

MULTILATERAL INSTITUTIONS DIVISION

(Updated on 18th July, 2012)

[Workshop on Role of Multilaterals in addressing Infrastructure Development Challenges in India at Chennai on April 4-5, 2012](#) 

[Minimum Counterpart funding for World Bank and ADB Assisted Projects\(908 KB\)](#)  

[World Bank assisted Mizoram State Roads Project\(812 KB\)](#)  

[World Bank assisted Karnataka Watershed Development Project\(1 MB\)](#)  

[World Bank assisted Assam Agriculture Competitiveness Project\(1 MB\)](#)  

[World Bank assisted State Health Projects in Karnataka, Rajasthan and Tamil Nadu\(920 KB\)](#)  

[World Bank assisted Tamil Nadu Roads Sector Project\(4 MB\)](#)  

[Finance - Plus criteria for selection of projects to be posed to the World Bank, Asian Development Bank and the IFAD\(318 KB\)](#)  

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[Annual Plenary Statement](#)  

The Government of India accesses financial assistance in the form of loans/ credits/ grants from various multilateral agencies. The World Bank and the Asian Development Bank are leading multilateral institutions for availing external assistance by India. Department of Economic Affairs (DEA), Ministry of Finance is mandated to access, negotiate and coordinate foreign loans/ credits/ grants for the economic development of the country. The authority of DEA as the administrative focal point for taking decisions in respect of all dealings with external funding agencies, including, contact and approval for all external aid, is derived from the Allocation of Business Rules, 1961 of the Government of India.

Para 10 of the Second Schedule to the Government of India (Allocation of Business) Rules, 1961, specifies that the Department of Economic Affairs shall deal with "All matters relating to :-

1. loans, credits and grants from foreign countries, special agencies, non-governmental foundations agencies and voluntary bodies;
2. loans and credits and grants from multilateral agencies;
3. withdrawals and borrowings from International Monetary Fund;

4. policy for private sector financing from International Finance Corporation."

The Multilateral Institutions Division of Department of Economic Affairs has nine sections (FB-1 to FB-8 and ADB-1& ADB-2). The multilateral institutions dealt by this division are:


- [International Monetary Fund \(IMF\)](#)
- [World Bank Group \(IBRD, IDA, IFC, MIGA, ICSID\)](#)
- [International Fund for Agricultural Development \(IFAD\)](#)
- [Asian Development Bank \(ADB\)](#)
- [Global Environment Facility \(GEF\)](#)

The **officers** posted in the division, up to the level of Under Secretary and their contact details are as under:

Designation	Name	Tel / Fax No.	E-mail
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2. Director	Shri Nialya Mitash I/c WB, GEF	2309 2387	nilaya[dot]mitash[at]gmail[dot]com
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10. Under Secretary	Shri S. K. Samantaray	2309 4548 23092477 / 23092511	sk[dot]samantaray[at]nic[dot]in

INTERNATIONAL MONETARY FUND (IMF)

(<http://www.imf.org/external/country/ind/index.htm> )

Introduction:

- The International Monetary Fund (IMF) was established along with the International Bank for Reconstruction and Development (also known as World Bank) at the Conference of 44 nations held at Bretton Woods, New Hampshire, USA in July 1944. It was created to promote international monetary cooperation; to facilitate the expansion and balanced growth of international trade; to promote exchange stability; to assist in the establishment of a multilateral system of payments; to make its general resources temporarily available to its members experiencing balance of payments difficulties under adequate safeguards; and to shorten the duration and lessen the degree of disequilibria in the international balances of payments of members.
- The Articles of Agreement of IMF came into force on December 27, 1945. IMF is the principal International Monetary Institution established to promote a cooperative and stable global monetary framework. At present, 188 nations are members of the IMF. Since the IMF was established, its purposes have remained unchanged but its operations - which involve surveillance, financial assistance and technical assistance - have developed to meet the changing needs of its member countries in an evolving world economy.

Board of Governors:

- The Board of Governors of the IMF consists of one Governor and one Alternate Governor from each member country. For India, the Finance Minister is the ex-officio Governor on the Board of Governors of the IMF. Governor, RBI is India's Alternate Governor. The Board of Governors usually meets once a year to discuss the work of the respective institutions at the Annual meetings, which are generally held in September / October. These Annual Meetings have customarily been held in Washington D.C. USA, for two consecutive years and in another member country in the third year. Last Annual Meetings of the IMF and World Bank were held during September 23-25, 2011 at Washington D.C and the next Annual Meeting will be held in Tokyo from 12-13th October, 2012.
- Each spring, thousands of government officials, the private sector, journalists, civil society representatives, and other interested observers gather in Washington DC for the Spring Meetings of the IMF and World Bank. At the heart of the gathering are meetings of the IMF's International Monetary and Financial Committee and the joint World Bank-IMF Development Committee, which discuss progress on the work of the IMF and World Bank. Also featured are seminars, regional briefings, press conferences, and many other events focused on the global economy, international development, and the world's financial markets. The 2012 Spring Meeting of the International Monetary Fund and World Bank Group was held in Washington D.C from April 20-22nd 2012.

International Monetary and Financial Committee:

- The International Monetary and Financial Committee (IMFC) of the Board of Governors is an advisory body made up of 24 IMF Governors, Ministers, or other officials of comparable rank, representing the same constituencies as in the IMF's Executive Board. The 25th Meeting of the IMFC was held at Washington D.C on 21st April 2012 and chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Minister for Finance.

