



# Technical Assistance Report

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**PUBLIC**

Project Number: 52246-002  
Knowledge and Support Technical Assistance (KSTA)  
September 2022

## Democratic Socialist Republic of Sri Lanka: Strengthening the Institutional Capacity of the National Water Supply and Drainage Board

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 9 September 2022)

Currency unit	–	Sri Lanka rupee/s (SLRe/SLRs)
SLRe1.00	=	\$0.002
\$1.00	=	SLRs363.84

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DMA	–	district metered area
ESU	–	environmental and social unit
GESI	–	gender equality and social inclusion
IMF	–	International Monetary Fund
IT	–	information technology
MWS	–	Ministry of Water Supply
NRW	–	nonrevenue water
NWSDB	–	National Water Supply and Drainage Board
O&M	–	operation and maintenance
OP	–	operational priority
PIU	–	project implementation unit
RSC	–	regional support center
TA	–	technical assistance
WASH+H	–	water, sanitation, hygiene, and health

## **NOTE**

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

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## CONTENTS

	<b>Page</b>
KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE TECHNICAL ASSISTANCE	3
A. Impacts and Outcome	3
B. Outputs, Methods, and Activities	3
C. Cost and Financing	4
D. Implementation Arrangements	5
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	10
3. List of Linked Documents	11

## KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 52246-002
<b>Project Name</b>	Strengthening the Institutional Capacity of the National Water Supply and Drainage Board	<b>Department/Division</b> SARD/SAUW
<b>Nature of Activity</b>	Capacity Development	<b>Executing Agency</b> Ministry of Water Supply (formerly Ministry of City Planning and Water Supply)
<b>Modality</b>	Regular	
<b>Country</b>	Sri Lanka	
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>
✓ Water and other urban infrastructure and services	Urban policy, institutional and capacity development	1.000
		<b>Total</b> <u>1.000</u>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>
✓ OP1: Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum) 0
✓ OP2: Accelerating progress in gender equality		Climate Change impact on the Project Low
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		<b>ADB Financing</b>
✓ OP4: Making cities more livable		Adaptation (\$ million) 0.400
✓ OP6: Strengthening governance and institutional capacity		Mitigation (\$ million) 0.000
		<b>Cofinancing</b>
		Adaptation (\$ million) 0.000
		Mitigation (\$ million) 0.000
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>
SDG 5.5		Effective gender mainstreaming (EGM) ✓
SDG 11.a		
SDG 13.a		<b>Poverty Targeting</b>
		Geographic Targeting ✓
<b>4. Risk Categorization</b> Low		
<b>5. Safeguard Categorization</b> Safeguard Policy Statement does not apply		
<b>6. Financing</b>		
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>
<b>ADB</b>		<b>1.000</b>
Knowledge and Support technical assistance: Technical Assistance Special Fund		1.000
<b>Cofinancing</b>		<b>0.000</b>
None		0.000
<b>Counterpart</b>		<b>0.000</b>
None		0.000
<b>Total</b>		<b>1.000</b>
<b>Currency of ADB Financing:</b> US Dollar		

## I. INTRODUCTION

1. The knowledge and support technical assistance (TA) will strengthen the institutional capacity of Sri Lanka's National Water Supply and Drainage Board (NWSDB). The TA will enhance NWSDB's financial sustainability and operational efficiency and increase its capacity for environmental and social safeguards, climate change and disaster risk management, and gender equality and social inclusion (GESI).

