

Topical Index

A

Accounting.....	7.6.8.
Accounting Policies.....	4.2.8.4., 5.2.
Accounting Standards.....	2.4.3., 5.2.
Accounting Standards and Policies.....	5.2.
Introduction.....	5.2.1.
International Accounting Standards.....	5.2.2.
ADB Accounting Policy Requirements.....	5.2.3.
Requirement to Meet International Standards.....	5.2.3.1.
Timetable to Introduce Acceptable Accounting Policies.....	5.2.3.2.
Statements on Accounting Standards and Policies.....	5.2.3.3.
ADB Reports on Accounting Standards and Policies.....	5.2.3.4.
Example of Accounting Policies.....	5.2.3.5.
Accounting Statements and Financial Reports.....	5.3.3.
Accounting Systems.....	4.2.8.6., 4.2.9.2.
ADB Lending.....	2.2.
ADB Reports.....	3.7.
Introduction to ADB Reports.....	3.7.1.
Project Preparatory Technical Assistance Stage.....	3.7.2.
Report and Recommendation of the President.....	3.7.3.
Miscellaneous ADB Reports.....	3.7.4.
Introduction to Miscellaneous ADB Reports.....	3.7.4.1.
Project Completion Report.....	3.7.4.2.
Affordability.....	4.3.3.5.5.
Annual Financial Statements for a Nonrevenue-Earning Project.....	5.3.6.
Annual Financial Statements for Revenue-Earning Projects and EAs.....	5.3.7.
Appraisal Checklists.....	3.3., 6.5.
Appraisal Checklist: Financial Institution.....	7.10.
Preparation at Headquarters.....	7.10.1.1.
Initial Steps.....	7.10.1.2.
Institutional Environment.....	7.10.1.3.
Management Policies and Systems.....	7.10.1.4.
Definition of Project Cost Requirements.....	7.10.1.5.
Prepare Financial Projections for Ongoing FI Operation.....	7.10.1.6.
Appraisal Checklist: Nonrevenue-Earning Project.....	7.7.
Preparation at Headquarter.....	7.7.1.1.
Initial Steps.....	7.7.1.2.
Institutional Environment.....	7.7.1.3.
Financial Management Systems.....	7.7.1.4.
Definition of Project Cost Requirements.....	7.7.1.5.
Preparation of Financial Projections and Draft RRP.....	7.7.1.6.
Appraisal Checklist: Private Sector Project.....	7.9.

Preparation at Headquarters	7.9.1.1.
Initial Steps	7.9.1.2.
Institutional Environment	7.9.1.3.
Financial Management Systems	7.9.1.4.
Definition of Project Cost Requirements.....	7.9.1.5.
Preparing Projections for Ongoing Production Lending Operation	7.9.1.6.
Preparing Projections for a New Production Lending Operation	7.9.1.7.
Financing Plan Involving Private Sector Funding	7.9.1.8.
Defining Financial Performance Indicators and Reviewing Projections	7.9.1.9.
Appraisal Checklist: Revenue-Earning Project	7.8.
Preparation at Headquarters	7.8.1.1.
Initial Steps	7.8.1.2.
Institutional Environment	7.8.1.3.
Financial Management Systems	7.8.1.4.
Definition of Project Cost Requirements.....	7.8.1.5.
Financial Projections for an Ongoing Production Operation	7.8.1.6.
Financial Projections for a New Production Operation.....	7.8.1.7.
For All Projects.....	7.8.1.8.
Appraisal Methodology	4.2.6.3.4.
Asset Quality	6.4.3.2.
Asset Revaluation	4.4.5.8.
Audit Opinion.....	4.2.9.6.5., 5.6.3., 7.19.3.
Audit Opinions, Model.....	5.6.3.
Model Audit Opinion for a Nonrevenue-Earning Project.....	5.6.3.1.
Model Audit Opinion for a Revenue Earning Project.....	5.6.3.2.
Audit Report Questionnaire.....	5.6.11., 7.19.
Using the Audit Report Questionnaire.....	7.19.1.
Authenticity, Form, and Timeliness.....	7.19.2.
Audit Opinion.....	7.19.3.
Matters Addressed.....	7.19.4.
Auditor's Opinion and Report	7.19.5.
Conclusion and Further Action (if any).....	7.19.6.
Audited Project Financial Statements	5.3.5.
Auditing	5., 5.1, 7.6.8.
Auditing Standards.....	2.4.3. (a)
Auditing Standards and Auditor Engagement.....	5.4.
Introduction	5.4.1.
ADB Requirements	5.4.2.
Auditing Procedures.....	5.4.3.
International Standards on Auditing.....	5.4.9.
Auditor Engagement.....	5.4.
Auditor Selection and Appointment	5.4.4.
Issues in Auditor Selection	5.4.5.
Selecting Auditors	5.4.6.
Terms of Reference for an Auditor.....	5.4.7.
Contract or Engagement Letter of Auditor.....	5.4.8.

