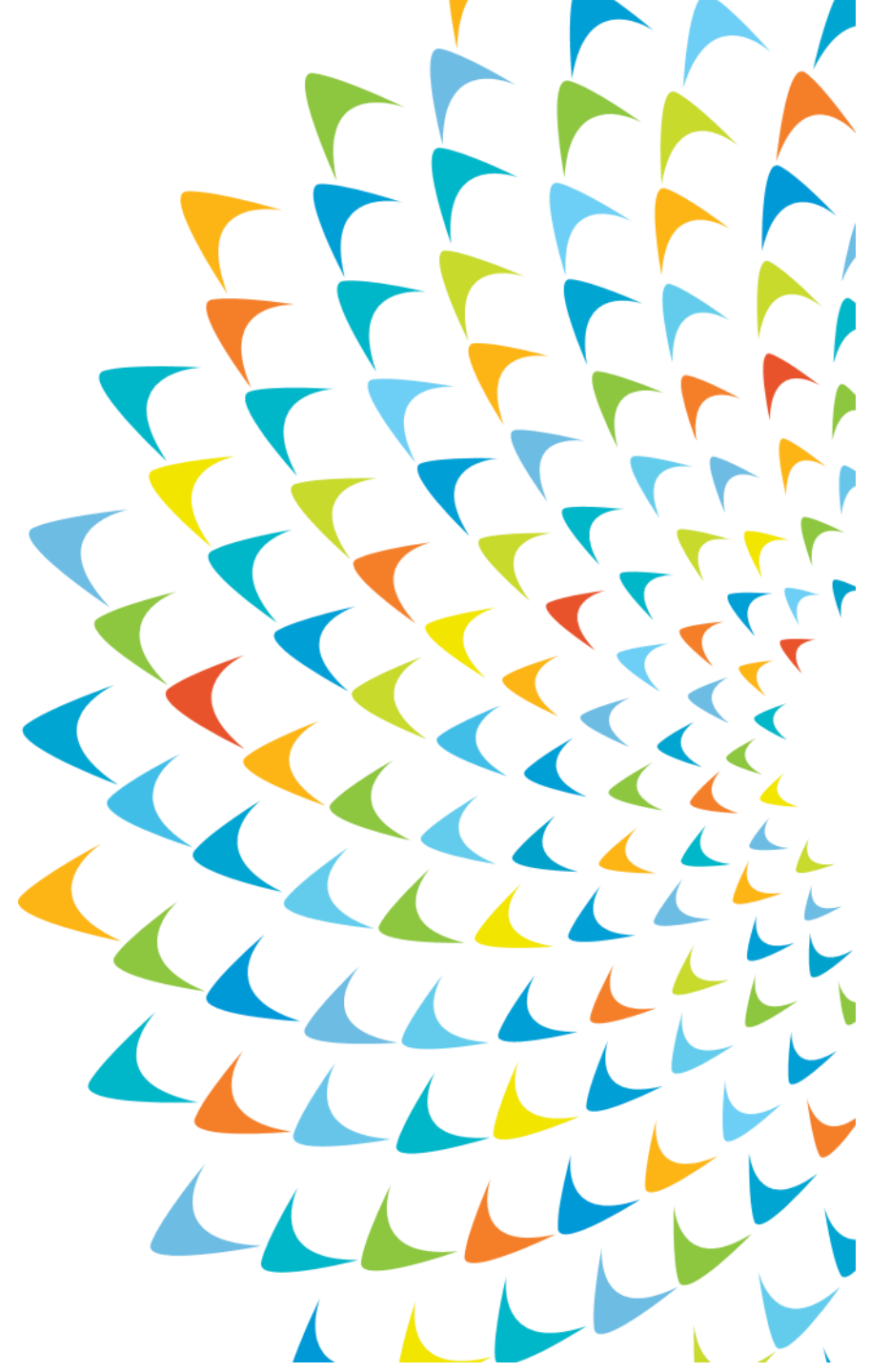


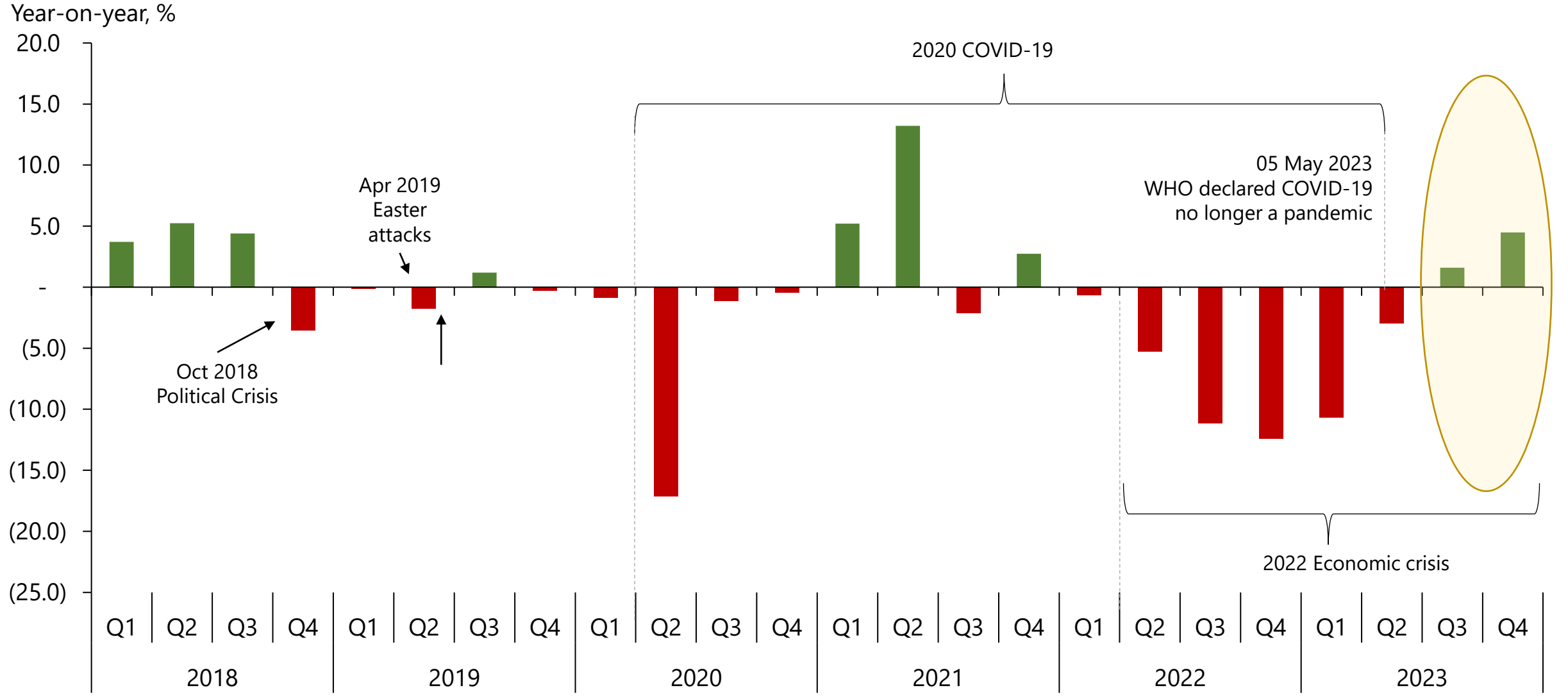
*The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.*

