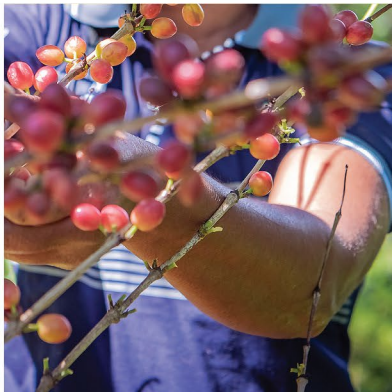




Australian Government

Department of Foreign Affairs and Trade



AUSTRALIA – SRI LANKA DEVELOPMENT PARTNERSHIP PLAN 2025–2030

Section 1: Introduction

Australia's partnership with Sri Lanka

Australia and Sri Lanka's partnership reflects our commitment to realise a mutual vision for a peaceful, stable and prosperous Indian Ocean region. As Indian Ocean island nations with a shared history in the Commonwealth, Australia and Sri Lanka have a strong legacy of cooperation in trade, investment, education, sport, culture and development that stretches over more than 75 years of diplomatic relations.

Australia has a longstanding and impactful development program in Sri Lanka. Over the past decade, Australia has supported a wide range of economic and governance reforms, as well as measures to strengthen civil society and build skills development. In response to Sri Lanka's 2022 economic crisis, Australia provided a surge in funding (\$75 million in 2022) to meet immediate humanitarian food security and health needs. As Indian Ocean partners, Australia and Sri Lanka work together to strengthen regional cooperation. Activities across the Australian Government support Sri Lanka's security and maritime capabilities, and we work closely together to combat illegal migration. Two-way trade stands at around \$2.1 billion (2023), with Australian investments in Sri Lanka's education sector growing.

Australia is a trusted partner of choice for Sri Lanka. We listen carefully to Sri Lankan partners to build a better understanding of their needs and the common challenges we face. We work in friendship on joint development solutions to support the growth of a strong, successful Sri Lanka, which in turn contributes to a more resilient Indian Ocean region.

Purpose of the Development Partnership Plan

Australia's [International Development Policy](#) presents a long-term vision for how the development program will meet the critical needs of our partners, support sustainable development and help lift people out of poverty. Australia seeks relationships based on respect and partnerships that create economic and social value for us all. To achieve this, Australia supports our partners to:

- build effective, accountable states that drive their own development
- enhance state and community resilience to external pressures and shocks
- connect with Australia and regional architecture
- generate collective action on global challenges that impact us and our region.

The Australia – Sri Lanka Development Partnership Plan 2025–2030 (DPP) translates into action the development priorities Australia shares with Sri Lanka. The DPP sets out agreed objectives, how we will work together to deliver shared outcomes, and how progress will be monitored. It also identifies where Australia can add value to Sri Lanka's national development priorities and how Australia will work with other development actors, ensuring the Australian Government's contribution to Sri Lanka's development ambitions is well coordinated.

The DPP reflects the full spectrum of Australia's development support – Australian Government bilateral Official Development Assistance (ODA), as well as significant regional and global ODA and non-ODA development activities. A commitment to ongoing dialogue and engagement with government and non-government actors in support of a genuine and respectful partnership underpins this DPP. A mid-cycle review of the DPP will be undertaken.

The DPP sets out a clear approach to how we will cooperate to address Sri Lanka's current and future needs.

Key features of Australia's approach under the DPP include:

- the commencement of a gender-specific investment to address social norms that undermine gender equality and women's economic empowerment
- renewing our focus on addressing inequality, including increasing efforts to mainstream gender equality and climate change
- strengthening our engagement in market systems and agricultural development in support of the sustainable growth of the economy
- continuing our support for democratic governance systems.

Beyond these adjustments, we will continue to build on our strong record of engagement with civil society and strengthen our people-to-people links and shared values, including our mutual love of sport.

Preparing the Development Partnership Plan

The DPP is informed by extensive consultation in Sri Lanka and Australia. This included discussions with Sri Lankan government agencies, international non-government organisations (NGOs), local civil society organisations (CSOs), multilateral development banks, United Nations (UN) agencies, media, other donors, commercial contractors and representatives of the private sector.

Consistent with Australia's International Development Policy, targeted consultations were held covering gender (February 2023), localisation (October 2023), climate (January to April 2024) and disability inclusion (May 2024). Consultations were held with Australian Government agencies represented at the Australian High Commission in Sri Lanka (March to May 2024). An inclusive climate change workshop was also held (January 2025).

The consultations emphasised the importance of ongoing consolidation of Australia's program. This consolidation reflects a changing context as Sri Lanka's economic situation continues to stabilise, with our humanitarian response and long-term programs (such as those focusing on skills and economic growth) ending. The consultations also highlighted the fluid sociopolitical context of Sri Lanka and the corresponding need for a review following the 2024 election, as well as the need for a flexible, adaptive and actively managed program. Gender equality was highlighted as an area of demand for renewed investment, alongside the growing threat of climate change.

Section 2: Sri Lanka's development context and Australian partnership

In recent years, Sri Lanka has experienced three successive crises: the Easter 2019 terrorist attacks, the COVID-19 pandemic and associated strict border closures, and a macro-economic collapse and sovereign debt default that culminated in mass protests and the fall of the sitting president and prime minister. By mid-2022, Sri Lanka was experiencing its most acute economic crisis since achieving independence in 1948.

As an island nation in which tourism and remittances are important economic contributors, these successive and compounding crises devastated Sri Lanka's economy. Before the 2022 economic crisis, Sri Lanka had transitioned to an upper middle-income country, although substantial inequality continued to exist, particularly outside urban areas. The island's post-conflict areas in the north and east and its tea plantations in the central and south-west regions, for example, suffered from persistent economic and human development challenges.

