

Project Administration Instructions

PAI 6.02
Revised in June 2023
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PROJECT ADMINISTRATION MISSIONS¹

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

Loans		Technical Assistance	
Type of Mission	Mission codes	Type of Mission	Mission codes
Project inception	530	TA inception	551
Project review	533	TA review	553
Midterm review	536	Special TA administration	554
Special project administration	532	Regional training program activities	555
Project completion review	535		
Country portfolio review	515		
Loan disbursement	531		
Other grants project administration ^a	558		

^a Missions for project administration of other grants such as Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR), etc. Same procedures for loans will apply.

2. For loans, the mission leader prepares a mission clearance proposal² and submits to the country director (CD) for approval with the concurrence of the regional sector project administration unit (PAU) head.³ After approval, the CD will obtain concurrence from the borrower⁴ to conduct the project administration mission.⁵

3. For TAs, the mission leader prepares a mission clearance proposal⁶ if government concurrence is required and submits to CD or country operations head (COH) for approval with the concurrence of TA supervising unit PAU head. Then the CD will obtain concurrence from the

¹ In this PAI, the term "loan(s)" includes grant(s) and the term "project(s)" includes program(s), unless the context requires otherwise. This PAI also applies to loans from external sources that are administered by ADB, unless agreed otherwise between ADB and cofinancier(s).

² The term "mission clearance proposal" covers information such as mission purpose and composition, terms of reference, position paper, and other required documents, as applicable.

³ For midterm review missions, concurrence of sector director (SD) is required.

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 Does not apply to country portfolio review and country loan disbursement missions. Depending on government requirements, flexibility of obtaining borrower's concurrence procedure is allowed.

⁶ The term "mission proposal" covers information such as terms of reference, position paper, background paper, and other required documents, as applicable. For regional training program activities missions, the mission proposal is prepared by the Assistant Controller for disbursement seminar, or Director, Procurement Division 1/2 for country project implementation and administration seminars, and submitted for approval by the Director General, Procurement, Portfolio, and Financial Management Department or Controller. For other regional training, procedures for TA review mission applies.

government. If government concurrence is not required, the mission leader should notify the COH of the mission fielding.

4. The mission leader and members submits the project administration mission travel request for approval of the mission approving authority defined in Administrative Order 4.01 (Business Travel).⁷

5. When substantive issues are to be taken up during project administration missions, the guidance of the sector director (SD) should be obtained in advance from the mission leader responsible for the mission. The PTL should consult with the COH. If needed, guidance may be escalated to the senior sector director in consultation with the regional head, operations coordination (RHOC).

6. Upon return from mission, a back-to-office report⁸ is prepared and the project record in eOperations is updated. All missions, including virtual missions, should be recorded in eOperations.

A. Loan Project Administration Mission

1. Project Inception Mission

7. After loan signing, the project inception mission is fielded, led by the mission leader.⁹ 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)¹⁰ 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

⁷ Excludes supplementary financing appraisal and independent evaluation missions. Does not apply to virtual missions.

⁸ Refer to PAI 6.03 (Reports by Project Administration Missions).

⁹ It is recommended to field the inception mission prior to loan effectiveness.

¹⁰ In this PAI, the term "executing agency" also refers to implementing agencies, unless the context requires otherwise.

- design and monitoring framework (DMF) that captures the key inputs, outputs and outcome, including inputs for the project completion report;
- (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;
 - (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 requirement for disclosure of information related to the project.

8. 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

9. At least once a year,¹¹ 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

¹¹ For Category A projects and/or At Risk projects, at least two missions a year are recommended to be fielded. For a multitranches financing facility (MFF) supporting a large stand-alone project, a review mission is required for the facility at least once a year.

- management plan, resettlement plans, indigenous peoples plans, gender action plan, 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) review key activities and milestones in the DMF, reassess the risks and critical assumptions and the likelihood of achieving the project's outcome and outputs within target dates;
 - (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

10. 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

11. The midterm review (MTR) mission¹² 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.

¹² A second midterm review mission is only allowed on exceptional circumstance.

12. Prior to the mission, the mission leader prepares a position paper and seeks approval from the SD in consultation with COH. If needed, approval may be escalated to the senior sector director in consultation with the RHOC. The position paper includes:

- (i) review of institutional, administrative, technical, outputs, outcomes, safeguards, social, gender equality, economic, financial, operational priorities, risks, and other aspects of the project defined in the report and recommendation of the President or equivalent approval document;
- (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.

13. An MOU/aide-mémoire 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-mémoire should be cosigned by the mission leader 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).

14. Multitranche financing facility (MFF), excluding those supporting a large stand-alone project, requires a midterm review for each tranche and is optional for the facility. An MFF supporting a large stand-alone project¹³ requires a midterm review for the facility and not required for each tranche although may be conducted if needed.

5. Project Completion Review Mission

15. 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.

6. Country Portfolio Review Mission

16. The country portfolio review mission (CPRM) is led by the resident mission concerned, with support from the RHOC and regional sector PAU heads as needed. 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

¹³ The report and recommendation of the President should indicate that the MFF is supporting large stand-alone project.

consistent advice to the country, joint discussions that address underlying systematic weaknesses are held with other international financing institutions.

17. To prepare for the mission, the COH with support of the regional sector PAU heads (i) collect the latest available information on national sector outcomes and outputs by working with government agencies, and (ii) obtain from project team leaders the latest assessment of project outputs achieved under the active portfolio. The COH, with the assistance of the project team leaders, and country 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

18. 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

19. 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 Technical Assistance).

2. TA Review Mission

20. 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-mémoire or MOU. The mission conducts stakeholder consultations as needed.

3. Special TA Administration Mission

21. 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

22. 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.