

CONCEPT PAPERS FOR NONLENDING PRODUCTS

This appendix contains the concept papers for the following nonlending products.

- (i) Table A3.1: Commercialization of Agriculture
- (ii) Table A3.2: Implementing Products and Services for the Domestic Debt Market
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Department

**Table A3.1: Commercialization of Agriculture
Concept Paper**

Date: 27 July 2004

<p>1. Type/modality of assistance</p> <p><input checked="" 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 checked="" 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 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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Agriculture</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><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Agriculture, Environment and Natural Resources Division/ South Asia Department</p>								
<p>5. Responsible ADB officer: Paul Heytens</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: Agriculture continues to be the main contributor to the livelihoods of Sri Lanka's poor, the vast majority of whom reside in rural areas. While Sri Lankan agriculture has gradually become more diversified over the past two decades, the Government recognizes that more rapid commercialization through greater private sector participation is the key to raising productivity and accelerating growth in the sector. Higher sector growth, in turn, will have a strong impact on reducing poverty and serve as a catalyst for improved economic performance more generally through linkages with and spillover effects to the broader rural nonfarm economy.</p> <p>b. Goal and purpose: The main goal of the project is to raise Sri Lankan agriculture's growth rate over the next several years, while the main purposes are to diversify and increase value addition in the agriculture sector through increased private sector participation and greater commercialization of production.</p> <p>c. Components and outputs: The project component will seek to foster greater commercialization of Sri Lankan agriculture by increasing private sector involvement in the following areas: (i) provision of agricultural</p>								

extension services; (ii) management of land and water resources; (iii) research and development of agricultural technology; (iv) procurement, processing, and marketing of agricultural produce; and (v) investment in agricultural infrastructure, particularly market centers. The program component will seek to improve the enabling environment for private activity in agriculture by removing policy and regulatory constraints, including rationalization of the trade regime for agricultural outputs, inputs, and technology. Specific outputs will be determined as the project is prepared, but will include programs and other interventions to increase private sector involvement in the five areas noted above.

d. Expected results and deliverables: Further diversification and increased value addition in the agriculture sector through greater commercialization should raise farm and rural nonfarm incomes and employment, thereby reducing poverty in Sri Lanka. At the same time, greater participation of the private sector in agriculture and rural development should reduce budgetary outlays, thereby contributing to medium-term fiscal consolidation and the sustainability of Sri Lanka's fiscal position.

e. Social or environmental issues or concerns: By generating employment and raising farm and rural nonfarm incomes, the project will contribute directly to poverty reduction and lead to an improvement in a range of other social and economic indicators. Commercially oriented diversification of agricultural production should also improve land quality, conserve water, and make farming more sustainable in the long run. The possible social and environmental benefits and costs will be assessed during project preparation. Appropriate mitigation measures will be designed where adverse impacts are anticipated.

f. Plans for disseminating results/deliverables: The project areas and scope of interventions will be determined during the PPTA in consultation with the various stakeholders. The project will seek to provide models for sustainable, private sector-led and commercial agriculture that can be replicated elsewhere in the country. Project supervision, monitoring, and reporting systems will seek to ensure that knowledge of the project is disseminated widely in Sri Lanka.

7. Proposed executing/implementing agency or agencies: The executing agencies for the PPTA will be determined following completion of a sector review to be undertaken later in 2004. The executing/implementing agencies for the loan project will be determined during the PPTA.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Extensive consultations will be undertaken during project preparation and implementation with farmers, concerned Government agencies (e.g., Ministry of Agriculture, Livestock, Land, and Irrigation, Ministry of Plantation Industries, Ministry of Finance.), industry associations and the private sector (e.g., the National Agribusiness Council and The Ceylon Chambers of Commerce).

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending: 2006
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance
 - Lending: 2006-2011
 - Nonlending: 2005

10. Financing Plan

- a. For lending
 - Ordinary capital resources: \$30 million
 - Asian Development Fund: \$20 million
 - Other: To be determined

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$50 million
Government Financing	tbd
Other Financing	tbd
Total Cost	tbd

Source: Staff estimates.

