



# Session 19: Roles of Project Readiness Filters and Tools in effective project implementation

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**ADB**

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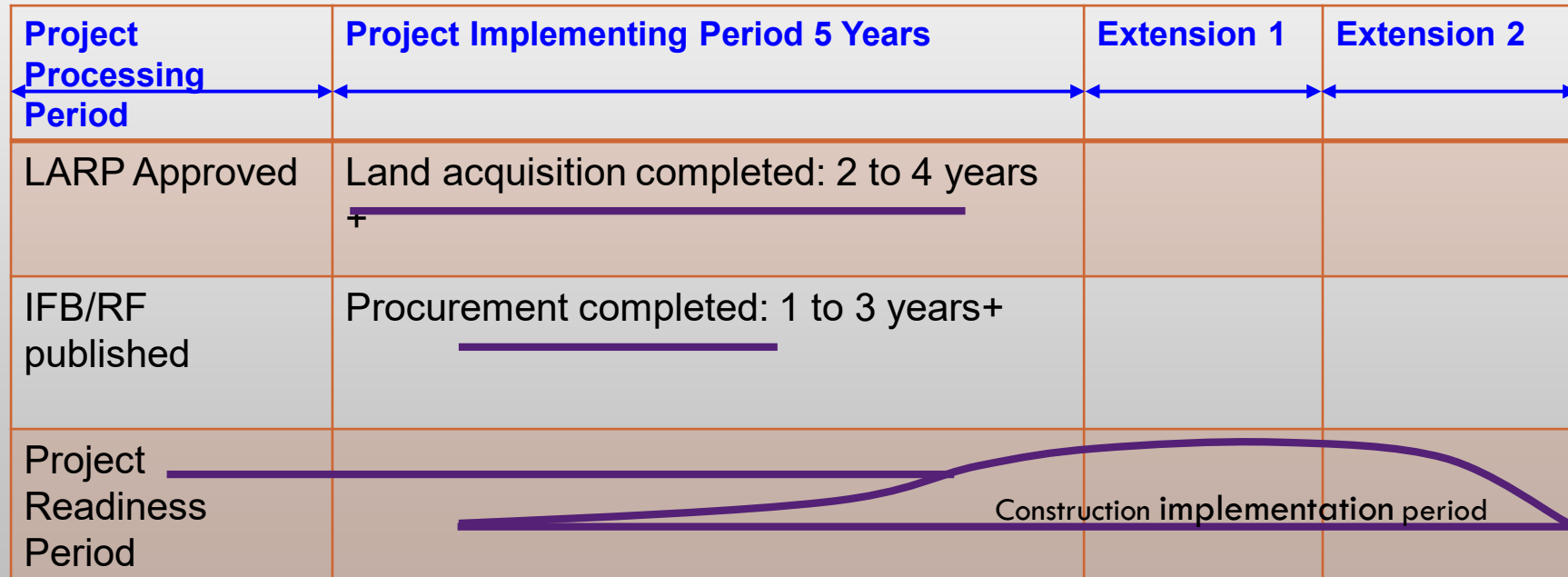
## Requirement of Project Readiness: **Procurement**

- In a PPP Project (12/2017 approval), **47 months** after loan signing, first contract awarded (5.5% of total loan amount), no other contracts awarded. **No project readiness** during processing, and delay in preparing pipeline PPP sub-projects during implementation. 66% loan partially cancelled in tranches.
- In another PPP Project, first series of contracts were signed **67 months after loan signing.**
- In an irrigation project, **1st** contract awarded **20 months** after loan signing, **average** time to award all contracts **30 months.**
- In a transport project, average time taken to award all contracts: **18 months**
- In a energy project (power distribution enhancement), first contract signed **69 months** after loan signing. Second component was cancelled and more than 50% loan was partially cancelled.

## Requirement of Project Readiness: **Safeguards**

- No land acquisition before loan signing. Lacks fair land valuation mechanism. ADB's safeguards mandated Independent Valuation needs **Cabinet Approval** for each transaction.
- In an irrigation project, on average, 95% LARPs implemented in **34 months** after loan signing, consuming **45%** of the total project implementation period.
- In a transport project, avg time taken to implement LARPs was **42.6 months** after commitment, consuming **54%** of the total project implementation period.
- In an energy project, contract was awarded almost **2 months prior to loan signing**, **but LARP was approved in average 14 months after loan signing**, and land made available after subsequent LARP implementation.

