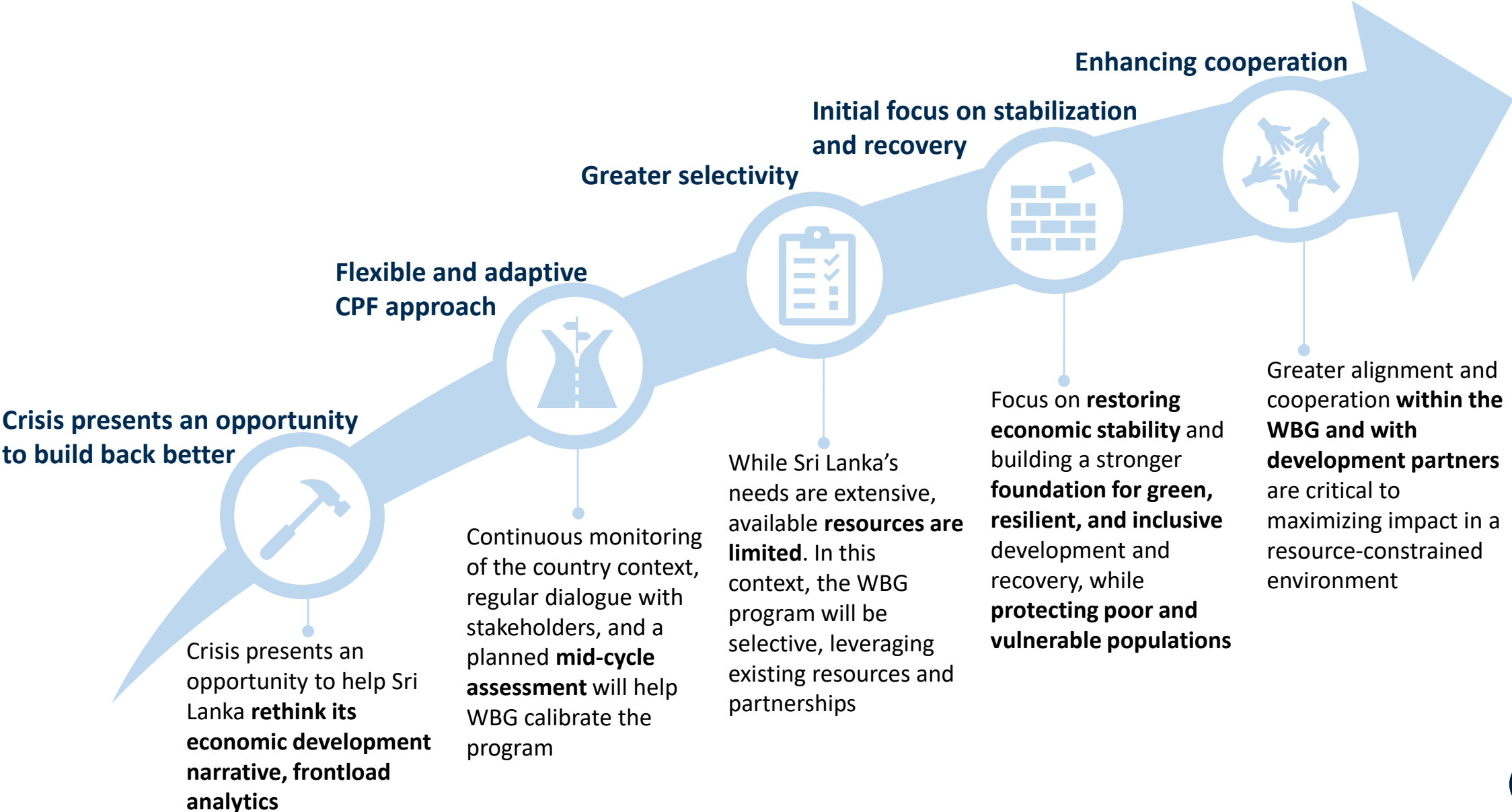
-  **Selectivity** and calibrated project design is critical
-  Need to **leverage existing resources**
-  Need greater **flexibility/adaptability** in approach
-  Planned **mid-cycle assessment** to calibrate engagement
-  **Inclusion** and targeting crucial

