Lecture : 03
Introduction

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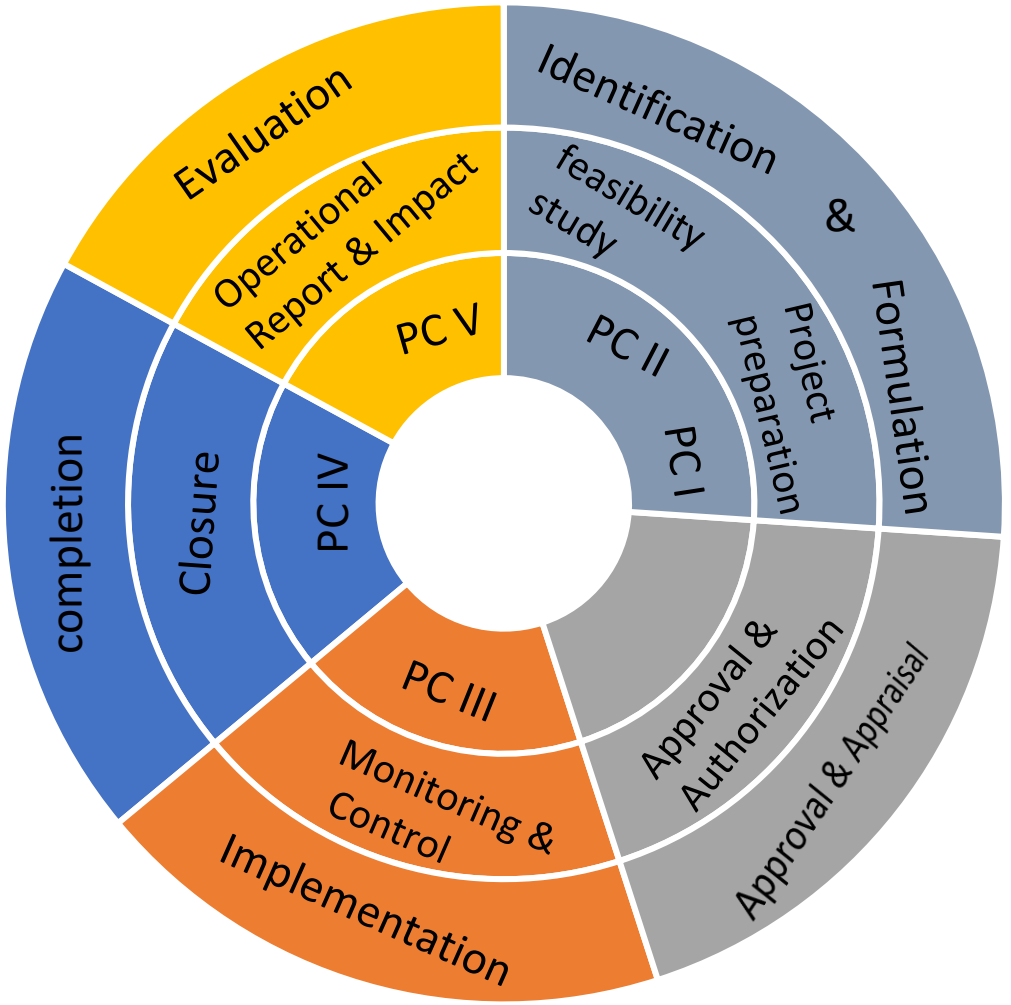
1. Introduction

Lecture Outlines

- Project Lifecycle.
- Project formulation
  - Project Charter-I
  - Key Components of PC-I
  - Revised PC-I
  - Checklist for PC-I
- Project Appraisal & Approval
  - Overview
  - Appraisal Steps
  - Best Practices and Common Mistakes In Appraisal
  - Analytical Aspects Of Project Appraisal
  - Common mistakes at implementation level

2. Project Lifecycle (PLC)

2.1 Various Components of PLC:



3. Project formulation

3.1 Project Charter-I:

- The Project Charter-I (generally called PC-I) is the primary project document, and its preparation is a key step in project preparation and processing
- Th PC-I is used both for new projects and revision of ongoing projects.
- Th Proforma comprises of three parts:
  - **Part A is the Project Digest:** which requires basic project information, that is, project title, location, sponsoring and executing agencies, project description, justification and technical parameters, project cost and completion period, physical and financial phasing, the status of a feasibility study, and project objectives, plan, and sector strategy linkages

3. Project formulation

3.1 Project Charter-I:

- **Part B is Project Requirement:** which includes project scope, employment generation, management structure and manpower requirements, the status of surveying and mapping and land acquisition activities, and responsibility of operation and maintenance of project assets after project completion.

