

# The ‘Governance of Corruption’ in Sri Lanka – An IMF-NGO-NPP Consensus

*B. Skanthakumar*

*“Between consent and force stands corruption/fraud”*

*~ Antonio Gramsci*

Sri Lanka’s ‘National Anti-Corruption Action Plan (2025-2029)’ was unveiled on 9 April by President Anura Kumara Dissanayake (AKD), following approval by the cabinet of ministers on 24 March. The day before its launch, the Proceeds of Crimes Act of 2025 was passed by parliament. Both actions were taken on the eve of the IMF’s staff-level agreement on the fourth review of its ongoing 17<sup>th</sup> programme with Sri Lanka. Almost two years before, the previous legislature—then stuffed with the splintered crony-capitalist Sri Lanka Podujana Peramuna (SLPP) and crooked politicians of all stripes—enacted the Anti-Corruption Act of 2023, and without a vote.

In December 2005, the UN Convention Against Corruption (UNCAC) of 2003, came into force in Sri Lanka. The decades since are associated with spiralling venality during the Mahinda and Gotabaya Rajapaksa and Sirisena-Wickremesinghe regimes; and the spreading nexus of bribery and corruption between public officials, private capital, and politicians, at all levels of government, in all regions, and among all ethnicities. This is not to underplay the explosion of grand corruption after 1977 accompanying the liberalisation of foreign trade; deregulation of the domestic market; privatisation of public assets; mega-development projects such as the Mahaweli scheme; and ballooning military spending in the context of 26 years of internal war, during the ‘open economy’ regimes of J. R. Jayewardene, Ranasinghe Premadasa, and Chandrika Bandaranaike Kumaratunga.

Of significance, through the adoption of the 2023 Act and the new Action Plan, are the institutional reforms to expand the mandate and strengthen the independence and powers of the pre-existing Commission to Investigate Allegations of Bribery or Corruption—CIABOC (International Crisis Group 2024: 20-23). A previous national action plan developed for the period 2019-2023, was demonstrably useless. The new action plan—like much else by way of law and policy in the first six months of this government—is a legacy from its predecessor. Will its fate be any different?

In addition to its previous role in the investigation and prosecution of offences related to bribery or corruption, the reformed Commission is now also charged with the same in relation to offences related to the declaration of assets and liabilities by politicians and public officials. Its tasks have been enlarged to promotional and prevention activities within state and society to foster values of integrity and transparency; and international cooperation and collaboration for the prevention of bribery and corruption. It is the central authority for the declaration of assets and liabilities. Its senior-most administrative official, the Director-General, is the competent authority to give effect to the UN Convention Against Corruption in Sri Lanka.

Subsequent to the Anti-Corruption Act, the three members of the revamped Commission and its Director-General are selected by the Constitutional Council and may serve only a single term. A member may only

be removed by an order of the president, provided a parliamentary motion to that effect receives the support of a majority of the total number of legislators. These changes are to strengthen the agency's independence from the executive. The Commission is empowered to prepare its own annual budget estimate which, subject to parliament's approval, is forwarded to the minister of finance for incorporation in the national budget. It manages its own fund such that it does not need to go to the Treasury when monies are required to be drawn, unlike other state institutions. These are critical to the financial independence of the Commission.

In the national public imagination, and ventriloquised by the National People's Power (NPP) first in opposition and now in government, Sri Lanka's economic collapse is a direct effect of corruption by ruling politicians and their associates in the bureaucracy and in business. Hence, the emphasis placed upon it in the NPP's manifesto and discourse and by the new administration.

Neither the ruling party nor the new government provide us with their understanding of the phenomenon of corruption. Is it limited to what is in the anti-corruption statutes enacted by the corrupt political class against which it rose? Or is it more expansive and inclusive of folk perceptions?

Perhaps from the perspective of society—largely unaware of, and unconcerned with, legal clauses—the definitions below may be agreeable:

... the existence of a standard of behaviour according to which the action in question breaks some rule, written or unwritten, about the proper purposes to which a public office or public institution may be put. (Leys 1965: 221)

Or more descriptively:

... the subordination of public interests to private aims involving a violation of the norms of duty and welfare, accompanied by secrecy, betrayal, deception and a callous disregard for any consequence suffered by the public. (Alatas 1973: 65)

Meanwhile, in late March, the Agriculture, Livestock, Land and Irrigation minister Lal Kantha claimed in public that a cartel of businessmen had offered him a bribe in return for removing the suspension of maize imports (Newswire 2025). He did not disclose whether he made a statement to the CIABOC for appropriate action as duty-bound; nor is the public aware whether in the absence of a complaint by the minister, the CIABOC has initiated an *ex meru moto* investigation as empowered. Coincidentally, in a parliamentary committee meeting a few weeks earlier, the same

minister is reported as saying that maize imports would soon resume "as a price stabilisation measure" (Silva 2025). *Plus ça change ...?*

What good is having the right institutions, or 'getting institutions right' (to coin a phrase), when in the real world there is neither willingness nor capacity for the performance of their functions consistent with their role?

