

No. 9/6/2022-ADB-I  
Government of India/ भारत सरकार  
Ministry of Finance/ वित्त मंत्रालय  
Department of Economic Affairs/ आर्थिक कार्य विभाग  
FB & ADB Division/ एफबी एवं एडीबी प्रभाग

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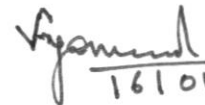
Room No.268 A, North Block, New Delhi - 110001  
Dated 16<sup>th</sup> January, 2023

**OFFICE MEMORANDUM**

Subject: Revised and Updated Project Readiness Checklist (PRC) for assessment at various stages of the processing of Externally Aided Projects (EAPs)

The undersigned is directed to refer to the subject mentioned above and to enclose a copy of the revised Project Readiness Checklist (PRC) for assessment at various stages of the processing of Externally Aided Projects (EAPs).

2. All the Ministries/ Departments, State Governments and Multilateral Development Banks are requested to follow henceforth the updated and revised PRC for assessment at various stages of the EAPs.
3. Further, all the Sections of FB&ADB Division and OMI Division are requested that a copy of the revised PRC may be circulated immediately to the respective external agency, the Project Executing Agencies and Project Implementing Agencies concerned with them for their information and necessary action.
4. This issues with approval of the Competent Authority.

  
16/01/2023

(Dr. Vyomesh Pant)  
Under Secretary to the Government of India  
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Copy for information and necessary action to:

1. Ministries/ Departments of Government of India (as per the list attached)
2. All the State Governments/ Union Territories (as per the list attached)
3. CEO, NITI Aayog, NITI Bhawan, Sansad Marg, New Delhi - 110001, India.
4. Additional Secretary (MBC), Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.

5. Additional Secretary (OMI), Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
6. Director (ADB), Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
7. Director (WB), Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
8. Director (OMI), Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
9. Director (IMF), Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
10. Mr. Takeo Konishi, Country Director, INRM, Asian Development Bank, 4 San Martin Marg, Chanakyapuri, New Delhi.
11. Under Secretary (Coordination), FB&ADB Division, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.

## Project Readiness Checklist for Projects aided by Multi-lateral Development Banks (MDBs)

(As Reviewed and Updated on 11.1.2023)

Sl. No	Action points / Points to check	Agency responsible for compliance	Status (Yes/ No/ Not Applicable)	Remarks, if any
<b>1.</b>	<b>Before sending a project proposal to DEA through Online EAP Portal</b>			
	i. The Concept Note identifies clearly defined components of the Project, activities, cost estimates and implementing agency (ies), coordinating mechanism (in case of multiple implementing agencies), the finance plus elements and budget plus elements including innovations and best practices being proposed or used in the project.	Project Submitting Agency		
	ii. Lessons learnt from the previous projects implemented in the sector have been incorporated.	Project Submitting Agency		
	iii. The project preparation milestones, in months, taking the date of posing as the zero date, have been identified	Project Submitting Agency		
	iv. <b>During final online submission of the PPR through the DEA EAP Portal, the PPR has been marked online to the Department of Expenditure (where applicable), NITI Aayog, Line Ministry concerned and other relevant Ministries/ Departments for their comments</b>	Project Submitting Agency		
	v. Copy of Concept Note including suitable justification for loan size and cost estimates is attached with the PPR.	Project Submitting Agency		
<b>2.</b>	<b>Before posing the project to Multi-lateral Development Banks (MDBs)</b>			
	i. Project has been cleared by the Screening Committee/ Competent Authority of DEA.	DEA		
	ii. The approvals of NITI Aayog, Line Ministry, other relevant Ministries/ Departments and Department of Expenditure (where applicable), have been received	DEA		
<b>3.</b>	<b>Before Appraisal or Fact Finding Mission</b>			
	i. Institutional structure for project implementation and funds flow arrangement defined and agreed with DEA and MDB.	Project Implementing Agency (PIA)		

