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Portfolio Management

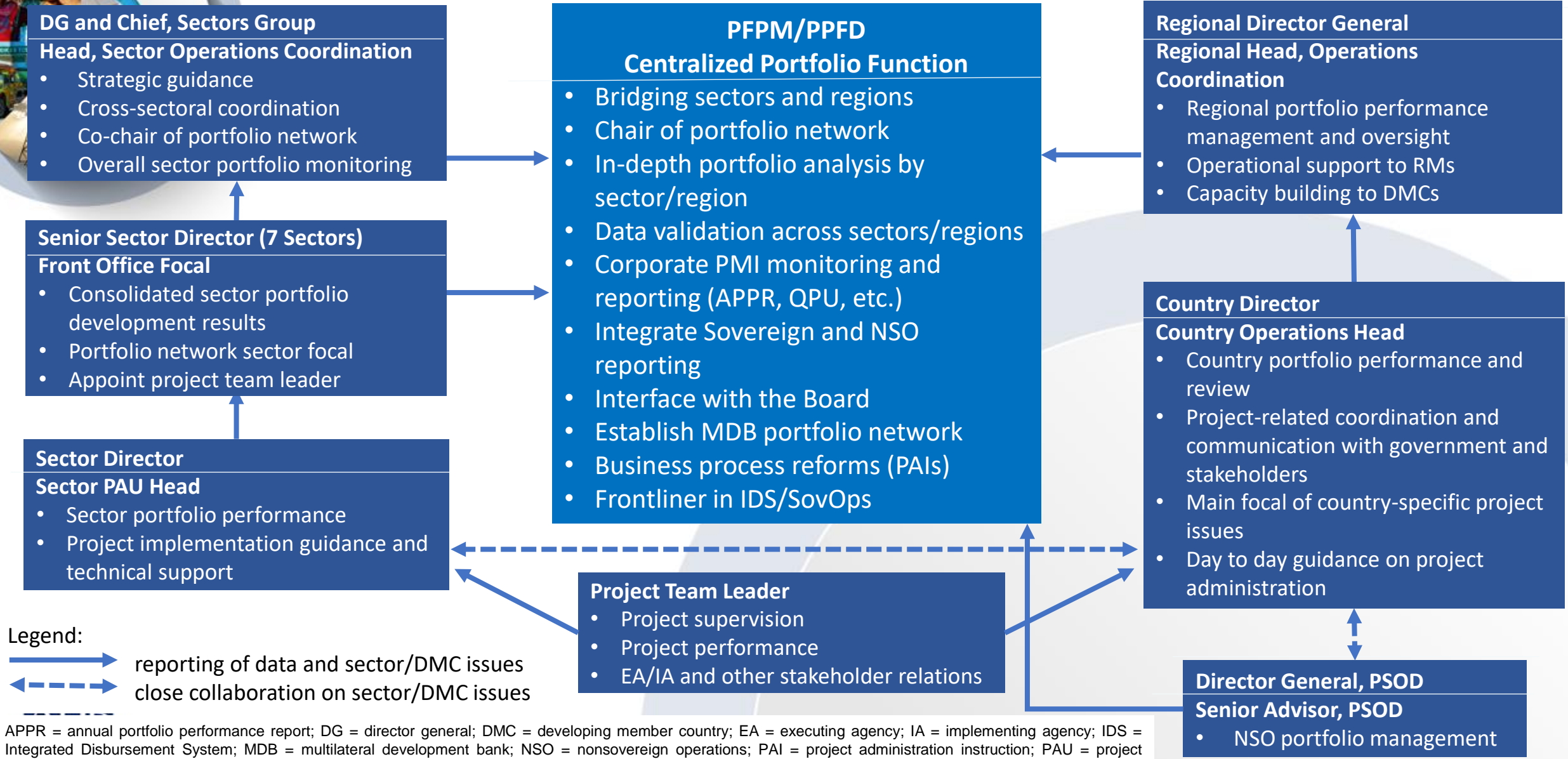
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ADB

Portfolio Management bridges specialization and decentralization



APPR = annual portfolio performance report; DG = director general; DMC = developing member country; EA = executing agency; IA = implementing agency; IDS = Integrated Disbursement System; MDB = multilateral development bank; NSO = nonsovereign operations; PAI = project administration instruction; PAU = project administration unit; PFPM = Portfolio Management Division; PMI = portfolio management indicator; PPF = Procurement, Portfolio, and Financial Management Department; PSOD = Private Sector Operations Department; QPU = quarterly portfolio update; RM = resident mission; SovOps = Sovereign Operations.