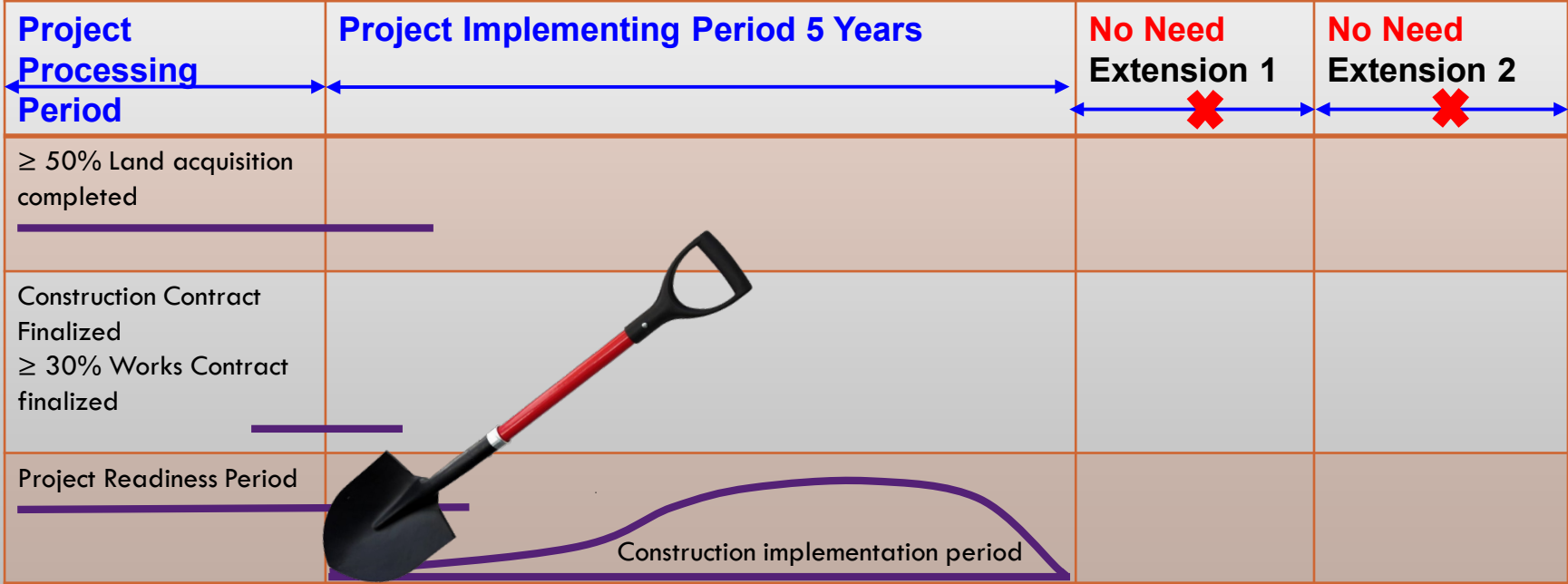
# Key Challenges in PAK Portfolio Performance



**Shovel-Ready Project: smoother project implementation**

**During Processing:  
Prepare Shovel-Ready Project**

- Enhanced Readiness Level: “shovel-ready”**
- Procurement Ready
  - Safeguards Ready (with land acquisition)
  - Utility relocated during processing
  - Functional PMU established
  - Counterpart fund ensured



## Portfolio Performance Indicators: CAD

### Contract award ratio =

Total contracts awarded during the year

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Total value for contract awards available at the beginning of the year,  
including newly committed projects (loans and grants) during the year

### Disbursement ratio =

Total disbursements during the year (including disbursement from newly  
committed operations during the year)

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Undisbursed balance at the beginning of the year



# Effect of Project Readiness Level in Portfolio Performance

CA ratio	2019	2020	2021	2022	2023
Bank	25	28	32	30	25
CWRD	18	22	29	39	23
<b>PAK</b>	<b>18</b>	<b>21</b>	<b>35*</b>	<b>32</b>	<b>12</b>
<b>IND</b>	<b>48</b>	<b>48</b>	<b>42</b>	<b>39</b>	<b>48</b>
Disb ratio	2019	2020	2021	2022	2023
Bank	20	18	23	23	20
CWRD	16	16	22	21	18
<b>PAK</b>	<b>13</b>	<b>18</b>	<b>28*</b>	<b>15</b>	<b>14</b>
<b>IND</b>	<b>25</b>	<b>20</b>	<b>23</b>	<b>31</b>	<b>24</b>

