

# Independent Evaluation of DFAT's World Bank program 'Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka'



**Final draft**

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Yamini Ravindran and Graham Teskey

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<b>Authors</b>	Yamini Ravindran and Graham Teskey
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## Disclaimer

This Evaluation was undertaken by Graham Teskey (Team Leader) and Yamini Ravindran (Governance Adviser). The views expressed in this report are those of the Evaluation Team and do not necessarily reflect those of the Government of Sri Lanka, the Australian Government, Department of Foreign Affairs and Trade (DFAT) or Abt Global.

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## Acronyms and Abbreviations

Acronym/ Abbreviations	Description
AHC	Australian High Commission
AIMR	Annual Investment Monitoring Report
CoC	Chamber of Commerce
DFAT	Department of Foreign Affairs and Trade
EoPO	End-of-Program Outcome
GEDSI	Gender equality, disability, and social inclusion
GoSL	Government of Sri Lanka
IMF	International Monetary Fund
IO	Intermediate Outcome
MDA	Ministry, Department, or Agency
MELF	Monitoring, evaluation, and learning framework
NSW	National Single Window
PFA	Partnership for South Asia
PPA	Partner Performance Assessment
S4IG	Skills for Inclusive Growth
SLSU	Sri Lanka Support Unit – Adviser Team and Facility Program
SME	Small and medium enterprise
SOE	State owned enterprise
TIP	Trade Information Portal
TL	Team Leader
ToC	Theory of change
ToR	Terms of reference
WB	World Bank
WTO-TFA	World Trade Organisation – Trade Facilitation Agreement

## 1 Executive Summary

- 1.1 **The objective of the ‘Eliminating Barriers to Inclusive and Sustainable Growth (EB) program’ is:** “to enhance Sri Lanka’s competitiveness and support its transition to an upper middle-income country, its integration in global value chains, the creation of more and better jobs and achieving inclusive and sustainable growth. It will achieve this by creating a supporting trade policy and trade facilitation framework; a more favourable domestic and foreign investment climate and framework; a more dynamic SME sector; and improving the governance and performance of SOEs”.<sup>1</sup>
- 1.2 **A two-year proposal was submitted by the World Bank (WB) to DFAT in April 2018.** It built on several years of prior collaboration. The design identified four pillars: trade, investment climate, firm growth, and the reform of state-owned enterprises (SOEs). It listed 55 activities to be undertaken over two-years. Outputs were specified, but no End of Program Outcomes (EoPOs) or Intermediate Outcomes (IOs) were stated. The program commenced in mid-2018 and was funded by a grant. Additional funds were made available over succeeding years.
- 1.3 **The EB program was designed and implemented in challenging circumstances.** A constitutional crisis in 2018 was followed in close succession by the Easter Sunday attacks in 2019, the Covid pandemic in 2021-22, and policy mistakes by President Rajapaksa’s government. These precipitated a full-blown macroeconomic crisis. President Rajapaksa was then ousted following mass citizen-led protests. In July 2022, President Ranil Wickramasinghe was appointed to lead an interim government tasked with implementing reforms to address economic challenges and restore stability.
- 1.4 **The WB negotiated these circumstances adroitly, shifting work priorities according to the political exigencies of the day.** The work undertaken by the WB was uniformly of a high standard and was recognised as such by the Government of Sri Lanka (GoSL). The work was delivered on time and undertaken collaboratively. The World Bank was the right choice of partner for DFAT.
- 1.5 **Notwithstanding the quality of the work, the program is difficult unambiguously to assess.** This is for two reasons. First, as noted above, the proposal did not identify outcomes, focusing on 55 activities and their expected outputs. Many outputs were indeed delivered: diagnostics, guidelines, legal drafts, and recommendations for policy reform. As a result of some Bank work, new bodies and mechanisms were put in place to oversee government functions. However, because of the volatile and often unpropitious country context, many of the legal, regulatory, and procedural reforms recommended by the WB have not yet been implemented.
- 1.6 **The second reason is the accountability requirement of the grantee, the WB.** A grant mechanism stands in contrast to a contracting arrangement. A grant modality (in DFAT terminology, ‘a contribution arrangement’) indicates DFAT’s *a priori* endorsement of the role and function of the grantee. However, a contribution arrangement still requires DFAT to provide strategic oversight, ensure effective and efficient implementation, and the delivery of agreed outcomes. DFAT guidance is that programs are accountable up to and including EoPOs. The EB program to date has delivered only outputs.
- 1.7 **The evaluation team have concluded that the work done by the WB was *necessary* but not *sufficient*.** It was *necessary* in that economic and governance reform needs legal and regulatory frameworks to proceed: there must be a supportive institutional environment. The WB undoubtedly made a significant contribution here. But it is *insufficient* in that much of the work is yet to be implemented. Laws, rules, and regulations exist to influence if not determine human behaviour, and to date there is little evidence that this is happening. This is due to the challenges of the governance environment. The September 2023 IMF Governance Diagnostic Assessment referred to the ‘informality’ of the governance environment in the country. This refers to the political economy of the country, where compliance with laws, rules, and regulations seems almost voluntary: there is a serious accountability deficit.

<sup>1</sup> WB proposal ‘Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka – Phase 2’ April 2018, page 6

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- 1.8** Such a political economy creates two sorts of specific risk for donors. *Implementation* risk is when activities are not delivered or are delivered badly. *Development* risk is when activities are delivered but they make little or no difference. In the case of the EB program, *implementation risk was low* (as the World Bank can be relied upon on to deliver high-quality work, as it did) but *development risk was high* (whether the GoSL will implement any program recommendations was, and remains, in doubt).
- 1.9** Despite the issues raised in this report regarding a weak performance story regarding outcomes, the evaluation team recommend a new phase of the program (Figure 1). This may seem paradoxical. It is justified by the importance of the GoSL implementing a range of economic and governance reforms over the next five or so years. It is clear to the evaluation team that the GoSL will need considerable technical support to do this (as well as diplomatic encouragement). Only the WB can provide the breadth and the depth of the support required. The International Monetary Fund (IMF) can lead on ‘macro-critical’ areas, but there is no substitute for the Bank’s global recovery and reform experience and its breadth and depth of expertise.
- 1.10** The evaluation team recommend that this decision be made soonest. The World Bank enjoys a privileged position in the country. Its advice is sought and valued. If President Wickremesinghe is re-elected, the reform will gain further momentum. If he isn’t, and a nationalist party is elected, some reforms – not all – may stall. This is undoubtedly a risk. But a greater risk is a government in power that seeks to reform but lacks the technical advice to do so. It is possible to consider this the high-risk high reward option. This is the recommended option.
- 1.11** The final selection of areas (‘pillars’) on which to focus should await the outcome of the Presidential election later this year. However, preparatory work and research should take place before the election, with agreement on areas and contracting, after the election. At that point, DFAT, the WB, and the relevant body in the GoSL should convene and identify priorities for the program. The scope of the program should be narrower than the current program with fewer activities and an emphasis on outcomes. The program should run for four or preferably five years, and the envelope for the program should be in the region of USD 1 million per annum.<sup>2</sup> A new ‘framework’ design should be commissioned as soon as possible, to be prepared by the Bank and a consultant to be contracted by DFAT, and one who has DFAT design experience. Details regarding activities will be added once the three parties have convened and agreed the scope and focus of the program within the available budget. The program should be rigorously assessed annually and DFAT management and oversight arrangements for the program must be the same as for other programs.

### A second ‘hybrid’ option

- 1.12** This option would focus on jobs and growth. It would combine upstream policy reform on entrepreneurship and innovation (pillar 4 of the EB program) and downstream job creation. It would seek to ensure that policy reforms that assist job creation for small and medium enterprises (SMEs) are identified and implemented upstream, based on the work immediate evidence being garnered downstream from the work being done on technical skills development and identifying how to improve the (primarily) agricultural value chains.
- 1.13** The Skills for Inclusive Growth (S4IG) program has recently been evaluated.<sup>3</sup> Could it be merged with funding from what would have been a successor WB program? In principle this is an option. However, experience shows that integrating programs with different objectives and operating at different levels is tricky. This option should be considered only if DFAT is sure it can design and deliver such an integrated hybrid program.

<sup>2</sup> This could be less – depends on the political salience of the reforms post-election

<sup>3</sup> This evaluation team has not seen a copy of the report.

Figure 1: Two options and a recommendation

Option	Evaluation team comment
<p><b>Option 1: Upstream policy reform in partnership with the WB</b></p> <p>Continue with a new version of support to the WB, but with modifications:</p> <ol style="list-style-type: none"> <li>I. A more prescriptive design that meets DFAT design standards</li> <li>II. A realistic MEL framework, results monitoring framework, new reporting systems and a convincing theory of change</li> <li>III. A narrower set of activities, focusing on further reform of the Board on Investment, implementation of the Investment Law, competition policy, trade facilitation, tariff reform, and the promotion of SMEs</li> </ol>	<ul style="list-style-type: none"> <li>➤ If President Wickremesinghe is re-elected, the reform will gain further momentum. If he isn't, and a nationalist party is elected, some reforms – not all – may stall. This is undoubtedly a risk. But a greater risk is a government in power that seeks to reform but lacks the technical advice to do so. It is possible to consider this the high-risk high reward option</li> <li>➤ The immediate priority must be to resolve the debt crisis and address Sri Lanka's default. This will secure financial survival. The IMF is leading on this</li> <li>➤ The economic challenges facing the country have not changed since 2016 – they are just now more acute. In the medium term, once the fiscal and debt crisis is resolved, the country must switch to jobs and growth strategy. Australia is well placed to assist here. The work undertaken over the 2016-2024 period establishes the foundations for that switch, but it needs to be continued</li> <li>➤ Any new program however must be well-designed and more narrowly prescribed, and with a focus on implementation</li> <li>➤ The evaluation team would recommend this option</li> </ul>
<p><b>Option 2: Hybrid upstream policy and downstream jobs</b></p> <p>Consider a program merging the best of the downstream 'Skills for Inclusive Growth' (S4IG) program, ending in October 2024, with the upstream policy work under EB:</p> <ol style="list-style-type: none"> <li>i. Policy work would focus on Pillar 3 of EB (SME firm growth, entrepreneurship, and innovation) and link that with the training and skills work of the outgoing S4IG program</li> <li>ii. Consider how such a program could be linked to DFAT's Markets for Development (MDF) program</li> </ol>	<ul style="list-style-type: none"> <li>➤ This option has some attractions. It would give equal focus to the jobs agenda. It would allow lessons from downstream implementation to be directly and immediately fed into upstream policy and planning</li> <li>➤ It could deliver some real world, 'on the ground' results in terms of job creation</li> <li>➤ The downstream emphasis, however, may detract from the priority that needs to be given to upstream policy work</li> <li>➤ This is the evaluation team's alternative recommendation. However, experience shows that integrating programs with a different objective and operating at different levels is tricky</li> <li>➤ This option should be considered only if DFAT is sure it can design and deliver such an integrated hybrid program</li> </ul>



## 2 Evaluation purpose and methodology

### Evaluation purpose

- 2.1 The focus of this evaluation is on the performance of the ‘Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka’ (hereafter **EB**). The Terms of Reference (Annex 1) required a judgement to be reached on the appropriateness, effectiveness, efficiency, and the impact of Australian advocacy resulting from the program.

### Process

- 2.2 The evaluation was undertaken in five stages:

- pre-departure briefs from the AHC Colombo and the SLSU team;
- desk-based document review (see Annex 4 for the list of documents reviewed);
- in-person meetings with stakeholders in Colombo during the weeks of 22 April to 3 May 2024 (Annex 5);
- preparation of the first draft of the report; and
- revision and drafting of the final report after comments received from Colombo Post.

- 2.3 The Evaluation Team presented its findings to the Head and Deputy Head of Mission and other AHC staff on 3 May 2024.

### Review of documents

- 2.4 The team gathered information from five sources: from the High Commission in Colombo; from the Sri Lanka Support Unit; from the World Bank Group (WBG), from the IMF, and from the Government of Sri Lanka.

### Key informant interviews and focus group discussions

- 2.5 Key informant interviews, focus group discussions, and consultation workshops were conducted to gather data. Meetings with partners and individuals.