Part C is Appraisal and Analysis, which needs information on project quantifiable benefits (financial, economic, social), revenue or income generation after project completion, financial and economic analysis and results, sensitivity and risk analysis, stakeholder consultation analysis, environmental and social impact assessment (including climate change, adaptation, mitigation & co-benefits assessment, and Clean Development Mechanism (CDM) assessment),environmental and social impact assessment and disaster reduction analysis.

3. Project formulation

3.1 Project Charter-I:

Note: Only the Part A (with additional information) and is required to be submitted for the Revised Projects Charter (PC-I).

4. PC-I Proforma

4.1 Key Components of PC-I :

I. Project Objective:

- Every project must have a project development objective along with inputs, outputs, and outcomes, project components and activities to be implemented within a specific time and cost, along with a monitoring framework.

II. Project Description

- Th description of a project like; key features, technical aspects, its justification and rationale, a brief account of similar interventions, any feasibility study, relevant government policies, sector strategy, and plans of the past.
- Th technology proposed to be adopted for the project and the source of supply of machinery and equipment should also be mentioned.

4. PC-I Proforma

4.1 Key Components of PC-I :

III. Project Location

- Regarding project location, due consideration should be given to the area and population to be served by the project, the economic, environmental, and social characteristics of the project area, and the income and other attributes of the beneficiary population

IV. Project Scope

- Th sponsoring agency should ensure that the project scope includes only the project requirements necessary to achieve the envisaged objective. In addition, the project sponsor should provide:
  - Demand for project output, with its basis.
  - Existing position regarding capacity and actual supply of output.
  - Th gap that the project is going to fil between supply and demand

5. Change In Project Scope

5.1 Revised PC-I:

- Once approved, the executing agency is required to implement the project in accordance with the PC-I provisions.
- It has no authority to change or modify any approved parameter of the project.
- If the project executing agency determines (based on detailed justification) that the project cannot be implemented under the approved parameters and it requires revision of scope, physical components or financial allocation, a revised PC-I must be submitted to the competent forum for approval.
- No expenditure may be incurred beyond the approved scope and cost of the project, and if it is done, it will be considered as an inadmissible and illegal expenditure.

6 PC-I Proforma

6.1 Checklist for PC-I

S.No	Checklist Item for PC-I	Tick as Appropriate		
1	Confirmation regarding the preparation of the PC-Is and PC-IIs on the standard revised format for different sectors (social, infrastructure and production)	N/A	YES	NO
2	Confirmation and self-explanatory nomenclature	N/A	YES	NO
3	Geographical specific area	N/A	YES	NO
4	Location map of the project	N/A	YES	NO
5	Map and design of a building (if applicable)	N/A	YES	NO
6	Clarification about the source of financing	N/A	YES	NO
7	Plan Provisions for FY in PSDP/ADP Allocation	N/A	YES	NO
8	Inclusion of tangible outcomes	N/A	YES	NO
9	Proper addition of costs including FEC/foreign funded	N/A	YES	NO
10	Inclusion of responsible agencies for sponsoring	N/A	YES	NO

6 PC-I Proforma

6.1 Checklist for PC-I

S.No	Checklist Item for PC-I	Tick as Appropriate		
11	Execution	N/A	YES	NO
12	Operation and maintenance	N/A	YES	NO
13	Routed through proper channel from the ministry/division/province/area concerned	N/A	YES	NO
14	Inclusion of effective cost estimation date (schedule of rates)	N/A	YES	NO
15	Inclusion of implementation schedule with the number of years of the project	N/A	YES	NO
16	Comparison of financial scope (in case of a revised project)	N/A	YES	NO
17	Comparison of physical scope (in case of a revised project)	N/A	YES	NO
18	Confirmation of signatures of the responsible officer concerned at column 15 of the PC-I (federal PAO/ provincial ACS)	N/A	YES	NO
19	Digitally prepared PC-I/PC-II (received)	N/A	YES	NO
20	Annexure of PDWP/DDWP minutes, if applicable	N/A	YES	NO

1. Infrastructure
2. Production Sector
3. Social Sector

PC-I Proforma 2024

7. Project Appraisal & Approval

7.1 Overview:

- After submission of the project documents (PC-I and PC-II), technical sections of the Planning Machinery must undertake project appraisal in collaboration with the sponsoring agency and concerned associated agencies, before submitting the project for consideration of Approval Forum for informed and prompt decision-making
- Appraisal of a project includes technical feasibility, commercial viability, institutional management capability, environmental sustainability, social acceptability, risk management and sensitivity analysis.
- Comprehensive estimates of project benefits and costs during the appraisal allow decision-makers to assess the project's economic and financial viability.
- An appraisal may also cause a project to be redesigned or restructured so that it is less likely to fail.

