



# Chair's Summary of Meeting of the Board of Directors

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## Country Partnership Strategy: Sri Lanka, 2024–2028 —Fostering Sustainable Recovery, Building Resilience, and Reviving Growth

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Asian Development Bank

1. The Board of Directors of the Asian Development Bank (ADB) generally endorsed the country partnership strategy (CPS), 2024–2028 for Sri Lanka. Directors acknowledged that the three strategic pillars are well targeted and adequately respond to the challenges facing Sri Lanka. Directors noted the CPS responds to Sri Lanka’s economic situation, broadly reflecting the recommendations of the Independent Evaluation Department’s (IED) validation report.<sup>1</sup>

2. Directors appreciated the government’s commitment toward the ambitious reforms’ agenda. Most Directors appreciated the immediate focus of the CPS on advisory support and policy-based lending to address the root causes of the crisis through improvements in public financial management, domestic resource mobilization, and governance, including anti-corruption, as these are critical to creating a conducive environment for private sector participation and adequate fiscal space to improve public services. One Director emphasized digitalization to improve transparency, accountability, and governance.

3. Directors appreciated the flexible design of the CPS amid a dynamic and evolving landscape of Sri Lanka. One Director noted that the strategic objective 3 is broad in scope but also recognized the need for a flexible and agile approach. Some Directors recognized the need to selectively provide project financing to address Sri Lanka’s development challenges following the criteria presented in the CPS.

4. Most Directors recognized the importance of greater private sector participation in the recovery and growth of Sri Lanka. They appreciated the focus on private sector development and the ongoing work in the finance sector.

5. Directors appreciated the strong coordination among the development partners in Sri Lanka. They noted the collaboration and coordination among development partners is crucial to harmonize policy advice, avoid duplication, and leverage the respective comparative advantages. One Director noted that client-centricity and ownership of the work supported by development partners is fundamental.

6. Directors stressed the importance of protecting the poor and vulnerable with adequate social protection. Several Directors suggested careful consideration be given to phasing of reforms to prevent overwhelming the average citizen and effective communication to build public support. Some Directors emphasized the need to consider the disproportionate burden that will be placed on vulnerable groups in undertaking painful reforms. Some Directors also stressed the importance of human capital development. A few Directors appreciated the emphasis on gender equality and social inclusion as one of the crosscutting themes and supported the incorporation of sexual orientation, gender identities, expression, and sex characteristics considerations in policy actions and programs.

7. One Director emphasized the need to consider Sri Lanka’s high vulnerability toward climate change and natural disasters and advised the country team to incorporate climate actions in both projects and programs.

8. A few Directors advised to prioritize concessional financing to Sri Lanka and monitor the situation to identify an opportune time to reclassify Sri Lanka from group B to group C. The Directors also stressed that it was important to avoid unplanned capital investment that contributed to the economic crisis.

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<sup>1</sup> IED. 2022. [Validation Report: Country Partnership Strategy Final Review, 2016–2020 for Sri Lanka](#). Manila: ADB

9. Some Directors advised the country team to consider various approaches and modalities to support the implementation of reforms by embedding experts in different agencies to build long-term capacity.

10. Many Directors appreciated the regular updates provided by the country team to the Board of Directors on Sri Lanka's situation and advised that they be continued. Some Directors advised the team to provide updates expeditiously as the situation evolves.