

Project Administration Instructions

PAI 5.08
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PROJECT PERFORMANCE MONITORING

A. Introduction

1. This project administration instruction (PAI) describes how the performance of Asian Development Bank (ADB) administered sovereign loan¹ projects and technical assistance will be monitored using the eOperations. A project is defined by its unique design and monitoring framework (DMF),² regardless of the number of its financing instruments or sources.³ The eOperations is an integrated information technology solution that records country and project level information from concept to ex-post evaluation. The eOperations produces uniform project-related documentation and customized reports based on data directly inputted into the system or automatically reflected from other systems.

B. Design and Monitoring Framework

2. Each ADB-financed and administered project is required to have a DMF that provides a logical structure for results focused project design, monitoring and evaluation.⁴ The DMF summarizes how, assuming risks do not eventuate and assumptions hold true, approved inputs will resource activities to achieve measurable outputs, and an outcome, and contribute to development impacts. It contains performance indicators to measure outputs and the outcome. The DMF provides project managers with a framework to monitor and evaluate the achievement of development results. Refer to *Guidelines for Preparing and Using a Design and Monitoring Framework: Sovereign Operations and Technical Assistance* and the basic DMF structure in Appendix 1.

3. **Impact** is the long-term, broader development objective(s) that a project's outcome is aligned with. A DMF can include up to three impact statements. They are sourced from the most relevant strategic document(s), usually a government national, sector, subnational, or regional plan or strategy. The DMF does not include impact-level performance indicators because the purpose of impact statements is to show alignment, not measure project performance.

4. **Outcome** represents the purpose of the project and should describe the immediate and direct benefits of output use or application. The DMF contains a single outcome statement and associated performance indicators. Assessment of the project's effectiveness at completion is based on whether the project's intended outcome has been achieved and is attributable to the

¹ The term "loan" includes grants, unless the context requires otherwise, but does not include technical assistance grants. This PAI also applies to loans and grants from external sources that are administered by ADB, unless agreed otherwise between ADB and cofinanciers.

² On the use of the DMF in loans and TAs, refer to OM section J1/BP (Project Performance Management System), and ADB's *Guidelines for Preparing and Using a Design and Monitoring Framework* (updated from time to time).

³ For example, a project financed by two loans using a regular ordinary capital resources, a concessional ordinary capital resource, and an Asian Development Fund grant, with an associated ("piggybacked") TA grant has one DMF.

⁴ Transaction TA projects, project readiness financing facilities, small expenditure financing facilities (the facility does not have its DMF but each activity has its DMF), and projects financed by other funds (e.g., Asia Pacific Disaster Response Fund) do not have their own DMF. Their outputs and activities should align with the outcome and/or output(s) of the ADB-financed project(s) they are linked to, as relevant. Refer to the OM and staff instructions of these modalities and products for detailed guidance. A project with one or more additional financing loans should have a single DMF that reflects the original project as well as all changes resulting from all additional financing, and therefore also a single PPR.

achieved project outputs. From project mid-term onward, the latest progress toward the outcome indicators' target values should be updated in the eOperations, as feasible. For some outcome indicators, progress may not occur or be measurable until project completion.

5. **Outputs** are the products and services delivered by the project to beneficiaries. Outputs are often tangible and are generated by using and transforming inputs through project activities. The scope of the project is defined by the outputs. Before project approval, project teams assign a percentage weight for each output-level performance indicator—based on its criticality for achieving and/or contribution to the project's outcome, its relative cost, or other priorities—and input weights into the eOperations. (The weights are not written in the DMF included in the project approval document.) The cumulative weight of a project's output indicators equals 100%. Outputs are monitored from project approval onward and, as part of the project performance rating (Section D), each output indicator is rated by the project team based on its progress against the target.

6. **Activities with milestones.** Activities are the key actions (groups of tasks) carried out using project inputs to successfully achieve the planned outputs. Activities reflect the approach used to deliver the outputs and are the basis for implementation plans. The DMF includes activities whose completion represents important milestones that will allow implementation progress to be tracked, along with a planned completion date for each. The start and end dates for activities as defined in the Project Administration Manual (PAM) (Table 2, Overall Project Implementation Plan) are entered into the eOperations and progress on each is updated as relevant throughout project implementation. It is good practice to include project management activities at the end of the activities section of the DMF to identify the main activities of the project implementation team or unit, such as planning, procurement, monitoring and evaluation, and reporting.

7. **Performance indicators** identify how the successful achievement of an output or outcome will be measured. They have a verifiable target value that identifies how much will be achieved in a specific timeframe. Regularly collecting data on the project's performance indicators throughout the implementation period provides project teams and stakeholders with up-to-date information on progress toward the desired outcome. This enables project teams to identify strengths and problems as they occur, so that they can take corrective action in a timely manner to best ensure the intended outcome is achieved. ADB should pay attention to executing agency (EA)⁵ capacity to monitor results throughout the project cycle and provide capacity building support or additional resources for this purpose within the project, as appropriate.

8. **Data sources and reporting mechanisms** describe where information on the status of each indicator can be found, who provides the information, how the information is collected (i.e., specific data collection tool and/or method such as "survey of workshop participants") and how frequently it will be made available (e.g., monthly, annually, biennially) to inform project management and evaluation. Using existing government data sources and developing data collection systems and processes through the project that can be sustained after its completion will help institutionalize good information management practices.

⁵ The term "executing agency (EA)" also refers to implementing agencies, unless the context requires otherwise.

9. **Risks and critical assumptions** are the economic, political, social, behavioral, financial, environmental, and institutional factors that project outputs and the outcome depend on. They complete the cause-effect logic of the DMF. For example, the completion of activities will result in the outputs only if certain critical assumptions hold true and the risks do not eventuate. This logic applies along the whole results chain. Critical assumptions are positive statements of conditions, events or actions that are necessary to achieve results at each level of the DMF. Risks are negative statements of conditions, events, or actions that would adversely affect achievement of the intended results. For sovereign operations, all major risks to the project are identified and analyzed in the risk assessment and management plan (RAMP). The DMF should contain at least one critical assumption or risk at the outputs level, and at least one critical assumption or risk at the outcome level. Good project design involves identifying clear, valid assumptions and risks, and monitoring and managing them is a key component of good project management. An assessment of the current status for each risk and critical assumption in the DMF can be updated as relevant during implementation in the eOperations.

