



Integrated Country Strategy

Sri Lanka

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Table of Contents

1. Chief of Mission Priorities	1
2. Mission Strategic Framework	4
3. Mission Goals and Objectives	6
4. Management Objectives	20

1. Chief of Mission Priorities

Positioned at the geographic and political heart of the Indian Ocean, Sri Lanka is the epicenter of the 21st century struggle for regional influence. Situated between the Persian Gulf and Red Sea to the west and the Straits of Malacca and Sunda to the east, Sri Lanka is arguably the most strategically located maritime nation in the region. More than 60,000 ships – including two-thirds of the world’s seaborne crude oil, half of its container ships, and all U.S. Navy vessels passing between the 5th and 7th Fleets – annually transit Sri Lankan waters.

In line with the Administration’s Interim National Security Strategic Guidance and 2022 Indo-Pacific Strategy, Mission Colombo seeks to advance America’s national interests by building a strong, long-term partnership with Sri Lanka, through reinforcing Sri Lanka’s tradition of democratic governance, its capacity to protect its sovereignty, and its ability to pursue sustainable economic development, all while promoting and emphasizing America’s core values. A healthy, collaborative bilateral relationship can serve as a lynchpin for the sustainment of a free, open, connected, and secure Indo-Pacific.

Since 2015, Mission Colombo has endeavored to revive the bilateral U.S.-Sri Lanka relationship, adding military cooperation, foreign assistance resources, and people-to-people programming to what had been a constrained relationship following the 30-year civil war. This enhanced cooperation is predicated, however, on the Sri Lankan government’s continued willingness to fulfill its commitments on post-war reconciliation, constitutional reform, human rights, and accountability for victims of all relevant conflicts. Wounds from war against the terrorist Liberation Tigers of Tamil Eelam and internal insurrections are still fresh, but the United States is committed to helping Sri Lanka achieve reconciliation for all ethnic and religious communities. To that end, Mission Colombo works in coordination with like-minded foreign missions and other partners in Sri Lanka to actively support government and civil society institutions working to address alleged crimes committed during the country’s periods of violent conflict. This must be a Sri Lankan-driven process, but the United States has significant foreign assistance resources that can support those efforts with technical assistance and other

Approved: April 6, 2022

expertise.

We will manage our security relationship in the context of our concerns about human rights and the rule of law. Mission Colombo remains committed to helping Sri Lanka protect its sovereignty and reshape its security forces to tackle current and emerging threats, including transnational maritime crime and disaster response, leaving the country better poised to contribute to regional and global security. Mission Colombo will continue to apply U.S. law, vetting all security sector personnel who receive U.S. foreign assistance resources. Human rights training and gender and ethno-communal diversity within the security apparatus will continue to be an important component of our bilateral military engagement.

As Sri Lanka's largest export market, the United States is deeply committed to Sri Lanka's economic success. Mission Colombo focuses attention on economic governance and business connectivity as a cornerstone of our engagement. As Sri Lanka emerges from two years of COVID-exacerbated stagnation, its large trade deficit, high government debt, and poor tax collection make it difficult to stimulate sustainable economic growth that would create more demand for U.S. exports. Mission Colombo will continue to support a private sector-led, more inclusive growth model to boost employment and improve lives. Uneven growth can also undermine political reconciliation by increasing friction between different ethnic groups, who may fall back on age-old communal grievances to explain their relatively poorer socio-economic status. Endemic corruption and steep barriers to market access continue to slow economic progress and diminish opportunities for American businesses. We will also continue to design and deploy foreign assistance and other programmatic interventions to increase environmental sustainability and livelihood options in marginalized areas while promoting economic partnerships and business opportunities based on fair standards with respect to commercial legal accountability, transparency, and the rule of law. We will partner with Sri Lanka to confront climate change, both in mitigating emissions and increasing resilience.

The United States remains committed to a free, open, stable, democratic, resilient, and prosperous Sri Lanka. We have a willing partner in the Government of Sri Lanka insofar as it remains committed to the democratic, human rights, and institutional norms we

Approved: April 6, 2022

share. Mission Colombo will work to strengthen fair and equitable democratic and economic governance and support its ability to protect its sovereignty from malign regional actors. A reconciled, inclusive Sri Lanka that celebrates and capitalizes on its diversity will be a stronger, more developed, and more secure partner for the United States, as well as a stabilizing factor in the region. We remain committed to defending our strategic interests and values in Sri Lanka – the fulcrum of the Indo-Pacific region.