This article is a critical interrogation of the dominant 'governance of corruption' paradigm.<sup>1</sup> It hinges on two arguments that have been made before: firstly, the analysis and policy around anti-corruption is technicist and therefore inadequate, being divorced from the messy "interplay between economic liberalisation, political power and institutional reform" (Brown and Cloke 2004: 275); and secondly, that the ideological assumptions of neo-liberal economics, "that corruption can be reduced by rolling back the state through privatization and deregulation ..." are unsubstantiated (Harriss-White and White 1996: 2)—and even "create new conditions in which corruption can flourish" (Szeftel 1998: 222).

After this opening section, I proceed to discuss the unique Governance Diagnostic Assessment (GDA) of Sri Lanka by the International Monetary Fund (IMF). This first-time exercise gained influence and authority through association with the IMF's 2023 Extended Fund Facility (EFF) loan for Sri Lanka's 'bail-out' from sovereign bankruptcy. The section that follows is a reminder of the soon-forgotten parallel initiative by a group of liberal non-governmental organisations (NGOs) favourable to the IMF, to present an assessment and recommendations from 'civil society'. The IMF and NGO reports are thereafter contrasted to highlight issues of both convergence and divergence, and common gender-blindness, within their shared ideological frame. The next section is the provocation for this piece: the National People's Power's (NPP) interminable invocation of corruption and whether its understanding sets it apart or alongside that of the international financial institutions and their local cheerleaders. Finally, the method of radical political economy is registered as more meaningful in approaching corruption and anti-corruption, than that of the IMF, some NGOs, and the NPP.

<sup>1</sup> My thanks to the cohort of the 'SSA Executive Certificate in Democracy and Governance' course (Colombo, April-May 2025) for their tolerance, when I rehearsed some of this argument with them on 26 April.

## IMF Governance Diagnostic Assessment

The release of the revised anti-corruption action plan and the new law on illegal asset recovery within the first quarter of 2025, emanates from recommendations made by the IMF in its Sri Lanka GDA of September 2023. There is an intimate connection between the GDA, and Sri Lanka's programme with the IMF sealed in March of that same year. In spite of the spin around it, entering and sticking by an IMF programme is less to do with securing about 3 billion USD in new loans spread over 48 months; and more with regaining the confidence of external agencies in Sri Lanka's creditworthiness as a sovereign borrower, to go back to commercial creditors for new loans (Skanthakumar 2023).

What does the IMF, whose core function is supposedly to stand guardian over the international monetary system, have to do with governance, which is a matter of domestic policy? “Good governance” and “anti-corruption” support “macroeconomic stability” and “sustainable economic growth” in member countries, the IMF pronounced half-a-century after its founding (IMF 1997: 1). This is how it rationalised its ‘mission creep’ into what had been in that decade the territory of its Bretton Woods twin. The IMF had previously deferred to the World Bank (WB) in the conceptualisation and roll-out of governance-related reforms. In fact, the Fund's definition of corruption borrows from that crafted by the Bank: “the abuse of public office for private gain”.

In staking its claim to competence and mandate in this area, the IMF argued that it had been doing governance work all along. Its programme of structural adjustment, or neo-liberalisation to be more precise, of the economies of member countries borrowing from it, anyway contributed to “good governance” through policy advice and technical assistance on institutional reform and in enhancing transparency, it claimed.

Are not governance conditionalities “political”, and therefore *contra* the clauses in the IMF's Articles of Agreement on respect for the “domestic social and political policies of members”? This is shrugged off with the novel insight that “it is difficult to separate economic aspects of governance from political aspects” (1997: 4). Political conditionalities are justified, says the IMF, where necessary “for the achievement of [macroeconomic] program objectives”. Invariably, as it turns out, there are “corruption vulnerabilities and governance weaknesses linked to corruption”, in “macroeconomically critical priority areas” (2023: 10). Therefore, relevant conditionalities are required for the success of the economic reforms. *Quod Erat Demonstrandum.*

This is the institutional context to the IMF's 2023 Governance Diagnostic Assessment of Sri Lanka, which scope was:

- (i) the (sic) anti-corruption, anti-money laundering and combating the financing of terrorism; (ii) fiscal governance (e.g., public financial management, tax policy and revenue administration, state enterprise management, and public procurement); (iii) central bank governance; (iv) financial sector oversight; and (v) enforcement of contract and protection of property rights. (IMF 2023b: 10)

Such is their banalisation that this string of words sound as warm and comforting as mom's apple pie, reminding us again of Marx's truism that the ruling ideas in society in every epoch are the ideas of the ruling class. The thrust of the IMF's governance interventions are for a particular palate—the reduction in the role and weight of state capital, towards the expansion of that of private capital, in the service of market-friendly socio-economic change.