# **Sri Lanka: Country Partnership Strategy 2024–2028**

**Serendipity Knowledge Program  
3 April 2024  
Colombo**

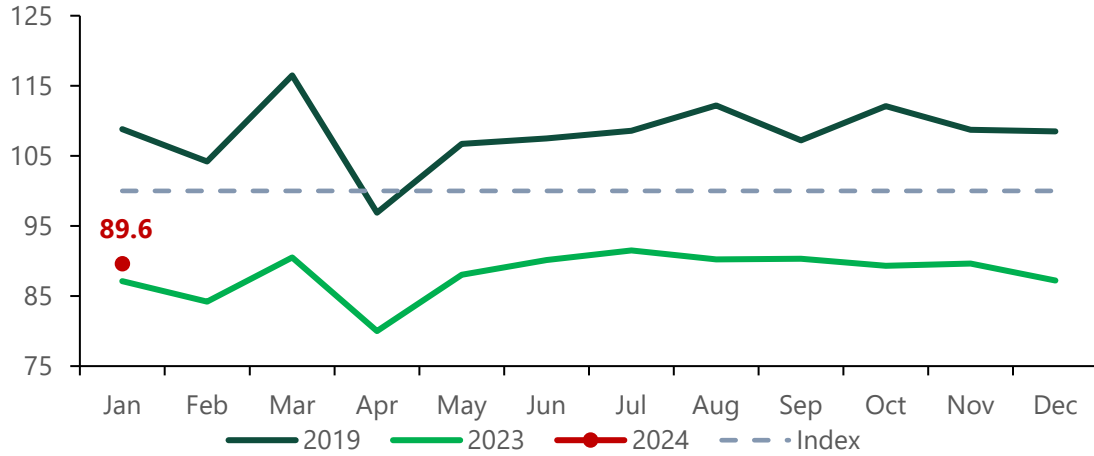


# Growth has turned positive in the last two quarters of 2023 after 6 consecutive quarters of contraction

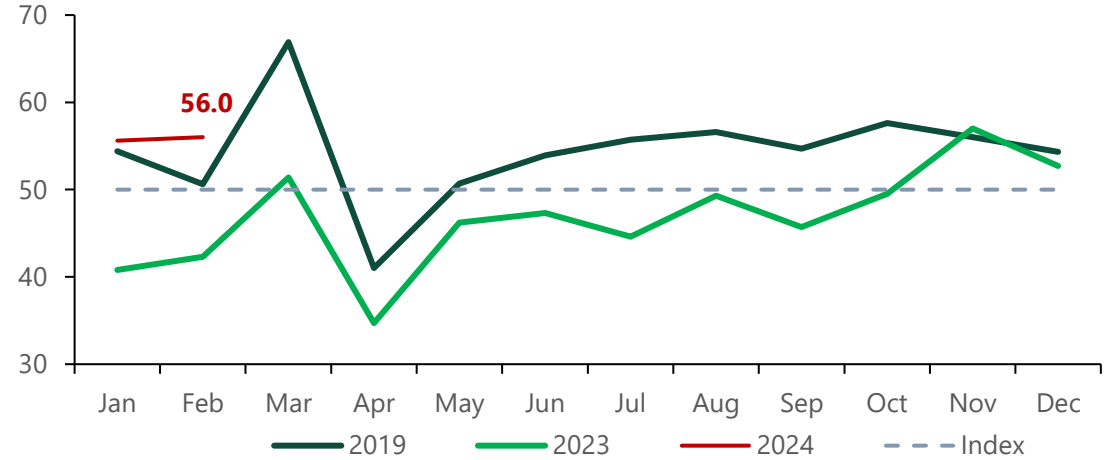


# High-frequency indicators show an improvement in economic activity

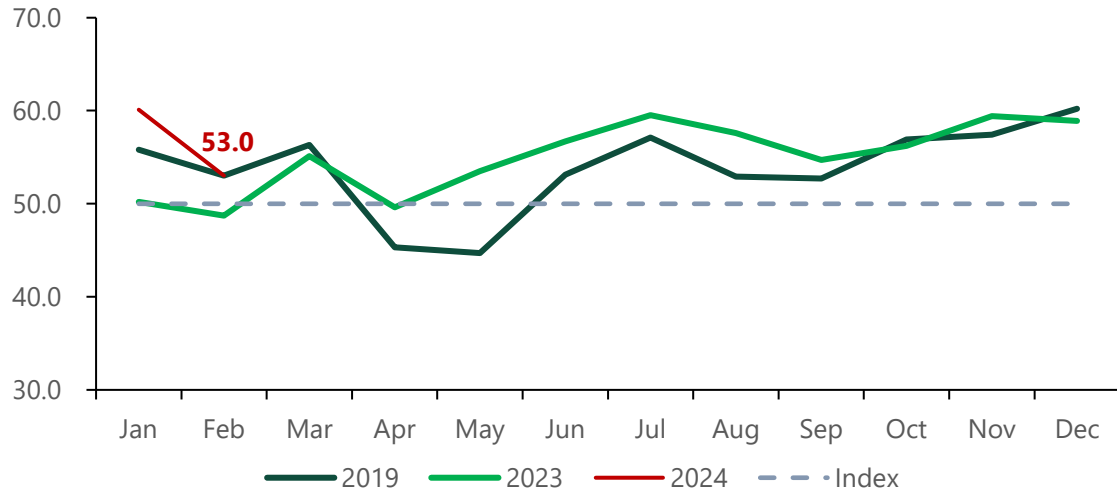
**Index of Industrial Production**  
YoY percentage change of IIP (2015=100)



