

# Project Administration Instructions

PAI 5.01  
Revised December 2001  
Page 1 of 2

---

---

## EXECUTING AGENCY'S PROJECT PROGRESS REPORT

### A. Introduction

1. Loan regulations and loan and project agreements require the borrower and executing agency (EA) to provide ADB with reports and information it reasonably requests. These include the EA's periodic progress reports that enable the borrower, EA, and ADB to monitor project progress, become aware of problems during implementation, and assess whether the immediate project objectives will be met.
2. During loan processing, the borrower, EA, and ADB agree on the content, format, and timing for submitting progress reports, taking account of the nature of the project and the information and reporting systems of the borrower and EA. Generally, the borrower or EA submits the progress reports quarterly, regardless of progress achieved during the period. When little or no progress is achieved, the progress reports inform ADB of the reasons and problems delaying implementation or that may result in the immediate objectives not being met.

### B. Content and Format

3. The content of the progress report includes sufficient information in summary form to be useful to ADB as a funding agency. The purpose of the report is to enable the borrower, EA, and ADB to monitor the latest progress, become aware of current problems, and assess whether the project's immediate objectives will be met. More detailed reports are prepared by consultants or contractors for the project management office (PMO) or project implementation unit (PIU), and by the PMO or PIU for the EA's management. These reports are held at the PMO or PIU and are made available for ADB review, midterm review, and project completion review missions.
4. The progress report sent to ADB is an executive summary of the detailed reports; with format and content permitting ADB staff to readily capture key information for inputting into the project performance report (PPR)<sup>1</sup> as suggested in Appendix 1. When ADB requires detailed information (such as background to a particular problem), this is included as an appendix. Simple charts such as a bar or milestone charts to illustrate implementation progress, a chart showing actual versus planned expenditures, and the relationship between physical and financial performance are included. A framework and guidelines for calculating project progress and a sample implementation schedule are shown in Appendix 2.

### C. Procedure

5. A pro forma progress report with format and content agreed to by the borrower, EA, and ADB is appended to the processing mission's memorandum of understanding. The sector division or the regional or resident mission (RM) responsible for implementing the project provides the borrower or EA with an updated sample report after the loan is approved and before the project inception mission. This reminds the borrower or EA of ADB's progress reporting requirements. The sample report will be then

---

<sup>1</sup> The eventual goal is to automate reporting on project performance by borrowers or EAs; the use of PPR templates and ADB web site are being considered. At present, not all EAs have Internet access and they can only receive PPRs through the Lotus Notes database in the regional or resident missions.

incorporated in the project administration memorandum to be discussed and finalized during the project inception mission (PAI 1.05).

6. The PPR is the main tool for monitoring project implementation performance within ADB (PAI 6.05). PPRs for "satisfactory" projects are updated at least quarterly as well as after project review missions. PPRs for "unsatisfactory" and "partly satisfactory" projects are updated more frequently. The following procedures apply:

- The project staff captures key information from the progress report and updates the PPR.
- The project staff then recommends any proposed actions to the project administration unit (PAU) head.
- If the PAU head approves the recommendations, the sector division or RM responsible for implementing the project conveys ADB's comments or recommendations on the report to the borrower or EA. In so doing, a copy of the updated PPR resulting from the progress report may be incorporated.
- Where necessary, a special project administration mission is sent to resolve serious problems in advance of the next scheduled review mission,
- All departments and offices have access to the updated PPR, and a copy of the progress report is sent only to the concerned parties. For example, in the case of major changes or problems concerning financial matters, submission of the EA's progress report to the Loan Administration Division (CTLA) may help process withdrawal applications when the project involves force account works, or where a significant disparity is observed between progress and disbursement.

7. If a progress report is not received within two weeks of the scheduled date of receipt, the sector division or RM responsible for implementing the project sends a reminder immediately to the borrower or EA. Repeated delays in sending progress reports are recorded in the PPR and discussed with the borrower or EA by the project review mission.