A key function of the state is to regulate the overall market in ways that *promote private investment opportunities* and minimize opportunities for fraud, abuse and rent extraction. (IMF 2018: 15, emphasis added)

According to the IMF, corruption of high value is associated with state-owned enterprises, *ergo* the elimination of such enterprises naturally eliminates corruption. The IMF sees the state as the fount of corruption; neglecting the part of (private) capital. Hence, its preoccupation is how to slash and uproot as much (state) regulation as possible; not how to discipline predatory market actions by capital and capitalists.

Billed as a technical assistance report, the recommendations in the GDA were cross-referenced in the IMF's March 2023 EFF agreement (IMF 2023a: 23). These ‘structural benchmarks’ are the publication of the governance diagnostic (by September 2023); and the enactment of anti-corruption legislation in compliance with the UN Convention Against Corruption (by June 2023). Both were met.

Meanwhile the EFF agreement raised several concerns over governance issues in relation to state-owned-enterprises (SOEs), the Central Bank of Sri Lanka (CBSL), and state-owned banks (SOBs). Further, it also addressed corruption “vulnerabilities” that could be reduced in its view through expanded digitalisation in revenue administration and public procurement.

On its part, the Government of Sri Lanka led by Ranil Wickremesinghe accepted these recommendations in the EFF agreement and undertook to execute them on a timeline. This was prior to the finalisation and release of the GDA six months later, whose 16 recommendations are presented below for the convenience of the reader.

***Exhibit 1: IMF Governance Diagnostic Assessment recommendations for Sri Lanka***

1. Appointment of CIABOC Commissioners and Director-General from nominations of an independent Advisory Committee, by November 2023;
2. Asset Declarations for senior officials (President, Prime Minister, Ministers) published online, by July 2024;
3. Proceeds of Crimes Act in line with the UN Convention Against Corruption and Financial Action Task Force, enacted by April 2024;
4. National Audit Act amended to empower the Auditor-General to fine government Accounting Officers for oversight failures in use of public resources;
5. A beneficial ownership (public or online) registry as required by Companies Act, established by April 2024;
6. A Public Procurement Law aligned with international good practice, enacted by December 2024;
7. Progress in increasing the proportion of competitive tendered contracts of 10 state agencies with lowest level of competitive tenders (as of 2022), published online by December 2024;
8. Publish online: (i) all public procurement contracts above 1 billion LKR, along with comprehensive information in a searchable format on contract award winners; (ii) a list of all firms receiving tax exemptions through the Board of Investment and the Strategic Development Projects office, and an estimation of the value of the tax exemption; and (iii) a list of firms receiving tax exemptions on luxury vehicle import. Information to be updated every 6 months, commencing March 2024;
9. Implementation of the SOE Reform Policy, ensuring that the holding company (HoCo) and the advisory committee are comprised of skilled, independent, and ethical staff;
10. Abolish or suspend application of the Strategic Development Projects Act until an explicit and transparent process for evaluation of proposals and costing of investment promotion conditions is in place;
11. Amend tax legislation to eliminate or restrict ministerial authority to introduce tax changes without prior parliamentary approval and ensure that such changes do not generate revenue losses;
12. Institute short-term anti-corruption measures within each revenue department to strengthen internal oversight and sanctioning processes and linkages with CIABOC and related criminal investigation and enforcement processes by December 2023; and issue a public report on steps taken and results obtained by December 2024;
13. Options for establishing new management arrangements for the Employee Provident Fund that terminates direct CBSL management, in a cabinet policy paper based on a broad consultative process, formulated by June 2024;
14. Revise legislation, regulations, and process relating to financial sector oversight in the banking sector, including strengthening corporate governance for banks with government ownership by improving the selection of executives and Board members;
15. Establish an online digital land registry, and publish an online progress report on registering/titling all state land, by December 2024;
16. Establish and implement a plan for the Judicial Services Commission to enhance its ability to carry out its function and define potential options for justice sector governance reforms.

## Liberal NGO responses to IMF Governance Diagnostic

Sri Lanka is the first country in Asia to have an IMF Governance Diagnostic. (There have been 20 so far, mostly in Sub-Saharan Africa but also Haiti, Moldova, Paraguay and Ukraine.) Between 2023 and the IMF's direct entry into governance work, there have been five programmes with Sri Lanka; but never previously any related conditionalities. If poor governance is so crucial a cause for Sri Lanka's ills, why was it not diagnosed as such sooner by the IMF one wonders?

The coupling between policy-based lending by international financial institutions and anti-corruption initiatives at the national level is not new. Bilateral donors such as the former United States Agency for International Development (USAID) and multilateral agencies such as the United Nations Development Programme (UNDP), have stepped in with considerable funds to effect governance reforms. This is a global trend. Regardless of the specific country context (space) and/or the historical moment (time), the prescriptions are identical.