During the 2022 economic crisis, with Sri Lanka in effect bankrupt and foreign reserves virtually exhausted, the nation was unable to import essential items such as fuel, coal and fertiliser, leading to acute shortages and power outages. The currency halved in value, inflation soared and interest rates doubled. In early 2023, Sri Lanka reached agreement on a support package from the International Monetary Fund (IMF) valued at USD3 billion over four years. However, even with budget support from the IMF and a moratorium on loan repayments until 2028, Sri Lanka will carry a heavy debt burden for many years.

The human impact of the economic crisis saw poverty double to around 25 per cent.¹ Under the IMF agreement, the government is required to increase revenue and reduce expenditure to strengthen budget sustainability. The consequent sharp rises in taxes, introduction of cost-based pricing for services such as electricity and increase in the cost of basic goods² created newly poor sectors of society. Sri Lanka's existing social protection schemes were unable to support those who had fallen below the poverty line or were at risk of doing so. Rural and urban poor, women, gender diverse groups and people with disability remained particularly vulnerable to economic exploitation and irregular migration.

In response to the crisis, the Government of Sri Lanka focused on macro-economic reform, debt restructuring and addressing the chronic governance deficiencies outlined in the IMF governance diagnostic assessment report.³ Sri Lanka's economy stabilised, but systemic weaknesses remain. Sri Lanka's longer-term challenge is to lay the foundations for inclusive economic growth while simultaneously reducing inequality and vulnerabilities to shocks, including climate change.

A 2022 review of Sri Lanka's progress towards achieving the UN Sustainable Development Goals (SDGs) acknowledged some progress but also setbacks.⁴ The economic crisis caused a reversal in gains made towards poverty reduction (SDG1), and the review noted poor outcomes for women's economic participation, women's political representation and gender-based violence (SDG5) as ongoing concerns. Political instability and governance challenges have undermined progress towards sustainable development (SDG16) and there is a need for more robust climate action and resilience-building measures (SDG13). The review called for urgent action to address poverty, food security, poor governance and climate resilience, while emphasising the need for international support and partnerships.

Australia has played a central role in supporting Sri Lanka's program to stabilise the economy and return the country to a growth pathway. For example, the surge in funding that Australia provided at the onset of the economic crisis in 2022 met immediate humanitarian food security and health needs. Cash payments (distributed through the United Nations Children's Fund, UNICEF) reached more than 100,000 vulnerable women, providing vital support at a time of increased need.

As Sri Lanka transitions from economic stabilisation to growth, Australia aims to help lay the foundations for inclusive and resilient economic growth and work with Sri Lanka on joint development solutions.

Australia's development assistance program has achieved strong outcomes in recent years.

- We have supported sustainable growth and the development of emerging industries. For example, our program under the Market Development Facility has increased the production and market reach of Sri Lanka's specialty coffee sector. With increased production volume, improved processing and sourcing, and industry promotion, more than 1,200 smallholder coffee farmers (including many female farmers) have benefited from the program.
- Our partnership with the World Bank supported the Government of Sri Lanka to undertake critical macro-economic reforms, including the development of a framework for financial sector stability and an update of insolvency laws. Technical advice under this program also supported government reforms to facilitate and stimulate inward investment – a critical input for Sri Lanka's future economic growth.
- Our support to Sri Lanka's Electoral Commission enabled the delivery of electoral services with integrity. We have supported women in politics and empowered citizens to effectively engage in democratic processes.
- Australia is a longstanding education partner to Sri Lanka, with more than 1,250 Australia Awards scholarships provided since 1972. Many scholarship recipients have gone on to make a valuable contribution to Sri Lanka's development through their ongoing work in the public, private and not-for-profit sectors.
- Under the Skills for Inclusive Growth program, we successfully developed and delivered a 15-module coaching course and master training program and initiated a Train the Trainer program across government and other institutions to provide professional business coaching.
- Australia's investment in de-mining resulted in the safe relocation of more than 300,000 people who had been displaced internally during the civil war and helped reconstruct infrastructure such as roads, railways, and water supply and energy facilities, making it easier for the poorest regions to grow.
- Two of our programs – Skills for Inclusive Growth and our partnership with the World Bank – have been independently evaluated and were praised for providing critical support to Sri Lanka's economic stabilisation and growth.

Climate change

The Global Climate Risk Index assesses Sri Lanka as at risk of extreme weather occurrences such as floods, droughts and heatwaves, and these risks are expected to intensify in the future.⁵ As a tropical island with over a third of its population living on the coast, rising sea levels and heavier storms will have widespread impacts. Projected extreme weather occurrences will exacerbate poverty and existing inequalities for Sri Lanka's most marginalised, including women and people with disability. Nineteen million Sri Lankans, out of a population of 22 million, live in locations set to become moderate or severe climate hotspots by 2050.⁶

Under the Paris Agreement, Sri Lanka's Nationally Determined Contributions committed the country to achieving carbon neutrality by 2050.⁷ The Sri Lanka Climate Prosperity Plan outlines an ambition for Sri Lanka to become a net energy exporter by 2025 and to produce all domestic power through renewable energy by 2050.⁸ Sri Lanka has also committed to doubling its financing for climate projects by 2040 using debt-for-climate swaps and other climate finance instruments. The goals of the National Adaptation Plan for Climate Change Impacts in Sri Lanka (2016–2025) are to improve adaptive capacity in communities, reduce vulnerabilities through enhanced resilience and harness opportunities for gains from climate change.⁹

Australia's International Development Policy acknowledges that climate change is the greatest shared threat to all countries and expresses Australia's commitment to strengthening climate resilience across our development program. Women are disproportionately affected by climate change. Globally, the mortality rates of people with disability are 2–4 times higher than those who are able during disasters or extreme weather events.¹⁰ Climate change can also exacerbate existing conflicts over resources such as water and arable land. By integrating diverse

perspectives into climate resilience programming, Australia will support not only environmental sustainability but also broader social cohesion efforts in Sri Lanka.

