

Project Administration Instructions

PAI 5.10
Revised October 2008
Page 1 of 9

PROJECT PERFORMANCE RATINGS

A. Introduction

1. The purpose of the project rating system is to establish the implementation or operational status of each project and to identify projects that are encountering or could encounter problems so that suitable remedial measures can be taken promptly by the borrower, executing agency (EA), implementing agency, or ADB. Projects under administration are rated using the following rating criteria.

B. Project Performance Ratings for the Public Sector Projects

2. The project performance rating system (PPRS) uses performance indicators to assess both the implementation progress and achievement of development objectives. The rating of project implementation progress focuses on physical and financial factors, while the rating of development objectives concentrates on the likelihood of achieving the short- and long-term development impacts of a project. Given the cause-and-effect relationship, satisfactory implementation is normally essential to achieving project development objectives. The PPRS introduces a rating scale:¹ "highly satisfactory", "satisfactory", "partly satisfactory", and "unsatisfactory". Projects are initially rated as satisfactory after Board approval and the ratings are then updated periodically.

1. Development Objectives

3. Project development objectives are statements of development outcomes, impacts, or benefits expected from implementing the various project components and achieving project outputs. Any significant successes and deficiencies encountered in project implementation are likely to be reflected in the degree of achievement of development objectives. However, satisfactory implementation progress may not necessarily lead to satisfactory achievement of development results because of the effect of critical external factors such as the economic policy environment, global markets, and political situation. Because the development impact may only become clear several years after project completion, staff must use their best judgement when assessing expected achievements. To do this, staff must periodically review the assumptions and risks identified at appraisal, which are critical to success, to assess whether they are still applicable in the current situation.

4. Therefore, direct measurement and assessment of progress, in terms of development objectives, and analysis of risks and assumptions external to the project, are emphasized in the proposed rating system of development objectives. This will also help staff flag early warning signals enabling them to be proactive rather than reactive in project monitoring and in taking actions to remedy the project in the face of adverse external factors.

5. Critical assumptions and risks, that affect the likelihood of achieving the development objectives include

¹ When project implementation activities are at a standstill indefinitely, the project will be rated as inactive. Suspended loans will automatically be rated unsatisfactory.

- key policy assumptions (policy-based covenants such as cost recovery and tariffs, financial performance of EA, etc.);
- assumptions on environmental sustainability;
- assumptions on beneficiary participation and stakeholder ownership;
- assumptions on economic and financial viability and cost recovery (e.g., costs and prices remain within the viable range identified during the appraisal sensitivity analysis);
- assumptions on institutional capacity, budget availability, and operation and maintenance;
- socioeconomic impact;
- political stability (peace and security); and
- baseline data availability and monitoring mechanisms to measure development impacts.²

6. Based on the analysis, the development objectives are rated using the following rating criteria (Appendix 1). Overall rating for the development objectives is calculated based on the average of the individual ratings of the achievement of the above critical assumptions and risks during the course of implementation until project completion (PAIs 6.05, paras. 14–15). After completion, the assessment of the immediate development objectives will be included to the calculation of the overall rating (Appendix 1, page 1, footnote b).

Highly Satisfactory (HS):	The project or program is expected to exceed most of its major immediate development objectives.
Satisfactory (S):	The project or program is expected to achieve most of its major immediate development objectives.
Partly Satisfactory (PS):	The project or program is expected to achieve some of its major immediate development objectives.
Unsatisfactory (U):	The project or program is unlikely to achieve its major immediate development objectives.

2. Implementation Progress

7. Preimplementation activities—loan signing and loan effectiveness—are rated according to delay (PAIs 1.03 and 1.04). Implementation progress after the loan has become effective is assessed in the PPRS by evaluating several quantifiable aspects of project implementation. Separate rating criteria are

² In agriculture, short-term impacts could include increased yields, more intensive cropping patterns, and larger area under cultivation, while longer-term impacts could include increased agriculture percentage of GDP, increased exports, and reduced number of the rural poor.

In education, short-term impacts could include better teachers and facilities, and increase in enrollment levels, while longer-term impacts could include improvements in literacy rates and employment levels.

In energy, short-term impacts could include increased percentage of household connections and improved efficiency of electricity use, while longer-term impacts could include improved living standards measured by increased household consumption and greater industrial activity leading to higher income.

introduced for project and sector loans, program loans, development finance institution (DFI) and credit loans, and combined project and DFI loans (Appendix 1, pages 3, 6, 9, and 12).

a. Project and Sector Loans

8. Overall ratings for project and sector loans are evaluated against seven criteria consisting of timely project implementation, changes in project scope, changes in implementation arrangements, project cost overrun, provision of counterpart funds and cofinancing, compliance with major covenants, and submission of audited project accounts and agency financial statements.

b. Program Loans

9. The implementation progress of program loan is assessed mainly by the progress made in complying with major covenants and the conditions for tranche or subtranche releases. Compliance with each tranche release condition will be rated as a separate criterion. Compliance with the nonrelease conditions are also rated as a separate criterion and monitored until the end of the program period. The other critical criteria are timely release of the tranches themselves, changes in implementation arrangements, and provision of counterpart funds and cofinancing.

c. DFI and Credit Loans

10. Overall rating is evaluated against five criteria comprising loan utilization, changes in project scope, changes in implementation arrangements, compliance with major covenants, and submission of audited project account and agency financial statements of the DFI or intermediary.

d. Combined Project and DFI Loans

11. This is a loan with both project and DFI/credit components. Overall rating is evaluated against eight criteria comprising delays in project implementation and loan utilization, changes in project scope, changes in implementation arrangements, project cost overrun, provision of counterpart funding and cofinancing, compliance with major covenants, and submission of audited project accounts and agency financial statements.

12. Appendix 1 provides detailed rating criteria for assessing implementation progress. Based on individual ratings for each criterion, an overall implementation progress rating is determined by reflecting the majority of the individual ratings, subject to the overall rating being not higher than one category above the lowest individual rating. The PPRS requires closely monitoring and taking specific actions, if needed, for projects with less than satisfactory ratings, as described in Appendix 3.

3. Potential Problem

13. Potential problem projects are projects with satisfactory ratings in both development objectives, and implementation progress, but are identified as likely to slip into the "partly satisfactory" or "unsatisfactory" categories unless adequate project supervision is given. To identify the potential problem projects, several project performance indicators are determined as flag-in criteria. The number of flag-in

criteria is 11 for project loans, 7 for program loans and DFI loans, and 12 for combined project and DFI loans (Appendix 1, pages 5, 8, 11, and 14).

4. Project at Risk

14. The “at risk” concept is introduced to identify actual problem projects (“partly satisfactory” or “unsatisfactory” ratings) and potential problem projects with four or more criteria flagged (PAI 6.05 para. 6).

