

PROJECT SELECTION CRITERIA

1. The Asian Development Bank (ADB) and the executing agency for the project readiness financing (PRF) have agreed on selection criteria for choosing any new or additional ensuing projects that will be supported during implementation. This approach will allow the government to lead the identification, prioritization, and due diligence for selecting future projects to be supported by the PRF. ADB will grant approval based on criteria listed below, agreed between the executing agency and ADB.

2. The nominated projects must meet the following selection criteria for funding under the project readiness facility:

- (i) **Relevance.** Any proposed project is in line with the overall objective of the PRF that is to (i) meet the policies and strategies of the national and provincial governments, and ADB, including sector operational plans, country partnership strategy, and inclusion in the country operations business plan; and (ii) ensure high implementation readiness for the ensuing projects.
- (ii) **Technical.** The technical design will meet relevant guidelines and regulations of Pakistan. The technical feasibility will be assessed through detailed examination of the project's compatibility with local conditions, including current and projected climate variables, availability of water sources, proximity to the residents, and available land for project facilities. Alternative design options will be identified and assessed.
- (iii) **Governance.** Both the executing agency and the implementing agency of the proposed project have an established capacity to administer and implement externally-funded projects including ones financed by ADBs. Both the agencies have adequate financial management and procurement capacity to manage activities related to the preparation of the proposed projects supported under the PRF, which ensures no risk implication on governance aspects.
- (iv) **Safeguards.** Project preparation and design activities for the project supported through the PRF are expected to have no environmental or social impacts, as the Project will only finance consulting services. Proposed projects will fully meet the requirements of ADB's Safeguards Policy Statement (2009).

ADB will review the executing agency's proposal for a project to be included for support under the PRF and, if necessary, may request additional information to justify the selection. ADB or the government may substitute a project through prior consultation as long as the above selection criteria have been met. The executing agency shall obtain ADB's formal approval before detailed design or other project preparation activities for the proposed project commences.