

No. PLG(EAP)I -1/ 2017-18-Misc.

Govt. of Himachal Pradesh
Planning Department

From

Addi. Chief Secretary (Finance & Planning) to the
Govt. of Himachal Pradesh, Shimla-2.

To

All the Administrative Secretaries,
Government of Himachal Pradesh.

Dated: Shimla-2, the

29th December, 2021

Subject: Modification in Guidelines & Procedure for preparing & posing State Sector proposals for funding under Externally Aided Project (EAPs) after launch of DEA's Web Portal for submitting PPRs to be considered by any External Donor Agency (ies).

Sir/Ma'am,

In continuation to this department letter of even Nos. dated 9th October, 2018 and 7th January, 2019 on the subject cited above, I am to say that in partial modification of above referred Guidelines & Procedure circulated by this department vide above referred letter dated 9th October, 2018 and 7th January, 2019 for seeking approval of State Government through State Level Screening Committee (SLSC) and further sending the proposal to Gol, following procedure will be adopted at State level for posing State Sector proposals to Gol for external funding from External Donor Agency(ies):

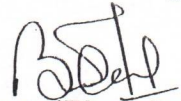
1. Any department of State Government proposing a project for funding under Externally Aided Projects from any of the External Donor Agencies, first of all, shall prepare the Draft Preliminary Project Report as per requirements of PPR format, available on the HP Planning Department website, and thereafter shall submit Hard Copy (only) of the same to the HP Planning Department for seeking approval of the State Level Screening Committee.
2. On getting proposal from concerned department, State Nodal Authority will seek the convenient date and time from Chairman of State Level Screening Committee (SLSC) for convening the meeting for approving proposal of concerned department and same will be intimated to Administrative Secretary of concerned department and all the other members of said committee.
3. The concerned department will prepare the memorandum for the consideration of SLSC on the basis of guidelines dated 8th October, 2018 and will give a presentation before the SLSC justifying their proposal keeping in view all the aspects of guidelines.

4. The SLSC will either approve or request concerned department to re-draft the PPR, as the case may be, on the basis of observations of various members of SLSC.
5. Once the proposal is cleared by SLSC, user Department's Nodal Officer will get oneself registered through link <https://eapdea.gov.in/ppr> of DEA, Gol. The registration details of Departmental user will be verified by the State Nodal Authority and the account of concerned official will be activated upon confirmation by State Nodal Authority. The User manual for operationalization of said online portal is also being enclosed for your ready reference.
6. The user Department will fill in the details of the approved PPR in the PPR form on the web-portal after signing in through her/his user account details. Upon completion of the PPR form, the user will submit the form online and submitted form will automatically appear in the account of the State Nodal Authority.
7. Thereafter, the State Nodal Authority will mark the PPR to concerned Line Ministry (ies) and /or NITI Aayog for concurrence. PPRs submitted & marked to Line Ministry (ies) will be reflected in the account of the Nodal Authority of concerned Line Ministry (ies).
8. The State Nodal Authority will be able to view/ reply to comments given by Central Line Ministries or NITI Aayog on submitted PPRs and in case of any clarifications sought on the submitted PPR, State Nodal Authority will reply through the web-portal itself after seeking the clarification from user department at state level.
9. Once comments/concurrence of other Line Ministries/Departments is received, the PPR will be marked to DEA by the State Nodal Authority. Once completed PPRs, with comments/ concurrence of Line Ministries/ Departments are received by DEA, DEA will take up the proposal in its Screening Committee Meeting. Meeting notices for the Screening Committee meeting to discuss the submitted PPR will be uploaded on the web-portal. Subsequently, minutes of said meeting will also be uploaded on the web-portal conveying the decision of Gol to State Government regarding approval/ rejection/ modification in respect of proposal under consideration.
10. In case of any modification, all sequent actions required to be taken by State Government will be taken through the said portal until project finally gets approved for external funding from Gol.
11. After approval by Gol through Screening Committee of DEA, Department of Economic Affairs, Ministry of Finance, Gol will further pose the proposal for funding to concerned external donor agency.

12. Subsequently, tripartite negotiations (Donor agency, Gol & State Government) will take place as per the extant guidelines of Gol till the project is finally approved by Donor agency and is successfully executed as per agreed timelines by the State Government.

Rest of the Guidelines & Procedure will remain same. The above mentioned modified guidelines are being issued for strict compliance with the request that no proposal for MDBs funding be forwarded to Govt. of India by concerned department through any other media. The projects forwarded to Gol via any other media or without the approval of said State Level Screening Committee may not be able to get any budgetary support for execution of the project.

Yours faithfully,



Advisor (Planning)
HP Shimla-171002.

No. PLG(EAP)1-1/2017-18-Misc.