Executive Board:

- The day-to-day management of the International Monetary Fund is carried out by the Managing Director. The Board of Executive Directors, consisting of 24 Directors appointed / elected by member countries / group of countries, is the executive body of the IMF, of which the Managing Director is the Chairman. Ms.Christine Lagarde, former Finance Minister of France, is the Managing Director of IMF for a five year term beginning 5th July 2011 .There is one First Deputy Managing Director and three Deputy Managing Directors in place. Ms.Christine Lagarde, Managing Director, IMF last visited India during 19-22 March 2012.
- India is a founder member of the International Monetary Fund. It is represented at the IMF by an Executive Director, currently Shri Arvind Virmani, who also represents three other countries in India's constituency at the IMF, viz. Bangladesh, Sri Lanka and Bhutan.

India's Quota and Ranking:

- India's current quota in the IMF is SDR (Special Drawing Rights) 5821.50 million, giving it a shareholding of 2.44 %. Based on voting share, India (together with its constituency countries viz. Bangladesh, Bhutan and Sri Lanka) is ranked 17th in the list of 24 constituencies.
- The IMF reviews members' quotas once in five years and the last such review took place in December, 2010. India has already consented to its quota increase under the 2010 review and after the 2010 quota review comes into effect, our quota share will increase from the current 2.44% to 2.75%, making India the eight largest quota holding country at the IMF up from its previous position of being the 11th largest. In absolute terms, India's quota will increase to SDR 13,114.4 million from SDR 5,821.5 million (an increase of approximately US\$ 11.5 billion or INR 56,000 crore). While 25% of quota increase (about INR 14,000 crore) is to be paid in cash (reserve currency), the balance 75% can be paid in securities. These securities are non-interest bearing note purchase agreements issued by RBI and can be encashed at any time required by the IMF. They do not entail any cash outgo unless the IMF calls upon India to encash a portion of these notes. The reserve asset portion of Quotas is counted as a part of country's Reserves.

Borrowings by India:

- India borrowed SDR 3.9 billion during the period 1981-84. Again during 1991 to 1993, India borrowed an amount of SDR 3.56 billion (SDR 1351.98 million under the Compensatory and Contingency Financing Facility and SDR 2207.925 million under Standby Arrangement). Repayment of all the loans taken from International Monetary Fund has been completed on May 31, 2000. India is now a contributor to the IMF.

India's contribution to borrowing arrangements of the IMF

- The Fund also supplements its quota resources temporarily through borrowing arrangements. In July 2010, India committed a maximum of up to USD 14 billion for the New Arrangements to Borrow (NAB) into which the previous Note Purchase Agreement (NPA) has been folded. This commitment is in the form of Promissory Notes or Securities issued by RBI on behalf of Government of India and can be drawn by IMF as and when it requires emergency funding. After the 2010 quota increase comes into effect, our NAB commitment is expected to be rolled back to about US \$ 7.0 billion. These notes do not represent a cash outgo until the IMF makes a call upon India. As against the maximum commitment of US\$ 14 billion, so far since 2010, claims of only about US\$ 1.5 billion have been made upon India. These borrowings are treated as part of India's reserves.
- In the wake of the ongoing Eurozone crisis, the IMF has proposed a new bilateral borrowing programme to augment its resources for crisis prevention and resolution and to meet the potential financing needs of all IMF members. 37 members representing three-fifths of the total quota of the IMF, have pledged contributions to enhance the IMF's resources by US \$ 456 billion. At the Los Cabos Summit

of the G20 held on June 19th, 2012, BRICS countries have announced their contributions, including US\$ 10 billion by each of India, Brazil and Russia and US \$ 43 billion by China.

- The IMF has committed that these new resources will be drawn only if they are needed as a second line of defense after resources already available from quota and existing borrowing arrangements are substantially used. If drawn, they would be repaid with interest. It has been clarified that quota resources would remain the basic source of fund financing and that the role of borrowing is to temporarily supplement the quota resources.
- The new borrowing programme is based on issuance of Promissory Notes by member countries that are securities of these countries which are encashable when required by the IMF. These note purchase agreements are denominated in Special Drawing Rights (SDRs) and do not entail any outgo of cash/hard currency until a call is made by the IMF to encash a portion of the securities. Further, the notes are treated as a part of the reserves of the issuing country and as such, they do not impact the holding of reserves of the issuer.

Financial Transactions Plan (FTP):

- The Financial Transactions Plan of the International Monetary Fund is the mechanism through which the Fund finances its lending and repayment operations, to its members, in the General Resources Account. The members of the Fund can take loans from IMF with limits corresponding to their quota. IMF lends to its members in both foreign exchange and SDRs. Credit extended in foreign exchange is financed from the quota resources made available to the IMF by members. The creditor gets benefited as their position gets increased. When extending credit in SDRs, the IMF transfers reserve assets directly to borrowing members by drawing on the IMF's own holdings of SDRs in the General Resources Account.
- India agreed to participate in the FTP of the IMF from the quarter Sept-Nov 2002 in view of its strong Balance of Payment (BoP) position and comfortable reserve position. Effective participation in the FTP made India a creditor member with the IMF. Under this, India may be asked to make a purchase (issuance of credit) or a repurchase (debt servicing by our debtor) under the FTP. By participation in FTP, India is allowing IMF to encash its' rupee holdings as part of our quota contribution, for hard currency which is then lent to other member countries who are debtors to the IMF. While the participation in FTP allows India to earn additional interest on its' enhanced credit tranche position with IMF, the encashment of interest free rupee securities lead to perhaps higher borrowing cost as well as deterioration of fiscal position. To address this problem, it has been decided to replace special securities issued to the IMF by non-interest bearing non-marketable securities to be issued to the RBI. From 2002 (when India agreed to participate in the FTP) to 30th March 2012, India has made purchase transactions of SDRs 1599.96 million and repurchase transactions of SDRs 795.947 million.