Approved: April 6, 2022

2. Mission Strategic Framework

Mission Goal 1: Advance a free, open, and secure Indo-Pacific region that promotes American security interests by increasing Sri Lanka's capacity to protect its sovereignty.

- **Mission Objective 1.1:** Increase Sri Lanka's interoperability with the United States and likeminded strategic partners on regional and global stability.
- **Mission Objective 1.2:** Enhance the capacity of Sri Lanka's security sector through engagement with modern and professional defense and law enforcement agencies to support a domestic peacetime environment, share aligned values, and counter internal and external threats. (Links to: CDCS DO 1)
- **Mission Objective 1.3:** Protect U.S. national security interests and U.S. citizens abroad.

Mission Goal 2: Leverage American leadership to enhance resilience of democratic institutions and respect for human rights in Sri Lanka.

- **Mission Objective 2.1:** Strengthen buy-in for national reconciliation, including through dialogue toward an inclusive political solution to Sri Lanka's long-standing ethnic conflict. (Links to: CDCS DO1)
- **Mission Objective 2.2:** Build support for adherence to rule-of-law, transparency, and inclusive governance. (Links to: CDCS DO 1)
- **Mission Objective 2.3:** Bolster civil society and free and independent media in their efforts to promote democratic governance and respect for human rights among the Sri Lankan public. (Links to: CDCS DO 1)

Mission Goal 3: Promote our shared economic prosperity by encouraging Sri Lanka to make inclusive and market-driven reforms that focus on increased environmental resilience and sustainability.

- **Mission Objective 3.1:** Foster sustainable economic growth by promoting adherence to international norms, including transparency, anti-corruption, and fiscal responsibility. (Links to: CDCS DO 2.1)
- **Mission Objective 3.2:** Assist Sri Lanka's move toward an equitable and clean energy future through enhancing environmental sustainability, climate mitigation and adaptation, and renewable energy goals. (Links to: CDCS DO 3)
- **Mission Objective 3.3:** Support innovation, increase opportunities for U.S. firms to export goods and services and win government tenders, and develop mutually beneficial partnerships through investment. (Links to: CDCS DO 2)

Management Objective 1: Build an inclusive, diverse, and talented workforce.

Management Objective 2: Leverage the state-of-the-art new embassy to improve the workplace, establish innovative ways to work efficiently, and promote green diplomacy principles.

3. Mission Goals and Objectives

Mission Goal 1 | Advance a free, open, and secure Indo-Pacific region that promotes American security interests by increasing Sri Lanka's capacity to protect its sovereignty.

Description | Sri Lanka's strategic position astride international shipping lanes places it in the center of economic and security competition in the Indian Ocean Region. After almost 30 years of civil war, Sri Lanka is now working to reorient its security sector to better focus on the current needs of the country. The United States has a unique opportunity to help Sri Lanka reshape its security forces so that they are more capable of responding to domestic needs, such as disaster response and counter terrorism, while simultaneously contributing to regional and global security through enhanced maritime security and support to United Nations peacekeeping missions. The U.S. government's ability to visually demonstrate strong, continued investment in the well-being of Sri Lanka and its people, is important in this geopolitically significant region and aligns with the Indo-Pacific Strategy.

Objective 1.1 | Increase Sri Lanka's interoperability with the United States and likeminded strategic partners on regional and global stability.

- **Objective 1.1 Justification** | To assist the Sri Lankan military to become a responsible, more capable partner to the regional and global security community, the United States is engaged with the Sri Lankan military through the International Military Education and Training (IMET) program. Through participation in IMET, Department of Defense training, and Global Peace Operations Initiative (GPOI) courses, Sri Lankan military personnel are better prepared to collaborate on training, exercises, humanitarian assistance and disaster relief (HA/DR) responses, as well as serve in UN peacekeeping missions, and enhance their Maritime Domain Awareness. Better U.S.-Sri Lankan security cooperation would contribute to stability throughout the South Asian region, while respecting human rights. The expanding Colombo Port serves as a major trans-