In Sri Lanka, our program is evolving to address current and future needs by mainstreaming climate change and building resilience to climate and disaster risks across our investments. As an example, Australia is supporting the uptake of resilient agriculture systems and sustainable tourism through the Market Development Facility, which has been collecting much-needed climate data to inform its business investments. In 2023, the Market Development Facility signed new climate-relevant partnerships in both agriculture and tourism. The program will continue to identify and address the current adaptation needs of economic sectors in line with the National Adaptation Plan for Climate Change Impacts in Sri Lanka and Sri Lanka's Nationally Determined Contributions.

Australia has stood alongside Sri Lanka through times of humanitarian crisis, including those linked to climate events. This was recently demonstrated in December 2024 following flooding in Eastern Province, where Sri Lanka's Disaster Management Centres were able to draw on resources available under Australia's Regional Prepositioning Initiative. Under this initiative, our humanitarian funds were used to respond quickly and sensitively to the health needs of those affected, particularly women. Anticipatory action, preparedness and response will be a focus for our engagement.

Gender equality, disability and social inclusion (GEDSI)

The 2022 economic crisis and persistent poverty levels have disproportionately affected women, people with disability and other marginalised groups in Sri Lanka, especially in rural and urban poor areas.

The 2024 Sustainable Development Report assessed progress towards SDG5 (gender equality and women's empowerment) as 'stagnating'.¹¹ Women's representation in politics has been extremely low in Sri Lanka for decades, though the parliamentary election in 2024 delivered some improvement in the number of women elected. More broadly, women face serious barriers to workforce participation, with social norms and outdated legislation inhibiting progress. Development actors and members of civil society report that rates of sexual and gender-based violence are high, but incidents remain under-reported and perpetrators under-penalised.

General public sentiment regarding lesbian, gay, bisexual, transgender, queer/questioning, intersex, asexual and identity-diverse (LGBTQIA+) people in Sri Lanka is negative. Same-sex relationships remain illegal, although this is rarely enforced through the courts. Sri Lanka's LGBTQIA+ community is subject to intimidation and harassment, including by state security forces.

People with disability in Sri Lanka face significant stigma as well as practical challenges in accessing freedom of movement, information, legal recourse and quality education beyond primary level. Australia is already an active supporter of disability equity in Sri Lanka through our development program, civil society engagement and Australia Awards activities. Drawing on our DPP consultations, we will ensure that people with disability continue to be included in our investments. We will also increase policy dialogue with the Government of Sri Lanka and the Sri Lankan media and civil society to raise the profile of disability inclusion.

Australia is committed to implementing a twin-track approach to gender equality and social inclusion programming in Sri Lanka. In taking this approach, we will mainstream activities across our development portfolio, while also increasing efforts to elevate the interests of women and other marginalised groups through targeted activities and programs.

Section 3: Joint objectives of the Australia – Sri Lanka development partnership

The overarching goal for the Australia – Sri Lanka development partnership is a peaceful, stable and prosperous Sri Lanka. This is shown in our development partnership objectives and how we will work together to advance each objective, as summarised in Table 1 and set out in detail later in this section. These objectives reflect the principles and priorities agreed by Australia and Sri Lanka, as set out in the Memorandum of Understanding for A Development Cooperation Partnership, and support the priorities presented by the Government of Sri Lanka. A mid-cycle review of this DPP will assess progress and make adjustments as required.

Table 1: Australia – Sri Lanka development partnership

Goal: A peaceful, stable and prosperous Sri Lanka

Objective	Objective 1 Sustainable and inclusive livelihoods and growth	Objective 2 Empowered people, resilient and cohesive communities	Objective 3 Accountable and equitable governance and institutions
Outcomes	Outcome 1.1 Equitable growth: Markets and economic opportunities are expanded and diversified Outcome 1.2 Empowerment and inclusion: Reduced barriers and increased agency for gender equality, disability and social inclusion (GEDSI)	Outcome 2.1 Resilience: Communities and sectors are more resilient to climate, disaster and conflict risk Outcome 2.2 Enhanced capability: Stronger linkages with Australia that support skills and knowledge exchange	Outcome 3.1 Effectiveness and accountability: Strengthened and accountable public sector and economic governance for effective and efficient service delivery Outcome 3.2 Democracy and civic engagement: Increased and inclusive civic engagement in democratic processes
Focus areas	Objective 1 focus areas • Market systems development • Skills • GEDSI • Climate resilience • Business and trade • Micro, small and medium enterprises • Economic management and trade facilitation	Objective 2 focus areas • GEDSI • Resilience (humanitarian, climate change and conflict) • Australia Awards and Australian Volunteers Program • Climate resilience and adaptation • Civil society participation • Transnational crime reduction, including people smuggling and human trafficking	Objective 3 focus areas • Democratic strengthening • Civic agency and participation • GEDSI • Institutional partnerships • Access to services

Ways of working

We will work with Sri Lanka to advance the objectives set out in Table 1 through:

- evidence-based, context-informed and politically feasible approaches
- collaborative partnerships that support locally led and sustainable implementation
- an approach centred on flexibility, adaptation and innovation
- a mainstreaming approach to GEDSI and climate change.

