

 Early Warning System

ADB-59038-001

Financial Sector Stability and Reforms Program (Subprogram 3)



Quick Facts

Countries	Sri Lanka
Financial Institutions	Asian Development Bank (ADB)
Status	Closed
Bank Risk Rating	C
Voting Date	2025-11-06
Borrower	Government of Sri Lanka - Ministry of Finance, Planning and Economic Development
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 100.00 million
Project Cost (USD)	\$ 100.00 million



Project Description

According to the Bank's website, the programmatic approach for the program was approved in 2023 to stabilize and strengthen the finance sector following the country's sovereign debt and economic crises by (i) strengthening the stability and governance of the banking sector; (ii) improving the asset quality of the banking sector; and (iii) deepening inclusive and sustainable finance, particularly for micro, small, and medium-sized enterprises (MSMEs) led by women. This subprogram is anchored in Sri Lanka's macroeconomic stabilization efforts under the Extended Fund Facility (EFF) of the International Monetary Fund (IMF) and complements the strategic support of the Asian Development Bank (ADB) for finance sector stabilization and resilience. The programmatic approach, comprising two subprograms of \$200 million each and a third subprogram of \$100 million, enabled flexibility to address complex and challenging structural reforms in a sequential and holistic manner. Subprogram 1 prioritized immediate actions to enhance the government's crisis management regulatory framework and to stabilize the finance sector. Subprogram 2 sustained the momentum of these structural reforms to develop a resilient and inclusive financial system. Subprogram 3 represents the culmination of previous reform efforts, focusing on the completion and long-term sustainability of measures to enhance the finance sector's resilience and inclusion. Incorporating subprogram 3 into the programmatic approach was approved together with subprogram 2 as a strategic continuation of the program. The technical assistance (TA) approved with subprogram 1 continues to provide capacity building and support for implementation of policy actions and structural reforms.



Early Warning System Project Analysis

In compliance with ADB's Safeguard Policy Statement (2009), subprogram 3 is classified as category C for environment, involuntary resettlement, and Indigenous Peoples.

While most policy actions will have no environmental impact, policy actions 3.5 and 3.7 under reform area 2—the transfer of SME schemes and special credit guarantee scheme for MSMEs led by women in various sectors, including tourism, agriculture, IT, export, and green businesses—were considered. The anticipated downstream impact in most cases is either minimal or zero, and can be addressed through the screening processes of the MOF and NCGIL to ensure MSMEs' compliance with national laws on the environment and land acquisition.



Investment Description

- Asian Development Bank (ADB)

The funding for subprogram 3 is \$100 million from ADB's concessional ordinary capital resources.



Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



Bank Documents

- Financial Sector Stability and Reforms Program (Subprogram 3): Report and Recommendation of the Pres
- Loan Agreement (Ordinary Operations [Concessional]) for Loan 4675-SRI: Financial Sector Stability an