

Project Administration Instructions

PAI 6.02
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PROJECT ADMINISTRATION MISSIONS

A. Introduction

1. ADB missions dispatched for loan and technical assistance (TA) project administration are classified for

Loans		Technical Assistance	
Type of Mission	Mission codes	Type of Mission	Mission codes
Project inception	PI 530	TA Inception	TAI 551
Project review	PR 533	TA review	TAR 553
Midterm review	MTR 536	Special TA administration	STA 554
Supplementary financing appraisal	PRA 534	Regional training program	RETA 555
Special project administration	SPA 532	activities	
Project completion review	PCR 535	TA performance audit	TPAR 566
Country portfolio review	CPR 515	report	
Loan disbursement (and disbursement seminar combined)	LD 531		
Operations evaluation	OE 566		

B. Organization and Approving Authority

2. Management has delegated responsibilities for organizing and approving specific types of project administration missions for

1. Loan Project

Type of Mission	Responsibility	Approval
Project inception	PAU head	Sector Director or Country Director
Project review and midterm review	PAU head	Sector Director or Country Director
Supplementary financing appraisal	PAU head	Director General, Regional Department
Special project administration	PAU head	Sector Director or Country Director
Project completion review	PAU head	Sector Director or Country Director
Country portfolio review	Country Director or OCD/U head	Director General (with endorsement of OCD/U head)
Loan disbursement (and disbursement seminar combined)	Assistant controller, CTLA	Controller
Operations evaluation	Directors, operations evaluation divisions	Director General, Operations Evaluation Department (with endorsement of OCD/U head)

OCD/U = Operations Coordination Division/Unit, PAU = project administration unit, RM = regional or resident mission.

2. Technical Assistance Project

Type of Mission	Responsibility	Approval
Inception	PAU head or TA officer	TA supervising unit (TASU) head
Review	PAU head or TA officer	TASU head
Special TA administration	PAU head or TA officer	TASU head
Regional training program or activities	Assistant controller for disbursement seminar; Director, COS1 or 2 for country project implementation and administration	Controller or Principal Director, COSO (with endorsement of OCD/U head)
TA performance audit report	Directors, operations evaluation divisions	Director General, Operations Evaluation Department (with endorsement of OCD/U head)

COSO = central operations services office

3. When substantive issues are to be taken up during project administration missions, the guidance of the head of department or office is to be obtained in advance through a separate position paper from the division responsible for the mission. While substantive issues may be associated with any project administration mission, issues associated with the midterm review and the country portfolio review missions are usually considered substantive. The position paper and guidance obtained from the above is to be copied to the heads of operations coordination division/unit (OCD/U) and regional or resident mission (RM).

4. Prior to obtaining approval to send a project administration mission, the division responsible must obtain the concurrence of the existing agency (EA) or borrower, and RM where applicable. Project administration missions are firstly, to try to visit the central government agency in charge of overall monitoring of ADB loans. At completion of the mission, the mission is to revisit the same agency with the findings and the results of their discussions with the EA. The EA's assistance is needed to carry out actions agreed upon by the mission to implement the project. An updated list of these central government authorities can be obtained from the OCD, RM, or from the loan financial information system (LFIS).

5. A description of project administration missions and their functions is in Appendix 1.

Description and Functions of Project Administration Missions

A. Loans

1. Project Inception Missions

1. After loan signing, the project inception mission is fielded, led by the project's processing mission leader. This continues the work done during processing to its next stage and initiates the process of project implementation. The project inception mission is to ensure that the borrower and EA understand ADB's procedures. The functions of the mission are to

- establish a working relationship between ADB staff and EA staff directly involved in implementing the project;
- advise the borrower and EA on necessary steps to be taken to make the loan effective;
- explain in detail ADB's requirements for recruiting consultants, procuring goods and related services, and works, and conducting disbursement; and to ensure that the borrower and EA understand the project financing plan;
- advise the borrower and EA on establishing a project implementation unit, project steering committee, and independent project records and accounting systems for the project and loan;
- review the adequacy of the preparatory work done by the EA, particularly recruiting personnel, engaging consultants, procuring goods and related services, and works;
- prepare with EA staff an agreed upon project-specific checklist of implementation requirements;
- explain ADB's reporting requirements for the project; and agree on a reporting format, allocation of responsibility and funding in line with the project design and monitoring framework that captures the key inputs, outputs and objectives required for the project performance report (PPR), and a reporting schedule;
- discuss and confirm the timetable for compliance with the loan covenants (including explaining these covenants to the external auditors of the borrower and EA);
- discuss and agree upon budget allocations and provisions for counterpart funding for the project;
- ensure that the borrower and EA understand the procedures for submitting withdrawal applications;
- make detailed arrangements for operating an imprest account if provided for in the loan agreement, and explain any other special disbursement procedures;
- discuss with the EA the timing for the first review mission; and
- finalize and discuss in detail with the implementing agencies the project administration memorandum (PAM), which was initiated and drafted during project appraisal. The revised draft PAM will be attached to the memorandum of understanding (MOU) to be signed by the borrower/EA and the mission.

