

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SAGF

TA No. and Name TA 2111-SRI: Institutional Strengthening of National Savings Bank		Amount Approved: \$713,000 Revised Amount: Not applicable	
Executing Agency: National Savings Bank	Source of Funding: JSF		TA Amount Undisbursed \$32,588.02
			TA Amount Utilized \$680,411.98
Date		Closing Date	
Approval 28 June 1994	Signing 17 August 1994	Fielding of Consultants 24 April 1995	Original June 1996
			Actual August 1996
Description NSB was the premier savings institution in a country that had a shortage of domestic savings to assist economic development, particularly through the private sector.			
Objectives and Scope The objective of the technical assistance (TA) was to help transform the Government-owned National Savings Bank (NSB) into an autonomous and commercial institution to mobilize and invest savings efficiently. As Sri Lanka was dependent on external resources for development, the TA aimed to help mobilize domestic resources and invest them in various instruments, thereby promoting capital market development. The TA had three components: (i) establishment of an investment department, (ii) human resource development (HRD), and (iii) development of an information technology (IT) master plan.			
Evaluation of Inputs The TA was to be implemented through the help of three international consultants for 22 person-months at a total cost of \$713,000: an investment management consultant for 12 person-months; an HRD consultant for 6 person-months; and an IT consultant for 4 person-months. The consultants were supported by local counterpart staff and provided with transport facilities. Counterpart support was costed at about SLRs8 million (\$163,000 at the time).			
Evaluation of Outputs a. Establishment of an Investment Department The Investment Department was established in May 1997 with a defined role, organization, statement of policies and procedures, manual of operations, and 14 staff (7 professionals). Staff members were trained in various aspects of securities, investment, asset management, and treasury management through 12 local and 4 overseas training programs. Total investments by the department (in loans, government securities, private sector debentures, and unit trust) increased from SLRs74 billion in 1997 to SLRs112 billion in 2001. Total deposits of NSB increased from SLRs77 billion in 1997 to SLRs119 billion in 2001.			
b. Human Resource Development TA recommendations that were implemented related to (i) establishing a separate division for training; (ii) improving training facilities; (iii) introducing structured training programs for customer service for branch managers; and (iv) dealing with issues such as staff planning, recruitment and selection, performance evaluation, and promotions. Staff were trained through in-house programs, courses conducted by local institutions, and external training programs. A training-of-trainers program was also instituted. The HRD consultant carried out the following training programs: (i) six 3-day programs on customer service for about 100 branch managers, (ii) two 4-day programs to train trainers for about 15 staff, and (iii) two half-day workshops for executives on performance evaluation. NSB continued to conduct these training programs; 192 were held in 2001, and 144 up to April 2002. HRD has improved considerably as a result of the TA.			

c. Development of an Information Technology Master Plan

The IT consultant prepared the IT Master Plan. It incorporated, among other things, management information systems (MIS) for the head office, online branch network, postal banking, special savings schemes, an automated teller machine network, and monthly management reporting by the branches. Implementation was carried out in phases. It was delayed due to lack of clear specifications for equipment to be purchased, detailed compliance procedures, and unforeseen changes in the business environment. These problems have been largely overcome. Consequently, the master plan was adjusted, and implementation proceeded to achieve the overall objective of the plan. NSB expected the MIS to provide updated information to support quick decision making and enable NSB to provide more efficient customer service and become more commercial.

TA Overall Assessment/Rating

The TA is rated as highly successful. The consultants have achieved all the objectives specified in the terms of reference, and all activities in the workplan were completed on schedule. The total expense was well within the TA budget with a savings of \$32,588. Capacity building of NSB continued after completion of the TA. Staff training, HRD, and IT development made significant progress.

Major Lessons Learned

Purchase of equipment and software should be based on very clear specifications that should be stated in the request for proposal or tender document. Criteria for selection should also be made clear and explicit.

Recommendations and Follow-Up Actions

NSB should seek an active role in the development of the capital markets in Sri Lanka to develop expertise, shape trends, and raise its profile; and it should actively manage its liabilities as well as its assets to increase profitability.

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