Therefore, there are already experiences and learnings from elsewhere to apply in Sri Lanka. Unfortunately, but not unusually, there is no interest to be seen by anyone in doing so.<sup>2</sup> Instead, it is enough for policy and advocacy wonks to venerate the scripture of the GDA and its commandments in splendid ignorance of thirty years of evidence from Africa, Asia, and Latin America; and egregiously in despicable indifference to the economic injustices and human rights violations of the IMF programme on exploited classes and marginalised groups in Sri Lanka.<sup>3</sup>

<sup>2</sup> It is not that no one in Sri Lanka has asked critical questions of the liberal creed of good governance: "The fundamental flaw in their positions is that they do not see the social contradictions of a capitalist society and its influence on these institutions. Contradictions of capitalism shape these institutions, determine what can be achieved through them and even undermine them. However, the largely ahistorical discourse of liberals does not take these into account" (Bastian 1997: 100); "... good governance, as presently formulated, is nothing more than political liberalism, a process of political change controlled from the top but where the status quo is preserved. This limited view of democracy associated with good governance entails a change in the shell not in the fruit. No change in social relations follows" (Wickramasinghe 1997: 142); and *en passant* "in effect, 'local governance' displaces local democracy, while co-opting civil society through 'participation' as market-friendly actors, thereby turning citizens into consumers whose relationship with local government is contractualised in 'Citizens Charters' and 'Citizens Reports Cards'" (Skanthakumar 2018: 7).

<sup>3</sup> Informants interviewed for the CSO Governance Diagnostic were in no doubt as to the inequity of IMF austerity: the proposed and already-implemented IMF reforms were loading "costs on the poor while conferring benefits on the affluent ... the architects of the economic crisis do not bear any part of the burden of its proposed reform ..." (Parakrama 2023: 5).

The IMF's GDA has been welcomed by Colombo's best-known liberal NGOs. There is "considerable overlap" in the recommendations on governance of the IMF and 'civil society', and their respective reports "are complementary and reinforce each other" (TISL 2023). Liberal NGOs have long seen the so-called "international community" as being their allies/saviours/shields, in the propagation of liberal social and political values and the free market economy.

The IMF's GDA is an opportunity to never let a good crisis go to waste. This mirrors how right-wing ideologues in the state bureaucracy, think-tanks and public universities, political parties, and civil society, have done the same with the pro-marketisation economic conditionalities in the EFF agreement. The diagnostic is a defence and validation of liberal NGO activism (and also politics) around governance issues. It is also, they hope, the steamroller – on the tracks of an IMF programme where, unlike in the past, the spectrum of political and civil society in Sri Lanka is onboard – to drive changes in the practices and systemic culture of state power and public administration, where they could not.

This dependence on external agents with agendas and interests of their own, whether it is for 'good governance' or 'human rights', is neither consequence- nor cost-free. It means that reforms are causally connected with donors and foreign funding. In the absence of this outside force, there is lethargy or backsliding at home. So, when the domestic compulsions of these powerful actors shift, as we are presently witness to with the United States and in Western Europe, their erstwhile clients whether in the state or in civil society are bereft of national bases of support. The lack of embedding and legitimacy for these reforms within society leaves them, and their champions, foundering.

## CSO Governance Diagnostic

In parallel with the IMF diagnostic preparation, several NGOs<sup>4</sup> came together in 2023 to formulate a 'civil society' version. Their report is intended to be "a reference point for international engagement and assistance" and to "constructively engage" with the IMF's governance diagnostic (Parakrama 2023: 4).

<sup>4</sup> Centre for Policy Alternatives, National Peace Council, People's Action for Free and Fair Elections, Sarvodaya, Transparency International Sri Lanka, and Verité Research. As acknowledged in the report, the conceptual framing, the data and its interpretation, and many recommendations in their respective domains of anti-corruption and macro-economic policy, owe to the last two-named organisations.

Aiming for credibility before the IMF and other international actors, their frame draws on the IMF's own and cites recommendations from similar IMF exercises in other countries. In doing so the report-writer notes, "many civil society contributions stressed the pressing issues of human rights and justice, *which were outside the scope of this effort*, even while they remain extremely important" (Parakrama 2023: 4, emphasis added).

They departed from the IMF by conducting focus group discussions with local activists in nine districts and smaller consultations elsewhere; in addition to interviews of subject experts, many of whom the IMF presumably also met. Two hundred and fifty people were interviewed in all (there is no disaggregation by class, gender, ethnicity, region, religion, etc.). It is not known how 'governance' was broken down and explained to them, to define and demarcate many interconnected issues of communities. We do not know if women had different priorities to men. It is clear from the responses that for many, presumably from or affiliated with poorer classes, their worries ranged beyond the workings or not of institutions of the state, to the duties of political and public officials towards the socio-economic needs and democratic rights of poor citizens.

In its starting point on the roots of the economic crisis that exploded in 2022, the 'civil society governance diagnostic' took the same view as the IMF. The "common understanding" of the citizens' uprising is that "the economic crisis was a result of economic mismanagement coupled with a governance crisis, embedded in deep-rooted corruption ...". Likewise, the consensus among the sponsors of the CSO Governance Diagnostic report is that "the economic crisis in Sri Lanka is first a crisis of governance" (Parakrama 2023: 3).

