

# ORIENTATION PROGRAM FOR DMC OFFICIALS

## ADB PROJECT CYCLE AN OVERVIEW

September 2006

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1. Country Strategy and Program –  
Identification of Projects

2. Feasibility Study,  
PPTA Preparation

3. PPTA  
Implementation

4. Loan and ADTA  
Processing

5. Loan Negotiations

6. Loan Approval

7. Loan Effectiveness

8. Project  
Implementation

9. Supervision,  
Monitoring &  
Reporting

10. Completion

11. Evaluation



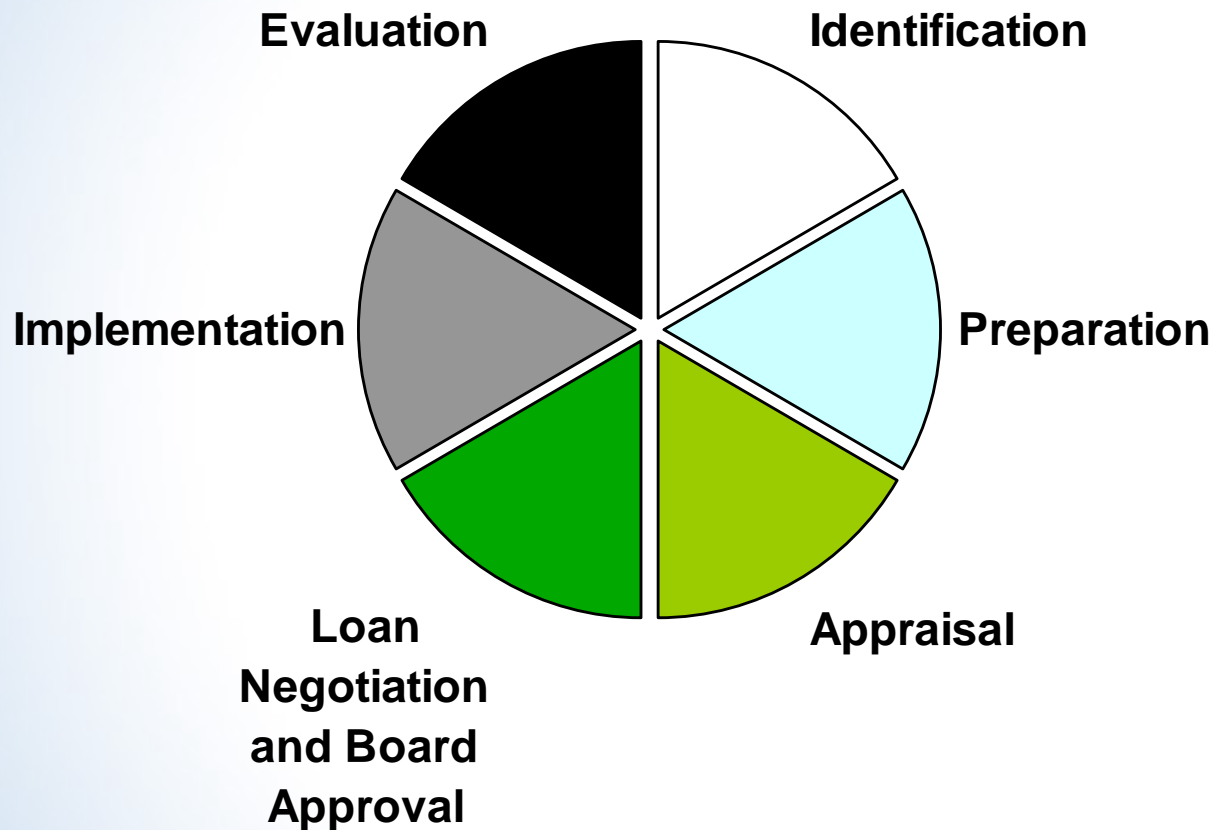
## The Project Cycle

# This Presentation

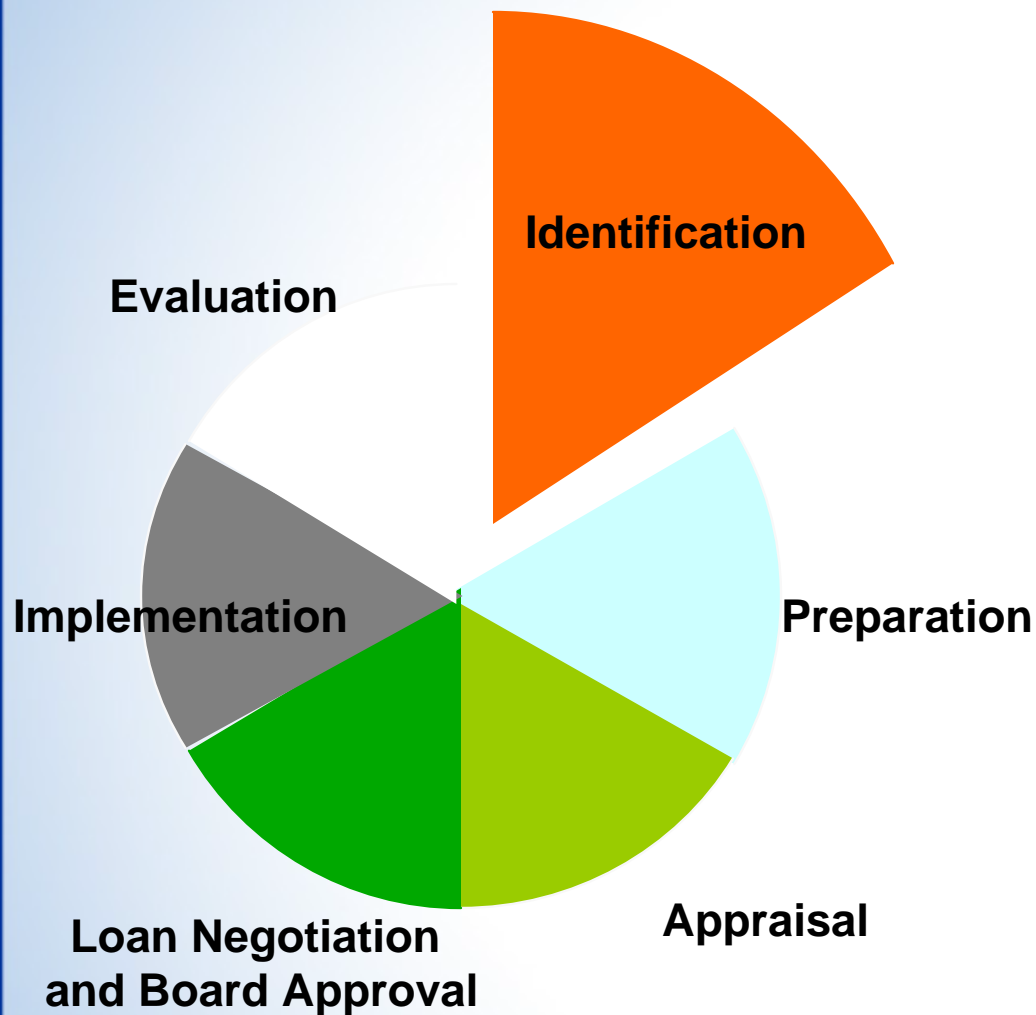
- The Project cycle
- Principal stages
- Timeline for a typical project
- An outline of activities for each stage
- Conclusion

