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# Venturing Beyond Procurement and Design Ready: A Case Study from India

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# Outline

- **Project Readiness Criteria in India: Conceptual Framework**
- **Readiness milestones and key activities**
- **Project readiness monitoring mechanism in India**
- **Case studies in project readiness**



# Project Readiness Criteria in India: Initial Steps

Concept stage screening

Posed to the MDB

Preliminary Project Report

- Submission of PPR by Department/Ministry concerned to Department of Economic Affairs (DEA)

Stakeholders' consultation

- Concurrence of Department of Expenditure, MOF (Govt of India), NITI Aayog, Line ministry

Screening Committee approval

- Proposal to be presented in Screening Committee meeting (meets every month)
- Approval & posing to Multilateral Development Bank (MDB) concerned

Preliminary Project Report (PPR)

Well defined project objectives, components, activities, cost estimates

“Finance Plus” elements and lessons learnt from previous project(s) in the sector

Project preparation milestones including status of Detailed Project Report (DPR)

# Project Readiness: Activities before Fact

Fin

## Institutional structure for project implementation

- Designation of PMU/PIU staff completed and core staff assigned
- Fund flow arrangement defined and agreed upon with DEA and MDB concerned
- Stability of tenure of project staff assured

## Procurement activities

- Procurement plan prepared (details of contract packages, mode of procurement, pre-requisites for award, approval structure, schedule)
- TOR for consultancy contracts including project management consultants , shortlisting
- RFP for major/critical consultancies issued
- Bidding documents for all contracts, to be awarded in first 18 months of implementation, to be prepared, approved and issued

## R&R activities

- Budgeting for at least 30% land acquisition (LA) and resettlement requirements made
- LA and Resettlement plan finalized, LA initiated
- Environmental Management Plan (EMP) for first two years of implementation finalized, completion and approval of IEE/EIA



# Project Readiness: Activities before Negotiation

## Institutional arrangements and HR

- Necessary budget and counterpart fund provisions made
- Key policy and institutional reforms, if critical, to be implemented
- Project implementation/administration plan finalized

## Approvals relating to project

- All statutory approvals (Cabinet/ministerial/State) to be in place
- Environment and forest clearances obtained
- Administrative approval for right of way and shifting of utilities obtained

## Implementation readiness

- At least 50% land acquisition to be completed
- At least 30% contracts for civil works to be ready for award
- Project management consultancy, if critical, to be completed or be ready for award
- In case of RBLs, on-boarding process for IVA completed
- Entire PMU/PIU should be in place
- Financial Management System, Audit arrangements, and system of oversight to be established



