

## CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products and services.

- (i) Table A5.1: Financial Sector Development and Production Innovation (Cluster TA)
- (ii) Table A5.2: Road Sector Master Plan
- (iii) Table A5.3: Implementing National Resettlement Policy
- (iv) Table A5.4: Local Governance in Rural Water Supply and Sanitation
- (v) Table A5.5: Jaffna Water Supply and Wastewater Management II
- (vi) Table A5.6: Energy Sector Review
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## CONCEPT PAPERS FOR NONLENDING PRODUCTS

**Table A5.1: Financial Sector Development and Product Innovation Cluster TA  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Industry and Finance Subsector: Governance, Finance and Trade</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>		
<p><b>5. Responsible ADB officer:</b> Barbara Ericsson</p>		
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The country's legal and regulatory framework provides an adequate foundation for a modern financial system. However, there are a number of weaknesses: (i) the financial system continues to be dominated by the banking sector and by state-owned institutions; (ii) limited financial products and services are available to (a) diversify investment risk for issuers and investors and/or (b) encourage private sector development and growth; (iii) there is negligible product development and innovation in creating new instruments in the bond and equity markets to attract additional domestic and foreign investment capital; (iii) inefficiencies in the bond and stock markets; (iv) limited penetration of nonbank financial products, including insurance in the country; (v) limited asset, liability, and risk management; (vi) the need to further improve the regulatory and supervisory framework in the financial sector; and (vii) the need for implementing additional corporate governance and best practice code of conduct.</p>		

**b. Goal and purpose:** The proposed technical assistance (TA) will support the Government's national strategy of stimulating the financial environment by enhancing investment capital inflows from domestic (retail and institutional) as well as international investors to realize its objective of high and sustainable economic growth. The proposed TA will also provide better methods for issuers of securities and investors to manage their financial risks. The proposed TA will complement the country's Private Sector Development Program approved in 2000 and the SME Sector Development Program (SMESDP) approved in 2001.

**c. Components and outputs:** The proposed TA will provide: (i) support for developing new innovative products and services in the capital markets; (ii) capacity building for institutions and regulators for financial sector development and product innovation; (iii) **[xx a c. OR campaigns]** public awareness campaign, as requested, on products and services available in the capital market; and (iv) assistance in drafting laws and regulations for an effective regulatory framework.

**d. Expected results and deliverables:** Innovative products that will (i) attract more domestic and international investment capital to the country; (ii) stimulate the economic growth of the country by providing additional financial products and services; (iii) reduce the overall capital cost and financial risk to the government and private sector; (iv) improve and strengthen financial institutions; (v) diversify investment opportunities for pension funds and insurance companies; (vi) improve liquidity, market efficiency, and transparency in the capital market; and (vii) provide alternative savings products.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** The TA will be prepared in close consultation with Ministry of Finance. The results will be discussed with the Ministry of Finance.

**7. Proposed executing/implementing agencies:** Ministry of Finance

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** In designing the TA, ADB will work closely with the Ministry of Finance, the Colombo Stock Exchange, the Central Bank, the (to be created) Financial Services Authority, and other concerned agencies. Other stakeholders, including business associations, NGOs, and academia, will also be consulted.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP 2003

b. Expected date of submission for approval  
Lending:  
Nonlending (project preparatory):  
Nonlending (other than project preparatory): 2004 and 2005

c. Period and duration of assistance  
Lending:  
Nonlending: 2004–2006

**10. Financing Plan**

a. For lending  
 Ordinary capital resources:  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: \$500,000  
 Other: \$700,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.2: Road Sector Master Plan  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector: Road</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Transport and Communication Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Sri Widowati</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The road sector is the backbone of the transport sector in the country, a vital component for movement of people and goods, and plays an important role in integrating the country, facilitating economic growth, and achieving ADB's overall country objectives of poverty reduction. As the dominant transport mode, roads carry 90% of traffic, comprising an extensive network of 95,000 km, which is the densest in South Asia. While the road network is extensive, most roads are old and outmoded. Road maintenance, rehabilitation, and new construction have not kept abreast with the rapid growth in demand for transport. Traffic levels now exceed the design capacity of many roads. Uncontrolled roadside development has also reduced the capacity of the network. Road network maintenance has been underfunded. Road conditions, particularly provincial roads, are poor. The road conditions are even worse in the conflict-affected areas in North and East provinces.</p>										