shipment hub with hundreds of containers that subsequently enter the United States each year. With increased container traffic, risk of nuclear, radiological, and other material illegally trafficked through Sri Lanka will escalate. Sri Lanka has demonstrated an earnest and sustained commitment to international counter-proliferation efforts and, with U.S. government support, has prevented a number of these transshipments. In order to ensure the safety of this growing international shipping hub and the security of containers shipped to U.S. ports, Sri Lanka needs improved trade controls that meet international standards and to develop a streamlined single window Customs clearance system that provides visibility for the entire process for carriers, cargo owners, terminals, Customs, and third-party logistic providers.

- **Objective 1.1 Linkages** | JSP Objective 1.4; JRS Objectives 1.3 and 1.4; Interim NSS Guidance; Interim NDS; Indo-Pacific Strategy
- **Objective 1.1 Risks** | Malign influence countries could displace any U.S. agreements being signed. We will mitigate this risk by staying tied in with our allies, friends and partners along with steady engagement across the Sri Lankan services to ensure the U.S. remains a partner of choice. Congressional scrutiny could limit the amount of funding available to Sri Lanka for Security Cooperation/Security assistance. We will mitigate this risk by continuing to report on tangible gains by the Sri Lankan services, stay closely tied to the interagency and continue to provide updates to subcommittees. For public engagement on positive political and security activities, the primary risk is that a narrative could return that the U.S. has plans for a secret base. We will further mitigate this risk by being transparent and closely coordinated with our Sri Lankan partners.

Objective 1.2 | Enhance the capacity of Sri Lanka's security sector through engagement with modern and professional defense and law enforcement agencies to support a domestic peacetime environment, share aligned values, and counter internal and external threats.

- **Objective 1.2 Justification** | The United States has a keen interest in seeing the remnants of Sri Lanka's almost 30-year war removed. Following the 2015 Sri Lankan election, the United States increased its military engagement with the armed forces,

particularly the Navy. Military engagement falls into five broad categories - maritime security, demining, UN peacekeeping operations support, humanitarian assistance and disaster response, and defense professionalization - with increased activity in all categories since December 2015. The GoSL has a strong interest in re-orienting its law enforcement and security establishment towards combating modern threats, but the law enforcement apparatus lacked the skills to recognize key vulnerabilities and terrorist threats that led to disaster in the past. The Sri Lankan armed forces have begun to adjust to the post-war environment, reducing their overt presence in the north and east returning most, but not all, land seized by the military during the war; and obeying the new civilian leadership. However, the overall force structure, especially within the Army, is too large and remains configured to fight an organized insurrection as it did during the civil war. The Navy, and to a lesser extent the Air Force, have re-focused on maritime domain awareness and maritime security issues, but continue to lack much of the training and capabilities to carry out their new mission. The Army has sought to expand its role in UN Peacekeeping Operations and, while the military has participated in the reconciliation process, they have not yet begun the politically sensitive accountability process for alleged war crimes that occurred during the civil war. The Sri Lankan National Police continue to struggle with modernization, specialization, improving their image and ongoing allegations of human rights violations. However, executive leaders have recognized the issues and are willing to collaborate and accept support in order to professionalize the organization, improve recruitment of minorities and women, implement a community policing program, and develop expertise with personnel assigned to the criminal investigation division who are responsible for all significant criminal investigations to include: cybercrime, terrorism, narcotics, and trafficking.

- **Objective 1.2 Linkages** | JSP objectives 1.3, 1.4, and 1.5; JRS objective 1.3; CDCS DO 1; Interim NSS; Interim NDS; Indo-Pacific Strategy

- **Objective 1.2 Risks** | If unable to achieve our objectives, the country risks lack of modernization and specialized training courses, which can result in inability to combat and reduce crime, specifically drug trafficking, and decreased ability to respond to terror threats, or appropriately investigate potential terror subjects, and the potential for human rights violations committed during investigations. The lack of community policing and degraded image risks decreased public trust of police. To mitigate these risks, the Mission will work directly with law enforcement agencies, justice offices and Quad-country partners, to facilitate information sharing, training, and policy reform on the local law enforcement and security level.

Objective 1.3 | Protect U.S. national security interests and U.S. citizens abroad.