India's contribution to Iraq:

- In November 2003, India agreed to contribute US \$ 0.35 Million for the Multi-donor Technical Sub Account for Iraq initiated by the IMF. It has contributed US \$ 0.10 million (equivalent to Rs. 46,00,000)

as first instalment in March 2004, the second instalment of US \$ 0.10 million (equivalent to Rs. 45,00,000) in March 2006 and the third and final instalment of US \$ 0.15 million (equivalent to Rs 64,41,750) was paid in March 2007.

Poverty Reduction Growth Facility:

- For financing the Fund's concessional lending to Low-Income Countries (LICs) in the wake of the global financial crisis, on July 23rd, 2009, the IMF's Executive Board approved far-reaching reforms of the concessional lending facilities for low-income countries (LICs), creating a new architecture of facilities that is more flexible and tailored to the increasing diversity of LICs and their needs. The Executive Board approved a new concessional financing framework, under the reform package, under which a new Poverty Reduction and Growth Trust (PRGT) would replace the PRGF-ESF Trust. Separate loan and subsidy accounts would be instituted under the PRGT. These reforms became effective and operational on January 7, 2010, when all lenders and subsidy contributors to the PRGF-ESF Trust provided their consent.
- To meet projected demand for concessional financing through 2014, it was estimated that loan resources of SDR 11.3 billion (US\$17 billion) and subsidy resources of SDR 2.5 billion in end-2008 net present value terms (or about US\$4.7 billion in cash terms) would be needed. Given the available resources, additional loan resources of SDR 10.8 billion (US\$16 billion) and new subsidy resources of SDR 1.5 billion (US\$2.8 billion) would need to be mobilized. It is envisaged that, as in the past, the required additional loan resources will be mobilized through bilateral contributions. Most of the needed subsidy resources, however, will come from the IMF's internal resources-including the use of resources linked to the limited sales of gold approved by the Executive Board on September 18, 2009, with additional bilateral contributions of SDR 0.2 - 0.4 billion being sought to complete the financing package. It is expected that these measures will boost the resources available to LICs to SDR 11.3 billion (US\$17 billion). The reform also provides exceptional interest relief (i.e., zero interest payments on concessional loans through end-2011) and permanently higher concessionality.
- As of December 31st 2011, India made a bilateral commitment under the PRGF-ESF Trust Subsidy Account of 11.7 million SDRs.

Emergency Natural Disaster Assistance (ENDA):

- The Executive Board of the IMF, on 21.1.2005, has approved opening of a sub-account by expanding the scope of their administered account for Emergency Post Conflict Assistance (EPCA) to subsidize the rate of charge on emergency purchases in cases of Emergency Natural Disaster Assistance (ENDA) to PRGF eligible member countries. IMF has targeted resource mobilization through grant contributions by members to be in the range of SDR 45 to 60 million. These grant contribution will be used by IMF to subsidize the rate of charge to 0.5% per annum on emergency natural disaster assistance, at the same rate as is being charged by IMF for loans under PGRF - lending facility for low income countries.

- India had originally agreed (in March 15, 2005), to contribute up to SDR's 1.5 million over the next five years to support the Fund's efforts to Emergency Natural Disaster Assistance (ENDA) for the PRGF eligible member countries. Accordingly, India paid an amount of Rs. 1,86,07,305 (i.e. equivalent to SDR 300000) towards India's first annual contribution to ENDA facility of IMF in January 2008. Subsequently, on receipt of request from the IMF, the matter has been reconsidered and accordingly India made the payment of remaining committed amount of SDR 1.2 million in two instalments of SDR 600,000 each by December 2009. In view of this, India paid an amount of Rs. 4,42,08,665 (i.e. equivalent to SDR 600000 at the rate of Re 1=SDR 0.013752) towards India's second contribution to Emergency Natural Disaster Assistance Facility of IMF in February 2010.

Heavily Indebted Poor Countries (HIPC / Multilateral Debt Relief Initiative (MDRI)):

- The Multilateral Debt Relief Initiative (MDRI) provides for 100 percent relief on eligible debt from three multilateral institutions, viz. the IMF, the International Development Association (IDA) of the World Bank, and the African Development Fund (AfDF) - to a group of low-income countries. In June 2005, the Group of 8 (G-8) major industrial countries proposed that three multilateral institutions-the IMF, the International Development Association (IDA) of the World Bank, and the African Development Fund (AfDF) - cancel 100 percent of their debt claims on countries that have reached, or will eventually reach, the completion point under the IMF-World Bank Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC Initiative entailed coordinated action by multilateral organizations and governments to reduce to sustainable levels the external debt burdens of the most heavily indebted poor countries. The initiative is intended to help them advance toward the United Nations' Millennium Development Goals (MDGs), which are focused on halving poverty by 2015. At the IMF, it was agreed that all countries with per-capita income of US \$ 380 a year or less (HIPCs and non-HIPCs) will receive MDRI debt relief financed by the IMF's own resources. HIPCs with per capita income above that threshold will receive MDRI relief from bilateral contributions administered by the IMF. India endorsed Multilateral Debt Relief Initiative (MDRI) in September 2005. Under the HIPC initiative, India has given debt relief to the tune of Rs. 120.08 crores to seven HIPCs (viz. Guyana, Mozambique, Nicaragua, Tanzania, Uganda, Zambia and Ghana).