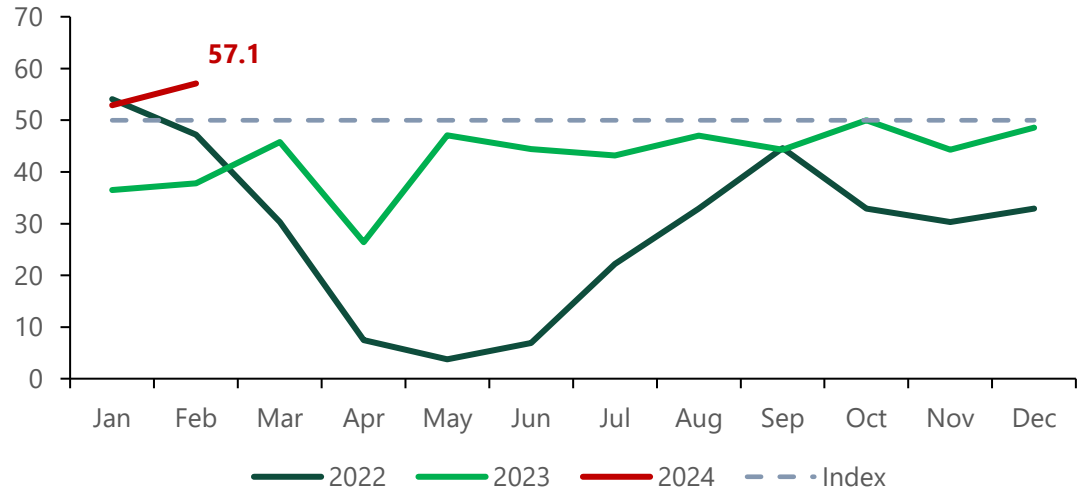
**PMI Manufacturing**  
50 = No change



