PROJECT ADMINISTRATION MISSIONS

1. This Project Administration Instruction (PAI) describes the functions of project administration missions for loan\(^1\) and technical assistance (TA) projects which are classified as follows:

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\(^a\) Missions for project administration of other grants such as Japan Fund for Poverty Reduction (JFPR), etc. Same procedures for loans will apply.

2. Management has delegated responsibilities for organizing and approving specific types of project administration missions which are outlined in Administrative Order 4.01 (Business Travel).\(^2\)

3. When substantive issues are to be taken up during project administration missions, the guidance of the head of department or office should be obtained in advance through a position paper from the sector division\(^3\) responsible for the mission. The position paper are to be copied to the concerned resident mission (RM).

4. Prior to obtaining the approval to send a project administration mission, the sector division responsible must obtain the concurrence of the borrower\(^4\) and RM. All missions require approved mission authorization request (MAR).

5. Upon return from mission, a back-to-office report\(^5\) is prepared and the project record in eOperations is updated.

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\(^1\) In this PAI, the reference to “loan” also includes grants, unless the context requires otherwise. This PAI also applies to loans and grants from external sources that are administered by ADB unless agreed otherwise between ADB and cofinanciers.

\(^2\) Excludes supplementary financing appraisal and independent evaluation missions.

\(^3\) In this PAI, the term “sector division” also refers to the regional office or resident mission primarily administering the project.

\(^4\) In this PAI, the term “borrower” also refers to recipients of grants, executing agencies, and/or implementing agencies, unless the context requires otherwise.

\(^5\) Refer to PAI 6.03 (Reports by Project Administration Missions).
A. Loan Project Administration Mission

1. Project Inception Mission

6. After loan signing, the project inception mission is fielded, led by the project mission leader.\(^6\) The project inception mission confirms that the borrower understands the Asian Development Bank’s (ADB’s) procedures as agreed during project processing. The mission will:

(i) establish a working relationship between ADB staff and executing agency (EA)\(^7\) staff directly involved in implementing the project;
(ii) 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 understands the project financing plan;
(iii) advise the borrower on establishing a project implementation unit, project steering committee, and independent project records and accounting systems for the project;
(iv) review the adequacy of the preparatory work done by the EA, particularly recruiting personnel, engaging consultants, procuring goods and related services, and works;
(v) prepare with EA staff an agreed upon project-specific checklist of implementation requirements;
(vi) explain and confirm ADB's reporting requirements and agree on a reporting format and schedule, and allocation of responsibility and funding in line with the project design and monitoring framework (DMF) that captures the key inputs, outputs and outcome required for the project performance report (PPR), including inputs for the project completion report (PCR);
(vii) discuss and confirm the timetable for compliance with the loan covenants and explain these covenants to the external auditors of the borrower;
(viii) discuss and agree upon budget allocations and provisions for counterpart funding for the project;
(ix) ensure that the borrower understands the procedures for submitting withdrawal applications;
(x) make detailed arrangements for operating an advance account if provided for in the project administration manual (PAM), and explain any other special disbursement procedures;
(xi) discuss the EA’s role in the process of closing the loan account after project completion;
(xii) discuss with the EA the timing for the first review mission;
(xiii) discuss with the EA the details of the PAM which was drafted and finalized during project processing including contract awards and disbursement projections. The PAM, with any necessary revisions, will be attached to the memorandum of understanding (MOU) to be signed by the borrower and the mission;

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\(^6\) It is recommended to field the inception mission prior to loan effectiveness.

\(^7\) In this PAI, the term “executing agency (EA)” also refers to implementing agencies, unless the context requires otherwise.
(xiv) discuss in detail with EA, ADB’s Anticorruption Policy, Integrity Principles and Guidelines, and the project specific integrity risks and re-assess the EAs capacity to mitigate these risks and identify training needs including re-confirming the Borrower’s oversight arrangements and actions to fill in the gaps (such as recruitment of audit firm); and

(xv) explain ADB’s policy for disclosure of information related to the project.

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

2. Project Review Mission

8. At least once a year\(^8\), the project review mission conducts a detailed review of the overall project progress. The mission will:

(i) review overall implementation of the project and update, in consultation with the EA, the project implementation schedule;

(ii) examine implementation problems that the project is encountering or is likely to encounter, and work out measures with the EA to resolve them, including financial management matters;

(iii) review actions required in terms of poverty reduction, environmental impact assessments and/or initial environmental examinations, environmental management plan, resettlement plans, indigenous peoples plans, and where required;

(iv) check on availability and timeliness of budgetary allocations and counterpart funding;

(v) review project expenditures, and estimate whether the project can be completed within the original cost estimates (foreign and local currency);

(vi) identify cost overruns or savings that may materialize under the project and ascertain the need to reallocate loan proceeds between categories or cancel surplus loan proceeds. Where a cost overrun is anticipated, examine the arrangements made by the borrower to finance it;

(vii) 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;

(viii) verify the statement of expenditure when applicable;

(ix) review the borrower’s compliance with 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);

(x) assess the likelihood of achieving the project’s outcome and outputs as indicated in the risks section of the DMF;

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\(^8\) For Category A projects and/or actual problem projects, at least 2 missions a year are recommended to be fielded.
(xi) 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

(xii) examine any other matter related to the project that requires ADB’s attention including discussions with consultants and contractors, as necessary.