### 3 Country context

- 3.1 **Over the past five years, Sri Lanka has faced significant challenges in its political and economic landscapes.** A constitutional crisis in 2018 ensued from a power struggle between President Maithripala Sirisena and Prime Minister Ranil Wickramasinghe, leading to political instability. The Easter Sunday attacks in 2019 exacerbated tensions, revealing security vulnerabilities, and inflaming religious discord. Subsequently, Gotabaya Rajapaksa was elected president later in 2019 amidst public concerns over security following the attacks. The COVID-19 pandemic in 2022 further complicated matters, straining healthcare systems and worsening economic vulnerabilities. Egregious policy mistakes, including rate cuts and untimely tax reductions, triggered forex shortages and external default, culminating in a severe macroeconomic crisis. Former President Gotabaya Rajapaksa was then ousted following mass citizen-led protests, and in July 2022, President Ranil Wickramasinghe was appointed to lead an interim government tasked with implementing reforms to address economic challenges and restore stability.
- 3.2 **The crisis in Sri Lanka can be attributed to a range of factors, including weak governance, poor fiscal and monetary policy choices, and structural weaknesses in the economy.** The country's restrictive trade regime, weak investment climate, loose monetary policy, and administered exchange rate all contributed to macroeconomic imbalances. Additionally, fiscal indiscipline and low government revenue mobilisation resulted in high fiscal deficits and increased debt vulnerabilities. As a result, Sri Lanka lost access to international financial markets in 2020, and its usable official reserves dropped significantly. In April 2022, the country announced an external debt service suspension, pending debt restructuring. The impact of the economic crisis has been severe and unprecedented. Real GDP contracted by 7.8 percent in 2022, leading to income and job losses and the poverty rate doubled from 13.1 percent in 2021 to 25.0 percent in 2022.<sup>4</sup>
- 3.3 **In March 2023, following months of negotiation, the IMF approved a 48-month Extended Fund Facility (EFF) of approximately US\$3 billion to support the government's reform program.** This followed a Staff-Level Agreement reached between the IMF staff and Sri Lankan authorities in September 2022. The disbursement of the first tranche of US\$330 million under the IMF. The EFF was soon followed by budget support from other international development partners, including the World Bank and the Asian Development Bank. The IMF governance diagnostic report released in September 2023 provided an assessment of the country's governance framework and its impact on macroeconomic stability and sustainable growth, making 16 recommendations on accountability, rule of law, transparency, enhancing fiscal governance, reducing conflicts of interest, and strengthening oversight.<sup>5</sup> According to the diagnostic, weak governance practices, including limited transparency and accountability, have undermined the effectiveness of policy-making and implementation.
- 3.4 **The IMF report highlights the need for improved governance to restore investor confidence, attract foreign investment, and promote sustainable economic growth.** Transparency and accountability are also identified as key areas requiring attention. The report emphasises the importance of enhancing transparency in fiscal management, including budgetary processes, public procurement, and state-owned enterprises. Strengthening accountability mechanisms, such as independent oversight bodies and effective anti-corruption measures, is also highlighted as crucial for improving governance. The rule of law is another critical aspect addressed in the report, emphasising the need for a strong legal framework that ensures the protection of property rights, contract enforcement, and a fair and efficient judicial system. The report also highlights the importance of addressing corruption in Sri Lanka, highlighting the need for robust anti-corruption measures, including effective enforcement of anti-

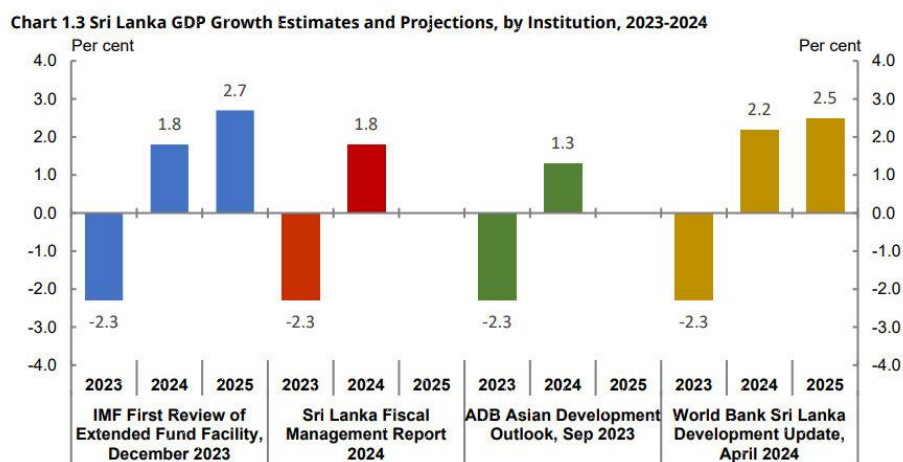
<sup>4</sup> World Bank. (2022). Sri Lanka's Economic Crisis: Understanding the Issues and Finding Solutions. Retrieved from <https://openknowledge.worldbank.org/server/api/core/bitstreams/e8702694-0c68-4a7b-8cd2-006a821463d0/content>

<sup>5</sup> IMF (International Monetary Fund) 2023, Sri Lanka Technical Assistance Report: Governance Diagnostic Assessment, IMF, viewed 29 September 2023, <https://www.imf.org/en/Publications/CR/Issues/2023/09/29/Sri-Lanka-Technical-Assistance-Report-Governance-Diagnostic-Assessment-539804>.

corruption laws, establishment of independent anti-corruption institutions, and promotion of a culture of integrity and transparency in public administration.

- 3.5 To tackle the macroeconomic crisis and restore stability, the government has implemented a series of structural reforms under the IMF program.** These measures include reforming State-Owned Enterprises (SOEs), strengthening fiscal oversight and debt management, and fostering competitiveness by integrating more effectively into global value chains. Additionally, efforts have been made to improve tax revenue mobilisation, ensuring a more sustainable financial footing for the country's economic recovery.
- 3.6 To support the reform agenda, the government has pursued legislation on monetary policy, debt and public financial management, trade and investment, and fiscal oversight and anti-corruption.** Furthermore, the government has implemented measures to counter the negative impacts of the crisis, particularly on the poor. Direct cash transfers have been initiated to provide support, although there are limitations in terms of targeting and benefit adequacy. Efforts are underway to improve the social protection system, including better targeting, electronic benefit transfers, and increased transfer adequacy.
- 3.7 The economic situation is currently showing signs of improvement.** Following six consecutive quarters of contraction, growth turned positive, with year-on-year growth rates of 1.6 percent and 4.5 percent recorded in the third and fourth quarters of 2023, respectively. Most commentators project growth to improve in 2024 and 2025 (Figure 2). A sustained uptick in manufacturing, construction, and services sectors was also recorded with inflation declining from its peak of 70 percent in September 2022 to 5.9 percent in February 2024. Gross official reserves increased to US\$4.5 billion as of end-February 2024, supported by significant foreign exchange purchases by the central bank.<sup>6</sup> In 2023, the tourism industry also experienced significant growth, recording the highest influx of visitors to Sri Lanka since 2019. Earnings from tourism exceeded USD\$ 2 billion, marking an 82 percent year-on-year increase from 2022.<sup>7</sup>

**Figure 2: Growth projections<sup>8</sup>**



- 3.8 In March 2023, IMF staff and Sri Lankan authorities reached a staff-level agreement on economic policies to finalize the second review of the four-year EFF-supported program.** Upon approval by IMF Management and subsequent completion by the IMF Executive Board, Sri Lanka will gain access to

<sup>6</sup> IMF. (2024, March 21). Sri Lanka: IMF Staff Level Agreement for Second Review. Retrieved from <https://www.imf.org/en/News/Articles/2024/03/21/pr2494-sri-lanka-imf-staff-level-agreement-for-second-review-sla>

<sup>7</sup> Central Bank of Sri Lanka. (2024, January 31). External Sector Performance - December 2023. Retrieved from [https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/press/pr/press\\_20240131\\_external\\_sector\\_performance\\_2023\\_december\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20240131_external_sector_performance_2023_december_e.pdf)

<sup>8</sup> UNDP Sri Lanka Common Country Analysis 2023 (not yet released)

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approximately US\$337 million in financing bringing the total IMF financial support disbursed under the arrangement to around US\$ 1 billion.<sup>9</sup> However, with elections looming, the IMF program is expected to slow down in the latter half of 2024.<sup>10</sup> President Ranil Wickremesinghe's administration also continues to face waning popularity amid electricity price increases and tax burdens, particularly affecting the middle class. According to the Bank's development update, Sri Lanka's economy is projected to expand by 1.7% in 2024. However, the Bank notes that the outlook remains uncertain, with growth prospects contingent upon progress in debt restructuring and the implementation of critical structural reforms.<sup>11</sup>

<sup>9</sup> IMF. (2024, March 21). Sri Lanka: IMF Staff Level Agreement for Second Review (SLA). Retrieved from

<https://www.imf.org/en/News/Articles/2024/03/21/pr2494-sri-lanka-imf-staff-level-agreement-for-second-review-sla>

<sup>10</sup> Economy Next. (n.d.). Sri Lanka IMF program may become extended amid elections - sources. Retrieved from <https://economynext.com/sri-lanka-imf-program-may-become-extended-amid-elections-sources-154835/>

<sup>11</sup> World Bank. (2023). Sri Lanka Development Update 2023. Retrieved from <https://www.worldbank.org/en/country/srilanka/publication/sri-lanka-development-update-2023>

## 4 The Eliminating Barriers program

### 4.1 DFAT has provided financial support to the World Bank in Colombo since 2011.

At that time a 'Partnership for South Asia Trust Fund' (PFSA) was established. In 2015, it was agreed that the Bank would fund a pilot program with the World Bank, called 'Unleashing the Competitiveness Potential of Sri Lankan Enterprises'. The EB program was thus built upon work on which the Bank were already engaged: in that sense it was not a 'new' program. It was to be funded under a new window in the PFSA.

### 4.2 While this pilot project was underway, the High Commission was preparing its Governance for Growth for Growth (G4G) program.<sup>12</sup> The G4G program was planned as a five-year (2016-2021) investment. The goal of G4G is 'to help entrench governance processes and cultures at all levels of Sri Lankan government that foster inclusive economic growth'.

### 4.3 Four end-of-investment outcomes were articulated in the strategy:

- the investment's target national ministries have clearly improved their ability and commitment to plan and deliver economic policy capable of promoting inclusive economic growth;
- the investment's target subnational governments have clearly improved their ability and commitment to deliver, and be held accountable for, effective, efficient public services that promote inclusive economic growth;
- the investment's target national ministries and subnational governments are responsive in their policy making and delivery to the rights and needs of women and people with a disability; and
- Sri Lankan citizens and the private sector have an improved trust in the capability; and commitment of the investment's target national ministries and subnational governments to devise and deliver effective, inclusive economic policy and public services.

### 4.4 The High Commission chose to deliver this program via a 'hybrid' model.

This meant that two of the activity streams were to be managed and delivered by High Commission staff, and two activity streams were to be delivered directly by the partners themselves ('partner led'). A Managing Contractor was hired to provide administrative support to the High Commission to assist in delivery of the activity streams to be managed in-house. One of the 'partner led' streams was designed to follow on from the 'Unleashing Competitiveness' pilot and was called 'Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka.'

### 4.5 As the G4G strategy was being developed, the EB program was taking shape.

The first proposal was submitted to the High Commission in January 2016, and was for a one-year pilot. The evaluation team have not seen this document. This was followed by a second, revised submission following comments from the High Commission, in January 2017. A decision was taken to go ahead with the partnership, and this was signed off in May 2017. The first tranche payment (AUD 6 million) was made in June 2017. A final revision of the program was submitted to DFAT in April 2018.

### 4.6 The G4G program was signed off by the Australian High Commissioner in July 2017.

The G4G program document says little about the EB program. Paragraph 68<sup>13</sup> notes that AUD 6 million was provided in support to the World Bank "to deliver a program of activities". The G4G design also makes it clear that DFAT was to be responsible for strategic direction and the Results Monitoring Framework (RMF). The monitoring frameworks for the four activity streams were to be 'nested' within the RMF. As far as the evaluation team can ascertain, the RMF was never developed.

<sup>12</sup> Governance for Growth Investment Design, paragraphs 7 and 8. DFAT 2017

<sup>13</sup> The second paragraph 68. There is a numbering discontinuity after the first paragraph 68, which is followed by paragraph 64

#### **4.7 The EB program was financed by means of a grant, not a contract.**

This is called a ‘contribution’ arrangement in DFAT International Development Programming Guide. It stands distinct to a contract arrangement. The distinction is important, as a grant indicates DFAT’s *a priori* endorsement of the role and functioning of the organisation. The high-level purpose of the grant was to allow the Bank to extend and deepen the work that it was already doing, rather than to require it to do something specifically at DFAT’s behest. However, a contribution arrangement still requires DFAT to provide strategic oversight, ensure effective and efficient implementation, and the delivery of agreed outcomes. None of this happened.

#### **4.8 The design submitted by the Bank in April 2018 falls short of DFAT’s regular design standards.**

It does not articulate a goal or strategic intent. It does not articulate end of program outcomes. It has no monitoring framework. There is no theory of change. It does identify four ‘pillars’ of work (trade, investment climate, firm growth, and the reform of state-owned enterprises or SOEs). The design lists 55 activities that will be undertaken in the two-year period – 45 in the four pillars and an additional ten cross-cutting activities in poverty reduction and gender.<sup>14</sup> This is too many to be delivered in 24 months. Outputs are specified, but not outcomes. The EB program is wide and shallow, rather than narrow and deep. The design should have been subjected to greater DFAT scrutiny, given its breadth and its focus on outputs.