Article IV Consultations:

- Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year, to review the economic status of the member countries. Article IV consultations are generally held in two phases. During this exercise the IMF mission holds discussions with the RBI and various line Ministries / Departments of Central Government. The Article IV Consultations are concluded with a meeting of IMF Executive Board at Washington DC which discusses the Article IV Report. The last round of annual Article IV Consultations with the IMF Staff were held during January 5-19th 2012.

Regional Training Centre:






- In July 2004, the Government of India approved IMF's proposal for setting up a joint training program at the National Institute of Bank Management, Pune. The Training Program will provide policy oriented training in economics and related operational fields to Indian officials and officials of countries in South Asia and East Africa. The first training program was held during July 2006. RBI is the nodal body to co-ordinate the training program with the IMF. The Institute caters to participants from regional countries, especially in the SAARC region. Australia is providing financial assistance for the Institute.

For comments / clarifications / feedback on this section, please contact Shri Sanjeev Kaushik, Director at Email [sanjeev\[dot\]kaushik\[at\]nic\[dot\]in](mailto:sanjeev[dot]kaushik[at]nic[dot]in). THE WORLD BANK GROUP

www.worldbank.org 

The World Bank is among the world's leading development institutions with a mission to fight poverty and improve living standards for people in the developing world by promoting sustainable development through loans, guarantees, risk management products, and (non-lending) analytic and advisory services. The World Bank is one of the United Nations' specialized agencies. The member countries are jointly responsible for how the institution is financed and how its money is spent. The World Bank concentrates its efforts on reaching the Millennium Development Goals aimed at sustainable poverty reduction.

The World Bank Group consists of:

1. The International Bank of Reconstruction and Development (IBRD)
<http://www.worldbank.org/ibrd> 
2. The International Development Association (IDA)
<http://www.worldbank.org/ida> 
3. International Finance Corporation (IFC)
<http://www.ifc.org/> 
4. Multilateral Investment Guarantee Agency (MIGA)
<http://www.miga.org/> 
5. International Centre for Settlement of Investment Disputes (ICSID)
<http://icsid.worldbank.org/ICSID/Index.jsp> 

The World Bank Group has four Boards of Executive Directors representing the four institutions of the World Bank Group: International Bank for Reconstruction and Development (IBRD), International Development Agency (IDA), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). Executive Directors serving on these Boards are usually the same.

The Boards of Executive Directors are responsible for the conduct of the general operations of the World Bank Group and exercise all the powers delegated to them by the Board of Governors under the Articles of Agreement.

The Boards are composed of 24 Executive Directors, who are appointed or elected by member countries or by groups of countries, and the President, who serves as its Chairman.

Important Publications of World Bank

- **World Development Reports**
<http://go.worldbank.org/LOTTGBE9I0>
- **Global Development Finance Reports**
<http://data.worldbank.org/data-catalog/global-development-finance>
- **Global Monitoring Reports**
<http://go.worldbank.org/B8CQ09GOZ0>
- **Global Economic Prospects**
<http://go.worldbank.org/RGOD1JLZ00>
- **Doing Business Reports**
<http://www.doingbusiness.org/>
- **Governance Reports**
<http://go.worldbank.org/KUDGZ5E6P0>

For more World Bank Data& research go to <http://go.worldbank.org/45B5H20NV0>

For more World Bank publications go to <http://www.worldbank.org/reference/>

The International Bank for Reconstruction and Development (IBRD) was established in 1945 and has 188 members at present. IBRD aims to reduce poverty in middle-income countries and creditworthy poorer countries by promoting sustainable development, through loans, guarantees, and non-lending services, which include analytical and advisory services. The IBRD is owned by the member countries whose voting power is linked to its capital subscription based on the country's relative economic strength.

The International Development Association (IDA) was established in 1960 and currently has 172 members. IDA is the concessional arm of the World Bank and plays a key role in supporting the Bank's poverty reduction mission. IDA assistance is focused on the world's 79 poorest countries, to which it provides interest-free loans (known as 'credits') and other non-lending services.

India and The World Bank

www.worldbank.org.in

India is a member of all the institutions of the World Bank Group except ICSID. India is one of the founder members of IBRD, IDA and IFC. World Bank assistance in India started from 1948 when a funding for

Agricultural Machinery Project was approved. World Bank resident mission was established in India in 1957. In August 1958, the first meeting of the Aid India Consortium was held at Washington DC under the aegis of the World Bank. First investment of IFC in India took place in 1959 with US\$ 1.5 million. India became a member of MIGA in January 1994.

India has an Executive Director, in the Board of Directors of IBRD / IFC / IDA/ MIGA. The Executive Director from India represents a constituency comprising of four countries: India, Bangladesh, Bhutan and Sri Lanka. Mr. M. N. Prasad represents India in the Board of Directors w. e. f. 30th September 2011. Mr. Kazi M. Aminul Islam from Bangladesh is currently the Alternate Executive Director for this constituency.

