

**F.No. 1/30/2003-PMU
Government of India
Ministry of Finance
Department of Economic Affairs
PMU Division**

* * *

the 4th January, 2005

Guidelines for Development Co-operation with the Bilateral Partners

Policy on Development Co-operation with Government and its subordinate agencies

1. To affirm the liberalization and reform orientation in India's economic policy, the Government of India has reviewed the existing policy of bilateral development co-operation. It has also been decided that, except as provided in these guidelines, bilateral development assistance (including grants) will not be availed by the Government and its subordinate and attached agencies (societies, trusts, boards, companies, corporations, parastatals, etc) where the Government has substantial control.
2. Henceforth, bilateral development assistance will be accepted from all G-8 countries, namely, U.S.A., UK, Japan, Germany, France, Italy, Canada and the Russian Federation as well as from the European Commission.
3. European Union countries outside the G-8 are also welcome to provide bilateral development assistance to India provided that they commit a minimum annual development assistance of USD 25 million to India.
4. The Government of India would continue to follow its policy regarding non-acceptance of tied aid.

5. Funding of all the ongoing programs and projects will continue until their completion.

6. Bilateral assistance will also be welcome if it is in form of Technical Assistance programmes that aim at enhancement of knowledge/skills of Indian nationals. A component for provision of equipment/hardware will also be allowed, if the expenditure on these is insignificant compared to the total project cost. However, the main emphasis should continue to be on enhancement of the knowledge and skills of Indians.

7. Bilateral development assistance can also be received by the Government, if the assistance is routed through or co-financed with a multilateral agency and the proposed programme/project is to be implemented by the multilateral agency under its own rules and procedures. Such arrangements should be evolved between the participating multilateral and bilateral agencies as part of their policies. Such co-financed programmes or projects would be governed by the procedures applicable to the multilateral agency spearheading the programme/project.

Policy on grant assistance to Non-governmental organizations (NGOs), autonomous institutions and other such bodies

8.1. All Countries including those not mentioned in above paras 2 and 3, can continue to provide bilateral development assistance directly to autonomous institutions, universities, NGOs, etc., as before. External development partners may consider directing such bilateral assistance towards projects of economic and social importance only.

8.2. A simplified policy to facilitate the flow of bilateral development assistance to non-governmental organizations and autonomous institutions

has also been finalized. Bilateral development assistance to these organizations will be governed by the Foreign Contribution (Regulation) Act, 1976 and only such organizations that are registered under the said Act, may receive bilateral assistance. Organizations that are not registered under Foreign Contribution (Regulation) Act should obtain prior permission from the appropriate authority under the said Act.

8.3. The recipient NGOs, autonomous organizations etc. are required to fill a prescribed proforma-I (copy enclosed) and submit it through the concerned external development partner along with their proposals. DEA will not entertain any direct proposals from NGOs, autonomous organizations, etc.

8.4. Department of Economic Affairs would continue to receive project proposals for funding of NGOs, etc. throughout the year so that the process does not suffer delays. The bilateral development partner should send project proposals to the concerned credit division in DEA when the project concept paper is ready, accompanied by the pro forma check-list. DEA will process the project proposals expeditiously in a time-bound manner.

8.5. The bilateral development partner country may provide information in proforma-II (copy enclosed) to DEA in April and October every year on the extent of funding to various organizations and the status of the project.

8.6. The bilateral partner may transfer funds directly to the accounts of the recipient organizations, after the proposals are approved by DEA. They may also make their own arrangements for monitoring the physical and financial progress of these projects.

9. The above guidelines shall supercede the previous guidelines in this regard and shall come into effect immediately.

Sd/-

(Vivek Mehrotra)
Joint Secretary

Proforma- I

Department of Economic Affairs		
Prescribed Check list/ Screening format		
(to be submitted along with the proposal for funding of NGOs)		
Organization details:		
1	Name of the Association and its complete office address	
2	If the Association is a registered trust or Society, please indicate its- a) Registration number b) Place of registration c) Date of registration (Certified copy to be attached)	
3	Details of the FCRA registration e.g. a) Registration number b) Date of registration c) Period for which registration is valid	
4.	Whether the association or any of its promoters/members have been blacklisted by Central Government /State Government previously (if so, give details)	
Project details:		
5.	Name of the project and its location	
6.	Project's objectives: (Details maximum in about 150 words)	
7.	Target groups for the project/intended beneficiaries	
8.	Quantum of the assistance sought	
9.	Name & address of the foreign funding agency	
10.	Whether other foreign/ domestic agencies have also been requested for the above project (give details)	
11.	Whether any other foreign assistance have been received by the Association in past for the same or other purpose (if yes, give details)	

Physical & financial progress of projects

Year:

Month:

External funding agency:

Country of Origin:

Sl. No.	Name of the organization	Name of the project	Amount of foreign assistance sanctioned	Date of commencement	Project Duration (months)	<u>Actual expenditure</u>	Status