5. Overriding Facility

15. In exceptional cases, the regional department concerned is permitted to override the system-computed implementation progress (IP) ratings, and upgrade or downgrade the projects with proper justification and approval of the director general concerned by memorandum. The overriding would be effected by the Central Operations Services Office (COSO) upon receipt of a copy of the approval memorandum. The release of the overriding will take the same procedures. This would be uniformly applied for IP and PP ratings of all ADB loans (project, program, DFI, and combined). (Appendix 1, page 1, footnote a).

C. Project Performance Ratings for Private Sector Projects³

16. Private sector projects under administration will be classified into four types: (i) risk rating, (ii) operational status, (iii) disbursement status, and (iv) recovery status. Risk rating and operational status are assigned on a project-by-project basis, while disbursement status and recovery status are on an investment-by-investment basis (i.e., one status rating per loan or equity investment). If one project has both loan and equity, the project has one risk rating and one operational status; the loan will have one disbursement status and one recovery status; separately, the equity will have one disbursement status and one recovery status. These classifications are designed to identify the status of each project and each investment and to provide managerial information about portfolio performance of the Private Sector Operations Department (PSOD).

1. Risk Rating

17. To make the management of the private sector portfolio more transparent and to focus administrative and management attention on projects and investments that could have problems, a risk-rating system has been adopted, based on international credit standards and requiring that banks identify the risk of repayment or timely sale of equities on a systematic basis, and manage the resulting risk.

18. The strongest project, with an excellent operational track record and highest possibility of repayment or recovery, or both, of ADB’s equity investment would have risk rating 1, while the weakest, with a strong likelihood of operational suspension, liquidation, legal administration, or foreclosure and wiped out equity value, would be classified with a risk rating 7. Projects under risk ratings 1, 2, and 3 are solid projects and no problems are expected in recovering ADB’s loan and equity investment. Those with risk rating 4 are vulnerable projects and are on the “watch list” due to varying degrees of vulnerability

³ Inputs here are based on the revised project classifications for private sector projects approved by Management on 6 October 1998 and implemented since the quarterly reviews of the PSOD portfolio as of 31 December 1998.

such as implementation difficulties, problems with the industry or management, and specific country risks. Some precautionary loss provisioning may be necessary. Projects with risk ratings 5, 6, and 7 are considered problem projects. These projects have restructuring or rescheduling status, and or require close supervision and regular contacts with the project's management and principal sponsors. Loss provisioning, therefore, is required. The seven categories of risk rating (RR) and their descriptions are as follows.

<p>RR-1 Strong</p>	<p>Project: Excellent track record in full and smooth operation; profitability, cash flow, and balance sheet strong enough to weather adversity within business or industry cycle; high quality of management and governance; and strong sponsor support.</p> <p>Debt: Timely debt service record with no concerns for the future. Ready access to markets.</p> <p>Equity: High and stable dividend pay out record. Share price or net asset value (NAV) (in the case of equity in unlisted funds) significantly higher than original cost (in \$ term unless expressed otherwise). Ready access to markets.</p>
<p>RR-2 Good</p>	<p>Project: Profitability, cash flow, and balance sheet at a comfortable level, but may be susceptible to business or industry cycle. Quality and depth of management and sponsor support may not be as strong as in RR-1.</p> <p>Debt: Timely debt service record with no concerns for the future under normal market conditions.</p> <p>Equity: Consistent dividend payout record. Share price or NAV comfortably higher than original cost. Ready access to markets under normal market conditions.</p>
<p>RR-3 Satisfactory</p>	<p>Project: Profitability, cash flow, balance sheet, and management do not cause particular concerns, but are not as strong as RR-2. Though potentially vulnerable factors may be detected, they can be mitigated by other factors with overall risk at a satisfactory level. New projects without problems should normally be classified under this rating. One-off loss can be recorded under this category if recovery prospects are strong.</p> <p>Debt: Timely debt service record with no particular concerns for the future. May have limited access to markets.</p> <p>Equity: Satisfactory dividend payout record. Share price or NAV equal to or higher than original cost. May have limited access to markets.</p>

RR-4	Marginal	<p>Project: Projects under this category are on the “watch list”. Some precautionary loss provisioning may be necessary. Implementation delay of less than six months, cost overrun not exceeding 20 percent, loss-making without strong recovery prospect, or sudden deterioration of performance are signs of this category. Some weaknesses emerge in profitability, cash flow, balance sheet, or management. Short- and medium-term corrective measures should be able to lift projects out of this rating. Projects with rescheduling or restructuring may be in this rating; once they are confirmed of clear recovery, they may be upgraded.</p> <p>Debt: Delay in debt servicing, or covenant breaches are witnessed, but can be remedied by short- and medium-term corrective measures.</p> <p>Equity: Share price or NAV below original costs with reasonable hope of recovery through short- and medium-term corrective measures.</p>
RR-5	Substandard	<p>Project: Specific provisioning is usually warranted from this category. Implementation delay of more than six months, cost overrun exceeding 20 percent, or loss-making for successive years are examples. Structural problems exist in financial/operational underperformance, but project must possess potential for improvement and upgrading. Net worth is significantly diluted. Without restructuring, project may not become viable.</p> <p>Debt: Delay of debt servicing in excess of three months, or serious covenant breaches are experienced.</p> <p>Equity: Share price or NAV lower than original cost with little chance of full recovery.</p>
RR-6	Doubtful	<p>Project: Has serious structural problems or external factors for poor performance. Significant recapitalization, management changes, regulatory changes, or mergers and acquisitions are needed to save projects. Liquidation, foreclosure, or other legal debt collection means have to be considered as well. Net worth is significantly diluted or negative.</p> <p>Debt: Arrears of more than six months without prospect of debt servicing in the near future is one of the typical signs.</p> <p>Equity: Share price or NAV significantly below original cost with little chance of recovery and suspended trading of listed shares are examples of this category.</p>

RR-7	Loss	<p>Project: Operations are suspended or project is put under liquidation, legal administration, or foreclosure.</p> <p>Debt: No hope of full repayment. While there may be some long-term salvage or recovery potential, prospects are not sufficiently assured to support continuance as a bankable asset.</p> <p>Equity: Equity value has been wiped out, or no markets are available for sale.</p>
-------------	-------------	---

19. RR-1 to RR-3 (strong to satisfactory) projects are discussed during the private sector investment management meeting, while projects rated RR-4 to RR-5 are addressed separately at the private sector portfolio assessment (PSPA) committee meeting.⁴

2. Operational Status

20. An operational status rating is assigned to each project and reflects the operating performance. Ten categories of operational status are aligned to follow chronologically operating stages from implementation to liquidation.

OA-1	Prior to implementation	e.g., loan or equity investment agreement is not yet signed or effective.
OA-2	Under successful implementation	
OA-3	Start-up operation	
OA-4	Successful full operation	
OB-1	Preimplementation problems	e.g., delay in loan or equity effectivity after approval and signing.
OB-2	Implementation problems	e.g., delay of a few months or longer, cost overrun of 10 percent or more.
OB-3	Start-up problems	e.g., problem in the procurement of raw materials, processing or production, or marketing operations.
OB-4	Problems in full operation stage	e.g., operating at significantly lower than full capacity, or having serious accidents or loss-making at pre-tax level.