An appraisal involves the following steps

- A careful checking of the basic data, assumptions and methodology used in project preparation,
- An in-depth review of the work plan, cost estimates and proposed financing,
- An assessment of the project's organizational and management aspects, and finally,
- Validity of the financial, economic, and social benefits to be accrued from the project

7. Project Appraisal & Approval

7.3 Best Practices and Common Mistakes In Appraisal:

Value for money may be ensured by conducting an analysis to evaluate projects.

A development project yields value for money if it results in a net positive gain to society.

B-P

- Poor feasibility reports and a lack of authentic data may affect the quality of appraisals.
- A project's rate of return or social benefit may not be given due importance.
- New projects may be prioritized while focus may shift from maintenance or rehabilitation of previous projects
- Projects are not aligned with overall sectoral and public policy objectives and have insufficient information at the time of appraisal.

C-M

7. Project Appraisal & Approval

7.3 Best Practices and Common Mistakes In Appraisal:

Satisfactory arrangements should be made for procurement (works, goods and services) and financial management.	B-P
Procurement process is not aligned with the applicable procurement rules as governed by PPRA/KPPRA etc., and its rules, and the Procurement of Consultancy Services Regulation, 2010.	C-M
All the appropriate social and environmental safeguards should be in place	
Negative environmental effects of a project are not given due consideration	

7. Project Appraisal & Approval

7.3 Best Practices and Common Mistakes In Appraisal:

The sources and magnitude of project risks should be assessed and risk mitigation frameworks should be in place	B-P
No proper assessment of risks and inactivation of risk management framework may lead to cost overruns and time delays.	C-M
Job descriptions of all project posts should be developed to execute recruitment for smooth functioning of the project.	
Vague and unclear job description of the project steering committee and project implementation unit may lead to confusion and undue interference.	

7. Project Appraisal & Approval

7.3 Best Practices and Common Mistakes In Appraisal:

Validate and confirm the project financing arrangements.	B-P
Lack of clarity of financing by development partners or the private sector in the case of a jointly funded project.	C-M

8. Project Appraisal & Approval

8.1 Analytical Aspects Of Project Appraisal:

Th project appraisal requires an examination of project soundness from diverse perspectives, which are represented as under.

- **Technical**
- **Economic**
- **Financial** (including commercial for revenue generating entities)
- **Institutional** (including organization and management)
- **Social**
- **Environmental**

9. Project Implementation

9.1 Overview:

- Th achievement of project objectives and actualization of benefits depends on effective project implementation according to the approved scope, cost, and time of the project.
- This crucial stage in the project cycle consists of a set of actions in parallel or sequence, whereby the project concept and design are implemented on ground.
- For achievement of the stipulated targets and tangible returns it is imperative to entrust the management of the project with staff who are competent and reliable with relevant qualifications and experience.

9. Project Implementation

9.2 Role Of Sponsoring And Implementing Agencies:

The project sponsors secure funding for projects from the development budget and choose an executing/implementing agency.

S-A

The executing/implementing agency is the entity charged with the responsibility of successful completion of the project's components which include:

I-A

1	Completion of all preparatory studies	2	Detailed engineering.
3	Inclusion of surveys, testing, etc.	4	Preparation of design specifications, and estimates.
5	Securing of all the permits and easements	6	Acquisitions of land and right-of-way, site preparation
7	Procurement of Works, Goods and services.	8	Project management and risk management

9. Project Implementation

9.3 Common mistakes at implementation level :

- Insufficient allocation of resources in the PSDP/ADP.
- Inaccurate cost estimations due to a large gap between feasibility study and project implementation, leading to cost overruns.
- Frequent transfers of senior officials and PDs creating work disruptions which lead to delays.
- Understaffed and additional charge-based staff result in delays in project implementation.
- Challenges in land acquisition such as litigation, right of way, and relocation of utilities.

9. Project Implementation

9.3 Common mistakes at implementation level :

- Frequent changes in taxation and provincial tax laws create hurdles and increase the total cost of projects.
- Misinterpretation of government directives in the form of the Statutory Regulatory Order (SROs) which cause time delays and confusion in policy matters.
- Litigation issues in staffing and procurements.
- Projects often lack a sense of ownership which is needed from the government or project management staff.

9. Project Implementation

9.3 Common mistakes at implementation level :

- Problems identified by the Project Monitoring Team during the M &E phase are often overlooked.
- PC-IV and PC-V are submitted infrequently to the concerned authorities specifically for mega projects.

End of Session