**4.9 Regarding monitoring and evaluation**, the design states that: “... regularly reporting to DFAT within the framework of the Annual Progress Report (in December each year), following DFAT’s reporting structure to facilitate their own reporting through the effectiveness/ efficiency/ relevance/ Gender/ M&E/ Risk and Sustainability angles. Risks and political economy challenges, as well as shifting government priorities, will be accommodated and mitigated via the contingency fund, provided for under this proposal.”<sup>15</sup> As far as the evaluation team could see from the reporting, seemingly there was no political economy analysis conducted (if it was, it was neither reported nor shared with DFAT).

#### **4.10 The problem at design has been compounded by reporting.**

The Bank provided annual reports in 2018, 2020 (two in fact) in 2021 and 2022. There was no 2019 report. (At the time of the evaluation (late April 2024) the 2023 annual report had not been submitted to DFAT). The evaluation team also saw two quarterly reports (for April-June 2019 and July-September 2019). The High Commission requested that these be discontinued as it was felt that they were not needed.<sup>16</sup>

#### **4.11 There are three main problems with the reporting:**

- most of the Annual Reports report cumulatively rather than discretely year by year detailing precisely what was achieved. Later reports continue to note outputs delivered in 2017;
- reporting against the initially proposed 55 activities is inconsistent. Activities reported vary in number: 38 in 2018, 31 in 2019, 41 in 2021, 29 in 2022. It is hard to be precise here as there is some double counting and the reports are not presented in a consistent way, and some activities seem to come and go; and
- the main problem with these documents however is that they report only on activities and outputs. There is no discussion of outcomes. Even terminology is confused. The 2022 Consolidated Annual Progress Report claims that a note being ‘well received’ by the Government is an Intermediate Outcome (page 56). The three case studies summarised in this report illustrate issue.

<sup>14</sup> This figure may not be precisely accurate as the text is not altogether clear on this. Subsequent annual reports also do not follow these 55 activities

<sup>15</sup> Page 24

<sup>16</sup> As reported to the Evaluation Team – see footnote to paragraph 1.9

**4.12** The World Bank notes that implementation is not their responsibility. The evaluation team agree but this does not mean they need pay little attention to the impact of their work. Currently it is not possible to assess the *results – the developmental outcomes* - of the investment.

**4.13** The program has been extended and given additional funds.  
AUD 6 million was made available to the WB in 2016, followed by AUD 1 million in 2017 and AUD 2 million in 2018. Post's bilateral budget increased to \$75 million in FY 2022, the bulk of which went to humanitarian agencies, with \$3.5 million provided to the World Bank (Figure 3).

**Figure 3: Evolution of the EB program**

Stage	Timing	Issues	Funding
Pre EB	➤ 2014	➤ WB study to assess the reform needed by GoSL to join the World Trade Organisation – Trade Facilitation Agreement WTO-TFA; called the Gap Analysis	➤ ?
Origins	➤ 2015 – 2016 ➤ G4G strategy being drafted	➤ Built on the “Unleashing Competitiveness” (UC) pilot ➤ WB seen as strategic partner, especially on trade and competitiveness	➤ Funding from the PFSA
Design	➤ 2017-2018	➤ First EB submission probably 25 January 2016 (referenced, but not seen by the evaluation team) ➤ Agreement to fund a follow on to the WBs UC program in early 2016 to allow the June 2016 AUD 6 m tranche. To be called EB ➤ EB Revised Submission submitted Jan 2017 for a one-year program ➤ Agreement became effective 3 May 2017 ➤ Further submission April 2018 for two years 2018-2020 ➤ No MELF ➤ No ToC ➤ DFAT engaged with the Bank on the design	➤ AUD6 m in FY 2016-2017
Implementation	➤ 2018- 2020 ➤ Followed by additional funding made available and then no cost extensions	➤ Reports track activities and outputs and not outcomes or impact ➤ No record of written DFAT response to reports ➤ The Bank were able to add or drop activities of its own volition without discussion– good for flexibility and responsiveness, but less good for DFAT ‘strategic direction’ ➤ WB responded to 2022 economic crisis	➤ AUD1 m in FY 2017-2018 ➤ AUD2 m in FY 2018-2019 ➤ AUD1 m in FY 2019-20 ➤ AUD 430,000 in FY 2021-2022 ➤ AUD4.12 million in FY 2023-2024 Total AUD14.55 m
Where we are now	➤ Mid 2024 ➤ Pre- Presidential and general elections	➤ Is a further program justified? ➤ Comparative advantage of DFAT? ➤ Other donor contributions? ➤ What is the opportunity cost for DFAT? ➤ Perceived risk of walking away from macro reform at critical time?	



## 5 Relevance

### 5.1 The ToR asks to what extent is the program relevant to Australia development priorities and Sri Lanka's economic development agenda?

The evaluation team have concluded that program was relevant to both Australia's priorities and Sri Lanka's economic development agenda. The World Bank provided high-quality technical advice to the GoSL to improve the country's trade potential, investment climate, growth in productivity and jobs in high potential sectors and efficiency of SOEs and public investments. All stakeholders interviewed as part of the evaluation unanimously affirmed the relevance, quality, and timeliness of the advice provided by the Bank.

### 5.2 Further, the program aligned strongly with Australia's policy positions in 2017-2018. The government of the day were emphasising trade, competitive markets, and growth. The Bank's work in Sri Lanka was strongly aligned to this agenda (and remains so today). The decision to continue partnering with the World Bank was a good one.

- a. *To what extent has the program responded to Sri Lanka's priority economic development needs, including identifying and supporting critical economic reforms necessary for economic growth and stability?*

### 5.3 The EB program, through the Bank, responded well to Sri Lanka's changing economic development needs. The political landscape was supportive from 2015 to November 2019, when the Presidency changed hands. Up to that point the formal policy was one of export promotion and integration into the global economy. From early 2020 that policy was reversed, and the priority was importing substitution and the protection of domestic industry.

### 5.4 The WB thus stopped its trade work and moved into other areas following the election of President Gotabaya Rajapaksha in 2019. While some of the pillars of the program were aligned with President Rajapaksha's nationalist policy framework, the evaluation team notes the foresight of the Bank in anticipating shifts in government priorities. Recognising the protectionist ideologies and a closed economic agenda under the Rajapaksha administration, the Bank adapted its approach to remain relevant. This involved realigning technical assistance objectives to focus on improving the performance of SOEs and government capacities, fostering innovation and entrepreneurship, and supporting SMEs. The two pillars on trade and the investment climate largely went into hibernation, although some analytical work continued.

### 5.5 The onset of the Covid-19 pandemic in 2020 caused the economy to go into meltdown; tourist arrivals almost ceased, trade declined, and poverty more than doubled. Inevitably WB work slowed. These problems were exacerbated by misplaced economic policy decisions taken by the newly elected President. This caused the country to default on its internal debt obligations and resulted in a full-blown fiscal and economic crisis. Poverty more than doubled, inflation rise to 65% per annum, and there was rioting and demonstrations on the streets. It rarely gets harder than this. The 2022 government under President Wikremesinghe once again reversed the country's economic policy stance and reignited the work on trade policy and long-term growth.

### 5.6 This changed again in 2022 as Covid subsided but with the onset of economic and political crises. The Bank then worked closely with GoSL to achieve key commitments under the IMF Extended Fund Facility (EFF) program. In this context, the Bank again realigned its technical advisory support to align with the new government's priorities, focusing on fiscal and financial reforms, investment promotion, social protection and governance, and the reform and divestment of state-owned enterprises. Noteworthy contributions by the Bank include providing technical support for drafting laws on insolvency and investment and restructuring for state-owned enterprises. From what the evaluation team could see, the WB responded primary to requests emanating from the Presidential Secretariat and the Ministry of Finance.

b. *To what extent were the partner and modalities appropriate (i.e. did we select the right partner, should we be focusing on other reforms, was it the appropriate approach?)*

5.7 **The evaluation team judge that the WB was the right choice of partner.** The WB is trusted by the GoSL: it combines technical excellence with a deep understanding of the Sri Lankan economy and its challenges. Its analytical (triple A) work is penetrating. It has global experience in assessing the binding constraints to growth and has staff throughout the World that can contribute. The Bank was the right partner to provide GoSL with advice, but possibly not the best partner to ensure *inclusive* economic growth. That said, what would have been the alternative? The GoSL was facing an economic crisis and needed world class economic advice, The evaluation team judge that the right choice was made. Figure 4 summarises the pros and cons of working with the WB.

**Figure 4: Pros and cons of working with and through the World Bank**

Pros	Cons
➤ A neutral party able to deliver difficult and sensitive advice	➤ Loss of DFAT ‘control’ unless more actively managed
➤ High-level economic briefings to DFAT during World Bank mission visits	➤ WB Country Director has final say over Bank activities and priorities
➤ Reduces workload on DFAT	➤ Low visibility (in politically volatile times this could also be seen as an advantage)
➤ World class technical assistance and advice	➤ Weak MERL processes
➤ Valued by GoSL	➤ Low prioritisation of GEDSI issues

5.8 **The evaluation team also examined the rationale for and against the heavy reliance on technical assistance.** The technical support offered by the Bank has been of a consistently high calibre and fulfills the specific requests of the GoSL. However, when the evaluation team delved deeper to understand the relevance of the support to the people of Sri Lanka, some stakeholders interviewed highlighted a gap between the government's priorities and the interests of the people, suggesting that the Bank's technical support would be more meaningful if greater efforts were made to engage external stakeholders and incorporate their perspectives as well. Overall, however, it is the opinion of the evaluation team that the program has been highly relevant to Australia’s and Sri Lanka’s development and economic priorities.

c. *How effectively did Australia influence/inform partner programming with respect to meeting gender, and disability inclusion commitments?*

5.9 **There is little evidence in the documentation regarding GEDSI.** The WB has its own GEDSI commitments, but they did not register with any of the work in the EB program. The Evaluation team saw only one email from the High Commission to the Bank, dated 9 November 2016 where gender issues were raised: “The gender focus of the proposal could be strengthened by collaborating with the IFC team who are designing the DFAT funded Women in Work program. On a practical level we would suggest the Bank connects with .... a member of the team to request they review the proposal to ensure gender equality approaches are embedded into the design and synergies between the two programs can be identified and positive gender outcomes maximised within both programs.” This was not followed up. This could have been avoided by embedding consultation and approval processes into the grant agreement. The decision to stop the EB-specific PPA process in 2020 and replace it with the G4G AIMR process meant that all the EB performance scores were mixed in to the work of other G4G partners.

5.10 **Even though the program design includes a specific gender equality objective, there seems to be only a 2-percent budget allocation for GEDSI-related activities.** The evaluation notes that this is an insufficient allocation given the nature and scope of the program. The evaluation team were informed that the Bank’s gender staff did engage in the program from time to time, the team was not directed to talk with them. There was no full-time GEDSI adviser allocated to the program. It is the view of the evaluation team that the Bank could have pursued a more purposive and focused gendered approach

to the different program pillars in the design process, making GEDSI a truly cross cutting focus. The evaluation team suggests this as trade, investment, entrepreneurship are critical areas in Sri Lanka, where there is a significant gender gap: labour force participation rates for women are significantly below those for men. As noted above, Annual Reports included sections on GEDSI issues all referred to analytical work.

- d. *To what extent did the program appropriately complement/align with Australia’s development priorities/activities in the country program (i.e. does it complement the CDRP, DFAT’s IDP, Gender Equality and Women’s Empowerment Strategy, does it align with other bilateral initiatives)?*

**5.11 The program was designed pre CDRP, pre IDP and pre the GEDSI strategy.** At the time of the design DFAT had in place an Aid Investment Plan for the years 2015-2019. It had three objectives:

- To expand economic opportunities for the poor, primarily by promoting small and medium sized enterprises. The AIP did say “We will also explore future opportunities to support the Government of Sri Lanka’s broad economic reform agenda”;
- To support government to be more responsive to the needs of citizens and the private sector Sri Lanka’s current system of national and sub-national governance; and
- To increase gender equality by addressing the underlying drivers of gender inequality, including social exclusion and inter-communal and domestic based violence.