2. The TA is aligned with the first pillar of the country partnership strategy of the Asian Development Bank (ADB) for Sri Lanka, 2018–2022 that emphasizes the need to strengthen institutional capacity of state-owned enterprises involved in infrastructure and utilities. It is also aligned with ADB's Strategy 2030 and its operational priorities (OPs): (i) OP1 (addressing remaining poverty and reducing inequalities), (ii) OP2 (accelerating progress in gender equality), (iii) OP3 (tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability), (iv) OP4 (making cities more livable), and (v) OP6 (strengthening governance and institutional capacity).<sup>1</sup>

## II. ISSUES

3. **Macroeconomic outlook.** Following the 2019 Easter Sunday attacks in Sri Lanka, the coronavirus disease (COVID-19) pandemic and the Russian invasion of Ukraine further exacerbated the country's economic vulnerability to external shocks. Facing growing challenges in macroeconomic and debt management, including difficulties meeting its external payment obligations, the government began engaging with the International Monetary Fund (IMF) to secure a new Extended Fund Facility (EFF). In September 2022, IMF reached a staff-level agreement to support Sri Lanka's economic policies under the EFF.<sup>2</sup> This staff-level agreement is consistent with Article IV consultations which recommended state-owned enterprise reforms to strengthen governance, boost productivity, and improve sustainability and efficiency.<sup>3</sup>

4. **Institutional context.** The Ministry of Water Supply (MWS) mandates that NWSDB engages in the development, design, and operation of the provision of water supply and sanitation services mainly in urban and semi-urban areas. Established in 1975, NWSDB has over 9,000 employees. It provides safe water to about 46% of the country's population, with over 2.7 million water connections. To facilitate operation and maintenance (O&M) and management of its 348 water schemes, NWSDB established one regional support center (RSC) in eight of the country's nine provinces and three in the Western Province. Although NWSDB has developed its technical capacity and expanded services, it still needs to strengthen (i) financial sustainability and business and operational efficiency including IT system; (ii) nonrevenue water (NRW) and asset management; (iii) procurement capacity; and (iv) procedures for safeguards, GESI, and climate change effects on its operations.

5. **Financial sustainability.** Despite several drafts of the NWSDB Act and amendments to the NWSDB Law No. 2 of 1974, a regulatory arrangement for water supply services has not been fully established. Recent financial reports indicate that NWSDB (i) can sustainably maintain O&M by covering operating costs (exclusive of noncash items like depreciation), and (ii) still relies on government budgetary allocations notwithstanding the increase in foreign and local loans for expansion of production capacity and service coverage. To manage its financial sustainability,

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<sup>1</sup> ADB. 2017. [Sri Lanka: Country Partnership Strategy, 2018–2022](#). Manila; and ADB. 2018. [Strategy 2030](#). Manila.

<sup>2</sup> IMF. 2022. [Staff-Level Agreement on an Extended Fund Facility](#). Washington, DC.

<sup>3</sup> IMF. 2022. [Sri Lanka: 2021 Article IV Consultation](#). Washington, DC.

NWSDB's complementary strategies include (i) increasing revenue by reducing NRW, adding consumers, using dormant assets, and applying a special industry tariff; (ii) increasing the production capacity of existing systems, reducing operating costs, and outsourcing and applying energy saving concepts; (iii) cross subsidizing between domestic and non-domestic consumers and low-volume by high-volume consumption regions; and (iv) improving business efficiency. However, additional initiatives and organizational reforms are needed to increase NWSDB's financial sustainability and business efficiency, including improvement of the IT system and respective roadmap. Since the water tariff had not been revised since 2012 and the costs of energy, staff, and chemicals have risen, the tariff needs to be increased to ensure full cost recovery and sustainability. NWSDB's attempts to increase tariffs did not receive social and political support. However, in response to an NWSDB request, the government issued a gazette notification stating water tariffs would be increased from 1 September 2022.

6. **Nonrevenue water.** Aligned with its corporate plan to reduce and sustainably maintain NRW at 15% across the country, NWSDB created an NRW cell with the equipment, training, and capacity enhancement provided by the ADB-financed Greater Colombo Water and Wastewater Management Improvement Investment Program.<sup>4</sup> The cell—complete with a geographic information system-based asset management system, NRW management offices and online management, and active leakage control teams—is significantly contributing to reducing NRW from 49% to below 18% in completed district metered areas (DMAs) in Colombo. Although NRW has been reduced, a practical institutional arrangement linked to RSCs for continuity of NRW management in long-term O&M needs to be developed, including recommendations on (i) report and communication flow; (ii) resources needed, including capacity increase, and definitions of roles and responsibilities; (iii) strengthening geographic information system-based asset management, DMA management, and energy saving concepts; and (iv) logistic arrangements.