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds: PPTA - \$800,000 (TASF) and Piggy-backed TA - \$500,000
- Other:

If cofinancing is required, indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$800,000
Government Financing	tbd
Other Financing	tbd
Total Cost	tbd

Source: Staff estimates.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.2: Implementing Products and Services for Domestic Debt Market
(TA Cluster Program)
Concept Paper**

Date: 27 July 2004

<p>1. Type/modality of assistance</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 checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Governance, Finance and Trade Subsector: Governance, Finance and Trade</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><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Governance, Finance and Trade Division/South Asia Department</p>								
<p>5. Responsible ADB officer: Barbara Ericsson</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: The Government has made significant strides in the overall framework supporting systemic development of the financial sector. Various funding agencies have provided assistance in drafting laws and regulations for an effective regulatory framework. However, there is an urgent need to: (i) deepen the implementation of the financial reforms included in the policy and regulatory framework; and (ii) adapt relevant financial products and services necessary to adequately support the development of a stronger and more competitive financial (i.e., banking and capital) market, which would enhance economic growth, create jobs, and reduce poverty.</p> <p>b. Goal and purpose: The purpose of the technical assistance cluster (TAC) is to further strengthen the domestic debt market (and, as a result, the financial system) on the basis of identified needs, as outlined in the previous section. The proposed TAC will support the implementation of some of the necessary financial reforms for long-term sustainability by providing awareness campaigns, capacity building, and onsite training through "learning by doing" from relevant international institutions providing products and services in the debt markets.</p>								

The proposed TAC will complement: (i) Sida's ongoing technical assistance in collaboration with Riksbanken (the Central Bank of Sweden) to the Central Bank of Sri Lanka; (ii) ADB's Private Sector Development Program approved in 2000 and the Small and Medium Enterprise Sector Development Program approved in 2001; (iii) the International Monetary Fund (IMF) financial recommendations included in Country Report No. 04/68; and (iv) the ongoing work of the World Bank in restructuring contractual savings institutions, including pension and provident funds.

c. Components and outputs: The proposed TAC will contain six components: (i) asset and risk management, (ii) publicly traded securitized bonds, (iii) bond derivatives, (iv) infrastructure bonds with credit insurance guarantee, (v) public debt department, and (vi) capacity building for employees at the Ministry of Finance.

d. Expected results and deliverables: The expected results and deliverables of the proposed TAC include: (i) the introduction of relevant products and services for the debt market which should 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 asset managers, pension funds and insurance companies; (vi) improve liquidity, market efficiency and transparency in the capital market; (vii) provide alternative savings products; and (viii) improve the management and financial performance of pension and provident funds.

e. Social or environmental issues or concerns: None

f. Plans for disseminating results/deliverables: The TA will be prepared in close consultation with the Ministry of Finance. The results will be disseminated through appropriate workshops.

7. Proposed executing/implementing agency or 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 Ministry of Finance, the Colombo Stock Exchange, the Central Bank, the Securities and Exchange Commission, the Insurance Board of Sri Lanka, the (to be established) National Debt Office, the Employee Provident Fund, and other concerned agencies. Other stakeholders, including business associations, nongovernment organizations (NGOs) and academe will also be consulted.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSP 2003
- 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: 2004-2006

10. Financing Plan

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

If cofinancing is required, indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

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

If cofinancing is required, indicate amount and sources sought: 2004: \$700,000, from SIDA; 2005: \$500,000, from SIDA.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$500,000
Government Financing	
Other Financing	\$500,000
Total Cost	\$1,000,000

Source: Staff estimates.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, Sida = Swedish International Development Cooperation agency, TA = technical assistance.

**Table A3.3: Small and Medium Enterprise Development II
Concept Paper**

Date: 27 July 2004

<p>1. Type/modality of assistance</p> <p><input checked="" 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 checked="" 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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Governance, Finance and Trade Subsector: Governance, Finance and Trade</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><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Governance, Finance and Trade Division/South Asia Department</p>								
<p>5. Responsible ADB officer: Barbara Ericsson</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: The Government's policy focus on accelerated economic growth, expansion of employment and improvement of living standards has created a suitable enabling environment for the private sector to assume a leading role in transforming the Sri Lankan economy. Small and medium enterprises (SMEs) are an important source of employment particularly for low-income, rural and urban households. SMEs account for nearly 90% of industrial establishments and 70% of employment in the manufacturing sector. SMEs' growth and development are restricted by the presence of regulatory and other constraints, weak skills base, high transaction costs, underdeveloped business development service sector, and limited access to finance. The project recognizes SME development as a means to create jobs for the poor and affirms ADB's commitment to promote an enabling environment for private sector development, particularly SMEs.</p> <p>b. Goal and purpose: The proposed SME development project is a follow-up to the SME Sector Development Program (SMESDP) approved in 2001. The goal of the new project is to further promote the growth and sustainability of SMEs in Sri Lanka. The PPTA will help the Government prepare an SME development project through an integrated approach that addresses the various dimensions of SME support systems (financial,</p>								

technical, marketing, and supply-chain linkages) and related policy and institutional issues.

c. Components and outputs: (i) Review the Government's ongoing efforts to improve the business environment and identify remaining constraints; (ii) assess the institutional capacity of the SME Policy Unit in the Ministry of Small and Medium Enterprise Development (MSMED); (iii) review financial sector policies as they relate to SMEs and develop options for financial service products targeting SMEs; (iv) assess the performance of the Business Services Support Facility set up under the SMESDP; and (v) identify capacity-building measures needed to develop the financial, technical, marketing, and supply-chain linkage dimensions of SME support systems.

d. Expected results and deliverables: Overall project design, scope, implementation arrangements, institutional support program, and cost and financing plan.

e. Social or environmental issues or concerns: None.

f. Plans for disseminating results/deliverables: The PPTA will be prepared in close consultation with MSMED and the Ministry of Finance.