⁴ While the vice-president (Operations 1) is the chair of the PSPA committee meeting, per Guidelines on Operational Procedures (GP:7), he/she can delegate the chair to officer-in-charge or Director General, PSOD. These meetings are usually chaired by Director General, PSOD and attended by PSOD staff and representatives of the Central Operations Services Office, Controller's Department, Office of Cofinancing Operations, Office of the General Counsel, and Treasurer's Department.

OC-1	Operation suspended	
OC-2	Under liquidation	

3. Disbursement Status

21. Each loan or equity investment in a project has its own disbursement status. Thus, one project with both equity and loan investments can have two or more disbursement status (i.e., one per investment, depending on the number of investments in the project). This is designed to monitor the stage of disbursement of each investment.

22. The eight disbursement status categories can be grouped into three: group "A" with smooth disbursement, "B" with disbursement facing problems and "C" with suspended disbursement. The application of the disbursement status classification of private sector projects is as follows.

DA-1	Agreement not signed	
DA-2	Conditions precedent under implementation	
DA-3	Disbursement in progress	
DA-4	Fully disbursed	
DB-1	Problems prior to signing	e.g., signing of investment agreement is withheld because of delay in other project arrangements such as raw material supply contract, government approval, power purchase agreement (PPA), etc.
DB-2	Problems in meeting conditions precedent	
DB-3	Restricted disbursement	
DC-1	Disbursement suspended	

23. It should be noted that contingent liabilities should be rated according to the status of the underlying funding transaction.

4. Recovery Status

24. A recovery status rating is assigned to each investment. This is designed to identify at what stage each investment is as to repayment or recovery of each investment.

25. The nine recovery status categories can be grouped into three: "A" as smooth recovery, "B" as problematic recovery, and "C" as written down or written off. The application of the recovery status classification of private sector projects is as follows.

RA-1	Repayment or disposal not commenced	Including investment still under disbursement stage and loan within grace period.
RA-2	To be disposed of	to be sold partially or fully within the next 12 months
RA-3	Meeting agreed repayment terms or partially disposed	
RA-4	Fully repaid or fully disposed	
RB-1	In arrears or restricted disposal	e.g., due to market disruption, suspension of trading, or delisting
RB-2	Rescheduled or restructured	once repayment under rescheduled terms commences, move to RA-3
RB-3	Guarantee called	
RC-1	Written down	
RC-2	Written off	

26. For ease of reference, a summary table on the Details of Project Classifications, as revised, for private sector projects is attached in Appendix 4.

Rating Criteria for the Assessment of Development Objectives
 (Project, Program, Development Finance Institution (DFI), and Combined Project/DFI)

Rating Criteria ^a	Highly Satisfactory (3 points)	Satisfactory (2 points)	Partly Satisfactory (1 point)	Unsatisfactory (No points)
May include the following: 1. Key Policy Assumptions being implemented 2. Assumptions on Environmental Sustainability, valid and applied 3. Assumptions on Beneficiary Participation and Stakeholder Ownership 4. Assumptions on Economic Viability 5. Assumptions on Financial Viability 6. Assumptions on Cost Recovery 7. Assumptions on Institutional Capacity 8. Assumptions on Budget Availability Assumptions on O&M 10. Good Governance 11. Baseline Data Availability and Monitoring Mechanism 12. Socioeconomic Impact 13. OTHERS a) _____ b) _____ c) _____ d) _____ e) _____	The project or program is expected to exceed most of its major immediate development objectives.	The project or program is expected to achieve most of its major immediate development objectives.	The project or program is expected to achieve some of its major immediate development objectives.	The project or program is unlikely to achieve its major immediate development objectives.

O and M = operations and maintenance.

^a DO rating will have the same weight points as does Implementation Progress. Overall rating is calculated based on the assumption and risks until project completion (100 % in project progress for project loans and 100 % loan utilization or disbursement for DFI and program loans). Thereafter, the assessment of the immediate development objectives will be included in the overall DO rating. When project implementation activities are at a standstill indefinitely, the project will be rated as "inactive". Suspended loans will be automatically rated as "unsatisfactory".

Overall Development Objectives Rating

The overall rating for development objectives will be based on the average of the individual ratings. This would be subject to the overall rating being higher by no more than one category above the lowest individual rating. The overall rating for development objectives will be calculated automatically by the PPR using the following three-step process.

- Step One:** The arithmetic average of the individual ratings will be calculated using assigned points: 3 points for highly satisfactory, 2 points for satisfactory, 1 point for partly satisfactory, and no points for unsatisfactory.
- Step Two:** The arithmetic average will be rounded to the nearest whole number. If the overall rating falls exactly in the middle of two ratings, it will be rounded down.
- Step Three:** For projects with the rating criteria (i.e., 1 to 13 above) spanning several categories (i.e., HS, S, PS, U), the overall rating may not be higher than one category above the lowest individual rating.

Rating Criteria for the Assessment of Implementation Progress - Project
 (HS, S, PS, U)^a

RatingScale^b	Highly Satisfactory (3 points)	Satisfactory (2 points)	Partly Satisfactory (1 point)	Unsatisfactory (No points)
Project Loans Loan Signing ^c	Not applicable.	Within 6 months after loan approval	Not applicable	More than 6 months delay after loan approval
Loan Effectiveness ^d	No applicable.	Within 6 months after loan signing AND within 1 year after loan approval	Not applicable	More than 6 months after loan signing OR more than 1 year after loan approval
1. Project Implementation ^e	No delay.	Less than 20% delay from the original appraisal schedule	20-40% delay from the original appraisal schedule	Greater than 40% delay from the original appraisal schedule
2. Changes in Project Scope ^f	----	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
3. Changes in Implementation Arrangements ^f	----	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
4. Project Cost ^g	No overrun	Overrun less than 20% of appraisal estimate of total project cost	Overrun between 20 and 40% of appraisal estimate of total project cost	Overrun greater than 40% of appraisal estimate of total project cost
5. Counterpart Funds or Cofinancing ^h	No shortfall	Shortfall less than 20% of appraisal estimate	Shortfall between 20 and 40% of appraisal estimate	Shortfall greater than 40% of appraisal estimate
6. Major Covenants (excluding # 7 below) ⁱ	Full compliance (100%) on time	Compliance between 80 and 99% or full compliance with slight delays or both	Compliance between 50 and 79% or with substantial full compliance delays or both	Compliance less than 50%
7. Audited Project Accounts and Agency Financial Statements	Full compliance ^j	Delay less than 6 months and statements acceptable	Delay between 6 and 12 months and statements acceptable	Delay greater than 12 months or statements unacceptable ^k