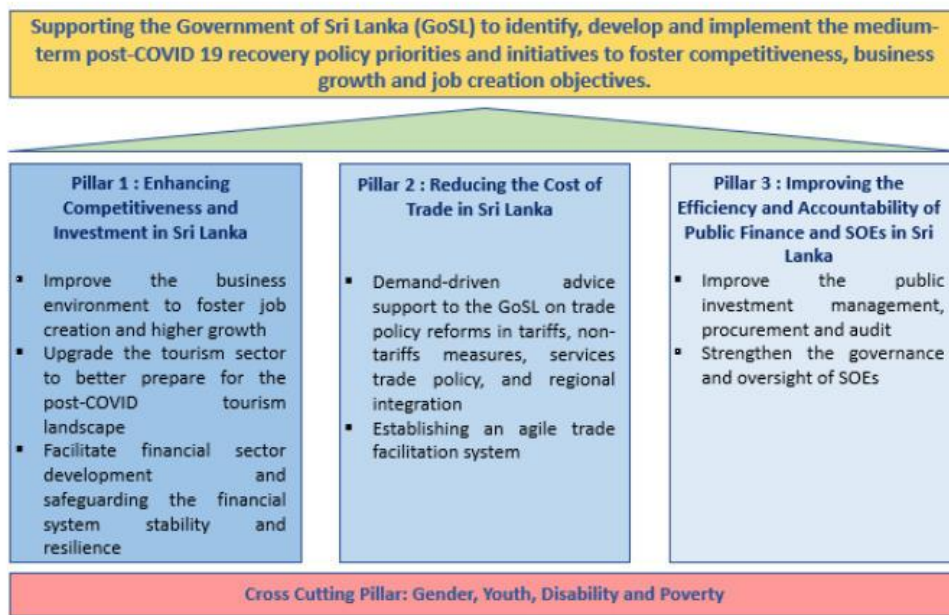
**5.12 This investment thus broadly aligned with DFAT’s Aid Investment Plan and the Trade and Investment Framework Arrangement (TIFA) priorities and the then Australian Government’s ‘aid for Trade’ agenda.** Some work was complimentary to other development programs – such as the work on tourism – with the Market Development Facility, however, the alignment was primarily to Post policy priorities.

## 6 Effectiveness

6.1 The Terms of Reference ask to what extent has the program effectively contributed to the end of program outcomes?

6.2 This issue in the ToRs is slightly misrepresented. The ToRs note that the program has three Intermediate Outcomes (IOs). This is not the case: none were specified. The G4G program had four end of investment outcomes – these are listed at paragraph 4.3. The three IOs in the ToRs were taken from the Bank’s 2020 Consolidated Annual Report (page 7). This three-pillar graphic (Figure 5) was included as the third pillar (firm growth, or innovation and entrepreneurship) had ended due to minimal GoSL support. The 2020 Annual Report however goes on to report against the four original pillars.

Figure 5: The source of the ToRs for this evaluation



a. (EOPO 1) How effective has the program been in enhancing competitiveness and investment in Sri Lanka, and to what extent did it achieve the targets set for this outcome, including in relation to:

1. job creation.
2. economic growth
3. upgrading the tourism (*sic*)
4. financial sector development, and
5. safeguarding the financial system stability and resilience

6.3 Answering this question turns on the interpretation of the term ‘outcome’. The WB’s Consolidated Progress Report for 2022 (the most recent one available to the team when the evaluation was undertaken) summarised the main ‘outcomes’ as shown in Figure 6. With the best will in the world these cannot be described as outcomes: “to identify policy barriers”; “to assess the landscape”; “support to prepare the tourism strategic plan”; “to periodically monitor the financial sector”; and “support to prepare the risk assessment”. These are activities. They describe what the Bank will do.<sup>17</sup>

<sup>17</sup> A similar comment can be made about reporting against pillar 2 (Reducing the Cost of Trade), pillar 3 (Improving the Efficiency and Accountability of Public Finance and State-owned Enterprises). Here too. What are claimed as ‘outcomes’ and ‘deliverables’ are a list of activities See pages 7 - 8

## Figure 6: Claimed outcomes under Pillar One – Enhancing Competitiveness and Investment

### Pillar 1: Enhancing Competitiveness and Investment in Sri Lanka

Under this pillar, the main outcomes include:

- a. **Prepare a Foreign Direct Investment Diagnostic** - to identify the policy barriers that represent unnecessary obstacles for new firms to be established and for existing ones to grow and to assess the potential for attracting FDI in key sectors;
- b. **Prepare an Assessment of Specialized A2F Instruments for MSMEs** - to assess the landscape and potential for early-stage financing to MSMEs in the form of, inter alia, equity instruments such as early-stage venture capital funds, as well as quasi-debt or debt or guarantee instruments;
- c. **Support to Prepare the Sri Lanka Tourism Strategic Action Plan 2022 – 2025** – to upgrade the tourism sector to better prepare for the post-COVID tourism landscape and set a renewed vision for tourism sector revival and development;
- d. **Financial Sector Monitoring and Analysis** – to periodically monitor the financial sector in light of Sri Lanka’s very delicate macro financial situation and the linkages between the sovereign and the financial sector that has built up and to evaluate critical policy measures undertaken by the authorities that would materially affect the authorities response capacity to the current crisis;
- e. **Support to prepare the 2nd National (AML/CFT) Risk Assessment for Sri Lanka.**

6.4 Later in the report<sup>18</sup> pillar 1 has morphed into ‘Trade Policy and Facilitation’ where Intermediate Outcomes (IOs) are claimed. Five such IOs are listed under the trade policy component:

- **Intermediate outcomes:** the New Trade Policy Framework aligns trade and sectoral policies to achieve the common goal of revitalizing Sri Lanka’s export competitiveness and integrating the country more closely with the rest of the world (page 20)
- **Intermediate outcomes:** the implementation of the para-tariff reforms contributed to a simplified, transparent, and predictable tariff regime (with many para-tariffs eliminated). This effort is expected to continue in the context of the implementation of the New Trade Policy and the negotiations of the Free Trade Agreements (page 22)
- **Immediate Outcome:** Increased understanding on services trade competitiveness status, increased understanding on policy options (page 23)
- **Immediate Outcome:** Increased understanding on trade in goods and increased understanding on policy options (page 24)
- **Brief summary of outcome:** This policy action aims to support the initial reduction of para-tariffs while keeping its revenue impacts neutral considering the importance of fiscal consolidation in the early years of economic adjustment (page 24)

6.5 A similar list is given for the Trade Facilitation component. These include “regular meetings” of the New Facilitation Trade Committee (NTFC) which is claimed as an Intermediate Outcome, as well as NTFC “liaison with the World Bank” (page 25).

6.6 It is instructive to compare these claimed IOs with Bank’s own framing document.<sup>19</sup> Using the ‘Improving the Investment Climate’ as an example. This document notes rightly that developing a new corporate plan for the Board of Investment (BoI) is an activity. The expected output is a corporate plan. Then comes an ‘Intermediary Outcome’) which is high level endorsement of the plan and the new orientation of the BoI. This is followed by a ‘component outcome’, which is increased effectiveness of the BoI. This logic is not followed by the WB progress reports, which distinguish among outputs, immediate outcomes, and intermediate outcomes.

6.7 This lack of consistency and misuse of terminology makes it is difficult to answer this KEQ unambiguously. The EB program has delivered some important outputs but as yet no outcomes (in the

<sup>18</sup> Page 20

<sup>19</sup> “Enhancing the Trade and Competitiveness Potential of Sri Lanka’s Private Sector – a Summary of Advisory Services and Analytical Work’ (March 2017)

sense of changed behaviour) can be directly attributed to them. It is possible to argue that there is a 'line of sight' from what the program has achieved to future outcomes. The extent to which outcomes are likely in the next two years depends on several factors: the Presidential elections, the global economy, the responsiveness of public servants etc. The evaluation team would reiterate that the work done by the Bank is foundational. It is necessary but insufficient. The work done must be translated into implementation.

- b. *(EOPO 2) To what extent has the program been successful in reducing the cost of trade, and to what extent did it achieve the targets set for this outcome including in relation to trade policy reforms in tariffs and in establishing an agile trade facilitation system?*

6.8 **As with the preceding paragraphs, this question cannot be answered unambiguously.** To date, there is no evidence that the cost of trade has been reduced. WB progress reports summarise the analytical work undertaken to make this possible, but at the time of writing the new legal structure of the BoI had not been agreed, and tariff reform was a work in progress and much contested. It should be added that no specific targets were set in the April 2018 'Proposal to DFAT'. In the submission, only outputs were specified, and many of these outputs were activities. For example: "technical assistance is delivered for government, reform implementation support, workshops...etc".<sup>20</sup>

- c. *(EOPO 3) To what extent has the program improved the efficiency and accountability of Public Finance and SOEs in Sri Lanka, and to what extent did it achieve the targets set for this outcome, including in relation to public investment management and strengthening the governance and oversight of SOEs?*

6.9 **The SOE divestiture program is only now under way.** To date no Sri Lankan SoE has been taken into private hands. Seven SOEs are currently undergoing the transition process and buyers are being sought. Divestment of the seven SOEs is one of the most political and politicised aspects of the reform program. Several interlocutors considered this to be the least likely reform to succeed.

### Examples of Bank effectiveness

6.10 **Notwithstanding the lack of clarity regarding outputs and outcomes, there are many examples where the program has been effective in delivering much needed technical advice.** The following paragraphs summarise two examples.

6.11 **Insolvency law (2024).** Sri Lanka currently has no insolvency legislation, only a winding-up procedure for companies. Such laws are foundational for long-term growth as they assure investors that a binding procedure is in place if the business – of whatever scale – fails. The 2022 crisis triggered work in this area. The GoSL asked the WB for assistance in 2023. The bank provided two external (world class experts) who helped over the following twelve months. An extensive consultation process was put in place, and a draft – 350 page – law was prepared. GoSL interlocutors told the evaluation team that this work would have been "impossible without Bank support". It is planned to present the draft law to Parliament sometime in mid-2024. Four further steps will be required to ensure the law is acted upon:

- Drafting the subsidiary legislation – all the regulations to explain and expand the law;
- Designing and establishing the oversight agency -required for administration and the maintenance of professional standards;
- Training agency staff; and
- Socialising the law with the judiciary.

6.12 **Investment law (2024).** Foreign Direct Investment (FDI) historically has been limited by a lack of legal and policy clarity and the poor (and corrupt) organisational performance of the Board of Investment. A revised and updated investment law is fundamental to long-term growth in an increasingly globalised and competitive economic environment. Following his assumption of the Presidency in 2022, Ranil

<sup>20</sup> Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka – Phase 2. (April 2018). Page 10

'Eliminating Barriers' Evaluation. Final draft 10 July 2014

Wikremesinghe established the ‘Presidential Oversight Committee’ (POC), made up of five experienced private sector executives with a reputation for competence and integrity. The POC was not a formal body (and the five members provided their services *pro bono*), but because of the membership and its direct reporting line to the President, it enjoyed legitimacy and authority.

- 6.13 The POC worked with the Bank to draft the new investment law.** The Bank provided a mix of in-house and external expertise which not only was able to provide international ‘best practice’ but enabled accelerated progress. The law is to be presented to Cabinet in mid-2024, and then to Parliament. From the first request to the Bank to delivery of the draft law to Cabinet was less than 12 months. The BoI is concerned that the law does not address the timeliness of responses they are required to request from other GoSL MDAs. This is a cause of delay and the resulting perception is that the BoI ‘is slow’. The issue remains one of implementation: will the new law, if passed, result in increased FDI?
- 6.14 Given the political economy of Sri Lanka and the importance of customs and excise duties as sources of rents, some Bank work has faced more challenges than others.** This is certainly the case with improving trade performance. The following paragraphs summarise the experience.
- 6.15 Trade Information Portal (TIP) and the National Single Window (NSW).** Improving trade performance is the first pillar of the 2018 EB design. Trade, both imports and exports, has always been hampered by the overlapping roles and responsibilities of multiple agencies, lack of clarity over tariffs, and a lack of progress on reform in the Department of Customs. In 2014 the Bank undertook a ‘Gap Analysis’ which identified all the reforms required for Sri Lanka to be compatible with the WTO-TFA (the World Trade Organisation’s Trade Facilitation Agreement). This document provided the basis for all the reforms from 2015 to the present day.
- 6.16 During the ‘reforming period’ of 2015-2019, the EB provided further support to developing the TIP and drafting the ‘blueprint’ for the NSW.** Bank support was ‘fundamental’ in driving forward both pieces of work. They were able to persuade and cajole multiple GoSL departments to collaborate, and they provided momentum and continuity. All GoSL interlocutors agreed that the work was of highest technical quality. The outputs were exemplary.
- 6.17 But neither have yet delivered outcomes.** The TIP was handed over to the Department of Commerce in 2022 but has not been updated since – indeed the portal is now inaccessible. The Bank drafted a toolkit to be used by the Department of Trade, but a lack of skilled staff and budget have resulted in no take-up.
- 6.18 As regards the blueprint for the NSW, all agree this was a success, but the NSW remains only partially implemented.** The NSW is designed to allow online applications for permits and to view progress of the application. Three systems only are now online, and updating is minimal, again derailed by lack of GoSL expertise and the scarcity of budget resources.
- 6.19 The plan for this evaluation included a further set of evaluation questions.** These are presented in Annex 3.