Govt. of Himachal Pradesh
Planning Department

From

Addl. Chief Secretary (Finance & Planning) to the
Govt. of Himachal Pradesh, Shimla-2.

To

All the Administrative Secretaries,
Government of Himachal Pradesh.

Dated: Shimla-2, the 7th January, 2019.

Subject: Modification in Guidelines & Procedure for preparing & posing State Sector proposals for funding under Externally Aided Project (EAPs) after launch of DEA's Web Portal for submitting PPRs to be considered by the Fund Bank & ADB Division.

Sir/Madam,

Kindly refer to this department letter of even No. dated 9th October, 2018 on the subject cited above. Department of Economic Affairs, Ministry of Finance, Gol vide its office memorandum No. 07/02/2018/FB-II dated 25th October, 2018 has intimated the launch of *web-portal for online submission of the Preliminary Project Report (PPR) for seeking external assistance from Multilateral Development Banks (MDBs) from 1st November, 2018 (copy of OM dated 25th October, 2018 enclosed).*

In view of above, I am to say that Adviser (Planning) has been nominated as State Nodal Authority for operationalization of this portal and henceforth all the State sector proposals will be routed through said portal by Adviser(Planning) to the concerned Central Line Ministries, NITI Aayog and Department of Economic Affairs, Government of India. The registration of State Nodal Authority has already been done on said portal of Gol. Hence, in partial modification of above referred Guidelines & Procedure circulated by this department vide above referred letter dated 9th October, 2018, for seeking approval of State Government through State Level Screening Committee (SLSC) and further sending the proposal to Gol, following procedure will be adopted at State level for posing State Sector proposals to Gol for external funding from MDBs:

1. Any department of State Government proposing a project for funding under Externally Aided Projects from any of Multilateral Development Banks (MDBs) will get the Departmental Nodal Officer registered through link <https://eapdea.gov.in/ppr> of DEA, Gol and will perform all the subsequent activities on behalf of concerned department through said portal. The User Manual for operationalization of said online portal is also being enclosed for your ready reference.

Continued on P/2...

2. The registration details of Departmental user will be verified by the State Nodal Authority and the account of concerned official will be activated upon confirmation by the State Nodal Authority.
3. The PPR will be first drafted by a user department on the web-portal by signing-in through her/his user account details. Upon completion of the PPR form, the user will submit the form online and submitted PPRs will automatically appear in the account of the State Nodal Authority.
4. On getting proposal from concerned department, State Nodal Authority will seek the convenient date and time from Chairman of State Level Screening Committee (SLSC) for convening the meeting for approving proposal of concerned department and same will be intimated to Administrative Secretary of concerned department and all the other members of said committee.
5. The concerned department will prepare the memorandum for the consideration of SLSC on the basis of guidelines dated 8th October, 2018 and will give a presentation before the SLSC justifying their proposal keeping in view all the aspects of guidelines.
6. The SLSC will either approve or request concerned department to re-draft the PPR, as the case may be, on the basis of observations of various members of SLSC.
7. Once the proposal is cleared by SLSC, the State Nodal Authority will mark the PPR to concerned Line Ministry(ies) and/or NITI Aayog for concurrence. PPRs submitted & marked to Line Ministry(ies) will be reflected in the account of the Nodal Authority of concerned Line Ministry(ies).
8. The State Nodal Authority will be able to view/reply to comments given by Central Line Ministries or NITI Aayog on submitted PPRs and in case of any clarifications sought on the submitted PPR, State Nodal Authority will reply through the web-portal itself after seeking the clarification from user department at state level.
9. Once comments/concurrence of other Line Ministries/Departments is received, the PPR will be marked to DEA by the State Nodal Authority. Once completed PPRs, with comments/concurrence of Line Ministries/ Departments are received by DEA, DEA will take up the proposal in its Screening Committee Meeting. Meeting notices for the Screening Committee meeting to discuss the submitted PPR will be uploaded on the web-portal. Subsequently, minutes of said meeting will also be uploaded on the web-portal conveying the decision of GoI to State Government regarding approval/rejection/modification in respect of proposal under consideration.

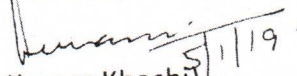
Continued on P/3...

10. In case of any modification, all subsequent actions required to be taken by State Government will be taken through said portal until project finally gets approved for external funding from Gol.
11. After approval by Gol through Screening Committee of DEA, Department of Economic Affairs, Ministry of Finance, Gol will further pose the proposal for funding to concerned external donor agency.
12. Subsequently, tripartite negotiations (Donor agency, Gol & State Government) will take place as per the extant guidelines of Gol till the project is finally approved by Donor agency and is successfully executed as per agreed timelines by the State Government.