Government Auditors.....	5.4.10.
Auditor, Model Terms of Reference for an.....	7.18.
Auditors' Opinion, Types of.....	5.6.6.
Auditors' Reports, Reviewing.....	5.6.
Introduction.....	5.6.1.
Auditors' Reports and Opinions.....	5.6.2.
Model Audit Opinions.....	5.6.3.
Model Audit Opinion for a Nonrevenue-Earning Project.....	5.6.3.1.
Model Audit Opinion for a Revenue Earning Project.....	5.6.3.2.
Compliance with Loan Covenants.....	5.6.4.
Compliance with ADB's Requirements.....	5.6.5.
Types of Auditors' Opinion.....	5.6.6.
Materiality.....	5.6.7.
Use of Technical Experts.....	5.6.8.
Statements of Expenditure and Imprest Accounts.....	5.6.9.
Reviewing Audit Management Letters.....	5.6.10.
Audit Report Questionnaire.....	5.6.11.

B

Balance Sheet.....	4.3.4.7., 5.3.3.11.
Base Cost Estimate.....	3.4.3.3., <i>see Project Cost Estimate</i>
Benchmarking Indicators.....	4.4.4.
Benefit-Cost Analysis.....	<i>see Financial Benefit-Cost Analysis</i>
Benefit Monitoring Evaluation (BME).....	3.7.3.1.1. (F)
Bidding.....	4.2.8.9.2., 5.4.3.2.
Breakeven Ratio.....	4.4.6.5.
Breakeven Covenant.....	3.6.2.6., 7.12.5.
Budgetary Control.....	4.2.9.5.
Budgeting.....	4.2.8.3.
Build-own-operate (BOO).....	2.2.3.
Build-own- transfer (BOT).....	2.2.3.

C

CAMEL Framework, Applying the.....	6.4.3.
Capital Adequacy Ratio.....	6.4.3.1.
Assessing Asset Quality.....	6.4.3.2.
Assessing Management Quality.....	6.4.3.3.
Assessing Earning Performance.....	6.4.3.4.
Assessing Liquidity.....	6.4.3.5.
Capital Adequacy.....	4.4.5.10.
Capital Adequacy Indicators.....	7.15.2.
Capital Adequacy Ratio.....	3.6.3.6., 4.4.7.9., 7.13.4., <i>see Covenants</i>
Capital Structure Covenants, Model.....	7.13., <i>see 3.6.3.</i>
Debt Service Coverage (Version A: Historical Orientation).....	7.13.1., <i>see 3.6.3.3.</i>
Debt Service Coverage (Version B: Forecast Orientation).....	7.13.2., <i>see 3.6.3.3.</i>