2. The project inception mission is to give copies of the loan documents (including minutes of loan negotiations) to EA staff directly involved in project implementation, and if necessary, clarify any points.

The mission is also to supply copies of ADB's *Guidelines for Procurement, Guidelines on the Use of Consultants*, samples of standard bidding and contract documents,¹ and other ADB publications including those provided in PAI 1.1, Appendix 1.

2. Project Review Missions

3. ADB missions conducting a detailed review of the overall progress of the project based on the PPR format and any other information are classified as review missions. Their principal functions are to

- review overall implementation of the project and update, in consultation with the EA, the project implementation schedule;
- examine implementation problems that the project is encountering or is likely to encounter, and work out measures with the EA to resolve them;
- review actions required in terms of poverty reduction, environmental impact assessments, and resettlement plans, and where required, consult with nongovernment organizations;
- check on availability and timeliness of budgetary allocations and counterpart funding;
- review project expenditures, and estimate whether the project can be completed within the original cost estimates (foreign and local currency);
- identify cost overruns or savings that may materialize under the project and the loan, and ascertain the need to reallocate loan proceeds between categories or cancel surplus loan proceeds. Where a cost overrun (foreign and local currency) is anticipated, examine the arrangements made by the borrower to finance it;
- review progress with procurement and disbursement; and verify, based on a comparison of ADB's and the EA's records, the contracts awarded, and commitments and disbursements made;
- verify the statement of expenditure when applicable;
- review the borrower's compliance with particular loan covenants and, where there is any noncompliance or delay, discuss proposed remedial measures with the borrower (including discussions with the external auditor of the borrower or EA where relevant);
- assess the likelihood of attaining the project's immediate development objectives as indicated in the assumptions and risks sections of the PPR;
- examine the need to extend the loan closing date, and where required, work out with the EA the most suitable loan closing date based on a revised implementation schedule, and advise the EA and borrower to submit a formal request for extension to ADB; and
- examine any other matter related to the project that requires ADB's attention.

3. Special Project Administration Missions

4. ADB missions are classified as special project administration missions when they deal with specific project implementation matters that have not been covered by a project inception or review mission. Their principal functions are to cover one or more of the following:

¹ Although sample bidding documents will become available progressively on the ADB web site, EAs may have difficulty accessing the Internet or downloading the documents.

- provide information on procedures to be followed by EAs when recruiting consultants, and assist EAs, when requested, in evaluating consultants' proposals or conducting contract negotiations with consultants;
- review, discuss, and resolve procurement-related issues such as local competitive bidding procedures, draft bidding documents, and bid evaluation problems;
- discuss specific implementation problems and issues arising from the design and monitoring framework and PPR; and
- consult with the borrower and EA on specific institutional, technical, or financial matters.

4. Midterm Review (MTR) Missions

5. The MTR mission is normally carried out for every project. MTR missions are usually anticipated during project processing and are reflected in the report and recommendation of the President (RRP) and loan agreement. Regardless of whether it was anticipated or not during project processing, an MTR is undertaken for a project facing major difficulties that threaten the immediate objectives (purpose) of the project. For a project where an MTR mission is not necessary during project implementation, the director of sector division or the country director of RM responsible for implementing the project may waive the mission with justification.

6. The MTR mission assesses whether attainment of a project's immediate objective (purpose in terms of the design and monitoring framework) is still likely. A position paper and/or terms of references of the mission members will be prepared and attached to the mission authorization request seeking approval of the mission by the director of sector division or the country director of RM. The position paper is broad and includes

- review of institutional, administrative, organizational, technical, environmental, social, economic, and financial aspects of the project based on the assumptions and risks included in the design and monitoring framework and updated PPR;
- review of covenants to assess whether they are still relevant or need to be changed, or waived due to changing circumstances;
- assessment of need to restructure or reformulate the project and the effects of this on the immediate objectives (purpose) and long-term goals of the project; and
- updating the project's design and monitoring framework where restructuring or reformulation is necessary or its immediate objectives will change.

7. An MOU is usually prepared by the mission. If restructuring or reformulation of a project is recommended, and its immediate objectives are likely to change, the MOU should be cosigned (in addition to the mission and the borrower/EA) by the authorities responsible for the changes recommended to the project and the design and monitoring framework. The back-to-office report of the MTR mission includes the mission's findings, recommendations, and time-bound action plan.