10. **Inputs** are the main resources required to undertake the activities to produce the outputs. All financial inputs, as well as in-kind inputs for technical assistance (TA), that will be used for project activities are listed in the DMF. This include those from ADB, the government, cofinanciers, beneficiaries, the private sector, and civil society organizations, as applicable.

11. **Recording and updating the design and monitoring framework.** A project's preliminary DMF is prepared during project processing in consultation with the EA and other project key stakeholders. The final and agreed DMF is entered into the eOperations by the project team leader whilst the project's report and recommendations of the President (RRP), technical assistance reports, and the PAM are finalized for approval.⁶ This includes inputting the percentage weight for each DMF output indicator. After Board approval, the DMF is locked in the eOperations. The DMF can be revised at any point during project implementation and should be adjusted when needed to reflect changing circumstances and project environment so that the intended project outcome can be achieved and to ensure the DMF remains a relevant monitoring and evaluation tool. Changes to the DMF that constitute a major or minor change in project scope follow the approval processes outlined in PAI 5.02 (Change in Loan Projects) and PAI 5.09 (Administering Grant-Financed Technical Assistance). Unlocking of the output weights constitutes a minor change in scope.

C. Project Progress and Performance Monitoring

12. **Updating project information in eOperations.** At least quarterly from effectiveness to the financial closure of projects, the project team updates the project information for each ADB-administered loan and TA in the eOperations as required, based on information provided through executing and implementing agency progress reports, ADB project administration mission back-to-office-reports, and updated financial records. The project team input these data into the eOperations and the team leader verifies the data. If the project is categorized for safeguards purposes, safeguards specialist(s) assigned to the project should be added to the team composition in eOperations. In cases where safeguards-related updates are not entered by the

⁶ For modalities and products that do not have their own DMF (see footnote 5), any DMF-related content that is included in the approval document should be entered into the eOperations (e.g., output statements of project readiness financing facilities are included).

safeguards specialists, the safeguards specialists should confirm the safeguards-related information. The head of the sector division⁷ validates the loan project information in the eOperations on or before the last Friday of the month following each quarter.

13. The project team leader ensures that the findings and the assessment of the progress status of activities, outputs, and compliance with all loan covenants are discussed with the borrower.⁸ Where necessary, remedial measures with an action plan will be agreed and included in the aide memoire or memorandum of understanding, and such measures will also be recorded in the eOperations.

14. **Contract awards and disbursement S-curves.** The S-curve tracks the project's progress against planned activities defined in the project implementation quarterly schedule using contract awards and disbursements. The S-curve is generated from projections of contract awards and disbursements in the eOperations which are derived from the procurement plan for the ADB-administered project, excluding policy-based loans and TAs. The projections and the S-curves are also recorded in the PAM.

15. With specific reference to project performance rating (Section D), at the time of loan effectiveness, both contract awards and disbursement projections for the life of the project are locked in the eOperations. These projections can only be revised during a midterm review (MTR), after a major change of scope, or approval of an extension of project closing date of 12 months or longer.⁹ The request for unlocking of projections should be submitted with the revised projections from the sector director through the Director General of the regional department to the Portfolio Management Division (PFPM) of the Procurement, Portfolio and Financial Management Department (PPFD) for validation prior to the approval of the Director General of PPFD. The revised projections should have the concurrence of the EA.

16. **Covenants.** The status of compliance of each loan covenant is assessed separately from the project performance rating (PPR) in the eOperations as either *Yes*—the covenant is being or has been implemented, *No*—the covenant is not being implemented, or *Not yet due*—requirements for the covenant is not yet due. All project specific covenants should be recorded into eOperations.¹⁰ Project specific covenants are generally found in Schedule IV of the loan agreement (entitled Execution of the Project; Financial Matters). In certain cases, project specific covenants may be included in a schedule to the Project Agreement. The project specific covenants which should be recorded in eOperations include economic, financial, safeguards, sector (such as covenants related to operations and maintenance and tariffs), social covenants (such as labor standards, health and gender and development) and other covenants such as governance and anticorruption. The eOperations provides the aggregated percentage of covenant compliance and not yet due based on the number of covenants that have been complied, not complied, or not yet due.

⁷ The term "sector division" also refers to the regional office or resident mission primarily administering the project.

⁸ In this PAI, the term "borrower" also refers to recipients of grants, executing agencies, and/or implementing agencies, unless the context requires otherwise.

⁹ The projections will be updated automatically in case of (i) partial cancellations of loan proceeds, (ii) over-achievements (need to cancel future activities), and (iii) under-achievements (need to add future activities) of contract awards and disbursements.

¹⁰ The table for the loan covenants and status of compliance in the eOperations will be reported in an appendix attached to the project completion report.

17. **Noncompliance with covenants.** While the status of covenants must be regularly monitored, the MTR should include a detailed assessment of the status of all covenants (PAI 6.02 Project Administration Missions). In the case of persistent noncompliance with loan covenants, ADB may, by notice to the borrower and guarantor, suspend all or part of their rights to make withdrawals from the loan account following procedures in PAI 4.02 Suspension and Cancellation of Loans.

18. **Compliance with safeguards requirements.** The status of safeguards compliance is assessed under the safeguards tab of the eOperations in case (i) the project is categorized for safeguards purposes regardless of the application of the Project Performance Rating (PPR), or (ii) a TA has civil works procured as part of pilot testing (as defined in PAI 5.09 Administering Grant-Financed Technical Assistance).