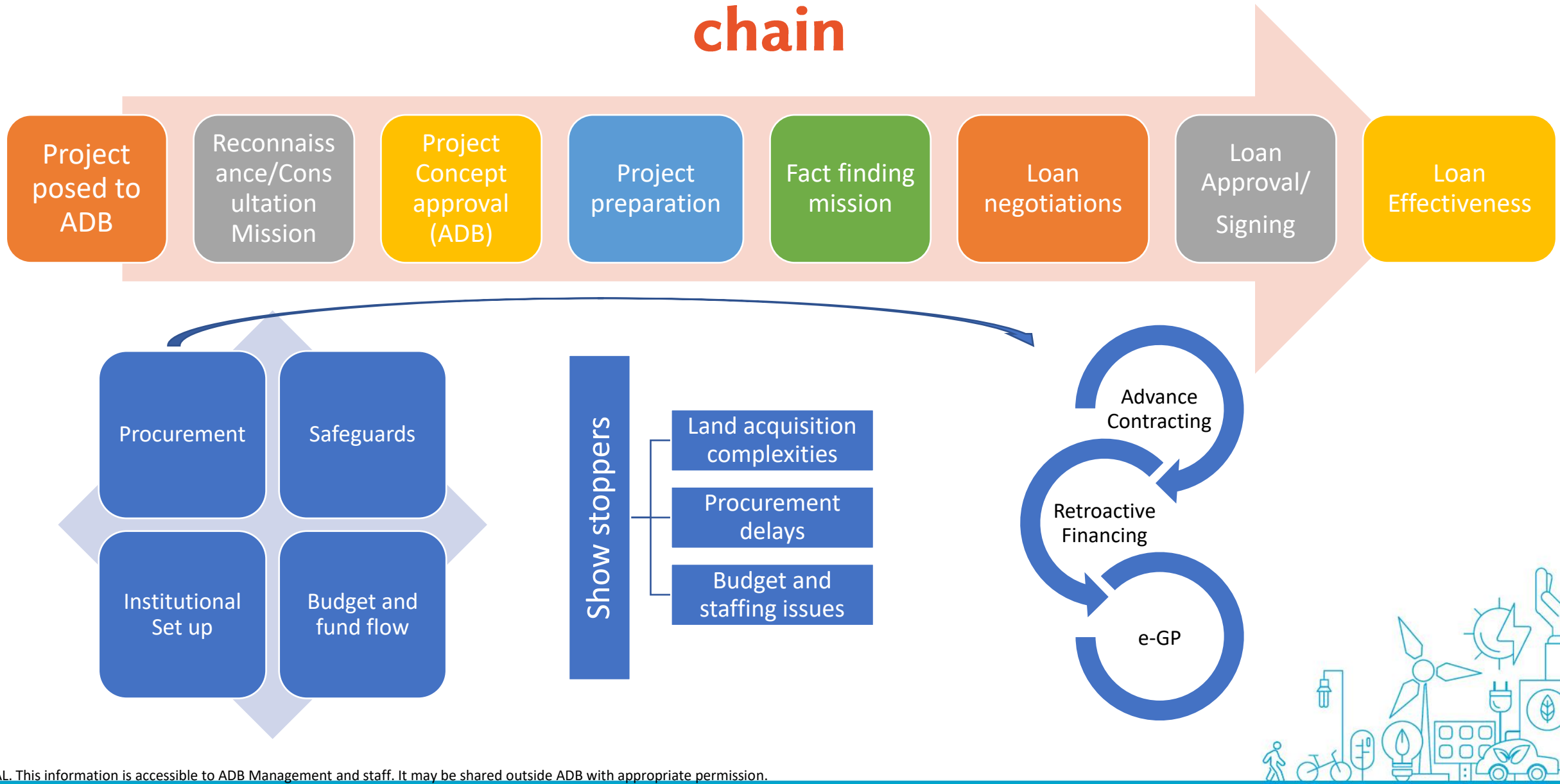
# Project Readiness: Activities before Signing of loan