- **Objective 1.3 Justification** | The safety of U.S. citizens and serving U.S. citizen interests overseas is Post's highest priority and Post's ability to respond to a crisis directly impacts this priority. Natural disasters are not uncommon in Sri Lanka (e.g., frequent flooding, landslides, tsunami, etc.) and terrorist attacks can happen anywhere at any time, but host-nation response capabilities can be limited. The goal of visa reciprocity is to obtain equitable reciprocity, consistent with U.S. national interests, laws, and regulations, to encourage international travel that benefits U.S. citizens and the U.S. economy. Ensuring each visa applicant is properly and fully vetted will help to secure U.S. borders.
- **Objective 1.3 Linkages** | JSP objectives 1.3, 1.5, 5.1, 5.2; CA Bureau ICS Goals 1 and 3
- **Objective 1.3 Risks** | If unable to meet Post's objectives, U.S. citizens' safety and welfare in the country would be compromised; less tourism and economic trade would weaken the relationship and economy; regional partnerships would suffer in the Indo Pacific region, affecting U.S. influence in neighboring countries. To mitigate these risks, the Mission will bolster internal operations on Fraud Prevention and Immigrant Visa screening procedures, aggressively maintain reciprocity with Sri Lankan visa operations, and prepare for anticipated and unanticipated crisis situations – with an emphasis on coordinating with our Public Affairs office to ensure messaging is prompt and accurate to our citizens in country.

Mission Goal 2 | Leverage American leadership to enhance resilience of democratic institutions and respect for human rights.

Description | [A democratic, reform-minded unity government that came to power in 2015 lost public confidence due to the rising cost of living, persistent claims of corruption, discord between the main coalition partners, and a perceived deterioration in law and order that culminated in the 2019 Easter Sunday bombings. As a result, parliamentary and presidential elections in 2019 and 2020, respectively, brought to power a coalition led by the family that had governed from 2005 to 2015 and defeated the LTTE, running on a platform of national security, Sinhalese nationalism, economic recovery, and enhancement of executive power. While the current government's tenure has not seen a return of the most egregious violations committed during the 2005-2015 era, there has been backsliding on recent progress regarding democratic governance and human rights, including majoritarian rhetoric and policies that pose a threat to the rights and inclusion of minority communities, some erosion of civil society space, an increase in impunity for past and current abuses, and the weakening of independent institutions that provide a check on the presidency. However, the government has expressed some commitment to justice sector reforms, and the efficiency and effectiveness of the public sector.

Starting in 2021, the Government has also indicated a willingness and taken some initial steps to promote reconciliation and signaled that it might be open to talks to achieve a political solution to Sri Lanka's long-standing minority question, including potentially through implementation of existing provincial devolution arrangements. The United States seeks to support Sri Lanka in moving forward and resuming its path of development as a stable, democratic, and prosperous state with a crucial role in the Indo-Pacific Strategy. U.S. engagement and assistance will build on the government's current openness on reconciliation and the public's interest in responsive governance, in order to increase the resilience of democratic institutions and improve respect for human rights. The United States will work with government, civil society, and media to strengthen the rule of law and democratic institutions; increase accountability and transparency; protect human rights and fundamental freedoms;

Approved: April 6, 2022

promote reconciliation, social cohesion, and inter- ethnic and inter-faith understanding, including through talks on a political solution; and promote active leadership of women, youth, and other underrepresented groups. This projection of American values presents an important opportunity to further U.S. foreign policy goals while bolstering the rights and democratic aspirations of the Sri Lankan people, which will move the country toward consistent engagement with the West.

Objective 2.1 | Strengthen buy-in for national reconciliation, including through dialogue toward an inclusive political solution to Sri Lanka's long-standing ethnic conflict.