The Government recognizes that improving the country's infrastructure, particularly its roads, is essential for increasing prosperity and reducing poverty. The Government's *Regaining Sri Lanka* has set forth the road transport policy agenda, which includes connecting poor regions and production centers to domestic and international markets, and building a national highway system and an integrated road network. Until recently, however, there has been no nationwide comprehensive road network master plan, covering all aspects of the road network from expressways to national highways and provincial roads, as an integrated network.

**b. Goal and purpose:** The TA will assist the Government prepare a comprehensive road network master plan for the core network promoting (i) integration of the country, (ii) sustainable economic growth, (iii) poverty reduction, and (iv) trade and investment. It will provide a prioritized plan to develop the road network for the next 20 years.

**c. Components and outputs:** The TA is to help the Government identify the most efficient core road network to promote economic growth and national integrity, covering expressways, national highways, and provincial roads, linking major cities in the country and/or leading from production centers to consumption centers and export gateways. The approach is to use generalized information to determine a ranking based on relative benefits and costs, and so establish a pipeline of possible projects for implementation in the next 20 years under various funding scenarios. It will also assess the need for road investment in the medium and long term, including new construction, improvement, rehabilitation, and maintenance. Financing strategies will be developed both for roads and bridges, for construction, rehabilitation, and maintenance, including public and private sector financing requirements; this will include the formation of public-private partnership for expressways.

**d. Expected results and deliverables:** The expected results of the TA include (i) road network master plan, (ii) investment plan, and (iii) financing strategies to increase participation of the private sector in road works.

**e. Social or environmental issues or concerns:** Since the proposed TA is not project specific at this stage, these issues will be addressed in a general manner and will be taken into account in prioritizing the investment. Environmental and social costs and requirements will be taken due consideration.

**f. Plans for disseminating results/deliverables:** The TA will share results and lessons learned with stakeholders, development partners, and beneficiaries through appropriate media.

**7. Proposed executing/implementing agencies:** (1) Ministry of Transport, Highways, and Civil Aviation; (2) Ministry of Highways; (3) Ministry of Home Affairs, Provincial Council and Local Government; (4) Road Development Authority; (5) Ministry of Policy Development and Implementation; and (6) National Physical Planning Department.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Several workshops were held involving all stakeholders to formulate and agree the scope and findings of the TA.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP 2003
- b. Expected date of submission for approval  
 Lending:  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory): November 2004
- c. Period and duration of assistance  
 Lending:  
 Nonlending: March – December 2005

**10. Financing Plan**

- a. For lending  
 Ordinary capital resources:  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: \$1 million
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.3: Implementing National Resettlement Policy  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector: Others</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Transport &amp; Communications Division and Energy Division/ South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Dewi Utami and Ruwani Jayewardene</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB has provided assistance to formulate the national policy on Involuntary Resettlement in Sri Lanka. Further assistance is necessary to sustain the efforts for institutional strengthening and capacity building to support ADB operations and successfully implement the national policy on involuntary resettlement. Specific efforts will be required for (i) capacity building to implement the national policy on involuntary resettlement; (ii) training staff in government agencies, NGOs, private institutions, universities; and individuals to (a) prepare resettlement plans, and (b) monitor implementation; and (iii) strengthening the resettlement unit in the Ministry of Lands.</p> <p><b>b. Goal and purpose:</b> Improved compliance with social safeguard policies, both of the Government and ADB.</p> <p><b>c. Components and outputs:</b> Training, institutional strengthening, and sector guidelines.</p>										

**d. Expected results and deliverables:** Smooth implementation of land acquisition and resettlement.

**e. Social or environmental issues or concerns:** None adverse; positive social benefits.

**f. Plans for disseminating results/deliverables:** Training materials will be disseminated to all stakeholders including government officials, contractors and other implementing agencies and included in government websites and the ADB resettlement website.

