



Issued By Communications Department

Date 09 April 2026

An International Monetary Fund (IMF) mission team led by Mr. Evan Papageorgiou visited Sri Lanka from 26 March to 9 April 2026 for the combined Fifth and Sixth Reviews under Sri Lanka's Extended Fund Facility Arrangement. Upon reaching the staff-level agreement on the combined Fifth and Sixth Reviews of Sri Lanka's reform program supported by the IMF's Extended Fund Facility, the IMF issued the following press release on 9 April 2026, which can be accessed from the link below.

<https://www.imf.org/en/news/articles/2026/04/09/pr26113-sri-lanka-imf-staff-reaches-sla-combined-fifth-and-sixth-reviews-under-eff-arrangement>

IMF Staff Reaches Staff-Level Agreement on the Combined Fifth and Sixth Reviews under Sri Lanka's Extended Fund Facility Arrangement

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

- *IMF staff and the Sri Lankan authorities have reached staff-level agreement on economic policies to conclude the combined Fifth and Sixth Reviews of Sri Lanka's reform program supported by the IMF's Extended Fund Facility. Once the review is approved by the IMF Executive Board, Sri Lanka will have access to about US\$700 million in financing.*
- *The economic reforms implemented by the Sri Lankan authorities have continued to support the recovery, with reserves accumulating and real GDP growth and revenue mobilization outperforming expectations. However, Sri Lanka is significantly exposed to the Middle East conflict and needs to build back better following Cyclone Ditwah.*
- *Advancing reforms is even more critical now to safeguard macroeconomic stability and maintain the economy on a path towards recovery and inclusive growth. Building economic resilience is a necessity to better withstand exogenous shocks amid an uncertain environment.*

Colombo, Sri Lanka: An International Monetary Fund (IMF) mission team led by Mr. Evan Papageorgiou visited Sri Lanka from March 26 to April 9, 2026, to discuss recent macroeconomic developments and progress in implementing economic and financial policies under the Extended Fund Facility (EFF) arrangement. At the end of the mission, Mr. Papageorgiou issued the following statement:

“IMF staff and the Sri Lankan authorities have reached staff-level agreement on the combined Fifth and Sixth Reviews under the 4-year [Extended Fund Facility \(EFF\) arrangement](#). The arrangement was approved by the IMF Executive Board for a total amount of SDR 2.3 billion (about US\$3 billion) on March 20, 2023.

“The staff-level agreement is subject to IMF Executive Board approval, contingent on: (i) the restoration of cost-recovery electricity and fuel pricing while protecting the vulnerable and (ii) the completion of the financing assurances review, to confirm multilateral partners’ financing contributions and assess adequate progress with debt restructuring.

“Upon completion of the Executive Board review, Sri Lanka would have access to SDR 508 million (about US\$700 million), bringing the total IMF financial support disbursed under this arrangement to SDR 1,778 million (about US\$2.4 billion).

“Sri Lanka’s ambitious reform agenda continues to deliver commendable outcomes. The economy grew by 5 percent y/y in 2025. Inflation has returned to positive territory and rebounded to 2.2 percent y/y in March, and gross official reserves reached US\$7 billion in end-March 2026. Fiscal performance in 2025 was strong, primarily supported by taxes on motor vehicle imports. Debt restructuring is nearing completion, with the successful completion of Sri Lankan Airlines’ debt exchange and further progress in finalizing remaining bilateral agreements.

“Sri Lanka is significantly exposed to the Middle East conflict, which has heightened energy prices, disrupted a key air hub for tourists, and affected Sri Lankans working in the region. Authorities have ameliorated disruptions to economic activity by securing sufficient fuel supplies for households and industries. At the same time, the country needs to address the infrastructure and spending needs caused by Cyclone Ditwah. Heightened downside risks to the economy from disaster risks, persistent trade policy uncertainty and the conflict in the Middle East emphasize the urgency to accelerate the reform momentum to safeguard macroeconomic stability, enhance Sri Lanka’s resilience to shocks, and maintain the economy on a path toward recovery and inclusive growth.

“On this front, it is important to continue building fiscal space through strong revenue measures and prudent spending execution. This requires sustained efforts to improve tax compliance, broaden the tax base, address revenue leakages, and enhance public financial management. It is instrumental to restore and maintain cost-recovery fuel and electricity pricing while assisting the most vulnerable. Continued vigilance is needed to minimize fiscal risks and safeguard fiscal discipline.

“As Sri Lanka starts building back better, projects should be prioritized judiciously and spending executed transparently and in compliance with the Public Financial Management Act. Any fiscal support in response to exogenous shocks should be well-targeted, carefully costed, and timebound. Protecting the poor and vulnerable, who are disproportionately affected, should remain a priority, and this calls for the steadfast strengthening of social safety nets by improving their targeting, adequacy, coverage, and shock-responsiveness.

“It is important for monetary policy to remain data-dependent and agile to safeguard price stability in the face of shocks. Central bank independence should continue to be upheld, including by continuing to prohibit monetary financing of the budget. Rebuilding foreign reserves while allowing

for exchange rate flexibility is a necessity amid global uncertainty. Resolving non-performing loans, promoting sound credit growth, and addressing vulnerabilities in some small licensed finance companies will help safeguard financial stability.

“The publication of the 2026 government action plan on governance reforms is welcome; effective implementation will help advance the anti-corruption agenda and support growth. It will be key to uphold the independence of Sri Lanka’s anti-corruption body (CIABOC), support the reliability of the beneficial ownership registry, and strengthen fiscal governance through sound legislation on public-private partnerships, state-owned enterprises, public procurement, and public asset management. Unlocking strong and durable growth for all Sri Lankans requires staying the course on reforms, including by sustaining trade liberalization efforts, accelerating digitalization initiatives, streamlining business regulations, and modernizing labor legislation to reduce rigidities.

“The IMF team held meetings with His Excellency President and Finance Minister Anura Kumara Dissanayake, Honorable Labor Minister and Deputy Minister of Finance and Planning Prof. Anil Jayantha Fernando, Honorable Deputy Minister of Economic Development Nishantha Jayaweera, Central Bank of Sri Lanka Governor Dr. P. Nandalal Weerasinghe, Secretary to the Treasury Dr. Harshana Suriyapperuma, Senior Economic Advisor to the President Mr. Duminda Hulangamuwa, Chief Advisor to the President on Digital Economy Dr. Hans Wijayasuriya, Governor of Southern Province Prof. Susiripala Manawadu, and other senior government and CBSL officials. The IMF team also met with parliamentarians, representatives from the private sector, civil society organizations, and development partners.

“We would like to thank the authorities for the excellent collaboration during the mission, including during our visit to Galle in the Southern Province. We reaffirm our commitment to support Sri Lanka at this uncertain time.”