

GOVERNMENT OF RAJASTHAN
PLANNING DEPARTMENT
(PROJECTS MONITORING UNIT)

No.F.65(42)PMU/98

Jaipur, dt.30.11.98

CIRCULAR

The Projects Monitoring Unit (PMU) was constituted in the State consequent to the guidelines/instructions received from the Deptt. of Economic Affairs, Government of India, New Delhi with the objective of monitoring various aspects relating to the Externally Aided Projects in the State. The PMU began to function under the joint control of the Finance and Planning Department of the State. However, a decision has now been taken that the PMU will be housed in the Planning Department.

Furthermore, a decision has also been taken to constitute an inter-departmental High Power Standing Committee to take decisions relating to project proposals, financial allocations, terms of assistance, etc. The committee will be chaired by the Chief Secretary and the Pr. Secretary Finance, Secretary, Planning Department and the Secretary to the concerned administrative departments will be members of the Committee. Special Secretary, Plan and Director, PMU will be the convenor.

The functions of the PMU would be as follows:

- a) Timely supply of information about various sources of the finance, the terms and conditions that governs the EAPs.
- b) Identify possible projects either suo-moto or through projects ideas submitted by other department/agencies.
- c) To arrange preparation of new project proposals.
- d) Submission of the PDR/Project proposals for approval before the Standing Committee.
- e) To arrange initial dialogue/interaction with the external agencies.
- f) Formal submission of the project to DEA, GOI.
- g) Active participation in the negotiation arranged by the concerned Administrative Department with the external agencies for project assistance.
- h) To work with PPT (Project Planning Team) at the time of the preparation of the project preparation by the concerned department.
- i) Maintenance of data base records of EAPs.

- j) Prepare monthly financial/physical progress of the EAPs.
- k) To organise the monthly/quarterly review meetings chaired by Chief Secretary/Pr. Secretary, Finance/ Secretary, Plan/Special Secretary, Plan & Director, PMU.
- l) Protocol for Foreign delegation/mission.

The details regarding the development cycle of the EAPs are annexed with a view to streamline the process/execution of the Externally Aided Projects (EAPs) in the State.

It is enjoined upon all the departments to undertake this task in right earnest and provide necessary support and cooperation to the Planning (PMU) Department on various issues related to the EAPs.

The procedures regarding the cycle of EAPs may be adhered to strictly.

- Sd -
(Arun Kumar)
Chief Secretary

Copy for information and necessary action to:-

1. Pr. Secretary/Secretary/Spl. Secretary to the Government.
2. All Head of Departments (Plan Programmes) Rajasthan, Jaipur.

- Sd -
Spl. Secretary, Plan &
Director, PMU

Copy also for information to:

1. Secretary to the Chief Minister.
2. Special Assistant to the Dy. Chief Minister.
3. Special Assistant to the State Minister, Planning Department.
4. All Dy. Secretaries (Plan Sectoral Incharge), Planning Deptt.
5. P.S. to the Chief Secretary.
6. P.S. to the Secretary, Plan.
7. P.A. to S.S. Plan & Director, PMU.

- Sd -
Spl. Secretary, Plan &
Director, PMU

Guidelines Regarding Development Cycle of EAPs

- A.** Standing Committee for appraisal/approval & monitoring of EAPs has been constituted comprising Principal Secretary, Finance, Secretary, Plan, Secretary Concerned Department & Spl. Secretary, Plan & Director, PMU under the chairmanship of the Chief Secretary.
- B.**
- (a) **Information about various sources of finance, the terms and conditions that govern these programs, the appraisal procedure etc.** – This would necessarily have to be common for all projects cutting across sectors. Therefore, PMU would be the nodal department for this activity. PMU would circulate this information to relevant departments and agencies from time to time. If some information in this regard is received by the administrative departments/agencies, it shall be passed on to the PMU.
 - (b) **Project/Program idea/Concept** – Based on the information circulated, the concerned departments/agencies would develop concept/ideas. PMU, over a period of time and based on the experience gained, may also develop a concept or idea and send to the relevant department/agency for examination.
 - (c) **Preparation of concept paper** – The concerned department/agency will prepare a concept paper which will broadly outline the objectives, financial requirement, implementation period, target group, expected results etc. After obtaining the approval of the Minister concerned, the Administrative Department would send the concept to the PMU where it would be examined for the following:-
 - (i) Whether there is any duplication in terms of program content with any other pipeline or ongoing program/project.
 - (ii) Whether any source of finance other than that suggested would offer better terms.
 - (iii) Whether the program/project fits into the overall plan objectives.
 - (iv) Whether adequate provision is available or can be made available under the plan.
 - (v) Whether the delivery system suggested would be suitable for achieving the objectives.