7. **Procurement reform.** In February 2021, NWSDB established a Procurement Planning and Monitoring Unit to enhance the procurement processes and its efficiency. The unit is responsible for assisting the technical evaluation and procurement committees for timely procurement and creating a procurement knowledge platform within NWSDB. It needs to increase capacity in (i) reviewing and preparing procurement documents; (ii) procuring consultants; (iii) pre-bid meetings and bid openings, negotiating, and awarding contracts; and (iv) providing capacity-building activities to NWSDB staff.

8. **Environmental, social, and gender equality.** Realizing its internal gaps and the evolving global concerns on protecting the environment, mitigating climate change and disaster risk impacts, ensuring social inclusiveness, and enhancing gender equality, NWSDB intends to convert its development division to an environmental and social unit (ESU). ESU will oversee three divisions to fulfill its mandate: (i) sociology and water, sanitation, and hygiene; (ii) water resource development; and (iii) groundwater (to be transferred from another section). Acting as a central unit to provide knowledge and assistance to safeguards during planning and implementation of development initiatives, it will ensure integrated approaches across NWSDB operations to key areas, such as environmental and climate change assessments to adapt to adverse climate and environmental effects and GESI. To do this, it needs to (i) identify requirements for the conversion and necessary mandate revision and for potential staff recruitment needs and revisions of roles and responsibilities; (ii) formulate a GESI strategy; (iii) develop standard operating procedures, including manuals, templates, and guidelines; and (iv) increase the capacity for safeguards, GESI analysis and assessment, and climate change and

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<sup>4</sup> National Water Supply and Drainage Board. 2020. Corporate Plan 2020–2025. Colombo (unpublished); and ADB. 2012. [Greater Colombo Water and Wastewater Management Improvement Investment Program](#). Manila.

disaster risk management. The unit will also assist RSCs in preparing, implementing, and monitoring water safety plans.

9. **COVID-19, water, sanitation, hygiene, and health.** According to the latest Joint Monitoring Programme for Water Supply, Sanitation, and Hygiene progress data, 87.0% of the country's population had access to improved water supply in 2020, but the piped water supply only reached 54.6%.<sup>5</sup> Not having a supply of safely managed water has led to environmental degradation, increased vulnerability to climate change impacts and natural hazards, increased public health risks, and hampered economic growth. A safely managed water supply; inclusive water, sanitation, hygiene, and health (WASH+H) approaches; and evidence-based hygiene behavior change communication are among the most cost-effective strategies for improving preparedness, supporting sustainable recovery, and minimizing the pandemic's long-term socioeconomic impacts.<sup>6</sup> Women, as primary household caregivers, are responsible for tasks related to children's hygiene, cleanliness of household, and other tasks. Where water supply is scarce, distant, or unreliable, these tasks become harder and more time-consuming. Studies suggest that the lack of access to safe water is more likely to affect women than men because of their different needs and uses of water. Salinity intrusion and high levels of iron and magnesium are also likely to have higher health implications on women than men. Water supply deficiencies at home and school can also affect the menstrual hygiene management among girls, leading to missed school days.

### III. THE TECHNICAL ASSISTANCE

#### A. Impacts and Outcome

10. The TA is aligned with the following impacts: (i) productivity and efficiency of functional areas of NWSDB improved, and (ii) organizational reforms for increased business efficiency introduced.<sup>7</sup> The TA will have the following outcome: institutional capacity of NWSDB strengthened.<sup>8</sup>

#### B. Outputs, Methods, and Activities

11. **Output 1: Organizational road maps and action plans for enhancing NWSDB financial sustainability and operational efficiency developed.** This output will help NWSDB develop systems and mechanisms to improve its financial sustainability and business efficiency and incorporate GESI, environmental, social, and climate change actions in its operations. This output will develop (i) a mandate for ESU; (ii) a GESI strategy, including increased knowledge on gender, gender analysis and assessment, and in-house master trainers; (iii) a financial sustainability road map; (iv) a business efficiency action plan; (v) an information security policy and a information technology (IT) disaster recovery plan at central level; (vi) a feasibility assessment for an integrated information and communication technology at central level, including improving the existing IT roadmap; and (vii) a central level grievance redress

<sup>5</sup> World Health Organization and United Nations Children's Funds. 2021. *Five Years into the SDGs*. Geneva.