Objective 1: Sustainable and inclusive livelihoods and growth

The 2022 economic crisis and its effects, including the doubling in poverty over two years, set back what had been very positive progress in development – including substantial reductions in poverty following the end of Sri Lanka’s 30-year civil war in 2009. Since the crisis, the Government of Sri Lanka has focused on aligning its activities with IMF macroeconomic requirements, including reforms to drive economic recovery and growth.

As the Sri Lankan economy recovers, Australia stands alongside it as a trusted partner of choice. We listen to each other and are working together on joint development solutions to support the growth of a strong, successful Sri Lanka. Objective 1 contributes to the following focus areas of Australia’s International Development Policy:

- build effective, accountable states that drive their own development
- enhance state and community resilience to external pressures and shocks.

Equitable growth

Economic indicators throughout 2024 showed improvement, with growth returning, inflation decreasing and foreign reserves accumulating. However, poverty rose significantly from 11.3 per cent in 2019 to 25.9 per cent in 2023. The economic crisis led to high inflation, wage losses, fewer employment opportunities and lower remittances. Widespread income loss led nearly three-quarters of households to alter their diets and reduce spending, worsening food insecurity and malnutrition.

Australia has been a longstanding partner in promoting Sri Lanka’s equitable growth. Our investments in export-oriented and high-value segments of the agriculture, fisheries and tourism sectors are well-regarded and have embedded a community-based development approach to sustainability.

Australia’s longstanding investments in equitable growth, such as the Economic Opportunities for the Poor portfolio, have delivered results in promoting private sector-led economic growth and poverty reduction through multiple modalities and partners. The Skills for Inclusive Growth program succeeded in creating sustainable job opportunities for marginalised and disadvantaged individuals, especially women and people with disability, through innovative skills and development models in the tourism value chain. An evaluation of the program found it delivered strong outcomes and took a sustainable approach, especially at the subnational level.

Our work to promote equitable growth will continue to focus on targeted engagements across the market system. Complementary activities and initiatives will target individuals and communities to strengthen empowerment and inclusion. These include the Market Development Facility, which focuses on export-oriented and high-value segments of the agriculture, fisheries and tourism sectors, providing opportunities for inclusive growth. Additionally, we will continue to support marginalised communities – particularly in Northern Province – to access inclusive, climate resilient and stable decent work opportunities. Across these investments, climate change adaptation, access to finance and the adoption of digital tools will continue. In the skills sector, we will consider lessons from the Skills for Inclusive Growth evaluation to carry forward Australia’s legacy and achievements in the skills sector.

The Australian Trade and Investment Commission's (Austrade's) engagement with Sri Lanka focuses on trade facilitation and market access, with a two-way goods and services trade valued at \$2.1 billion in 2023. In 2024, Australia maintained its position as the preferred international destination for Sri Lankan students – approximately 18,000 Sri Lankan students currently study in Australian tertiary institutions. More than 30 Australian institutions are partnered with 25 Sri Lankan institutes across the school, higher education, and vocational education and training sectors.

Empowerment and inclusion

Social exclusion, marginalisation and poverty are interconnected. Sri Lanka's recent economic crisis has disproportionately affected women, people with disability and minority communities, exacerbating existing inequality.

Our economic programs have a strong focus on equity and inclusion. For example, our SheWorks Sri Lanka partnership with the International Finance Corporation delivered an increase in women in senior leadership and in the overall workforce. Our contribution to the One UN Fund through our humanitarian response complemented our bilateral engagement, including by supporting women in politics and empowering citizens to effectively engage in democratic processes.

To build on this work, Australia has launched a new 5-year program with UN Women and local NGO Chrysalis to advance gender equality in Sri Lanka. THRIVE – Together for Her: Resilience-building, Inclusivity, and Voices for Equality in Sri Lanka work with women and their families and communities to address persistent and harmful social norms that perpetuate issues such as gender-based violence.

THRIVE takes a holistic approach to building women's resilience and agency that includes supporting women-led enterprises to expand their businesses and better withstand climate-related impacts. By offering capacity-building opportunities, economic resources and climate resilient assets, the program will create sustainable pathways for women to become leaders in their communities.

The inclusion of a long-term flagship gender program in the portfolio sustains and deepens the commitment Australia made to gender equality through our humanitarian response package in 2022. The outcomes of THRIVE will directly contribute to the implementation of the Government of Sri Lanka's National Policy on Gender Equality and Women's Empowerment (2023) and National Action Plan for the Implementation of the UN Security Council's Resolutions on Women, Peace and Security (2023–2027). They will also contribute to the recently approved Multi-Sectoral National Action Plan to Address Sexual and Gender-Based Violence (2024–2028).

We will strengthen policy dialogue with the Government of Sri Lanka, the Sri Lankan media and civil society to raise the profile of disability equity and encourage the Government of Sri Lanka to adopt a meaningful Disability Rights Bill in line with the views of local organisations of people with disability. We will work closely with organisations supporting people with disability to develop an advocacy strategy and coordinate with like-minded donors to align our support.

A mainstreaming approach will be applied to all programs, ensuring that inclusion and barriers to participation are considered across our portfolio.

Objective 2: Empowered people, resilient and cohesive communities

The rural and urban poor, women, gender diverse groups and people with disability remain vulnerable to economic exploitation. Sri Lanka has made some progress towards achieving the SDGs; however, the economic crisis has hindered progress and created setbacks. In particular, progress on SDG5 (gender equality and women's empowerment) has been incremental only. Our program in Sri Lanka will build on our significant humanitarian response in 2022 by backing sustainable, flexible and locally led approaches to strengthening communities.