*The presentation is intended to be simple. It will not cover all aspects of ABD's operations, policies, products, and financing modalities. Rather, it will use a typical ADB-financed public sector infrastructure project to illustrate the various stages of the project cycle over time.*

# Six Major Stages

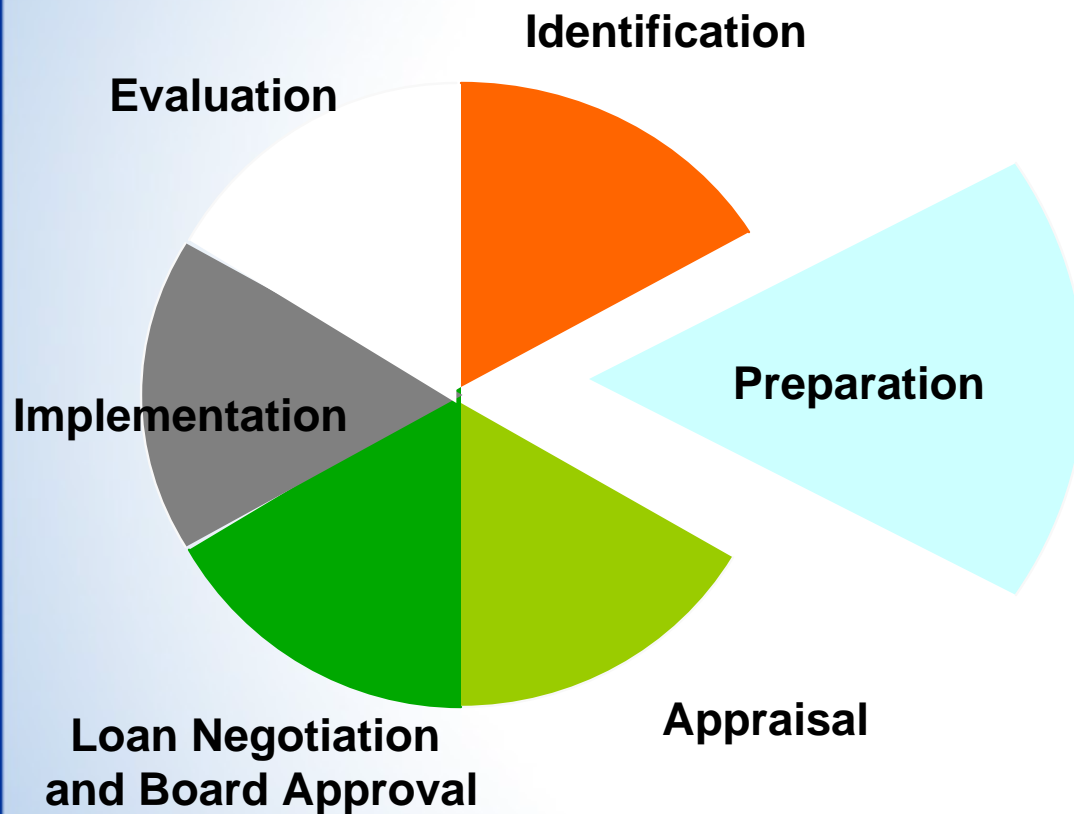


# The Project Cycle



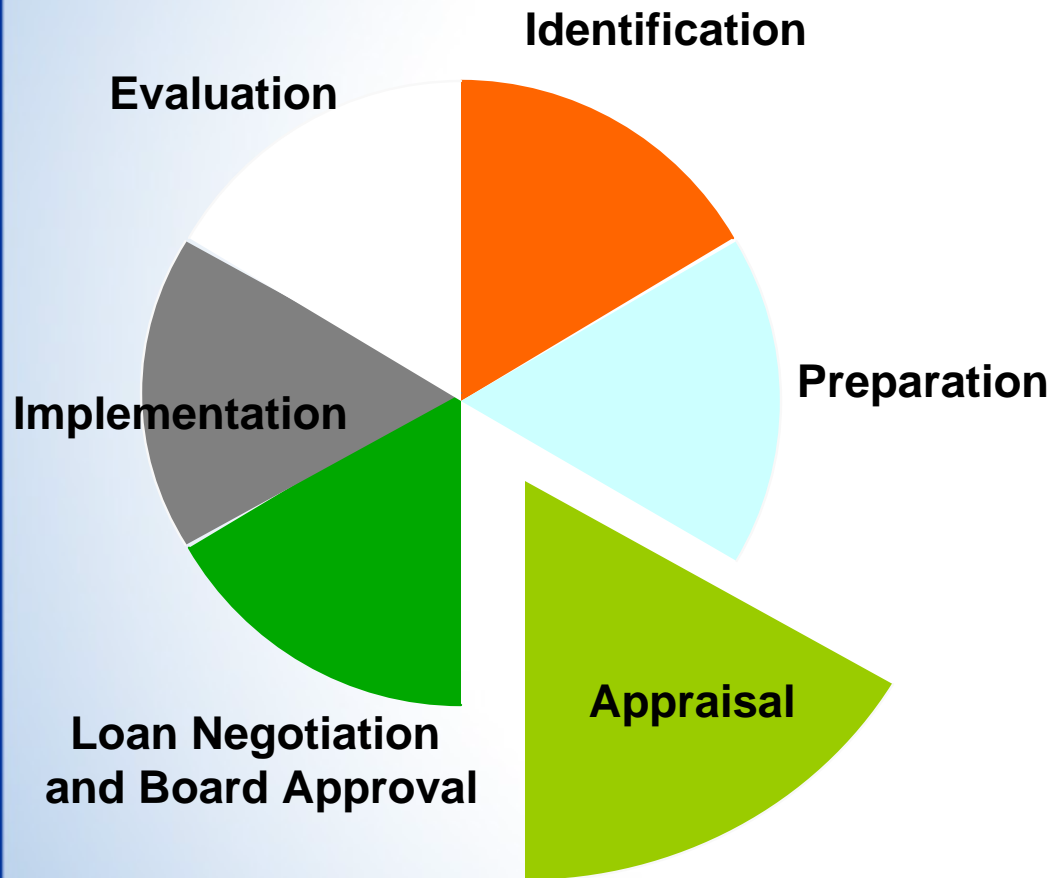
**The Country Strategy and Program (CSP) defines the country's development objectives and a pipeline of projects.**  
**The project concept paper states the purpose and rationale of the project and seeks approval to proceed with the PPTA (project preparatory technical assistance).**

