# Management response

## Evaluation of World Bank program ‘Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka’ July 2024

This end-of-program evaluation was conducted amidst a period of relative economic stability, albeit fragile, with Sri Lanka in ongoing foreign debt restructuring negotiations. The looming 2024 presidential elections create uncertainty which Post needs to consider as it determines future programming.

This evaluation reports on an investment that was significantly affected by multiple and unprecedented national crises. The critical role of DFAT’s grant contribution to World Bank in providing much-needed technical assistance reforms comes to the fore toward the program's conclusion. However, Sri Lanka's recovery path remains hindered by weak economic governance and sluggish reforms in trade facilitation and investment climate.

Long term impacts of many initiatives such as inputs for the Investment chapter for the Economic Modernisation Law, are not yet known, with the measurement of these beyond the term of this evaluation.

World Bank’s final annual report was submitted after the evaluation term. The 2023 annual report included detail on progress towards outcomes including the enactment of the investment law, insolvency law, the national tariff policy, and the SOE reform law. It also included detail on improved management, branding and public diplomacy, and risk management plans to ensure relevant and effective expenditure. With regards to GEDSI, World Bank adopted a holistic and intersectional approach to ensure laws and policies are inclusive and equitable.

| **No.** | **Recommendation** | **Response** |
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| 1 | A decision should be made as soon as possible regarding a successor phase to the program. | Agree |
| 2 | Option 1:  Should DFAT proceed with a new program:   * it should have a narrower scope and emphasise outcomes * pillars of work should be informed by political feasibility * A design would need to be commissioned, involving the Bank and a DFAT-experienced consultant adhering to DFAT standards. * An experienced officer within the AHC (or SLSU) should manage the program. * Additional program management support at the Bank is also recommended. | Agree |
| 3 | Option 2:  Provides for an alternative program with a focus on jobs and growth combining upstream policy reform on entrepreneurship and innovation and downstream job creation. This could potentially be merged with the successor of the S4IG program. | Disagree |