India's Shareholding

IBRD: In 2011-12, India purchased 5757 shares from IBRD. Consequently as on 30th March, 2012, India holds 50,552 shares amounting to US\$ 6098.3 million. In the recent Capital Increase in IBRD (Spring Meetings, April 2010), India has been allocated additional 24,092 shares (through General Capital Increase and Selective Capital Increase). As a result India will become the 7th largest shareholder in IBRD with voting power of 2.91%. Before this revision, India's voting power was 2.77% with 11th position among shareholders. As a constituency (comprising of four countries - India, Bangladesh, Sri Lanka and Bhutan), India's voting power will increase to 3.26% from the present 3.14%. India has commenced its subscription of additional shares allocated following 2010 reforms.

IDA: India has 573,783 votes comprising 3.16%. However, as a constituency (comprising of four countries - India, Bangladesh, Sri Lanka and Bhutan), India has 802,820 votes comprising 4.44% of the total.

MIGA: India has 5,371 shares with a voting power of 2.56%. As a constituency India has 7207 comprising 3.30% of total voting power. Bhutan is not a member of MIGA and as such in MIGA the constituency comprises of other three countries.

IFC: India is currently holding 81,342 shares of IFC with a voting power of 3.38%. As a constituency India has 99,234 votes comprising 4.12% of total voting power. India has been allocated 21511 additional shares in IFC in the recent capital increase (Spring Meetings, April 2010)

World Bank Lending to India (IBRD and IDA)

India has been borrowing from the World Bank (through IBRD and IDA) for various development projects in areas of poverty alleviation, infrastructure, rural development, human resource development, etc. IDA funds are one of the most concessional external loans for GOI and are used largely in social sector projects that contribute to the achievement of MDGs. IBRD funds are semi - concessional and of a longer maturity and therefore, cheaper than commercial external borrowings. GOI utilizes IBRD loans primarily for infrastructure projects.

Since 1949 when India took the first assistance from World Bank, the Bank's cumulative commitment to India stands at US\$ 91.91 billion {US\$ 48.28 billion under IBRD and US\$43.63 billion under IDA (up to 9th July, 2012)}. The commitments for the past 5 years (FY of GOI) have been as follows:

Year	IBRD	IDA	Total
	US \$ Million	US \$ Million	US \$ Million
2007-08	1,932	1,243	3,175
2008-09	706	1,259	1,965
2009-10	5,881	1,616	7,497
2010-11	2,433	3,116	5,549
2011-12	2,869	2,848	5,717

Terms and Conditions of World Bank Lending to India

Current Terms and Conditions of World Bank Lending to India

IBRD Loans (Flexible Loan) - with Variable Spread option

IBRD IFL allows borrowers to customize the repayment terms (*i.e. grace period, repayment period and amortization profile*)

- **Repayment period:** Maximum final maturity - 30 years including initial grace period of 5 years (maximum). Maximum average maturity - 18 years
- **Interest:** LIBOR (6 month) + variable spread (*Variable Spread over LIBOR is recalculated every January 1 and July 1 and also depends on the average maturity of the loan*).
- **Commitment charges on undisbursed amount:** 0% p.a.
- **Front End fee:** 0.25%

IDA Credits (from 1 July 2011 onwards)

- **Repayment period:** 25 years including a grace period of 5 years
- **Interest:** 1.25%
- **Commitment charges on undisbursed amount:** 0% p.a. for FY 12 (July 2011-June 2012)
- **Service Charges:** 0.75% p.a.

Details of current loan offerings can be found at World Bank Treasury's website at

(www.worldbank.org/fps )

Repayment of principal amount with interest, based on the terms of the loan/credit agreement between the Government of India and the World Bank, is made by the Government six-monthly as per the amortization schedule of the loan/credit by keeping necessary provisions in the budget each year.

Country Strategy (CS):


Country Strategy (CS): The World Bank assistance programmes are guided by a Country Strategy (CS), which sets out how the World Bank Group proposes to build a growing partnership with the Government of India (GOI). The Strategy period consists of four years. The CAS for the Bank FY 2009-12 provides a framework to deal with the challenges of achieving rapid, inclusive growth, ensuring sustainable development, and improving service delivery, with a cross-cutting focus on improving the effectiveness of public spending and achieving monitorable results.

The focus of the CS is on:

- Achieving rapid, inclusive growth
- Ensuring sustainable development
- Increasing the effectiveness of service delivery

The country assistance strategy for India can be accessed at <http://go.worldbank.org/1AE120SI10> 

Current Portfolio

Details of the World Bank funding in India since the start are available on the World Bank website, at the URL address - <http://go.worldbank.org/63DY8HX2R0>  The current commitment portfolio of World Bank funded projects in India consists of 80 projects (as on 9th July, 2012) with total committed amount of US\$ 23.48 billion. A list of ongoing projects is at Annex A. The state-wise and sector-wise current portfolio distribution (in US \$ million) is as follows:

[State-wise ongoing portfolio distribution\(214 KB\)](#)  

[Sector-wise ongoing portfolio distribution\(289 KB\)](#)  

Utilization of World Bank Funds

The details of disbursement under the World Bank projects are available at www.aaad.gov.in 

[WORLD BANK ONGOING PROJECTS - As on 9th July, 2012 \(386 KB\)](#)  

India and International Finance Corporation (IFC)

(www.ifc.org )

- The International Finance Corporation, Washington DC, (IFC) was established in 1956 as an affiliate of the World Bank, but as a separate entity, to promote the growth of the private sector which would contribute to the economic development of its member countries.
- India is one of the founder members of the IFC. IFC finances investments with its own resources and by mobilizing capital in the International financial markets.
- India has been a member of IFC since 1956. As of June 2012, India held 81,342 shares of IFC, representing 3.43% of IFC's subscribed share capital and 81,592 votes, representing 3.38% of the voting power. The India-elected Executive Director represented a constituency with 99,234 votes, equal to 4.11% of voting power.