- a In exceptional cases, the director general's approval (by memo with proper justification) is necessary to upgrade or downgrade the automated project rating. COSO will effect the change in the system upon receipt of the written approval. The same procedure and authorities will be followed to release the override rating.
- b When project implementation activities are at a standstill indefinitely, the project will be rated as "inactive." Suspended loans will be automatically rated as U. The overall rating for implementation progress will be based on the average of individual ratings. This would be subject to the overall rating being by no more than one category above the lowest individual rating.
- c Once the loan has been signed, this criterion is no longer applicable and the impact of any delay in loan signing should be taken into account when assessing implementation delays.
- d Once the loan has been declared effective, this criterion is no longer applicable and impact of any delay in loan effectiveness should be taken into account when assessing implementation delays.
- e Percent delay is calculated based on the original implementation period at appraisal; e.g., for a project with implementation period of 5 years, if there is one year delay after 2 years of implementation, it would be considered to have been delayed by 20 percent (1/5). This still applies even when the project extension has been approved. The implementation period is based on loan approval date to original closing date.
- f Excluding changes that are part of a process approach to improve the development impact of the project beyond the initial design. Number of months pending will be counted from the date of change has been identified and confirmed by sector division or regional or resident mission; e.g., review missions' back-to-office report, aide-memoire, or memorandum of understanding. Maximum rating will be S if no major changes or major changes approved within three months.
- g If the scope is reduced, cost overrun should be calculated based on the reduced scope.
- h If the corresponding data is not available, the rating should automatically be PS.
- i Major covenants include project-specific that have serious impact on sector project performance. Related to implementation arrangements, assignment of project staff, land acquisition and resettlement, environmental and mitigation measures, etc., to be classified as sector, economic, environmental, social, financial, or others. Individual covenants may be rated by four scales of HS, S, PS, or U.
- j Full compliance implies not only a timely submission but also satisfactory and acceptable quality. While APA and AFS are cumulative, audits must be carried out at each accounting period, and APA and AFS need to be submitted annually as stipulated in the loan agreement. The reporting year includes a part-year from the start date to the end of that fiscal year, and a part-year from the start of the fiscal year in which a project is closed, to the date of closure.
- k For APA or AFS not complied with for more than 12 months, overall IP rating will be U. Effective 1 January 2000, such loans will be suspended in line with the approved action plan.

Flag-In Criteria for the Assessment of Potential Problem Projects

Rating Scale	For Projects with an overall IP rating of Highly Satisfactory or Satisfactory
1. Project Implementation Delays	Flag-in when rated PS or U for project implementation in current rating.
2. Poor Compliance with Covenants (excluding # 3, 4, 8 below)	Flag-in when rated PS or U for covenants in current rating.
3. Established, Staffed, and Operating PMU or PIU ^a	Flag-in when rated PS or U in current rating.
4. Fielding of Consultants	Flag-in when rated PS or U in current rating.
5. Shortage of Counterpart Funds or Cofinancing	Flag-in when rated PS or U for counterpart funds or cofinancing in current rating.
6. Cost Overrun ^b	Flag-in when rated PS or U for project cost in current rating.
7. Poor Compliance with APA or CFS	Flag-in when rated PS or U for APA or CFS compliance in current rating.
8. Environmental or Social Problems or both ^c	Flag-in when rated PS or U in current rating.
9. Significant Disbursement Delays	Flag-in when the actual disbursement is <70% of the projection as of the cut-off date. If the cut-off date is within the quarter, the projected amount of the quarter will be prorated.
10. In Risk Sector in a Country with History of Past Problems	A project in a sector with only one project will not be flagged. Flag-in when 50% of the sector portfolio in a country has been rated PS or U for IP or DO at some point over the past two years. Projects with loan accounts closed in the last two years will assume the project rating at the time of loan closing.
11. Project Field Missions ^d	Flag-in when number of mission days is less than 10 person-days in the last 12 months for projects with PS or U in overall rating of IP or DO, or less than 5 person-days for projects with HS or S ratings. Projects completed (with 100% project progress) require PCR missions within 2 years after completion, hence, no flag.

Note: If overall rating for IP or DO is PS or U, project is automatically "at risk" and flags are not counted in determining potential problem projects but will be flagged to indicate the problem areas. If IP rating was overridden to upgrade the project rating to HS or S, project will not also be classified as a potential problem project.

- a This may include delays in establishing and maintaining project centers, delays in obtaining approval of an organizational structure, difficulties in finding qualified staff, unavailability of skilled human resources in the country, etc.
- b Flag will not be raised if cost overrun has been properly settled with necessary financing.
- c Includes environmental or social (resettlement) problems.
- d Includes project administration missions fielded (professional staff, national officers, support staff, and staff consultant) in the last 12 months. Person-days exclude travel time.

**Rating Criteria for the Assessment of Implementation Progress Program
 (HS, S, PS, U) ^a**

Rating Scale ^b	Highly Satisfactory (3 points)	Satisfactory (2 points)	Partly Satisfactory (1 point)	Unsatisfactory (No points)
Program Loans Loan Signing ^c	Not applicable	Within 6 months after loan approval	Not applicable	More than 6 months delay after loan approval
Loan Effectiveness ^d	Not applicable	Within 6 months after loan signing AND within 1 year after loan approval	Not applicable	More than 6 months after loan signing OR more than 1 year after loan approval
1. Program Implementation ^e	No delay	Less than 20% delay from the original appraisal schedule	20-40% delay from the original appraisal schedule	Greater than 40% delay from the original appraisal schedule
2. Changes in Implementation Arrangements ^f	---	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
3. Counterpart Funds/ Cofinancing ^g	No shortfall	Shortfall less than 20% of appraisal estimate	Shortfall between 20 and 40% of appraisal estimate	Shortfall greater than 40% of appraisal estimate
Major Covenants for Tranche or Subtranche Releases ^h	Full compliance (100%) on time	Compliance between 80-99% or full compliance with slight delays or both	Compliance between 50-79% or full compliance with substantial delays or both	Compliance less than 50%
4. Tranche 1				
5. Tranche 2				
6. Tranche 3, etc.....				
7. Nonrelease or End of Program Conditions ⁱ				

a In exceptional cases, the director general's approval (by memo with proper justification) is necessary to upgrade or downgrade the automated project rating. COOS will effect the change in the system upon receipt of the written approval. The same procedure and authorities will be followed to release the override rating.

b When project implementation activities are at a standstill indefinitely, the project will be rated as "inactive." Suspended loans will be automatically rated as U. The overall rating for implementation progress will be based

on the average of individual ratings. This will be subject to the overall rating being by no more than one category above the lowest individual rating.

