PILLARS OF SRI LANKA'S IMF PROGRAM

The government's reform program, supported by the IMF, will reduce the fiscal deficit, rebuild foreign exchange reserves, and introduce a simpler, more equitable tax system.

Lower budget deficits

Steady reduction of the government budget deficit will lower public debt, bolster investor confidence, and reduce government borrowing—creating space for private sector credit growth.

Monetary policy reform

The Central Bank will seek to keep inflation low while transitioning to a more flexible exchange rate regime and a flexible inflation targeting framework.

Higher government revenues

Simplifying the tax system and broadening the tax base will ensure transparency and equity, and create space for spending on infrastructure and human capital.

State enterprise reform

Oversight and financial discipline of state-owned enterprises (SOEs) will be bolstered. SOEs will be bound to a rules-based financial relationship with the central government while giving them sufficient autonomy to function on a commercial basis.

Stronger public financial management

Strong and consistent control over spending commitments will keep expenditures on target and eliminate waste. Budgets will be transparent and report on foregone revenue from tax exemptions and holidays, as well as risks from state-owned enterprises and other quasi-fiscal operations.

Supporting higher trade and investment

Reducing protectionism (eliminating para-tariffs and other trade barriers) will enhance export opportunities, competitiveness, and help facilitate greater integration into global supply chains—supporting prospects for investment and growth.