- (d) **Approval of the concept, its objectives, broad financial outlays etc. of the project** – PMU would then place before the Standing Committee the concept paper and its recommendations for approval.
- (e) **Initial discussions with the external agency to ascertain their interest** – The Administrative Department piloting the project would initiate preliminary discussions with the external agency for funding the program/project. Representative of the PMU shall be associated with the discussions at every stage. It is important that copies of all communications sent to the external agency or received from it are marked to the PMU.
- (f) **Formal submission of the Project to the GOI (both the DEA and the line Ministries)** – Once the parameters of the program/ project have been firmed up, the AD will send the proposal to PMU for formal submission to DEA and send a copy to the line ministry in the GOI. Before submission of the project to the GOI, necessary approvals at the appropriate level (Minister – In Charge/ Chief Minister/ Cabinet as may be applicable) should have been obtained by the Administrative Department. For the purpose of attracting external assistance, first priority should be accorded to those projects that have already been approved under the plan. PMU may also send an advance copy to the concerned external agency. Responsibility for the follow up with the DEA and the line ministries shall rest with PMU and the ADs, respectively.
- (g) **Preparation of Detailed Project Report – Preparation of DPR is generally done by consultants.** As the expenditure on this is met through retroactive financing, the hiring of consultants should be as per the procurement system of the World Bank/ ADB. This system is acceptable to most of the external agencies. The procurement of consultants should be done through a Technical Evaluation Committee to be set up by the AD in which a representative of the PMU should be a member. It shall be the responsibility of the representative of the PMU to ensure that the procurement system is followed rigorously.
- (h) **Negotiations with the external agency for Project Planning Assistance** – Negotiation with the external agencies should be done by the AD with a representative of the PMU present and

on lines approved by the Standing Committee.

- (i) **Setting up of a PPT** – Project Planning Team is generally set up to work closely with the consultants for preparing the program document or the DPR. If the program/project is inter-sectoral, the PPT shall be formed in the PMU with technical representatives from the ADs and a project economist from the Department of Planning. On the other hand, if the project is sector/ department specific, the PPT shall be formed within the concerned AD. It shall however have a representative of the PMU and a project economist from the Department of Planning.
- (j) **Internal appraisal of the DPR, tie up of State share etc.** –
Once the DPR is ready, it should be appraised by the PMU and put up to the Standing Committee for formal approval. The internal approval of the project, after the formal concurrence of the Standing Committee, should be put up to the appropriate level for Government approval (Minister-in-charge/ Chief Minister/ Cabinet as may be applicable). Once this is done, the DPR will be forwarded to the external agency with a copy to DEA and the line ministry in GOI.
- (k) **Piloting the appraisal phase** – The responsibility for piloting the appraisal through various missions of the external agency shall be that of the AD. However, as mentioned earlier, a representative of the PMU shall be associated at every stage of the appraisal process.
- (l) **Setting up institutional arrangements for implementation**–
There is growing tendency amongst the Lending Agencies to insist on structures that are outside of the Government and have substantial management independence and financial flexibility. Whereas this does provide an operational flexibility, it may lead to proliferation of new structures. The criterion for determining which project must have independent structures and which could be implemented through existing structures can be as follows:-
 - (i) Projects in which the activities, programs, sub-projects etc. are totally new and have not been implemented by the department in the past, or those in which the activities, programs, sub-projects etc. are implemented totally independently of the department (such as Lok Jumbish/ Shiksha Karmi), may be implemented by

independent structures. However, the fund flow shall be through the State Budget.

- (ii) Projects in which the activities, programs, sub-projects etc. are the same as those being implemented by the department and the project only supplements the effort, a functional structure within the department should be created.

The decision to opt for one or the other would be taken by the Standing Committee.

- (m) **Monitoring the implementation phase** – It is not only important to get a large number of projects approved but it is equally imperative that the implementation is on time and gives the desired results. Therefore, system of reporting both physical and financial, must be streamlined along the methodology evolved by the PMU from time to time.
- (n) **Reimbursements** – For EAPs, the flow of external assistance is by way of reimbursements by the Central Government. The system of reimbursements is complicated and time consuming. In most cases, the initial expenditure is incurred out of the State Government funds and once the bills are submitted, the Government of India reimburses the money to the State Government. Our experience has been that the entire cycle takes reasonably long time and as a result the burden on the State's scarce resources increases. It is therefore necessary that the reimbursements be received within a stipulated period of time. Recently, it has been decided that the FD shall allow advance expenditure only for a period of two months after which the expenditure permitted shall be only to the extent of the reimbursements received. The system of follow up shall have to be streamlined. PMU shall put up on monthly basis statement showing the position of reimbursements relating to all EAPs to the Finance Department.