



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

IMF Approves US\$695 Million Disbursement to Sri Lanka Under Extended Fund Facility (EFF)

Published On: 30-05-2026



The International Monetary Fund (IMF) has approved a US\$695 million disbursement to Sri Lanka under its Extended Fund Facility (EFF) programme after completing the combined fifth and sixth reviews of the programme. The approval comes despite Sri Lanka missing two performance criteria related to external payments and import restrictions.?

The disbursement is part of the broader US\$2.9 billion IMF bailout package launched in 2023 following Sri Lanka's severe economic crisis and sovereign debt default. The IMF noted that overall programme implementation remains strong despite certain policy deviations and external economic challenges.

Key Highlights:

IMF approved US\$695 million under Sri Lanka's Extended Fund Facility (EFF).

The approval followed the completion of the 5th and 6th programme reviews.

The EFF programme for Sri Lanka is worth US\$2.9 billion.

Sri Lanka failed to meet two performance conditions:

No new external payment arrears.

No new or intensified import restrictions.

A cyberattack on Sri Lanka's Treasury reportedly caused missed debt repayments worth US\$2.5 million owed to Australia.

IMF described Sri Lanka's reform implementation as "generally strong."

The latest tranche will help strengthen Sri Lanka's foreign exchange reserves and support economic stability.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

Background: Sri Lanka's Economic Crisis

Sri Lanka experienced its worst economic crisis in decades during 2022.

The country faced:

Severe foreign exchange shortages.

High inflation.

Fuel, food, and medicine shortages.

Sovereign debt default in 2022.

In March 2023, the IMF approved a 48-month Extended Fund Facility programme worth about US\$2.9 billion to support economic reforms and debt restructuring.

IMF's Assessment

According to the IMF:

Sri Lanka's economic reforms have improved resilience.

Fiscal reforms, debt restructuring, and governance reforms remain essential.

Greater exchange-rate flexibility and rebuilding foreign reserves are required.

Growth is projected to slow to 3% in 2026, compared to around 5% growth in the previous year, due to global uncertainties and higher energy prices.

Key Facts About the IMF

Headquarters: Washington, D.C.

Established: 1944 (Bretton Woods Conference)

Began Operations: 1945

Objective: Promote global monetary cooperation and financial stability

Managing Director: Kristalina Georgieva

Key Facts About Sri Lanka

Capital: Sri Jayawardenepura Kotte (Legislative), Colombo (Commercial)

Currency: Sri Lankan Rupee (LKR)

President: Anura Kumara Dissanayake

Additional Points:

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

Extended Fund Facility (EFF) is an IMF lending programme designed to help countries facing serious medium-term balance-of-payments problems.

Sri Lanka became an IMF member on 29 August 1950.

The 2023 IMF package was approved after Sri Lanka's sovereign debt default and economic crisis.

Debt restructuring and fiscal reforms are key conditions attached to IMF assistance.