Objective 2 contributes to the following focus area of Australia's International Development Policy:

- enhance state and community resilience to external pressures and shocks.

Resilience

Australia is a long-time supporter of Sri Lanka on its reconciliation journey. Australia actively encourages efforts to strengthen transitional justice, peace and reconciliation in Sri Lanka. While Australia's development program spans the entire country, investments that support marginalised communities in the conflict-affected north and east will remain a priority. CSOs in Sri Lanka are well-established and have long histories of advocating for and protecting human rights, although the sector continues to face challenges. We will continue our longstanding support to civil society, including through the Australian NGO Cooperation Program and the Direct Aid Program.

Australia has been one of the largest contributors to de-mining in Sri Lanka since the civil war ended. Australia's commitment to de-mining contributes to the safe resettlement of displaced communities and increases access to land for safe, productive use. Australia's investment has resulted in the safe relocation of more than 300,000 people who had been displaced during the war and has helped reconstruct infrastructure such as roads, railways, and water supply and energy facilities, making it easier for the poorest regions to grow. Recently, more contaminated land has been discovered, threatening Sri Lanka's aspiration to be free of mines by 2027. Steadfast commitment and support to the National Mine Action Centre will remain critical.

We will continue to provide coordinated support across the Australian Government to strengthen the capacity of all relevant Sri Lankan agencies to counter transnational crime, including people smuggling. Sri Lanka is a member of the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime, which Australia co-chairs. Australia will strengthen Sri Lankan capabilities through the ongoing provision of training and assets. This will support the long-term partnerships and close working relationships we have developed with Sri Lankan agencies over many years. Our gifting of significant defence assets, including an aircraft and hydrographic equipment, as well as related training, will strengthen Sri Lanka's resilience and sovereign capability to protect its maritime domain.

Given Sri Lanka's susceptibility to climate change and natural hazards, building resilience through humanitarian response, preparedness and anticipatory action will remain central to the development partnership.

Enhanced capability

Australia and Sri Lanka have deep ties, including through sport, education, trade and cultural connections. Increased skills, capability and knowledge opportunities will build stronger and deeper personal and institutional linkages between our governments, the private sector, researchers and NGOs to promote knowledge sharing in support of our mutual interest in stability and prosperity.

Australia will continue to invest in these activities to build skills, support development and enhance linkages. This will create more opportunities to invest in the region's future leaders and workforce and harness the expertise of alumni.

The Australia Awards are prestigious international scholarships and short courses funded by the Australian Government. They equip recipients with the skills, knowledge and networks to drive change and contribute to the

economic and social development of Sri Lanka. Our long-term scholarships, fellowships, short courses and professional development opportunities provide valuable tools alongside supplementary training and knowledge sharing. Awardees become part of an alumni network that connects them to Australia and to each other, establishing stronger links between people and organisations to enhance mutual understanding and cooperation.

The Australian Volunteers Program will continue to match volunteers and organisations to build productive relationships and partnerships between Australia and Sri Lanka.

Objective 3: Accountable and equitable governance and institutions

Against the backdrop of Sri Lanka's stable but still fragile economy, Australia's targeted and pragmatic assistance is supporting economic recovery. Through targeted investments, Australia will continue to offer practical assistance and technical advice in support of key reform priorities.

Objective 3 contributes to the following focus area of Australia's International Development Policy:

- build effective, accountable states that drive their own development.

Effectiveness and accountability

Through the Clean Sri Lanka project, the Government of Sri Lanka has acknowledged that corruption and inefficiencies in public administration are key challenges. The Government of Sri Lanka is focused on building trust in governance systems by ensuring integrity, accountability and transparency. Australia is a longstanding and trusted partner in this area. This is particularly the case at the subnational level, where we work with the Asia Foundation on a program promoting resilient and accountable public sector governance, primarily through provincial councils and local authorities. This program supports local government to improve community prosperity and resilience by increasing self-generated income from traditional and new revenue streams, reducing reliance on central government subsidies and disbursements. The program also engages with provincial councils to address barriers to service access for women, people with disability and other marginalised groups.

Through our partnership with the World Bank, we have previously implemented a technical assistance program supporting Sri Lankan economic reforms related to trade, investment, financial sector resilience, and state-owned enterprise restructuring and privatisation. The program was aligned with the IMF's 2023 *Governance Diagnostic Assessment* and provided timely, world-class technical advice on a range of legislative and structural reforms to help Sri Lanka's transition to a more resilient, export-oriented economy. Australia will look for opportunities to support the new government's reform efforts in this area. We will also leverage regional programs, such as the South Asia Regional Infrastructure Connectivity program, and explore the potential for blended finance investment into Sri Lanka.

A renewed focus on twinning and approaches that work across government will be critical to ensure Australia's support for government reform efforts is tailored and meaningful. We will focus our engagement on areas where Australia is considered world-leading or has specific expertise.

We will maximise the impact of these partnerships by providing supplementary training and knowledge sharing to improve institutional capabilities. To do this, we will draw on a range of sources, including local and international consultants through the Sri Lanka Support Unit (a development facility funded by the Australian Government Department of Foreign Affairs and Trade), UN civil society platforms, the Australian Volunteers Program, and educational and professional development opportunities through the Australia Awards program. The Australian Border Force and the Australian Federal Police will continue to support their Sri Lankan counterparts through capacity building and other engagement.