Portfolio Management Division's Role

Leads centralized portfolio management function

Serves as chair of ADB's portfolio network, which meets monthly to discuss cross-cutting portfolio issues

Performs data validation and acts as focal for enhancing project administration IT systems

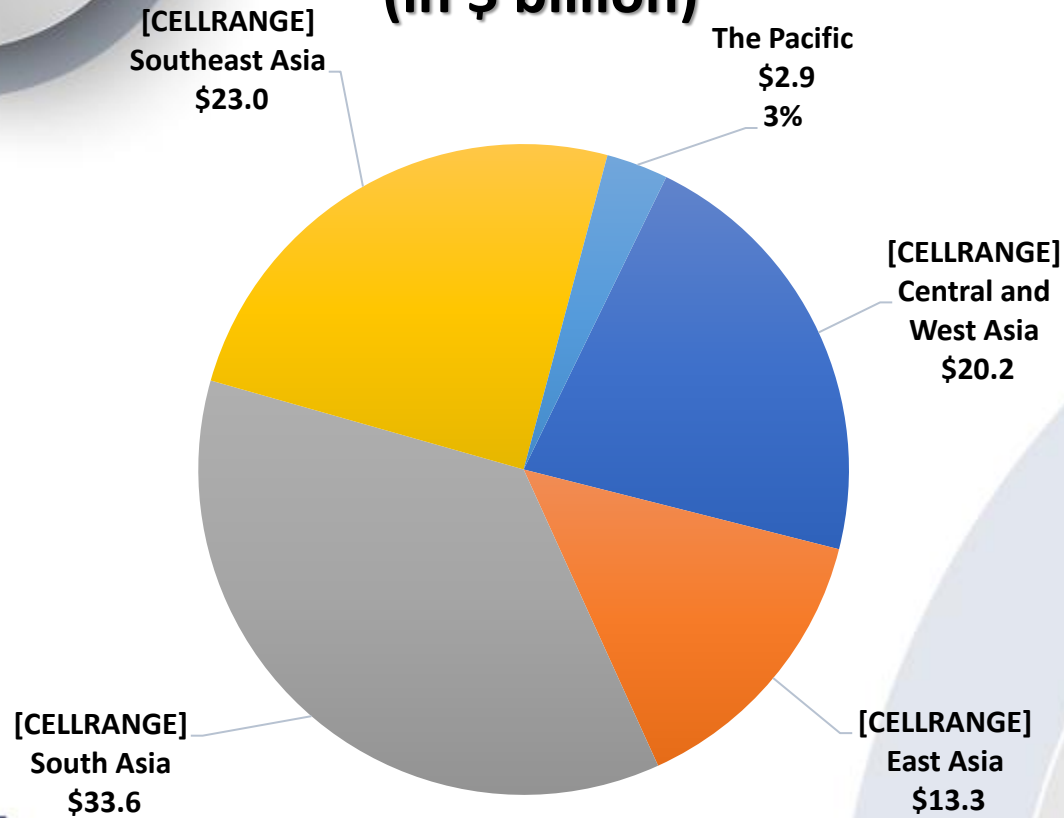