- **Objective 2.1 Justification** | Following a 30-year civil war, Sri Lankan society remains marked by tensions among ethnic and religious communities, which continue to undermine reconciliation. The 2019 Easter Sunday bombings accentuated a trend of Sinhalese Buddhist nationalist ire at Muslims, sparking an outbreak of anti-Muslim violence in May 2019 and providing undertones in the 2019 and 2020 presidential and parliamentary elections respectively. This sentiment has also taken form in continued arrests and lengthy detentions for alleged connections with the bombings without supporting evidence, as well as anti-Muslim rhetoric and implemented or proposed policies that would affect the civil rights of the Muslim community. The government has also continued to sanction efforts to inhibit Tamil rights, including crackdowns on memorialization, arrests for purported glorification of the LTTE, land encroachment, and the banning of moderate diaspora groups and individuals. However, the current government has indicated that it is committed to the effective operation of key institutions established by its predecessor. It has passed initial reforms of the Prevention of Terrorism Act (PTA), which has been used to effect arbitrary arrests and lengthy detentions disproportionately against the Tamil and Muslim communities; and has released some PTA detainees held without charge. In addition, the government has signaled openness to discussions with Tamil political parties and civil society organizations on a political solution to the ethnic question at the root of the civil war, including implementation of the 13th amendment that provides for devolution of power

to Provincial Councils. To advance reconciliation, the U.S. Mission will engage and support community-based organizations and the government's rights and reconciliation institutions to promote social integration among all segments of the society; and to encourage participatory processes between citizens and government and the effective execution of the institutions' mandates. The Mission will also seek opportunities to encourage dialogue among ethnic and religious minority parties and the government, with participation of civil society, on a political solution.

- **Objective 2.1 Linkages** | JSP Objectives 1.4, 1.5, and 3.2; CDCS DO1; JRS Objectives 2.3 and 2.4; DRL FBS Objectives 1.4, 3.4, 4.2, and 4.4; Interim NSS Guidance Pillar 3; Indo-Pacific Strategy
- **Objective 2.1 Risks** | Risks associated with not achieving this objective include alienation, marginalization, and radicalization among minority communities that lead to eroded domestic security and stability. To mitigate these risks, the Mission, in cooperation with allies and partners, will engage with Sri Lankan political leadership and civil society on the essential need to promote a pluralistic and inclusive vision of Sri Lankan society and governance, including addressing issues from the past, for the sake of the country's long-term security and prosperity.

Objective 2.2 | Build support for adherence to rule-of-law, transparency, and inclusive governance.

- **Objective 2.2 Justification** | To achieve a unified nation with a strong foundation for a just and lasting peace, Sri Lanka must strengthen government systems and processes to enforce the rule of law, to perform key policy and oversight functions, and ensure the equitable provision of government services to all communities regardless of ethnicity, religion, or gender. The U.S. Mission will assist the GoSL in improving Sri Lanka's capability to: reduce delays in the justice sector and increase access to justice for all Sri Lankans; hold government institutions accountable to the public they serve; strengthen oversight and representational capacities of the legislature and incorporate public participation in policymaking. The U.S. Mission's program and training will focus

support on prosecutors, judges, other justice sector partners, Members of Parliament, and their staff. The U.S. Mission will also engage with the Sri Lankan public to raise awareness and enhance understanding of the importance of effective, transparent, and inclusive institutions, and of seeking opportunities to participate in governance to strengthen institutions in this manner.

- **Objective 2.2 Linkages** | JSP Objectives 3.1 and 3.2; CDCS DO 1; JRS Objective 2.1 and 2.4; DRL FBS Objective 1.4, 2.4, 3.4, and 4.2; Interim NSS Pillar 3; Indo-Pacific Strategy
- **Objective 2.2 Risks** | Risks associated with not achieving this objective include loss of public faith in basic democratic institutions, leading to increased out-migration and making segments of the population more susceptible to the appeals of radical or authoritarian agendas. To mitigate these risks, the Mission will provide targeted assistance aimed at sustainable capacity building, using this assistance and other engagement to foster a culture of reform in oversight and justice institutions, and encourage and support civil society, communities, and the population at large in publicly pressing government institutions to provide equitable access, justice, and services.

Objective 2.3 | Bolster civil society and free and independent media in their efforts to promote democratic governance and respect for human rights among the Sri Lankan public.