This perspective attributes responsibility entirely to domestic or endogenous factors of incompetent government, failing state institutions, and the miasma of graft, fraud, and rackets. It is also the neoliberal narrative. There is nothing to be said about how and why so many poor countries fell into the debt trap; why after decades of ingesting the IMF-WB medicine they are more and not less indebted; why the structural reforms of the global as well as national economy that are needed to industrialise, raise wages and living standards, develop the home market and reduce dependence on essential food imports, are ruled out. There is no accounting for the historical and structural origins of Sri Lanka's own crisis in colonialism, neo-colonialism, and neo-liberal globalisation, along with the culpability of successive regimes and domestic actors (Skanthakumar 2022).

## Comparison of IMF and CSO Diagnostic reports

In its report, the NGO core group makes 34 recommendations in all, in three areas: (1) transparency and accountability of existing systems to produce required fiscal governance outcomes; (2) improving macro-political-economic stability and sustainability; and (3) structural changes to significantly reduce corruption risk and impunity. The CSO diagnostic has a broader interpretation of governance compared to the IMF. It does, in fact, take up issues more directly framed as political and democratic rights. The IMF shies away from these. Both diagnostics do not investigate the function of corruption beyond unjust enrichment, and only obliquely hint at its causes.

Both reports are gender blind. Neither recognise that women *qua* women have gendered experiences of bribery and corruption. Consequently, and happily, neither rehearse essentialist claims that women are innately incorruptible or less likely to be corrupt than men; and therefore, that women are natural-born "political cleaners" of corruption (Goetz 2007).<sup>5</sup>

Both reports are oblivious to the part played by business interests in bribery, kickbacks, fraud, collusion, and insider trading. The private sector is the prey of rent-seekers in the state and never the predator: the hapless giver of bribes and never the source of demand.<sup>6</sup>

There is no reference in either report to nepotism, though the favour of appointment to public office of one's relatives, friends, and associates, irrespective of merit and consequence to public good or wellbeing, is a clear and present type of corruption (Alatas 1973: 65) including in Sri Lanka.

There is an overlap between some recommendations in the CSO and the IMF diagnostics. There are a few civil society proposals that are beyond the IMF's scope of governance. In some instances, the IMF has been bolder than the CSOs. To illustrate this, a handful of recommendations are selected for contrast below.

<sup>5</sup> The 2023 Anti-Corruption Act is significant for recognising in section 162 (2) "sexual favours" as a form of gratification for bribery and corruption, and for defining it expansively too (ACA 2023: 139 and 144). Research and advocacy since 2015 by a women-led organisation should be credited for placing 'sexual bribery' on the legislative agenda (Centre for Equality and Justice 2023). However, the 2025-2029 National Anti-Corruption Action Plan, which does record "sexual favours" as one type of bribe that respondents in a public survey reported having given (CIABOC 2025: 31), has no related action for its elimination; and itself is gender-blind.

<sup>6</sup> Transparency International Sri Lanka in December 2024 published its first study on corruption and the private sector, some 22 years since its establishment in Sri Lanka. In keeping with the Berlin-based parent organisation's *weltanschauung*, the private sector is identified by the report with the "supply side" of corruption; although corporate informants in the course of its research acknowledged practices of lobbying politicians for market advantage and manipulation with gifts and campaign contributions (TISL 2024: 31). The study does recognise the relevance of gender identities and relations in corruption, recording that "sexual favours, sexual harassment, and sexual bribery are prevalent within the private sector workforce" (TISL 2024: 35).

**Exhibit 2: Comparison of selected CSO and IMF Governance Diagnostic recommendations**

Recommendation	CSOs	IMF
Independent Public Prosecutors Office	Establish an office independent of the Attorney-General's department	N/A
Stolen Asset Recovery	Enact law on stolen asset recovery	Proceeds of Crime legislation fully aligned with UN Convention Against Corruption and Financial Action Task Force standards enacted by April 2024
	Annual assessment of progress on stolen asset recovery by World Bank	N/A
Illicit financial flows	Politically Exposed Persons database should be established	N/A
	Beneficial ownership register should be online and publicly accessible	Public registry providing beneficial ownership information established by April 2024
Tax Exemptions	Publish list of firms receiving tax exemptions and lost revenue	Publish a list of all firms (i) receiving tax exemptions and an estimation of the value of the tax exemption; and (ii) receiving tax exemptions on luxury vehicle import by March 2024. Information to be updated every six months
	Strategic Development Projects Act: stricter criteria for tax incentives and exemptions and greater transparency in decision-making on tax holidays and other state subsidies for businesses	Abolish or suspend application of the Strategic Development Projects Act until explicit and transparent process for evaluation of proposals and costing of investment promotion conditions
Special Commodity Levy	Remove ministerial discretion for import tax/customs duties through gazette notification, without parliamentary approval	Amend tax legislation to eliminate or restrict ministerial authority to introduce tax changes without prior parliamentary approval and ensure that such changes do not generate revenue losses
National Procurement Commission	Strengthen its regulatory role to promote competitive bidding instead of unsolicited proposals	Public Procurement law that reflects international good practice enacted by December 2024
Employees Provident Fund Management	Central Bank of Sri Lanka should publish its data and analysis justifying the domestic debt restructuring impacting EPF interest rate and returns to depositors	N/A
	Central Bank of Sri Lanka should not manage the debt auction, while also managing the EPF that is a primary buyer of government debt	Cabinet policy paper on options for establishing new management arrangements for the Employee Provident Fund that terminates direct CBSL management formulated by June 2024

