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Department of External Resources
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நிதி, திட்டமிடல் மற்றும் பொருளாதார அபிவிருத்தி அமைச்சு
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Press Release

Financial Assistance from the Asian Development Bank (ADB) for the Implementation of the Water Supply and Sanitation Reform Program – Subprogram 2

The Government of Sri Lanka held discussions with the Asian Development Bank (ADB) to mobilize financing, amounting to USD 100 million for the implementation of the Water Supply and Sanitation Reform Program - Subprogram 2 under the Policy-Based Lending (PBL) modality. The program supports the Government's ongoing reform agenda to strengthen water security, climate resilience, environmental sustainability, service quality, and the financial viability of the water sector.

The program addresses key challenges in the sector, including water resource management, operational and financial inefficiencies, climate-related vulnerabilities, social inclusion gaps, and fragmented stakeholder coordination. Through the reforms supported under Subprogram 2, the Government aims to strengthen water resources governance, improve drinking water safety, enhance sanitation management, promote water conservation, improve tariff and financial sustainability, and facilitate private sector participation and climate finance mobilization.

The Water Supply and Sanitation Reform Program is the first programmatic policy-based lending operation in Sri Lanka's water sector. The program consists of two subprograms. Subprogram 1, with financing of USD 100 million, established the policy, regulatory, and institutional foundations for improved water governance, climate resilience, service delivery, and financial sustainability, which was successfully completed in 2024. Subprogram 2, with financing of USD 100 million, builds upon these reforms by supporting their implementation and deepening sector-wide reforms to achieve sustainable, resilient, and inclusive water and sanitation services.

The financing package of USD 100 million comprises a USD 50 million concessional loan and a USD 50 million regular loan from ADB's ordinary capital resources. At a time when Sri Lanka continues to consolidate its economic recovery and address development financing requirements, the policy-based loan will provide critical budgetary support while advancing priority structural reforms in the water and sanitation sector.

The Ministry of Housing, Construction and Water Supply (MHCWS) acts as the Executing Agency and concurrently as an Implementing Agency for the program. The other Implementing Agencies are the Prime Minister's Office and the National Water Supply and Drainage Board (NWSDB).

The Loan Agreements were signed on 06 Nov 2026 between the Government of Sri Lanka and the Asian Development Bank at the General Treasury in Colombo by Dr. Harshana Suriyapperuma, Secretary, Ministry of Finance, Planning and Economic Development, on behalf of the Government of Sri Lanka and Ms. Shannon Cowlin, Country Director, ADB Sri Lanka Residence Mission, on behalf of the Asian Development Bank.

Ministry of Finance, Planning and Economic Development
06 November 2026