D. Project Performance Rating

19. The PPR is a risk and project management tool. The objective of the PPR is to identify risks and issues early in project implementation and take corrective actions to address them. The PPR is to be used in an effective and constructive manner to measure the progress of outputs and compliance with financial and safeguards covenants. The PPR should not be used as a tool to assess the performance of project teams or individual team members.

20. Projects are rated quarterly starting at loan effectiveness until they are financially closed based on the following five performance indicators. These indicators are weighted equally.

- a) **Contract award.** The percentage of total actual contracts awarded to the total original or revised contract award projections as of a given period starting at loan effectiveness until projects are financially closed. The actual contract award values are derived from the financial system.
- b) **Disbursement.** The percentage of total actual disbursements to the total original or revised disbursement projections as of a given period at loan effectiveness until projects are financially closed. Disbursement data will be automatically sourced from the financial system.
- c) **Financial management (FM).** The FM compliance of each EA in a project is assessed based on three elements: (i) audited project financial statements (APFS), (ii) audited entity financial statements (AEFS),¹¹ and (iii) time-bound financial covenants. The timeliness of submission of audited financial statements, the nature of the audit opinion, the additional opinion on the use of loan proceeds, availability and contents of the management letter, and compliance with time-bound financial covenants are assessed based on data uploaded in the eOperations. The aggregated FM score will be computed per EA based on the scores of individual elements and converted into a percentage. The total FM rating will be an average of the scores of all EAs for the project. This will be automatically assessed quarterly based on inputs into the eOperations. The detailed methodology is in Appendix 2.
- d) **Output.** Output progress tracking is based on the achievement of output indicator targets defined in the project's DMF. The project team rates each output indicator based on its assessment of whether progress towards achieving the target is on track

¹¹ This applies only when audited entity financial statements are required.

(green), for attention (amber), or at risk (red). The values assigned to each output rating (green = 1 point, amber = 0.7 points, and red = 0 points) are multiplied by the assigned weights. The aggregated ratings result in the overall output-based indicator score and will be converted into a percentage. The detailed methodology is in Appendix 3.

- e) **Safeguards.** This indicator tracks compliance with safeguards requirements. The overall composite safeguards indicator includes eight tracking indicators to address compliance in the most critical safeguards areas linked to: (i) meeting safeguard requirements prior to contract awards for civil works; (ii) obtaining required safeguards-related clearances and permits as well as meeting pertinent social safeguards requirements prior to site access and/or start of civil works; (iii) identifying any high-risk grievance issues in safeguards implementation; (iv) identifying any other important safeguards non-compliance issues; and (v) submitting safeguards monitoring reports. Each tracking indicator will assess whether a project is on track (green), for attention (amber), or at risk (red) based on a response provided to a binary question. There are additional response options for cases with incomplete information and cases which are not applicable. In cases when PPR applies but the project is not categorized for safeguards purposes, the safeguards tab will be disabled. For example, PPR applies to project readiness financing (PRF); however, if PRF does not have civil works procured as part of pilot testing under the PRF, safeguards indicators will not be accessible. All eight safeguards indicators are required to be updated at least biannually; however, tracking indicators will remain accessible for update at any point in time. The detailed methodology is in Appendix 4.

21. The PPR applies to all ADB-administered sovereign projects with some exceptions and special guidance.¹² The following provisions will apply:

- i) Modalities and funds that the PPR does not apply to:
- a. Asia Pacific Disaster Response Fund (APDRF) projects
 - b. Guarantee
 - c. **Policy-based lending.** The PPR does not apply to policy-based loans which include contingent disaster financing (CDF), Countercyclical Support Facility (CSF) and COVID-19 Pandemic Response Option (CPRO).
 - d. Technical assistance
- ii) Modalities and special funds that the PPR applies to but needs specific guidance:
- a. **Additional financing.** One PPR applies to the entire project lending including additional financing.
 - b. **Project readiness financing (PRF).** Since the PRF does not require a DMF, only four indicators apply to this modality: contract awards, disbursements, financial management, and safeguards. The project rating is the simple average of the four indicators' ratings. In case the project is not categorized for safeguards purposes, the remaining three indicators: contract awards, disbursement and financial management apply to the project and the project rating is the simple average of the three indicators' ratings.

¹² The PPR does not apply to nonsovereign projects.

- c. **Small expenditure financing facility (SEFF).** The PPR applies to SEFF by activity, but not to the facility.
 - d. **Financial intermediation loan (FIL).** One PPR applies to the entire FIL, which has one DMF describing both the FIL and project (investment) component/s. Since contract awards are not directly managed by ADB, only four indicators apply to FILs: disbursements, financial management, outputs, and safeguards. The project rating is the simple average of the four indicators' ratings. Disbursements used for the PPR are disbursements from ADB or cofinanciers to the intermediaries. For financial management, an audited Report on Utilization of Loan Proceeds will be submitted instead of an APFS; AEFS and financial covenants apply. In case an FIL and a project loan are combined under one project, one PPR applies to the entire project and the contract award indicator applies to the project loan only.
 - e. **Multitranche financing facility (MFF).** The PPR applies to each tranche, but not to the facility. In cases where tranches have the same DMF, PPR still applies to each tranche.
 - f. **Results-based lending (RBL).** Since contract awards are not managed by ADB, only four indicators apply to RBL: disbursements, financial management, outputs, and safeguards. The project rating is the simple average of the four indicators' ratings.
 - g. **Sector development program.** One PPR applies to the entire sector development program, which has one DMF describing both the policy-based (actions/reforms) and project (investment) components. The policy-based component is released in tranches against agreed conditions, whereas the investment project component is implemented through contracts. The contract award indicator only applies to the investment component. The other four indicators apply to the entire sector development program: disbursement,¹³ financial management, outputs, and safeguards.
- iii) Modalities that the PPR applies to as per the general guidelines:
- a. Emergency assistance loan except APDRF
 - b. Project loan
 - c. Sector loan

22. **Rating.** The PPR will use a three-level traffic light applied to each indicator, and to the aggregation of the individual indicators into a single project rating.