	ii. Designation of PMU/PIUs staff completed and core staff for the project assigned. Key project staff (project director, procurement, FM, safeguard) should be identified early in the project cycle.	PIA		
	iii. Tenure of key staff should be, to the extent possible, for three years or more.	PIA		
	iv. Procurement plan for the project detailing contract packages, modes of procurement, pre-requisites for awarding the contracts, approval flow chart, decision making structure and schedule for each contract be in place.	PIA		
	v. Terms of reference (TOR) for all Consultancy contracts including Project Management consultants, shortlisted consultants/consulting firms and documents for prequalification of contractors are prepared approved/reviewed by MDB.	PIA		
	vi. RFP for major/ critical consultancies issued and Technical evaluation for selection of Consultants is completed.	PIA		
	vii. <b>Bidding documents for all contracts, to be awarded during first 18 months of project implementation should be prepared, approved and issued.</b>	PIA		
	viii. Land acquisition and resettlement plans are ready, where relevant.	PIA		
	ix. Budgeting for at least 30% of land acquisition & resettlement requirements has been made. Land acquisition/ pre-construction activities, where relevant, have started.	PIA		
	x. Environment Management Plan (EMP) for the first two years of project implementation has been finalized. Initial Environment Examination (IEE)/ Environmental Impact Assessment (EIA) were completed and approval of MDB secured.	PIA		
	xi. Relevant Budget/ Counterpart Fund provisions, duly approved by the authorities, where required, are made	PIA		
	<b>For RBL/PforR</b>			
	xii. Draft program result framework and expenditure framework are prepared. <i>(applicable in case of RBL/ PforR)</i>	PIA		
	xiii. Draft Disbursement Linked Indicators (DLIs), verification protocol and program action plan are prepared. <i>(applicable in case of RBL/PforR)</i>	PIA		
	xiv. TORs for Independent Verification Agencies (IVAs) have been finalized in consultation with MDB <i>(applicable in case of</i>	PIA		

	<i>RBL/PforR)</i>			
	<b>For PBL/DPL</b>			
	xv. Draft Policy Matrix has been prepared <i>(applicable in case of PBL/DPL)</i>	PIA		
	xvi. Draft TORs for attached TA, if any, has been prepared <i>(applicable in case of PBL/DPL)</i>	PIA		
	<b>For PRF</b>			
	xvii. Scope of work under PRF and TOR of consultants are firmed up and consultant recruitment is initiated <i>(applicable in case of PRF)</i>	PIA		
	xviii. Implementation arrangement and institutional set up are in place <i>(applicable in case of PRF)</i>	PIA		
<b>4.</b>	<b>Before Negotiation of the Project</b>			
	i. Key policy and institutional reforms, if critical to the successful completion of the project, should be implemented prior to negotiations.	PIA		
	ii. Project Implementation Plan/ Administration Manual/ Memorandum covering scope, organization and its TOR, procurement, budgeting, disbursement, reporting and auditing arrangement has been finalized.	PIA		
	iii. Administrative clearances for temporary use of land i.e. right of way taken.	PIA		
	iv. Administrative approval for shifting of utilities taken.	PIA		
	v. Relief & Resettlement Plan, where relevant, should be finalized and confirmed that R&R activities are aligned with the Procurement Plan.	PIA		
	vi. Contract for Project Management consultant, if critical to the successful implementation of the project, should be at ready to award stage.	PIA		
	v. At least 50% of land acquisition (if required) to be completed.	PIA		
	vi. All Statutory clearances like environmental /forest clearances at the State level and Central level, wherever applicable, are in place.	PIA		
	vii. EFC and State Cabinet approval (in case of State Project), if applicable, are in place.	PIA		
	viii. Award of contracts for consultancy services including PMU/PIU has been finalized	PIA		
	ix. Bids for contract worth at least 30% of the project cost, pertaining to civil works, are at	PIA		

	ready to award stage (Bids for at least 30% of the civil works have been agreed to by the respective MDB).			
	x. The following are established: (a) Financial Management System, (b) auditing arrangement and (c) system of oversight.	PIA		
	xi. Sufficient funding is available in the Budget	PIA		
	<b>For RBL/PforR</b>			
	xii. Contract for Independent Verification Agency (IVA) is ready to be awarded ( <i>applicable in case of RBL/PforR</i> )	PIA		
	<b>For PBL/DPL</b>			
	xiii. Development Policy Letter is prepared for discussion and finalization during the loan negotiation ( <i>applicable in case of PBL/DPL</i> )	PIA		
	xiv. Prior actions, as defined in the program design complied and supported with relevant documentation ( <i>applicable in case of PBL/DPL</i> )	PIA		
	<b>For PRF</b>			
	xv. Key PMU staff is posted and remaining PMU staff is identified for posting within 3 months ( <i>applicable in case of PRF</i> )	PIA		
<b>5.</b>	<b>Before Signing of the loan documents</b>			
	i. At least 30% of total project cost pertaining to civil works is awarded.	PIA		
	ii. Cabinet approval for Central Project, if applicable, is in place.	PIA		
	<b>For RBL/PforR</b>			
	iii. Contract for Independent Verification Agency (IVA) is awarded ( <i>applicable in case of RBL/PforR</i> )	PIA		
	<b>For PBL/DPL/RBL/PforR</b>			
	iv. Prior conditions/ actions, as mentioned in the program design, have been complied fully ( <i>applicable in case of PBL/ DPL/RBL/PforR</i> )	PIA		
<b>6.</b>	<b>Before loan effectiveness</b>			
	Legal opinions taken	DEA/PIA		