- **Objective 2.3 Justification** | A strong civil society and independent media serve to protect all citizens, and provide them a voice through access to information, advocacy, and oversight of the government. While Sri Lanka has a long history of a free press and strong civil society organizations, their reach outside Colombo remains limited and the operating environment is subject to backsliding. In addition, ethnic and religious tensions have been fueled through new ways of spreading hatred as well as other forms of misinformation and disinformation, including through social media. Strengthening the professionalism, governance, and quality of Sri Lanka's media sector is critical to the protection of human rights. The U.S. government has long been the lead donor strengthening civil society organizations to act as drivers of reform, citizen engagement, and advocacy for the rights and needs of marginalized groups. By promoting and

protecting the work of civil society actors, the U.S. Mission is well-poised to work with civil society to support good governance and amplify messages of religious tolerance and freedom of expression. Efforts will prioritize supporting the sector to sustain and thrive amidst challenges to civic space, strengthen technical, management and institutional capacities of CSO's, develop evidence-based policy analysis and advocacy and financial and programmatic strategies to amplify their effectiveness in improving reforms and the long-term sustainability of advocacy efforts. Concurrently, these efforts promote U.S. values and offer a public record of our support for just and transparent governance, accountability, and the protection of all human rights.

- **Objective 2.3 Linkages** | JSP Objective 3.1; CDCS DO 1; JRS Objective 2.2; DRL FBS Objectives 1.4, 2.1, 2.4, 3.4, and 4.2; Interim NSS Guidance Pillar 3; Indo-Pacific Strategy
- **Objective 2.3 Risks** | Risks associated with not achieving this objective include a stagnant or weakened civil society and media environment that gives room to misinformation and self-censorship, disinformation, and backsliding on human rights. To mitigate these risks, the Mission, in cooperation with allies and partners, will endeavor to provide actors in these sectors with tools to continue operations and maintain their capacities to reach broad audiences.

Mission Goal 3 | Promote our shared economic prosperity by assisting Sri Lanka to make inclusive and market-driven reforms that focus on increased environmental resilience and sustainability.

Description | Economic diplomacy plays a central role in empowering U.S. growth, securing our future, and tackling the climate crisis. Embassy Colombo's efforts to advocate for U.S. businesses, drive climate ambition, and implement policies that promote inclusive prosperity all serve to strengthen U.S. national security. U.S. strategic interests in the Indo-Pacific region depend on an economically stable and growing Sri Lanka that acts in line with international standards and demonstrates strong climate ambitions to effectively implement the Paris Agreement. As Sri Lanka faces the challenges associated with its balance of payments crisis and

unsustainable debt burden, exacerbated by the global COVID-19 pandemic and the 2019 Easter Sunday bombings, the United States seeks to provide targeted economic and commercial engagement so that Sri Lanka can pursue the best option for recovery. Sri Lanka will be better able to maintain its sovereignty, and it will be a better partner of the United States. Adherence to international norms of economic governance, transparency, and sound fiscal stewardship will not only help foster this growth, they promote a virtuousness throughout the economy which will provide a further buffer against foreign nations who wish to prey on Sri Lanka's financial struggles and use its location astride the Indian Ocean's major sea lanes for their own benefit. Large swaths of Sri Lanka's population continue to suffer from pernicious poverty, despite the country's middle-income status. Improved opportunities in a clean energy economy cements social cohesion and promotes political and economic stability by offering inclusive opportunities for upward mobility, which will allow Sri Lanka to be a more reliable ally and less vulnerable to predatory influences.

Objective 3.1 | Foster sustainable economic growth by promoting adherence to international norms, including transparency, anti-corruption, and fiscal responsibility.

- **Objective 3.1 Justification** | Inclusive economic growth is essential for Sri Lanka to fully recover from the negative economic effects of the global COVID-19 pandemic and become a stable, permanent democracy. Years of fiscal mismanagement that has led to a balance of payments crisis and unsustainable debt burden combined with the pandemic devastating the country's economy, already weakened by a dampened tourism sector following the March 2019 Easter Sunday bombings, has resulted in Sri Lanka dropping to a low-middle income ranking in 2020 (from high-middle income). Although Sri Lanka has shown its potential for economic growth, the business climate is hampered by corruption, import substitution policies exacerbated during the pandemic, high tariffs, non-tariff barriers, and opaque procurement practices. Economic benefits remain inequitably distributed between regions and along gender and ethnic lines, exacerbating challenges to building social cohesion. These factors increase Sri Lanka's