### The World Bank and ‘thinking and working politically’

- 6.20 To what extent were the Bank able to think and work politically?** A TWP approach has three core principles: first, a strong upfront political economy analysis (the political settlement, interests, incentives, and institutions); second, rigorous real-time monitoring to inform operational decisions; and third, the ability and the authority to change course as the environment changes. At the heart of a TWP approach is a commitment to pursuing strategies that are not only technically appropriate but also politically feasible. This then underscores the importance of working flexibly responding to contexts and adapting implementation as necessary.
- 6.21 The Bank’s Articles of Association prevent it from engaging in Politics – politics with a capital P.** That does not mean it can ignore judgements about whether its proposed investments are indeed politically

feasible.<sup>21</sup> Despite the excellent technical assistance provided by the Bank, the EB program faced challenges related to ‘political will’ and poor governance in the executive’ all of which hindered implementation. Bank staff were aware of this – reports frequently refer to ‘informalities’ in governance. This is Bank speak for corruption. It is somewhat disappointing that the Bank were unable to be more explicit here. James Wolfensohn, Bank President 1995-2005 legitimised the discussion of corruption, and the Bank had a formal Governance and Anti-Corruption Strategy until recently. The IMF Diagnostic is also explicit about corrupt practices.

- 6.22 This apparent unwillingness to consider the interests and incentives of different organisations (collectively) and staff (individually) had implications for program progress.** The National Single Window (NSW) and the corporate governance toolkit for State-Owned Enterprises (SOEs) encountered major blockages – the main ones being the lack of incentives for implementation due to corruption and insufficient political will, as well as constraints in human and financial resources within GoSL ministries and departments. Despite being developed in 2022, the corporate governance toolkit remains unimplemented, primarily because the Public Enterprises Department lacks the technical skills and financial resources required for training. Further, owing to vested interest and lack of any incentives, the Customs Department, which has carriage of the NSW, has failed to implement it at all.
- 6.23 It is worth noting that the Bank appears not to have an advocacy policy or strategy.** DFAT requires all programs to have policy advocacy objectives. The Bank cannot hide behind its ‘apolitical’ status and avoid advocating for its own reforms and policy proposals. If there is to be further support, an advocacy component should feature significantly.
- 6.24 Interviews suggested two further constraints.** First, that public institutions that despite being overstuffed, lacked the necessary technical skills to implement EB program reforms; and second, that many governmental committees comprised staff seconded from various ministries who have other responsibilities, resulting in a lack of dedicated staff time and expertise for specific initiatives.
- 6.25 However, more positively, the Bank demonstrated undoubted adaptability by revising and re-aligning its support with the evolving priorities of the Sri Lankan government amidst significant shifts in the political landscape since 2015.** This included transitions between three different administrations, macroeconomic crises, and the COVID-19 pandemic. These shifts were carried out professionally and with tact – but they do not represent TWP. They reflect responses to changing political priorities, the Covid pandemic, and the macro-crisis.
- 6.26 Seven conclusions regarding program effectiveness**
- i. **The Bank is clearly a major economic policy partner for the GoSL.** The evaluation team were told repeatedly that the advice provided by the Bank was of the highest quality, delivered in a timely and respectful manner. It was also delivered collaboratively;
  - ii. **The Bank was able to respond effectively to the challenging political, epidemiological, and economic environment over the 2015-2024 period.** This agility was supported by staff in the High Commission, with whom the Bank enjoyed an excellent relationship. This relationship has endured over three High Commissioners, and a succession of Governance Counsellors and First Secretaries;
  - iii. **The Bank enjoys a strong working relationship with the GoSL.** GoSL staff all were positive when describing their experiences of working with Bank staff;
  - iv. **The macro-economic and fiscal crises of 2022 opened the doors for economic expertise and the Bank was ready immediately to assist.** Much of the work undertaken from 2014 - 2019, which was then ‘put on the back burner’ after the 2019 Presidential election, was recalled and used to reignite the reform process;
  - v. **The progress made since 2022 is based on two things: the political leadership of the President and technical leadership of the Bank (and the Fund).** These two factors are *always* required for

<sup>21</sup> This is a requirement for DFAT programming (see the latest guidance on Political Economy Analysis and Adaptive Management)



successful economic reform. Technical competence alone is insufficient. However, today, support for reform is limited among the political elite in Colombo. The Presidential election likely in October or November could determine the future trajectory of reform;

- vi. **The program performed poorly on gender and inclusiveness** – despite the program title; and
- vii. **The extent to which the program can be judged ‘a success’ or a ‘failure’ depends on how results are conceived and defined.** This takes us to the relationship of Outputs and Outcomes. For what is the program accountable? This is considered in the next few paragraphs.

### More on outputs, outcomes, and impact

- 6.27** There is a critical difference between updating and revising rules and regulations (outputs) and changing the pattern of individual and collective human behaviour that these rules and regulations are supposed to influence (outcomes). The EB program was designed to change ‘the formal rules of the game’: the laws, rules, and regulations of any state. They prescribe how individuals and organisations are required to behave. They are formal because they are written down. But humankind can be corrupt and selfish, and often people and organisations will, act in their own interests, and over time these ways of working will evolve into a set of social norms and values that behaving like this – ignoring the laws – is acceptable. They become entrenched. These are referred to as the informal rules of the game. People follow them even though they know them to be wrong – and do so because it has become socially acceptable. This is what has happened in Sri Lanka. The EB Annual Reports refer to this as ‘informality.’ Ignoring the formal rules of the game has become acceptable to politicians and to bureaucrats, as they have learned that there are few risks attached to such behaviour.
- 6.28** **All development professionals are aware of this.** And although it is not the responsibility of the World Bank to implement, it is their responsibility to make a judgement on what is politically feasible as well as technically desirable. This creates two dilemmas. Should DFAT fund such analytical and policy work in the hope that some of it will in fact be implemented, and be willing to see many pieces of work wither on the vine? And second, how should such a program be judged? Should it be judged on the quality and timeliness of the technical deliverables, or on their impact if they are implemented? In strict program logic terminology, the advice and the new laws and the changed rules and regulations are the outputs delivered. But donors do not fund law and regulatory reform for their own sake: they are funded because they will change behaviour- i.e. outcomes. It would be a supreme irony if a new government were elected and wanted to do the right thing and there was no body of work ready to guide them.
- 6.29** **This is the difference between implementation risk and development risk.** Implementation risk is when activities are not delivered or are delivered badly. Development risk is when activities were delivered but they made little difference. In the case of the EB program, implementation risk was low (as the World Bank can be relied upon on to deliver high-quality work) but development risk was high (whether the GoSL would implement any of it was highly questionable). In short – how far up the program logic chain do we want to go? Clearly the WB is accountable for the quality of its outputs. But is it accountable for delivery of the Immediate Outcomes, alone the End of Program outcomes? DFAT guidance is clear: accountability is up to and including End of Program Outcomes.<sup>22</sup> This applies to grantees as well as contractors. Few of the 55 activities listed in the 2018 proposal have yet to deliver their Intermediate Outcomes (IOs). One caveat may apply. First, the 2019-2022 years were effectively lost to meaningful economic reform. Reform momentum was reignited after the macro-fiscal crisis of 2022, and thus it may be reasonable to expect IOs to be delivered in the next few years.

<sup>22</sup> DFAT Design and Monitoring and Evaluation Standards, December 2022 page 23

‘Eliminating Barriers’ Evaluation. Final draft 1o July 2014

## 7 Efficiency and cost-effectiveness

### 7.1 KEQ 3 asked to what extent is the program efficient and cost-effective?

**7.2 Efficiency refers to the financial cost per unit of output.** For the EB program, in principle it would be possible to examine Bank accounts and see how much each ‘deliverable’ or piece of analytical work cost. This would require allocating a proportion of Bank staff and back-office costs to each activity - this is not feasible in this evaluation. The evaluation team would suggest that more appropriate efficiency questions relate to the quality and overall cost of the advice being delivered by the program, the views of the customer (here the GoSL), and if there are alternative ways of procuring the same quality of services at a lower cost?

- a. *Was the program able efficiently to deploy its resources (both financial and in terms of human resources) to achieve the greatest outcomes?*
  - b. *To what extent was the program harmonised with other DFAT and World Bank programs, in terms of being complementary to the broader Sri Lanka country program?*
  - c. *To what extent has Australia’s engagement and advocacy with the private sector, government, and public in Sri Lanka in relation to the macroeconomic reform agenda contributed to the outcomes achieved in the program?*
- a. **Was the program able efficiently to deploy its resources (both financial and in terms of human resources) to achieve the greatest outcomes?**

**7.3 There are two dimensions to this question.** First is the relationship of the cost of the work to its results, and second is the extent to which it represents an efficient way for DFAT to spend its money. The evaluation team would conclude that the services provided (i.e., the technical advice) were of consistently high quality and – in the main - were delivered in a timely manner. The team has not reviewed any of the documentation drafted by Bank staff and Bank consultants, as much of it is confidential to the GoSL, but government interlocutors were consistent in their praise for Bank inputs. The evaluation team do not know how much these services cost (daily fee rates), but it is hard to imagine that corporate private sector high-end consultancy firms would be cheaper. During the insolvency law consultations, the Bank was able swiftly to bring together a team of consultants who have worked in UK and South Africa. The Bank achieves economies of scale in advising the GoSL with their experiences of working on similar issues globally.<sup>23</sup>

**7.4 The second issue is whether the program represents an ‘efficient’ way for DFAT to spend its bilateral funds.** The answer to this questions is probably yes. The current World Bank portfolio in Sri Lanka comprises 16 projects with a total net commitment value of \$1.98 billion. DFAT grant funding of AUD6 million is directly leveraging Bank and JICA development policy financing (valued at several hundred millions of dollars) focused on policy reforms to strengthen the country's trade and competitiveness. The DFAT program is also leveraging other Bank work including a budget support operation that provides financing to the GoSL upon completion of reform milestones; programmatic and lending support for tourism development and financial deepening for Public Private Partnerships, and financial sector modernisation.

**7.5 There is one further aspect of ‘efficiency’.** There is no doubt that grantees are subject to less oversight and scrutiny than contractors. This is exactly how it should be. But it should not mean minimal scrutiny and oversight. As this report has noted, grantees are accountable for the delivery of outcomes too, and this will require High Commission staff to engage as diligently as they do with contractors.

<sup>23</sup> The evaluation team were informed that this was highlighted at a recent G4G steering committee meeting

*b. To what extent was the program harmonised with other DFAT and World Bank programs, in terms of being complementary to the broader Sri Lanka country program?*

**7.6 The EB program can be seen – legitimately - as an enabler for DFAT’s other programs.** In this sense it was indeed complementary to DFAT’s broader country portfolio; every program would benefit from growth, inward investment, and a more enabling environment. DFAT has also made significant investments to support broader governance and economic reforms. For instance, DFAT presently implements the Strengthening Governance program, engaging directly with governance at both upstream and downstream levels, and addressing economic reforms and public finance management at national and provincial levels. The evaluation team would note that greater synergy could be achieved between these programs, as observed in DFAT internal meetings and meetings with WB and government stakeholders. To address this, the evaluation team recommends the Colombo Post to make deliberate efforts to improve harmonisation between programs by facilitating improved cross-learning and increased engagement among those managing the different programs.

*c. To what extent has Australia’s engagement and advocacy with the private sector, government, and public in Sri Lanka in relation to the macroeconomic reform agenda contributed to the outcomes achieved in the program?*

**7.7 Australia has strong partnerships with the private sector and government.** This is further strengthened by the political unit and the work done at large. The evaluation team found that in several meetings, particularly with private sector and government stakeholders, there was mention of their relationship with the AHC. Meetings with the WB also revealed that the AHC would regularly reach out to the Bank before high-level political meetings to inquire if there were any policy issues that could be leveraged. The evaluation team was able to see how the AHC connected with the WB and used its interventions as leverage with the government to push for a reform agenda with government stakeholders.

**7.8 The evaluation team also notes that discussions with certain private sector partners emphasised the AHC's ongoing engagement with these stakeholders as part of their advocacy for reforms.** It should be noted that some members appointed to these committees by the GoSL are from the private sector and are retired senior management-level professionals. However, these were GoSL appointments. For the purpose of this evaluation report, the team is aware that private sector partners have been lobbied by the AHC but is not aware of the extent of this impact on the WB program.