3. **Special Project Administration Mission**

9. The special project administration mission is fielded when they deal with specific project implementation matters that have not been covered by a project inception or review mission. The mission will discuss and consult with the borrower specific implementation issues and agree on actions to be taken.

4. **Midterm Review Mission**

10. The midterm review (MTR) mission\(^9\) is a self-evaluation exercise undertaken to review whether a project is likely to achieve its outcome and outputs on time and within budget. The mission should review all aspects of project administration and identify appropriate mitigation measures to address implementation problems. The results of an MTR should be used when comparisons between implementation progress and results at project completion are required.

11. A position paper and/or terms of references of the mission members will be prepared and attached to the MAR seeking approval of the mission by the head of the sector division. The position paper includes:

   (i) review of institutional, administrative, technical, safeguards, economic, and financial aspects of the project based on risks included in the DMF and updated PPR;
   
   (ii) review of covenants to assess whether they are still relevant or need to be changed, or waived due to changing circumstances;
   
   (iii) assessment of need to change the project and the effects of this on the outcome and output of the project; and
   
   (iv) update on the project’s DMF where change is necessary.

12. An MOU / Aide Memoire is prepared by the mission prior to completion of the mission. If a change in the project is recommended, and/or its outcome and/or outputs are likely to change, the MOU / Aide memoire should be cosigned by the mission and borrower responsible for the changes recommended in the project and DMF. The back-to-office report of the MTR mission includes the mission’s findings, recommendations, and time-bound action plan. The project records are updated accordingly in eOperations and changes in the project will follow procedures in PAI 5.02 (Change in Loan Projects).

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\(^9\) A second midterm review mission is only allowed on exceptional circumstance.
5. **Project Completion Review Mission**

13. The project completion review mission prepares ADB's project completion reports after completion of projects. The mission will evaluate the performance of public sector operations to enhance transparency and accountability, and document lessons learned from operational experience in the design and implementation of a loan project. PAI 6.07A (Project Completion Report for Sovereign Operations) provides guidance on project completion review missions.

6. **Country Portfolio Review Mission**

14. The country portfolio review mission (CPRM) is in principle led by the RM concerned. For countries with portfolios at high risk, the missions are led by the director general concerned. High-level discussions are held with senior government officials on broad institutional, financial, and procedural issues related to ongoing projects in the 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. 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.

15. To prepare for the mission, the sector specialists at RM or sector division PAU head at headquarters (where there is no RM) (i) collect the latest available information on national sector outcomes and outputs by working with government agencies, and (ii) obtain from project officers the latest assessment of project outputs achieved under the active portfolio. The CPRM mission leader, with the assistance of the country team leader/economist, reviews and consolidates findings, and prepares the background paper that includes: (i) project outputs achieved, (ii) current sector outcomes and the likelihood to achieve the intended sector outcomes, (iii) portfolio performance issues, (iv) project implementation problems, and (v) a draft action plan. The background paper serves as the main CPRM document presented to the government and other development partners for review. The mission and government representatives will:

(i) discuss the overall performance of the portfolio in terms of completing the projects within the approved time and budget as well as their contribution to sector outcomes and outputs;
(ii) examine country-specific and/or inter-ministerial level project administration issues and work out appropriate remedial measures;
(iii) review projects with EAs, and propose solutions for specific problems being encountered;
(iv) undertake field visits to selected problem projects to assess the magnitude and effects of identified problems; and
(v) agree on a time-bound action plan with quantifiable and monitoring targets to remedy or improve the performance of the portfolio.
7. **Loan Disbursement Mission**

16. The disbursement mission resolves general and project-specific financial and disbursement issues. 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 mission will:

   (i) discuss and help resolve general or project specific disbursement related issues;
   (ii) conduct reviews of use of Statement of Expenditure procedures; and
   (iii) explain ADB’s procedures and policies on loan service payments and follow up repayment of principal and interest.

B. **Technical Assistance Administration Missions**

1. **TA Inception Mission**

17. The TA inception mission is sent soon after the fielding of consultants and agreement with the EA and/or 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 consultants 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 (PAI 5.09: Administering Grant-Financed Technical Assistance).

2. **TA Review Mission**

18. The TA review mission assesses and discusses 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 mission conducts a review of the progress of the activities being funded, which may be, where applicable, based on the interim reports or project progress report prepared by the consultants. Findings of the mission are made available to the consultants for additional required analysis, if any, and to serve as a basis for their final report. 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. The mission conducts stakeholder consultations as needed.

3. **Special TA Administration Mission**

19. The special TA administration mission is sent to the country to deal with specific TA administration and implementation issues, 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 EA, and in consultation with consultants and other parties concerned, seeks to devise solutions.
4. Regional Training Program Activities Mission

20. The regional training program activities mission prepares and participates in regional training programs, or other regional activities financed by an ADB TA project. In case of 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 loan projects by providing them with better knowledge of management concepts, principles, and techniques. The approach includes:

(i) capacity-building activities that strengthen institutions and develop human resources, and indirectly address governance issues;
(ii) seminars to train project directors, managers, and key staff of EA and implementing agency 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
(iii) review of structure and content to meet new demands facing ADB-financed projects, and the changing environment in which they are implemented.