# The Project Cycle



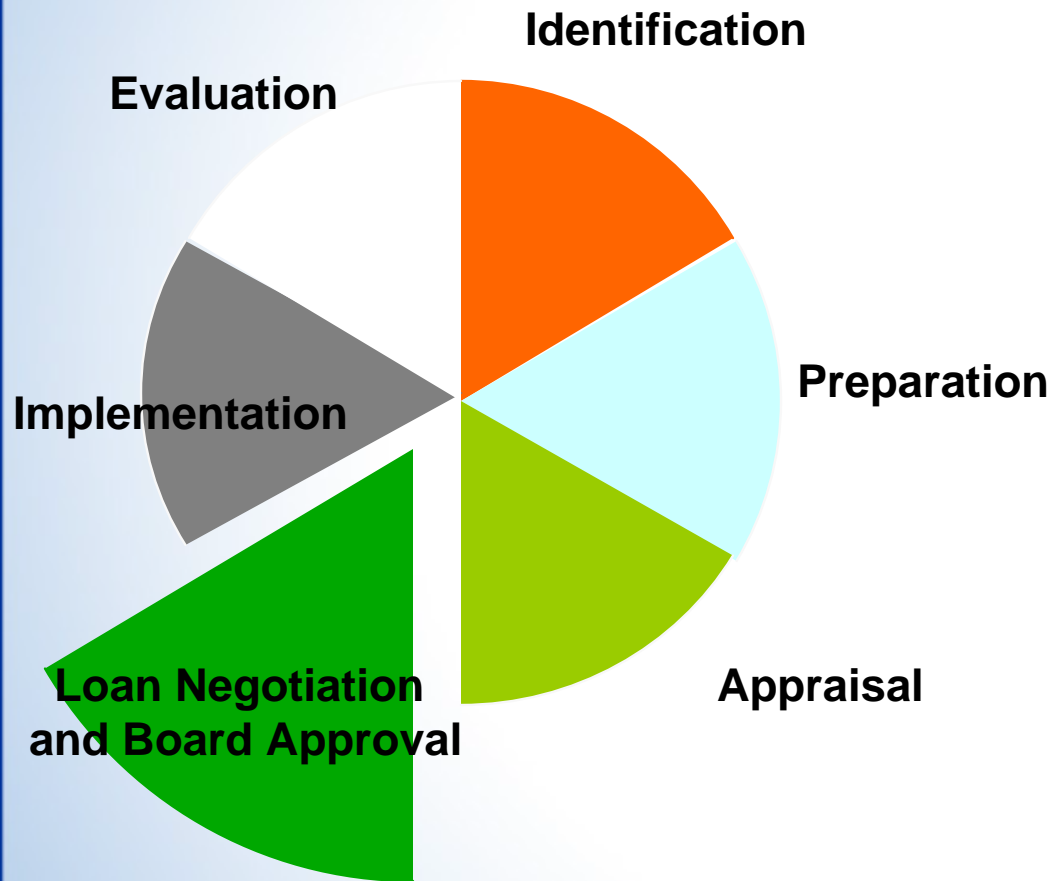
**The project must be designed in detail, with steps including PPTA fact finding, PPTA Inception PPTA mid-term workshop, and finalization of the PPTA. All beneficiaries are encouraged to have input into the design and indicators are selected to measure project effectiveness**

# The Project Cycle



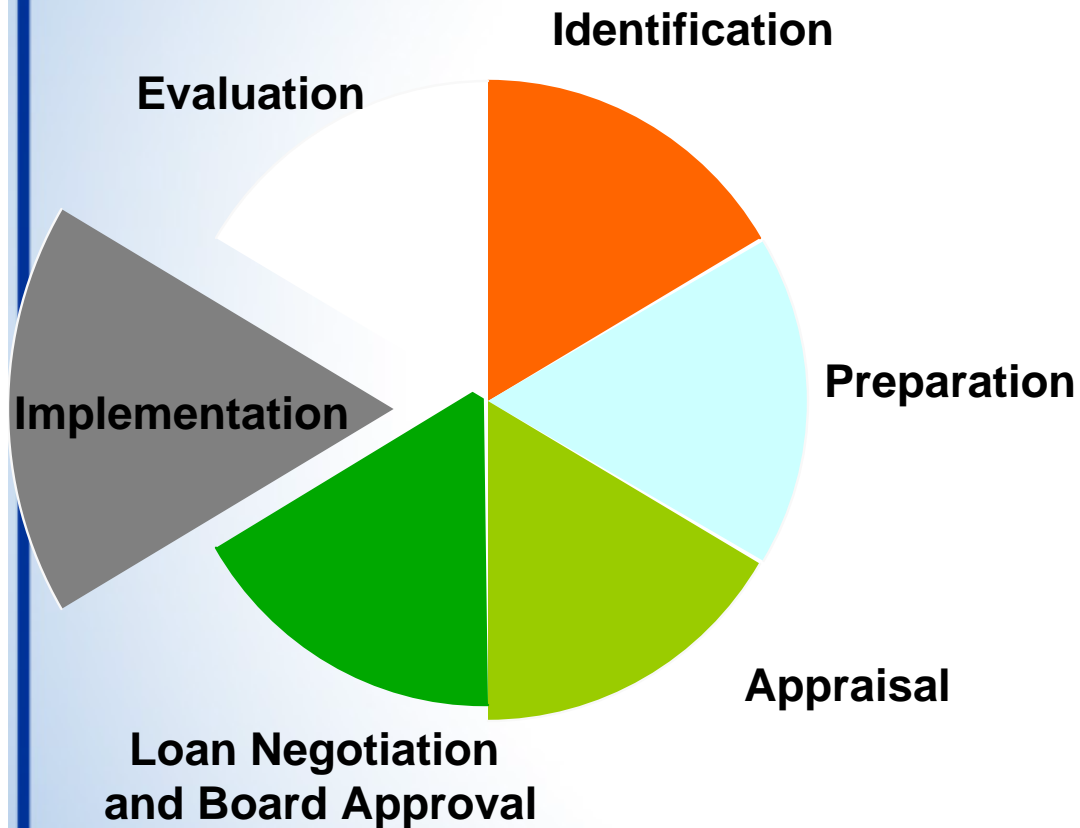
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# The Project Cycle