## 8 Lessons

- 8.1 **KEQ 4 asked what lessons can be provided for future macroeconomic programs in Sri Lanka?**
- Which key areas of macroeconomic reforms in line with Australian and Sri Lankan interests is DFAT well suited to influence? How best can they complement IDP priorities – GEDSI, PWDs and Climate change?
  - Which type of partners are best suited for DFAT to partner with for future macroeconomic programming? (i.e. MDBs, Private sector, Ministries)
- 8.2 **In terms of the chapeau question, the evaluation team recognises there are risks associated with working in each of the four pillars.** The evaluation team have concluded that reforms to trade (import duties, excise taxes, phytosanitary standards) and the inward investment regime are ‘macro-critical’. Despite a somewhat troubled history, progress is being made and the team recommend that work in this area be continued.
- 8.3 **Pillar three focuses on small and medium enterprise growth and innovation.** Progress has been limited here and the Innovation Strategy was never taken forward. The evaluation team would suggest that this pillar is not as critical as the work in pillars one and two. Should an enabling macro-economic environment be put in place, by itself this will incentivise small enterprise creation, growth, and stability.
- 8.4 **The fourth pillar, reforming SOEs, has made the least progress and carries the greatest risk.** Privatisation of SOEs has proved challenging for governments the world over as there are always powerful vested interests who benefit from the *status quo*. DFAT should consider further support to this pillar only if funds are available and there is clear and convincing evidence that reform in the seven priority enterprises is politically feasible.

### Oversight and management

- 8.5 **The primary lesson here is the importance of regular and vigilant oversight.** Engagement can be considered from two perspectives: how does the partner see it and how does it look from DFAT’s perspective? In the EB program, the former is positive – and genuinely so. All GoSL interlocutors were extremely positive. As were Bank staff: as noted earlier, one Bank staff member said it was “the best strategic donor partnerships” s/he had ever experienced. DFAT were said to be interested, responsive, and engaged – right up to and including successive High Commissioners. The Bank appreciated the flexibility they enjoyed and the ‘fuss-free’ relationship.
- 8.6 **How does DFAT see the program?** The original design lacked a Goal, EoPOs, a monitoring framework, and theory of change. This rendered it difficult to assess the results of the investment. While DFAT views the Bank as a strategic partner and provides grant funding, the autonomy given to the Bank did not yield results at the outcome level. DFAT’s approach to oversight meant that the Bank enjoyed a high degree of freedom to adjust program activities. This provided flexibility but also resulted in the High Commission conceding any influence it might have had over the program’s investment portfolio. This is despite the G4G design document and DFAT’s Programming Guide stating that DFAT remains responsible for the strategic direction of the program. The decision to discontinue the quarterly reports, which the evaluation team considered beneficial, reflected a missed opportunity for more meaningful engagement.
- 8.7 **A second lesson concerns an appropriate oversight mechanism.** There are two alternatives. The first is to have an experienced officer in the High Commission to manage and monitor the program. The evaluation team would estimate this to be about 0.33 of one FTE member of staff. This would appear reasonable for such an important program spending in the region of AUD 1.5 million per annum. The second option is to task the Sri Lanka Support Unit to coordinate the design of any new program (with

Bank staff) and oversee its implementation.<sup>24</sup> This would give DFAT the comfort that the design meets its own standards and that DFAT will have a strong say in how the program evolves and adapts to changing circumstances.<sup>25</sup>

- 8.8 The evaluation team would recommend the first option.** If the design and monitoring framework for any subsequent phase of the program is comprehensive and appropriate, then the responsibility should lie within the High Commission. It is important (and strategic) for the High Commission to hold the relationship with the World Bank.
- a. Which key areas of macroeconomic reforms in line with Australian and Sri Lankan interests is DFAT well suited to influence? How best can they complement IDP priorities – GEDSI, PWDs and Climate change?*
- 8.9 In line with DFAT recommended good practice on GEDSI mainstreaming, the 2018 program design includes a specific gender equality objective.** The design also identifies ten GEDSI related activities including interventions such as poverty impact analysis, gender gap analysis, and advocacy for gender and youth-related policies. Additionally, specific activities support gender mainstreaming across different pillars, including analytical work on trade reform impacts, ICT inclusion promotion for women and youth in SMEs, coaching for female SME owners, and surveys assessing women's inclusion in investor and anchor firms. However, given the nature of the proposed activities, a more substantial investment than the AUD300,000 (2 percent of total budget) for GEDSI-specific activities would likely have been warranted to effectively mainstream GEDSI throughout the program.
- 8.10 Progress on GEDSI was marginal.** Despite some GEDSI diagnostics and analyses (reported on annually), progress reports do not address whether these findings have been incorporated into program interventions and how government stakeholders have engaged with these findings.
- 8.11 Regarding climate change,** the program's foundational technical assistance to facilitate trade and investment represents an important complementary factor in attracting investments for renewable energy projects that are key for climate mitigation efforts.
- 8.12 The macro reforms planned are in-line with Australia's high-level commitment to an open and free Indo-Pacific.**
- b. Which type of partners are best suited for DFAT to partner with for future macroeconomic programming? (i.e. MDBs, Private sector, Ministries)*
- 8.13 The World Bank remains a premier partner for economic reform advisory work.** The Asian Bank are seen as having greater expertise in infrastructure planning and financing. The World Bank Group (the IFC, the IDA, and the IBRD) have technical excellence and access to significant financing through its Development Policy Operations (DPO) window.
- 8.14** If DFAT is considering a future program with the Bank however, it will need to be more prescriptive at the design stage, as this is the only time when it will have any negotiating power. The EB program was too broad, too shallow, and insufficient consideration was given to the outcomes required. Implementation must be a priority for any future collaboration (see section 9).

<sup>24</sup> The reader should note a potential Conflict of Interest here. Both authors of this report are employed by Abt Global, and the SLSU is managed by them too. However, as the report notes, this is not our recommendation

<sup>25</sup> The SLSU could not do this with its present level of resourcing. If this is the option chosen then the costs of any program manager could be taken from the program budget

## 9 Options and recommendations

9.1 Figure 7 summarises two options.

### Option 1: A new phase of the program

9.2 **Despite the issues associated with the program to date, there is little doubt that the program is working on an appropriate and ‘macro-critical’ set of issues.** That they have not yet delivered outcomes in the developmental sense of the term has everything to do with Sri Lanka’s political economy rather than the outright failure of the program. The work on trade policy and facilitation, customs tariff reform, investment attractiveness, and state-owned enterprise are vital for Sri Lanka’s continued economic recovery and long-term development. The work undertaken to date by the World Bank provides the platform for this. There is no guarantee that the reforms proposed by the WB will be put in place, but without this work it can be guaranteed that these much-needed reforms will not take place. For this reason alone, a continuation of the program is vital. Form the evaluation team’s discussions, there is no other bilateral donor willing to step in and fund such a comprehensive program of assistance. Some single-issue reforms may be funded by a variety of donors, but under such arrangements they are unlikely to be coherent.

9.3 **This option represents a decision to continue the program, but with amendments.** If President Wickremesinghe is re-elected, the reform will gain further momentum. If he isn’t, and a nationalist party is elected, some reforms – not all – may stall. This is undoubtedly a risk. But a greater risk is a government in power that seeks to reform but lacks the technical advice to do so. It is possible to consider this the high-risk high reward option. It is the recommended option.

9.4 **The new program must have a design that meets DFAT standards.** The choice of activities will respond to the political situation pertaining after the election. Ideally, the program should prioritise competition policy (itself driven by continued trade reform and the implementation of the new investment law), and job creation through innovation and entrepreneurship.

9.5 **The evaluation team would make the following associated recommendations:**

- A decision is made soonest that there will be a successor phase to the EB the program;
- The selection of areas (‘pillars’) on which to focus will await the outcome of the Presidential election later this year;
- Following the election, DFAT, the Bank, and the Presidential Secretariat will convene and identify priorities for the program;
- The scope of the program will be narrower than the current program with fewer activities and an emphasis on outcomes;
- The program will run for four or preferably five years;
- The envelope for the program should be in the region of USD 1 million per annum;<sup>26</sup>
- A new ‘framework’ design should be commissioned as soon as possible, to be prepared by the Bank and a consultant to be contracted by DFAT, and one who has DFAT design experience;
- Details regarding activities will be added once the three parties have convened and agreed the scope and focus of the program within the available budget;
- The program will be rigorously assessed annually; and
- DFAT management and oversight arrangements for the program must be the same as for other programs.

### A second ‘hybrid’ option

9.6 **This option would focus on jobs and growth.** It would combine upstream policy reform on entrepreneurship and innovation (pillar 4 of the EB program) and downstream job creation. It would

<sup>26</sup> This could be less – depends on the political salience of the reforms post-election

seek to ensure that policy reforms that assist job creation for small and medium enterprises (SMEs) are identified and implemented upstream, based on the work immediate evidence being garnered downstream from the work being done on technical skills development and identifying how to improve the (primarily) agricultural value chains.

- 9.7 The Skills for Inclusive Growth (S4IG) program has recently been evaluated.<sup>27</sup>** Could it be merged with funding from what would have been a successor WB program? In principle this is an option. However, experience shows that integrating programs with different objectives and operating at different levels is tricky. This option should be considered only if DFAT is sure it can design and deliver such an integrated hybrid program.

<sup>27</sup> This evaluation team has not seen a copy of the report 'Eliminating Barriers' Evaluation. Final draft 10 July 2014

Figure 7: Two options with pros and cons

Option	Pros	Cons
<p><b>Option 1: Upstream policy reform in partnership with the WB</b> Continue with a new version of support to the WB, but with modifications:</p> <ul style="list-style-type: none"> <li>I. A more prescriptive design that meets DFAT design standards</li> <li>II. A realistic MEL framework, results monitoring framework, new reporting systems and a convincing theory of change;</li> <li>III. A narrower set of activities focusing on further reform of the Board on Investment, implementation of the Investment Law, competition policy, trade facilitation, tariff reform, and the promotion of SMEs</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continues to make available world class advice to GoSL</li> <li>➤ WB are the ‘partner of choice’ for economic advice for the GoSL</li> <li>➤ Provides a legitimate reason for regular briefings for DFAT on the reform program</li> <li>➤ Will provide the opportunity for all the foundational work delivered to date to come to fruition</li> <li>➤ Places Australia at the heart of the country’s development discourse</li> </ul>	<ul style="list-style-type: none"> <li>➤ Will require the High Commission to provide more regular oversight</li> <li>➤ Fewer public diplomacy opportunities than programs that are directly delivered</li> <li>➤ The ‘arm’s length’ arrangement with the Bank means it’s difficult for the High Commission to know what is happening at any given moment</li> <li>➤ Parts of the reform program will remain subject to powerful vested interests and could be derailed</li> </ul>
<p><b>Option 2: Hybrid upstream policy and downstream jobs</b> Following its recent evaluation, consider merging the best of the ‘Skills for Inclusive Growth’ (S4IG) program with the upstream policy work under EB:</p> <ul style="list-style-type: none"> <li>iii. Policy work would focus on Pillar 3 of EB (SME firm growth, entrepreneurship, and innovation) and link that with the training and skills work of the outgoing S4IG program</li> <li>iv. Consider how such a program could be linked to DFAT’s Market Development Facil (MDF) program</li> </ul>	<ul style="list-style-type: none"> <li>➤ Would enable lessons from what is happening ‘on the ground’ to be fed into upstream policy discussions in real time</li> <li>➤ The strategy work for Entrepreneurship and Innovation was completed successfully in 2018 and is still regarded as the guiding policy document</li> <li>➤ Allows the High Commission to ‘hedge its bets’</li> </ul>	<ul style="list-style-type: none"> <li>➤ This is something that is rarely done and could be technically complex</li> <li>➤ The High Commission’s experience of bringing separate programs under one roof is not a positive one (G4G)</li> <li>➤ Likely to be management intensive in the High Commission</li> </ul>



## Annex 1. Terms of Reference

### Purpose

The End of Program evaluation is for the Eliminating barriers to the Inclusive and Sustainable Growth of Sri Lanka program, a partnership between the Department of Foreign Affairs and Trade (DFAT) and the World Bank (WB). It will assess whether the program has been effective, efficient, and appropriate. The program began in May 2017 and is expected to be completed by December 2024. The eight-year program has a total budget of AUD\$14.55 million implemented through a grant arrangement with the World Bank.

The WB-DFAT Technical Assistance program is focused on supporting GoSL's priorities in the areas of investment climate, tourism, trade facilitation, financial sector resilience and State-Owned Enterprise (SOE) governance.

The findings from the End of Program Evaluation will inform DFAT management of the strategic importance of continuing a targeted economic governance program focusing on reforms aligned with the IMF Extended Fund Facility (EFF) in Sri Lanka. The evaluation will also make a recommendation to the development cooperation team in the High Commission regarding any follow-on multi-year macroeconomic governance program. The evaluation will also consider modality options, including continuation of a partnership with the World Bank.

### Background

The Government of Sri Lanka (GoSL) approached the World Bank in 2015 to launch a new policy dialogue that would support key policy reforms. At the GoSL's request, the World Bank and DFAT mobilised resources to support the Government's vision through a program of technical assistance to identify and implement a wide range of priority reforms to create a more agile trade regime and enhance the international competitiveness of Sri Lanka's private sector.

