6.3 Managing Project Implementation

6.3.1 Initial Tasks

The project manager undertakes the following for implementing a project:

- **Preparing for project implementation.** At the start of project implementation, the project manager must set up the project office, organize the project management staff and allocate duties and responsibilities to them, establish information and accounting systems, and commence the project activities.

- **Organizing the project management office.** Whenever possible, the project management office (PMO) should be at the project site. If this cannot be done because the project is in a remote area, consideration may be given to locating the project office in the nearest town that has accommodation, utilities, transport, and communication facilities. If the project has multiple sites, a satellite office may be put up in each area. The PMO and its staff must have ready access to (i) the project site, and (ii) the services and communications facilities necessary for the project.

- **Recruiting and training personnel.** The project manager should endeavor to engage only qualified personnel. Even with qualified staff, orientation or training courses may be needed to improve staff skills in specialized fields. Of great importance is having staff assigned to the PMO full-time during the implementation of the project.

- **Defining and assigning PMO staff responsibilities.** The project manager should define the functions and responsibilities of the PMO units and of key individual staff members. Job descriptions should be written for each PMO staff member. The functions, responsibilities, and job descriptions should be included in the project procedures manual and should be updated or revised as circumstances change. The extent to which staff members are authorized to make decisions in the field should also be clearly defined in the project procedures manual.

- **Establishing a project record system.** With the establishment of the PMO, the project manager must set up and activate the project records and administrative files and procedures. The person in charge of administration (the administrative officer) should be assigned the responsibility of establishing administrative procedures for the project. The administrative officer should be responsible for receiving all incoming correspondence and data, assigning control or reference numbers to the incoming items, and distributing the items to the appropriate staff members in or outside the PMO. To control the flow and filing of all project documentation, the administrative officer should develop and apply a specific system of document numbering.

- **Obtaining funds required for the initial works.** The funds initially required for the project may be provided by the borrower or ADB. The project manager must be ready to request commitment and release of funds from both sources, and, if applicable, from other financing agencies. The project manager should review the regulations and procedures relating to the allocation of local funds by the borrower, the requirements and procedures for withdrawing loan funds from ADB or other financing agencies, and the procedures for payment of expenditures for the project. The project manager should
ensure that funds are available for immediate disbursement before undertaking any work that will entail a financial commitment.

6.3.2. Monitoring Conditions for Loan Effectiveness

Although compliance with the conditions for loan effectiveness is primarily the responsibility of the borrower, the project manager should monitor the actions taken to make the loan effective. If there is any likelihood of delay, the project manager should remind the authorities concerned that a delay might adversely affect the timely completion of the project. More information on this topic can be found in the Project Administration Instructions.

6.3.3. Recruiting and Supervising the Work of Consultants

Consultants may be recruited for a project if the EA does not have sufficient in-house expertise to undertake a particular activity. A loan normally includes funds to cover such services. For project implementation, a consultant is generally engaged to prepare detailed engineering designs and draft bidding documents, evaluate or help evaluate bids, supervise the construction of civil works, and carry out other specific project activities such as monitoring the implementation of a resettlement plan.

a. Procedures for Recruiting Consultants

The project manager must make adequate preparations for recruiting consultants. ADB's requirements are specific and must be adhered to closely. The requirements are set out in the Guidelines on the Use of Consultants by ADB and Its Borrowers, 2007 (as amended from time to time). Reference may also be made to the Project Administration Instructions. Failure to follow the proper procedures and requirements may delay ADB's approval of the contract award and could prompt ADB to withhold financing. If ADB's procedures and requirements are in conflict with those of the borrower or EA, the project manager should try to find an acceptable solution, if necessary, with the assistance of higher authorities concerned. If the issue cannot be resolved, ADB's procedures and requirements will prevail, the borrower having agreed to these procedures in the loan financing agreement.

b. Supervising Consultants

Consultants must be adequately supervised. Any serious defect in a consultant's performance may have a profoundly adverse effect on the project. Procedures for supervising consultants may include discussions during reviews and briefings concerning the consultant's performance, and performance evaluations as reflected in periodic progress reports. The responsibility for reviewing the consultant's reports should be defined and identified so that the reports can be reviewed expeditiously and prompt feedback provided to the consultants. Channels of communication between the consultants and the PMO, EA, borrower, and other project participants should be established clearly and the procedures for information flows laid out.

