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Government of India  
Ministry of Finance  
Department of Economic Affairs  
MI Division

New Delhi, the 1<sup>st</sup> December, 2011

Circular

**Subject:-Minimum Counterpart funding for World Bank and ADB Assisted projects**

1. Projects funded by the World Bank and the ADB usually have the following funding pattern:

- (a) External Assistance component
- (b) Counterpart fund by Governments / PSUs (in case of Central PSUs)
- (c) Funding by others (e.g. ULBs, Gram Panchayats, Public contribution etc.)

2. The policy for counterpart funding of projects assisted by the World Bank (IBRD/IDA) and the ADB has been considered in the Department of Economic Affairs. It has been decided that the minimum counterpart funding to be provided by the Governments/PSUs (in case of Central PSUs) for World Bank and ADB funded projects will be as follows:

- (i) Central Sector Project - 50% of project size
- (ii) State Sector Projects - 30% of project size
- (iii) State Sector Projects (Special Category States)- 20% of project size

3. For infrastructure sector projects which have their own revenue streams, the external assistance component will be further tailored to encourage co-financing and innovative financing.

4. For projects seeking to address disaster situations, the counterpart funding will be determined on case-to-case basis.

5. The External Assistance Component of State Projects will be passed on to the States as per the existing policy.



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1. All Union Line Ministries (Secretaries to the Departments/Ministries, Joint Secretaries Coordination) All State Governments (Chief Secretaries; Finance Secretaries)
2. PS to FM, Sr. PPS to Secretary (EA), PPS to SS (EA)
3. PS to Deputy Chairman, Planning Commission
4. Secretary, D/o Expenditure
5. All Joint Secretaries in Department of Economic Affairs
6. All Directors/Deputy Secretaries/Under Secretaries/Section Officers in MI Division.
7. O/o ED, World Bank, Washington DC, USA
8. O/o ED, ADB, Manila, Philippines
9. World Bank/ADB/IFAD offices, New Delhi
10. NIC, North Block (*with the request to adequately place this circular on the Ministry of Finance website*).



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