- c Once the loan has been signed, this criterion is no longer applicable and the impact of any delay in loan signing should be taken into account when assessing implementation delays.
- d Once the loan has been declared effective, this criterion is no longer applicable and impact of any delay in loan effectiveness should be taken into account when assessing implementation delays.
- e The percent delay in program implementation is calculated based on the delay of tranche due for release against the original schedule at appraisal (e.g., for a program with implementation period of 3 years); if there is a one-year delay in tranche releases after 2 years of implementation, it would be considered to have been delayed by 33 percent (1/3). This still applies even when the program extension has been approved. Implementation period is based on loan approval date to original closing date.
- f Excluding changes that are part of a process approach to improve the development impact of the program beyond the initial design. Number of months pending will be counted from the date of change has been identified or confirmed by sector division or regional or resident mission; e.g., review missions' aide-memoire, back-to-office report, or memorandum of understanding. Maximum rating will be S if no major changes and major changes approved within three months.
- g If the corresponding data is not available, the rating should automatically be PS.
- h Major covenants for each tranche release will be classified as sector, economic, environmental, social, financial, or others and rated separately using four scales of HS, S, PS, or U to be applied in the overall ratings of program loans. Future tranche-release covenants will not be considered in the current rating. Nonrelease condition will be rated separately and monitored until the end of program period.
- i Nonrelease or end-of-program conditions include all conditions that have to be met before the end-of-program period, that are not tied to tranche-release conditions.

Flag-In Criteria for the Assessment of Potential Problem Program

Rating Scale	For Projects with an overall IP rating of Highly Satisfactory or Satisfactory
1. Program Implementation Delays	Flag-in when rated PS or U for tranche delays in current rating.
2. Poor Compliance with Covenants (excluding #3 below)	Flag-in when rated PS or U for covenants in current rating.
3. Fielding of Consultants	Flag-in when rated PS or U in current rating.
4. Shortage of Counterpart Funds or Cofinancing	Flag-in when rated PS or U for counterpart funds or cofinancing in current rating.
5. Significant Disbursement Delays	Flag-in when the achievement against current quarterly projection is <100% for OCR loans or <90% ^a for Asian Development Fund
6. In Risk Sector in a Country with History of Past Problems	A project in a country with only one program loan will not be flagged. Flag-in when 50% of the country portfolio has been rated PS or U for IP or DO at some point over the past two years. Projects with loan accounts closed in the last two years will assume the project rating at the time of loan closing.
7. Project Field Missions ^b	Flag-in when number of person-days is less than 10 in the last 12 months for program with PS or U in overall rating of IP or DO, or less than 5 person-days for program with HS or S ratings. Programs completed (with all tranches released) require project completion report (PCR) missions thereafter, but flag for mission is no longer necessary.

Note: If overall rating for IP or DO is PS or U, the project is automatically “at risk” and flags are not counted in determining potential problem projects but will be flagged to indicate the problem areas. If IP rating was to override to upgrade the project rating to HS or S, the project will not also be classified as a potential problem project.

a Due to special drawing right (SDR) exchange rate fluctuation against US dollar.

b Includes project administration missions fielded (professional staff, national officers, support staff, and staff consultant) in the last 12 months. Person-days exclude travel time.

**Rating Criteria for the Assessment of Implementation Progress – DFI Project
 (HS, S, PS, U)^a**

RATING SCALE^b	Highly Satisfactory (3 points)	Satisfactory (2 points)	Partly Satisfactory (1 point)	Unsatisfactory (No points)
DFI LOANS				
Loan Signing ^c	Not applicable	Within 6 months after loan approval	Not applicable	More than 6 months delay after loan approval
Loan Effectiveness ^d	No applicable	Within 6 months after loan signing AND within 1 year after loan approval	Not applicable	More than 6 months after loan signing OR more than 1 year after loan approval
1. Loan Utilization ^e	No delay	Less than 20% delay from the original appraisal schedule	20-40% delay from the original appraisal schedule	Greater than 40% delay from the original appraisal schedule
2. Changes in Project Scope ^f	----	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
3. Changes in Implementation Arrangements ^f	----	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
4. Major Covenants (excluding #5 below) ^g	Full compliance (100%) on time	Compliance between 80 and 99% or full compliance with slight delays or both	Compliance between 50 and 79% or full compliance with substantial delays or both	Compliance less than 50%
5. Audited Project Account and Agency or Corporate Financial Statements, of DFI or Intermediary	Full compliance ^h	Delay less than 6 months and statements acceptable	Delay between 6 and 12 months and statements acceptable	Delay greater than 12 months or statements unacceptable ⁱ

- a In exceptional cases, the director general's approval (by memo with proper justification) is necessary to upgrade or downgrade the automated project rating. COSO will effect the change in the system upon receipt of the written approval. The same procedure and authorities will be followed to release the override rating.
- b When project implementation activities are at a standstill indefinitely, the project will be rated as "inactive." Suspended loans will be automatically rated as U. The overall rating for implementation progress will be based on the average of individual ratings. This would be subject to the overall rating being by no more than one category above the lowest individual rating.
- c Once the loan has been signed, this criterion is no longer applicable and the impact of any delay in loan signing should be taken into account when assessing implementation delays.
- d Once the loan has been declared effective, this criterion is no longer applicable and impact of any delay in loan effectiveness should be taken into account when assessing implementation delays.
- e The percent delay in loan utilization is calculated based on the original schedule at appraisal (e.g., for a project with loan utilization period of 5 years); if there is one-year delay after 2 years of implementation, it would be considered to have been delayed by 20 percent (1/5). This still applies even when the project extension has been approved. The loan utilization period is based on loan approval date to original closing date.
- f The number of months pending will be counted from the date of change has been identified and confirmed by sector division or regional or resident mission (e.g., review missions' aide-memoire, back-to-office report, or memorandum of understanding). The maximum rating shall be S if no major changes or major changes approved within three months.
- g Major covenants include project-specific their impact on sector project performance. Related to implementation arrangements, assignment of project staff, land acquisition and resettlement, environmental and mitigation measures, etc., to be classified as sector, economic, environmental, social, financial, or others. Individual covenants maybe rated by four scales of HS, S, PS, or U.
- h Full compliance implies not only a timely submission but also satisfactory and acceptable quality. While APA and AFS are cumulative, audits are required to be carried out at each accounting period, and APA and AFS needs to be submitted annually as stipulated in the loan agreement. The reporting year includes a part-year from the start date to the end of that fiscal year, and a part-year from the start of the fiscal year in which a project is closed, to the date of closure.
- i For APA or AFS not complied with for more than 12 months, overall IP rating will be U. Effective 1 January 2000, such loans will be suspended in line with the approved action plan.

Flag-In Criteria for the Assessment of Potential Problem – DFI Project

Rating Scale	For Projects with an Overall IP rating of Highly Satisfactory or Satisfactory
1. Loan Utilization Delays	Flag-in when rated PS or U for loan utilization in current rating.
2. Major Covenants (excluding #3 below)	Flag-in when rated PS or U for covenants in current rating.
3. Established, Staffed and Operating PMU or PIU ^a	Flag-in when rated PS or U in current rating.
4. Poor Compliance with Audited Project Accounts or Agency Financial Statements of DFI or Intermediary	Flag-in when rated PS or U for APA or AFS compliance in current rating.
5. Significant Disbursement Delays	Flag-in when the actual disbursement is <70% of the projection as of the cut-off date. If the cut-off date is within the quarter, the projected amount of the quarter will be prorated.
6. In Risk Sector in a Country with History of Past Problems	A project in a sector with only one project will not be flagged. Flag-in when 50% of the sector portfolio in a country has been rated PS or U for IP or DO at some point over the past two years. Projects with loan accounts closed in the last two years will assume the project rating at the time of loan closing.
7. Project Field Missions ^b	Flag-in when number of person-days is less than 10 in the last 12 months for projects with PS or U in overall rating of IP or DO, or less than 5 person-days for projects with HS or S ratings. Projects completed (with 100% loan utilization) require PCR missions within 2 years after completion, hence, no flag.