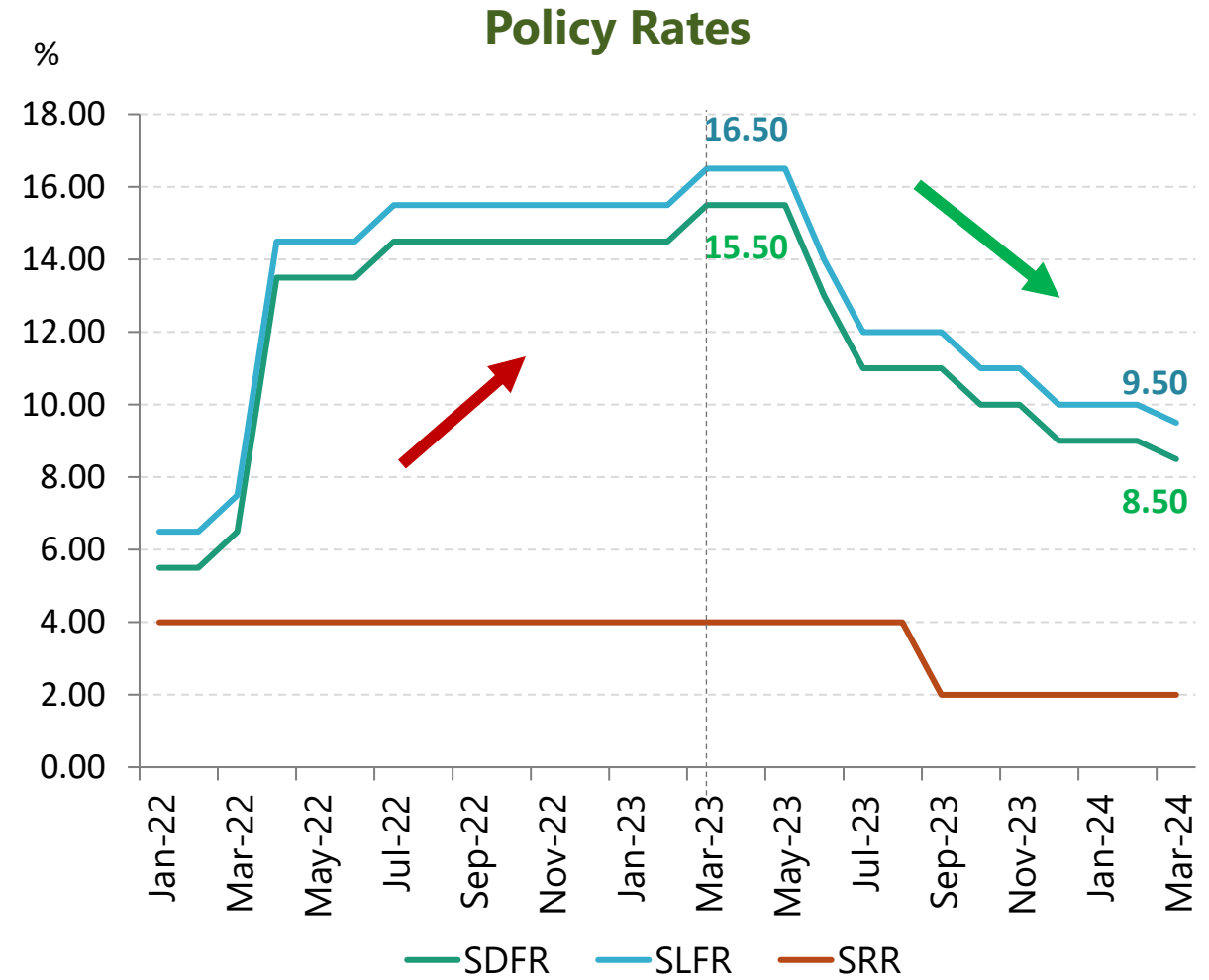
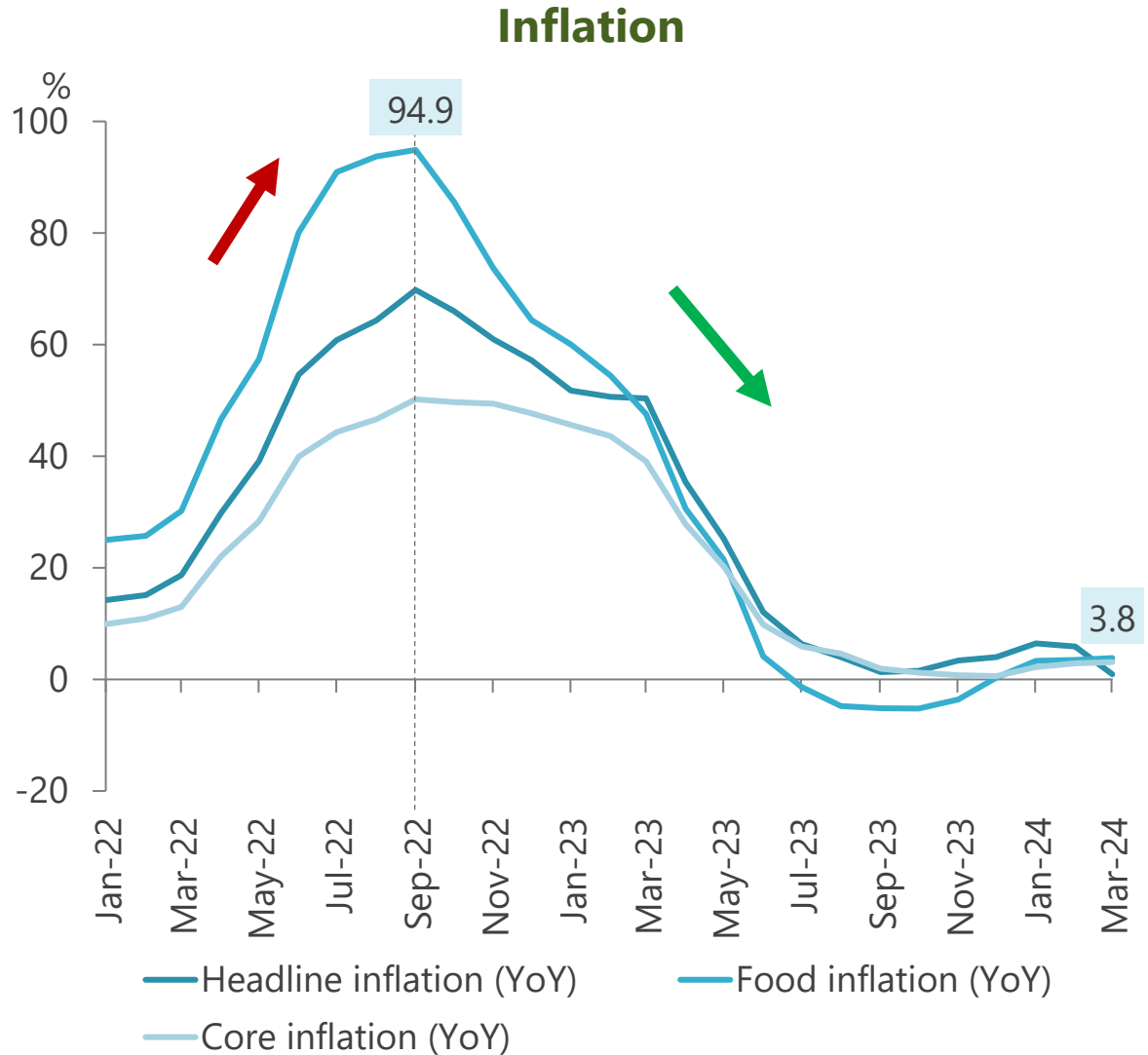
**PMI Services**  
50 = No change