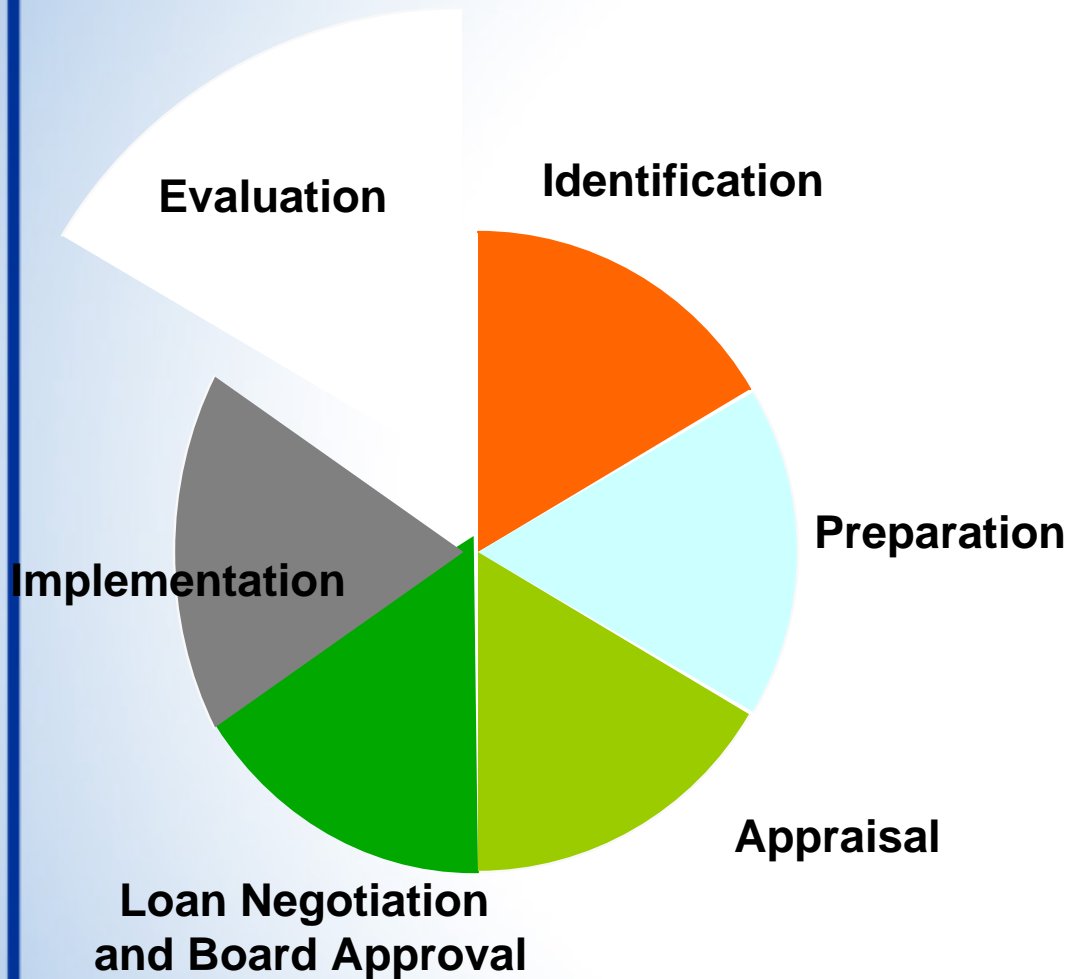
**After project appraisal, Negotiations are conducted Between ADB and DMC Governments. An RRP is prepared for Board consideration and approval.**

# The Project Cycle



**Project Administration Memorandum (PAM) is prepared with detailed implementation Arrangements. The project is Implemented in accordance with the Project Administration Instructions (PAI).**

# The Project Cycle



**All projects are evaluated, with results fed back into operations for improvements in future project designs.**

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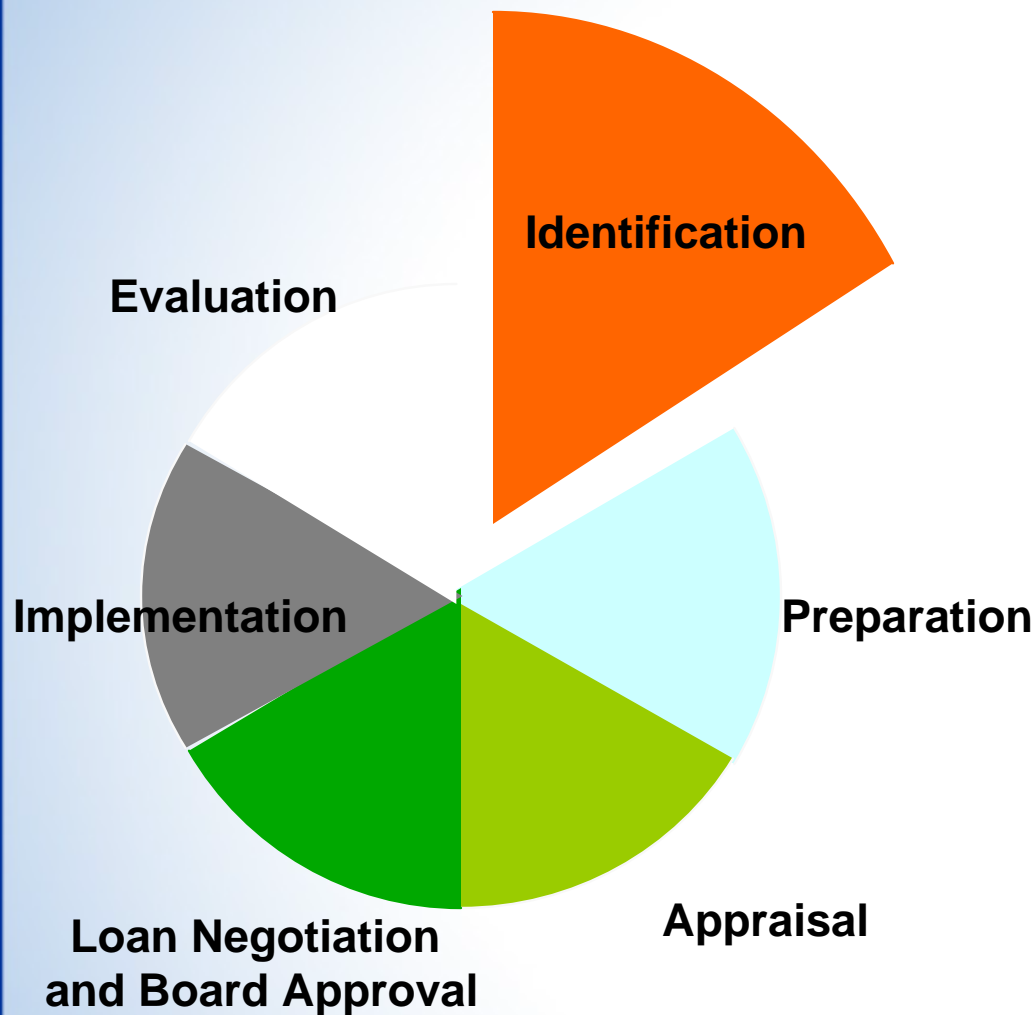
## The Project Cycle

