

# SESSION 2: IMPROVING PROJECTS QUALITY at ENTRY

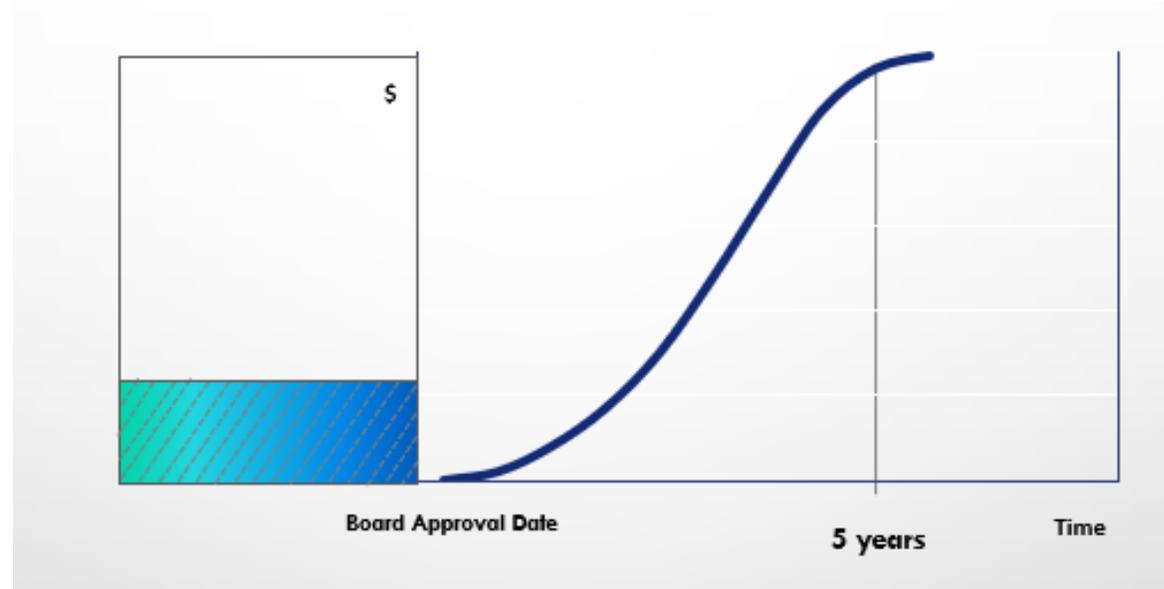
## *Project Readiness Case Studies*



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# Project Performance with High Project Readiness



- PMO/PIU established early with core staffing (by borrower/EA/IA)
- Early consultant recruitment for design and other project preparatory work and later for supervision (by EA/IA)
- Detailed design prepared (by consultants)
- Procurement planning, preparation of bid docs and bidding (EA/IA)
- Land acquisition, if any (by borrower/EA/IA)
- Safeguards planning and docs prepared (by)
- Others, such as government approvals/permits obtained (by borrower)



# Project Performance without Project Readiness



## Causes of Implementation Delays: *Low Implementation Readiness due to*

1. *Weak Project Management*
2. *Late Recruitment of Consultants*
3. *Delayed Procurement*
4. *Safeguards Issues Causing Delays (incl. land acquisition)*
5. *Delayed Government Approvals and Permits*
6. *Others*

*Without project readiness, implementation can take up to 10 years*





# PRF OR SEFF: WHICH ONE IS RIGHT FOR YOU?

This is meant as a quick guide. For more information, consult the SI for PRF ([OM D16 SI](#)) and SEFF ([OM D17 SI](#)).

Project Readiness Facility (PRF)

Small Expenditure Financing Facility (SEFF)