Rest of the Guidelines & Procedure will remain same. As there may be certain variations in the PPR format circulated to the departments earlier and one being used in the said portal, it is suggested that the departmental users get registered on the said portal before preparing PPR so as to make themselves acquainted with format and accordingly submit the same online for seeking approval of State Level Screening Committee and subsequently sending to concerned Line Ministry(ies) and/or NITI Aayog and DEA through said portal by the State Nodal Authority for concurrence.

The above mentioned modified guidelines are being issued for strict compliance with the request that no proposal for MDBs funding be forwarded to Govt. of India by concerned department through any other media. The projects forwarded to Gol via any other media or without the approval of said State Level Screening Committee may not be able to get any budgetary support for execution of the project.

Yours faithfully,


(Anil Kumar Khachi)

Addl. Chief Secretary (Finance & Planning) to
the Govt. of Himachal Pradesh, Shimla-171002.
Tel. No. 0177-2620560.

Urgent

No. PLG(EAP)1-1/2017-18-Misc.

Govt. of Himachal Pradesh
Planning Department

From

**Addl. Chief Secretary (Finance & Planning) to the
Govt. of Himachal Pradesh, Shimla-2.**

To

**All the Administrative Secretaries,
Government of Himachal Pradesh.**

Dated: Shimla-2, the 23rd March, 2019.

**Subject: Revised procedure for preparation & posing of Preliminary
Project Report (PPR) in respect of AFD, JICA, GIZ, KFW and
all other Bilateral Agencies for externally aided projects-
regarding.**

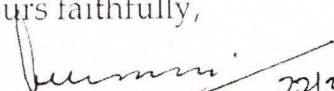
Sir/Madam,

Kindly refer to this department letters of even No. dated 9th October, 2018 & 7th January, 2019 vide which *launch of web-portal* by Department of Economic Affairs, GoI for *online submission of the Preliminary Project Report (PPR) for seeking external assistance from Multilateral Development Banks (MDBs)* was intimated to you for compliance as per requirement of DEA, GoI.

In continuation of above mentioned reference, I am to enclose a copy of letter No. 1/17/2018-G&F dated 11th March, 2019 alongwith its enclosures received from Under Secretary (Germany & France Section) to the Govt. of India, Department of Economic Affairs, New Delhi on the subject cited above for further necessary action. While earlier instructions issued vide our above referred letters were applicable only to Multilateral Development Banks (MDBs), the same have now been extended to all the Bilateral Agencies like AFD, JICA, GIZ, KFW and others as well. *Henceforth, all the proposals whether they are for MDBs funding or funding from Bilateral Agencies would only be considered through said web portal of Department of Economic Affairs as per guidelines & procedures intimated to you vide our earlier letters dated 9th October, 2018 & 7th January, 2019.*

The revised procedure in respect of procedure for seeking financial assistance from Bilateral Agencies is also being intimated for compliance. It is requested that proposals for funding from MDBs as well as bilateral funding be forwarded to Govt. of India by concerned departments only through web-portal of Department of Economic Affairs, GoI.

Yours faithfully,


(Anil Kumar Khachi), 23/3/19

o/c
Addl. Chief Secretary (Finance & Planning) to the
Govt. of Himachal Pradesh, Shimla-171002.
Tel. No. 0177-2620560.

No. 1/17/2018-G&F
Government of India/ भारत सरकार
Ministry of Finance/ वित्त मंत्रालय
Department of Economic Affairs/ आर्थिक कार्य विभाग
Germany & France Section / जर्मनी & फ्रांस अनुभाग

North Block, New Delhi
Dated the 11th March 2019

To

1. All Chief Secretaries of States and Union Territories
2. Line Ministries concerned

Subject: Revised procedures for preparation and posing of Preliminary Project Report (PPR) in respect of AFD, JICA, GIZ, KFW and all other Bilateral Agencies for externally aided projects -regarding.

Madam/ Sir,

The undersigned is directed to inform that as per the revised procedure for considering project proposals received from state government/ central ministries/ departments and other Project Implementing Agencies for externally aided projects from bilateral and MDB agencies, the proposals are placed before the Screening Committee of DEA which is held on a monthly basis for examination, recommendation/rejection of such proposals.

2. The procedure for submitting PPR has also been made online (online link <https://eapdea.gov.in/ppr>). It has been decided that only those proposals which have been submitted online will be considered by the Screening Committee. Therefore, all Central Ministries/ Departments, State Governments and other Project Implementing Agencies are requested to submit their PPR through the online mode only. Hard copy of the PPR will be accepted only after the PPR has been submitted online.

3. While submitting the PPR in the online portal the following should be ensured:

- 1). The PPR should be filled properly, **counterpart funding** as per DEA Circular No. 04/01/2011-FB-II dated 1st December 2011 (copy enclosed) must be clearly indicated and the PPR should have the **approval of the competent authority.**
- 2). The PPR must be addressed/ marked to all the Line Ministries concerned. For central sector project, the PPR should be marked to **NITI Aayog** also. For North Eastern (NE) and J&K states the PPR should be referred/ marked to MEA and MHA

17/3
R/S (Praj)
13/03/19
ARD (EAP)

including DoNER is case of NE projects. The hard copy of the PPR should be submitted through the concerned line ministry.