Parliamentary Oversight Committees	Committee on Public Accounts (COPA), Committee on Public Enterprises (COPE), and Committee on Public Finance (COPF) should function regardless of prorogation of parliament to ensure continuity of business and accountability for public finances	COPA and COPE should be constituted as permanent bodies
Constitutional Council	Change composition and structure for civil society ('non-political') majority	N/A
Elections	Postponed local government and provincial council elections to be held within three months	N/A
Environmental Impact Assessments	Publish all EIA documents for large-scale infrastructure projects on an online portal	N/A
Military	Demilitarise North and East by reducing military presence, removing camps and returning private property and common land	N/A
	Downsize the military to reduce state expenditure, having reskilled the decommissioned personnel	N/A
Aswesuma social safety net	Increase transparency and accountability in beneficiary selection	N/A
	Universal coverage for households with persons with disabilities, chronic illness, war-related trauma	N/A
Malaiyaha Tamil Estate Community	User-owned housing on estates for Malaiyaha Tamil residents	N/A
	Living minimum wage for estate workers	N/A
Land Titling and Registry of State Land	N/A	Online digital land registry; and progress report on registering/titling all state land established by December 2024

As months passed it became clear that the Wickremesinghe regime was not as committed to the IMF's governance agenda, as it was that of 'fiscal consolidation' or socio-economic austerity. Legal and institutional changes on anti-corruption dragged on. A 'Government Action Plan' on the GDA issued in February 2024 made no difference (GoSL 2024). The NGO core group expressed concern over the government's inaction in transparency of public procurement contracts and private enterprises receiving tax exemptions; as well as the delay in new legislation and institutional reform of the CIABOC.

There was even frustration with the IMF for not being as tough with the government on 'fixing' corruption, as it was on meeting fiscal targets. The NGOs grumbled that the Fund could have demonstrated its commitment to its own diagnostic on governance, had it classified more of those recommendations as 'prior actions' and 'structural benchmarks', therefore making their achievement necessary for disbursement of fresh loans (Dhanushka 2023).

In June 2024, one of the core group members complained that the IMF was signing off on a new tranche of loans, even as the Wickremesinghe

government spurned commitments on governance. “Sri Lanka is failing to comply with the IMF programme precisely on the aspects that were diagnosed as the root causes of the economic crisis – problems of financial transparency, management and corruption,” it remonstrated (Verité Research 2024).

Verité Research went further in developing a ‘Governance-Linked Bond’ (GLB) as a new instrument in Sri Lanka’s external debt restructuring with private creditors (Devarajan, de Mel, and Rajakulendran 2024). The GLB described as a “win-win” for the government and bondholders is designed to be an incentive to enhanced financial governance and corruption reduction, by linking coupon (interest) rate savings on bonds valued at 80 million USD with two key performance indicators: the tax revenue to GDP ratio set in the IMF EFF macroeconomic programme and the 15 unmet recommendations in the IMF GDA.

However, the final form of the GLB accepted by creditors and issued in December 2024 focused on the management of public finances, with the two key performance targets for the government being to: (i) exceed the IMF’s baseline for total revenue to GDP ratio of 15.3% and 15.4% in 2026 and 2027 respectively; and (ii) publish a Fiscal Strategy Statement in 2026 and 2027 in accordance with the Public Financial Management Act No. 44 of 2024, which purpose *inter alia* is to present information on public finances in advance of budget preparation, improve parliamentary oversight of public finances, and enhance fiscal transparency and accountability.

Therefore, ‘governance’ in the Governance-Linked Bond is wholly directed at the fiscal or economic targets in the EFF agreement and not the focus and scope of the GDA, reversing the hierarchy advocated by the Civil Society Initiative on Anti-Corruption Reform for Economic Recovery.

The IMF quite recently has indeed devised more governance-related structural benchmarks to press for action by the Sri Lankan authorities. On completion of the third review of the EFF arrangement in early March this year, the IMF set new benchmarks including: an annual action plan on governance reforms; strengthening the asset declaration system managed by the CIABOC; a new law on asset recovery (in line with the UN CAC); and amendments to the Strategic Development Projects and Port City Acts to streamline tax exemptions (IMF 2025: 17-18).

Above is explained what the IMF and some NGOs think of as ‘corruption’ and ‘anti-corruption’. In the poverty of their philosophy, there are morally weak individuals and legally weak institutions, but no economic history or sociology or political economy to explain why, and much more. Where does the NPP stand in relation to these overlapping narratives by international financial institutions and a section of civil society?

