

Boundless Impact

Country Report



Country Report

Sri Lanka's economy recorded a notable recovery in 2024 following the most severe economic crisis recorded in its post-independent history. While recovery was recorded across most sectors, growth was driven by strong performance in industry and services, particularly in the manufacturing, construction and tourism sectors. This positive trajectory is expected to continue over the short to medium term supported by macro-economic and political stability, stable inflation, expansionary monetary policy, positive investor sentiment and proactive and reactive policy measures to cushion the impact of prevailing global economic uncertainties. Continued commitment to the IMF-EFF program and implementation of necessary structural reforms also remain key imperatives to support sustainable growth in the medium term.



USD **99** Bn

GDP 2024

USD **16.2** Bn

Total Export 2024

Sri Lanka's economic recovery

EXTERNAL DEBT RESTRUCTURING PROGRAMME

The successful completion of the International Sovereign Bond exchange in December 2024 and the restructuring of China Development Bank liabilities provided the nation with significant financial relief. This included,

- An upfront debt stock reduction by USDS 3.0 bn with potential to increase to USD 4.3 bn in the event of an economic downturn or decrease to USD 1.8 bn if economic performance exceeds the IMF baseline.
- A reduction of USD 9.6 bn in debt service payments over the 4 year IMF-EFF programme.
- A 33% reduction in the coupon rate to 4.3%.
- An extension of the average maturity profile by approximately 6 years.

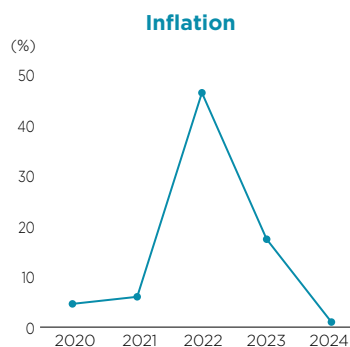
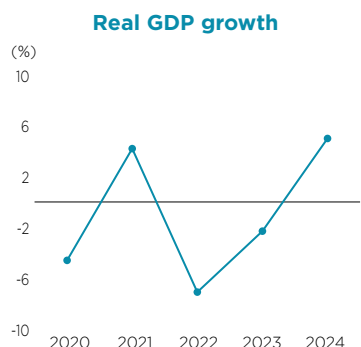
SOVEREIGN CREDIT RATING UPGRADE

The successful completion of Sri Lanka's International Sovereign Bond restructuring and broad-based macro-economic recovery, led to the upgrade of Sri Lanka's sovereign credit rating by international rating agencies.

- Moody's Ratings upgraded Sri Lanka's sovereign credit rating to Caa1 from Ca.
- Fitch Ratings upgraded Sri Lanka's sovereign credit rating to CCC+ from RD.

GDP growth expanded by 5.0% in 2024/25 following contractions of 7.3% and 2.3% respectively in 2022 and 2023.

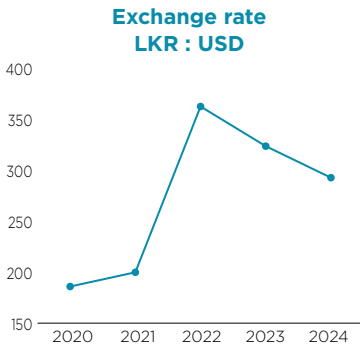
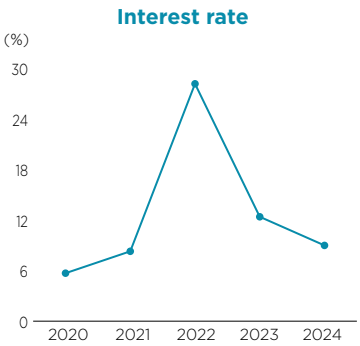
Following a peak of 46.4% in 2022, the CCPI has steadily declined and reached deflationary levels from September 2024. CCPI stood at 1.2% in 2024.



Sri Lanka's economic recovery

Aggressive monetary policy tightening in response to the economic crisis was eased from June 2023 resulting in the gradual decline in interest rates. Accordingly, AWPR declined from 28.2% in 2022 to 8.9% in 2024.

The Sri Lankan Rupee has recorded two consecutive years of appreciation following the sharp depreciation of 81.5% during 2022. Accordingly, the Sri Lanka Rupee stood at Rs. 296.25/ USD as end-March 2025.



Sri Lanka's Gross Official Reserve position improved significantly to USD 6.5 Bn by end-March 2025, exceeding the net international reserve target set for 2024 under the IMF-EFF programme.

Central government debt as a percentage of GDP declined to 96.1% in 2024 driven by economic growth reported and the impact of the Sri Lankan Rupee appreciation on foreign currency denominated debt.