<sup>6</sup> ADB. 2020. *COVID-19 Infection Prevention and Control through an Integrated Water, Sanitation, Hygiene, and Health Approach*. Manila will support WASH+H initiatives, including (i) capacity increase on COVID-19 infection prevention and control, and WASH+H to utility staff, village development officers, and pre-school teachers; (ii) the design and implementation of evidence-based WASH+H behavior change communication campaigns, specifically targeted to the poorest and disadvantaged communities; and (iii) the review of existing water and sanitation sector policies from a WASH+H perspective, identification of gaps, and development of a policy brief with recommendations to strengthen an enabling environment for COVID-19 infection prevention and control through WASH+H approaches.

<sup>7</sup> National Water Supply and Drainage Board. 2020. Corporate Plan 2020–2025. Colombo (unpublished).

<sup>8</sup> The design and monitoring framework is in Appendix 1.



mechanism linked with RSCs with definitions of key performance indicators. This output will also (i) establish a practical and decentralized institutional arrangement setup for the NRW cell; (ii) revise NWSDB's Water Tariff Policy and prepare a tariff revision implementation road map; and (iii) review current practices and develop an improvement action plan on financial management, debt management, accounting, financial reporting, audit practices, asset management, and asset accounting.<sup>9</sup>

12. **Output 2: Capacity of NWSDB strengthened.** This output will develop guidelines and manuals and provide training on (i) procurement and contract management; (ii) water management, leak detection, DMA management, asset management, preventive maintenance, and energy saving concepts; and (iii) environmental and climate change assessments and management, stakeholder mapping, civil society engagement and inclusive design, GESI, land acquisition, resettlement, complaints, and conflict resolution. This output will develop a capacity-building program and investment plan to build capacity and provide relevant IT hardware and software to measure, report, and verify climate change actions; and monitoring and evaluation systems that support mitigation, adaptation, and loss and damage. Trainings will be provided on (i) financial management, debt management, accounting, financial reporting, audit practices, asset management, asset accounting, finance, auditing, human resource management, supply chain management, improved business efficiency, and consumer relationship; and (ii) in-house master trainers on gender, gender analysis, and assessment. Trainings will be delivered virtually and/or face-to-face following COVID-19 preventive measures and, where applicable, pretraining and post-training surveys will be conducted to assess the training effectiveness.

13. **Value added by ADB.** ADB's value addition includes (i) developing a GESI strategy and an enabling environment for the establishment of ESU; (ii) strengthening the capacity of the Procurement Planning and Monitoring Unit and NRW cell; and (iii) assessing NWSDB's financial position and business processes and developing short-, medium-, and long-term actions and targets to enhance its financial sustainability and lessen its dependency on central government allocations, and improving its overall efficiency through operational reforms for reducing administrative and overhead costs. Lessons from ESU and the financial sustainability road map will be documented and widely disseminated. Strengthened governance and safeguards systems and enhanced institutional capacity will pave the way for creating an environment to enable a wide range of lending modalities including private sector financing emphasizing commercially viable transactions that generate attractive financial returns.<sup>10</sup> This will support Sri Lanka's transformation into an upper middle-income country.

### C. Cost and Financing

14. The TA financing amount is \$1.0 million, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff, access to reports and information, office space for consultants, training venues, and other in-kind contributions. The key expenditure items are listed in Appendix 2.

<sup>9</sup> NWSDB's Water Tariff Policy provides broad guidance for water pricing, with the revenue requirement, service delivery cost, tariff structure, price adjustments mechanisms, and accounting.