4. The detailed instructions for registration and submission of PPR through the online portal are enclosed for reference.

5. This issues with approval of the competent authority.

Encl: a/a

Vyomesh

11/03/2019

(Dr Vyomesh Pant)

Under Secretary to the Govt. of India

Tel: 2309-5125

Email: vyomesh.pant38@nic.in

Copy to:

Website of DEA, MoF

No. 04/01/2011-FB-II
Government of India
Ministry of Finance
Department of Economic Affairs
MI Division

New Delhi, the 1st 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.


(NilayaMitash)
Director (MI)
Tel. No. 2309 2387

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 SE (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*).


(NilayaMitash)
Director (MI)

F. No. 07/02/2018/FB-II
Government of India
Ministry of Finance
Department of Economic Affairs
(Fund Bank & ADB Division)

North Block, New Delhi
Dated October 25, 2018

OFFICE MEMORANDUM

Subject: Launch of DEA's Web Portal for submitting the Preliminary Project Report (PPR) to be considered by the Fund Bank and ADB Division for seeking external assistance from MDBs from November 1, 2018 -reg.

The undersigned is directed to refer to OM of even number dated October 10, 2018 (copy enclosed) informing that the submission of the Preliminary Project Report (PPR) to be considered by the Fund Bank and ADB Division for seeking external assistance from MDBs would be made online through DEA's Web Portal from **November 01, 2018**. In this regard, DEA has held two presentations on July 23, 2018 and October 23, 2018 for familiarization with the working of the web portal (copies enclosed).


2. It may be noted that DEA would continue to accept PPR offline (through post/email) for seeking external assistance from MDBs during the period **November 1, 2018 to December 31, 2018**. However, all such **proposals would be processed only when the PPR is also submitted online on DEA's web portal** for the same.

3. **PPR Proposals submitted w.e.f. January 1, 2019 will be accepted only through DEA's web portal.**

4. DEA's web-portal for online submission of the PPR can be accessed at the following link:
<https://eap/dea.gov.in/ppr>

5. It is requested that registration of nodal authorities [Additional Chief Secretary/ Principal Secretary (Finance Department)] may kindly be done/confirmed by contacting NIC [Mr Sanjeev Mathur, Technical Director, NIC; Email: sanjeevm@nic.in; Phone: 011-23095136]. Registration of other state government officials may also be done once the Nodal Authority from the state is registered. It is requested to kindly contact the aforementioned official from NIC in case of any issues/queries regarding the web-portal.

(Encl: As above)


(Bandana Preyashi)
Director (WB)

E-Mail: bandana.preyashi@gov.in
Tel No: 23092345

To:
All Chief Secretaries of State Governments as per list attached.

969966/2018/FB-II

DEA's Web-Portal for seeking external assistance from MDBs

USER MANUAL

DEA's web-portal for seeking external assistance from MDBs can be accessed at the following link
<https://eapdea.gov.in/ppr/>

1. Timeline:

- i. The Web Portal for online submission of the Preliminary Project Report (PPR), to be considered by the Fund Bank and ADB Division, for seeking external assistance from MDBs will be launched from **November 1, 2018**.
- ii. DEA would continue to accept PPR offline (through post/email) for seeking external assistance from MDBs during the period **November 1, 2018 to December 31, 2018**. However, all such proposals would be processed only when the PPR is also submitted online through DEA's web portal for the same.
- iii. PPR Proposals submitted w.e.f. **January 1, 2019** will be accepted only through DEA's web portal

2. User Registration:

i. Registration of Nodal Authority:

- i. **Central Ministries/Departments:** Registration of one Nodal Authority for each Central Ministry/Department (of the rank of JS and above) must first be done/confirmed by contacting NIC [Mr Sanjeev Mathur, Technical Director, NIC; Email: sanjeevm@nic.in; Phone: 011-23095136].
- ii. **State Governments:** Registration of one Nodal Authority for each State Government (of the rank of ACS/Principal Secretary Finance) must first be done/confirmed by contacting NIC [Mr Sanjeev Mathur, Technical Director, NIC; Email: sanjeevm@nic.in; Phone: 011-23095136].

ii. Registration of other users:

- i. Registration of other officials from Central Ministries/Departments and State Governments may be done through the web-portal. Registration details of other users, once submitted on the web-portal, will be forwarded to the Nodal Authority of the Central Ministry/Department or State Government, as applicable, for verification. The verification may be done by clicking on "User Creation" -> "User Verification" -> "Activate"
- ii. The account of the concerned official will be activated upon confirmation by the Nodal authority.
- iii. Created accounts may be disabled by the Nodal authority, if needed, by clicking on "User Creation" -> "User Verification" -> "Disable"

3. Filling and Submission of PPR:

- i. The PPR can be first drafted by a user (other than the nodal authority) on the web-portal by signing-in and clicking "PPR Details" -> "Create PPR". The PPR can be saved at each stage if needed. Upon completion of the PPR form, the user may submit the PPR form.
- ii. Submitted PPRs will get reflected in the account of the concerned nodal authority of the originating Central Ministry/Department or State Government, as the case may be.