## Implementation readiness

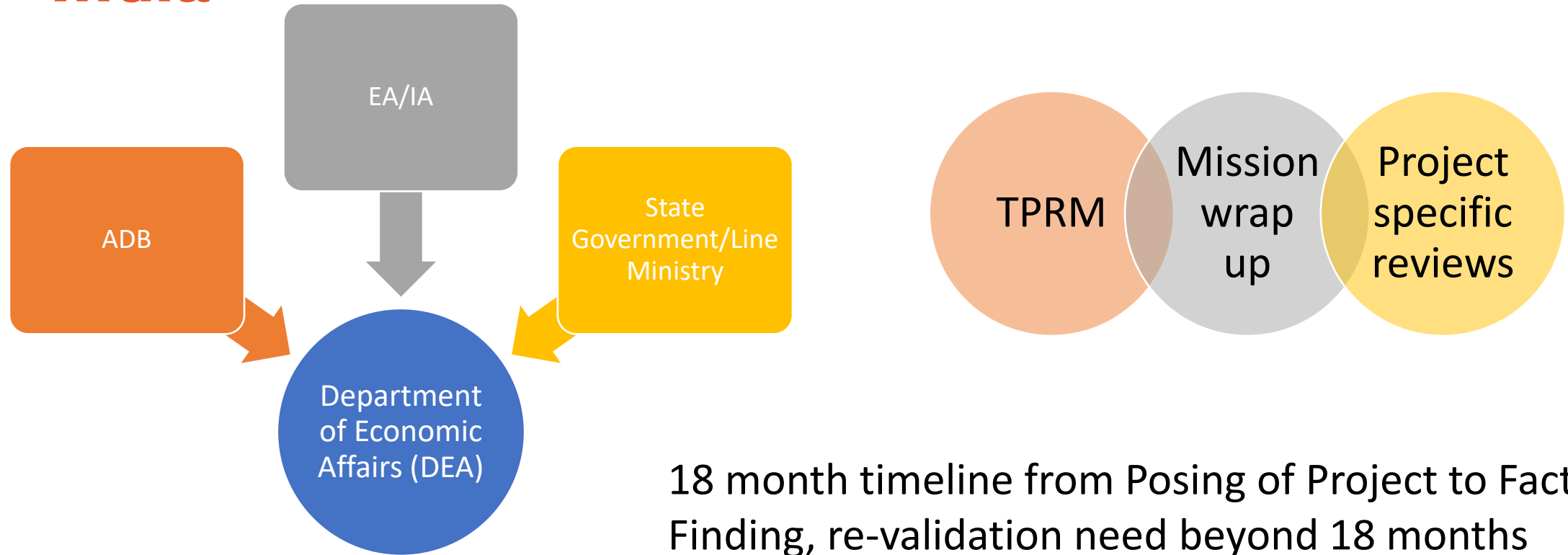
- **Contracts for at least 30% of civil works should be awarded**
- **Contracts for consultancy services should be awarded**
- **Budget and counterpart funding provisions for first year of implementation secured, and remaining to be obtained with succeeding budget cycles**



# Project Readiness: Interventions in value chain



# Project Readiness Monitoring Mechanism in India



18 month timeline from Posing of Project to Fact Finding, re-validation need beyond 18 months through Screening Committee of DEA





# Project Readiness: Urban sector case study

Loan: 4113 IND: Integrated Urban Flood Management for Chennai-Kosasthalaiyar Basin Project

Loan amount: \$251 million, Total project cost: \$480 million, Loan closing date: 31 Dec 2025

Objectives

Project processing milestones

Current status

Strengthen climate and disaster resilience in Chennai-Kosa river basin

Reduce seasonal flooding by improving urban flood protection infrastructure

Establish measures for sustaining O&M of stormwater drainage system in GCC



94% contracts awarded

18% loan disbursed

Physical progress: 27%

High ownership from EA/IA

Financial management, environment, social safeguards in place

**Implementation readiness**

- 98% of civil work contracts, and contract for supervision consultant awarded before negotiations (Feb/March 2021)
- EA with no prior experience of ADB funded projects, Strategic Procurement Planning (SPP) developed
- Advance contracting and retroactive financing used
- 46 civil works packages, post-review (sampling) used for 8 packages to improve procurement time

**Safeguards**

- EA ensured that all land requirements and right of way issues were resolved before start of work

**Budget and fund flow**

- Adequate and timely provision for budget and counterpart funding ensured



# Project Readiness: Transport sector case study

Loan: 3911 IND: Maharashtra State Road Improvement Project

Loan amount: \$150 million, Total project cost: \$ 300 million, Loan closing date: 30 June 2025

## Objectives

Upgrade and maintain 450 km of state roads

Performance based maintenance contracts to maintain assets for 5 years

Build institutional capacity of EA/IA

## Project processing milestones



### Implementation readiness

- More than 50% of civil work contracts awarded before negotiations, Project management consultant process in advanced stage by negotiations and aligned with contractor's mobilization
- Advance contracting and retroactive financing used