<sup>10</sup> The team will further discuss with ADB's Office of Public-Private Partnership for potential synergies related to the role of private sector participation and private sector financing.

## D. Implementation Arrangements

15. The Urban Development and Water Division of ADB's South Asia Department will administer the TA. The MWS will be the executing agency, and NWSDB will be the implementing agency. For day-to-day administration, NWSDB will establish a project implementation unit (PIU), consisting of a dedicated senior manager as the TA coordinator, that will be supported by a coordinator from each division (Finance, Procurement, Commercial, Development, NRW, and IT) as counterpart staff when needed. The PIU will liaise and coordinate with the consulting firm and relevant NWSDB divisions to ensure that the TA outputs and deliverables are produced in a timely and effective manner. The PIU will report to the ADB project officer.

16. The MWS will chair a steering committee comprising senior representatives from the ministry and the implementing agency. The steering committee's main tasks will be (i) overseeing the development of the TA outputs, (ii) providing overall policy guidance, (iii) making key decisions when required, and (iv) evaluating the TA implementation quarterly (or as needed).

17. The TA will be implemented over 48 months, from the fourth quarter of 2022 to the third quarter of 2026. ADB and NWSDB will agree to a detailed TA implementation plan at the start of the TA that includes a timetable for deliverables defined under each output. The consultants will submit interim, quarterly, and annual progress reports as well as other reports, as required, that NWSDB and ADB will review.

18. Implementation arrangements are summarized in the table.

Implementation Arrangements			
Aspects	Arrangements		
Indicative implementation period	October 2022–September 2026		
Executing agency	Ministry of Water Supply		
Implementing agency	National Water Supply and Drainage Board		
Consultants	To be selected and engaged by the Asian Development Bank		
	Firm: Quality- and cost-based selection (80:20)	Institutional development consultant (109 person-months)	\$0.935 million
Disbursement	Disbursement of technical assistance resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		

Source: Asian Development Bank.

19. **Consulting services.** The Urban Development and Water Division will select, supervise, monitor, and evaluate the consultant's work. ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The TA will require about 109 person-months of consulting services under one consultancy contract, recruited through a simplified technical proposal and quality- and cost-based selection method with a quality-cost ratio of 80:20. An output-based contract will be considered. NWSDB confirmed the availability of national consulting firms with the expertise required to perform the tasks outlined in the terms of reference.<sup>11</sup>

## IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,000,000 on a grant basis to the Government of Sri Lanka for Strengthening the Institutional Capacity of the National Water Supply and Drainage Board, and hereby reports this action to the Board.

<sup>11</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

## DESIGN AND MONITORING FRAMEWORK

<b>Impacts the Technical Assistance are Aligned with</b> (i) Productivity and efficiency of functional areas of NWSDB improved (Corporate Plan 2020–2025, goal 5), and (ii) organizational reforms for increased business efficiency introduced (Corporate Plan 2020–2025, goal 6) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks and Critical Assumptions</b>
<b>Outcome</b>  Institutional capacity of NWSDB strengthened	By 2027:  a. Roll out of ESU and GESI strategy implemented (2022 baseline: 0) (OP 2.3.2)  b. Manuals and guidelines on procurement, contract management, NRW management, asset management, and ESU applied (2022 baseline: 0)  c. Financial Sustainability Roadmap approved by the NWSDB's board and implementation commenced (2022 baseline: 0)	a.–b. NWSDB annual reports  c. Copy of the approved financial sustainability road map	A: NWSDB and the Ministry of Water Supply's continued commitment for institutional reforms
<b>Outputs</b> 1. Organizational road maps and action plans for enhancing NWSDB financial sustainability and operational efficiency developed	By 2023:  1a. NWSDB ESU mandate prepared with GESI-related provisions, women's representation (at least 30%) and one woman with management role in the ESU structure (2022 baseline: 0) (OP3.2.2, OP4.3.2, OP6.1)  1b. NWSDB GESI strategy developed (2022 baseline: 0) (OP2.3.2) <sup>b</sup>  1c. NWSDB Financial Sustainability Roadmap developed (2022 baseline: 0) (OP6.1)  1d. NWSDB business efficiency action plan developed (2022 baseline: 0) (OP6.1)  1e. NWSDB performance benchmarking conducted with KPIs developed (2022 baseline: 0) (OP6.1)  1f. Information security policy and Information Technology Disaster Recovery Plan at central level developed (2022 baseline: 0) (OP6.1)  1g. Existing IT road map improved (including an assessment of feasibility for an integrated ICT at central level) (2022 baseline: 0) (OP6.1)  By 2026:  1h. NRW cell with practical and decentralized institutional arrangement setup developed (2022 baseline: 0) (OP6.1)	1a. Copy of the mandate and capacity-building program  1b. Copy of the strategy  1c. Copy of the road map  1d. Copy of the action plan  1e. Copy of the benchmarking assessment  1f.–g. Copy of the policy and disaster recovery plan  1h. Copy of the procedures developed	