4. **Verification of PPR by Nodal Authorities and Marking to Line Ministries/Departments:**
 - i. PPRs submitted by other users will appear in the account of the concerned nodal authority.
 - ii. The nodal authority may choose to edit/delete the PPR, if needed.
 - iii. The nodal authority will be responsible for marking the PPR to concerned Line Ministry(ies) and/or NITI Aayog for concurrence by clicking on "PPR Details" -> "PPR Mark" > "Select PPR" and selecting all applicable Ministries/Departments (some default Ministries/Departments may already be selected depending on whether the project is a Central/State (Special Category/Other project).
5. **Comments/Concurrence of Line Ministries/Departments**
 - i. PPRs submitted and marked to Line Ministry(ies)/Department(s) by the Nodal authority of the originating entity will be reflected in the account of the Nodal authority of the concerned to Line Ministry(ies)/Department(s).
 - ii. Comments on individual PPRS can be recorded by clicking on "Comments" -> "Record Comments".
6. **Responding to comments and sending reminders:**
 - i. The Nodal authority of the originating entity (Central/State) will be able to view/reply to comments on submitted PPRs by clicking "Comments" and then choosing the relevant option.
 - ii. In case of any clarifications sought on the submitted PPR, originating entities (Nodal authority) will be able to reply through the web-portal itself by clicking "Record Comments/Reply"
 - iii. In case of delay in receiving concurrence/comments of Line Ministries/Departments, originating entities (Nodal authority) will be able to send reminders by clicking on "Comments" -> "View Comments" -> "Send Reminder"
7. **Submission of PPR to DEA:**
 - i. Once comments/concurrence of other Line Ministries/Departments are received, the PPR may be marked to DEA by the Nodal authority of the originating entity by clicking "PPR Details" -> "Send to DEA" and following the instructions displayed.
8. **Consideration of PPR by DEA**
 - i. Once completed PPRs, with comments/concurrence of Line Ministries/Departments are received, by DEA, DEA will take up the proposal in its Screening Committee Meeting (usually held monthly)
 - ii. Meeting Notices for the Screening Committee Meeting to discuss the submitted PPR will be uploaded on the web-portal and can be viewed by clicking on "Meeting Details" -> "View Meeting"
 - iii. Subsequently, Minutes of the Screening Committee meeting will be uploaded on the web-portal and can be viewed by clicking on "Meeting Details" -> "View MOM"

Technical Queries/Difficulties: If any, may be resolved by contacting NIC [Mr Sanjeev Mathur, Technical Director, NIC; Email: sanjeevm@nic.in; Phone: 011-23095136]

No. PLG(EAP)1-1/2017-18-Misc.

Govt. of Himachal Pradesh
Planning Department

From

Addl. Chief Secretary (Finance & Planning) to the
Govt. of Himachal Pradesh, Shimla-2.

To

All the Administrative Secretaries,
Government of Himachal Pradesh.

Dated: Shimla-2, the 09th October, 2018.

Subject: Guidelines & Procedure for preparing and posing State Sector proposals for funding under Externally Aided Project (EAPs).

Sir/Madam,

I am to draw your attention towards this department letter No. PLG(EAP)1-2/ 2010-11 dated 13th April, 2010 on the subject cited above vide which procedure for posing proposals of state sector for external funding was forwarded to all the departments for compliance.

Department of Economic Affairs, Ministry of Finance, GoI acts as Nodal Department for giving effect to bilateral/multilateral relations with the concerned country/international institution and posing all the projects on behalf of any Central Ministry as well as State Government for external assistance from these donor agencies. The priorities & procedural requirements at the level of GoI and donor agencies keep changing with the changes in economic scenario. It is not possible for DEA to negotiate with Central Ministries as well as State Governments on case to case basis on priorities & procedural requirements of each & every donor agency. Hence, to ensure uniformity with Central Ministries/State Governments and to keep pace with the changing policies of donor agencies for extending external aid under Official Development Assistance, DEA issues guidelines from time to time to the Central Ministries/State governments for posing project under Externally Aided Projects (EAPs).

It has come to the notice of State Government that some of the departments of State Government are approaching Government of India directly without concurrence of Finance & Planning Department which may result in difficulty in providing State share in the shape of counterpart funding which is mandatorily required for making budgetary provisions for such externally aided projects.