A. SCOPE		
1. Linked to ADB financed project(s)?	Yes	
	Supports one or more ensuing ADB financed project(s) including cross-sectoral support for entire country pipeline	Supports activities for multiple ensuing, ongoing, and/or completed ADB financed projects, including cross-sectoral support for the entire country pipeline and/or portfolio
2. Scope of activities	<ul style="list-style-type: none"> <li>Project preparation</li> </ul>	<ul style="list-style-type: none"> <li>Project preparation</li> <li>Project implementation<sup>1</sup></li> <li>Post-project completion</li> </ul>
3. Eligible expenditures	<ul style="list-style-type: none"> <li>Consulting services for project preparation, such as detailed engineering design, feasibility study, and capacity building for future projects; and limited project start-up activities</li> <li>Pilot testing of project designs, including the cost of equipment and works</li> </ul>	<ul style="list-style-type: none"> <li>Consulting services for project preparation or implementation support such as a detailed engineering design, feasibility studies, safeguard assessments, capacity building, and surveys for an impact assessment</li> <li>Non-consulting services, works, and goods such as pilot testing, rehabilitation, post-disaster early recovery, and operation and maintenance services</li> </ul>
4. Degree of flexibility	<p><b>Moderate</b></p> <ul style="list-style-type: none"> <li>PRF proposal presents scope of activities to be financed with outputs and activities</li> <li>En ensuing projects to be supported are identified (i) at the time of PRF approval; or (ii) after the PRF approval based on agreed selection criteria, to be included in the PRF proposal</li> </ul>	<p><b>High</b></p> <ul style="list-style-type: none"> <li>Each facility contains an indicative list of eligible activities (the first activity is part of the facility proposal)</li> <li>Activity subloans may be identified after the establishment of the facility as part of country programming missions and based on agreed selection criteria, to be included in the SEFF proposal</li> </ul>
B. PROGRAMMING		
5. Country program	Projects that could benefit from PRF/SEFF support are generally identified during country programming.	



C. PROCESSING		
6. Concept clearance	Not required, when included in an approved indicative country pipeline and monitoring report, except where pilot-testing is proposed. Then, a memo is prepared for DG approval with no or limited interdepartmental review requirements. Concept clearance can also be part of the project concept paper or TRTA approval.	<p><b>Facility:</b> Requires a <a href="#">concept information sheet</a> and its first activity is prepared for DG approval following interdepartmental review by CTL, ERCD, OGC, PPF, SDCC, and as required, by OAI, SPSP, and relevant sector and thematic group (Table 1, OM D17 SI)</p> <p><b>Low risk activity:</b> No concept clearance, but the following are required:</p> <ul style="list-style-type: none"> <li>• Safeguard screening checklist, if applicable</li> <li>• Procurement risk categorization</li> <li>• CTL confirmation on status of total net commitments under the facility</li> <li>• SPD consultation regarding eligibility of proposed activities</li> <li>• OGC confirmation of consistency with facility agreement</li> </ul> <p><b>Complex activity</b> (and activity categorized as A under SPS): Requires concept paper</p>
7. Due diligence	Limited requirements depending on nature of activities to be financed. Detailed due diligence is met largely through the associated ADB funded projects.	
8. Safeguards	Must comply with ADB's SPS requirements	
	May support pilot-testing activities categorized as A or B under SPS	Generally finances activities unlikely to be categorized as A under SPS
9. Fact-finding mission	Agreements between ADB and the executing agency will be recorded in a signed memorandum of understanding or confirmed aide-memoire.	
10. Document preparation	<ul style="list-style-type: none"> <li>• <a href="#">RRP</a> for proposals above \$15 million or categorized as A under SPS</li> <li>• <a href="#">PRF Report</a> for small-scale proposals not exceeding \$15 million and not categorized as A under SPS</li> <li>• Does not require DMF</li> <li>• Interdepartmental review</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">RRP</a> for facility including first <a href="#">Activity Report</a></li> <li>• No DMF at facility level</li> <li>• Interdepartmental review for facility RRP and first Activity Report</li> <li>• <a href="#">Activity Report Approval Memo</a></li> <li>• Activity Report DMF includes outputs and associated performance indicators aligned with the outcome or output(s) of the linked ADB financed project(s)</li> <li>• No gender classification for activities</li> </ul>
11. Quality assurance meeting	<ul style="list-style-type: none"> <li>• SRM chaired by DG</li> <li>• No-objection-based quality assurance without convening a meeting is encouraged when all reviewers confirm in writing that their comments have been addressed/incorporated and the chair considers the meeting unnecessary (para. 29, OM D16 SI)</li> </ul>	<ul style="list-style-type: none"> <li>• Facility: SRM or MRM for the facility RRP (including the first Activity Report)</li> <li>• Individual activities: once the facility is approved individual activities undergo interdepartmental review. A draft Activity Report may be appended to the draft project concept paper for an ensuing loan, and circulated for interdepartmental review, as part of the same review process.</li> </ul>