7. Proposed executing/implementing agency or agencies: Ministry of Finance/Ministry of Small and Medium Enterprises Development

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: In designing the PPTA, ADB will work closely with MSMED and with other concerned agencies. Other stakeholders, including business associations, NGOs and academe will also be consulted.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 Lending: 2006
 Nonlending (project preparatory): 2005
 Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance
 Lending: Not applicable
 Nonlending: 2005

10. Financing Plan

- a. For lending
- Ordinary capital resources: \$60 million
- Asian Development Fund: \$
- Other:

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$60 million
Government Financing	tbd
Other Financing	tbd
Total Cost	tbd

Source: Staff estimates.

- 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 amount and sources sought: \$_____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$500,000
Government Financing	
Other Financing	
Total Cost	\$500,000

Source: Staff estimates.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.4: Local Governance in Rural Water Supply and Sanitation
Concept Paper**

Date: 27 July 2004

<p>1. Type/modality of assistance</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>2. Assistance Focus</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><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input checked="" type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Social Sectors Division/South Asia Department</p>								
<p>5. Responsible ADB officer: Maria Paniagua-Pascual</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: 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;"¹ 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> <p>b. Goal and purpose: The TA will prepare a project to improve the capacity of provincial and local governments to provide safe drinking water to their constituencies.</p>								

c. Components and outputs: 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.

d. Expected results and deliverables: 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.

e. Social or environmental issues or concerns: 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.

f. Plans for disseminating results/deliverables: Project final report and consultation workshops.

7. Proposed executing/implementing agency or agencies: To be determined.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: To be determined.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending: Not applicable
 - Nonlending (project preparatory): Not applicable
 - Nonlending (other than project preparatory): To be determined
- c. Period and duration of assistance
 - Lending: 2005
 - Nonlending: 2006

10. Financing Plan

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

If cofinancing is required, indicate amount and sources sought: \$ _____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

- 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 amount and sources sought: \$ _____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$500,000
Government Financing	
Other Financing	
Total Cost	\$500,000

Source: Staff estimates.

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

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

Table A3.5: Education Sector Development Concept Paper

Date: 27 July June 2004

<p>1. Type/modality of assistance</p> <ul style="list-style-type: none"> <input type="checkbox"/> Lending <ul style="list-style-type: none"> <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: <input checked="" type="checkbox"/> Nonlending <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <input type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other: 		
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Education Subsector: General Education</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <input type="checkbox"/> Core poverty intervention <input checked="" type="checkbox"/> Poverty intervention <input type="checkbox"/> Other <p>c. Key thematic areas</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic growth <input type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input checked="" type="checkbox"/> Gender and development </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development </td> </tr> </table>	<ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic growth <input type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input checked="" type="checkbox"/> Gender and development 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development
<ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic growth <input type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input checked="" type="checkbox"/> Gender and development 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development 	
<p>3. Coverage</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>4. Responsible division/department: Social Sectors Division/South Asia Department</p>		
<p>5. Responsible ADB officer: Ayako Inagaki</p>		
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: The Government is determined to improve and reform the education system to promote human development, reduce poverty, raise labor productivity, and achieve economic growth. In response to the Government reform initiative, ADB is providing support to modernize the secondary education system through an ongoing Secondary Education Modernization Project¹ and a follow-up phase under preparation in 2004. The proposed project builds upon progress and lessons learned from ongoing interventions and existing sector studies. The project is in line with the ADB Education Policy which promotes policy-based sector development. It will also ensure relevance to the country strategy and program update.</p> <p>b. Goal and purpose: The project aims to review the education sector reform initiative of the Government. Based on an assessment of the ongoing interventions in the sector, which includes basic, secondary, and tertiary education, areas will be identified that need strengthening to improve the quality and efficiency of general education in Sri Lanka, and make it more responsive to labor market requirements. Especially, the project will undertake an in-depth assessment of areas of interventions to promote decentralization of education, teacher training, deployment and transfer system, curriculum modernization, student assessment reform, and public-private partnership in education.</p>		

c. Components and outputs: To be determined.

