



Technical Assistance Report

Project Number: 51107-001
Transaction Technical Assistance (TRTA)
October 2017

Democratic Socialist Republic of Sri Lanka: Preparing the Health System Enhancement Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 October 2017)

Currency unit	–	Sri Lankan rupee/s
SLRe1.00	=	\$0.00653
\$1.00	=	SLRs153.100

ABBREVIATIONS

ADB	–	Asian Development Bank
TA	–	technical assistance
PHC	–	primary health care

NOTE

In this report, "\$" refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 51107-001	
Project Name	Preparing the Health System Enhancement Project	Department /Division	SARD/SAHS
Nature of Activity	Project Preparation	Executing Agency	Ministry of Health, Nutrition and Indigenous Medicine
Modality	Regular		
Country	Sri Lanka		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Health	Disease control of communicable disease		0.10
	Health sector development and reform		0.40
		Total	0.50
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
Regional integration (RCI)	Pillar 4: Other regional public goods		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Organizational development	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Implementation Private Sector United Nations organization		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG3		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.50	
Transaction technical assistance: Technical Assistance Special Fund		0.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.10	
Government		0.10	
Total		0.60	

I. THE ENSUING PROJECT

A. Rationale

1. Sri Lanka's health system today is facing challenges to sustain its performance due to rapidly changing demographics and epidemiological transitions. In particular, the cost of health care has been increasing due to the sharp rise in noncommunicable diseases linked to lifestyles and rapidly aging population. The national health system also needs to further improve to expand services to vulnerable populations with lagging health indicators. In addition, there is increased threat of emerging and resurging infectious diseases linked to environmental factors and increased cross-border migration. The status quo of the health system is inadequately prepared to deal with these evolving challenges without significant reorientation and further improvements. The proposed assistance will enhance the Sri Lanka health system to adapt to emerging challenges and deal with shifting disease burdens. It is included in Asian Development Bank (ADB)'s Sri Lanka country partnership strategy, 2018–2022.¹

B. Proposed Solutions

2. The proposed solutions will further enhance the health system through support for strengthened primary health care, and improved health and disease surveillance capacity. The outputs are as follows:

3. **Output 1: Primary health care strengthened, especially in lagging areas.** Investments will indicatively target four provinces with underserved communities, namely Sabaragamuwa, Uva, Central, and North Central provinces, where estate and chronic kidney disease of unknown etiology (CKDu)-affected communities are present. Support for primary health care (PHC) in these provinces will focus on strengthening primary care services and community-based preventive health services to reach vulnerable areas.

4. **Output 2: Health and disease surveillance capacity improved.** This component will support health system resilience against emerging and resurging infectious diseases. Key investments will align with forthcoming recommendations of Sri Lanka's Joint External Evaluation of International Health Regulations (2005) core capacities.²

5. **Output 3: Policy development supported.** The output will support (i) further policy development in PHC reform and health care rationalization (linked with Output 1), including possible packaging of government reform program; and (ii) project management, including monitoring, procurement, and financial management.

6. These solutions or outputs will result in the following outcome: sustainability and responsiveness of the health system, especially in lagging areas, enhanced.³ The project is aligned with the following impact: a healthy nation ensured.⁴

¹ ADB. 2017. *ADB Country Partnership Strategy: Sri Lanka-Transition to Upper Middle Income Country Status, 2018–2022*. Manila.

² Government of Sri Lanka and World Health Organization, 2017. *Joint External Evaluation of International Health Regulations (2005) Implementation Status in Sri Lanka* (forthcoming). Colombo.

³ The design and monitoring framework is in Appendix 1 of the Project Concept Paper.

⁴ Government of Sri Lanka, Ministry of National Policies and Economic Affairs. 2016. *Public Investment Program, 2017–2020*. Colombo.

C. Proposed Financing Plans and Modality

Table 1: Indicative Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	50.0	83.33
Ordinary capital resources (Concessional loan)	37.5	62.50
Special Funds resources (ADF grant)	12.5	20.83
Government	10.0	16.67
Total	60.0	100.0

ADF = Asian Development Fund.

Source: Asian Development Bank estimates.

II. THE TECHNICAL ASSISTANCE

A. Justification

7. The transaction technical assistance (TA) is required for designing the ensuing project and enhancing its readiness through appropriate advance actions and support for implementation start-up.

