

# Project Administration Instructions

PAI 1.06  
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## PROJECT ADMINISTRATION MANUAL

1. This Project Administration Instruction (PAI) outlines the preparation, contents, and procedures in maintaining the accuracy of the project administration manual (PAM).
2. The PAM is mandatory (except for policy-based loans<sup>1</sup> and technical assistance (TA) projects) and serves as the main document describing how the executing agency (EA)<sup>2</sup> will implement the project and deliver quality results on time, within budget, and in accordance with the borrower<sup>3</sup> and Asian Development Bank (ADB) policies and procedures.<sup>4</sup>
3. The PAM, among other things:
  - i. includes all the information and schedule describing project implementation including project readiness filters to enable rapid start-up and disbursement;
  - ii. specifies roles and responsibilities of the EA, consultants, and ADB for satisfactory project implementation;
  - iii. provides concise and accurate detail on major aspects of project implementation including: cost estimates, disbursement arrangements, financial management, auditing, procurement plan including procurement and recruitment of consulting services, safeguards, performance monitoring, evaluation, reporting, and communication;
  - iv. references ADB's Anticorruption Policy and accountability mechanism; and
  - v. assists EA and ADB staff to anticipate problems and initiate timely remedial actions.
4. One of the most basic requirements for successful project implementation is the preparation of a good quality PAM through a consultative process between the borrower and ADB. The PAM is prepared during loan<sup>5</sup> processing and initially agreed with the government at fact-finding. It is reviewed at the Management Review Meeting and/or Staff Review Meeting during loan negotiations, and by inception, midterm, and other project administration missions. It is mandatory to reference the PAM in the report and recommendation of the President (RRP) and in the loan agreements. It is presented as a linked document to the RRP.

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<sup>1</sup> For policy-based loans, the development policy letter and policy matrix presented as part of the report and recommendation of the President (RRP) and the PAM would be optional.

<sup>2</sup> In this PAI, the term "executing agency (EA)" also refers to implementing agencies, unless the context requires otherwise.

<sup>3</sup> In this PAI, the term "borrower" also refers to recipients of grants, executing agencies, and/or implementing agencies, unless the context requires otherwise.

<sup>4</sup> The PAM also refers to the grant implementation manual. For a multitranche financing facility (MFF), a facility administration manual (FAM) is developed and is subject to the same general considerations and guidelines as the PAM, subject to particularities of the MFF. References to the PAM shall be understood to include reference to the FAM in cases of MFFs, and program implementation document in cases of results-based lending.

<sup>5</sup> In this PAI, the term "loan" includes grants, unless the context requires otherwise. This PAI also applies to loans and grants from external sources that are administered by ADB, unless agreed otherwise between ADB and cofinanciers, but does not apply to TAs.

5. At loan negotiations, the EA and ADB shall review and confirm<sup>6</sup> the PAM to ensure consistency with the loan agreement, and such confirmation shall be reflected in the minutes of the loan negotiations. The PAM is provisionally approved by the head of the sector division<sup>7</sup> pending Board approval of the loan.
6. With support from ADB, the EA is wholly responsible for implementing ADB-financed projects in accordance with ADB's policies and procedures. The PAM template and descriptions of their contents are accessible through the Office of the Secretary's website under Board Documents: Templates and Guidelines tab. When necessary, the EA may translate the PAM or relevant sections into the local language in coordination with the sector division to ensure consistency and accuracy.
7. The PAM is a living document. Changes after ADB Board approval are subject to compliance with the loan agreement and approval pursuant to government and ADB administrative procedures. Upon such approval, changes will be incorporated in the PAM.
8. In the event of any discrepancy or contradiction between the PAM and the loan and/or project agreements,<sup>8</sup> the provisions in the loan and/or project agreements shall prevail.

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<sup>6</sup> The procurement plan section in the PAM is initialed by the government during loan negotiations.

<sup>7</sup> The term "sector division" also refers to the regional office or resident mission administering the project.

<sup>8</sup> The name of the operative agreement may vary on a project to project basis; this reference shall encompass such other agreements as applicable, e.g. Framework Financing Agreement.