Debt-Equity Ratio	7.13.3., <i>see</i> 3.6.3.4.
Capital Adequacy Ratio	7.13.4., <i>see</i> 3.6.3.6.
Capital Structure Indicators.....	4.4.7.
Introduction.....	4.4.7.1.
Capital Structure as a Debt Limiter.....	4.4.7.2.
Capital Structure and Risk Management.....	4.4.7.3.
Inflation and the Capital Structure	4.4.7.4.
Equity versus Debt	4.4.7.5.
Debt Service Coverage.....	4.4.7.6.
Debt-Equity Ratio.....	4.4.7.7.
Debt Limitation	4.4.7.8.
Capital Adequacy Ratio	4.4.7.9.
Cash Flow Statement.....	5.3.3.7.
Cash Requirements.....	4.4.5.5.
Constant Price.....	4.3.6.3.
Contagion Risk.....	6.4.4.5.
Contingencies, Determining.....	3.4.4.
Contingencies in General	3.4.4.1.
Determining Physical Contingencies	3.4.4.2.
Determining Price Contingencies	3.4.4.3.
Determining Risk Contingencies	3.4.4.4.
Corporate Tax.....	3.5.2.2.2. (<i>step</i> 3), 3.5.2.2.4.
Cost Estimate	<i>see</i> <i>Project Cost Estimate</i>
Cost Recovery and Profitability	3.7.3.4., 3.7.3.6.7.
Cost Recovery and Tariffs, Linkages with	4.3.3.
Introduction.....	4.3.3.1.
Cost Recovery Systems: Introduction	4.3.3.2.
Cost Recovery Systems: Social Sectors and Services.....	4.3.3.3.
Cost Recovery Systems: Summary	4.3.3.4.
Tariff Policy.....	4.3.3.5.
COSTAB Model.....	3.4.2.
Diagnostic Studies of Accounting and Auditing.....	4.2.5.
Covenants, Loan.....	3.6., <i>see also</i> <i>Indicators</i>
Introduction to Loan Covenants.....	3.6.1.
Operating Covenants.....	3.6.2.
Introduction to Operating Covenants.....	3.6.2.1.
Rate of Return Covenant.....	3.6.2.2.
Self-Financing Ratio Covenant	3.6.2.3.
General Price Level Covenant.....	3.6.2.4.
Operating Ratio Covenant	3.6.2.5.
Breakeven Covenant.....	3.6.2.6.
Capital Structure Covenants.....	3.6.3.
Introduction to Capital Structure Covenants	3.6.3.1.
Short-Term Debt and Financing Leases in the Capital Structure.....	3.6.3.2.
Debt Service Coverage Covenant	3.6.3.3.
Debt: Equity Ratio Covenant	3.6.3.4.

Debt Limitation Covenant	3.6.3.5.
Capital Adequacy Ratio Covenant	3.6.3.6.
Liquidity Covenants	3.6.4.
Introduction to Liquidity Covenants	3.6.4.1.
Current Ratio Covenant.....	3.6.4.2.
Quick Ratio Covenant	3.6.4.3.
Dividend Limitation Covenant	3.6.4.4.
Credit Ratings.....	6.4.5.
Current Ratio	3.6.4.2., 4.4.8.2., 7.14.1.
Current Ratio Covenant.....	3.6.4.2.
Current Terms	3.4.7.4.

D

Date of the Base Cost Estimate	3.4.3.3.
Debt	4.4.7.5.
Debt Limitation	3.6.3.5., 4.4.7.8., <i>see Covenants</i>
Debt Limiter	4.4.7.2.
Debt-Equity Ratio.....	3.6.3.4., 4.4.7.7., 7.13.3., <i>see Covenants</i>
Debt Service Coverage.....	3.6.3.3., 4.4.7.6., 7.13.1., 7.13.2., <i>see Covenants</i>
Directed-Credit Programs.....	6.2.4.
Disbursement	4.1.1., 5.3.2.8., 7.6.9.
Disbursement Profiles.....	3.4.5.
Discount Rate	3.5.2.
Dividend Limitation	3.6.4.4., 4.4.8.3., 7.14.3., <i>see Covenants</i>
Domestic Inflation.....	3.5.2.2.2. (step 4)
Donor Organizations.....	7.1.1.4.

E

Earning Performance	6.4.3.4.
Eligibility Criteria	6.2.6.
Entity Status	4.2.8.2.
Equity	2.2.3., 4.4.7.5.
Executing Agencies.....	4.2.6., 4.2.4.3., 4.2.9.4., 7.6.4.
Introduction.....	4.2.6.1.
Determining the Status and Roles of EAs.....	4.2.6.2.
Appraising an Executing Agency	4.2.6.3.
Executing Agencies, Financial Management of	4
External Audit	4.1.1., 4.2.8.9.2.
External Auditor.....	3.4.3.6.5., 4.2.8.6.8., 5.2.3.3.2., 5.4.8.1.