Note: If overall rating for IP or DO is PS or U, project is automatically “at risk” and flags are not counted in determining potential problem projects but will be flagged to indicate the problem areas. If IP rating was overridden to upgrade the project rating to HS or S, the project will not also be classified as a potential problem project.

a This may include delays in establishment of and maintenance of project centers, delays in obtaining approval of an organizational structure, difficulties in finding qualified staff, unavailability of skilled human resources in the country, etc.

b Includes project administration missions fielded (professional staff, national officers, supporting staff, and staff consultant) in the last 12 months. Person-days exclude travel time.

Rating Criteria for the Assessment of Implementation Progress – Combined Project and DFI
 (HS, S, PS, U)^a

Rating Scale ^b	Highly Satisfactory (3 points)	Satisfactory (2 points)	Partly Satisfactory (1 point)	Unsatisfactory (No points)
Loan Signing ^c	Not applicable	Within 6 months after loan approval	Not applicable	More than 6 months delay after loan approval
Loan Effectiveness ^d	Not applicable	Within 6 months after loan signing AND within 1 year after loan approval	Not applicable	More than 6 months after loan signing OR more than 1 year after loan approval
1. Project Implementation ^e	No delay	Less than 20% delay from the original appraisal schedule	20-40% delay from the original appraisal schedule	Greater than 40% delay from the original appraisal schedule
2. Loan Utilization ^e	No delay	Less than 20% delay from the original appraisal schedule	20-40% delay from the original appraisal schedule	Greater than 40% delay from the original appraisal schedule
3. Changes in Project Scope ^f	----	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
4. Changes in Implementation Arrangements ^f	----	No major changes needed to date or major changes needed and approved within 3 months	Approval of major changes pending (greater than 3 months but equal to or less than 1 year)	Approval of major changes pending (greater than 1 year)
5. Project Cost ^g	No overrun	Overrun less than 20% of appraisal estimate of total project cost	Overrun between 20 and 40% of appraisal estimate of total project cost	Overrun greater than 40% of appraisal estimate of total project cost
6. Counterpart Funding or Cofinancing ^h	No shortfall	Shortfall less than 20% of appraisal estimate	Shortfall between 20 and 40% of appraisal estimate	Shortfall greater than 40% of appraisal estimate
7. Major Covenants (excluding #8 below) ⁱ	Full compliance (100%) on time	Compliance between 80 and 99%, or full compliance with slight delays or both	Compliance between 50 and 79% or full compliance with substantial delays or both	Compliance less than 50%
8. Audited Project Accounts and Agency Financial Statements	Full compliance ^j	Delay less than 6 months and statements acceptable	Delay between 6 and 12 months and statements acceptable	Delay greater than 12 months or statements unacceptable ^k

- a In exceptional cases, the director general's approval (by memo with proper justification) is necessary to upgrade or downgrade the automated project rating. COSO will effect the change in the system upon receipt of the written approval. The same procedure and authorities will be followed to release the override rating.
- b When project implementation activities are at a standstill indefinitely, the project will be rated as "inactive." Suspended loans will be automatically rated as U. The overall rating for implementation progress will be based on the average of individual ratings. This would be subject to the overall rating being by no more than one category above the lowest individual rating.
- c Once the loan has been signed, this criterion is no longer applicable and the impact of any delay in loan signing should be taken into account when assessing implementation delays.
- d Once the loan has been declared effective, this criterion is no longer applicable and impact of any delay in loan effectiveness should be taken into account when assessing implementation delays.
- e Percent delay is calculated based on the original implementation period at appraisal (e.g., for a project with an implementation period of 5 years); if there is one year delay after 2 years of implementation, it would be considered to have been delayed by 20 percent (1/5). This still applies even when the project extension has been approved. The Implementation period is based on loan approval date to original closing date.
- f The number of months pending will be counted from the date of change has been identified and confirmed by the sector division or regional or resident mission (e.g., review missions' aide-memoire, back-to-office report or memorandum of understanding). The maximum rating will be S if no major changes or major changes approved within three months.
- g If there has been a reduction in scope, cost overrun should be calculated based on the reduced scope.
- h If the corresponding data is not available, the rating should automatically be PS.
- i Major covenants include project-specific items that have a serious impact on sector project performance. Related to implementation arrangements, assignment of project staff, land acquisition and resettlement, environmental and mitigation measures, etc., to be classified as sector, economic, environmental, social, financial, or others. Individual covenants may be rated by four scales of HS, S, PS, or U.
- j Full compliance implies not only a timely submission but also satisfactory and acceptable quality. While APA and AFS are cumulative, audits are required to be carried out at each accounting period, and APA and AFS needs to be submitted annually as stipulated in the loan agreement. The reporting year includes a part-year from the start date to the end of that fiscal year, and a part-year from the start of the fiscal year in which a project is closed, to the date of closure.
- k For APA or AFS not complied with for more than 12 months, overall IP rating will be U. Effective 1 January 2000, such loans will be suspended in line with the approved action plan.

Flag-In Criteria for the Assessment of Potential Problem – Combined Project and DFI

Rating Scale	For Projects with an overall IP rating of Highly Satisfactory or Satisfactory
1. Project Implementation Delays	Flag-in when rated PS or U for project implementation in current rating.
2. Loan Utilization Delays	Flag-in when rated PS or U for loan utilization in current rating.
3. Poor Compliance with Covenants (excluding #4, 5, 9)	Flag-in when rated PS or U for covenants in current rating.
4. Established, Staffed, and Operating PMU or PIU ^a	Flag-in when rated PS or U in current rating.
5. Fielding of Consultants	Flag-in when rated PS or U in current rating.
6. Shortage of Counterpart Funds or Cofinancing	Flag-in when rated PS or U for counterpart funds or cofinancing in current rating.
7. Cost Overrun ^b	Flag-in when rated PS or U for project cost in current rating.
8. Poor Compliance with APA or AFS	Flag-in when rated PS or U for APA or AFS compliance in current rating.
9. Environmental or Social Problems or Both ^c	Flag-in when rated PS or U in current rating.
10. Significant Disbursement Delays	Flag-in when the actual disbursement is <70% of the projection as of the cut-off date. If the cut-off date is within the quarter, the projected amount of the quarter will be prorated.
11. In Risk Sector in a Country with History of Past Problems	A project in a sector with only one project will not be flagged. Flag-in when 50% of the sector portfolio in a country has been rated PS or U for IP or DO at some point over the past two years. Projects with loan accounts closed in the last two years will assume the project rating at the time of loan closing.
12. Project Field Missions ^d	Flag-in when number of person-days is less than 10 in the last 12 months for projects with PS or U in overall rating of IP or DO, or less than 5 person-days for projects with HS or S ratings. Projects completed (with 100% project progress and DFI component is 100% utilized) will require project completion report missions within 2 years after completion, hence, no flag.