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**7. Proposed executing/implementing agencies:** Ministry of Environment and Natural Resources/Ministry of Lands

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**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
 The ministries of finance, environment and natural resources, and lands were consulted. The proposed TA continues a series of activities that began with the development of the National Policy on Involuntary Resettlement (TA 3246). The following have been involved in the process: ADB, NGO Watch, Sevanatha, Environmental Foundation, Centre for Women's Research, Sarvodaya, Institute for Social Development and Action, universities of Colombo and Randanja, Open University, Ruhmna, and Board of Investment. Further consultations will be conducted during SSTA 3792 during implementation and fact-finding.

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**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP update 2001

b. Expected date of submission for approval  
 Lending: Not applicable  
 Nonlending (project preparatory): Not applicable  
 Nonlending (other than project preparatory): 2004

c. Period and duration of assistance  
 Lending: Not applicable  
 Nonlending: January – December 2004 (1 year)

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**10. Financing Plan**

a. For lending  
 Ordinary capital resources:  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:  
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: \$100,000  
 Other:

If cofinancing is required indicate sources, and amount sought:  
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.4: Local Governance in Rural Water Supply and Sanitation  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending  <input type="checkbox"/> Project preparatory  <input checked="" type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input checked="" type="checkbox"/> Institutional development  <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the  Sector: Social Infrastructure  Subsector: Urban Development</p> <p>b. For project preparatory and lending, classification  <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Maria Paniagua-Pascual</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In its poverty reduction strategy, the Government states that "the provision of safe drinking water, and adequate sewage and sanitation systems, is frequently cited as the single, highest social service priority by poor households";<sup>1</sup> in Sri Lanka, 80% of the poor live in rural areas. The Government has also identified access to safe water and appropriate sanitation as one of its priorities and has set as a target providing adequate water supply and sanitation to the whole population by 2010. The current decentralization of powers to local governments and the existing National Rural Water Supply and Sanitation Policy identify local authorities as the main institution responsible for the provision of water supply and sanitation. However, the capacity of local authorities to manage such investments and operate the systems is very weak, and they lack the experience and capacity to contract out this service to private sector providers or community groups.</p>										

<sup>1</sup> Government of Sri Lanka. 2002. *Sri Lanka: Connecting to Growth: Sri Lanka's Poverty Reduction Strategy*. Colombo.

<p><b>b. Goal and purpose:</b> The TA will prepare a project to improve the capacity of provincial and local governments to provide safe drinking water to their constituencies.</p> <p><b>c. Components and outputs:</b> The TA will (i) assess existing technical and financial capacity of provincial and local governments to provide water supply and sanitation in rural areas; (ii) develop and implement a strategy to increase the capacity of local authorities to provide rural water supply; and (iii) provide all the necessary information for the preparation of a loan project in accordance with ADB operational guidelines to provide water supply in selected rural areas.</p> <p><b>d. Expected results and deliverables:</b> The TA will (i) increase capacity of local authorities to provide, maintain, and operate rural water supplies through, among others, community-based organizations and private sector operators; and (ii) provide all necessary information to prepare a sector project to provide rural water supply and sanitation to be implemented by local government.</p> <p><b>e. Social or environmental issues or concerns:</b> No environmental issues are expected during TA implementation. The TA will identify potential negative environmental impacts due to infrastructure construction and water source development, among others, and will prepare strategies to minimize and mitigate impacts as appropriate. The TA will provide strategies to minimize resettlement impacts due to physical construction of the water network and, if required, will prepare the necessary resettlement plans.</p> <p><b>f. Plans for disseminating results/deliverables:</b> Project final report and consultation workshops.</p>
<p><b>7. Proposed executing/implementing agencies:</b> To be determined.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> To be determined</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP update 2001</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2005</p> <p>c. Period and duration of assistance Lending: Nonlending: 2005 - 2006</p>
<p><b>10. Financing Plan</b></p> <p>a. For lending  <input type="checkbox"/> Ordinary capital resources:  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input checked="" type="checkbox"/> Grant TA funds: \$500,000  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.5: Jaffna Water Supply and Wastewater Management II  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Infrastructure Subsector: Urban Development</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Maria Paniagua-Pascual</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In its Poverty Reduction Strategy the Government states that "the provision of safe drinking water, and adequate sewage and sanitation systems, is frequently cited as the single, highest social service priority by poor households"<sup>2</sup> and it identifies access to safe water and appropriate sanitation as one of its priorities and has set as a target providing adequate water supply and sanitation to the whole population by 2010. Improving basic services is one of the strategic priorities of the Government in the North and East.</p> <p><b>b. Goal and purpose:</b> The TA will prepare a project to provide safe drinking water to the population of the city of Jaffna and its surrounding urban area, estimated to be 250,000 people.</p>										