F

Financial Accounting.....	4.2.9.6.
Financial Analysis.....	4.3., 7.6.6.
Introduction to Financial Analysis.....	4.3.1.

Financial Analysis Objectives	4.3.2.
Introduction and Objectives	4.3.2.1.
Financial Objectives: Public Sector Project	4.3.2.2.
Financial Objectives: Private Sector Project	4.3.2.3.
Using Financial Analysis to Identify Achievement Indicators	4.3.2.4.
Economic Objectives	4.3.2.5.
Financial Analysis Specialists, Roles of	1.7.
Financial Benefit-Cost Analyses, Preparing	3.5.
Introduction	3.5.1.
Determining the Discount Rate–WACC	3.5.2.
Financial Opportunity Cost of Capital	3.5.2.1.
Calculating the Weighted Average Cost of Capital	3.5.2.2.
Calculating the Financial Internal Rate of Return and Net Present Value	3.5.3.
Undertaking Sensitivity and Risk Analyses	3.5.4.
Financial Charges During Development	3.4.3.4.
Financial Forecast	3.7.3.6.3.
Financial Internal Rate of Return and Net Present Value	3.5.3.
Financial Institutions (FI)	6., 7.10., <i>see FI</i>
Financial Management and Control	4.2.8.7.
Financial Management and Governance Arrangement	4.2.4.
ADB's Operating Principles	4.2.4.1.
Sector Financial Specialist's Responsibilities	4.2.4.2.
Executing Agency	4.2.4.3.
Financial Policies and Strategies for Projects and Executing Agencies	4.2.4.4.
Financial Management	4.1., 4.2.9.2.
Financial Management Specialists, Roles of	1.7.
Financial Net Present Value (FNPV)	3.5.3.
Financial Opportunity Cost of Capital	3.5.2.1.
Financial Performance, Future	3.7.3.6.
Financial Performance, Past	3.7.3.2.
Financial Policies and Strategies for Projects and Executing Agencies	4.2.4.4.
Financial Projections	4.3.6., 7.6.5.
Financial Regulation	4.2.8.5., 4.2.8.9.
Financial Reporting	5.3.
Introduction	5.3.1.
Content and Timing of Financial Reporting	5.3.2.
Accounting Statements and Financial Reports	5.3.3.
Interim Financial Statements and the Project Management Report	5.3.4.
Audited Project Financial Statements	5.3.5.
Annual Financial Statements for a Nonrevenue-Earning Project	5.3.6.
Annual Financial Statements for Revenue-Earning Projects and EAs	5.3.7.
Supplementary Financial Statements	5.3.8.
Designing Financial Reports for Revenue-Earning Projects	5.3.9.
Designing Financial Reports for Nonrevenue-Earning Projects	5.3.10.
Examples of Model Financial Statements	5.3.11.
Financial Reports, Reviewing	5.5.