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p>1i. NWSDB's Water Tariff Policy revised and a tariff revision implementation road map prepared (2022 baseline: 0) (OP6.1)</p> <p>1j. Improvement action plan on financial management, debt management, accounting, financial reporting, audit practices, asset management, and asset accounting developed (2022 baseline: 0) (OP6.1)</p> <p>1k. A central level grievance redress mechanism linked with regional support centers developed with KPIs defined (2022 baseline: 0) (OP6.1)</p>	<p>1i. Copy of the revised water tariff policy and the road map</p> <p>1j. Copy of the procedures reviewed and improvement action plan</p> <p>1k. Copy of the KPIs</p>	
2. Capacity of NWSDB strengthened	<p>By 2023:</p> <p>2a. Capacity-building program to improve current practices on financial management, debt management, accounting, financial reporting, audit practices, asset management, and asset accounting developed (2022 baseline: 0) (OP6.1)</p> <p>2b. A capacity-building program and investment plan that includes the provision of IT hardware and software for (i) measuring, reporting, and verifying climate change actions; and (ii) monitoring and evaluating systems that support mitigation, adaptation, and loss and damage developed (2022 baseline: 0) (OP6.1)</p> <p>2c. A GESI-sensitive capacity development program for ESU developed (2022 baseline: 0) (OP6.1)</p> <p>By 2026:</p> <p>2d. At least 18 NWSDB staff (including at least 30% women) reported increased knowledge and skills on procurement and contract management (2022 baseline: 13 staff) (OP6.1, OP6.1.1)<sup>c</sup></p> <p>2e. At least 23 NWSDB staff (including at least 30% women) reported increased knowledge and skills in water management, leak detection, and energy saving concepts (2022 baseline: 16 staff) (OP4.3.2, OP6.1, OP6.1.1)<sup>c</sup></p> <p>2f. At least 75% of ESU staff (including at least 40% women) reported increased knowledge on environmental and climate change assessments and management, stakeholder mapping, civil society engagement and inclusive design, GESI, land acquisition, resettlement, complaints, and conflict resolution (2022 baseline: 0) (OP3.2.2, OP4.3.2, OP6.1.1)<sup>c</sup></p>	<p>2a.–c. Copy of the capacity-building programs and investment plan</p> <p>2d.–h. Pretraining and post-training survey</p>	R: Competing priorities and staff turnover hinder participation in capacity building

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p>2g. At least 210 NWSDB staff (including at least 30% women) reported increased knowledge in DMA management, asset management, and preventive maintenance (2022 baseline: 195 staff) (OP4.3.2, OP6.1, OP6.1.1)</p> <p>2h. At least 200 NWSDB staff (including at least 30% women) reported increased knowledge on financial management, debt management, accounting, financial reporting, audit practices, asset management, asset accounting, finance, auditing, human resource management, supply chain management, improved business efficiency, consumer relationship (2022 baseline: 0) (OP6.1, OP6.1.1)</p> <p>2i. At least 75 NWSDB staff (including 40% women) reported increased knowledge on gender, gender analysis and assessment, including in-house master trainers (2022 baseline: 0) (OP6.1.1)<sup>c</sup></p> <p>2j. Manuals and guidelines developed for (i) the procurement cell, NRW management cell, and ESU; and (ii) DMA management, asset management, and preventive maintenance (2022 baseline:0) (OP4.3.2, OP6.1)</p>	<p>2j. Copy of manuals and guidelines</p>	