d. Expected results and deliverables: Expected results will be a framework for a more devolved management and institutional structure, a modernized curriculum responsive to labor market requirements, a more capable teaching force, a more efficient assessment system, and, as a result, improved access to and quality of education, as measured by higher learning achievements. This, in turn, will lead to a better qualified workforce and better educated pool of entrants to tertiary education. Improved equity of access to quality education will also lead to greater opportunities for students from disadvantaged areas.

e. Social or environmental issues or concerns: Equity of access across ethnic groups will be emphasized.

f. Plans for disseminating results/deliverables: The results will be disseminated within ADB and regionally through lessons learned and sharing documents and evaluations.

7. Proposed executing/implementing agency or agencies: Ministry of Education.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The project preparation will be undertaken under the guidance and direction of MOE, and with full involvement and participation of all stakeholders from province, zones, and communities. The preparatory process will also include consultations with other development partners active in the education sector.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2002

b. Expected date of submission for approval
 Lending: 2006/2007
 Nonlending (project preparatory): 2005/2006
 Nonlending (other than project preparatory): Not applicable

c. Period and duration of assistance
 Lending: To be determined
 Nonlending: 2006

10. Financing Plan

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

If cofinancing is required, indicate amount and sources sought: \$_____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget:
 Grant TA funds: \$600,000 (To be determined)
 Other: \$

If cofinancing is required, indicate amount and sources sought: \$_____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$600,000
Government Financing	
Other Financing	
Total Cost	\$500,000

Source:

¹ ADB. 2000. *Report and Recommendation of the President to the Board of Directors for a Proposed Loan to Sri Lanka for the Secondary Education Modernization Project*. Manila.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.6: Institutional Capacity Building for the Petroleum Resources Department
Concept Paper**

Date: 27 July 2004

<p>1. Type/modality of assistance</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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: 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><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Energy Division/South Asia Department</p>								
<p>5. Responsible ADB officer: Rune Stroem</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: The energy sector has formed one of the pillars of ADB's assistance to Sri Lanka, and in the past assistance has been provided for the initial work related to oil and gas exploration activities. This work consisted primarily of preparing the required legislation and parameters for oil and gas exploration activities in the off-shore territories of Sri Lanka. As the Petroleum Resources Act of 2003 was approved by Parliament the Secretariat of the Petroleum Resources Development Committee (PRDC), which is headed by the Director of Petroleum Resources, is in need of institutional strengthening in order to meet the requirement of ensuring environmentally, financially, and operationally sustainable petroleum exploration.</p> <p>b. Goal and purpose: The goal is to establish a fully professional Secretariat of Petroleum Resources that can handle all aspects of off-shore exploration activities from identification of blocks to be auctioned off, deal with production-sharing agreements, and eventually monitor both exploration and production activities within the territory of Sri Lanka.</p> <p>The purpose is to ensure that Sri Lanka will optimize the benefits of oil and gas exploration as well as production within its borders, and reap financial benefits envisioned to rapidly improve the standard of living in Sri Lanka.</p>								

c. Components and outputs: Details to be identified at the time of Fact-Finding.

d. Expected results and deliverables: The focus of the assistance will be on transferring knowledge from the experts to the officers and staff of the PRDC Secretariat, and ensure that the Secretariat is "self sufficient" when the experts have completed the assignment. The deliverables will be clearly defined at the time of Fact-Finding, with a clear focus on identified areas and the respective tasks inclusive of deliverables to be addressed during the assistance period.

e. Social or environmental issues or concerns: There are serious environmental issues linked to oil and gas exploration, and this area is one of the focus areas of the assistance.

f. Plans for disseminating results/deliverables: As this is a new activity within the Government, a fairly comprehensive education campaign is required to ensure proper dissemination of information to the various stakeholders and the public at large. Dissemination of information will be one of the focus areas with clearly defined tasks and deliverables.

7. Proposed executing/implementing agency or agencies: Petroleum Resources Development Committee.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
The Government will be extensively involved in the preparation of the assistance. The identification of the need has emerged from the Government, and a list of requirements in terms of tasks to be accomplished under the TA is currently underdevelopment by the Government. The PRDC consist of senior representatives from 11 government ministries and agencies, and accordingly the assistance will be debated within each of these entities prior to discussion at the PRDC.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2004
- 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 2005-July 2006

10. Financing Plan

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

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \$10,000
 - Grant TA funds: \$
 - Other: \$650,000

If cofinancing is required, indicate amount and sources sought: \$650,000, from NORAD.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	0
Government Financing	tbd
Other Financing	650,000
Total Cost	tbd

Source: Staff estimates.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.