Introduction	5.5.1.
Review Process: Late or Unacceptable Financial Reports	5.5.2.
Compliance with Financial Performance Covenants	5.5.3.
Communication with Government Auditors.....	5.5.4.
Financial Review Checklist for RRP.....	7.6.
Financial Statements, Model.....	5.3.11.
Financial Statements, Notes to	5.3.3.12.
Financial Statements: Manufacturing Organization, Model.....	7.17.
Financial Statements: Service Organization, Model	7.16.
Financial Strategies for Projects and Executing Agencies	4.2.4.4.
Financial Tables, Preparing	4.3.4.
Introduction	4.3.4.1.
Preparing Summary Financial Tables	4.3.4.2.
Preparing Detailed Financial Tables	4.3.4.3.
Demonstrating Past (Actual) and Future (Forecast) Performance.....	4.3.4.4.
Preparing Income Statements	4.3.4.5.
Preparing Cash Flow Statements	4.3.4.6.
Preparing Balance Sheet	4.3.4.7.
Preparing Financial Summaries	4.3.4.8.
Preparing Financial Tables Using Spreadsheet Models.....	4.3.4.9.
Preparing Financing Plans	4.3.4.10.
Financial Viability and Integrity of Projects and Executing Agencies	4.4.5.4.
Financing Leases	3.6.3.2.
Financing Plan	3.4.6., 3.7.3.6.2., 4.3.4.10., 7.6.3., 7.9.1.8.
Fiscal Period Coverage, Determining.....	4.3.5.
Introduction	4.3.5.1.
Fiscal Period Coverage: Revenue-Earning Projects	4.3.5.2.
Fiscal Period Coverage: Nonrevenue-Earning Projects	4.3.5.3.
FI (Financial Institutions)	6., 7.10.
FI Auditing.....	6.6.3.
FI Financial Management, Reviewing	6.2.
General Operational Issues.....	6.2.1.
Policy Framework for FIs and FI Loans	6.2.2.
Treatment of Interest Rate Distortions	6.2.3.
Treatment of Directed-Credit Programs.....	6.2.4.
ADB Policy on Subsidies.....	6.2.5.
Eligibility Criteria for FIs.....	6.2.6.
FI Investments.....	6.3.
Introduction	6.3.1.
Investing in FIs.....	6.3.2.
Selecting Participating Institutions	6.3.3.
Appraising an FI Investment	6.3.4.
Introduction	6.3.4.1.
Subprojects	6.3.4.2.
Use of ADB Funds	6.3.4.3.
Onlending Terms	6.3.4.4.

Monitoring Financial Institutions Investments	6.3.4.5.
FI Performance, Assessing	6.4.
Introduction	6.4.1.
Assessing Microfinance Institutions	6.4.2.
Applying the CAMEL Framework	6.4.3.
Capital Adequacy Ratio	6.4.3.1.
Assessing Asset Quality	6.4.3.2.
Assessing Management Quality	6.4.3.3.
Assessing Earning Performance	6.4.3.4.
Assessing Liquidity	6.4.3.5.
Assessing FI Risks.....	6.4.4.
Introduction to FI Risk Management.....	6.4.4.1.
Market Risk and Value-at-Risk	6.4.4.2.
Foreign Exchange Risk	6.4.4.3.
Maturity Risk.....	6.4.4.4.
Contagion Risk.....	6.4.4.5.
Role of Regulators in Risk Management.....	6.4.4.6.
Other Key Risk Management Steps.....	6.4.4.7.
Determining FI Credit Ratings.....	6.4.5.
FI Internal Controls Specialized	6.4.6.
FI Reporting and Auditing Issues	6.6.
Introduction	6.6.1.
FI Financial Reporting.....	6.6.2.
FI Auditing.....	6.6.3.
MFI Financial Reporting and Auditing	6.6.4.
Forecasting.....	3.4.
Introduction to Forecasting	3.4.1.
Using the COSTAB Model	3.4.2.
Preparing Project Cost Estimates	3.4.3.
Local Costs.....	3.4.3.1.
Foreign Costs	3.4.3.2.
Date of the Base Cost Estimate	3.4.3.3.
Treatment of Financial Charges During Development	3.4.3.4.
Requests for Retroactive Financing.....	3.4.3.5.
Treatment of Taxes and Duties.....	3.4.3.6.
Determining Contingencies	3.4.4.
Contingencies in General	3.4.4.1.
Determining Physical Contingencies	3.4.4.2.
Determining Price Contingencies	3.4.4.3.
Determining Risk Contingencies	3.4.4.4.
Disbursement Profiles.....	3.4.5.
Preparing Financing Plans	3.4.6.
Computing Incremental Project Cash Flows.....	3.4.7.
Forecasting Assumptions.....	4.3.7.
Forecasting and Financial Projections.....	4.3.6.
Using Real Price	4.3.6.2.

Using Constant Price	4.3.6.3.
Using a Stable Foreign Currency	4.3.6.4.
Presenting Data	4.3.6.5.
Foreign Costs	3.4.3.2.
Foreign Currency	4.3.6.4.
Foreign Exchange Risk	6.4.4.3.

G

General Price Level	3.6.2.4., 7.12.3.
General Price Level Covenant	3.6.2.4.
Governance	4.2.3.
Governance Arrangement	4.2.4., <i>see Financial Management</i>
Government Accounting	4.2.9.3.
Government Auditors	5.5.4.
Guarantees	2.2.3.
Guidelines, Introduction to the	1
Rationale	1.2.
Objectives	1.3.
Structure	1.4.
Updates	1.6.