Continued on P/2...


all

Keeping in view all such exigencies and to avoid any future repercussions at State level, State Government has constituted a State Level Screening Committee under the Chairmanship of Administrative Secretary (Finance & Planning) to scrutinize and approve all such proposals of State sector projects.

To keep pace with these changing policies of donor agencies and to assess State Government's ability to make a commitment to meet State share under these projects, the State Government has decided to reconsider the procedural requirements of the State Government for posing projects of various sectors to external funding agencies. Accordingly, "Guidelines & Procedure for preparing and posing State sector proposals for funding under Externally Aided Projects (EAPs)" have been prepared and are being enclosed at Annexure-A for compliance by all the departments of State Government for posing proposals for external funding.

The above referred guidelines are being issued for strict compliance with the request that no proposal under EAP be forwarded to Govt. of India by concerned department without taking the approval of state level committee constituted for the very purpose. The projects forwarded to Gol without the said committee's commitment may not be able to meet fund requirement on account of State share.

Yours faithfully,


(Anil Kumar Khachi) 2/8/8

Addl. Chief Secretary (Finance & Planning) to the Govt. of Himachal Pradesh, Shimla-171002.

Tel. No. 0177-2620560.

Guidelines & Procedure for preparing and posing State Sector Proposals for funding under Externally Aided Projects.

All the foreign assistance from multilateral/bilateral agencies is being procured and coordinated by GoI through Department of Economic Affairs in respect of all the proposals of States as well as Centre. It has a role in terms of prescribing limits, if any, for external borrowing sector-wise or lender-wise, developing a pipeline of projects, negotiating external assistance and monitoring implementation. No Ministry/State can reach & contact donor agency directly. The priorities & procedural requirements vary from donor agency to donor agency as per bilateral/multilateral relations with the concerned country/international institution and also keep on changing with the passage of time. External aid made available to GoI in the form of loans, credits and grants forms part of the resources generated for implementing the schemes and projects. It finances a percentage of the expenditure. Expenditure not covered by external aid has to be provided in the budget as counterpart funding.

There is a standard procedure laid down by Department of Economic Affairs (DEA), GoI for State Governments, while preparing a proposal for funding from an external funding agency. At the State level the State Government has also constituted a State Level Screening Committee under the Chairmanship of Additional Chief Secretary(Finance and Planning) to review/approve such proposals of external funding. Similar mechanism has also been desired at the State level while posing a proposal for funding from an external funding. The procedural requirements of the DEA, Ministry of Finance, GoI and the Planning & Finance Department at the State level are as follows:

Procedural Requirements of DEA, Ministry of Finance, GoI .

Following points need to be considered for each and every proposal While preparing a proposal in respect of State Sector projects for funding from an external funding agency:

1. Generally, it is the past experience that any proposal for EAPs from the State is often prepared in a fashion which only reflects the State's individual needs of a specific sector & and in no way reflects the current priorities and procedures of Donor Agency to which State intends to pose such proposal. Being the nodal department for the entire nation, DEA is not in a position to rewrite such proposals and hence such proposals often get simply rejected by the Donor Agency as they do not fit into that particular Donor's current programs or guidelines for funding. Hence, departments at State level while preparing a proposal

need to check each donor's priorities for both India and the World and the priorities of the donor agency that the State intends the DEA to approach, should be clearly reflected in the proposal.

2. Donor agencies are generally reluctant to fund projects that are not formally approved by the State Government as being of high priority to that State. The donor agencies sometimes need to be given information on how the State has ensured that State inputs will be effectively supplied to the proposed project, on-time and on-budget during the life of the project. Counterpart funding has been made an integral part of any externally aided project so as to ascertain the degree of commitment of the State towards the project being posed and that the project is in a demonstrated priority area of the State. Evidences of such commitments/priority should be reflected in proposed project itself. Donor Agencies need to be convinced that the proposed project has support at the highest level of Government in the State.
3. All the issues related to standardization of units etc. also need to be addressed in accordance with the stated policies, strategies and procedures of the chosen donors. State itself should give consideration to these matters prior to submission of the proposal. E.g. lakhs be expressed as 100,000 and crores as 10,000,000. It is often advantageous to express units of measure in the metric system rather than in imperial units as this avoids misunderstanding at the donor end as a result of incorrect conversions.
4. It is very important that state/central funded projects & previous phases under EAPs implemented by the department are clearly referred to in the proposal for EAP funding for increasing the chances of approval of present proposal as it provides donor agency with a degree of comfort concerning the State's/implementing agency's capacity to manage such a project. Careful study of previous projects of the same type as proposed, also reveal flaws that have hindered the sustainable outcomes of the projects under the Lesson Learned by informal discussions with proposed Donor Agency. The State's EAP proposal should, where possible, refer to such lessons learned, and demonstrate to the proposed donor how the new proposal has taken note of these lessons. It is suggested that all the implementing departments should prepare simple databases on all previous major projects implemented by the department so that same could be used to generate factual material on similar projects.