## **Pro Forma of the Executing Agency's Project Progress Report**

### **A. Introduction and Basic Data**

Provide the following:

- ADB loan number, project title, borrower, executing agency(ies), implementing agency(ies);
- total estimated project cost and financing plan;
- status of project financing including availability of counterpart funds and cofinancing;
- dates of approval, signing, and effectiveness of ADB loan;
- original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- date of last ADB review mission.

### **B. Utilization of Funds (ADB Loan, Cofinancing, and Counterpart Funds)**

Provide the following:

- cumulative contract awards financed by the ADB loan, cofinancing, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- cumulative disbursements from the ADB loan, cofinancing, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

### **C. Project Purpose**

Provide the following:

- status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- an assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- other project developments, including monitoring and reporting on environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

#### **D. Implementation Progress**

Provide the following:

- assessment of project implementation arrangements such as establishment, staffing, and funding of the PMO or PIU;
- information relating to other aspects of the EA's internal operations that may impact on the implementation arrangements or project progress;
- progress or achievements in implementation since the last progress report;
- assessment of the progress of each project component, such as,
  - recruitment of consultants and their performance;
  - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
  - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules and budgets, the reference framework or guidelines in calculating the project progress including examples are shown in Appendix 2); and
- an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.

#### **E. Compliance with Covenants**

Provide the following:

- the borrower's compliance with policy loan covenants such as sector reform initiatives and EA reforms, and the reasons for any noncompliance or delay in compliance;
- the borrower's and EA's compliance with financial loan covenants including the EA's financial management, and the provision of audited project accounts or audited agency financial statements; and
- the borrower's and EA's compliance with project-specific loan covenants associated with implementation, environment, and social dimensions.

#### **F. Major Project Issues and Problems**

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

## **Framework and Guidelines in Calculating Project Progress**

### **A. Introduction**

1. To ensure that all implementation activities are reflected in measuring implementation progress against the project implementation schedule, the term "physical completion" in the PPR has been changed to "project progress."
2. Physical and precommencement activities are considered in calculating project implementation progress. These activities, which may include recruitment of consultants, capacity building, detailed design, preparation of bid and prequalification documents, etc., could constitute a significant proportion of overall implementation and therefore should be counted.
3. Each activity in the implementation schedule will be weighted according to its overall contribution (using time as a reference) to progress of project implementation. These weights will then be used to calculate the percentage of project progress along the entire time span of the project. This is to provide a holistic view of the pace of implementation.

### **B. Framework for Compiling Activity List and Assigning Weights**

4. As implementation activities and their corresponding weights will vary according to the type of project, sector, and country, sector divisions or RMs will be responsible for determining and including them in the project administration memorandum. The actual project implementation progress of these activities should be reported regularly through the EA's quarterly project progress report. To ensure ADB-wide consistency, the following framework has been established; its application will be monitored through the PPR.

#### **1. Compilation of Activity List**

5. Sector divisions or RMs concerned should identify major implementation activities and include them in the implementation schedule, which is attached as an appendix in the report and recommendation of the President (RRP). The implementation schedule should follow the critical path of the project's major activities in project implementation taking account of various country, sector, and project constraints.

#### **2. Assignment of Weights**

6. Corresponding weights for each activity should be assigned to ensure that "project progress" measures the percentage of achievement (nonfinancial except when the project has credit components) for all events during the entire duration of the implementation schedule. To avoid disproportionate assignment of weights, to the extent possible these should be evenly distributed along the implementation schedule. When activities are concurrent, avoid "double counting."