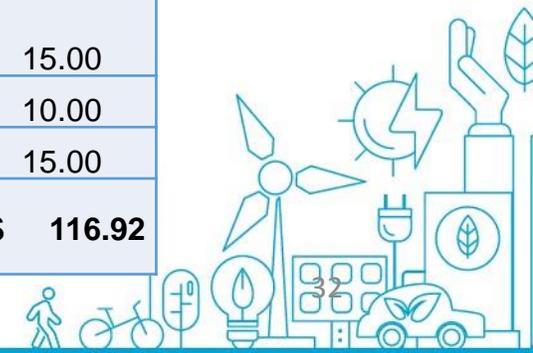


12. Grant and/or loan negotiations	<ul style="list-style-type: none"> <li>Formal or through exchange of correspondence by electronic means</li> </ul>	<ul style="list-style-type: none"> <li>Formal for the facility</li> <li>Agreements for specific activities subloans under the facility do not require formal negotiations</li> <li>Upon agreement to the draft Activity Report the borrower sends <a href="#">request</a> for the Activity to ADB</li> </ul>
<b>D. DELEGATED APPROVAL AUTHORITY</b>		
13. Board of Directors	<ul style="list-style-type: none"> <li>Proposals above \$15 million</li> <li>Small-scale proposals categorized A under SPS</li> <li>Small-scale proposals above the \$100 million total annual commitment authority delegated to management</li> </ul>	<ul style="list-style-type: none"> <li>Facility proposal</li> <li>Activity proposal if categorized A under SPS</li> </ul>
14. VP	<ul style="list-style-type: none"> <li>Small-scale proposals up to \$15 million (if not categorized A under SPS)</li> <li>Confirm with SPD that proposal is within the \$100 million total annual commitment authority</li> <li>Upon approval PRF report is circulated to the Board for information</li> </ul>	N/A
15. Director General	N/A	<ul style="list-style-type: none"> <li>Activity proposal (if not categorized A under SPS)</li> <li>Appoints facility manager; activities may be processed and implemented by different divisions/project teams</li> </ul>
<b>E. FINANCING</b>		
16. Sources	Regular and concessional OCR, ADF, or cofinancing	
17. Form	Loan or grant	Series of activity loans or grants
18. Maximum size	<p>None</p> <p>Small-scale PRF is up to \$15 million</p>	<p>Facility:</p> <ul style="list-style-type: none"> <li>Regular OCR: 20% of the average annual country OCR commitments in the last 3 years or \$150 million, whichever amount is smaller</li> <li>Concessional OCR or ADF: 20% of the average annual country performance-based allocation</li> <li>Special arrangement for small DMCs</li> </ul> <p>Activity: maximum \$15 million</p>



# 2023 ONGOING PRF / SEFF

DMC	Approval Number	Modality	Project Count	Project Title	Amount (\$ million)
AFG	6021	PRF	1	Road Network Maintenance Rehabilitation Program	12.00
GEO	6024	PRF	1	Livable Cities Investment Program - Project Readiness Financing	15.00
KGZ	0783	SEFF-2	1	Naryn Program Readiness	2.50
KGZ	0835	SEFF-3	1	Project Readiness for the Issyk-Kul Environmental Management and Sustainable Tourism Development	1.50
PAK	6015/6016	PRF	1	Khyber Pakhtunkhwa Cities Improvement Project - Project Readiness Financing	9.00
PAK	6048	PRF	1	Naulong Integrated Water Resources Development Project	5.00
PAK	6049	PRF	1	Khyber Pakhtunkhwa Water Resources Development Project	3.60
PAK	6027	PRF	1	Project Readiness Financing for Punjab Water Resources Management Projects	8.32
PAK	6041	PRF	1	Preparing Kurram Tangi Integrated Water Resources Development Project	5.00
PAK	6029	PRF	1	Punjab Urban Development Projects	15.00
PAK	6042	PRF	1	Khyber Pakhtunkhwa Cities Improvement Projects - Second Project Readiness Financing	15.00
TAJ	6022	PRF	1	Tourism Development Project	10.00
UZB	6020	PRF	1	Project Readiness Financing for Urban Services Projects	15.00
			<b>13</b>		<b>\$ 116.92</b>



# 2024 PIPELINE PRF / SEFF

DMC	Modality	Project Count	Project Title	Amount (\$ million)
KAZ	SEFF	1	KAZ Transport Road Maintenance	TBC
KGZ	SEFF	1	Project Preparation Support / Multisector Project Readiness Facility	20.00
PAK	PRF	1	Hydropower Development (WAPDA) Project Readiness	14.00
GEO	SEFF	1	Project Preparation/ Multisector Climate Financing Readiness Facility	TBC
UZB	SEFF	1	Education Sector SEFF	4.00
		<b>5</b>		<b>\$ 48.00</b>