5. With the increased flow of proposals to DEA/Donor agencies for funding under EAPs, Donor Agencies are now far more interested in achievement of sustainable milestones and outcomes of EAPs than the simple expenditure of funds. Donor agencies need to be convinced that the State can effectively manage the proposed project. Many projects involve a substantial financial, personnel resource and physical resource allocation by the State to complement the external inputs. With main focus on expenditure & it's reporting to Auditing/Accounting agencies of GoI, projects do lack in

providing monitoring and evaluation of other project outcomes. Therefore it is important for departments to carefully describe the existing resources and systems for project monitoring and evaluation in their EAP proposal.

6. The DEA is the official channel for all EAPs of State to Donor Agencies. DEA desk officers are in contact with all EAP funding agencies and have a clear understanding of donor priorities and procedures. Informal discussions with the DEA desk officers responsible for a particular country or agency can provide valuable assistance in proposal preparation.
7. Once the State line agency, the State planning/finance authority and State Level Committee for EAPs have addressed all of the issues and potential donor agency is finalized on the basis of State priorities & guidelines of donor agency, the implementing agency of the State/PMU can have an insight into possible areas of their proposed project, which need to be strongly focused upon in any future formal proposal by arranging an informal visit to DEA to have an informal meeting, where possible, with officials of concerned division in DEA & donor agency that appears to be the most likely to grant funding to the project proposed as most agencies are willing to informally discuss project proposals from the States. This visit should focus on the broad suitability of the project proposed to that particular donor. This visit should never aim at gaining any form of formal approval from that agency, as it is clear GOI policy that any formal approach to any donor agency can only be made by the DEA. Donor involvement at an early stage of EAP proposals can often eliminate later problems and possible hold-ups.
8. Involvement of the State's Finance/Planning Department is essential for State Government for ensuring that EAP proposals are of good quality, financial viable and accurately reflect approved State policies and

priorities. This will be ensured by State level Committee constituted under the chairmanship of Additional Chief Secretary (Finance/Planning) for approving the State Sector projects for funding under EAPs.

9. As all the donor agencies follow different financial year/cycle, concerned State authorities should familiarise themselves with the Project Cycle of the chosen donor so as to avoid wastage of human as well as material resources as the State would have to wait until project funding could become available again. This will also give a realistic time frame for posing the proposed project.
10. As all the components & activities proposed under the projects are to be translated into financial terms, hence, project costing is a specialized area relying upon a good commercial knowledge of current market pricing both in India and international level. As is clear from the guidelines of most of the

donor agencies, local staffing, land acquisition costs, project office establishment, rental and operational costs, recurrent project operational costs

such as vehicles or other transport costs, local labour wages and residential costs, local Government officers involved in the project's wages and residential costs etc. should often be paid for by the recipient State/Government rather than the Donor Agency and therefore should be included in counterpart funding portion (own contribution part/local cost) of the project proposal rather than in the request for funding from the Donor Agency.

11. For avoiding unnecessary delays, implementing agencies should nominate a project-related person as contact person who should be constantly accessible and with whom the Donor Agency can correspond on a regular basis. Given the frequent position changes of senior Government officials, each department must establish a "chain of command" for each EAP proposal concerned that will provide the donor with an assurance that the project will continue to be well managed over the project proposal, and subsequently implemented project life.
12. Depending on the Donor Agency and type of external assistance sought, State must establish and adhere to a Work plan for each proposal. It is often observed that once an EAP is submitted to the DEA,

no one from the implementation department/State follow-up the same and such projects often are put into the list of dormant projects thereby resulting in the wastage of resources & efforts. If a Work plan is set from the very start, constant checks can be made on what is happening to the proposal and required amendments be made as & when required. This will ensure rapid project proposal turnaround.

13. As there is very large competition for EAPs in India amongst all the States, only well conceived, prepared & good-looking proposal will always have more chance of success than a common, unprofessional in its presentation proposal. Hence, spell checking, choice of words, use of technical terminology etc. should be used rigorously on each and every proposal through Desktop Publishing mechanism.

All the details about donor agencies, concerned contact authorities in Department of Economic Affairs and guidelines of GoI for availing external assistance under Externally Aided Projects can be accessed from the following links of Bilateral Cooperation & Multilateral Institutions Divisions:

<https://dea.gov.in/divisionbranch/bilateral-cooperation-division>

and

<https://dea.gov.in/divisionbranch/multilateral-institutions-division>

Procedural Requirements of State Level Screening Committee from the concerned Departments for posing proposals for external funding.