### Safeguards

- Land acquisition, forest and environment clearance, right of way, utility shifting obtained in time

### Budget and fund flow

- Adequate and timely provision for budget and counterpart funding ensured

## Current status

85% contracts awarded

66% loan disbursed

Physical progress: more than 70%

High ownership from EA/IA

Financial management, environment, social safeguards in place



# Project Readiness: Energy sector case study

Loan: 3850 IND: Chennai-Kanyakumari Industrial Corridor Power Sector Investment Project  
Loan amount: \$451 million, Total project cost: \$653 million, Loan closing date: 30 June 2025

## Objectives

Strengthen power transmission connectivity on CKIC corridor

Enhance institutional capacity of Transco

Strategic recommendations for financial sustainability and operational efficiency of power sector

## Project processing milestones



### Implementation readiness

- More than 30% civil work contracts ready for award before negotiations (and 85% procurement completed within 6 months of loan effectiveness), critical consultants in place
- Advance contracting and retroactive financing provisions used

### Safeguards

- Land acquisition, right of way, R&R issues resolved before start of work

### Budget and fund flow

- Adequate and timely provision for budget and counterpart funding ensured

## Current status

All contracts awarded

45% loan disbursed

Physical progress: more than 70% (substantial progress on construction of transmission lines and substations)