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Project: Project Cycle Time Line  
 Date: Sat 02/09/06

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# The Project Cycle

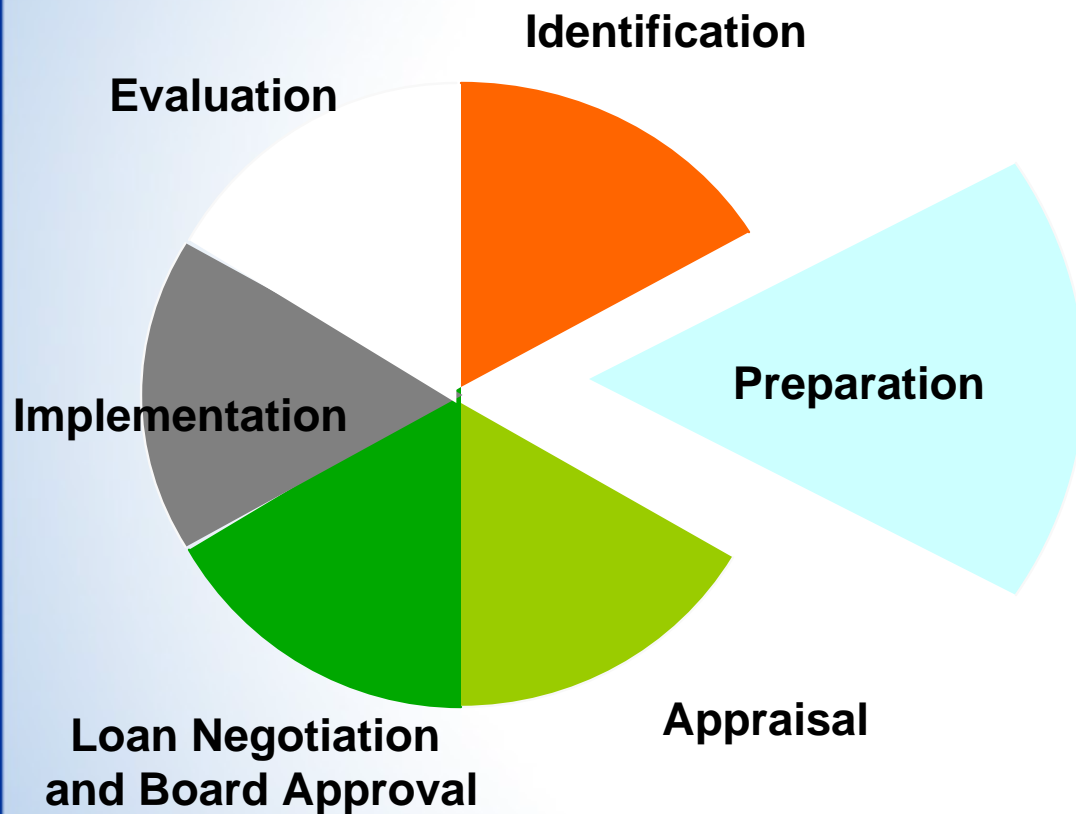


**The Country Strategy and Program (CSP) defines the country's development objectives and a pipeline of projects.**  
**The project concept paper states the purpose and rationale of the project and seeks approval to proceed with the PPTA (project preparatory technical assistance).**

# Identification

- Country Strategy and Program - CSP
  - Draws on the country's development strategy
  - Identifies areas where
    - ADB has the skills and resources to assist
    - ADB has comparative advantage
    - ADB can work effectively with the Government and other development partners, and
    - there is compliance with ADB's Medium Term Strategy
  - Undertakes detailed country economic, poverty, sector and cross-cutting studies
  - Results in a CSP that is endorsed by ADB's Board of Directors for 3 to 5 years. The CSP:
    - Contains a work plan for lending and non-lending operations
    - Is updated annually - adjusted as circumstances change

# The Project Cycle



**The project must be designed in detail, with steps including PPTA fact finding, PPTA Inception PPTA mid-term workshop, and finalization of the PPTA. All beneficiaries are encouraged to have input into the design and indicators are selected to measure project effectiveness**

# Preparation (1)

- Technical Assistance – typically grant
  - Project preparation – PPTA
  - Advisory – ADTA
  - Regional – RETA
  - Small scale – SSTA
- Technical Assistance (Engineering) Loan
  - Processed like an investment loan
  - Used when large-scale preparation resources are required

