Presenter 1

Is PPP a Good Tool for Responding to Socio-Economic Infrastructure Demand?

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NATIONAL WATER SUPPLY & DRAINAGE BOARD

Is PPP a Good Tool for Responding to Socio-Economic Infrastructure Demand?

NWSDB's Path from Institutional Readiness to Bankable Water and Sanitation Partnerships

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01 INFRASTRUCTURE PPPS

PPP works when it delivers better public services—not just funding

A long-term public contract that bundles responsibilities, assigns material risks, and links payment to service performance.

01

Public outcome

Specify reliable water, compliant effluent, coverage and resilience—not only assets and inputs.

02

Bundled life cycle

Combine design, construction, finance, operations and maintenance where integration creates value.

03

Risk ownership

Allocate each risk to the party best able to manage it; retained risks remain actively governed.

04

Performance payment

Use availability, quality, volume or verified-savings KPIs with deductions and independent verification.

The right structure should match the service problem, ranging from performance-based contracts to full DBFOM partnerships.

02 SOCIO-ECONOMIC DEMAND

Outcome-based delivery is now urgent

NWSDB supplies piped water to about half the population, but water losses and limited sewerage coverage constrain affordability, reliability, public health and growth.

51.7%
(3.3Mn connections)

NWSDB Pipe borne water Coverage

A large operating base makes efficiency gains nationally material.

24.4%

island-wide NRW

Water already produced is lost physically or commercially.

2.1%
(32,650 connections)

piped sewerage

The service gap is especially acute in dense and environmentally sensitive urban areas.

2030 Target: 60.4% NWSDB Pipe borne water Coverage • NRW to 21.3% • 2.25 % piped sewerage coverage

03 NWSDB APPLICATION

NWSDB's PPP opportunities for Socio-Economic Infrastructure Demand

Select the contract model by the service outcome, asset interface, financing need and risk that can genuinely be transferred.

A

Water production & treatment

DBFOM for new / upgraded WTPs. Pay for compliant treated-water availability, efficiency and asset condition.

B

Network efficiency & NRW

Performance-based projects for DMA formation, pressure management, smart metering, leak repair and verified water savings.

C

Wastewater & sanitation

DBFOM for collection and treatment. Link payment to effluent compliance, availability and safe disposal or reuse.

NWSDB remains the public service steward; private responsibility is tied to measurable outputs and controllable risks.

04 NWSDB PPP UPDATE

NWSDB readiness to Socio-Economic Infrastructure Demand

The institutional foundation has been developed. The next step is project preparation, competitive procurement and life-of-contract management.

DEVELOPED

PPP Framework

A common path for screening, feasibility, VfM, affordability, safeguards, approvals, procurement and contract oversight.

DEVELOPED

Strategy Roadmap

Sequenced institutional and project actions that move NWSDB from pilots to a repeatable delivery capability.

DEVELOPED

2026–2030 PPP Pipeline

A focused portfolio spanning NRW, water production and priority urban wastewater services, with stage-gated progression.

DEVELOPED

PPP Unit Strategic Plan

Mandate, people, advisers, project data, transaction governance and contract-management capability centred in one accountable unit.

05 INSTITUTIONAL CAPABILITY

PPP works only with repeatable delivery capability

NWSDB's PPP work identifies main capabilities that must operate together as projects move from preparation into procurement and contract management.

ACCOUNTABLE

Multidisciplinary PPP Unit

Infrastructure, finance, legal, communications and environmental-social expertise coordinated through one accountable unit.

STANDARDIZED

Concept notes

A common early-stage template improves consistency before feasibility, approvals, market engagement and procurement.

MARKET-READY

Transparent engagement

Structured market sounding and clear communication test appetite, bankability and risk allocation before launch.

LIFE-CYCLE

Contract management

KPI verification, change control, retained-risk governance and lessons learned must continue long after award.

06 FRAMEWORK & ROADMAP

Five gates protect public value

Each project advances only when the service case, public affordability, safeguards, risk allocation and market response remain credible.