Democracy and civic engagement

Sri Lanka is a democracy and ranks among the top 25 per cent of nations in terms of civic engagement and electoral participation. A recent 12-month period spanning 2024 and 2025 saw the presidential, parliamentary and local elections held. The (long-deferred) provincial council election is expected in 2026. Observers reported that the Election Commission of Sri Lanka's performance was strong and made numerous recommendations to address challenges including lack of funding, potential interference and impediments to inclusion.

Australia will continue its well-regarded program with the International Foundation for Electoral Systems. Our primary focus will be to continue to work alongside the Election Commission of Sri Lanka to support the national electoral system's delivery of free and fair elections. This will include civic education and training and mentoring for marginalised groups, including youth, young women leaders and people with disability.

Section 4: Delivering our partnership

Locally led development

Sri Lanka has strong development potential, as demonstrated by its previous transition to upper middle-income country status. The enabling environment for locally led development in Sri Lanka is complex. Many programs are led by effective local leadership, and CSOs play a crucial role in service provision at the subnational level. Sri Lankan CSOs are diverse, including village-based societies and district-level organisations. The economic crisis has resulted in reduced funding for CSOs, and many organisations are experiencing a lack of local talent as professionals emigrate and leave capability gaps in key areas like fundraising and communications.

As a flexible and responsive donor in Sri Lanka, Australia's approach of working with subnational government when appropriate strengthens support for locally led development. Open and effective communication with relevant government stakeholders will continue to be key to driving locally led development in Sri Lanka.

We will implement practical measures to deliver our partnership.

- All future programs will include clear expectations in relation to localisation. Participatory processes with local stakeholders throughout the investment cycle will build community capacity in program management.
- Interventions will continue to encourage beneficiary engagement in the early stages, especially on managing risk. Local stakeholders should not depend entirely on external resources. Activities will be designed so they can be adapted easily by local actors and are sustainable after external support ends.
- Communication options in Sinhala and Tamil will continue to be provided. Additionally, we will support intersectional approaches to program design and management, including inclusive opportunities for people of all races, ethnicities, religions, castes and genders and people with disability.
- Programming will remain flexible and adaptable to respond to changing needs on the ground and allow time for interventions to be piloted before being scaled up.

Consultation

The Australian High Commission in Sri Lanka and the Government of Sri Lanka have clear mechanisms for communication, including regular meetings between the High Commission and the Sri Lankan Ministry of Finance (Department of External Resources). The Department of External Resources has responsibility for donor liaison, along with the Department of National Planning.

Implementing partners engage formally through 6-monthly steering committee meetings. Additionally, through partner forums or informal engagements, we hold regular meetings with development partners and civil society to identify opportunities, assess risks and challenges, share learning and update on progress.

During the development of this DPP, opportunities for partner forums and thematic roundtables were requested. In response to one of those requests, the Australian High Commission hosted a workshop on inclusive climate action in Sri Lanka. Regular engagements such as this provided opportunities for sharing lessons learned, coordination and networking, and such engagements will accordingly remain a key part of the future work program. Australia also participates in various donor coordination meetings and working groups, including those facilitated by the UN.

Evaluation and learning

Learning, feedback and flexibility are fundamental to Australia's engagement in Sri Lanka. Regular stakeholder meetings are held alongside more formal program reviews and evaluations.

As an integral part of the DPP process, the Australian High Commission in Sri Lanka held roundtables, thematic discussions, design discussions and evaluations in 2024 with a wide range of partners. In addition, we conducted scheduled evaluations of the Skills for Inclusive Growth and World Bank programs. These evaluations influenced our future engagement in macro-economic reform and the skills sector.

Table 2 sets out our planned activities in this area through to 2027.

Table 2: Consultation, evaluation and learning plan

Objective	2024–25	2025–26	2026–27
Objective 1 Sustainable and inclusive livelihoods and growth	Evaluation of Skills for Inclusive Growth Evaluation of World Bank partnership Mid-term review of South Asia Regional Infrastructure Connectivity program	Mid-term review of Sri Lanka Support Unit Design of Objective 1 program	Review of Market Development Facility
Objective 2 Empowered people, resilient and cohesive communities	Partner-led design of gender equality, disability and social inclusion (GEDSI) programming	No formal reviews planned	Mid-term review of GEDSI programming
Objective 3 Accountable and equitable governance and institutions	No formal reviews planned	No formal reviews planned	No formal reviews planned
Cross-program	Gender thematic roundtable	Partner forum or thematic roundtable (theme to be decided)	Mid-cycle review of Development Partnership Plan Climate risk assessment

Performance and results

The Performance Assessment Framework (PAF) at Table 3 provides a selection of indicators and expected results for the first three years of the DPP. The PAF will be updated periodically, including at the mid-cycle review point, at which time indicators and results for the second half of the DPP will be identified.

Table 3: Performance Assessment Framework

Objective 1: Sustainable and inclusive livelihoods and growth

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 1.1 Equitable growth: Markets and economic opportunities are expanded and diversified	1.1.1 Number of market actors in key economic sectors supported to expand market access and/or improve supply chain resilience (Tier 2) ^a	Approximately 33 market actors supported under the Market Development Facility (MDF) Phase II	Approximately 25 market actors supported under the MDF Phase II	Approximately 6 market actors supported under the MDF Phase II	SDG8: Decent work and economic growth
Outcome 1.1	1.1.2 Additional private funds leveraged to support sustainable development (Tier 2)	Estimated USD836,000 additional private funds leveraged	Estimated USD300,000 additional private funds leveraged	Estimated USD150,000 additional private funds leveraged	SDG8