The investment has three end of program outcomes:

- Outcome 1 – Enhancing competitiveness and investment in Sri Lanka: By improving the business environment to foster job creation and higher growth, upgrade the tourism sector better to prepare for the post-COVID tourism landscape, facilitate financial sector development, and safeguarding the financial system stability and resilience.
- Outcome 2 – Reducing the cost of trade: Provide advice and support to the GoSL on trade policy reforms in tariffs and in establishing an agile trade facilitation system.
- Outcome 3 – Improving the efficiency and accountability of Public Finance and SOEs in Sri Lanka: By improving the public investment management and strengthening the governance and oversight of SOEs.

The program also undertakes cross-cutting activities in the areas of regulatory reform, research and analysis, communication, and advocacy. Success is measured against agreed development targets under each end of program outcomes.

Australia is the largest donor to World Bank's technical assistance program. Since 2022, this program worked in parallel with GoSL to achieve key commitments under the IMF EFF program. The program aligns with Australia's efforts to support Sri Lanka to complete the IMF program. These reforms are linked to World Bank's [Development Policy Operation 2](#).

### World Bank's Development Policy Operation 2 (Reforms supported by DFAT marked with \*\*)

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Improving Economic Governance	Enhancing Growth and Competitiveness	Protecting the Poor and Vulnerable
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<b>Public Debt Management</b>	SOE Reforms**	Social Protection
<b>Tax Administration</b>	Investment Environment**	Gender Equality
<b>Financial Sector Stability**</b>	Trade Liberalisation**	Female Labour Force Participation
	Digital Economy	

\*\* Reforms supported by the DFAT- World Bank program

The DFAT-World Bank program plays a pivotal role in implementing two reforms that were identified as priority actions as per the September 2023 IMF Governance Diagnostic Assessment - the SOE Reform policy and strengthening corporate governance of the financial sector.

### Scope of the Evaluation

The evaluation focus is Australia’s investments in enhancing the productivity and competitiveness of the public and private sector from 2017 to the present day. This evaluation should consider the investment/activity level.

Activity	GoSL Partners
Remove key constraints to investment and boost investor confidence leading to more Foreign Direct Investment (FDI)	President’s Office, Ministry of Finance,
Strengthen the financial sector safety net, aimed at enhancing the authorities’ response capacity to systemic stress	Central Bank,
Strengthen the trade policy and administration ecosystem	Ministry of Tourism,
Reform state-owned enterprises sector and support growth-enhancing structural reforms to shorten the time to achieve economic recovery	Ministry of Industries, Ministry of labour, Ministry of women’s affairs, Department of Census and Statistics

The evaluation should assess:

- the appropriateness and relevance of Australia’s support.
- the effectiveness of Australia’s support in contributing to the end of program outcomes and broader development objectives.
- the efficiency and cost-effectiveness of the program and partnership arrangement in achieving the outcomes.
- the extent and the effectiveness of Australia’s engagement, particularly around advocacy, with the private sector, government, and public in Sri Lanka

The evaluation should conclude with recommendations for DFAT’s future macroeconomic programming. This should include how Australian support aligned with the International Development Policy (IDP) could be used most effectively in working with Multilateral Development Banks (MDBs) through a multi-year program.

### Evaluation Methodology

The evaluation will likely include:

- A desktop review of relevant documentation.
- Interviews with internal and external stakeholders involved in implementing Australia’s response (including DFAT desk and post, the World Bank, private sector, and relevant representatives from Government, including the Ministry of Finance and Central Bank of Sri Lanka).
- The evaluation will rely on in person data and remote collection activities. The proposed approach includes stakeholder interviews, interviews with World Bank, and discussions with private sector organisations and the respective Government agencies involved in driving the reforms.

- Data analysis and synthesis of findings into an evaluation report suitable for publication.

### **Key Evaluation Questions**

The evaluation questions will include:

2. **To what extent is the program relevant to Australia development priorities and Sri Lanka's economic development agenda?**
  - a. To what extent has the program responded to Sri Lanka's priority economic development needs, including identifying and supporting critical economic reforms necessary for economic growth and stability?
  - b. To what extent were the partner and modalities appropriate (i.e. did we select the right partner, should we be focusing on other reforms, was it the appropriate approach?)
  - c. How effectively did Australia influence/inform partner programming with respect to meeting gender, and disability inclusion commitments?
  - d. To what extent did the program appropriately complement/align with Australia's development priorities/activities in the country program (i.e. does it complement the CDRP, DFAT's IDP, Gender Equality and Women's Empowerment Strategy, does it align with other bilateral initiatives)?
3. **To what extent has the program effectively contributed to the end of program outcomes?**
  - a. (EOPO 1) How effective has the program been in enhancing competitiveness and investment in Sri Lanka, and to what extent did it achieve the targets set for this outcome, including in relation to:
    1. job creation.
    2. economic growth
    3. upgrading the tourism
    4. financial sector development, and
    5. safeguarding the financial system stability and resilience
  - b. (EOPO 2) To what extent has the program been successful in reducing the cost of trade, and to what extent did it achieve the targets set for this outcome including in relation to trade policy reforms in tariffs and in establishing an agile trade facilitation system?
  - c. (EOPO 3) To what extent has the program improved the efficiency and accountability of Public Finance and SOEs in Sri Lanka, and to what extent did it achieve the targets set for this outcome, including in relation to public investment management and strengthening the governance and oversight of SOEs?
4. **To what extent is the program efficient and cost-effective?**
  - a. Was the program able efficiently to deploy its resources (both financial and in terms of human resources) to achieve the greatest outcomes?
  - b. To what extent was the program harmonised with other DFAT and World Bank programs, in terms of being complementary to the broader Sri Lanka country program?
  - c. To what extent has Australia's engagement and advocacy with the private sector, government, and public in Sri Lanka in relation to the macroeconomic reform agenda contributed to the outcomes achieved in the program?
5. **What lessons can be provided for future macroeconomic programs in Sri Lanka?**
  - a. Which key areas of macroeconomic reforms in line with Australian and Sri Lankan interests is DFAT well suited to influence? How best can they complement IDP priorities – GEDSI, PWDs and Climate change?
  - b. Which type of partners are best suited for DFAT to partner with for future macroeconomic programming? (i.e. MDBs, Private sector, Ministries)

## Outputs

The outputs should align with DFAT’s monitoring and evaluation standards, and will include:

- An Evaluation Plan that will define the scope of the evaluation, articulate evaluation questions, describe methodologies to collect and analyse data, propose a timeline linked to key milestones, propose a schedule for data collection, outline costs, and include a detailed breakdown of responsibilities of all team members. The plan will be developed in close consultation with d Post and SLSU.
- An *Aide Memoir* that will present initial findings, seek verification of facts and assumptions, and discuss the feasibility of initial recommendations. The audience for this document is internal to DFAT. A separate presentation for external stakeholders will also be developed.
- A draft evaluation report including an evidence matrix of qualitative and quantitative data annotated against each key evaluation question and sub-question.
- A final Evaluation Report incorporating any agreed changes or amendments as requested by DFAT. The final evaluation report will include an executive summary (of no more than 2 pages), a clear summary of findings and recommendations for future programming (no more than 20 pages excluding annexes), and relevant attachments. This report should be suitable for publishing.
- All outputs listed above must be prepared in accordance with DFAT’s Monitoring and Evaluation Policy should meet DFAT’s accessibility guidelines for published documents, and are subject to DFAT’s acceptance and approval.

## Evaluation Timeline

Indicative dates	Activity	Indicative days allocated
March 2024	Introductory brief with team at Post (online)	1/2
March 2024	Comprehensive document review	4
15 March 2024	Draft evaluation plan developed and submitted to DFAT	2
01 April 2024	Evaluation Plan revised and finalised based on DFAT’s feedback	1
15 April 2024	Primary data collection including interviews with key stakeholders and partners	13
03 May 2024	Aide memoire with initial findings (for internal DFAT audience)	1
20 May 2024	Data analysis and reporting writing	7
20 May 2024	Draft report to DFAT	
TBC	Finalise report based on DFAT’s feedback	3
TBC	Final report due to DFAT	
TBC	Publication of the report	
Total days for the team leader		30
Total days for the SLSU Governance Advisor:		14
Total days for the SLSU Team Leader:		4

## Team Composition

The consultants will be the Evaluation Team Leader and SLSU Governance Lead. An officer from Colombo Post will assist to coordinate and contribute to the review. And finally, the Sri Lanka Support Unit Team Leader will contribute and provide quality assurance.

### The Evaluation Team Leader will:

- Plan, guide, and develop the overall approach and methodology for the evaluation.
- Ensure that the evaluation meets the requirements of the Terms of Reference and contractual obligations.

- Manage and direct evaluation activities; lead interviews/consultations with evaluation participants.
- Collate and analyse data collected during the evaluation.
- Lead team discussions and reflection.
- Lead on the development of each deliverable.
- Manage, compile, and edit inputs from the other team members to ensure high-quality of reporting outputs.
- Ensure that the evaluation process and report align with DFAT’s M&E Standards.
- Finalise a succinct evaluation report.

**The DFAT Officer will:**

- Design the terms of reference.
- Coordinate the interviews with key stakeholders through facilitating introductions and scheduling meetings.
- Participate in the data collection, at the discretion of the Team Leader.
- Review and provide input on all outputs including the evaluation plan, aide memoir, draft, and final evaluation reports.
- Facilitate and coordinate the internal DFAT review process, including with the Second Secretary, DHOM (Development) and Desk.
- Facilitate scheduling with the World Bank; and
- Coordinate the publication of the final report.

**The Sri Lanka Support Unit Team Leader will:**

- Contribute to the design of the terms of reference.
- Arrange for the contract of the Team Leader.
- Arrange all administrative support, outside of scheduling.
- Participate in the data collection visit where possible.
- Contribute to the data analysis as appropriate; and
- Review and quality assure all outputs including the evaluation plan, aide memoire, draft, and final evaluation reports.

Note that the SLSU Governance Lead and the SLSU Team Leader do not need to be contracted under this ToR.

**Key Documents**

DFAT will provide information to the consultant regarding the program. These will include, but not be confined to, the following documents. DFAT will support additional reasonable requests for information and documentation relating to the evaluation. The consultant is also expected to independently source other relevant material and literature as required.

- DFAT-World Bank contract (2017) and subsequent amendments (most recent in 2023)
- DFAT performance reporting (AQCs/IMRs, PPAs covering the reporting cycles)
- Annual World Bank progress reports (2017-2022)
- Documents published online – International Development Policy, Development Finance Review (Briefing Paper 1: Sovereign development finance), World Bank’s Country Partnership Framework, World Bank Development Policy Operations
- News articles in relation to the program support in the key areas of reforms
- Pictures from consultations and other activities conducted by World Bank under this program.

**Annex 2. Evaluation team roles and responsibilities**

Name, Role	Responsibilities
Graham Teskey, Team Leader	<ul style="list-style-type: none"> <li>➤ Ensure the Evaluation is implemented according to the Terms of Reference</li> <li>➤ Management of the Evaluation Team and assignment of duties</li> <li>➤ Lead the development of reports and key deliverables</li> </ul>

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- Responsibility for liaison with DFAT
  - Coordinate and lead author of the deliverables, and ensure submission of high-quality deliverables
- 

- Yamini Ravindran,**  
**Governance**  
**Adviser**
- Lead the coordination of selected components of the Evaluation
  - Lead drafting of selected components of the Evaluation
  - Work with the Team Leader to debrief and exchange information
  - Along with the Team Leader, generate findings, lessons learned and recommendations