<sup>2</sup> Government of Sri Lanka. 2002. *Sri Lanka: Connecting to Growth: Sri Lanka's Poverty Reduction Strategy*. Colombo.

<p><b>c. Components and outputs:</b> The TA will: (i) identify physical and institutional areas that need improvement, including institutional and financial scenarios and policy framework; (ii) carry out a prefeasibility study of the necessary infrastructure required to provide safe drinking water to Jaffna urban area, including source development and distribution, within the objectives and policies of both ADB and the Government; and (iii) provide all the necessary information for the preparation of a loan project in accordance with ADB operational guidelines.</p> <p><b>d. Expected results and deliverables:</b> The TA will (i) provide all necessary information to prepare a project to undertake the physical construction of a piped water network to provide safe drinking water to Jaffna urban area, and (ii) help formulate a strategy to implement the necessary institutional and policy reforms to ensure financially and institutionally sustainable management and operation and maintenance of the network.</p> <p><b>e. Social or environmental issues or concerns:</b> No environmental issues are expected during TA implementation. The TA will identify potential negative environmental impacts arising from infrastructure construction and water source development, among others, and will prepare strategies to mitigate impacts as appropriate. The TA will provide strategies to minimize resettlement impacts stemming from the physical construction of the water network and, if required, will prepare resettlement plans.</p> <p><b>f. Plans for disseminating results/deliverables:</b> Project final report and consultation workshops.</p>
<p><b>7. Proposed executing/implementing agencies:</b> To be determined.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The Government and LTTE participated in the North and East need assessments that identified Jaffna water supply as the main priority for the sector.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP update 2002</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): 2005 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: Nonlending: 2005 - 2006</p>
<p><b>10. Financing Plan</b></p> <p>a. For lending  <input type="checkbox"/> Ordinary capital resources:  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input checked="" type="checkbox"/> Grant TA funds: \$800,000  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

### Table A5.6: Energy Sector Review Concept Paper

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Power</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>		
<p><b>5. Responsible ADB officer:</b> Rune Stroem</p>		
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB's 2004–2006 country strategy and program is directly supporting the objectives and goals established in <i>Regaining Sri Lanka</i>, of which increased economic growth is one of the cornerstones. A prerequisite to sustainable economic growth is urban and rural infrastructure. The proposed TA intends to take stock of the energy sector reforms and ensure progression toward increased private sector participation in the energy sector and the development of independent regulatory mechanisms.</p> <p><b>b. Goal and purpose:</b> The goals are to ensure compliance with the stated reform objectives, and actual implementation of policies calling for reforms and restructuring in the energy sector. The purpose is to adjust the reform process as required to successfully establish open competitive markets in the field of energy (power, petroleum, and oil and gas exploration).</p>		