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 1.1	1.1.3 Effective outreach (MDF) and additional income: - Number of disadvantaged people who increase their income in targeted sectors - Value of net additional income to disadvantaged people in targeted sectors	Baseline to be determined	Cumulative actuals as a percentage of MDF estimates to be reported annually	Cumulative actuals as a percentage of MDF estimates to be reported annually	SDG8
Outcome 1.2 Empowerment and inclusion: Reduced barriers and increased agency for gender equality, disability and social inclusion (GEDSI)	1.2.1 Percentage of targeted women-led small to medium-sized enterprises (SMEs) and smallholders reporting an increase in annual income or turnover (UN Women and Chrysalis)	New investment commenced Baseline to be determined	At least 5% increase in annual income or turnover Number of target beneficiaries to be determined	At least 10% increase in annual income or turnover Number of target beneficiaries to be determined	SDG8
Outcome 1.2	1.2.2 Percentage of targeted women-led SMEs and smallholders accessing and benefiting from formal financial services, including credit, savings and insurance products (UN Women and Chrysalis)	New investment commenced Baseline to be determined	At least 5% increase in annual beneficiaries	At least 10% increase in annual beneficiaries	SDG8

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 1.2	1.2.3 Official Development Assistance (ODA) funding channelled to women’s equality organisations and institutions (Tier 2) ^b	Estimated \$60,000 ODA 1 investment providing funding 2 women’s equality organisations and institutions receiving funding	Estimated \$100,000 ODA 1 investment providing funding 3 women’s equality organisations and institutions receiving funding	Estimated \$80,000 ODA 1 investment providing funding 2 women’s equality organisations and institutions receiving funding	SDG5: Gender equality
Outcome 1.2	1.2.4 Number of organisations of persons with disabilities receiving capacity-building support (Tier 2)	1 organisation of people with disabilities	Maintain or increase over baseline	Maintain or increase over baseline	SDG10: Reduced inequalities
Outcome 1.2	1.2.5 Instances of changes in GEDSI policy or practice resulting from citizen advocacy and outreach (Strengthening Governance, Direct Aid Program)	Case studies on emergence of women’s advisory committees and young women’s forums in political parties Case studies on support for women’s political leadership from male allies	Case studies on gender equality and disability equity	Case studies on gender equality and disability equity	SDG10

a These are estimated figures and are not cumulative. The number of market actors supported decreases each year as MDF Phase II winds down to completion in 2026–27.

b These figures are cumulative over a 24-month grant cycle.

Objective 2: Empowered people, resilient and cohesive communities

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 2.1 Resilience: Communities and sectors are more resilient to climate, disaster and conflict risk	2.1.1 Percentage of targeted household and community members reporting positive attitudinal and/or behaviour change in relation to gender equality and women's empowerment at the conclusion of the project (UN Women and Chrysalis)	New investment to commence	Not measured in year 1	At least 10% of targeted household community members reporting positive attitudinal and/or behaviour change	SDG10: Reduced inequalities
Outcome 2.1	2.1.2 Number of people who have improved adaptation to climate change and resilience to disasters (Tier 2)	Baseline to be determined	Maintain or increase over baseline	Maintain or increase over baseline	SDG13: Climate action SDG15: Life on land
Outcome 2.1	2.1.3 Percentage of targeted women-led SMEs and smallholders adopting climate resilient agricultural practices or sustainable business practices, disaggregated by sector, size of business (small or medium), district, age, disability status and ethnicity (UN Women and Chrysalis)	New investment to commence	At least 5% of targeted women-led SMEs and smallholders	At least 10% of targeted women-holders and smallholders	SDG13

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 2.1	2.1.4 Area of land released (m ²) due to mine clearance and reduction in Northern and Eastern Province (Mines Advisory Group)	129,732 m ² land released 200 direct beneficiaries 3,977 indirect beneficiaries	129,732 m ² land released 200 direct beneficiaries 3,977 indirect beneficiaries	86,488 m ² land released 80 direct beneficiaries 2,200 indirect beneficiaries	SDG16: Peace, justice and strong institutions
Outcome 2.2 Enhanced capability: Stronger linkages with Australia that support skills and knowledge exchange	2.2.1 Number and percentage of alumni participating in mutual collaborations between their country and Australia, after completion of an Australia Award (Tier 2)	4 alumni (25%) participating in mutual collaborations between their country and Australia, after completion of an Australia Award	4 alumni (26%) participating in mutual collaborations between their country and Australia, after completion of an Australia Award	6 alumni (29%) participating in mutual collaborations between their country and Australia, after completion of an Australia Award	SDG8: Decent work and economic growth
Outcome 2.2	2.2.2 Support for improved food security and climate resilient agriculture practices via policy, technical advice and/or capacity building (Tier 2)	Baseline to be determined	Increasing number of smallholder farmers supported to adopt climate resilient agriculture practices	Increasing number of smallholder farmers supported to adopt climate resilient agriculture practices	SDG2: Zero hunger

Objective 3: Accountable and equitable governance and institutions

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 3.1 Effectiveness and accountability: Strengthened and accountable public sector and economic governance for effective and efficient service delivery	3.1.1 Instances of using evidence for improved policy and decision-making in national and provincial governments (Strengthening Governance)	Data analysis and visualisation unit and legislative research unit established and institutionalised at a national level Creation and use of the local government inclusion index using data from the PERFECT 2.0 assessment	Preparation of legal amendments to main and subsidiary laws relating to local authorities Supported restructuring and strengthening of the Local Loans and Development Fund	Improvement in budget transparency index scores for targeted subnational governments	SDG16: Peace, justice and strong institutions
Outcome 3.1	3.1.2 Engagements demonstrating the range of Australian and Sri Lankan partnerships and public sector linkages contributing to effectiveness and accountability (Australian High Commission in Sri Lanka)	Case studies of partnerships or linkages (for example, regional dialogues, maritime security or trade)	Case studies of partnerships or linkages	Case studies of partnerships or linkages	SDG17: Partnerships for the goals
Outcome 3.1	3.1.3 Organisations and sectors supported with policy and technical advice on economic reform and management (including examples and results achieved) (Tier 2)	Skills for Inclusive Growth skills planning model institutionalised Policy advice on recommendations from the Public Expenditure Review Committee focusing on provincial councils and local authorities	Economic governance index piloted with provincial councils and local authorities Budget transparency index piloted with targeted provincial councils and local authorities	Increasing adoption of tested indices by provincial councils and local authorities	SDG8: Decent work and economic growth