8. If an MTR mission recommends restructuring or reformulating a project, and its immediate objectives are likely to change, the mission prepares an issue paper and submits it to the director general for approval. The director general decides if reappraisal of the project and subsequent Management or Board approval is needed. The PPR is updated accordingly.

5. Supplementary Financing Appraisal Missions

9. A supplementary financing appraisal mission is sent when the need for supplementary financing arises during the implementation of an approved project. As in the case of an appraisal mission and depending on the type of supplementary financing, i.e. either (i) supplementary financing of purely price and financing arrangement changes, or (ii) supplementary financing of physical changes within the original scope and/or design, or (iii) supplementary financing of modified or incremental activities or components, a supplementary financing appraisal mission is required to obtain all necessary information to analyze various aspects of the proposed supplementary financing and should also reach a written understanding in the form of an MOU or an Aide Memoire with the borrower/EA concerned. The mission is expected to examine the completed and ongoing works of the approved project and to conduct adequate due diligence depending on the type of supplementary financing which may include one or more of the following tasks: financial analysis, economic analysis, technical, capacity, institutional and safeguard assessments.² The work done by the supplementary financing appraisal mission forms the basis of the RRP and legal documents for a supplementary financial assistance.

6. Project Completion Review Missions

10. Project completion review missions prepare ADB's project completion reports after completion of projects. The missions in particular

- evaluate the processing and design of a project, both by ADB and the borrower;
- assess the performance of the borrower and EA in managing and implementing the project, in complying with ADB's guidelines, policies, practices, procedures, and loan covenants, and evaluate project costs, disbursements, and institutional improvements;
- assess the performance of consultants, contractors, and suppliers with respect to services, construction, supply, delivery, and installation;
- review problems encountered during implementation and the effectiveness of measures to resolve them, by the borrower, EA, and ADB;
- assess whether the borrower, EA, and ADB monitored progress effectively in comparison with quantifiable and monitoring targets;
- reevaluate the financial and economic performance of the project at its initial stage of operation and compare with the qualified indicators in the design and monitoring framework and PPR;
- assess the project's transition to operations, and identify any remedial measures needed;
- assess future operation and maintenance schedules to ensure sustainability of the project;
- recommend any other steps that the borrower and EA need to take to ensure the project's sustainable operation;
- assess the performance of the monitoring and evaluation system established for the project and reexamine the indicators selected for monitoring operations and assessing development impact;

² See OM sections H5/BP and H5/OP for details on the different types and due diligence requirements of supplementary financing proposals.

- assess significant environmental and poverty reduction impacts (include sociocultural impacts when applicable) of the project, and evaluate the implementation and effectiveness of any environmental control measures, resettlement plans, and poverty reduction measures; and
- assess whether the immediate development objective has been met and the likelihood of attaining long-term development goal.

7. Country Portfolio Review Missions (CPRMs)

11. The CPRM is in principle led by the RM concerned. Where there is no RM or RM capacity is limited, the mission is led by OCD/U. For countries with portfolios at high risk, the missions are led by the director generals concerned. High-level discussions are held with senior government officials on broad institutional, financial, and procedural issues related to ongoing projects in a country. Such high-level discussions are led by the central government agency responsible for management of the national ADB-funded portfolio and include representatives from each EA. Discussions related to ADB-funded projects involve ADB missions only. To assist in maximizing leverage for reforms and to provide consistent advice to the country, joint discussions that address underlying systematic weaknesses are held with other international financing institutions.³ Using the background paper prepared by the mission, and the design and monitoring frameworks and PPRs, the mission and government representatives

- discuss the overall performance of the portfolio;
- examines country-specific common project implementation problems and constraints, and work out appropriate remedial measures;
- review projects with EAs, and propose solutions for specific problems being encountered like those of the flag-in criteria of the PPRs;
- undertake field visits to selected problem projects to assess the magnitude and effects of identified problems; and
- produce a time-bound action plan with quantifiable and monitoring targets to remedy or improve the performance of the portfolio.

8. Loan Disbursement (and Disbursement Seminar Combined) Missions

12. Controller's Department sends disbursement missions to resolve general and project-specific financial and disbursement problems. In some cases, the mission is required to provide a disbursement seminar in the field for strengthening financial and accounting capacity of the EAs. The principal functions of such missions are to

- review the accounting system, budgetary system, internal control, and audit aspects of the borrower and EAs, as well as the commercial banking system that handles import and export business through letters of credit; this review facilitates loan disbursements and enables ADB to provide special disbursement procedures such as imprest accounts and statements of expenditure;

³ Such as World Bank and Japan Bank for International Cooperation.

