



Sri Lanka: Institutional Development of National Water Supply and Drainage Board

Project Name	Institutional Development of National Water Supply and Drainage Board	
Project Number	48276-001	
Country	Sri Lanka	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8835-SRI: Institutional Development of National Water Supply and Drainage Board Technical Assistance Special Fund US\$ 1.00 million	
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Water and other urban infrastructure and services - Urban policy, institutional and capacity development	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>The TA will help NWSDB to review its institutional structure and propose a more efficient and accountable institutional set-up. It will promote institutional development of the NWSDB, especially in terms of establishing new functions, e.g., regulation, environment and social, and non-revenue water (NRW) management and enhancing and upgrading the existing functions, e.g., planning and design, and Mapping, etc. Specifically, the TA will help NWSDB to develop significant technical skills of staff in planning and designing standards and GIS applications. This will enhance overall efficiency of NWSDB in handling water and sewerage projects designs by in-house staff.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>The Governments water sector objective is to increase total population that has access to safe drinking water and sanitation: (i) Safe water coverage: 100% by 2020 (2009 baseline: 85%); (ii) Pipe-borne sewerage coverage: 7.0% by 2020 (2009 baseline: 2.5%).</p> <p>The Country Partnership Strategy (CPS) 2012-2016 will focus on three pillars: (i) inclusive and sustainable economic growth, (ii) catalyzing private investment and enhancing the effectiveness of public investment, and (iii) human resource and knowledge development (page 6; para 24 ADB CPS 2012-16).</p> <p>The TA is to support NWSDB in: (i) improving the capacity of NWSDB staff to implement and manage water supply and sanitation projects; (ii) improving the quality of water supply and sanitation service operations; and (iii) developing the capacity of staff employed in all relevant divisions of the NWSDB (e.g. Regulatory, Design and Planning, Environment and Social, and NRW, etc.) to implement and manage foreign funded projects.</p>	
Impact	Improved operational efficiency and accountability of NWSDB.	

Project Outcome

Description of Outcome	Improved institutional and technical capacity of NWSDB.
Progress Toward Outcome	The contract with the capacity development technical assistance (CDTA) consultant for the institutional development of National Water Supply and Drainage Board (NWSDB) was signed on 11 December 2015. The CDTA consultant was mobilized in Colombo on 19 January 2016. The target outcome of improved institutional and technical capacity of NWSDB is not yet due.

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Strengthened institutional structure of NWSDB. 2. Implemented training and skills development program for NWSDB.
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Status of Implementation Progress (Outputs, Activities, and Issues)	<p>1. Strengthened institutional structure of NWSDB.</p> <p>It was agreed during the kick-off meetings on January 2016 that the CDTA consultant work will focus on providing practical recommendations to NWSDB and assist in achieving key improvements notably:</p> <ul style="list-style-type: none"> (i) enhanced NWSDB institutional structure (including nonrevenue water, customer management, etc.) and reinforced autonomy of Regional Supporting Centers; (ii) setting up of independent regulator most likely through the Public Utility Commission; and, (iii) enhanced planning and design function and development of environment and social division and nonrevenue water (NRW) division. <p>A Steering Committee meeting for Regulation was held on the 25 July 2016 at which the Consultant presented a revised overview of the proposed strategy for external regulation of the NWSDB, particularly proposing a licensing of activities in relation to the current zonal divisions, rather than via individual RSCs. Following discussions it was agreed that the consultant would finalize the strategic paper and present the agreed approach at a forum involving an enlarged audience of NWSDB senior staff to be held in the third week of September 2016.</p> <p>The CDTA consultant has:</p> <ul style="list-style-type: none"> (i) prepared a draft Strategic Paper (DSP) on regulation and convening a seminar ii) prepared technical notes on regulation (one on tariff, one on experience in the electricity sector, one on licensing); (iii) discussed modalities for licensing to take into account differences between the RSCs (revenues, number of customers) iv) discussed with NWSDB and PUCSL the Regulatory Framework for Sri Lanka. The key conclusions to date of the period are: i) general consensus among key institutional stakeholders met so far to support the principle of external economic regulation of NWSDB to be assumed by PUCSL; ii) necessity to keep the Minister of Water Supply and MCPWS as a whole informed about the process to prepare Regulatory Structure, including before the next Steering Committee meeting; iii) necessity to reactivate the Steering Committee established to steer preparatory works for regulatory structure; iv) necessity to analyze further the one license scheme versus licenses to each RSC (an intermediary path is to have a limited number of licenses (by zone); v) to discuss further the tariff methodology, presumably revenue cap but also possibly benchmarking only in the case of RSC/zones with less revenues and customers; vi) to consider legal aspects; vii) to ensure strong interactions within CDTA Team with a view to use progress made with respect to KPI and business planning at RSC level. <p>2. Implemented training and skills development program for NWSDB.</p> <ul style="list-style-type: none"> (i) An Inception Workshop was held on 5 April 2016. More than 50 participants attended the workshop which includes representatives from the MCPWS, ADB and other donors (AFD & JICA), the NWSDB and the Consultant Team. An inception report was provided by the consultant to NWSDB on 18 April 2016. (ii) A Business Planning Seminar was held on 9 May 2016 which was participated by NWSDB staff and large number of RSCs. In addition to introducing the background for business planning for the NWSDB the consultant introduced a small financial tool for use by the RSCs with the aid of the consultant during the remainder of the assignment. (iii) An External Regulation Seminar was held on the 27 May 2016 which presented options for external regulation of the NWSDB. Prior to the seminar a background paper was provided and also distributed at the seminar. Participants include representatives from the MCPWS, MOF (departments of public finance and public enterprises), PUCSL, NWSDB and the Consultant Team. The seminar stimulated a large degree of interaction between the participants with all generally agreeing on the necessity for external regulation. (iv) A Quarterly Progress & Interim Report was prepared and submitted by consultant on 29 June 2016 summarizing capacity development activities implemented so far and planned activities for the succeeding period.
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Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The impact of the TA will be improved sustainability of water supply and sanitation services provided by NWSDB through the development of more advanced technical capacity demonstrated by: (i) establishment of a new regulatory division, (ii) increased capacity and work quality in water and sewerage design preparation, and (iii) improved and extended GIS mapping and ensured that NWSDB is effectively and efficiently managed by enhancing its institutional structure.
During Project Implementation	The TA outcome will be improved institutional and technical capacity of NWSDB through institutional enhancement and training.

Business Opportunities

Consulting Services	ADB engaged a consulting firm for a duration of 24 months. The consultant was engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The consultants' selection was carried out through a firm, using quality- and cost- based selection, with a quality-cost ratio of 90:10, and using full technical proposals.
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Responsible Staff

Responsible ADB Officer	Fan, Mingyuan
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD
Executing Agencies	<i>Ministry of Water Supply and Drainage Sri Lanka</i>

Timetable

Concept Clearance	01 Sep 2014
Fact Finding	01 Sep 2014 to 05 Sep 2014
MRM	-
Approval	16 Dec 2014
Last Review Mission	-
Last PDS Update	27 Mar 2017

TA 8835-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
16 Dec 2014	27 May 2015	27 May 2015	30 Jun 2018	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	100,000.00	0.00	0.00	0.00	1,100,000.00	16 Dec 2014	612,325.00

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