6.3.4. Procuring Goods and Civil Works

The cost of goods (machinery, equipment, materials, supplies, etc.) and civil works (including installation of equipment) are major items of expenditure in a project. Delays in procurement
have often delayed projects. Thus, the project manager must carefully plan procurement activities and update the procurement plan regularly. All ADB-financed goods and civil works will be procured in accordance with ADB’s *Procurement Guidelines* (2007, as amended from time to time).

**6.3.5. Supervising Construction of Works or Installation of Equipment**

The project manager is responsible for supervising the construction of works or installation of equipment and should ensure frequent or continuing, independent on-site inspection of the contractor’s work. Inspection may be carried out by the EA’s own technical staff or by the consultant responsible for detailed engineering design and construction supervision. The inspection should include checking the contractor’s compliance with the technical specifications and adherence to prescribed construction standards and practices. (For example, the inspection team should check equipment delivered against approved shop drawings and civil works completed against approved technical plans and designs. Materials tests should be conducted to determine compliance with prescribed technical standards.) The inspection force should also undertake other activities, such as reviewing and approving equipment operations and maintenance instructions, warranties, spare parts lists, as-built drawings, and requests for partial progress payments.

The actual progress of the works should be closely monitored and compared with the construction schedule, preferably using a bar chart or appropriate project management software such as Microsoft Project or OpenProj, a free, open source alternative to Microsoft Project.

**6.3.6. Executing Project Covenants**

In addition to the standard covenants in the loan agreement, the borrower or EA must carry out "specific undertakings" in connection with project implementation; these are usually detailed in the project agreement. The "undertakings" are intended to facilitate implementation, and the project manager should carry them out in an efficient and timely manner.

**6.3.7. Controlling Costs**

The principal objectives of cost control are to execute a project within budget and to focus attention on potential cost problems in time to take corrective or cost-minimizing actions. The objectives are achieved by closely monitoring project expenditures and comparing expenditures against cost estimates in the project budget. Cost control measures are listed in subsection 3.4.

ADB wants loan funds to cover expenditures as they are actually incurred for a project to be withdrawn expeditiously. ADB must also ensure that such expenditures are consistent with the purposes for which the loan has been approved, with due consideration for economy and efficiency. Thus, requests for withdrawals from the loan account must be accompanied with appropriate support documentation.

The system for withdrawing loan funds consists of four standard disbursement procedures:

i. direct payment,
ii. reimbursement,
iii. commitment; and
iv. imprest fund disbursement.

These procedures are discussed in detail in the *Loan Disbursement Handbook*.
6.3.8. Controlling Project Changes
The project manager should formulate specific procedures for reviewing and approving changes in the project. Proposed changes must be studied carefully and the implications relating to costs, schedules, and technical performance and their effects on expected project benefits carefully assessed. When a proposed change involves modifying a project, the change should be approved by ADB. (See the Project Administrative Instructions for details.)

6.3.9. Project Monitoring and Control
The project manager and staff should continue to monitor the progress of project activities. Some of the activities may require periodic inspection to confirm that progress reported is actually achieved. The project manager should review the design drawings and engineering calculations at various stages. He or she may send staff members or may contract outside assistance to inspect critical equipment at the factory where it is being manufactured and may require written reports in addition to inspection. Consultants’ and contractors’ reports should be monitored closely and reviewed thoroughly.

The project manager must make extensive use of project control and accounting systems. The typical project control system provides for reviewing schedules, measuring progress and performance, tracking equipment and material, monitoring costs, and forecasting costs. The project control system’s key function is to provide project management with an early warning about any potential problems. The system does not provide precise cost information but can supply vital current key information for managing a project. Much of the cost information comes from the project cost accounting system.

6.3.10. Preparing Project Progress Reports
During detailed implementation planning, the project manager should prescribe reporting schedules and procedures to meet the requirements of ADB, the borrower, and other agencies, as well as the EA. As noted previously, information needed for progress reports will vary according to the nature of the project; the format and depth of detail will also vary according to the level of management receiving the report. The reports for the project manager require greater depth than the condensed reports submitted to the EA and ADB. The information for the project manager must be detailed enough to identify and address problems that are being encountered.