On the analogy of procedural requirements of GoI and consequent upon the amendment in the Guidelines of Government of India for posing, implementation and monitoring of externally aided projects dated 17th May, 2018, before routing the State Sector proposals to GoI, all such proposals henceforth will be reviewed/approved by a State level screening committee constituted by Finance Department vide letter No. Fin-2-C(12)-4/2011-II dated 12th June, 2018 (copy enclosed) before sending to GoI.

The following procedure is to be followed at State level for posing a project for external financing enclosing the documents mentioned there-against:

- Concept paper for the Project on the latest format i.e. Preliminary Project Report (PPR) as modified by GoI & circulated to all Administrative Secretaries of Government of Himachal Pradesh by Planning Department vide letter No.

PLG(EAP)1-1/2017-18-Misc dated 9th April, 2018 is to be prepared as per "Guidelines for posing, implementation and monitoring externally aided projects issued by DEA vide letter No. 3/3/2004-PMU dated May 9, 2005 further amended vide F. No. 3/9/2015-BPC&T dated 17th May, 2018. Guidelines issued by State Government vide letter No. PLG(EAP) 1-1/2010 dated 13th April, 2010 may also kindly be adhered to strictly while preparing the proposals for external funding.

- State Sector proposals are to be routed by the State Government on PPR through the concerned Line Ministry to Department of Economic Affairs, Ministry of Finance, Government of India.
- Each department sending proposals of their sector for funding under EAP may also prepare a memorandum alongwith above referred PPR for the consideration of state level committee. The said memorandum should clarify the following issues:
 1. Justification for investment on each component of the proposal as the State Government has to consider the inter-sectoral priorities while posing them further to GoI for funding under EAPs.
 2. Firm commitment of the department for strict adherence to project duration (start as well as sunset dates) to avoid any time & cost overrun leading to creation of additional liability on the State exchequer. This acts as a major hurdle in negotiating state proposals of other sectors with GoI & donor agencies.
 3. Memorandum should also include a brief note on other projects already being implemented or posed for funding from external funding agencies in the sector. The latest status of these projects/proposals with specific mention of priorities assigned to them by the department with the reasons for assigning the priorities in that order may also be highlighted. Department may also ensure that some other project may not get sacrificed at the expense of present proposal.
 4. Responsibilities of different agencies for project management and implementation should be elaborated. The institutional arrangements, organizational structure at various levels, human resource requirements, as well as monitoring and evaluation arrangements should be clearly spelt-out and any component creating additional liability on State Government should be specifically mentioned.
 5. Options for cost sharing and cost recovery (user charges) should be mentioned.

6. All issues relating to engendering project, project sustainability, stakeholder commitment, operation-maintenance of assets created after project completion etc. should also be addressed in memorandum itself.
7. Since gender is a cross cutting issue, proposal should include a strategic framework of activities incorporating gender perspective and concerns at all levels and stages of proposal. Gender equity should be ensured through mainstreaming rather than addressing gender as a special issue.
8. The potential risks/conflicts/problems/legal implications can be resolved in participatory approach by involving local bodies in decision making. Such involvement can also generate greater willingness for stakeholders to invest their time, labor and other resources in a project they own thereby stretching the value of invested funds.
9. The local bodies & their clientele should be involved in the design of all project components, especially related to basic amenities for general public like health, sanitation, water supply, waste management etc. Design and implementation according to beneficiaries' felt needs generally leads to better post-project cost recovery.
10. Proposals likely to lead assets creation for the beneficiaries/local community, should also address issues related to operation & maintenance of such assets after the completion of project through participatory approach with local bodies and sustainability of such projects can be ensured by handing these assets over to local bodies for further O&M
11. As administrative costs are not eligible for external funding/assistance, these costs should be met by way of internalizing the manpower requirements within the existing strength of the department. No additional staff should be recruited for the implementation of the project and vehicle requirements should be met from within the existing fleet strength of the department.
12. Proposal should contain an explicit undertaking from the department that no recurring liability will be created at the end of the project.
13. Undertaking by the department that any additional costs resulting from inordinate delay in meeting the timeline while implementing the project will be met out of the regular budgetary outlays of the department. Inputs, processes, outputs, outcome and impact should be objectively conceived.

14. Memorandum should mention explicit criteria for beneficiary identification and current socio-economic profile of the target beneficiaries and the expected changes in this socio-economic status after successful completion of the project in objective terms.
 15. If a similar project has already been implemented by the department, a separate note may be including indicating completion, sustainability, scalability, replicability and impact related issues briefly.
- After preparing the State sector proposal on the prescribed format (PPR) as per procedure & guidelines of GoI/State, PPR alongwith memorandum clearly addressing above raised issues, should be forwarded by concerned Administrative Secretary to the Planning Department for consideration/ approval of the State Government.