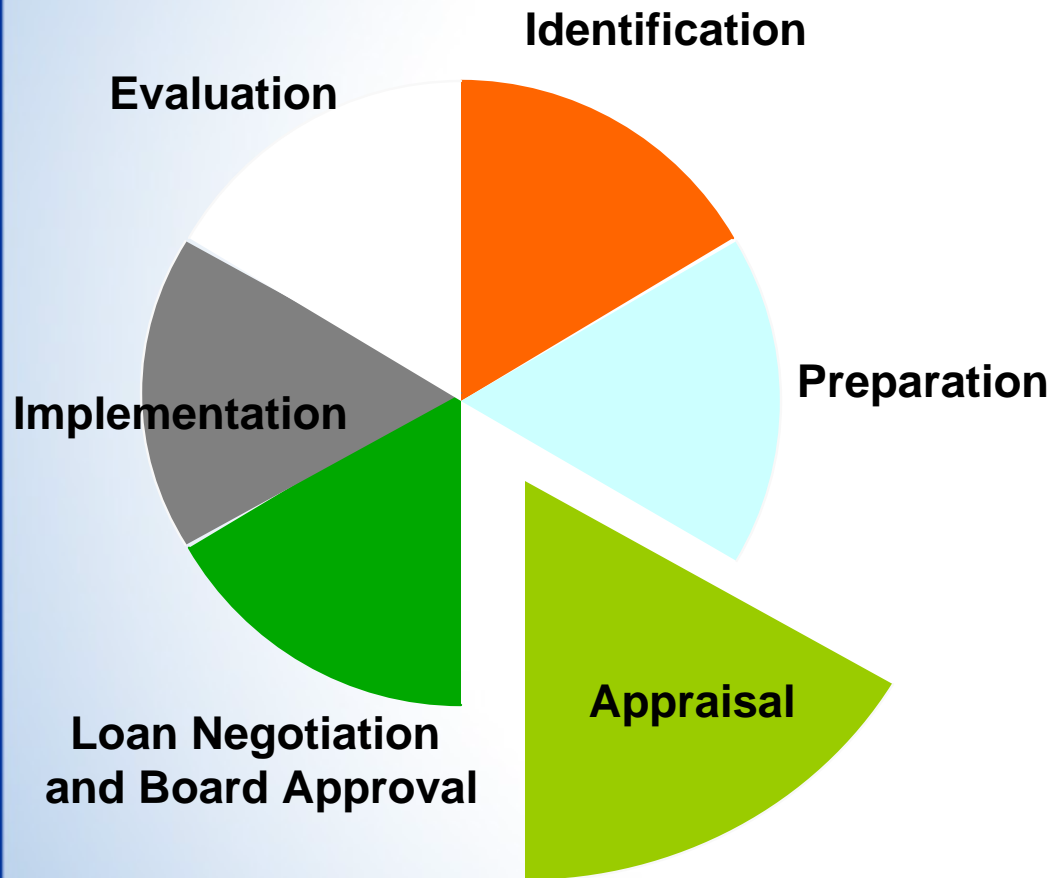
# Preparation (2)

- Technical Assistance - PPTA
  - Concept development and clearance
  - Agreement with Government on objectives, scope, cost, implementation, and schedule
  - Processing to approval
  - Selecting and engaging consultants
  - Implementing the project
  - Agreeing outcomes and defining subsequent investment project

# Preparation (3)

- Technical assistance covers
  - Sector analysis – the project's fit in the sector
  - Technical designs
  - Economic and financial analysis
  - Safeguards
    - Involuntary resettlement
    - Environment
    - Ethnic minorities
    - Others
  - Implementation arrangements
    - Scheduling
    - Consulting services
    - Procurement

# The Project Cycle



**A management review meeting and appraisal mission provide the basis for interdepartmental review and set the stage for loan negotiations and board consideration**

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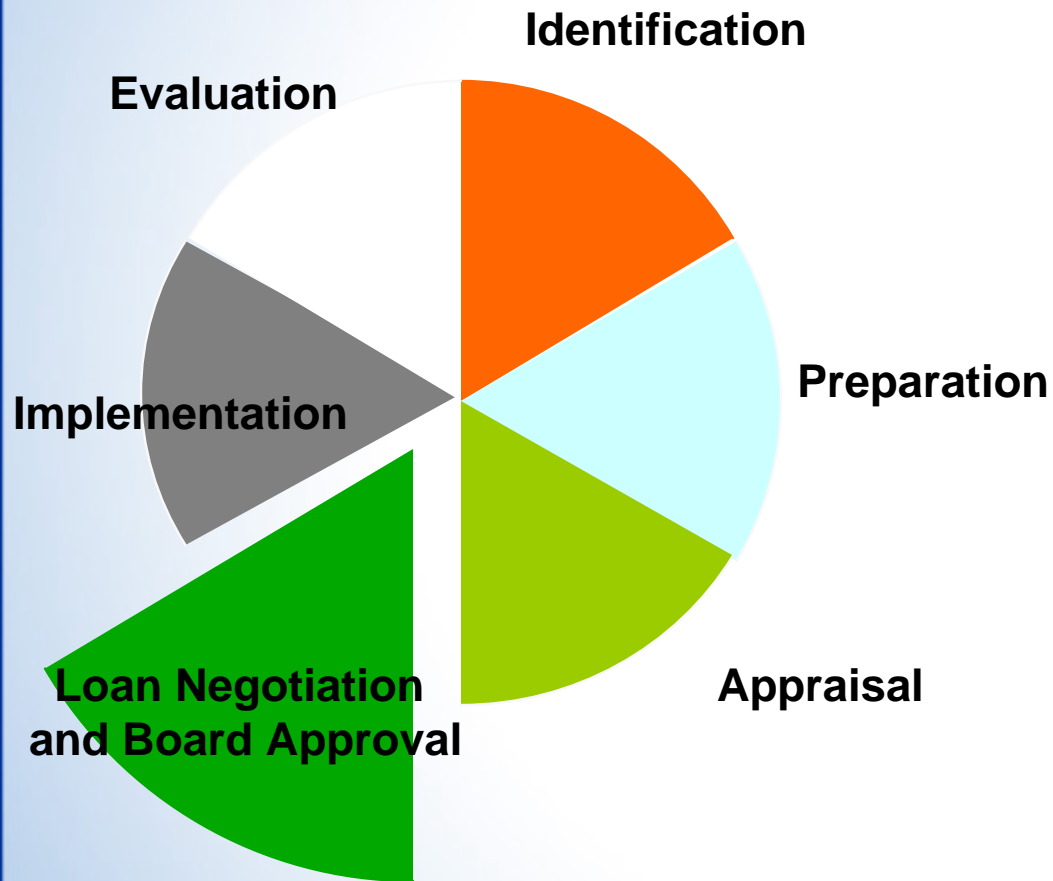
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# Appraisal

- Project Loan Preparation
  - End of TA and loan fact-finding coincide
  - Fact-finding results in initial agreement between ADB and Government on project goals, objectives, scope, costs, safeguards, assurances, etc.
  - Draft project appraisal report prepared
  - Management reviews, guides, and agrees to further processing
  - Project appraisal, to agree project details
  - Departmental review, to confirm Management's requirements have been reflected in the project design, safeguard policies have been incorporated, draft legal documentation is appropriate, etc

# The Project Cycle



**After project appraisal, Negotiations are conducted Between ADB and DMC Governments. An RRP is prepared for Board consideration and approval.**