#### Key Activities with Milestones<sup>d</sup>

##### 1. Organizational road maps and action plans for enhancing NWSDB financial sustainability and operational efficiency developed

- 1.1 Mobilize consultants by Q2 2023.
- 1.2 Complete strategies, action plans, and road map by Q4 2023.

##### 2. Capacity of NWSDB strengthened

- 2.1 Mobilize consultants by Q2 2023.
- 2.2 Develop manuals and guidelines by Q2 2024.
- 2.3 Conduct training activities intermittently from Q4 2023 to Q4 2024.
- 2.4 Perform Quality Control checks by Q4 2024 and Q3 2025.
- 2.5 Deliver Final Report by Q3 2025.

##### TA Management Activities

Mobilize project implementation unit staff by Q4 2022.

##### Inputs

Asian Development Bank: \$1.0 million Technical Assistance Special Fund (TASF-other sources)

Note: The government will provide counterpart support in the form of counterpart staff, access to reports and information, office space for consultants, training venues, and other in-kind contributions.

A = assumption, DMA = district metered area, ESU = environmental and social unit, GESI = gender equality and social inclusion, IT = information technology, KPI = key performance indicator, NRW = nonrevenue water, NWSDB = National Water Supply and Drainage Board, OP = operational priority, Q = quarter, R = risk.

<sup>a</sup> National Water Supply and Drainage Board. 2020. Corporate Plan 2020–2025. Colombo (unpublished).

<sup>b</sup> The GESI strategy will include mapping out potential GESI features to be integrated in project designs and monitoring and evaluating GESI actions, GESI capacity-building plans for NWSDB officials, tools for conducting gender audits and assessments, and financial requirements for GESI implementation.

- <sup>c</sup> The capacity-building activities for ESU, procurement, NRW management, GESI strategy, preventive maintenance, and energy saving will also be provided to the Department of Community Water Supply and relevant staff of NWSDB's regional support centers.
- <sup>d</sup> Overall Technical Assistance Implementation Plan (accessible from the list of linked documents in Appendix 3).

**Contribution to Strategy 2030 Operational Priorities:**

The expected values and methodological details for all OP indicators to which this TA will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 3).

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	295.0
ii. National consultants	590.0
b. Out-of-pocket expenditures	
i. International and local travel	25.0
ii. Training, seminars, and conferences <sup>b</sup>	10.0
iii. Equipment/goods <sup>c</sup>	15.0
2. Miscellaneous technical assistance administration costs	15.0
3. Contingencies	50.0
<b>Total</b>	<b>1,000.0</b>

Note: The technical assistance (TA) is estimated to cost \$1.05 million, of which contributions from the Asian Development Bank are presented in the table. The government will provide counterpart support in the form of counterpart staff, access to reports and information, office space for consultants, training venues, and other in-kind contributions. The value of the government contribution is estimated to account for 5% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

<sup>b</sup> Includes the TA interim and final workshops.

<sup>c</sup> In case software, licenses, and other assets are purchased, these will be turned over to the implementing agency upon completion of the TA. Software and licenses may be related, but not limited, to an asset management and preventive maintenance system and debt management software. Other assets may be related, but not limited, to the acquisition of minor monitoring equipment (e.g., portable ultrasonic flow meter, laptop/tablet).

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=52246-002-TARreport>

1. Terms of Reference for Consultants
2. Contribution to Strategy 2030 Operational Priorities

**Supplementary Documents**

3. Financial Sustainability Roadmap and Business Efficiency Action Plan
4. Environmental and Social Unit
5. Overall Technical Assistance Implementation Plan