IFC in India

- Over the past few years, in line with a strong strategic focus on India, IFC has augmented its program and portfolio in India by investing in high impact projects.
 - India represents IFC's single-largest country exposure. As of May 31, 2012, IFC's portfolio of committed investments in India was approximately US\$4 billion (\$4.3 billion including syndicated loans).
 - IFC's annual commitments for India were US\$1,044 million in IFC's Fiscal Year 2008 (i.e. 1st July 2007 to 30th June 2008), US\$934 million in IFC's Fiscal Year 2009, US\$1,802 million in IFC's Fiscal Year 2010 and US\$754 million in IFC's Fiscal Year 2011. In IFC's Fiscal Year 2012, total commitments in India reached US\$960 million in 45 projects, distributed across infrastructure, manufacturing, financial markets, agribusiness and renewable energy. The above figures include commitments for IFC's own account and mobilized financing.
- IFC is scaling up its presence and activities in the Low Income States and NE States (LIS) in India. A new office in Kolkata was set up to focus on the LIS; approximately US\$400-500 million has been

invested in the LIS over the past three fiscal years. Further, IFC Advisory Services is working in the LIS in the following areas by promoting:

- i. investment climate for private sector development and inclusive growth;
- ii. financial inclusion by working on financial services and initiatives related to the sustainability of the MFI sector including micro-credit bureau, risk mitigation initiatives, code of conduct setting etc;
- iii. renewable energy (solar and biomass) and cleaner production as well as key subsectors like agribusiness; and
- iv. developing PPP transactions with focus on social services (health and education) and climate change impact projects.

Infrastructure has been stepped up to 30-40% of IFC's portfolio in India in the last few years and currently accounts for about US\$1.3 billion of current committed portfolio.

ADB'S Interface with India - Brief Overview



[*A. Trend in Lending Program\(297 KB\)*](#)  

[*B. Lending by Sector\(320 KB\)*](#)  





[*C. Lending by State\(288 KB\)*](#)  

[*D. Non-lending \(TA\) Program\(376 KB\)*](#)  

[*E. Portfolio Performance\(237 KB\)*](#)  

[*F. India Country Operations Business Plan \(COBP\) 2012-2014 - Broad Direction\(185 KB\)*](#)  

New Initiatives

- i. To maximise access and leverage of Multilateral Financial Institution's (MFI's)/Multilateral Development Bank's (MDBs') knowledge base, international experience and familiarity with best practices and to make best use of limited external resources available, a set of principles and a "[Finance Plus\(515 KB\)](#)  " criteria to govern the selection of projects to be posed to these agencies including Asian Development Bank have been instituted. These "Finance Plus" principles have been circulated vide circular dated September 1, 2011.
- ii. Measures for rationalisation of pipeline projects for proper management have been instituted. These measures include minimum counterpart funding, co-financing and innovative financing and circulated vide letter dated December 14, 2011. Please refer [Review and Rationalization of new Projects\(164 KB\)](#)  
- iii. A procedure for posing projects to MDBs including ADB has been developed. Please refer Para-III.

- iv. Year 2011 marked 25th year of the ADB's lending operations in India. A commemorative event to mark 25th Anniversary of India-ADB partnership was held on 17th October, 2011 which included an Eminent Persons' Forum. Hon'ble Finance Minister inaugurated the event. The objective of the discussion was to bring together Asian policy makers, thinkers and experts to New Delhi to reflect on Asia's emergence as a vibrant economic and financial region in the global arena. ADB Publications titled "[India-ADB Development Partnership\(10 MB\)](#)" and "[Facilitating Infrastructure Development in India\(4 MB\)](#)". were released on the occasion. The event has been widely appreciated in Media and Govt. circles

Private Sector Operations





- a. ADB's non-sovereign operations in the country are coordinated by its Private Sector Operations Division. With India's increased pace towards infrastructure development through the PPP mode, ADB's non-sovereign operations need to be stepped up through financing private infrastructure projects without in anyway diminishing its engagement with the public sector. We have emphasized that while we support increase in non-sovereign lending, it cannot be at the cost of Public sector projects. Both must grow apace, with non-sovereign lending taking a major share of additional resources that are mobilized.
- b. **ADB offers following Products under its non-sovereign operations :**
- o **Loans** - ADB offers senior and subordinated debt, as well as mezzanine financing. In India, ADB also offers local currency loans on a case to case basis. Interest rates and other terms vary, depending on a company's or project's needs and risks.
 - o **Equity investments** - ADB offers financing through equity investments, including direct equity investments in the form of common shares, preferred stock, or convertibles. Once its objectives have been achieved, ADB will divest its shares at a fair market price. ADB also invests indirectly in projects in its priority areas through private equity funds, up to certain exposure limits and ordinarily stays invested through the life of the fund.
 - o **Guarantees** - ADB provides guarantees that can be used to cover political risks, and more comprehensively, both political and credit risks.
 - o **B-loan/Lender of record** - ADB can mobilize additional debt resources for a financing through an arrangement in the form of a B-loan/Lender of Record structure. Since the withdrawal of the exemption from withholding tax benefit for the B-Loan cofinanciers, this product has not been used in India.
- c. **Local Currency Lending** -In order to widen the funding of resources for infrastructure projects, ADB has been seeking Government of India's (GoI) approval for raising resources through the local currency loan (LCL) route. In 2004, ADB made their first representation for LCL by raising Rupee Bonds in the India market on terms and conditions prescribed by RBI. GoI approved issuance of Rupee Bonds for an amount of Rs. 5 billion with a maturity of at least 10 years subject to stipulated conditions. In 2005, GoI again approved raising of Rupee Bonds for an amount not exceeding Rs. 15 billion for a minimum maturity of 05 years for lending to infrastructure projects. In 2007, GoI has