### NPP on corruption

In the flagship governmental programme ‘Clean Sri Lanka’, there is allusion to the cleansing of political and state institutions. However, there is no explanation there or elsewhere of what corruption is, nor explanation for its origin or vectors of transmission. “... the concept of ‘clean’ [takes] on the form of an empty signifier, which can be attributed many meanings ...”, observe Dassanayake and Gamage (2025). As elsewhere, what is visited upon us, are platitudes, slogans, catchphrases, and generalities.

It is to the president’s election manifesto (National People’s Power 2024) of 130 pages that one must turn to piece together the NPP’s *idée fixe* on the problem of corruption, its perspective, and proposed course of action.

According to the NPP, echoing one of the slogans and themes of the 2022 people’s uprising, corruption has been deeply entrenched in national political culture since Ceylon/Sri Lanka’s independence on 4 February 1948. (Whether the NPP believes corruption materialised on the midnight hour fully formed like Athena; or having lurked in our colonial and/or pre-capitalist past, in similar or different moulds and scales, it multiplied thereafter like the Pleiades, is not known.)

The post-independence “dream of a developed Sri Lanka” was, however, “stifled by corrupt regimes”. The prevalence of bribery and corruption has caused “frustrations and lack of trust in the future” among young people, driving many to leave the country. Among the consequences of corruption is the “significant decline in government tax revenue as a percentage of the Gross Domestic Product”.

To overturn this situation requires the election of the NPP whereby, “governance will shift from the control of a few corrupt elite families to a people’s government”.

Once in government, the party’s promises to the people are as below.

***Exhibit 3: National People's Power Manifesto pledges on Anti-Corruption***

1. Eliminate fraud and corruption “at all levels” and regardless of scale (e.g., mega-development projects and school admissions alike);
2. Actively combat corruption in the health sector (e.g., import and distribution of medicines); within Sri Lanka Cricket and other sports bodies including malpractices within sports (e.g., match fixing); in the capital market; in gems and jewellery export; in the construction industry; and in the public service;
3. Prioritise legislation to prevent corrupt practices such as “financial abuse, bribery, corruption, etc”;
4. Penalise in law those who shield people accused of state financial corruption;
5. Transform the public service into a “non-corrupted” one, including through public feedback on officials;
6. Provide “full independence and authority” by “enacting necessary laws” to the Anti-Corruption Commission; the Police Department; and the Attorney-General’s department;
7. Establish an agency for the recovery of stolen public assets;
8. Authorise the Director-General of the CIABOC to give effect to the International Convention on the Prevention of Corruption and Coordinating the Recovery of Stolen Assets (the UN Convention Against Corruption);
9. Constitute a permanent High Court bench of three judges to adjudicate cases of financial crimes, bribery, and corruption;
10. Establish an office of the CIABOC in every district;
11. Ensure that complaints to CIABOC are investigated within six months, with reports to parliament on complaints that are unresolved;
12. Initiate a public awareness campaign about corruption, fraud, and bribery, and “empower the public” for their eradication;
13. Revisit cases withdrawn by the Bribery Commission and AG’s Department and resubmit appropriate ones.

These are a mix of abstract actions as well as some specific ones. There is nothing exceptional in the commitments made here. There is nothing incompatible with the philosophy and proposals of the IMF and CSO diagnostics. As is evident, most plans above, whether in general or in particular, are to do with reforms in laws and institutions; accompanied by promised change in the organisational culture of agencies, where corruption festers, including among those charged with its combat.

Since the NPP’s accession to government, the ‘Action Plan’ for implementation of the IMF’s GDA has been revised as of February 2025, as the government

is obliged to do annually. There are 15 substantive “reform commitments”, with a timeline within this calendar year.<sup>7</sup> These are the uncompleted IMF recommendations in Exhibit 1 above. Along with those are three initiatives connected with the NPP’s election manifesto—to do with digitalisation of government functions and review and reduction of entitlements to current and former politicians. The deadline for the last is unmet. Digitalisation, it will be recalled, is the NPP’s technical fix for every imaginable problem—the reduction of human interaction in public procurement being associated with the reduction of opportunities for corruption.

<sup>7</sup> An online ‘Government Action Plan Tracker’ to monitor the NPP government’s progress was launched by Transparency International Sri Lanka on 21 May, see <https://www.tisrilanka.org/government-action-plan-tracker/>

#### ***Exhibit 4: National People's Power additions to Government Action Plan on Governance***

Establishment of an e-GP system for government procurement of goods and works;	December 2025
Enactment of a Public Asset Management law, to promote transparency of, and accountability for, non-financial assets of public sector institutions, through a digital framework;	July 2025
Assessment of entitlements of current and former politicians, including the legal framework governing them, and adoption of regulations requiring annual disclosure of those benefits to the public, and regular oversight by Parliament.	May 2025

In a recent speech, the president acknowledged that legal and institutional reform alone are inadequate to the challenge. “But no matter how many laws we draft or institutions we build, they will amount to nothing if those who hold power are unwilling to carry out their duties and responsibilities”, he recognised (Dissanayake 2024). He made a voluntarist appeal for “personal integrity and commitment” by all duty-bearers, including officials of the Attorney-General’s Department, the CIABOC, the Criminal Investigation Department, the judiciary, and others.

