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At the end of the recent visit to Sri Lanka by the International Monetary Fund (IMF) staff Team led by Mr. Evan Papageorgiou, the IMF issued the following press release:

<https://www.imf.org/en/News/Articles/2025/04/11/pr25012-srilanka-imf-staff-team-concludes-visit>

## IMF Staff Team Concludes Visit to Sri Lanka

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.

- *The International Monetary Fund (IMF) staff team had very productive discussions with the Sri Lankan authorities on economic performance and policies underpinning the Fourth Review under the IMF Extended Fund Facility (EFF) arrangement.*
- *Global uncertainty remains elevated and is contributing to financial market volatility. The government remains committed to program objectives and implementation is strong and commendable, but more time is needed to assess the implications for Sri Lanka of the external shock.*
- *Discussions will continue toward reaching agreement in the near term on parameters and policies that will maintain the reform momentum under the program during this period of increased global uncertainty.*

**Colombo, Sri Lanka:** An International Monetary Fund (IMF) team led by Evan Papageorgiou visited Colombo from April 3 to 11, 2025. After constructive discussions in Colombo, Mr. Papageorgiou issued the following statement:

“Sri Lanka’s ambitious reform agenda supported by the IMF Extended Fund Facility (EFF) continues to deliver commendable outcomes. The post-crisis growth rebound of 5 percent in 2024 is impressive. Inflation declined considerably in recent quarters and has fallen to -2.6 percent at end-March 2025. Gross official reserves increased to US\$6.5 billion at end-March 2025 with sizeable foreign exchange purchases by the central bank. Substantial fiscal reforms have strengthened public finances.

“The recent external shock and evolving developments are creating uncertainty for the Sri Lankan economy, which is still recovering from its own economic crisis. More time is needed to assess the impact of the global shock and how its implications for Sri Lanka can be addressed within the contours of its IMF-supported program.

“The government’s sustained commitment to program objectives is ensuring policy continuity and program implementation remains strong. Going forward, sustaining the reform momentum is critical to safeguard the hard-won gains of the program and put the economy on a path toward lasting macroeconomic stability and higher inclusive growth.

“Against increased global uncertainty, sustained revenue mobilization efforts and prudent budget execution in line with Budget 2025 are critical to preserve the limited fiscal space. Boosting tax compliance, including by reinstating an efficient and timely VAT refund mechanism, will help contribute to revenue gains without resorting to additional tax policy measures. Avoiding new tax exemptions will help reduce fiscal revenue leakages, corruption risks and build much needed fiscal buffers, including for social spending to support Sri Lanka’s most vulnerable. Restoring cost recovery in electricity pricing will help minimize fiscal risks arising from the electricity state-owned enterprise.

“The government has an important responsibility to protect the poor and vulnerable at this uncertain time. It is important to redouble efforts to improve targeting, adequacy, and coverage of social safety nets. Fiscal support needs to be well-targeted, time-bound, and within the existing budget envelope.

“While inflation remains low, continued monitoring is warranted to ensure sustained price stability and support macroeconomic stability. Against ongoing global uncertainty, it remains important to continue rebuilding external buffers through reserves accumulation.

“Discussions are ongoing, and the authorities are encouraged to continue to make progress on restoring cost-recovery electricity pricing, strengthening the tax exemptions framework, and other important structural reforms.

“The IMF team held meetings with His Excellency President and Finance Minister Anura Kumara Dissanayake, Honorable Prime Minister Dr. Harini Amarasuriya ; Honorable Labor Minister and Deputy Minister of Economic Development Prof. Anil Jayantha Fernando, Honorable Deputy Minister of Finance and Planning Dr. Harshana Suriyapperuma, Central Bank of Sri Lanka Governor Dr. P. Nandalal Weerasinghe, Secretary to the Treasury Mr. K M Mahinda Siriwardana, Senior Economic Advisor to the President Duminda Hulangamuwa, and other senior government and CBSL officials. The 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. Discussions are continuing with the goal of reaching staff-level agreement in the near term to pave the way for the timely completion of the fourth review. We reaffirm our commitment to support Sri Lanka at this uncertain time.”