**PMI Construction**  
50 = No change

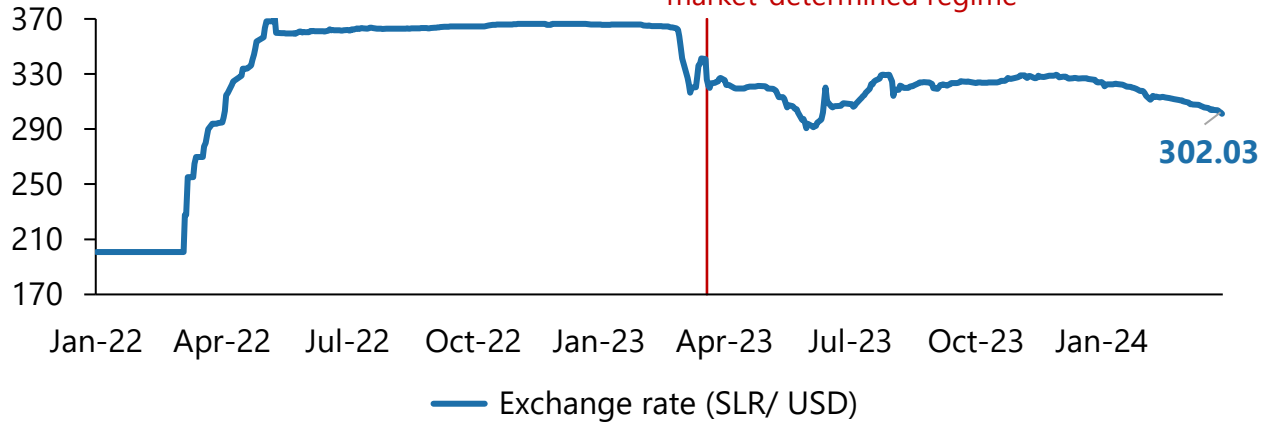


# Inflation has decelerated and policy rates have been reduced

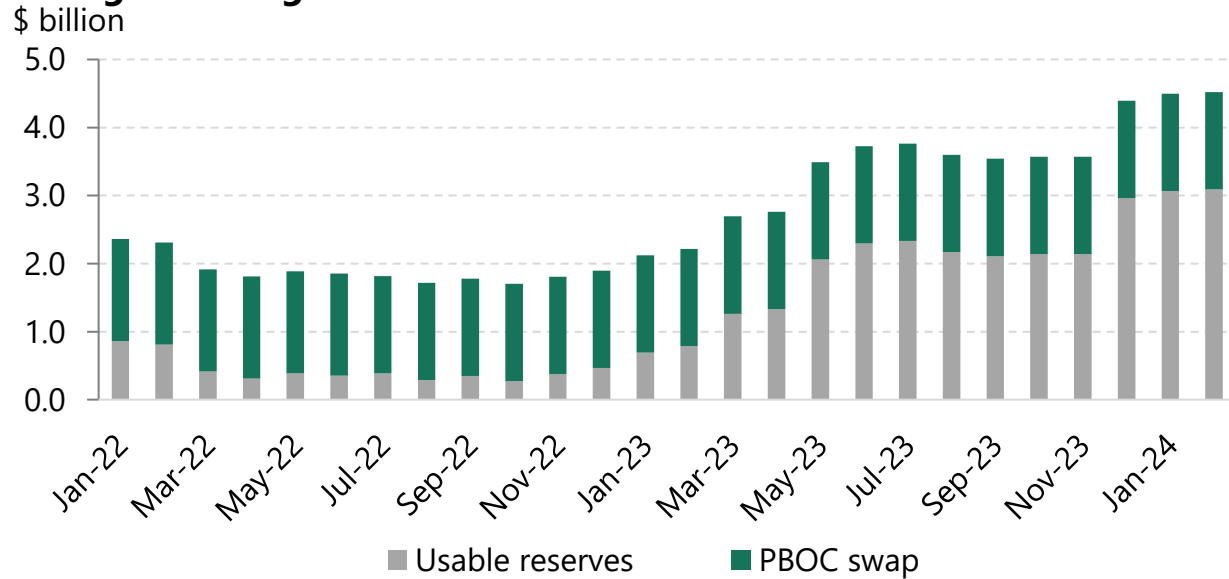


# Rupee strengthened and the reserves position has improved

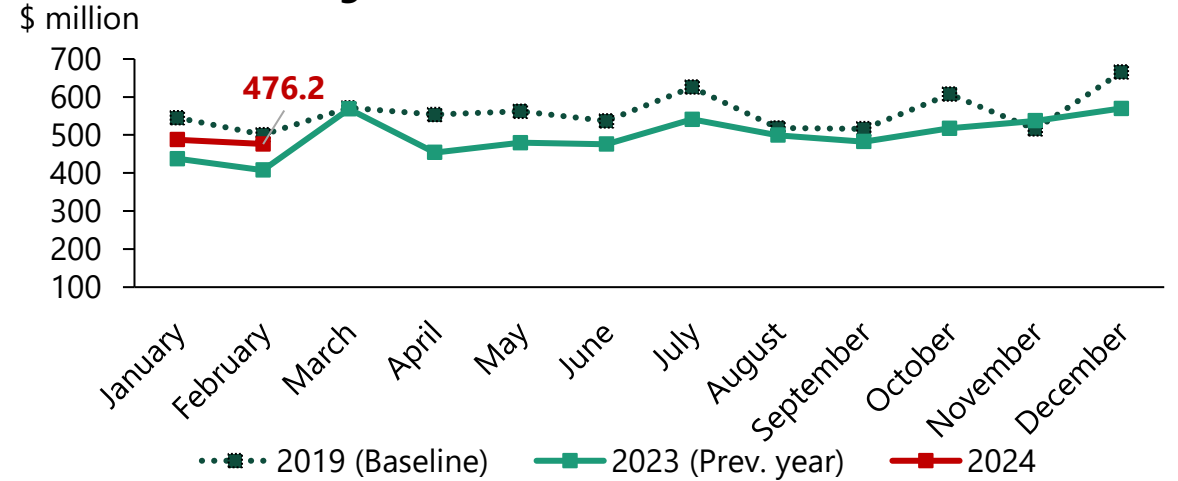
## SLR/USD



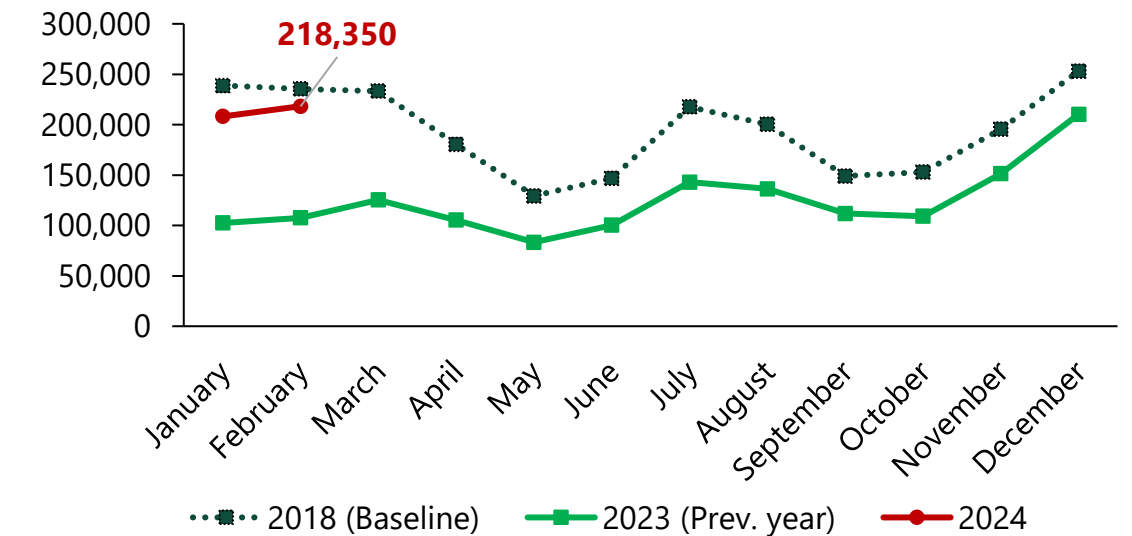
## Foreign exchange reserves



## Remittance earnings



## Tourist Arrivals



# Overarching question guiding the new CPS

## The Context

- Crisis eroded development gains
- Inadequacies in the social protection system
- Longstanding issues related to weak public financial management and lack of structural reforms
- Exposed financial sector-sovereign nexus which made the financial sector vulnerable

## Key question guiding ADB operations during 2024–2028

How can ADB support Sri Lanka's efforts to stabilize and implement reforms needed to recover from the crisis, build resilience, and revive growth?