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**

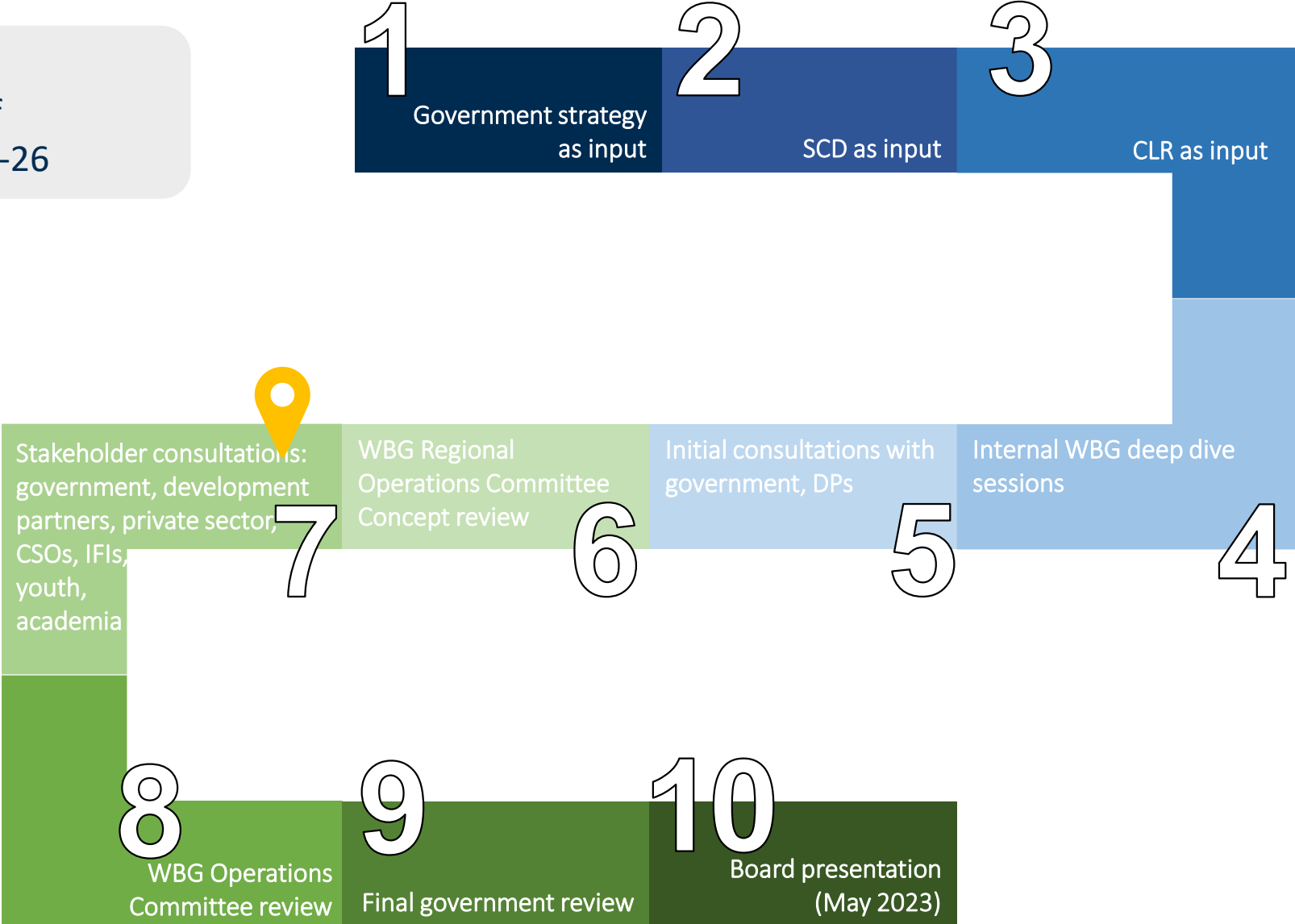


SHIFT FROM PREVIOUS CPF







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?**