Status	Rating	Threshold
On track	Green	Contract award and disbursement rating: The S-curve for either actual contract award or disbursement is >90% of original projection; Financial management rating: >75%; Output rating: ≥85%; and Safeguards rating: All eight safeguards tracking indicators should be on track (green)

¹³ Disbursement S-curve is prepared for the total disbursement of both the program (by tranche or subprogram release) and investment project components (as per procurement package contract awards).

Status	Rating	Threshold
For attention	Amber	Contract award and disbursement rating: The S-curve for either actual contract award or disbursement is $\geq 75\%$ to $\leq 90\%$ of original projection; Financial management rating: $> 50\%$ to $\leq 75\%$; Output rating: $\geq 70\%$ to $< 85\%$; and Safeguards rating: No safeguards tracking indicator should be at risk (red) and one or more safeguards tracking data is for attention (amber).
At risk	Red	Contract award and disbursement rating: The S-curve for either actual contract award or disbursement is $< 75\%$ of original projection; Financial management rating: $\leq 50\%$; Output rating: $< 70\%$; and Safeguards rating: One or more safeguards tracking indicator is at risk (red).

23. **Project rating.** The five indicator ratings will be aggregated into an overall project rating by generating an average rating score for the project. The following values will be assigned to each indicator rating: *on track (Green)* = 1 point, *for attention (Amber)* = 0.7 points and *at risk (Red)* = 0 points. The assigned values for each of the five indicators are summed up and divided by 5 to produce an overall project rating score between 0 and 1. Applying the percentage thresholds, a project with a total rating score 'greater than or equal to 0.90' is *on-track (Green)*; a project with a total rating score of 'less than 0.90 and greater than or equal to 0.65' is *for attention (Amber)*; and a project with a total rating score of 'less than 0.65' is *at risk (Red)* (see Table 1).

Table 1. Samples of Project Ratings

Performance Indicator	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7
Contract Awards	1	0.7	0.7	1	0	0.7	1
Disbursement	1	0	0.7	1	0	0.7	1
Financial management	1	1	1	0	1	1	1
Output	1	1	1	0	1	1	1
Safeguards	0.7	1	1	0.7	1	0.7	0
PROJECT RATING	0.94	0.74	0.88	0.54	0.6	0.82	0.8

24. **PPR Reporting.** PPRs are reported in Quarterly Portfolio Updates (QPU) for projects that are active at the end of every quarter. PPRs for projects that were financially closed before the end of the quarter should be validated during the quarter validation exercise but are not reported in the QPU for the quarter.¹⁴ If the project was financially retroclosed to the previous quarter, the PPR is still reported in the QPU for the quarter.¹⁵

¹⁴ These results will be reported in the project completion report.

¹⁵ For example, if on 25 April the project was financially retroclosed to 15 March, its PPR is still reported in the QPU for the first quarter.

Appendix 1

DESIGN AND MONITORING FRAMEWORK – BASIC TEMPLATE

Impact(s) the Project is Aligned with
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Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome			
Outputs			

Key Activities with Milestones
Project Management Activities
Inputs

Financial Management Indicator Methodology

1. The financial management (FM) indicator will use objective criteria to assess the following three elements to assign an FM rating:

- (i) **Audited project financial statements (APFS) (50 points).**
 - a. timeliness;
 - b. nature of audit opinion;
 - c. opinion on use of loan proceeds; and
 - d. contents of management letter.
- (ii) **Audited entity financial statements (AEFS) (25 points).**
 - a. timeliness; and
 - b. nature of audit opinion.
- (iii) **Compliance with time-bound financial covenants (25 points).**
 - a. Compliance with time-bound financial covenants (due for compliance by the reporting date) would be measured and rated as presented in auditor's opinion, if they are linked to the audited financial statements. An opinion that "all financial covenants were complied with" (where the covenants are numerical and measurable) without substantiation by way of computations is not considered acceptable.

2. The score will be converted into a percentage. If some elements do not apply to a project (e.g., no financial covenants or no AEFS required), only the applicable elements will be rated. Annual APFS is applicable for all projects, though the other two elements may not apply to some projects.

3. In the initial period of project implementation, when no APFS, AEFS or financial covenant compliance is due, a project will be rated "green". Where a project has more than one agency required to comply with these elements, compliance of all agencies will be rated irrespective of submissions status, for a project to be rated compliant. Each agency will be rated and the average of the rates of all agencies will be the consolidated project rating. The detailed rating criteria for each sub-indicator is in Table A2.1.

Table A2.1: Computation Method

Parameter / Sub-parameter (Max Points)	Measurement Criteria ^a		
Audited Project Financial Statements – 50 Points			
Timeliness (15) ^b	By due date	Delay <= 6 months ^c	Delay > 6 months
	15	14-9	0
Nature of opinion (15)	Unqualified	Qualified	Disclaimer/Adverse
	15	10	0
Opinion on use of loan proceeds for intended purposes (10)	Unqualified	Qualified	Disclaimer/Adverse/No Opinion
	10	5	0
Management Letter (10)	No unresolved issues from earlier years ^d	Unresolved issues from earlier years	No ML submitted
	10	5	0
Audited Entity Financial Statements – 25 Points			
Timeliness (15) ^b	Within due date ^e		After due date
	15		0
Nature of opinion (10)	Unqualified	Qualified	Disclaimer / Adverse
	10	5	0
Opinion on compliance with time-bound financial covenants – 25 Points			
Covenants Complied with audit opinion ^f	<i>25 * no.of covenants complied by reporting date</i>		Opinion on compliance without computation details for covenants linked to AEFS
	<i>No. of covenants due for compliance by reporting date</i>		
	Max 25		0

^a The rating will be performed only after the APFS and/or AEFS are accepted by ADB after review. If the APFS or AEFS is rejected, it will be treated as not submitted and hence not rated (score = 0) until resubmission and acceptance.

