

No. 3/25/2011-ADB.I
Government of India/Ministry of Finance
Department of Economic Affairs
(Multilateral Institutions Division)

Room No. 268-A, North Block
New Delhi, the 12th December, 2011

To

All Project Directors/Nodal Officers
ADB assisted projects

Subject: - Review and Rationalization of the Asian Development Bank Pipeline of Projects

Sir(s)/Madam(s),

Hon'ble Finance Minister has approved measures for rationalisation of pipeline projects for proper management. The measures will be applicable to all projects included in the pipeline of 2012-2014 and to the new projects:

The measures are as follows :

Minimum Counterpart Funding:

- (1) Minimum counter-part funding by Governments for projects proposed for IBRD/IDA assistance shall henceforth be as follows: *-(a) For Central Projects-50% of Project size (b) for State Projects-30% of project size and (c) for special category States-20% of the project size.*
- (2) As per existing policy the external assistance component will be passed to the Special Category States as 90% grant and 10% loan, whereas it will be a loan on back to back basis for other States.
- (3) For projects seeking to address disaster situations, the counterpart funding may be determined on project to project basis.

Co-Financing and Innovative Financing:

- (4) For Infrastructure projects that have their own revenue streams the external assistance size may be further tailored to encourage co-financing and other innovative financing.

Others:

- (5) Projects that have not reached appraisal stage by the 30th month of being posed to external agency due to lack of follow up by the Project sponsoring authority should be returned to the project sponsoring authority to make way for newer projects aligned to the approved Finance Plus approach. In case such "dormant" projects still need to be considered, the same would be reviewed by the Screening Committee applying the Finance Plus approach.

(6) Project size may be kept at realistic levels keeping in mind the feasibility of disbursements.

(7) Already approved Finance Plus circular {copy enclosed} will be applied to all new projects and to extent possible also to the existing pipeline of projects.

It is requested that the aforesaid measures may be unduly taken into account while posing the projects to DEA for ADB assistance.

Yours faithfully,



(Sanjay Kumar Singh)

Under Secretary to Govt of India

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Copy to:

Mr. Hun Kim, Country Director, INRM, Asian Development Bank, New Delhi (Fax 26870955 / 26870946)- It is requested that the pipeline of the ADB projects may be revised according the above measures under intimation to this Department.



(Sanjay Kumar Singh)

Under Secretary to Govt of India