<p><b>c. Components and outputs:</b> The proposed assistance will be provided through the assignment of international and domestic consultants to investigate, review, and recommend specific actions to be taken to increase the effectiveness and efficiency of energy sector reforms, both those introduced and implemented as well as those planned for the near future.</p> <p><b>d. Expected results and deliverables:</b> A clear and concise evaluation of the implementation of energy sector reforms, and specific recommendations of future adjustments and new activities to be undertaken in the energy sector.</p> <p><b>g. Social or environmental issues or concerns:</b> The major social concern is increased service deliveries of energy sector products in a financial and sustainable manner by creating a competitive environment to ensure cost efficiencies for the consumer.</p> <p><b>f. Plans for disseminating results/deliverables:</b> Through workshops, seminars, and publications of the findings and recommendations in the energy sector review.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Power and Energy</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> During the TA, ADB will ensure close coordination among the Public Utilities Commission, the new entities within the energy sector, and consumer protection organizations. The findings of the detailed work will be discussed in seminars and workshops.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP update 2001</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2006</p> <p>c. Period and duration of assistance Lending: Nonlending: 2006–2007</p>
<p><b>10. Financing Plan</b></p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$500,000 <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.7: Capacity Building in Oil and Gas Exploration  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Oil and Gas Exploration</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Rune Stroem</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Preliminary seismic data gathering indicates that there are both oil and gas prospects in several offshore areas of Sri Lanka. ADB is encouraging the Government to establish the required legal and operational environment for exploration activities, and manage the process of exploration, which should be undertaken by the private sector. Sri Lanka today imports all its oil and gas and spends foreign currency doing this. Clearly, any discovery of a commercial size would benefit the country economically.</p> <p><b>b. Goal and purpose:</b> The goal is to help the Government obtain experience through knowledge transfer to further develop the oil and gas exploration environment, with the purpose to attract international exploration firms while ensuring that fair terms for exploration activities and production sharing are written.</p>										

**c. Components and outputs:** The components would be the hiring of oil and gas exploration consultants with expertise in the (i) legal, (ii) technical, (iii) financial, and (iv) environmental fields. The output of the proposed TA would be (i) an improved and comprehensive legal environment for oil and gas exploration companies, (ii) improved technical parameters and understanding among policymakers of exploration activities, (iii) improved financial understanding among policymakers and process of exploration activities, and (iv) improved attention to environmental issues as well as increased environmental protection of the marine life as it relates to exploration activities.

**d. Expected results and deliverables:** To be determined at fact-finding.

**e. Social or environmental issues or concerns:** The environmental issues resulting from oil and gas exploration activities will be addressed through the proposed TA.

**f. Plans for disseminating results/deliverables:** Workshops and reports combined with daily interaction with among experts and assigned to the oil and gas exploration function by the Government and the regulatory agency, if any.

**7. Proposed executing/implementing agencies:** Currently, it is envisaged that the Ministry for Power and Energy will be the executing agency, although the Government is in the process of creating an agency to deal with exploration matters that could become the executing agency. This will be determined at fact-finding.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** To be determined at fact-finding.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP 2003
- b. Expected date of submission for approval
  - Lending: Not applicable
  - Nonlending (project preparatory): applicable
  - Nonlending (other than project preparatory): 2006
- c. Period and duration of assistance
  - Lending:
  - Nonlending: 2006–2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund: \$
  - Other:

If cofinancing is required indicate sources, and amount sought:  
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: \$300,000
  - Other:

If cofinancing is required indicate sources, and amount sought:  
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.8: Private Sector Development III  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Industry and Finance Subsector: Private Sector Development</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Barbara Ericsson</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The private sector in Sri Lanka has grown significantly over the past two decades as evidenced by the rising share of private investment in GDP and of the private sector in manufacturing output. However, the private sector has yet to realize its potential because of policy and institutional impediments, including the following: (i) the public sector remains dominant in commercial activities; (ii) the financial sector is underdeveloped, with SMEs in particular still facing problems in accessing finance; (iii) inefficiencies in critical government functions resulting in many industries being overregulated and/or having regulations that are ambiguous; (iv) the financial sector needs to be strengthened in terms of products, services, risk management, and governance; (v) labor laws and regulations have created distortions in the labor market; and (vi) the social safety net does not encourage improved productivity and efficiency.</p> <p>The Government's broad-based reforms and its commitment to fostering economic growth, expansion of employment, and improvement of living standards has created the basis for evolving a suitable enabling</p>										

environment for the private sector to assume a leading role in transforming Sri Lanka's economy. The Government plans to remove all barriers to facilitate growth and increase productivity. ADB's CSP for Sri Lanka identifies private sector development as a key area of support. The proposed preparatory TA for the Private Sector Development Program (Subprogram III) is in line with ADB's strategy focusing on enabling private sector activities.