^b Timeliness of submission is measured based on date of submission.

^c One (1) point will be deducted for each month after the due date, up to 6 months delay beyond the due date. For instance, a delay of 3 months will yield a score of 12 points, and a delay of 6 months will yield a score of 9. A delay of more than 6 months will yield a score of 0, as PAI 5.07 requires withholding of new disbursements and contract awards in such cases.

^d If no Management Letter is submitted, but the auditor confirms in writing that no issues were identified that required the issue of a management letter, the project will be assigned 10 points.

^e For FM PPR calculation, due date not more than 12 months after end of fiscal year is in eOperations.

^f If a covenant is linked to an AEFS (e.g., a debt to equity ratio), its compliance must be substantiated by an auditor's opinion on compliance with computation attached. Opinions without such computation do not provide evidence of compliance. This does not apply to non-numerical covenants (e.g., appointment of FM staff, or adoption of a new accounting software) which will be rated Yes or No only.

Table A2.2: Sample Computation

Parameter	Examples of projects			
	Project A	Project B	Project C	Project D
APFS Submission				
• Timeliness	10	10	10	10
• Audit opinion	15	15	15	5
• Opinion on use of loan proceeds	10	10	10	10
• Management letter	10	5	5	5
AEFS Submission	N/R			
• Timeliness		15	15	0
• Nature of opinion		5	5	5
Opinion on compliance with time-bound financial covenants	N/R	N/R	12	8
Maximum Points	50	75	100	100
Scored Points	45	60	72	43
Rating	On track (90%)	On track (80%)	For attention (72%)	At risk (43%)

AEFS = audited entity financial statements, APFS = audited project financial statements, FM = financial management, N/R = not required.

Appendix 3

Output Indicator Methodology

1. Prior to project approval, project teams will assign a weight for each output indicator—based on their criticality to achieving and/or contribution to the project’s outcome, cost, or other priorities—and input these into the eOperations. The cumulative weight of all indicators will be 100%. Unlocking of the weights, project components or outputs during project implementation requires a change in scope memo following PAI 5.02.

2. Once weights are identified, quantitative achievement of each output indicator against the target should be entered in the eOperations. Each output indicator will then be rated based on the project team’s assessment of whether progress towards achieving the target is on track (green), for attention (amber), or at risk (red). The rating will be based on the following response options:

Table A3.1: Rating Criteria and Scoring of Each Output Indicator

Response	Rating	Equivalent Points
Completed, target achieved (by ≥85%)	On Track	1
Completed, target underachieved (by ≥16%)	At Risk	0
On track to meet target	On Track	1
On track to meet target, delayed	For Attention	0.7
On time, but potential risk of missing target	For Attention	0.7
On time, will underachieve target	At Risk	0
Delayed and potential risk of missing target	For Attention	0.7
Not started, delayed by ≤ 6 months	For Attention	0.7
Not started, delayed by ≥ 7 months	At Risk	0
Cancelled	At Risk	0
Not due to start	On Track	1

3. The values assigned to each output rating (green = 1 point, amber = 0.7 points, and red = 0 points) will be multiplied to the assigned weights. The aggregated ratings will result in the overall output-based indicator score. A sample Design Monitoring Framework (DMF) from the eOperations is in Figure A3.1 and a sample computation is presented in Figure A3.2.

Figure A3.1: Sample eOperations Fields

Output 1: Debt funding to the solar rooftop sector increased.

	Indicators	Unit of Measurement	Baseline Year	Baseline Value	Target Year	Target Value	Data Sources	Weight	Achievements			Progress/Status
									Value	Indicator Details	Rating	
1a.	At least 100 solar rooftop subprojects approved for financing by 2018.	Number	2016	0	2018	100	ADB program review missions and reports, and PNB's own program review reports.	0.3	39		Not started, delayed by ≥ 7 months	Views 28 subprojects of 104.59 MW capacity for US\$63.86 million to be funded by ADB, have been sanctioned/under sanction. Further subprojects of US\$150 million are in pipeline

Output 2: PNB institutional capacity Improved

	Indicators	Unit of Measurement	Baseline Year	Baseline Value	Target Year	Target Value	Data Sources	Weight	Achievements			Progress/Status
									Value	Indicator Details	Rating	
2a	A designated solar rooftop unit at PNB HQ and branch levels to screen, review, price and monitor subprojects established by July 2016	Y/N	2016	N	2018	Y	PNB annual reports and ADB review reports.	0.15	N		On track to meet target, delayed	PNB has already setup PMU at its Headquarters. The PMU is supported by consultants from ADB. One nodal officer at each zonal office has also been identified to look after the marketing needs on the command area of circle offices and facilitate timely sanction of credit needs.
2b	Annual ADB program disbursement targets met from 2016 – 2018	Y/N	2016	N	2018	Y	PNB annual reports and ADB review reports.	0.1	N		Not started, delayed by ≥ 7	Disbursement of US\$25 million and contract award of US\$12.08 million have been achieved in year 2018.
2c	ADB program compliance requirements met from 2016 – 2018	Y/N	2016	N	2018	Y	PNB annual reports and ADB review reports.	0.05	N		On track to meet target, delayed	Implementation ongoing

Output 3: Solar rooftop market infrastructure and bankable subproject pipeline developed.