# Key development challenges

Weak PFM and economic governance

Limited private sector participation

Disparities in access to public services and economic opportunities

Climate vulnerabilities, disaster risk, and environmental degradation

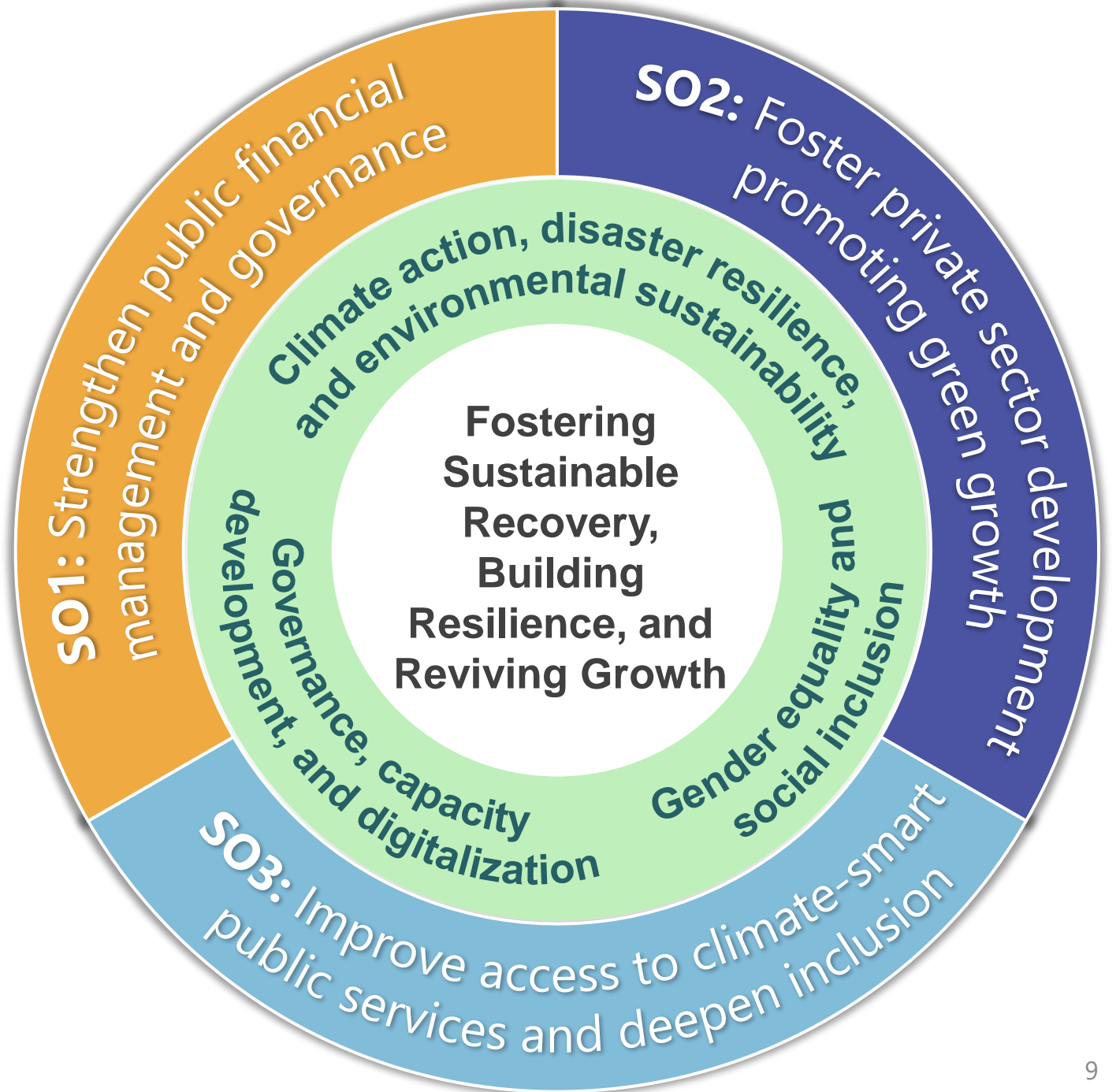
Gender inequalities compounded by other forms of exclusion

# CPS formulation process





# Sri Lanka Country Partnership Strategy 2024–2028: A Snapshot



# Sri Lanka CPS 2024–2028: Strategic Objectives

## Strategic Objective 1

Strengthen public financial management and governance

1. Strengthen and green the PFM system and enhance debt management
2. Accelerate domestic resource mobilization
3. Support SOE reforms and competition policy
4. Mainstream climate change and disaster risk governance

## Strategic Objective 2

Foster private sector development promoting green growth

1. Enhance financial sector stability and access to finance
2. Foster sustainable finance and capital market development
3. Support reforms and greening framework for SME development, economic zones, and business climate; and support trade finance
4. Facilitate regional integration and boost tourism
5. Enable PPPs (upstream and TAS)
6. Promote private sector participation in renewable energy development

## Strategic Objective 3

Improve access to climate-smart public services and deepen inclusion

1. Strengthen social protection system and social safety nets program
2. Support equitable access to quality education, industry-relevant skills, and health
3. Boost food security and foster climate-smart agriculture modernization
4. Promote climate-resilient systems and services

# Features of the new CPS



**Reform, recover, resilient**



**Agile and selective**



**NSO and PPP**



**Knowledge solutions**



**Collaboration and  
partnerships**



**Risk management**

**Thank You**