Note: If overall rating for IP or DO is PS or U, project is automatically “at risk” and flags are not counted in determining potential problem projects but will be flagged to indicate the problem areas. If IP rating was override to upgrade the project rating to HS or S, project will not also be classified as a potential problem project.

a This may include delays in establishing and maintaining of project centers, delays in obtaining approval of an organizational structure, difficulties in finding qualified staff, unavailability of skilled human resources in the country, etc.

b Flag will not be raised if cost overrun has been properly settled with necessary financing.

c Includes environmental or social (resettlement) problems.

d Includes project administration missions fielded (professional staff, national officers, support staff, and staff consultant) in the last 12 months. Person-days exclude travel time.

Sample Assessment of
 Development Objectives

Long Term Development Objectives

Description
Economic growth.

Immediate Development Objectives

Description (with quantifiable / monitorable targets)	Rating (HS,S,PS,U)	Assessment of Current Status
1. Expanded availability/utilization of gas throughout the target area by end of project in September 2001. Indicators & Targets: - About 1.36 tcf. of gas available for manufacturing cement, fertilizer; for power generation, industrial and commercial use and private homes. - 50,000 customers online.	S	Satisfactory. Drilling of seven wells in two gas fields helped in proving additional reserve of over 1.5 Tcf. Customer connection ongoing.
Key Assumptions/Risks	Rating (HS,S,PS,U)	Assessment of Current Status
Assumptions: 1. Strategies developed and introduced for accident prevention.	PS	Ongoing
Risks:	Mitigated (Y/N)	
1. Loss of supply/ interruption of services.	Yes	S
		Largely improved through upgradation of transmission and distribution systems.
Overall Rating	PS	NOTE: Overall Rating is based only on Assumptions and Risks until project completion. Thereafter, Immediate DO assessment will be included

Recent Development (Date: 30-09-2001)

Parts B: BGSL and Part D JGTDSDL completed within the scheduled date of 30 June 1998. Project completion report for Parts Band D received. Part C: TGTDCCL has submitted an Action Plan to reduce its System Loss to two percent and Accounts Receivable up to an acceptable limit of three months equivalent.
--

Problems with DO

Description	Action Taken/Proposed

Project Quality (one time input primarily for COPP)

Capacity Building Component	Training Component	Participatory Process	Project Manager/Project Office prior to Loan approval	Incorporated Lessons Learned in Sector/Country	Logical Framework
Yes	Yes	No	Yes	Yes	Yes

Overall Development Objectives Rating

A. During the course of the implementation

Step one:	Assumption	Rating	Points
Item 1	PS	1	
Risk			
Item 1	S	2	

Step two:
 Overall DO rating = 3/2 = 1.5 round down (1) = PS

Step three:
 For projects with individual ratings spanning 3 to 4 categories, the overall rating cannot be higher than one category above the lowest individual rating.

B. Upon project completion

Step one:	Assumption	Rating	Points
Item 1	PS	1	
Risk			
Item 1	S	2	
Immediate Dev. Obj.			
Item 1	S	2	

Step two:
 Overall DO rating = 5/3 = 1.67 round up (2) = S

**Sample Assessment of
 Implementation Progress**
 Date of Change(DD-MM-YYYY)

Project: AAAAAAAAAAAAAAAAAAAAAA

Loan Number: NNNN-AAA Department: AAA Division: AAAA
 Approval Date: DD-MM-YYYY Signing Date: DD-MM-YYYY Effectivity Date: DD-MM-YYYY
 Original Closing Date: DD-MM-YYYY

PROJECT LOANS

1. Project Implementation: 36 months delay 51.58 % delay	> 40% delay	0 - Unsatisfactory
2. Change in Project Scope □ _months pending	<input type="radio"/> No Major Changes <input checked="" type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
3. Change in Implementation Arrangements: □ _months pending	<input type="radio"/> No Major Changes <input checked="" type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
4. Project Costs □ 0% overrun <input type="radio"/> Settled <input type="radio"/> Not Settled	No overrun	3 - Highly Satisfactory
5. Counterpart Funding/Cofinancing <input checked="" type="radio"/> Inadequate Funds 20 % shortfall <input type="radio"/> Adequate Funds <input type="radio"/> Not applicable <input type="radio"/> Data not Available	20-40% shortfall	1 - Partly Satisfactory
6. Major Covenants		2 - Satisfactory
7. Audited Project Account / Agency Financial Statements:		1 - Partly Satisfactory
Overall Project Implementation	Rounded: 2	Partly Satisfactory ^a

Note: This is for recording purposes only and does not affect in any way the overall IP Rating

Project Progress:

Override IP Rating (for COPP use only)		
New IP Rating:	Effective Date:	Date of Lifting:
Justification for Override	Justification for Lifting	

^a For projects with individual ratings spanning 3 to 4 categories, the overall rating cannot be higher than one category above the lowest individual rating.

Note: (i) If the overall rating falls exactly in the middle of two ratings, round it down (e.g. 2.5 = round down to 2.0 (Satisfactory)).

(ii) If Audited Project Account/Agency Financial Statement is not complied for more than 12 months, overall IP rating will be Unsatisfactory.

**Sample Assessment of
 Implementation Progress**
 Date of Change(DD-MM-YYYY)

Project: AAAAAAAAAAAAAAAAAAAAA

Loan Number: NNNN-AAA Department: AAA Division: AAAA
 Approval Date: DD-MM-YYYY Signing Date: DD-MM-YYYY Effectivity Date: DD-MM-YYYY
 Original Closing Date: DD-MM-YYYY

PROGRAM LOANS

1. Program Implementation Delay: 19%	< 20% delay	2 - Satisfactory
2. Change in Implementation Arrangements: r _months pending	<input checked="" type="radio"/> No Major Changes <input type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
3. Counterpart Funds / Cofinancing <input type="radio"/> Inadequate Funds % shortfall <input type="radio"/> Adequate Funds <input checked="" type="radio"/> Not applicable <input type="radio"/> Data not Available	Not applicable	-
4. Tranche 1 Conditions (01)		2 - Satisfactory
5. Tranche 2 Conditions (02)		2 - Satisfactory
6. Tranche 3 Conditions (03)		- Not Yet Due
7. Tranche 4 Conditions		- No Covenant
8. Tranche 5 Conditions		- No Covenant
9. Non-Release / End of Program Conditions		2 - Satisfactory
Overall IP Rating	Rounded: 2	Satisfactory

Override IP Rating (for COPP use only)		
New IP Rating:	Effective Date:	Date of Lifting:
Justification for Override	Justification for Lifting	

Note: (i) For projects with individual ratings spanning 3 to 4 categories, the overall rating cannot be higher than one category above the lowest individual rating.
 (ii) If the overall rating falls exactly in the middle of two ratings, round it down (e.g. 2.5 = round down to 2.0 (Satisfactory)).