	Indicators	Unit of Measurement	Baseline Year	Baseline Value	Target Year	Target Value	Data Sources	Weight	Achievements			Progress/Status
									Value	Indicator Details	Rating	
3a	Feasibility of a solar rooftop project risk guarantee facility assessed by 2017	Y/N	2016	N	2017	Y	GOI (e.g., MOP and/or MNRE) notifications, gazettes, and reports.	0.05	N		On track to meet target, delayed	Implementation ongoing
3b	Subproject pipeline of 50 MW developed by MNRE channel partners for PNB financing by 2017 (2016 baseline: 0 MW of subprojects).	Number	2016	0	2017	50	GOI (e.g., MOP and/or MNRE) notifications, gazettes, and reports.	0.1	25		On track to meet target	Subproject pipeline of 50 MW developed by MNRE channel partners for PNB financing by 2017 (2016 baseline: 0 MW of subprojects).
3c	Capacity development program at discoms, SNA, CERC, and CEA levels completed by 2018	Number	2016	0	2018	1	GOI (e.g., MOP and/or MNRE) notifications, gazettes, and reports.	0.15	1		On track to meet target, delayed	PNB has conducted Awareness programs along with ADB team for State Nodal Agencies / DISCOMs at 7 States/UTs allocated to PNB-ADB.
3d	Marketing and awareness campaign program targeting industrial and commercial sectors, including women-owned / managed businesses and properties, if any, implemented by 2018	Number	2016	0	2018	1	GOI (e.g., MOP and/or MNRE) notifications, gazettes, and reports.	0.05	16		On track to meet target, delayed	PNB has already conducted sensitization programs in 16 states for potential customers, as well as field functionaries at more than 10 Zonal HQs. Advertisements in state level /regional newspapers across 16 states have been published. PNB is also working to conduct similar awareness programs for women entrepreneurs at selected centers.
3e	Solar rooftop web portal to promote the PNB financing facility developed by 2017.	Y/N	2016	N	2018	Y	GOI (e.g., MOP and/or MNRE) notifications, gazettes, and reports.	0.05			On track to meet target, delayed	The financing scheme has already been uploaded on PNB and MNRE websites. Consulting firm has been recruited and mobilized for designing specific web portal & will be operational in 2019

Figure A3.2: Sample Computation

Output 1: Debt funding to the solar rooftop sector increased.

	Indicators	Weight	Rating	Score	Overall Score
1a.	At least 100 solar rooftop subprojects approved for financing by 2018.	30%	Not started, delayed by \geq 7 months	0	0

Output 2: PNB institutional capacity Improved

	Indicators	Weight	Rating	Score	Overall Score
2a	A designated solar rooftop unit at PNB HQ and branch levels to screen, review, price and monitor subprojects established by July 2016	15%	On track to meet target, delayed	0.7	0.105
2b	Annual ADB program disbursement targets met from 2016 – 2018	10%	Not started, delayed by \geq 7 months	0	0
2c	ADB program compliance requirements met from 2016 – 2018	5%	On track to meet target, delayed	0.7	0.035

	Indicators	Weight	Rating	Score	Overall Score
3a	Feasibility of a solar rooftop project risk guarantee facility assessed by 2017	5%	On track to meet target, delayed	0.7	0.035
3b	Subproject pipeline of 50 MW developed by MNRE channel partners for PNB financing by 2017 (2016 baseline: 0 MW of subprojects).	10%	On track to meet target	1	0.1
3c	Capacity development program at discoms, SNA, CERC, and CEA levels completed by 2018	15%	On track to meet target, delayed	0.7	0.105
3d	Marketing and awareness campaign program targeting industrial and commercial sectors, including women-owned / managed businesses and properties, if any, implemented by 2018	5%	On track to meet target, delayed	0.7	0.035
3e	Solar rooftop web portal to promote the PNB financing facility developed by 2017.	5%	On track to meet target, delayed	0.7	0.035

Overall indicator score = At Risk 0.45

Overall output-based indicator score:

On Track	≥ 0.85
For Attention	≥ 0.70 to < 0.85
At Risk	< 0.69

Safeguards Indicator Methodology

1. The safeguards indicator rating is based on the yielded responses for all eight tracking indicators. The overall safeguards indicator is “on track” if all responses are on track; the overall safeguards indicator is “for attention” if at least one response is tagged as “for attention” while all remaining responses are “on track”. The overall safeguards indicator is “at risk” if at least one response is tagged as “at risk” or any one indicator question is missing an updated response. Table A4.1 lists all questions to be used for the assessment of 8 tracking indicators.
2. The first five listed indicators are safeguard-specific and reflect requirements separately for the environment, involuntary resettlement and indigenous people safeguard. The remaining three indicators are cross-cutting and related to all three safeguards.

Table A4.1. Safeguards Tracking Indicator Rating

Indicator	Assessment question	Response	Rating
A. Contract awards			
<p>1. Environment (ENV): No works contracts are awarded before the environmental management plan(s) (EMP) cleared by Asian Development Bank (ADB) and any conditions of any national environmental impact assessment (EIA) / initial environmental examination (IEE) clearance are incorporated into contract documents</p>	<p>For any project outputs/components with environmental impacts or risks, are there any works contracts that have been awarded by the borrower without EMP(s)* cleared by ADB and any conditions of any national EIA/IEE clearance incorporated into the bid and contract documents?</p>	<p>1. Not applicable [explain,¹ Cat C or financial intermediation (FI) (Category A for FI excluded)]</p>	On track
	<p><i>(Note: This includes project contracts outside ADB procurement process, and within the project's scope.</i></p>	<p>2. Unknown: Check this option if there is no accurate information and/or environment specialist has not seen bid and contract documents etc. [explain]</p>	For attention
	<p>*EMP(s) cleared by ADB for inclusion in the contract documents should be final, based on the detailed design, except for turnkey/design build operate (DBO) projects where detailed design is still to be completed by the contractor</p>	<p>3. No. All contracts have been awarded and all include EMPs cleared by ADB and applicable conditions of national EIA/IEE clearance. [add comment]</p>	On track
	<p>**For turnkey/DBO projects, EMP(s) should be updated as needed to reflect detailed engineering design and cleared by ADB prior to</p>	<p>4. No. Not all contracts are awarded. Contracts under bidding include EMPs cleared by ADB and applicable conditions of national EIA/IEE clearances. All awarded contracts included EMPs cleared by ADB and any conditions of applicable national EIA/IEE clearance. [add comment]</p>	On track
	<p></p>	<p>5. No. Not all contracts are awarded. Contracts under bidding do not contain EMPs cleared by ADB and/or any conditions of any national EIA/IEE [explain]. All awarded contracts included EMPs cleared by ADB and any conditions of any national EIA/IEE clearance.</p>	For attention
	<p></p>	<p>6. Yes. Awarded contract is turnkey/DBO/engineering, procurement, and construction (EPC)** but it includes an outline design-based EMP cleared by ADB and any conditions of any national EIA/IEE clearance. [add comment]</p>	On track
	<p></p>	<p>7. Yes. Awarded contract is turnkey/DBO/EPC** but it excludes an outline design-based EMP cleared by ADB and/or any conditions of any national EIA/IEE clearance. [explain]</p>	At risk
		<p>8. Yes. A standard contract was awarded without including EMP cleared by ADB and/or any conditions of any national EIA/IEE clearance. [explain]</p>	At risk
		<p>9. Yes. Corrective action (by contract variation or other means) has been taken following any contract award to</p>	On track