Outcome	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Outcome 3.1	3.1.4 Institutional twinning partnerships between Australian and Sri Lankan government agencies contributing to reform (Knowledge and Linkages for an Inclusive Economy)	Partnership identified	Policy advice and consultation support provided	Policy advice and consultation support on priorities	SDG17
Outcome 3.2 Democracy and civic engagement: Increased and inclusive civic engagement in democratic processes	3.2.1 Instances of program participants mobilising public demand for democratic and inclusive subnational governance (Strengthening Governance)	Case study of awareness-raising to influence local governance and community development	Case studies of public demand for democratic and inclusive governance	Case studies of public demand for inclusive governance	SDG16
Outcome 3.2	3.2.2 Instances of change in policy or practice resulting from citizen advocacy and outreach (Strengthening Governance)	Case study on program research catalysing the Women Parliamentarians' Caucus to design a new quota system and submit a bill advocating for a 50% women quota	Case studies of citizen policy advocacy and outreach	Case studies of citizen policy advocacy and outreach	SDG16

Cross-program

Theme	Indicator	Expected results 2024–25	Expected results 2025–26	Expected results 2026–27	Sustainable Development Goals (SDGs)
Gender equality	Percentage of investments that effectively address gender equality (Tier 3)	At least 80%	Maintain or improve over baseline	Maintain or improve over baseline	SDG5: Gender equality
Disability equity	Percentage of investments that effectively address disability equity in implementation (Tier 3) ^c	Results collected centrally	Results collected centrally	Results collected centrally	SDG10: Reduced inequalities
Localisation	Number of local personnel, sub-contractors and staff engaged (employment created) – Managing Contractors (Tier 3) ^c	Results collected centrally	Results collected centrally	Results collected centrally	SDG17: Partnerships for the goals
Localisation	Number and dollar value of local contracts and grants (local supply chains) – Managing Contractors (Tier 3) ^c	Results collected centrally	Results collected centrally	Results collected centrally	SDG17
Localisation	Percentage of bilateral investment designs and evaluations that include local participation (Tier 3)	At least 80%	Maintain or improve over baseline	Maintain or improve over baseline	SDG17

c Targets are not required for this indicator. Actual results are collected centrally and will be published.

Annex 1: Supporting investments/activities in Sri Lanka

Australian Government supporting investments/activities for Objective 1 – Sustainable and inclusive livelihoods and growth (bilateral Official Development Assistance (ODA) as well as significant regional and global ODA, and significant non-ODA development investments/activities)

Name of investment/activity	Duration	Key partners
Market Development Facility (multi-country)	2014–2027	Palladium
Generating Resilient Opportunities for Work (GROW) (bilateral)	2025–2027	International Labour Organization
THRIVE – Together for Her: Resilience-building, Inclusivity, and Voices for Equality (bilateral)	2024–2029	UN Women and Chrysalis

Australian Government supporting investments/activities for Objective 2 – Empowered people, resilient and cohesive communities (bilateral ODA as well as significant regional and global ODA and significant non-ODA development investments/activities)

Name of investment/activity	Duration	Key partners
Towards a Mine-Free Sri Lanka (bilateral)	2023–2027	Mines Advisory Group
Direct Aid Program (DAP) (bilateral)	2016–2027	Civil society organisations (implemented by Sri Lanka Support Unit)
Australia Awards (bilateral)	2014–2032	Palladium
Australian NGO Cooperation Program (ANCP) (global)	Ongoing	Australian non-government organisations
Australian Humanitarian Partnership (global)	Ongoing	Humanitarian response partners
Australian Volunteers Program (global)	2017–2027	DT Global; Alinea International
Peacebuilding in Sri Lanka (bilateral)	2023–2027	UNOPS

Australian Government supporting investments/activities for Objective 3 – Accountable and equitable governance and institutions (bilateral ODA as well as significant regional and global ODA, and significant non-ODA development investments/activities)

Name of investment/activity	Duration	Key partners
Strengthening Governance (bilateral)	2023–2028	Asia Foundation; International Foundation for Electoral Systems
Knowledge and Linkages for an Inclusive Economy (KLIE) (bilateral)	2019–2027	Various institutions and universities (implemented by Sri Lanka Support Unit)
South Asia Regional Infrastructure Connectivity program (regional)	2019–2025	World Bank; International Finance Corporation; Palladium, Adam Smith International

Endnotes

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Top row (from left to right):

- Improvement of backyard agricultural production
Credit: Market Development Facility
- De-mining process in Northern Province
Credit: Mines Advisory Group (MAG)
- Re-introduction of coffee in Sri Lanka
Credit: Market Development Facility

Middle row (right):

- Professional cookery skills development
Credit: Skills for Inclusive Growth Program

Bottom row (right):

- Introduction of Women's Surf Club in Sri Lanka for women's empowerment
- Credit: Skills for Inclusive Growth