B. Outputs and Activities

8. The major outputs will include due diligence assessments covering: (i) review of health and disease surveillance system enhancement requirements; (ii) review of key health security gaps and measures to strengthen them; (iii) review of human resources for PHC; (iv) primary health infrastructure and equipment gap assessment; (v) medical equipment gap assessment; (vi) review of essential service delivery gaps at primary health level; (vii) review of community mobilization and information, education, communication requirements; (viii) procurement and governance due diligence; (ix) safeguards due diligence; (x) economic and financial analysis; (xi) gender, social and poverty analysis; and (xii) procurement plan, and detailed cost estimates.

9. The major outputs and activities are summarized in Table 2.

Table 2: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Inception report (with draft technical and governance assessments)	October 2017	1.1 Mobilize consultants. 1.2 Conduct field-level technical, governance, and systems assessments. 1.3 Conduct inception workshop.
2. Interim report (with draft project and TA design, draft PAM, due diligence assessments)	December 2017	1.1 Prepare draft project design. 1.2 Prepare draft PAM. 1.3 Prepare due diligence assessments.
3. Draft final report (with detailed costs, procurement plan, draft TOR and bidding documents)	February 2018	3.1 Finalize procurement plan, detailed costs. 3.2 Finalize project design and monitoring framework. 3.3 Finalize project design and detailed components.
4. Final report	April 2018	4.1 Submit final report.

PAM = project administration manual, TA = technical assistance, TOR = terms of reference.

Source: Asian Development Bank.

C. Cost and Financing

10. The TA is estimated to cost \$600,000 equivalent, of which \$500,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6). The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff and office space.

D. Implementation Arrangements

11. The Ministry of Health, Nutrition and Indigenous Medicine will be the executing agency. ADB will administer the TA, including selection, supervision, and evaluation of consultants. A coordination unit will be established in the Planning Department of Ministry of Health, Nutrition and Indigenous Medicine, which will be responsible for coordinating the TA, including liaison with policymakers and stakeholders, data collection and analysis, consultant and logistical support, and organizing workshops.

Table 3: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	October 2017–October 2018		
Executing agency	Ministry of Health, Nutrition, and Indigenous Medicine		
Consultants	To be selected and engaged by ADB		
	Quality-and cost-based selection (firm)	31 person-months	\$480,000
	Individuals	6 person-months	\$20,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Assets will be transferred to government upon TA completion.		

ADB = Asian Development Bank, TA = technical assistance.

Source: Asian Development Bank.

12. **Consulting services.** A total of 37 person-months (14.5 international and 22.5 national) of consulting inputs will be provided under the TA. ADB will engage a firm (a total of 31 person-months) as well as two individual consultants (a total of 6 person-months). The selection and engagement of consulting inputs will be carried out, and all TA-financed goods will be procured, in accordance with ADB Procurement Policy (2017, as amended from time to time) and associated Project Administration Instructions and/or TA Staff Instructions. The consulting firm will be selected on the basis of biodata technical proposal in accordance with quality and cost based selection procedures. A quality to cost ratio of 90:10 will be followed. All disbursements under the TA will be done in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). The TA will be implemented over 12 months with expected commencement in October 2017 and completion in October 2018.⁵

⁵ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (14.5 person-months)	250.0
ii. National consultants (22.5 person-months)	180.0
b. International and local travel	50.0
c. Reports and communications	2.0
2. Equipment (computer, printer, etc.) ^b	1.0
3. Workshops, training, seminars, and conferences ^c	1.0
a. Facilitators	
b. Training program	
4. Vehicle ^d	3.0
5. Surveys	1.0
6. Miscellaneous administration and support costs	2.0
7. Contingencies	10.0
Total	500.0

Note: The technical assistance (TA) is estimated to cost \$600,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff and office space. The value of government contribution is estimated to account for 17% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

^b Equipment (assets will be transferred to Government upon TA completion)

Type	Quantity	Cost
Multifunction printer (printer, copy, fax, scanner)	1	\$500
Stationery		\$500

^c Workshops, training, seminars, and conferences

Purpose: Stakeholder consultations, meetings, workshops	Venue: Government office or hotel
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^d Vehicle for consultations, and meetings with stakeholders.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51107-001-TARreport>

1. Terms of Reference for Consultants