H

Historical Cost Accounting	4.4.5.8.1.
Historical Value	4.4.3.3., 4.4.6.1.5.

I

Implementation Strategies	4.2.6.3.13.
Implementing Agencies	7.6.4.
Imprest Accounts	5.3.3.8., 5.6.9.
Income Statement	5.3.3.11.
Incremental Project Cash Flows	3.4.7.
Indicators and Covenants, Selecting	4.4.5., 4.4.5.1.
Questions Before Selecting Performance Indicators and Covenants	4.4.5.2.
Objectives of the Use of Financial Indicators and Covenants	4.4.5.3.
Financial Viability and Integrity of Projects and Executing Agencies	4.4.5.4.
Cash Requirements	4.4.5.5.
Managing Operating Costs	4.4.5.6.
Managing Operating Revenues	4.4.5.7.
Asset Revaluation	4.4.5.8.
Managing Funds for Investment and/or Reserves	4.4.5.9.
Assuring Capital Adequacy	4.4.5.10.
Deciding on Indicators	4.4.5.11.
Institutional Resources, Assess	4.2.6.3.6.
Institutional Results, Assess	4.2.6.3.7.
Interest Rate Distortions	6.2.3.

Interim Financial Statements and the Project Management Report	5.3.4.
Internal Audit.....	4.2.8.8.
Internal Auditors.....	4.2.8.8.1., 5.4.8.1.
Internal Controls.....	4.2.9.7.
International Accounting and Auditing Architecture	7.5.
International Accounting Standards	5.2.2.
International Organizations.....	7.1.1.3.
International Standards	7.4.
Internatinal Financial Reporting Standards (IFRS), List of	7.4.1.
International Accounting Standards (IAS), List of	7.4.2.
International Standards on Auditing (ISA), List of	7.4.3.
International Auditing Practice Statements (IAPS), List of	7.4.4.
Interantional Public Sector Accounting Standards (IPSAS), List of	7.4.5.
International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards.....	7.4.6.
Institutions and Systems.....	4.2.
Introduction to Institutions and Systems.....	4.2.1.
Major Institutional Assessments	4.2.2.
Investment Projects	3.1., 3.2.
Possible Revenue-Earning Projects	3.2.1.
Possible Nonrevenue-Earning Projects	3.2.2.
Investment Project, Preparing and Appraising.....	3

J

Japan Special Fund.....	2.2.1.
-------------------------	--------

K

Knowledge Management	7.
----------------------------	----

L

Liquidity	6.4.3.5.
Liquidity Covenants	3.6.4., 7.14., <i>see Covenants</i>
Current Ratio	3.6.4.2., 7.14.1.
Quick Ratio Covenant	3.6.4.3., 7.14.2.
Dividend Limitation	3.6.4.4., 7.14.3.
Liquidity Indicators.....	4.4.8., 7.15.3.
Introduction	4.4.8.1.
Current/Quick Ratios	4.4.8.2.
Dividend Limitation	4.4.8.3.
Loan Covenants.....	3.6., <i>see Covenants</i>
Loan Funds, Restricting the Use of.....	3.6.3.2.5.
Loan Negotiations	2.9.
Loan Preparation	2.7.
Local Costs.....	3.4.3.1.
London interbank offered rate (LIBOR).....	3.5.2.2.2. (step 2)

M

Management Accounting.....4.2.8.10.
 Management Framework.....4.2.6.3.5.
 Management Letter.....7.18.7.
 Management Quality6.4.3.3.
 Market Risk.....6.4.4.2.
 Materiality5.6.7.
 Maturity Risk.....6.4.4.4.
 Microfinance Institutions.....6.4.2.
 Model Capital Structure Covenants7.13.
 Model Financial Statements.....5.3.11.
 Model Financial Statements: Manufacturing Organization.....7.17.
 Model Financial Statements: Service Organization7.16.
 Model Liquidity Covenants7.14.
 Model Operating Covenants.....7.12.