## Annex 3. Additional key evaluation questions

KEQs	Lines of further enquiry
<p><b>1 To what extent is the program relevant to Australia and Sri Lanka’s efforts to support/implement the IMF program for economic recovery?</b></p> <p>a. To what extent were the partner and modalities appropriate (i.e. did we select the right partner, should we be focusing on other reforms, was it the appropriate approach?)  <i>See section 6 on Effectiveness</i></p> <p>b. To what extent did the program appropriately complement/align with Australia’s development priorities/activities in the country program (i.e. does it complement the CDRP, DFAT’s IDP, Gender Equality and Women’s Empowerment Strategy, does it align with other bilateral initiatives)?  <i>The program aligned with the AIP at the time, but it predated the CRDP and the GEDSI strategy. It was not well aligned with other DFAT activities. (Section X)</i></p>	<ul style="list-style-type: none"> <li>➤ What influenced the initial (2017) design of the program?  <i>The design emerged from previous DFAT-funded Bank work, notably the ‘Unleashing Competitiveness’ work. A further important influence was the priority DFAT was then giving to trade policy work. Thus, a program with the Bank was well aligned with DFAT corporate priorities.</i></li> <li>➤ How does the program align with the current priorities of the GoSL, and does this align with the IMF program?  <i>The program aligns well with current (President Wickremesinghe) priorities.</i></li> <li>➤ What alternative modalities were considered at design stage?  <i>There is no evidence of alternatives being considered.</i></li> <li>➤ What are the arguments for and against the high dependence on TA?  <i>The priority need of the country at the time was expertise in these foundational areas of the economy. Further, TA was available to support the Bank’s USD100 million Development Policy Operation. It was therefore an appropriate choice.</i></li> <li>➤ Did the program attempt to ‘join up’ with the rest of Australia’s country program? Should it have done more? If so, to what end?  <i>There is no evidence that the EB program attempted formally to link to other DFAT investments.</i></li> <li>➤ Has GEDSI been adequately considered?  <i>No.</i></li> <li>➤ Has working through the World Bank been an effective way for Australia to advance its development objectives in Sri Lanka?  <i>The evaluation team would say yes. The program addressed issues that would further integrate Sri Lanka into the regional and global economy and assist in promoting ‘a rules-based order’.</i></li> <li>➤ Has this partnership provided sufficient scope for Australia to shape the reform agenda, given AHC’s level of resourcing?  <i>No. The High Commission did not have the staff resources effectively to monitor the program or to collaborate with the Bank on agenda setting and the selection of activities.</i></li> <li>➤ Has the WB partnership advanced Australia’s public diplomacy objectives in Sri Lanka by providing adequate recognition of Australia’s contribution to GoSL and other stakeholders?</li> </ul>

KEQs	Lines of further enquiry
	Probably not. Australian financial support was known to many GoSL staff but not to the public. One interlocutor told the evaluation team that this was a good thing as reform is political and some of the reforms would have an adverse short-term impact on some communities.
<p><b>2 To what extent has the program effectively contributed to the end of program outcomes?</b></p> <p>a. How effective were the program’s contributions to achieve the respective reforms under the DPO? The Bank work was foundational in the sense that meaningful economic reform would not be possible without it. Initial (2016) funding to the Bank helped release the Bank’s loan funds.</p> <p>b. How effective were the contributions of the program to achieve IMF commitments? Marginally. The EB program addressed only two of the 16 IMF priorities: SoE reform and financial sector oversight.</p> <p>c. How effectively did the program strengthen the linkages with the public sector, private sector and other DFAT programs? How sustainable is the impact? Barely. Most of the Bank work was within the public sector, although certain strands of it were conducted in an exemplary consultative manner. The extent of sustainable public-private sector engagement will become clearer over the next few years.</p> <p>d. Were there any unintended consequences and impacts (positive or negative) as a result of our support? Not as far as the evaluation team can see.</p> <p>e. What were the most significant results achieved by the program during the relevant period? Did these meet expectations and were they adequately captured in partner reporting?</p>	<p>➤ What evidence has been collected to illustrate progress? There is evidence only for the delivery of activities and outputs.</p> <p>➤ What have the progress reports reported since the program began, particularly as regards:</p> <ul style="list-style-type: none"> <li>○ Legislative changes Some key legislation is scheduled to be passed in mid-2024: the Investment Law, the Insolvency Law, and the ‘Economic Transformation’ package which includes revised arrangements for the Board of Investment.</li> <li>○ Economic policy reforms outcomes Outcomes are awaited.</li> <li>○ Contribution to development outcomes Ditto.</li> </ul> <p>➤ Have there been any issues with regard to establishing credible baseline data? Not as far as the evaluation team is aware.</p> <p>➤ Has the program MEL delivered convincing and timely data regarding IOs and EoPOs? If not, why not, and how could this be addressed? This was a problem at design and at implementation. There was no MELF, no IOs and no EoPOs. A primary recommendation to the High Commission would be that if it is decided to go ahead with a successor program, it should have a stronger design, including a MELF and a ToC.</p> <p>➤ How effectively has the program built on previous Australian support on governance reform in Sri Lanka? It built on the Unleashing Competitiveness report.</p> <p>➤ What theories of change have been used, and how have they been evaluated and revised over the life of the program? None</p> <p>➤ How can the MEL system be revised to improve telling the story of the program? The design of a meaningful MEL must be a pre-requisite for any successor program.</p> <p>➤ Does the program need a communications plan? If so, what could it look like?</p>



KEQs	Lines of further enquiry
<p>The achievements are noted in section 6 on Effectiveness and are detailed in Bank annual reports. The most significant ‘achievements’ are still on paper. Should the investment law be enacted, should the revised tariff policy be endorsed, should the One Stop Shop and the National Single Window become operational, the results will be significant. But these lie in the future.</p>	<p>No. The political nature of what can be perceived as a foreign IMF-led agenda could bring a negative reaction on Australia.</p> <ul style="list-style-type: none"> <li>➤ Was the program design sufficiently flexible to successfully adapt to the changing circumstances of first COVID-19 and then the economic crisis? Yes, but not by design. The grant modality of the program gave the Bank the full authority to respond to changing circumstances – something they did effectively.</li> </ul>
<p><b>3 To what extent is the program efficient and cost-effective?</b></p> <p>a. Was the program able to efficiently deploy its resources to achieve the greatest outcomes? Outcomes no, Outputs yes.</p> <p>b. To what extent was the program harmonised with other DFAT and World Bank programs, in terms of being complementary to the broader Sri Lanka country program? The EB program was well aligned within the Bank – probably better aligned than it was in DFAT. As the Bank was designing a large DPL at the time the EB was designed, the work was undertaken in tandem.</p> <p>c. How effectively did Australia influence/inform partner programming with respect to meeting gender, and disability inclusion commitments? Not at all</p>	<ul style="list-style-type: none"> <li>➤ Was the program resourced adequately to deliver its remit over the program? Broadly yes it would appear so. The High Commission made additional financial resources available to assist WB delivery.</li> <li>➤ What are the strengths and weaknesses of the annual planning and budgeting process? The strength of the annual planning process in the Bank was that there was no DFAT involvement. They were able to add new activities and drop existing ones without reference to the High Commission. The weakness is the opposite: it was not possible for the High Commission to influence the investment portfolio of the program.</li> <li>➤ What was the pattern of expenditure? Varied. Hugely affected by both political transitions and Covid.</li> <li>➤ What changes could be made to the design of the program to improve effectiveness and sustainability? As noted above – have a design that meets DFAT standards.</li> <li>➤ How does the program relate to other donor externally funded reform programs? The evaluation team are not well placed to answer this question. The program was not changed significantly to align with the September 2023 IMF Diagnostic.</li> </ul>
<p><b>4 What lessons can be provided for future macroeconomic programs in Sri Lanka?</b></p> <p>a. Which key areas of macroeconomic reforms in line with Australian and Sri Lankan interests is DFAT well suited to influence? How best can they complement IDP priorities – GEDSI, PWDs and Climate change?</p>	<ul style="list-style-type: none"> <li>➤ Is there any consensus regarding the economic policy areas where Australia may have a comparative advantage? Competition policy, Competitiveness, Foreign Trade Agreements</li> <li>➤ What are the risks in this program trying to hit all DFAT’s policy priorities? That some will not be met (as happened here on GEDSI)</li> <li>➤ What other partners are credible in Sri Lanka?</li> </ul>

KEQs	Lines of further enquiry
<p>The High Commission may have to reflect on the extent to which all its investments can hit all development policy priorities. Sometimes they cannot.</p> <p>b. Which type of partners are best suitable for DFAT to partner with? (i.e. MDBs, Private sector, Ministries) The IFIs have a huge comparative advantage here.</p>	<p>For continued economic reform – the International Finance Corporation and the Asian Development Bank.</p>

## Annex 4. List of documents reviewed

Organisation	Document
DFAT	Investment Design Document: Governance for Growth, Undated but 2017
DFAT	Aid Investment Plan 2015-2019
DFAT	Sri Lanka Governance Strategy. October 2019
DFAT	Minute from Tom David, Counsellor, to Bryce Hutchison, HoM, requesting approval of Governance for Growth IDD. 24 July 2017
DFAT	Governance for Growth Annual Investment Monitoring Report – May 2020-April 2021
DFAT	Governance for Growth Annual Investment Monitoring Report – May 2021-April 2022
DFAT	Governance for Growth Annual Investment Monitoring Report - July 2022-June 2023
DFAT	Partner Performance Assessment 2017-2018, 2018-2019, 2019-2020
DFAT	Gender Equality, Disability and Social Inclusion Analysis: Good Practice Note-October 2023
IMF	Governance Diagnostic Assessment, September 2023
UN	Common Country Analysis 2023 Update (not yet published)
World Bank	Unleashing the competitiveness potential of Sri Lankan enterprises. Proposal to DFAT circa 2016
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka – January 2017
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka – Phase 2 (April 2018)
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka: Proposal to DFAT April 2018
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka: Report to DFAT 2018
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka Quarterly Update April-June 2019
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka Quarterly Update July – September 2019
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka - January 2020
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka – January 2021
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka – January 2021
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka- Consolidated Annual Progress Report 2021
World Bank	Eliminating Barriers to Inclusive and Sustainable Growth in Sri Lanka - Consolidated Annual Progress Report 2022
World Bank	Sri Lanka Development Update April 2024

## Annex 5. List of key stakeholders interviewed

<b>Australian High Commission</b>	
Paul Stephens	High Commissioner
Lalita Kapur	Deputy High Commissioner
Erika Seymour	First Secretary Development
Tanya Warnakulasuriya	Snr. Program Officer, Whole of Dev. Program
Sivasuthan. R	Senior Program Officer
Dharmalingam Thanakumar	Senior Program Officer - Governance
Habbipriya Karthigesan	Senior Private Sector Specialist
Sophie Gordon	Second Secretary Development
Paul Zeccola	First Secretary, Political and Economic
Matthew Lord	Second Secretary, Political and Economic
<b>GoSL</b>	
Anushka Wijesinghe	Adviser, Presidential Secretariat
Chandani Wijewardena	Senior Additional Secretary to the President
Kavitha Arunasalam	Presidential Secretariat
P.B.S.C. Nonis	Director General, Customs
Achala Chandrasekare	Additional Director General, Customs
M.A.M Nazir	Dep. Director Policy Planning & Research Assistant
Lal Weerakone	Superintendent, Customs Department
Sadun Premachandra	Department of Customs
Wijeratne Bandara	Department of Customs
Thilake Prajna	Department of Customs
Thushara Perera	Department of Customs
Chanaka De Silva P.C	Member of Sri Lanka Law Commission
Suresh Shah	Head of the SoE, Restructuring Uni
Ajit Gunawardena	Chairman, President's Oversight Committee
Athula Kumara	Director General, Public Enterprises Department
T.M.J Bandara	Additional DG, Public Enterprises Department
K.V.C Dilrukshi	Director, Public Enterprises Department
J.P Priyangani	Director, Public Enterprises Department
Renuka Weerakone	Director General, Board of Investment
Directors and Sectional Heads	Board of Investment
K.A.Vimalenthirarajah	Director General, Trade, and Investment
Ragesh Nishantha	Acting Director, Department of External Resources
R H W A Kumarisiri	Director General, Department of National Planning
<b>JICA</b>	
Yuri Ide	Senior Representative
Tetsuya Yamada	Chief Representative
<b>Sri Lanka Support Unit</b>	
Rosita Armytage	Team Leader
<b>World Bank</b>	
Amila Indeewari Dahanayake	Economist and Trust Fund Manager, Colombo
Satya Prasad	Senior Trade Facilitation Specialist, Washington
Guillermo Carlos	Economist
Richard Mousley	Lead Adviser private Sector (retired)
Karina Baba	Senior Financial Economist
Alexander Pankov	Lead Financial Sector Specialist
Miquel Dijkman	Lead Financial Sector Specialist
Fabian Seiderer	Lead Public Sector Specialist
<b>British High Commission</b>	
George Evans	Head of Programmes
Matt Wordingham	Economist

<b>Chamber of Commerce</b>	
Manori Dissanayake	Snr. Asst. Secretary General
Dinesh De Silva	Snr. Trade Facilitation Expert
Manjula De Silva	Former Secretary General
<b>Central Bank of Sri Lanka</b>	
R.R.S. De Silva Jayatillake	Director, Bank Supervision Division
C H Wijesinghe	Senior Assistant, Bank Supervision Division
Ayesh Ariyasinghe	Additional Director, Financial Intelligence Unit
Wangeesha Karunarathna	Deputy Director, Financial Intelligence Unit
H.A. Hettihewa	Deputy Director, Deposit Insurance and Resolution Department
S.W.M.K. Wijayarathne	Deputy Director, Deposit Insurance and Resolution Department
<b>USAID</b>	
Bradley M Gardner	Macroeconomic Officer
<b>International Labour Organisation</b>	
Thomas Kring	Chief Technical Advisor
<b>UNDP</b>	
David Blackman	Economist