accorded approval for Rupee financing of Rs.29.75 billion to ADB to fund domestic infrastructure through the currency swap route for a maturity of more than 10 years subject to some conditions. RBI has also allowed 25% of the funds raised to be used for lending through select intermediary FIs involved in financing infrastructure projects.

- d. As on 30.06.2012, ADB local currency lending is as follows:

[Local Currency Lending \(As of 30th June, 2012\)\(95 KB\)](#)  

MONITORING OF THE PROJECTS

- a. **Tripartite Review Meetings (TPRM)** - In order to streamline issues and closely monitor the disbursements as also provide advice and for troubleshooting difficult and ticklish problems, a system of Tripartite Portfolio Review Meetings had been initiated at the level of Joint Secretary in which the executing agencies and the ADB participate. These Tripartite Portfolio Review Meetings are held thrice a year. Nodal officers have been appointed in each of the States who cater to all ADB Projects and are in regular correspondence with DEA. The ADB have lauded the efforts of the Government of India and have included this in the list of International Best Practices.
- b. State Level Reviews under chairmanship of Chief Secretary of the State with JS(MI) on all EAPs.
- c. Sector level review with Secretary of Line Ministry and JS(MI).
- d. **Project Readiness Checklist** : - DEA and ADB have now formalised a '[Project Readiness Checklist\(23 KB\)](#)   which is being adhered to. This ensures adequate preparedness of projects before implementation
- e. **Visit to Project sites by DEA officers**: - DEA officers would be visiting the project sites for monitoring and evaluation of the progress of the implementation of the projects. [Parameters for appraisal of Project Implementation Progress\(188 KB\)](#)   have been devised to get the status of the projects.
- f. **Regular Wrap-up meetings of project review missions**, in which line Ministries are invited and in some cases Executing Agencies are also called. This is done at the level of Director. During these meetings, detailed review of procurement related issues, issues related to relief & resettlement, project monitoring units, audit & accounting and other miscellaneous factors impacting the project are done. Follow up with EAs is done through confirmation of Aide Memoire (AM) submitted of the mission.

Contact Person(s)

ADB.I Section

All policy related issues in respect of ADB, Projects related to finance and urban sectors, Workshops/Conferences/Seminars organised by ADB, Regional Economic Technical Assistances (RETA), Capacity development programs of ADB, Annual General Meetings of ADB, Country Programming Missions,

Private sector operations of ADB, Appointment/extension of Executive Director(India) & Advisors to ED, Visits of high level officers of ADB to India, etc.

Name and Designation of Officers:

Section Officer	Under Secretary	Deputy Secretary/Director
Shri Dalbir Singh Tel : 2309 3705 Intercom : 5157 Room No: 268-A North Block New Delhi-110001 Email: dalbir[dot]singh[at]nic[dot]in	Shri Sanjay Kumar Singh Tel : 2309 2229 Intercom : 5074 Room No: 276 North Block New Delhi-110001 Email: sks[dot]singh[at]nic[dot]in	Mr. Puneet Agrawal Tel: 2309 3542 Intercom: 5747 Room no: 241-B North Block New Delhi-110001 Email: puneet[at]ias[dot]nic[dot]in

ADB.II Section

- Matters relating to projects in Agriculture, Transport & Power sectors.
- Matters concerning South Asia Subregional Economic Cooperation (SASEC) program and SASEC working group meetings
- Regional Economic Technical Assistances (RETA) on different sectors
- TAs/PPTAs and Capacity Development Programme of ADB
- Sectoral Charges of Deptt of Space, Deptt of Atomic Energy, Ministry of Earth Sciences, Ministry of New & Renewable Energy Resources, Deptt of Science & Technology and Deptt of Bio-Technology

Name and Designation of Officers:

Section Officer	Under Secretary	Deputy Secretary/Director
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Shri Sunil Kumar Mandi Tel : 2309 3847 Intercom : 5130 Room No: 271-A North Block New Delhi-110001. Email: sunil [dot]mandi[at]nic[dot]in	Mr. Jitender Malik Tel : 2309 5082 Intercom : 5082 Room No: 236 North Block New Delhi-110001 Email: jeet95[at]gmail[dot]com	Ms. Sumita Singh Tel: 2309 3182 Intercom: 5260 Room no: 272-A North Block New Delhi-110001 Email: sumita[dot]singh[at]nic[dot]in
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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

(www.ifad.org)

International Fund for Agricultural Development (IFAD)

International Fund for Agricultural Development (IFAD) was set up in 1977 as the 13th specialized agency of the United Nations. 167 countries are members of the IFAD and these are grouped into three lists:

1. List - A: Developed Countries,
2. List - B: Oil Producing Countries and
3. List - C: Developing Countries.

List C is further subdivided into the following sub lists: C-I: comprising Africa, C-II: comprising Europe, Asia and the Pacific, and C-III: comprising Latin America and the Caribbean.