**b. Goal and purpose:** The proposed project preparatory TA (PPTA) is a follow-up to the Private Sector Development Program cluster approved in 2000. It focuses on improving the environment for private sector development. The PPTA will help identify remaining constraints to private sector development and key program components such as (i) continued support for public enterprise reforms and support for privatization including restructuring of state-owned-enterprises; (ii) support for strengthening the regulatory and institutional framework for private sector participation in infrastructure; (iii) deregulation to enhance private sector growth; (iv) assistance in strengthening the labor relations framework to facilitate employment growth; and (v) continued support for strengthening the financial sector to facilitate private sector access to financing.

**c. Components and outputs:** The PPTA will review the Government's ongoing efforts to promote private sector development. The TA will specifically (i) identify the remaining critical issues that need to be addressed to enable the private sector in Sri Lanka to realize its potential; (ii) assess the institutional capacity of the Government to undertake the needed reform measures to improve the business environment; (iii) identify financial sector innovative products to facilitate access to financing by the private sector; and (iv) assess the adjustment costs of reform.

**d. Expected results and deliverables:** A PPTA to provide overall program design, scope, draft policy matrix, implementation arrangements, and cost and financing plan; and program loan to assist in the removal of impediments to private sector development.

**e. Social or environmental issues or concerns:** The privatization program may require labor redeployment program services for retrenched public enterprise employees. Infrastructure and industrial projects transferred to the private sector may have social environmental impacts. These issues will be duly addressed through policy dialogue and concerns to be included in the envisaged program.

**f. Plans for disseminating results/deliverables:** The TA will be implemented in close consultation with the Ministry of Finance and the Ministry of Policy Development and Implementation. The results will be discussed with the Ministry of Enterprise Development, Industrial Policy, Investment Promotion and Constitutional Affairs. The policy issues will be discussed with the concerned government agencies and agreement reached on an action plan and implementation timetable.

**7. Proposed executing/implementing agencies:** Ministry of Finance; and Ministry of Enterprise Development, Industrial Policy, Investment Promotion and Constitutional Affairs.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** In designing the subprogram, ADB will work closely with the Ministry of Policy Development and Implementation, Ministry of Finance and Ministry of Labour and other concerned agencies, including the Public Enterprise Reform Commission, Board of Investment, Bureau of Infrastructure Investment, Financial Sector Reform Steering Committee, Central Bank of Sri Lanka, and the to be created Financial Services Authority. Other stakeholders, including labor unions, employers' federations, NGOs, and academia, will be consulted.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP 2003
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory): 2006
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending:
  - Nonlending: 2006–2007

**10. Financing Plan**

## a. For lending

- Ordinary capital resources:
- Asian Development Fund: \$
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: \$500,000
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance

**Table A5.9: Secondary Towns & Community-based Water Supply and Sanitation II  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Infrastructure Subsector: Water Supply and Sanitation</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Maria Paniagua-Pascual</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The Government's Poverty Reduction Strategy states that "the provision of safe drinking water, and adequate sanitation systems is frequently cited as the single, highest social services priority by poor households" and reiterates access to safe water and appropriate sanitation as one of the country's development priorities. The Millennium Development Goals also include reducing the proportion of people without sustainable access to safe drinking water to half by 2015. The project will aim to improve access of safe water and sanitation in selected towns outside Colombo, particularly in areas with incidence of poverty and water borne diseases higher than the national average.</p> <p><b>b. Goal and purpose:</b> The PPTA will prepare a project to reduce the incidence of water borne diseases and inefficient resources spent by the targeted households in acquiring water to meet their basic needs. The objective of the ensuing project will be to provide safe water and sanitation to the targeted population and to improve the financial and operational capabilities of the relevant sector institutions.</p>										