1	2	3	4	5
Service need	**PPP screening**	**Feasibility**	**Procure**	**Manage**
Demand, baseline, public outcome	Options, VfM, affordability, appetite	Technical, commercial, climate, E&S	Approvals, data, competition	KPI verification, payment, change

RISK Transfer PRINCIPLE

Transfer only the risks the private partner can control; price and actively manage retained public risks.

07 2026–30 PPP PIPELINE

The pipeline balances speed and scale

A performance-based pilot can build delivery confidence while larger treatment and wastewater projects mature through the same gates.

PREPARATION

Galle NRW

Performance-based PSP / PPP pilot

Release water and revenue through verified network-efficiency gains.

STRUCTURING

Greater Galle WTP

DBFOM

Proposed 30,000 m³/day treatment capacity.

REVALIDATION

Batticaloa Wastewater

DBFOM

Protect health, lagoon water quality and fisheries / tourism livelihoods.

PLANNING & DESIGN

Diyawannawa Wastewater

DBFOM / availability-based options

Protect the capital's wetland environment; planning basis 3,250 m³/day.

Advance only when data, safeguards, VfM, affordability, approvals and market appetite converge.

08 LEAD TRANSACTION

Galle NRW Project: pay for actual water saved

CURRENT POSITION

ADB-supported transaction preparation

Project feasibility is being supported through technical advisory inputs. The competitive package must establish the baseline, service zones, KPIs, risk allocation and verification method.

Why this pilot matters

A successful contract can release saleable water, reduce energy per billed m³ and create a replicable model for other NWSDB Water Supply Schemes.

1
Baseline
Water balance, DMA, meters, pressure, energy and climate risk

2
Intervene
Detect and repair leaks; optimize pressure, meters and operations

3
Verify
Independent measurement against an agreed, normalized baseline

4
Pay
Fixed deliverables plus performance-linked remuneration / deductions

Final KPIs and payment mechanics will be set through tender design.

09 STRATEGIC WATER CAPACITY

Greater Galle WTP: turn resources into reliable output

30,000
m³/day
proposed planning capacity

The PPP question is not only who finances the plant; it is how design, construction and operations can guarantee compliant water at the lowest sustainable life-cycle cost.

RAW WATER	TREATMENT	BULK DELIVERY	DISTRIBUTION
Source security	Quality + energy	Volume + availability	NWSDB interface

DBFOM

- Blended finance is most affordable
- Only if private capital and risk transfer create VfM

10 URBAN WASTEWATER PIPELINE

Wastewater PPPs - Protect Health and Ecosystems

Both projects require a service-led structure: phase connections and treatment together, preserve affordability, and make environmental performance independently verifiable.

BATTICALOA

Protect the lagoon economy

Shallow groundwater and dense coastal settlement make on-site sanitation unsustainable; lagoon water quality supports public health, fisheries and tourism.

Project Scope

32 km gravity mains • 19 km pumping mains • 11 pump stations • treatment plant + outfall

DIYAWANNAWA

Protect the capital's wetlands

A sensitive urban-wetland interface requires reliable collection, pumping and disposal with tight operating and effluent controls.

Planning & design basis

3,250 m^3/day • collection network + pumping mains • interface to existing Ethulkotte station

- **Scheme specific Tariff will be introduced with the consent of stakeholders to ensure bankability of Wastewater Projects**

11 CONCLUSION

PPP works for NWSDB when public value comes first

For socio-economic infrastructure demand at NWSDB, PPP is suitable when it addresses priority service gaps while ensuring affordability, accountability, and long-term performance

1.OUTCOME-LED

Close priority service gaps

Link investment to reliable water, lower NRW, compliant effluent and resilient capacity—not only to new assets.

2.SELECTIVE

Match the PPP model to the specific project

Use performance contracts or DBFOM only where measurable outputs and life-cycle integration create value.

3.PUBLIC-VALUE

Protect affordability and risk

Test Value for Money and affordability, transfer only controllable risks to private party, and retain strong public stewardship while accessing the private capital.

4.ACCOUNTABLE

Manage performance for project duration

Use credible baselines, independent verification, KPI-linked payments and capable contract management.

2026 ASIA PPP PRACTITIONERS' NETWORK

Thank You

Eng. A.M.P.C.T. Bandara

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