**Sample Assessment of
 Implementation Progress**
 Date of Change(DD-MM-YYYY)

Project: AAAAAAAAAAAAAAAAAAAAA

Loan Number: NNNN-AAA Department: AAA Division: AAAA
 Approval Date: DD-MM-YYYY Signing Date: DD-MM-YYYY Effectivity Date: DD-MM-YYYY
 Original Closing Date: DD-MM-YYYY

DFI LOANS

1. Loan Utilization: 16 months delay 26 % delay	20-40% delay	1 - Partly Satisfactory
2. Change in Project Scope r _months pending	<input checked="" type="radio"/> No Major Changes <input type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
3. Change in Implementation Arrangements: r _months pending	<input checked="" type="radio"/> No Major Changes <input type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
4. Major Covenants		2 - Satisfactory
5. Audited Project Account / Agency Financial Statements:		0 - Unsatisfactory
Overall Project Implementation	Rounded: 1	Partly Satisfactory

Override IP Rating (for COPP use only)		
New IP Rating:	Effective Date:	Date of Lifting:
Justification for Override	Justification for Lifting	

Note: (i) For projects with individual ratings spanning 3 to 4 categories, the overall rating cannot be higher than one category above the lowest individual rating.
 (ii) If the overall rating falls exactly in the middle of two ratings, round it down (e.g. 2.5 = round down to 2.0 (Satisfactory)).
 (iii) If Audited Project Account/Agency Financial Statement is not complied for more than 12 months, overall IP rating will be Unsatisfactory.

**Sample Assessment of
 Implementation Progress**

Date of Change(DD-MM-YYYY)

Project: AAAAAAAAAAAAAAAAAAAAA

Loan Number: NNNN-AAA Department: AAA Division: AAAA
 Approval Date: DD-MM-YYYY Signing Date: DD-MM-YYYY Effectivity Date: DD-MM-YYYY
 Original Closing Date: DD-MM-YYYY

COMBINED DFI/PROJECT LOANS

1. Project Implementation: <input type="checkbox"/> 12 months delay 17.35 % delay	< 20% delay	2 - Satisfactory
2. Loan Utilization: <input type="checkbox"/> 9 months delay 28 %	20-40% delay	1 - Partly Satisfactory
3. Change in Project Scope <input type="checkbox"/> months pending	<input checked="" type="radio"/> No Major Changes <input type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
4. Change in Implementation Arrangements: <input type="checkbox"/> months pending	<input checked="" type="radio"/> No Major Changes <input type="radio"/> Major Changes Approved <input type="radio"/> Approval pending	2 - Satisfactory
5. Project Costs <input type="checkbox"/> % overrun <input type="radio"/> Settled <input type="radio"/> Not Settled	No overrun	3 - Highly Satisfactory
6. Counterpart Funding/Cofinancing <input type="radio"/> Inadequate Funds % shortfall <input checked="" type="radio"/> Adequate Funds <input type="radio"/> Not applicable <input type="radio"/> Data not Available	No shortfall	3 - Highly Satisfactory
7. Major Covenants		2 - Satisfactory
8. Audited Project Account / Agency Financial Statements:		2 - Satisfactory
Overall Project Implementation	Rounded: 2	Satisfactory

Note: This is for recording purposes only and does not affect in any way the overall IP Rating

Project Progress:

Override IP Rating (for COPP use only)		
New IP Rating:	Effective Date:	Date of Lifting:
Justification for Override	Justification for Lifting	

Note: (i) For projects with individual ratings spanning 3 to 4 categories, the overall rating cannot be higher than one category above the lowest individual rating.
 (ii) If the overall rating falls exactly in the middle of two ratings, round it down (e.g. 2.5 = round down to 2.0 (Satisfactory)).
 (iii) If Audited Project Account/Agency Financial Statement is not compiled for more than 12 months, overall IP rating will be Unsatisfactory.

Administration Actions for Less Than Satisfactory Projects

Partly Satisfactory

1. Projects should be reviewed at least twice per year.
2. Time-bound action plans should be developed to resolve pending issues.
3. Implementation of the action plans should be closely monitored and followed up with the EA.
4. The action plans should be discussed during monthly divisional project performance review (PPR) meetings and quarterly departmental PPR meetings, and steps taken to ensure that the plans are followed.
5. Back-to-office reports (BTORs) of the project administration missions should be copied to the director general concerned.
6. An issue paper is prepared and submitted to the director general through the director, sector division or country director, RM for approval.

Unsatisfactory

1. Projects should be reviewed at least twice a year. ^a
2. Time-bound action plans should be developed to resolve pending issues.
3. Implementation of the action plans should be closely monitored and followed up with the EA.
4. The action plans should be discussed during monthly divisional PPR meetings and quarterly departmental PPR meetings, and steps taken to ensure that the plans are followed.
5. Projects selected by the Central Operations Services Office or the Strategy and Policy Department should be discussed during the operations review meeting.
6. BTOR of the project administration missions should be copied to the director general concerned.
7. An issue paper is prepared and submitted to the director general through the director, sector division or country director, RM for approval.
8. If a project is given this rating for more than one year, it should be discussed by the director, sector division, country director, RM, the most senior official of the EA, and the borrower.
9. A follow-up letter signed by the director general should be sent to the most senior official in the EA and the borrower. In this case, suspension of the loan may be considered if any remedial actions, with the ADB's satisfaction, are not taken by a given date specified in the letter.

^a Preferably by a special project administration mission to address and resolve specific issues.

**Details of Project Classifications
for Private Sector**

Risk Rating

RR-1 strong
RR-2 good
RR-3 satisfactory
RR-4 marginal
RR-5 substandard
RR-6 doubtful
RR-7 loss

Operational Status

OA-1 prior to implementation
OA-2 under successful implementation
OA-3 successful start-up operation
OA-4 successful full operation
OB-1 preimplementation problems
OB-2 implementation problems
OB-3 start-up problems
OB-4 problems in full operation stage
OC-1 operation suspended
OC-2 under liquidation

Disbursement Status

DA-1 agreement not signed
DA-2 conditions precedent (CP) under implementation
DA-3 disbursement in progress
DA-4 fully disbursed
DB-1 problems prior to signing
DB-2 problems in meeting CP
DB-3 restricted disbursement
DC-1 disbursement suspended

Recovery Status

RA-1 repayment/disposal not commenced
RA-2 to be disposed
RA-3 meeting agreed repayment terms or partially disposed
RA-4 fully repaid or fully disposed
RB-1 in arrears or restricted disposal
RB-2 rescheduled or restructured
RB-3 guarantee called
RC-1 written down
RC-2 written off