susceptibility to pernicious foreign interference. Further progress depends on connecting workers to more productive employment opportunities inclusively, including women, youth, and those in marginalized areas. The embassy will work with the GoSL to support sound macroeconomic decisions and improve structures to allow for better decision-making and improve the policy and regulatory environment for trade and investment. We will seize opportunities, as presented and appropriate, to support the GoSL on economic governance best practices, including improving monetary and fiscal framework and enhancing transparency and efficiency of procurement practices. We will work with small and medium sized businesses to create viable employment opportunities. Through a new entrepreneurship framework, we will establish a coordinated approach to supporting a small business climate that creates more jobs, supports inclusive business practices and augments our bilateral commercial opportunities. In partnership with the private sector, the embassy will help Sri Lanka build a competitive workforce by providing youth and women with critical skills through vocational training, and global exposure through mentorships and bilateral investment opportunities.

- **Objective 3.1 Linkages** | JRS Objectives 1.4, 2.1, 2.3, and 2.3; State-USAID JSP Strategic Objectives 2.2 and 4.1; Indo-Pacific Strategy
- **Objective 3.1 Risks** | In order to provide support to the GoSL on economic governance best practices, the respective government counterparts must support this effort. If there is no traction to support these efforts, we will further engage diplomatically to identify areas of cooperation. The Mission will work with the GoSL to support sound macroeconomic decisions and improve structures to allow for better decision-making and improve the policy and regulatory environment for trade and investment. We will seize opportunities, as presented and appropriate, to support the GoSL on economic governance best practices, including improving monetary and fiscal framework and enhancing transparency and efficiency of procurement practices.

Objective 3.2 | Assist Sri Lanka's move toward an equitable and clean energy future through enhancing environmental sustainability, climate adaptation, and renewable energy goals.

Approved: April 6, 2022

- **Objective 3.2 Justification** | [As an island nation, Sri Lanka is highly vulnerable to the effects of climate change and dependent on maintaining the richness of its natural resources and a sustainable energy system to drive economic growth and provide for the welfare of all of its people. Sri Lanka has made great strides over the past 20 years in reducing poverty and increasing incomes. Tourism, agriculture, fishing, and manufacturing drove the country's economic growth, sustaining the welfare of millions of Sri Lankans and generating foreign exchange. While Sri Lanka's impressive growth can, in large measure, be attributed to the island's vast and rich resource base, the very industries that depend upon its richness to drive growth are also, in large measure, responsible for the degradation of the country's natural resource base and are highly vulnerable to the effects of climate change.

Sri Lanka's environmental resources have degraded over the past several decades, threatening the country's social welfare and economic trajectory. While direct threats include increasing encroachment into protected areas and other natural ecosystems, unsustainable and illegal exploitation and pollution, including marine plastics, other indirect challenges have hastened the rate of resource degradation. Indirect threats include inadequate implementation of existing laws and policies; poor coordination and institutional capacity; corruption; insufficient resilience; and despite its historical conservation ethos, waning commitment. Climate change poses challenges to the sustainability of both Sri Lanka's energy systems and its rich natural resource base. Among the three most affected countries in 2017 in terms of weather-related loss events, Sri Lanka ranks second highest globally on the 2017 Germanwatch Climate Risk Index, which measures fatalities and economic losses occurring as a result of extreme weather.

Sri Lanka's energy sector powered its impressive, post-war growth. Achieving near 100 percent electrification of the island in 2016, in part due to the addition of non-conventional renewable energy. Sri Lanka's energy sector met an increasing demand for power that (briefly) elevated the country into high-middle income ranks until the energy sector began showing signs of weakness. In 2021, Sri Lanka amended its Paris

Agreement nationally determined contributions to call for net zero emissions in power generation by 2050 and 70 percent renewable energy by 2030. In partnership with the U.S. and domestic private sectors, the Embassy will work with the GoSL to improve Sri Lanka's natural resource management approaches that are sufficiently resilient to shocks and stresses, including from the climate change challenges that the country will inevitably face moving forward. We will seize opportunities to support the GoSL expansion of renewable energy generation, transmission and delivery to help the country achieve its climate goals.]