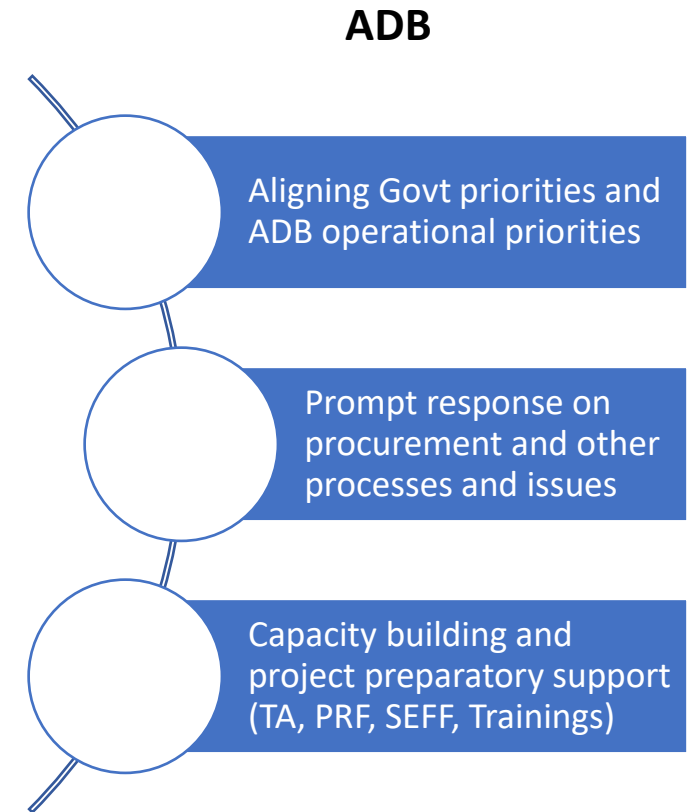
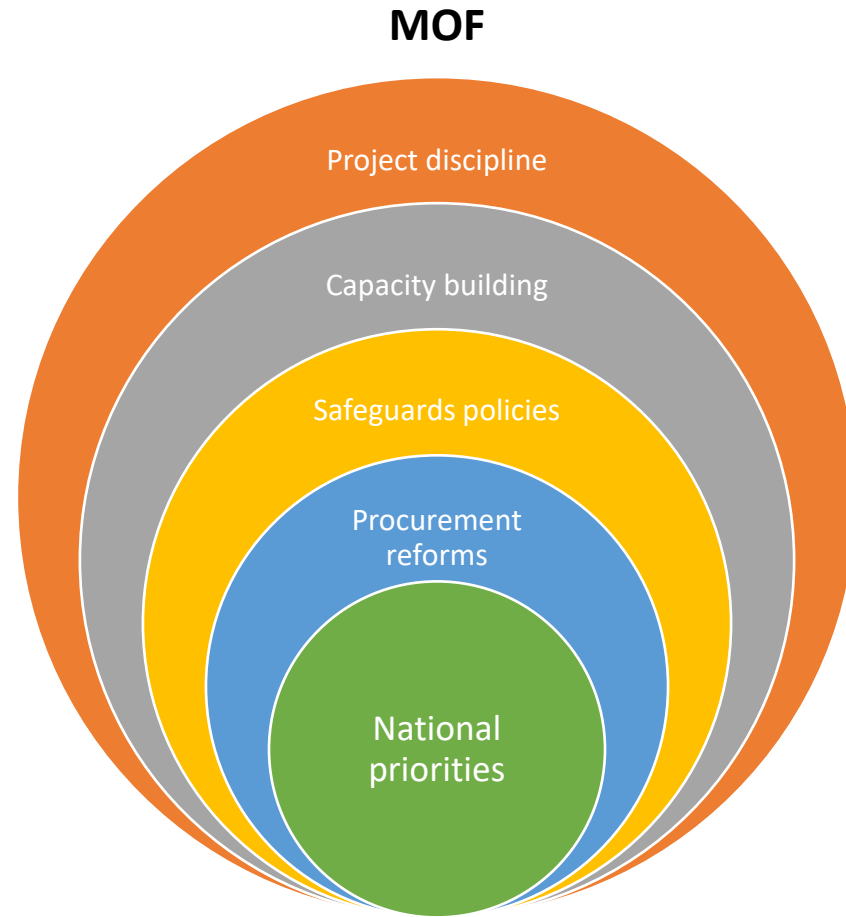
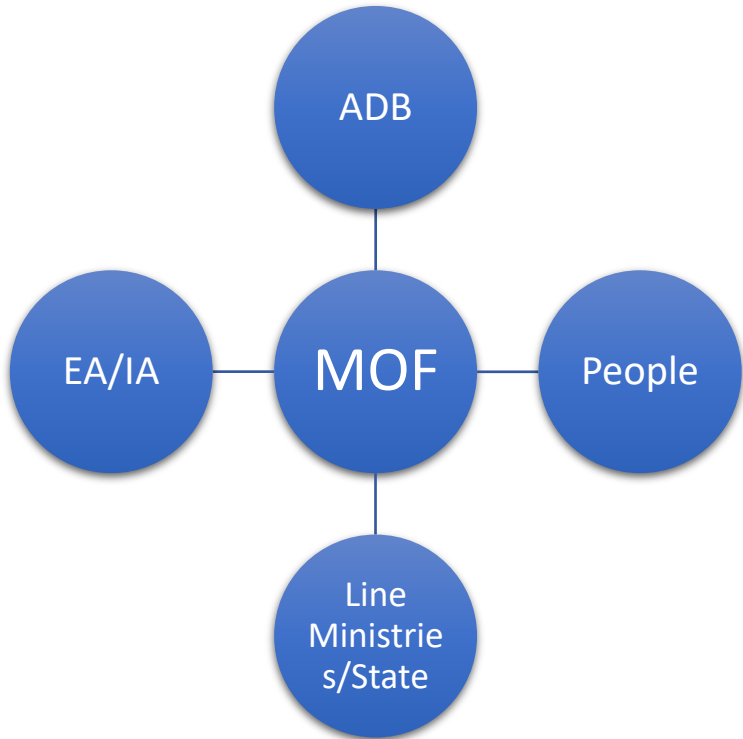
High ownership from EA/IA

Financial management action plan under implementation, environment, social safeguards in place

Organizational Transformation Study for TRANSCO underway



# Project Readiness Ecosystem: The Stakeholders



# Questions ?

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