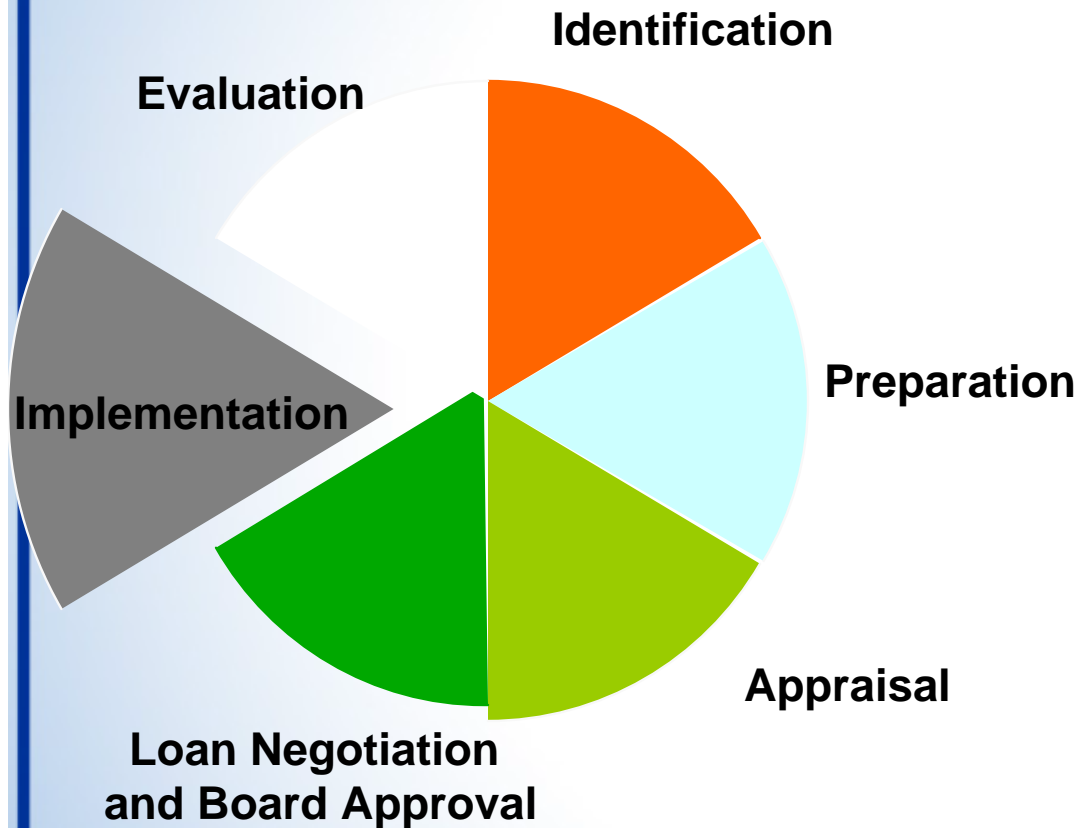
# Negotiation and Approval (1)

- Negotiation
  - Basis is documentation cleared at departmental review and sent to Government prior to negotiations
  - Negotiations agree on legal and other aspects of project, and end with agreed minutes and agreed loan documentation
- Board Approval
  - Negotiated documents put into final form
  - Submitted to Board 3 weeks prior to scheduled Board date
  - Board considers and approves
    - With full discussion for larger or some specifically-defined operations
    - On a no-objection basis for other projects

# Negotiation and Approval (2)

- Actions after approval and before implementation
  - Prepare/update Project Administration Memorandum
  - Loan signing – typically 3 months after approval, but can be less or, typically, more
  - Loan effectiveness – the event that permits loan funds to be used for their intended purpose, dependent on:
    - Standard legal conditions – a legal opinion
    - Project specific conditions, as agreed (examples)
      - Sector reforms or other sector-specific activities
      - Safeguard related activities
      - Counterpart funding availability
      - Others as agreed during processing

# The Project Cycle



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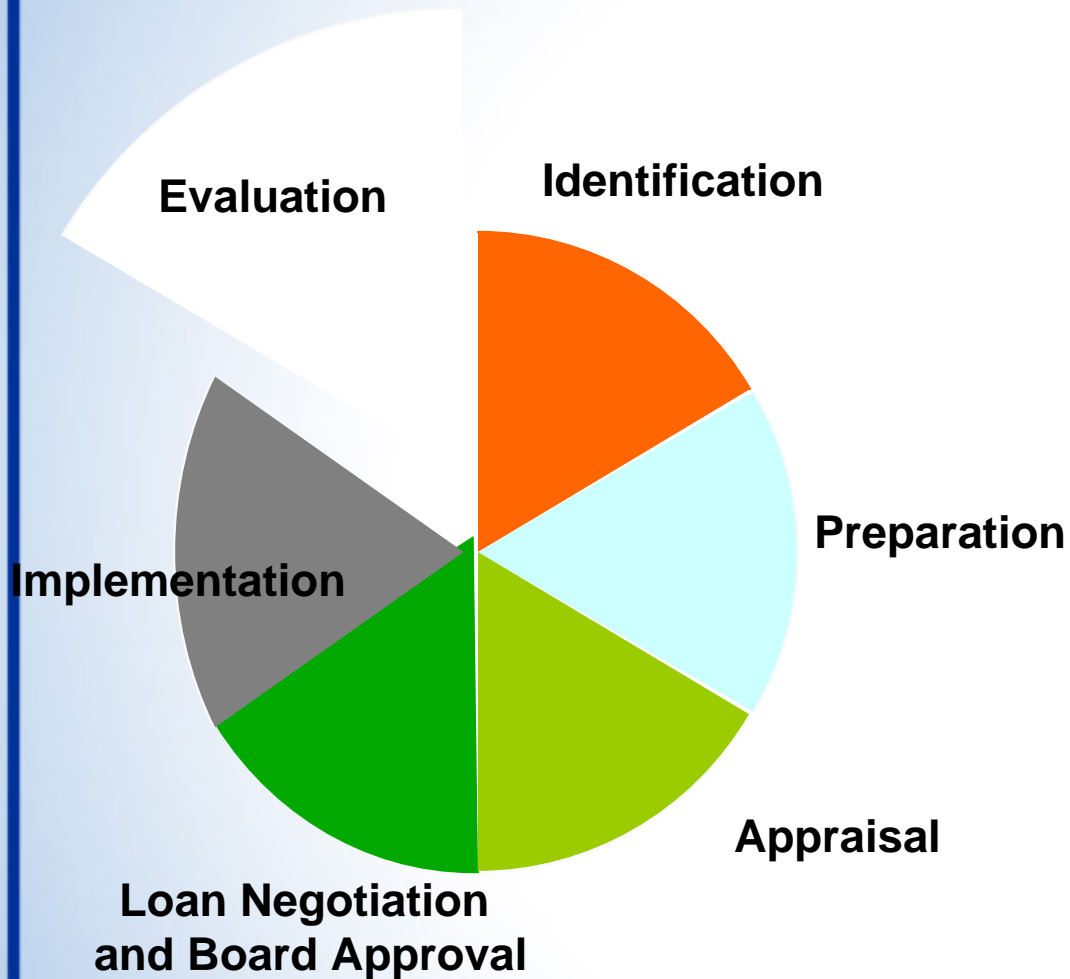
# Implementation (1)