There’s the rub. “The idea of corruption has become so universal, so unquestioned, so much a part of various common senses, that its determinations, historical specificities, and social functions tend to remain hidden” (Bratsis 2003: 10). What is missing from the president’s words, curiously for the leader of the Janatha Vimukthi Peramuna (JVP), is to reveal what neoclassical economics has concealed, applying the method and tools of critical political economy.<sup>8</sup>

#### **Conclusion**

The critique above of the diagnostics on governance and corruption of the IMF and of liberal NGOs, as well as that of the NPP, is not an argument for ‘bad governance’. It is not intended to dismiss corruption as inconsequential to citizens in their everyday struggles for a decent and dignified life; nor in its burden on and wastefulness of scarce public resources, that ought to be directed to the public good. However, it is an argument against ‘good governance’ as pictured and performed by IFIs, NGOs, and the NPP, amongst others. The ‘governance of corruption’ is not the cure for the malady, as it mistakes symptoms for causes. It cannot bear fruit, as it is grafted onto, and not rooted in, the soil of our social formation.

<sup>8</sup> The political economy approach to corruption has been succinctly summed up as follows: “it acknowledges the complexity of corruption and accepts the existence of a wide diversity of forms; it focuses on the dynamics of power and agency rather than individual self-interest; and argues that a long-term perspective grounded in historical experience and political realities is of central importance in understanding corruption and the scope for designing effective measures to combat the phenomenon” (Robinson 1998: 5).

Since the 1980s, the IMF and the WB have been force-feeding their bitter medicine of austerity on the poor, while nauseating volumes of wealth are funnelled to the rich. The patient is getting sicker and not better. The debt burden of Third World countries has increased and not decreased. The vulnerability of debtor states to economic collapse has magnified and not diminished. The scale and depth of their multiple and interlocking crises has worsened and not improved. The prospects for creating good quality jobs and housing, delivering good quality health and nutrition and education, have deteriorated and not enhanced.

The effects of structural adjustment are to attack, undermine, and reduce state capacity where it is a barrier to profiteering and capital accumulation by individual and corporate interests. The shrinking of the role and weight of the public sector in the economy, the outsourcing of government functions to the private sector, make anti-corruption into symbolic or cosmetic acts, for want of the sizeable resources required for greater information and transparency, for greater monitoring and oversight, and for greater enforcement, investigation, and prosecution.

Bad governance and corruption are the convenient excuse to shift the blame for the catastrophic disaster of neoliberal capitalist development from its purveyors and instruments to its victims in imperialised countries.

Even if recent laws and policies are rigorously enforced, what can be expected is that corruption is displaced rather than disappears. Where in one place and one shape it melts, on another site and in another form it solidifies.

Without overturning the rule of the commercial, political, and bureaucratic elite that produces and profits from corruption, by redistributing economic and political power to the excluded majority; and without the mobilisation of that majority for the democratisation of state, market, and society, the Hydra will sprout new heads. Some of them bearing faces from within the National People’s Power.

**B. Skanthakumar** is with the Social Scientists' Association (SSA) of Sri Lanka; and the Committee for the Abolition of Illegitimate Debt (CADTM). He is an editor of Polity.

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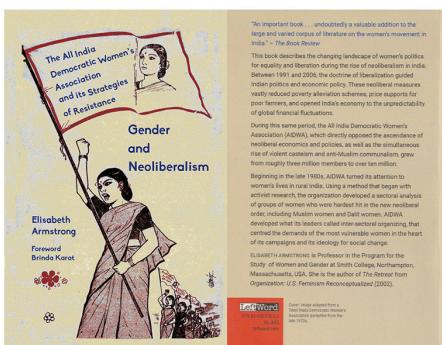
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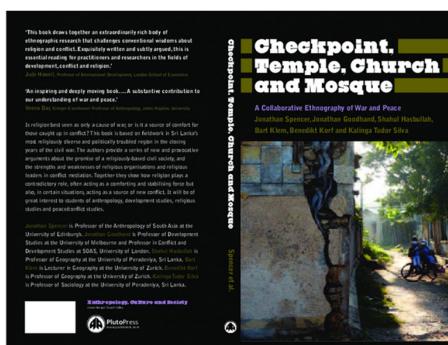
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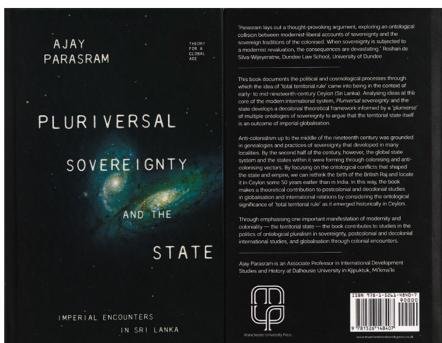
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