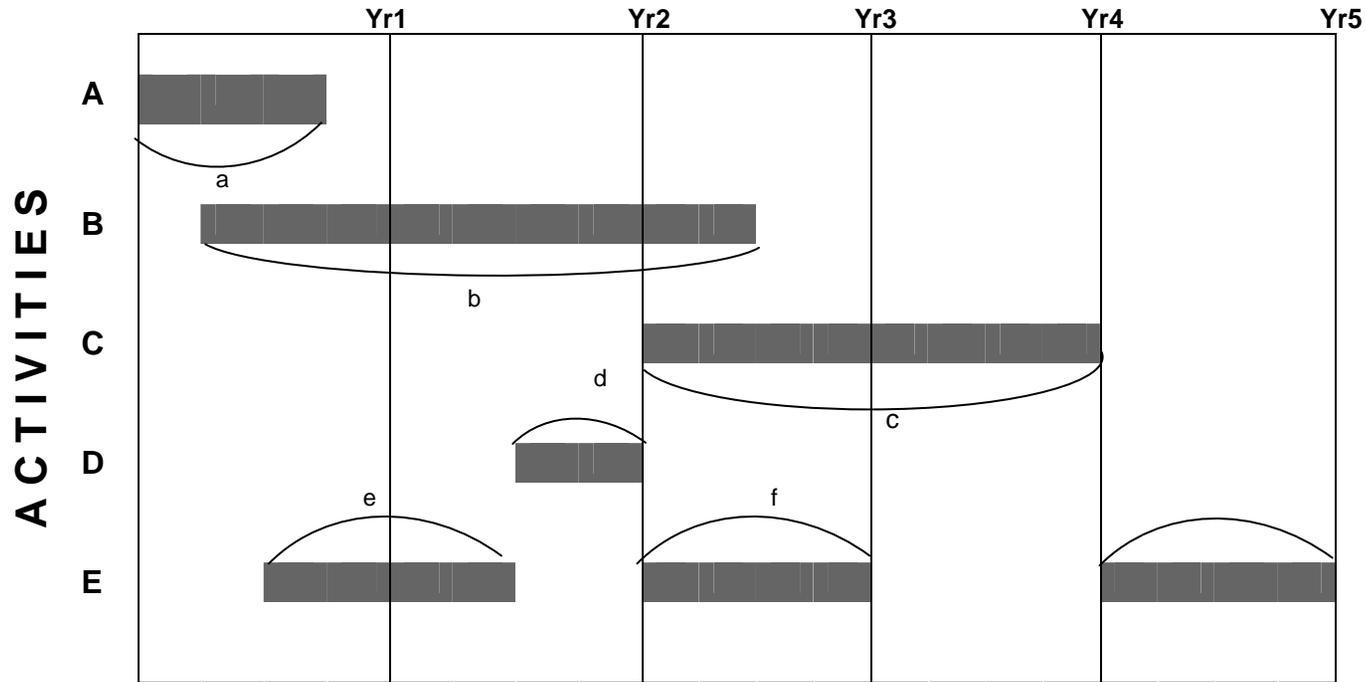
#### **3. Computation of Project Progress**

7. Once all activities are identified and corresponding weights assigned, project progress should be calculated using the following steps:

- (i) Determine the actual percentage progress (nonfinancial) of each activity.
- (ii) Multiply these percentages by the assigned weight of each activity to arrive at the weighted progress.
- (iii) Add up the resulting weighted progress of all activities to determine the project progress.

Page 3 of this Appendix provides an illustration of this calculation using a generic sample implementation schedule and this Appendix, page 4 a specific example in the education sector.

### Implementation Schedule with Activities and Weights



1. Sum of all weights should equal 100 percent ( $a+b+c+d+e+f+g = 100\%$ ).
2. When calculating the percentage of "project progress," all completed activities should be counted as accomplished, regardless of when they were scheduled to be completed. For example, when calculating the percentage of "project progress" after year 3, if activity D is completed in year 3 rather than in year 2, it should still be included in the computation.
3. Total weight of each activity is as follows: Activity A-a; Activity B-b; Activity C-c; Activity D-d; and Activity E-e+f+g.
4. Project progress of a project is the summation of the actual percentage of progress for each activity multiplied by the total weight of each activity.