A disbursement ratio of 22% or higher is the threshold of good performance

Data for 2019-23 are from Annual Portfolio Reports of 2020, 2022, 2023

\*In 2021, high CAD ratio for PAK portfolio is due to high level of procurement readiness in Covid-19 vaccine procurement



**Updated Project Readiness Filters for Future Pipeline Projects**  
(Applicable for all\* ADB Assisted Projects\*\* in Pakistan)

No	Milestone	Action point/Point to check, where applicable	Responsible Agency
1	<b>Before Project Concept Note (PCN) Approval</b>		
		a) Lessons learnt from previous projects implemented in the sector incorporated.	EA/IA/ADB
		b) If the project component includes physical infrastructure, relevant entity experienced in procuring and administering construction of such component is included as IA (where available), and infrastructure expert included in ADB team.	ADB/EAD/IA
		c) Confirmation that the option of using project preparatory facilities (such as PRF, SEFF), where applicable, has been duly considered.	EA/EAD/ADB
		d) Formal request from EAD for ADB financing of the project is received.	EAD
2.	<b>Before loan negotiation</b>		
	Approvals	a) PC-1 Approval (PC-2 for PRF) from ECNE has been secured before loan signing.	EAD
		b) Fact Finding Mission AM has been confirmed by EAD	EAD
	Procurement Readiness	c) Strategic Procurement Planning has been completed, and Procurement Plan has been approved by ADB.	IA/ADB
		d) For major/critical consulting packages, detailed TORs have been approved by ADB.	IA/ADB
		e) For major/critical consulting contracts, EOIs have been published.	IA/ADB
		f) For major civil works packages (at least 30% of the estimated project cost or the first phase, as applicable) to be awarded in first year of project implementation period (as indicated in PAM), IFBs have been published.	IA/ADB
	Safeguards Readiness	g) LARP/F, where relevant, are finalized, approved and disclosed.	EA/ADB
		h) Section 5 of Land Acquisition Act, where applicable, has been notified.	EA
		i) If any land owned by other agencies are to be used for the project, NOCs to use land parcels for the project have been received from the agencies that own the land.	IA/EA
		j) EIA/IEE/EMP, as applicable, have been completed and disclosed.	IA
		k) All statutory clearances, as applicable, are in place.	
	Project Management Unit (PMU)	l) Institutional structure for project implementation, including PMU organization chart, has been agreed with ADB. As far as possible (and relevant), tenure of key staff should be at least for three years.	EA
		m) Project office has been established, and key project staff (including project director, procurement, finance management, safeguards, as applicable) have been assigned and mobilized.	EA
		n) Financial management system, auditing arrangement, & oversight system are in place.	EA/IA
Institutional Arrangements	o) Necessary counterpart fund provision has been committed.	PC / P&D	
	p) Key policy & institutional reforms, that are critical to the successful project completion have been implemented.	EA/EAD/ADB	
	q) Draft PAM/Memorandum has been finalized & agreed with ADB	EA/EAD/ADB	
3.	<b>Before loan effectiveness</b>		
		a) Legal opinion(s) provided	EAD

Notes: \*Exceptions to application of specific filter(s) may be made for EALs, as deemed necessary

\*\*Projects include PRFs. and project components of SDPs.



# Shovel-Ready Project: smoother project implementation

## Project Readiness Filter **Enhancement** (Proposed)

### Enhanced Readiness Level: “shovel-ready”

- Procurement Ready
- Safeguards Ready (with land acquisition)
- Utility relocated during processing
- functional PMU
- Counterpart fund

Stage	Item	Current Readiness Filters	Proposed key Enhancements (under study)
<b>By (or before) loan negotiation</b>	Land Acquisition	Implementable LARP prepared  Section 5 of the Land Acquisition Act triggered	<b>≥ 50% land acquisition completed</b>
	Consultancy contract	RFP issued	<b>Contract ready to be awarded</b>
	Civil works contracts	IFB of major contract(s) published	<b>≥ 30% by value ready to be awarded</b>



# Project Readiness Tools

## Sovereign lending and grant modalities



Project lending



Financial intermediation lending



Policy-based lending



Results-based lending



Sector lending



Emergency assistance lending



Contingent disaster financing



**Project readiness financing**



Credit enhancement products



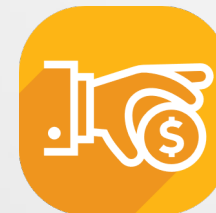
Multitranches financing facility



Sector development program



Special PBL & countercyclical support facility



**Small expenditure financing facility**



**Technical assistance**