Leads corporate target setting

Monitors key portfolio management indicators for project administration

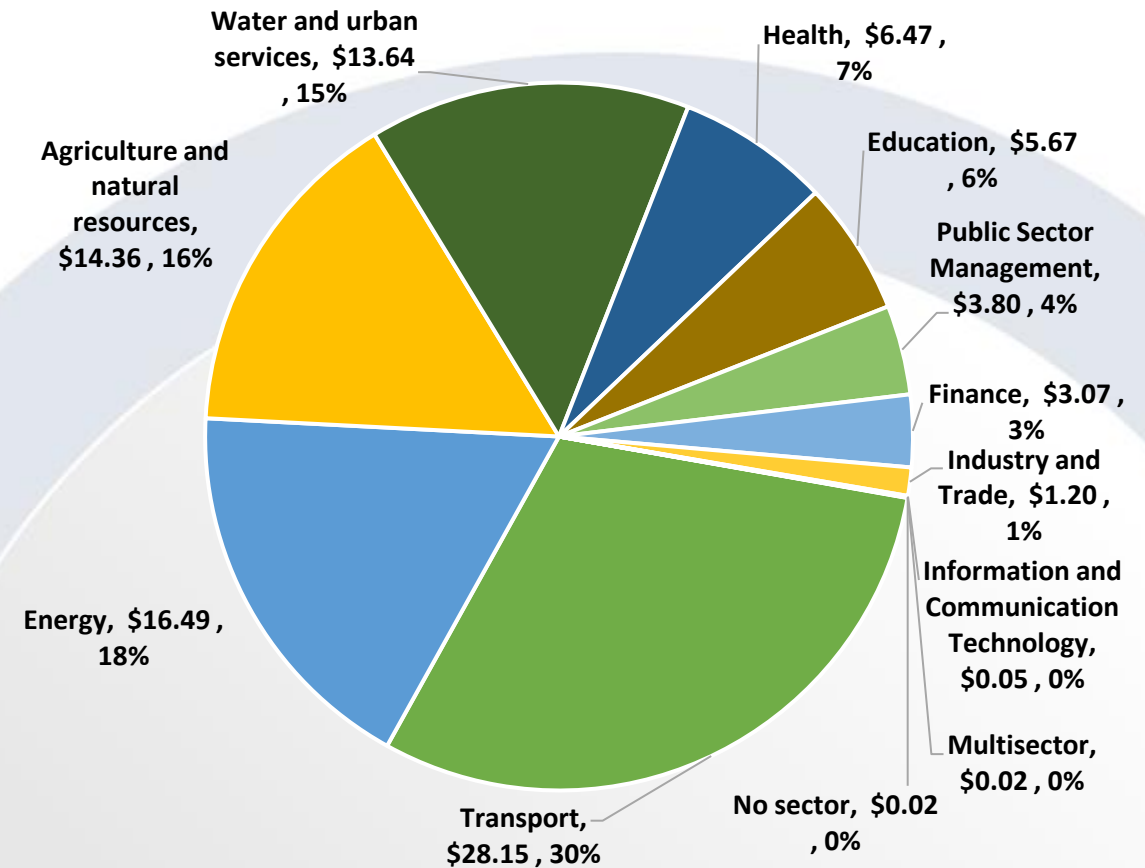
Leads in-depth portfolio analysis to identify corporate level issues and propose recommendations

ADB's Sovereign Portfolio (loans and grants) as of 30 June 2024: \$92.9 billion

By Region (in \$ billion)