India is one of the founder member of the IFAD and a key contributor, being the highest contributor among the list C-II countries. India has been re-elected to the Executive Board of the IFAD for the period 2009-2012. IFAD is headed by an elected President and has Governing Council and an Executive Board.

IFAD funds are derived from member contributions (made in replenishment cycles), investment incomes and special funds. Since inception, India has contributed US\$ 96.0 million towards the resources of IFAD. The following contribution has been made by India towards the resources of IFAD:

Replenishment	Amount (US\$ Million)
Initial	5.0

First	6.5
Second	6.5
Third	8.0
Fourth	9.0
Fifth	12.0
Sixth	15.0
Seventh	17.0
Eighth	25.0
Ninth	30.0 <u>*</u>

*India has pledged to contribute \$ 30.0 million to IFAD in ninth replenishment

IFAD has assisted in 25 projects in the agriculture, rural development, tribal development, women's empowerment, natural resources' management and rural finance sector with the commitment of US\$ 746.4 million (approx.). Out of these, 17 projects have already been closed. Presently, nine projects with a total assistance of US\$362.75 million are under implementation.

The Country Strategic Opportunities Programme (COSOP) which has been approved by IFAD will cover two Performance-based Allocation System (PBAS) cycles, namely 2010-12 and 2013-15. IFAD funding available for the period 2010-12 will be of US\$ 141 million, which is a significant increase from the US\$ 122 million of the previous cycle. Assuming that IFAD's resources for the second PBAS's cycle will remain constant, IFAD will process, during the COSOP period, four project proposals for an average lending size of USD 70 million or more. The Integrated Livelihoods support project, Uttarakhand for an assistance of US \$90 million has been signed with IFAD on 1st February,2012.

IFAD loans are repayable over a period of 40 years including a grace period of ten years and carry no interest charges. However, a service charge at the rate of three-fourths of one per cent (0.75%) per annum is levied on loan amounts outstanding.

For further details on IFAD operations & procedures and IFAD funding in India since the start are available on the IFAD's website - <http://www.ifad.org>

Utilization of IFAD Funds

The details of disbursement under the IFAD projects in India can be seen at <http://www.aad.gov.in>

GLOBAL ENVIRONMENT FACILITY

www.gefweb.org

Established in 1991, the Global Environment Facility (GEF) is a financial mechanism that provides grant funds to developing countries for projects and activities that aim to protect the global environment. GEF resources are available for projects and other activities that address the six designated focal areas of biodiversity, climate change, international waters, ozone depletion, land degradation, primarily desertification, deforestation and persistent organic pollutants.

GEF is a global partnership among 182 countries, international institutions, non-governmental organizations (NGOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives. The GEF is also the designated financial mechanism for a number of multilateral environmental agreements (MEAs) or conventions; as such the GEF assists countries in meeting their obligations under the conventions that they have signed and ratified. The GEF is also associated with many global and regional MEAs that deal with international waters or trans-boundary water systems.

As a funding mechanism it helps developing nations cover the 'incremental costs' of projects that produce global environmental benefits. Countries can obtain GEF funds if they are eligible to borrow from the World Bank (IBRD and/or IDA) or receive technical assistance grants from UNDP through a country programme.

Responsibility for implementing GEF activities is shared by the United Nations Development Program (UNDP), the United Nations Environment Program (UNEP), and the World Bank and 7 Executing Agencies i.e. 4 major regional development banks (African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development and inter-American Development Bank) and 3 specialized agencies (IFAD, FAO and UNIDO).

As part of restructuring, the GEF was entrusted to become the financial mechanism for both the UN Convention on Biological Diversity and the UN Framework Convention on Climate Change. In partnership with Montreal Protocol of the Vienna Convention on Ozone Layer Depleting Substances, the GEF started funding projects that enable the Russian Federation and nations in Eastern Europe and Central Asia to phase

out their use of ozone-destroying chemicals. The GEF subsequently was also selected to serve as financial mechanism for two more international conventions: The Stockholm Convention on Persistent Organic Pollutants (2001) and the United National to Combat Desertification (2003).

India has formed a permanent Constituency in the Executive Council of the GEF together with Bangladesh, Sri Lanka, Bhutan, Nepal and Maldives. The Council Meetings are held semi-annually or as frequently necessary. At each meeting, the Council elects a Chairperson from among its members for the duration of that meeting. India's Executive Director in the World Bank represents the GEF Council from our Constituency.

India is both a donor and a recipient of GEF. It has been a leading developing country participant in the GEF since its inception and has played a major role in shaping the restructuring of the GEF. It had contributed US \$ 6.0 million to the core fund in the GEF Pilot Phase. India has pledged an amount of US \$ 9.0 million towards the resources of each of the Five GEF replenishments. Till now an amount of US\$ 46.5 million has been paid towards GEF replenishments.

Ministry of Finance is the political focal point while Ministry of Environment & Forests is the Operational Focal Point for the GEF Projects.