¹ All [explain] fields are mandatory. All [add comment] fields are discretionary.

Indicator	Assessment question	Response	Rating
	commencement of works in which case the contract will include an outline design based EMP(s)	incorporate EMP cleared by ADB and/or any conditions of any national EIA/IEE clearance into contract. [explain the nature of corrective action]	
2. Involuntary Resettlement (IR): No civil works contracts are awarded before final, detailed engineering design-based resettlement plan(s) (RP) are cleared by ADB	For any project outputs/components, are there any civil works contracts* that have been awarded by the borrower without ADB's clearance of final, detailed-engineering design-based RP(s)? <i>{Note: This includes project contracts outside ADB procurement process, and within the project's scope}</i> * Please refer to FAQ in guidelines for an additional clarification on the types of contracts and non-civil works activities to which this standard will be applicable.	1. Not applicable [explain, Cat C or FI (Category A for FI excluded)]	On track
		2. Unknown: Check this option if there is no accurate information and/or social safeguards specialist's confirmation is required on the status of RPs. [explain]	For attention
		3. No. All contracts have been awarded after final RPs/due diligence reports (DDRs) were cleared. [add comment]	On track
		4. Not all contracts awarded , with final RPs/DDRs still pending for those contracts. Any awarded contracts meet the requirement of RPs/DDRs being cleared (no other options apply). [add comment]	On track
		5. Yes. Contract(s) have been awarded, with some RPs/DDRs pending to be finalized on a section-by-section basis within a contract package – Validation of the sectional approach is ongoing. (no other options apply) [explain]	For attention
		6. Yes. Contract(s) have been awarded, with some RPs/DDRs pending to be finalized on a section-by-section basis within a contract package – Validation of the sectional approach is complete. (no other options apply) [explain]	On track
		7. Yes. A contract is turnkey/DBO/EPC, and it includes requirements for civil works to be conditional upon clearance of final RPs/DDRs (no other options apply) [add comment]	On track
		8. Yes. A contract is turnkey/DBO/EPC, but it excludes requirements for civil works to be conditional upon clearance of final RPs. [explain]	At risk
		9. Yes. A standard contract was awarded without ADB's prior approval of final RP/DDR. [explain]	At risk
		10. Corrective action has been taken , and detailed engineering design-based RPs were updated/prepared and cleared after contract award. [explain]	On track

Indicator	Assessment question	Response	Rating
3. Indigenous Peoples (IP): No civil works contracts are awarded before final, detailed engineering design-based Indigenous Peoples Plan(s) (IPP) are cleared by ADB.	For any project outputs/components, are there any civil works contracts* that have been awarded by the borrower without ADB's clearance of final, detailed-engineering design based IPP(s)? <i>[Note: This includes project contracts outside ADB procurement process, and within the project's scope]</i> * Please refer to FAQ 8 in guidelines for an additional clarification on the types of contracts and non-civil work activities to which this standard will be applicable.	1. Not applicable [explain, Cat C or FI (category A for FI excluded), or no update is required]	On track
		2. Unknown: Check this option if there is no accurate information and/or social safeguards specialist's confirmation is required on the status of IPPs. [explain]	For attention
		3. No. All contracts have been awarded after final IPPs were cleared. [add comment]	On track
		4. No. Not all contracts awarded, with final IPPs still pending for those contracts. [add comment]	On track
		5. Yes. Contracts have been awarded, with some IPPs pending to be finalized on a section-by-section basis. [explain]	For attention
		6. Yes. A contract turnkey/DBO/EPC but it includes requirements for civil works to be conditional upon clearance of final IPPs	On track
		7. Yes. A contract turnkey/DBO/EPC but it excludes requirements for civil works to be conditional upon clearance of final IPPs. [explain]	At risk
		8. Yes. A standard contract was awarded without ADB's prior approval of final IPP. [explain]	At risk
		9. Corrective action has been taken, and IPPs were updated/prepared and cleared after contract award. [explain]	On track
B. Project execution: Instruments			
4. ENV: Requisite national environment, health and safety clearances* and ADB environment safeguard clearances are obtained before commencement of applicable works.	For any project outputs/components with environmental impacts or risks, have the requisite national environment, health and safety clearances* and ADB environment safeguard clearances** been obtained before	1. Not applicable and/or no clearances required by any project outputs/components. [explain]	On track
		2. Not yet due, and/or no works requiring clearances were commenced prior to or during reporting period	On track
		3. Yes, all clearances were obtained for all works commenced prior to or during reporting period	On track
		4. Unknown, check this option if there is no accurate information and/or no monitoring report to base decision on, etc. [explain]	For attention