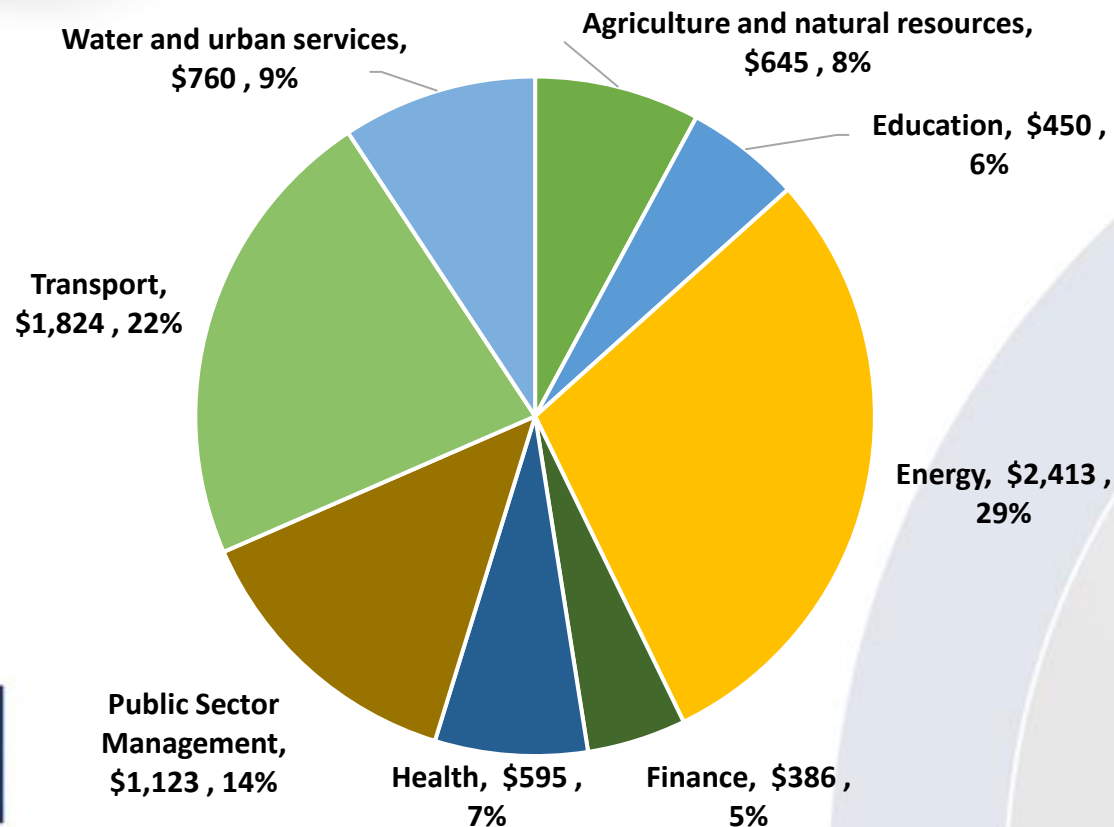


By Sector (in \$ billion)



Pakistan's Sovereign Portfolio

Active Portfolio By Sector As of 30 June 2024 (in \$ million)



Portfolio Performance As of 30 June 2024 (in \$ million)

Performance Indicator	Achievement as of 30 June 2024
Contract award	\$442.7 million
Contract award ratio	18.6%
Disbursements	\$755.5 million
Disbursement ratio	16.3%
Projects rated on track	25 projects (67.6%)

Annual Portfolio Performance Report

A management report that details the state of the sovereign and nonsovereign portfolios of ADB. It presents a snapshot of ADB's operational performance in a year, analyzes portfolio composition and trends, and identifies key issues.

2023 Findings

Recommendations



Average age of the portfolio is increasing

Project teams should rigorously monitor slow-moving projects with robust, time-bound action plans under the guidance from regional sector project administration unit heads and country operations heads.



Project readiness needs to be scaled up further

Resident missions lead promotion of project readiness financing modalities in collaboration with Sectors Group and front office of regional departments, taking opportunities of country partnership strategy preparation and country portfolio review meetings.



Financial management ratings have declined for 3 years

Financial management focals should enhance dialogue with the government, as well as executing and implementing agencies, to improve compliance and capacity development.



Longer procurement time

Resident missions lead continuous capacity building of the weaker executing and/or implementing agencies in collaboration with the Sectors Group, PPF, and other relevant departments.



2023 Annual Portfolio Performance Report

Special Chapter on Project Readiness

Project readiness is essential in reducing start-up and implementation time and improving project quality

Shortened implementation periods will lead to higher economic benefits and more efficient use of available lending resources

ADB uses two indicators of project readiness: design-ready and procurement-ready

SUMMARY OF KEY FINDINGS:

- Procurement readiness is strongly correlated with project start-up time and/or project implementation periods
- The use of project preparation financing modalities, specifically project readiness financing (PRF) and small expenditure financing facility (SEFF) were found to be particularly useful for government agencies with limited in-house detailed design capacities and external funding needs
- Despite meeting the project readiness criteria, some projects still encountered start-up delays because safeguards requirements were not met or institutional arrangements were not in place

Recommendations to Improve Project Readiness



highlighting, in dialogues with the DMC governments, the benefits of project readiness, government project readiness checklists, and the usefulness of PRF and SEFF;



mainstreaming the PRF or SEFF in the operational planning exercise with governments;



introducing more flexibility to PRF and SEFF modalities to meet client needs; and



discussing further with relevant ADB departments on how to introduce incentives, such as improved financing terms, for the PRF and the SEFF.