N

Net Present Value3.5.3.
 Nonrevenue-Earning Projects3.2.2., 4.2.9., 4.3.2.2.8., 7.7.
 Introduction.....4.2.9.1.
 Financial Management and Accounting Systems4.2.9.2.
 Government Accounting4.2.9.3.
 Executing Agency.....4.2.9.4.
 Planning and Budgetary Control4.2.9.5.
 Financial Accounting and Costing.....4.2.9.6.
 Internal Controls.....4.2.9.7.
 A Simple System for a Nonrevenue-Earning Project4.2.9.8.

O

Onlending Terms6.3.4.4.
 Operating Costs4.4.5.6.
 Operating Covenants.....3.6.2., 7.12.
 Rate of Return3.6.2.2., 7.12.1.
 Self-Financing Ratio3.6.2.3., 7.12.2.
 General Price Level.....3.6.2.4., 7.12.3.
 Operating Ratio.....3.6.2.5., 7.12.4.
 Breakeven Covenant.....3.6.2.6., 7.12.5.
 Operating Indicators7.15.1.
 Operating Indicators and Covenants4.4.6.
 Introduction.....4.4.6.1.
 Rate of Return4.4.6.2.
 Self-Financing Ratio4.4.6.3.
 Operating Ratio.....4.4.6.4.
 Breakeven Ratio.....4.4.6.5.

Operating Principles, ADB's	4.2.4.1.
Operating Ratio	3.6.2.5., 4.4.6.4., 7.12.4.
Operating Revenues	4.4.5.7.
Operations Manual (OM)	7.2.

P

PEARLS Methodology	6.4.2.1.
Performance, Measuring.....	4.4.
Introduction to Measuring Performance	4.4.1.
Objectives of Measuring Performance.....	4.4.2.
Performance Indicators.....	4.4.3.
Using Benchmarking Indicators.....	4.4.4.
Performance Indicators and Covenants	4.4.5.2.
Performance Shortfalls, Analyze	4.2.6.3.8.
Physical Contingencies.....	3.4.4.2.
Planning.....	4.2.8.3., 4.2.9.5.
Price Contingencies.....	3.4.4.3.
Private Sector Loans	2.2.3.
Private Sector Project.....	7.9.
Procurement.....	2.5.5., 3.4.4.3.6., 4.1.1., 7.6.9.
Professional Bodies.....	7.1.1.2.
Profitability	3.7.3.4., 3.7.3.6.7.
Program Loans	2.2.3.
Project Administration Instructions (PAIs)	7.3.
Project Completion	2.11.
Project Cost Estimates	3.4.3., 7.6.2.
Local Costs.....	3.4.3.1.
Foreign Costs	3.4.3.2.
Date of the Base Cost Estimate	3.4.3.3.
Treatment of Financial Charges During Development	3.4.3.4.
Requests for Retroactive Financing.....	3.4.3.5.
Treatment of Taxes and Duties	3.4.3.6.
Project File	1.5.
Project Implementation	2.10.
Project Implementing Unit (PIU).....	4.2.6.1.7., 4.2.8.8.4.
Project Justification	7.6.7.
Project Loans.....	2.2.3.
Project Management Report	5.3.4.
Project Objectives.....	4.2.7.
Project Preparatory Technical Assistance (PPTA) Stage.....	3.7.2.
Project Processing Steps	2.5.
Step 1: Identification and Early Preparation.....	2.6.
Step 2: Loan Preparation.....	2.7.
Step 3: Project Examination	2.8.
Step 4: Loan Negotiations	2.9.
Step 5: Project Implementation.....	2.10.

Step 6: Project Completion	2.11.
Project Types.....	2.4.

Q

Qualified Opinion	5.6.6.3.
Questionnaire.....	5.6.11., 7.19.
Quick Ratio	4.4.8.2.
Quick Ratio Covenant	3.6.4.3, 7.14.2.