- explain ADB's procedures and policies on loan service payments and follow up repayment of principal and interest;
- advise EAs on their financial and accounting problems, and assist them in resolving cash flow difficulties so that sufficient funds are available in time for project implementation; and
- ensure that the borrower complies with ADB's procedures for withdrawal of loan proceeds.

9. Operations Evaluation Missions

13. The Operations Evaluation Department (OED) fields operations evaluation missions to assess the performance and development impacts of a sample of ongoing and completed projects and programs. This generally takes place some 3–5 years after project or program completion by which time the development impacts are expected to be evident. The methodology for assessing the performance of projects and programs is contained in the project performance management system issued by OED. The intent is to have an overall evaluation framework that utilizes targets and indicators included in the project and program framework for monitoring and evaluation during implementation (via the PPR), at completion (via the project completion report) and at postevaluation (via the project performance audit report [PPAR]). The PPAR

- provides background on the project rationale, formulation, purpose and outputs, cost, financing and executing arrangements, completion and self-evaluation, and PPAR approach and methodology;
- assesses planning and implementation performance;
- assesses development impacts and degree of achievement of project purpose;
- provides an overall assessment of project performance including an assessment of ADB and borrower performance; and
- identifies issues, lessons learned, and recommended follow-up actions.

B. Technical Assistance

1. TA Inception Missions

14. TA inception missions are sent soon after the fielding of consultants and agreement with the recipient country on an appropriate starting date. The mission should confirm the consultant's working arrangements. Tripartite discussions should be held during the mission to refine the terms of reference of the TA and to make stipulations regarding the availability of counterpart staff, services, and facilities to be provided by the government to implement the TA. The mission assists in finalizing the work program and ensures that the responsibilities of all concerned are explicit and clear.

2. TA Review Missions

15. TA review missions are sent to review and discuss overall progress on implementation of a TA project, including reviewing reports prepared by the consultant and participating in bilateral and tripartite discussions, when necessary. The functions include

- conducts a review of the progress of the activities being funded, which may be, where applicable, based on the interim reports prepared by the consultants;
- comments of the mission are made available to the consultants for additional analysis required, if any, and to serve as a basis for their final report; and
- where agreement is reached on the need for the EA or consultants to undertake specific actions, then such agreement is recorded in the aide memoire or MOU.

3. Special TA Administration Missions

16. The special TA administration missions are sent to the country to deal with specific TA administration and implementation issues/problems, as and when they arise that warrant an in-depth discussion of the issues involved. The mission analyzes the problems with the appropriate officials of the borrower/EA, and in consultation with consultants and other parties concerned seeks to devise solutions.

4. Regional Training Program Activities Missions

17. The missions prepare and participate in regional training programs, or other regional activities financed by ADB TA. In the case of the country project implementation and administration seminar, missions are sent to selected countries as part of a systematic and long-term approach for improving project implementation in the developing member countries. It will enhance the EAs' abilities to implement projects by providing them with better knowledge of management concepts, principles, and techniques. The approach includes

- capacity–building activities that strengthen institutions and develop human resources, and indirectly address governance issues;
- seminars to train project directors, managers, and key EA and implementing agency staff on the principles and techniques for managing project implementation, including familiarizing them with ADB guidelines, practices, and policies pertaining to procurement, recruitment of consultants, disbursement, anticorruption, and associated matters; and
- structure and content are continuously reviewed to meet new demands facing ADB-financed projects, and the changing environment in which they are implemented, e.g., with emphasis on reducing poverty, seminars now include greater participation of local government.

5. Technical Assistance Performance Audit Report missions

18. OED prepares TA performance audit report (TPAR) missions for a small sample of advisory TAs. Each TPAR mission generally evaluates the performance of a cluster of TAs in the same sector in one country. Whenever possible, TPAR preparation should be programmed to provide input into the formulation of related TAs in the same sector and country so as the lessons learned can be immediately incorporated. The methodology for conducting the TPARs is contained in the guidelines issued and periodically updated by OED. The TPARs build on self-evaluation through TA completion reports to identify issues, lessons learned, and follow-up actions required by evaluating

- the rationale for the TA and the adequacy of its formulation (including the level of stakeholder participation and ownership) and the clarity and comprehensiveness of the terms of reference;
- the achievement of the immediate objectives (purpose), outputs, activities, and inputs;
- the quality of TA outputs including reports and other materials produced, skills transfer achieved (including numbers trained and staff retention), and whether timebound targets were achieved;
- TA implementation and the changes occurring, if any, between preparation and completion;
- the performance of consultants;
- the sustainability of the impacts and the requirements to ensure sustainability
- the overall performance of the TA on the scale of highly successful, successful, partly successful, or unsuccessful; and
- the performance of the EA and ADB on the scale of highly satisfactory, satisfactory, partly satisfactory or unsatisfactory.