- **Objective 3.2 Linkages** | Build Back Better World Initiative Infrastructure Priorities Climate; JRS Objective 2.1; JSP Objectives 1.2; CDCS DO 3.1; Indo-Pacific Strategy
- **Objective 3.2 Risks** | A comprehensive and achievable long-term transition plan will be critical to Sri Lanka's success in achieving its stated clean energy goals. A prolonged and worsening foreign currency exchange crisis will present difficulties for clean energy projects in procuring essential equipment and technologies from overseas. Currency volatility will raise risks for foreign currency lenders investing in capital improvements that must be repaid with rupee-based service tariffs. The Embassy will continue to engage the government through technical assistance for an effective clean energy transition and on requesting financial assistance from trusted multilateral sources to overcome its fiscal crises. Close coordination with the Development Finance Corporation and EXIM will improve the pipeline of bankable projects, underwrite some of the currency risk and mobilize funding for clean energy projects.

Objective 3.3 | Support innovation, increase opportunities for U.S. firms to export goods and services and win government tenders, and develop mutually beneficial partnerships through investment.

- **Objective 3.3 Justification** | The United States is the largest single market for Sri Lankan exports, but despite strong trade ties, the United States ranks far behind the Netherlands, India, and China in Foreign Direct Investment (FDI) in Sri Lanka. In the Indo-Pacific context, our efforts to compete with the PRC are based on leveraging our

economic strengths through an open and robust economy that creates wealth and promotes freedom. In order to address threats from PRC economic engagements in Sri Lanka, we will work to more efficiently identify ways to maximize market opportunities for the private sector. By leveraging our strengths in strategic and innovative industries we will find openings to advance business advocacy and outreach promotion. At the same time, we will leverage available funding mechanisms and work with partners to champion engagements that reinforce and support the GSL's efforts to promote innovation, while also increasing opportunities for U.S. investment.

- **Objective 3.3 Linkages** | Build Back Better World Initiative goals Financing and Foreign Assistance as a Private Sector Catalyst; CDCS DO 2; Indo-Pacific Strategy
- **Objective 3.3 Risks** | The success of this objective could be impacted by trade barriers placed on American companies by the Sri Lankan government. Policies focused on import substitution and self-reliance may prevent the Sri Lankan Government from adhering to economic reforms in line with international best practices. Sri Lanka's debt situation and fiscal position may limit the government's financial space and ability to provide sufficient support to counter the COVID-related economic downturn. The Embassy will engage with the government, including through renewed TIFA talks in 2022, to remove existing barriers and refrain from import substitution practices. The Embassy will also leverage EXIM, DFC, and other funding sources to overcome Sri Lanka's financial limitations.

4. Management Objectives

Management Objective 1 | Build an inclusive, diverse, and talented workforce.

- **Management Objective 1 Justification |** People are our most important asset. We need to focus more energy on prioritizing their needs by ensuring they have the capabilities to get the job done in more convenient, family-friendly ways; by creating a policy structure that encourages challenging the status quo, and by recruiting more diverse members of Sri Lankan society to work with us.
- **Management Objective 1 Linkages |** E.O. 14035 on Diversity, Equity, Inclusion, and Accessibility; JSP Objective 4.1
- **Management Objective 1 Risks |** Post can increase advertising vacancies in traditionally disadvantaged communities, but it cannot force someone to apply for the position. We will have to continually reevaluate our hiring practices until we can achieve a workforce that is representative of Sri Lankan and American society.

Management Objective 2 | Leverage the state-of-the-art new embassy facility to improve the workplace, establish innovative ways to work efficiently, and promote green diplomacy principles.

- **Management Objective 2 Justification |** Colombo's 40-year-old dilapidated seaside chancery will be replaced in 2022 with a New Embassy Compound (NEC) but staffing growth has already exceeded the capacity of the new building. Instead of the age-old bureaucratic solution to squeeze additional desk spaces into the new chancery, staff will instead adopt trailblazing aspects of mobile diplomacy to establish new and more efficient methods for work to be accomplished overseas.
- **Management Objective 2 Linkages: |** E.O. 14008 Tackling Climate Change at Home and Abroad; JSP Objective 4.3
- **Management Objective 2 Risks |** Further delays in the construction timeline may impact Post's ability to meet the target as scheduled. Supply chain issues and building

charging stations on the Embassy compound may also delay the transition to an EV fleet.