Indicator	Assessment question	Response	Rating
<p>* Including permits, consents, licenses etc.</p>	<p>commencement of applicable works</p> <p><i>* Including permits (e.g., forest permit), consents (e.g., consent to operate), licenses etc.</i></p> <p><i>** updated EIA/IEE reflecting design changes; for site access final, detailed design EMPs for turnkey/DBO contracts; environmental and social management system (ESMS) before first disbursement etc.</i></p> <p><i>*** national EIA/IEE clearance, including consent to establish [construction] and consent to operate [operation] in developing member countries (DMCs) where this is a requirement</i></p>	<p>5. No. National EIA/IEE clearance*** is obtained for project output/component but other clearances are missing for any works commenced prior to or during reporting period; time bound corrective action plan is in place to obtain them and the plan is 3 months or less overdue. [explain]</p>	<p>For attention</p>
		<p>6. No. National EIA/IEE clearance*** is obtained for project output/component but other clearances are missing for any works commenced prior to or during reporting period; no time bound corrective action plan in place to obtain them, or corrective action is more than 3 months overdue. [explain]</p>	<p>At risk</p>
		<p>7. No. National EIA/IEE clearance*** is missing for any works commenced prior to or during reporting period. [explain]</p>	<p>At risk</p>
		<p>8. Corrective action has been taken, and all clearances for all works commenced prior to or during reporting period have now been obtained. [explain]</p>	<p>On track</p>
<p>5. IR: No displacement occurs before all compensations are fully paid as confirmed by corresponding reporting. *</p> <p><i>*report definition as per Regional Department</i></p>	<p>For any project outputs/components, are there any civil works sites with involuntary resettlement impacts where access is granted to contractor(s) and economic and/or physical displacement occurs before compensations are fully paid to affected persons and other applicable assistance delivered in line with approved RP(s)?</p>	<p>1. No, all compensations/entitlements have been fully paid prior to displacement as confirmed by relevant ADB-cleared reports, for all project sites with involuntary resettlement impacts. (no other option applies). [add comment]</p>	<p>On track</p>
		<p>2. Not applicable [explain]</p>	<p>On track</p>
		<p>3. Unknown: Check this option if there is no accurate information and/or confirmation is needed from safeguards specialist. [explain]</p>	<p>For attention</p>
		<p>4. No access is given to sites where compensations are ongoing or pending. [add comment]</p>	<p>On track</p>
		<p>(e) Yes, [explain]</p> <p>5. Yes. Corrective action has been taken, and all compensations are now paid as</p>	<p>At risk</p> <p>On track</p>

Indicator	Assessment question	Response	Rating
		verified through relevant compliance reports cleared by ADB. [explain]	
C. Project execution: Project Grievances			
6. The project has a functioning grievance redress mechanism (GRM) and has no high-risk outstanding grievances related to implementation of safeguards.	Does the project meet both criteria below: (a) has a functioning GRM; and (b) has NO Accountability Mechanism Compliance Review Panel (CRP)-eligible complaint(s) on file?	1. Yes , the project meets both criteria (functioning GRM and no CRP-eligible complaint(s) on file). [add comment]	On track
		2. Unknown or no functioning GRM: check this option if there is no accurate information on GRM and/or any of the following applies: (i) GRM is not established to receive grievances, (ii) GRM is established but is not operational, (iii) nominated GRM persons are not mobilized, or nominated persons are not functioning in their role as required, (iv) grievances and/or their resolution are not being recorded, or (v) grievances are not being reported in monitoring reports. Check this option only if there is no CRP-eligible complaint on file. [explain]	For attention
		3. No , the project has an Accountability Mechanism (CRP)-eligible complaint(s) but Corrective Action Plan (CAP) implementation is on track for full compliance at end of CAP implementation period. [explain]	For attention
		4. No , the project has an Accountability Mechanism (CRP)-eligible complaint(s) but CAP still in development or NOT on track for full compliance at end of CAP implementation period. [explain]	At risk
D. Project execution: Project Safeguards Non-Compliance			
7. There are no outstanding non-compliances related to implementation of safeguards* *excluding non-compliances covered under Q1 through Q6	Does the project have any outstanding non-compliances* [can be notified by staff, external monitor, regulatory agencies, supervision consultants, borrower, or contractors]? *excluding non-compliances covered under Q1 through Q6	1. No [add comment, including if previously outstanding CAP actions have been completed]	On track
		2. Unknown , due to any of the following: (1) external monitor not yet appointed, (2) no recent review mission fielded, (3) monitoring report to base decision on being overdue, (4) Other. [explain]	For attention
		3. Yes . No time-bound CAP agreed for non-compliance. [explain: Indicate non-compliance issue, comment on the implications if continued non-compliance, and current implementation status]	At risk
		3. Yes . Still within time-bound CAP. [add comment]	On track
4. Yes . Implementation of time-bound CAP actions overdue for 3 months or less.	For attention		

Indicator	Assessment question	Response	Rating
		[explain, including how long overdue and action to get back on track]	
		5. Yes. Implementation of time-bound CAP actions overdue for more than 3 months. [explain, including how overdue and action to get back on track]	At risk
E. Project execution: Monitoring			
8. Scheduled monitoring reports* are submitted as per agreed schedule, commencing date loan effectiveness <i>*Includes periodic FI implementation status reports</i>	Is the project up-to-date with the scheduled monitoring reports?	1. Not applicable. Cat C or an FI treated as C. [add comment]	On track
		2. Yes. Submitted, reporting up to date or is within a grace period of one month. [add comment]	On track
		3. No. Not yet submitted, reporting is overdue for 12 months or less. [add comment, including frequency requirement and how overdue the reports are]	For attention
		4. No. Not yet submitted or undisclosed, reporting and/or disclosure is overdue for more than 12 months. [explain, including frequency requirement and how overdue the reports are]	For attention

ADB = Asian Development Bank, CAP = Corrective Action Plan, CRP = Compliance Review Panel, DDR = due diligence reports, DBO = design build operate, DMC = developing member country, EIA = environmental impact assessment, EMP = environmental management plan, ENV = environment, EPC = engineering, procurement, and construction, ESMS = environmental and social management system, FI = financial intermediation, GRM = grievance redress mechanism, IEE = initial environmental examination, IP = indigenous peoples, IPP = indigenous peoples plan, IR = involuntary resettlement, RP = resettlement plan.