R

Rate of Return	3.6.2.2., 4.4.6.2., 7.12.1.
Rate of Return Covenant	3.6.2.2.
Ratios, Commonly Used.....	7.15.
Operating Indicators	7.15.1.
Capital Adequacy Indicators.....	7.15.2.
Liquidity Indicators.....	7.15.3.
Real Price	4.3.6.2.
Real Terms	3.4.7.4.
Regulatory and Standard-Setting Bodies	7.1.1.1.
Report and Recommendation of the President.....	3.7.3.
RRP Contents (Project Loan)	3.7.3.1.
Past Financial Performance.....	3.7.3.2.
Present Financial Condition	3.7.3.3.
Cost Recovery and Profitability.....	3.7.3.4.
Other Strengths and Weaknesses	3.7.3.5.
Future Financial Performance	3.7.3.6.
Reporting	5., 5.1
Reporting Arrangements.....	2.4.3.
Representation Letter.....	7.18.8.
Reserves	4.4.5.9.
Retroactive Financing.....	3.4.3.5.
Revenue-Earning Projects.....	3.2.1., 4.2.8., 4.3.2.2.2., 7.8.
Introduction.....	4.2.8.1.
Entity Status	4.2.8.2.
Planning and Budgeting	4.2.8.3.
Accounting Policies	4.2.8.4.
Financial Regulation.....	4.2.8.5.
Accounting Systems	4.2.8.6.
Financial Management and Control.....	4.2.8.7.
Internal Audit.....	4.2.8.8.
Financial Regulations	4.2.8.9.
Management Accounting.....	4.2.8.10.
Risks	4.2.6.3.14., 6.4.4.
FI Risk Management.....	6.4.4.1.
Market Risk and Value-at-Risk	6.4.4.2.

Foreign Exchange Risk	6.4.4.3.
Maturity Risk.....	6.4.4.4.
Contagion Risk.....	6.4.4.5.
Role of Regulators in Risk Management.....	6.4.4.6.
Other Key Risk Management Steps.....	6.4.4.7.
Risk Analysis	3.5.4., 7.11.4., <i>see</i> Sensitivity
Risk Contingencies.....	3.4.4.4.
Risk Management	4.4.7.3., 6.4.4.1.
Role of Regulators in Risk Management.....	6.4.4.6.
Other Key Risk Management Steps.....	6.4.4.7.

S

Sector Financial Specialist's Responsibilities.....	4.2.4.2.
Sector Loans.....	2.2.3.
Self-Financing Ratio	3.6.2.3., 4.4.6.3., 7.12.2.
Self-Financing Ratio Covenant	3.6.2.3.
Sensitivity Indicator.....	7.11.2.3
Sensitivity and Risk Analysis	3.5.4., 7.11.
Step 1: Identify the Key Variables.....	7.11.1.
Steps 2 and 3: Calculate Effects of Changing Variables.....	7.11.2.
Step 4: Analyze Key Variable Changes.....	7.11.3.
Short-Term Debt	3.6.3.2.
Statements of Expenditure.....	5.3.3.10., 5.6.9.
Subprojects	6.3.4.2.
Subsidies.....	4.3.3.5.5., 6.2.5.
Supplementary Financial Statements.....	5.3.8.
Sustainability.....	3.1.1., 4.2.4.4.9.
Swap rates.....	3.4.3.4.3.
Switching Value	7.11.2.3

T

Tariff	4.3.3., 4.3.3.5., <i>see</i> Cost Recovery
Tariff Policy.....	4.3.3.5.
Taxes and Duties.....	3.4.3.6.
Technical Assistance.....	2.2.
Terms of Reference for an Auditor.....	5.4.7., 7.18.
Transparency.....	4.2.3.2., 4.2.3.3.

U

Unit Cost.....	4.3.4.5.3.
User Charges.....	4.3.3.2.3., 4.3.3.3.1.

V

Value-at-Risk	6.4.4.2.
Variables, key	7.11.1
VAT	3.4.3.1.3.
Viability	4.3.2.1.2.

W

Websites	7.1.
Regulatory and Standard-Setting Bodies	7.1.1.1.
Professional Bodies	7.1.1.2.
International Organizations	7.1.1.3.
Donor Organizations	7.1.1.4.
Sectoral References	7.1.1.5.
Weighted Average Cost of Capital	3.5.2.2.
Working Ratio Covenant	3.6.2.5.3., 7.12.4.2.