<p><b>c. Components and outputs:</b> The PPTA will include a feasibility study to examine the technical, economic, financial, environmental and social aspects of the next stage of ADB's investment secondary towns and rural water supply. It will take into account lessons learned from the on going Secondary Towns and Rural Community-based Water Supply and Sanitation Project. It is envisaged that the loan project will include the following components are: (i) provision of urban water supply and sanitation in selected urban centers (the urban component); (ii) provision of rural water supply and sanitation in selected districts; (iii) institutional strengthening and public awareness campaigns.</p> <p><b>d. Expected results and deliverables:</b> The PPTA will produce a detailed feasibility study for the proposed investment project including overall project design, scope, financing plan, implementation arrangements. The TA will examine all the relevant social issues and make recommendations to ensure compliance with ADB's safeguard policies.</p> <p><b>e. Social or environmental issues or concerns:</b> The PPTA will review all expected environmental and social impacts associated with the project and will recommend appropriate mitigation measures for any adverse impacts.</p> <p><b>f. Plans for disseminating results/deliverables:</b> The results of the feasibility study will be shared with the government, stakeholders, and other donors.</p>
<p><b>7. Proposed executing/implementing agencies:</b> National Water Supply and Drainage Board will be the executing agency. Other implementing agencies include: Irrigation Department, <i>pradeshhiya sabhas</i> (smallest political unit of the local government with mandate over the provision of water supply and sanitation), provincial councils and community based organizations.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The Government has actively participated in the conduct of the PPTA and in the selection of project areas and the design parameters of the project. Consultations will be undertaken with project beneficiaries and institutions involved in project implementation during project preparation and formulation.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP 2003-2005</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): 2006 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: Nonlending: 2006 - 2007</p>
<p><b>10. Financing Plan</b></p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$500,000 <input checked="" type="checkbox"/> Other: \$500,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A5.10: Secondary School Teachers' Training  
Concept Paper**

**Date:** 30 June 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Infrastructure Subsector: Secondary Education</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
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<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Jeoung-Keun Lee</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The poor performance of secondary education indicates that major changes are necessary, especially in upgrading the quality of teachers. Although the number of secondary school teachers has grown rapidly, this has not solved the problems of mismatch of teachers in mathematics, science, and other subjects. The current low productivity of teachers is linked to the increasing proportion of untrained teachers. The project will support the Government's strategy to improve the quality of secondary education to meet new labor market requirements through in-service and preservice teacher training.</p> <p><b>b. Goal and purpose:</b> The TA will assist the Government in improving the quality of secondary education through analyzing the strengths and weaknesses of the teacher education system, improving national policy, planning and coordinating teacher education, strengthening institutional capacity of agencies involved in providing teacher training, and establishing an effective teacher management system.</p>										

**c. Components and outputs:** The project will have three components: (i) rationalization plan for preservice teacher training; (ii) master plan for in-service training of secondary school teachers and administrators; and (iii) policy reform agenda with regard to recruitment, deployment, promotion, salary scale, and other fringe benefits.

**d. Expected results and deliverables:** As a result of the TA, a master plan to reform the teacher education system will be drafted, together with suggested policy changes. A modern teacher education system will be introduced using microteaching and web-based training methods.

**e. Social or environmental issues or concerns:** Ethnic issues will be carefully reviewed to promote social integration through a quota system.

**f. Plans for disseminating results/deliverables:** A handbook for secondary school teachers will be compiled and distributed to stakeholders. The handbook will include (i) current status of teacher education in Sri Lanka; (ii) issues involved in pre- and in-service teacher training, recruitment, deployment, and promotion of teachers; (iii) suggested new reform measures to address issues; and (iv) other related topics.

**7. Proposed executing/implementing agencies:** Ministry of Human Resource Development, Education and Cultural Affairs.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** During the TA implementation period, consultations with the all stakeholders will be held.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP Update 2001
- b. Expected date of submission for approval
  - Lending: 2007
  - Nonlending (project preparatory): 2006
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: October 2007 – September 2012
  - Nonlending: March – August 2006

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: \$800,000
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.