- Establish project office – if not done
- Select project consultants – 8 months
  - Detailed technical design
  - Update resettlement plans if required
  - Training, if part of project scope
  - Procurement of civil works
- Procure civil works – 8-12 months
  - Prequalification
  - Bidding
  - Evaluation and award

# Implementation (2)

- Construction – typically 36-60 months
  - Progress reports
  - Routine review missions
    - Schedule – delays and recovery plans
    - Disbursement
    - Quality
    - Safeguards monitoring
    - Compliance with loan covenants
    - Others
  - Mid-term review
    - Assess project design and implementation – change if required
  - Project completion, final accounts, loan closure
  - Benefit monitoring

# The Project Cycle



**All projects are evaluated, with results fed back into operations for improvements in future project designs.**

# Evaluation (1)

- Government prepares Project Completion Report (PCR)
- Based on this and a specific mission, the ADB regional department responsible for the project prepares its PCR for submission to the Board – typically 1-2 years after project completion
- PCR summarizes for the project:
  - Its preparation and implementation history
  - Its costs, relative to the costs estimated at appraisal
  - Its benefits – EIRR, etc – relative to appraisal estimates
  - Overall, whether it was successful in achieving the goals and objectives defined during project preparation
  - Lessons to be learned for future projects, ADB-wide, for the country, and for the sector.
- PCRs are public documents, available on ADB's website.

# Evaluation (2)

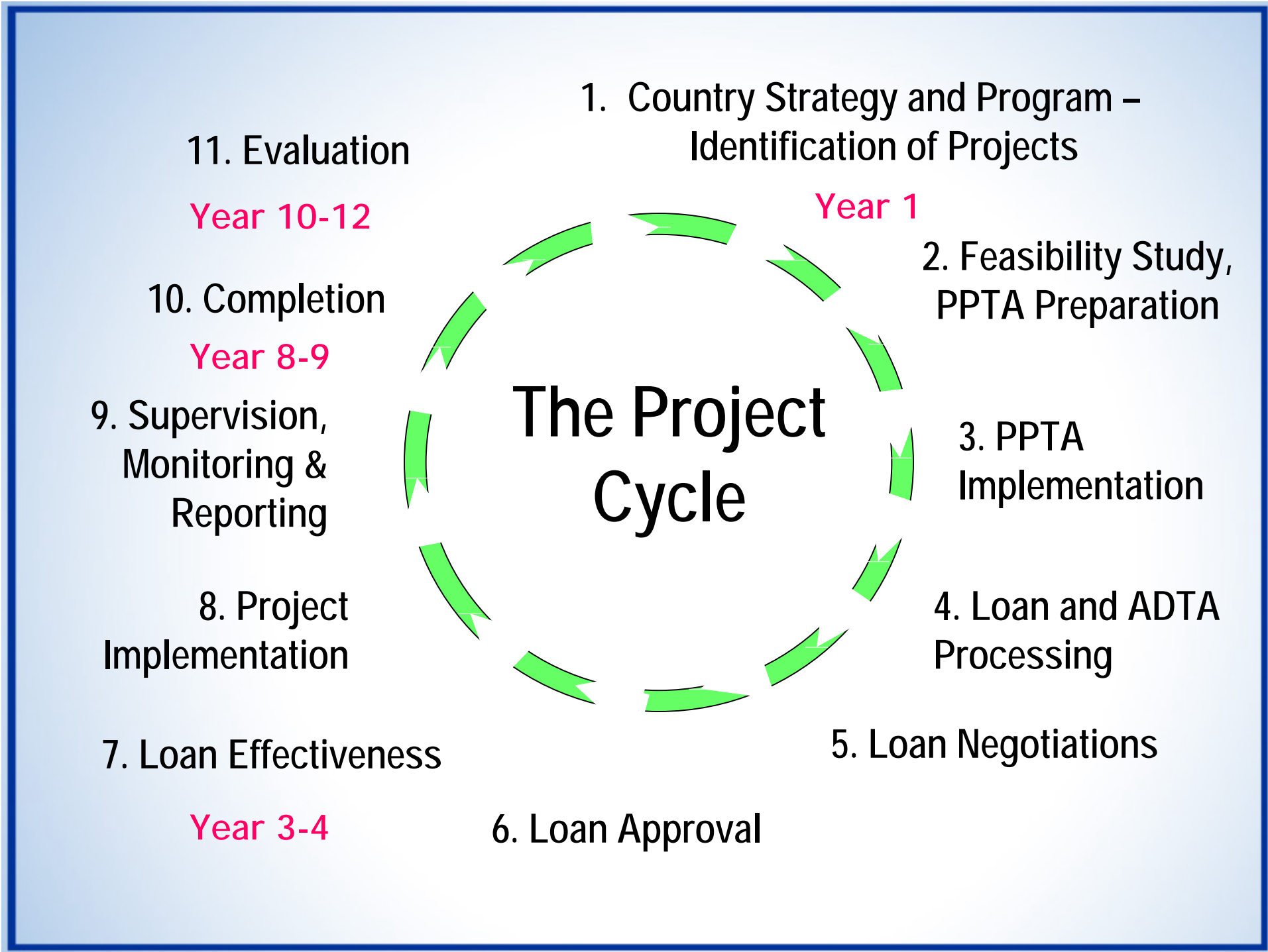
## Post Evaluation

- Carried out by ADB's Operations Evaluation Department - OED
- OED reports directly to the Board
- OED evaluates selected projects, not all
- Evaluation is carried out 2-3 years after project completion
- Draft reports are provided to Management for comment, prior to submission to the Board
- OED Evaluation Reports are public documents, available on ADB's website.

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# Conclusions

- The typical Project Cycle is very long
- Project design and implementation will typically pass through a series of ADB and government staff during the project's life
- So good management systems are important
- Typically several projects in a country and sector are being implemented in parallel
- Lessons are learned throughout the cycle, and feed into new projects as they are developed and implemented
- Lessons don't wait until a project is complete
  - it's typically too late by then.

# Thank you

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