

CHAPTER - 5

EXTERNALLY AIDED PROJECTS

Introduction:

5.1 State Government seeks financial assistance from various external funding agencies including international donors to finance various infrastructure and social sector projects for speedy development of the State.

5.2 The World Bank Group, Japan International Cooperation Agency (JICA), Asian Development Bank (ADB), International Fund for Agriculture Development (IFAD), Agency Franchies De Development (AFD) etc. are some of the major external donor agencies that have been funding many projects of State under the various sectors viz. Irrigation, Health, Water Supply, Forestry, Urban Development, Social welfare (programmes for Disadvantaged Groups) and Rural Development (Poverty Alleviation Programmes).

5.3 There are various sectors where the State face challenges. Drinking water, education, health and livelihood are the high priority sectors of the State Government. To improve the standards of living of the people of Rajasthan, external financial assistance plays an important role. This source of financing has mobilized huge additional resources for the State Plans. Though, the share of external assistance has been around 10 percent under Annual Plan expenditure of the State, its significance lies in the fact that some important and crucial projects in various sectors have been funded by external assistance.

5.4 The Government of India provided additional central assistance to the State Government for Externally Aided Projects. As per the earlier practice ACA was given to the State with 70% loan and 30% grant. The Government of India are now releasing external financial assistance to the State on 'Back to Back' basis for the new EAPs sanctioned on or after April 01, 2005 as recommended by the 12th Finance Commission. The State Government is getting the same maturity, moratorium and amortization schedule as the Government of India gets from the external lenders.

5.5 State Level High Power Committee for EAPs headed by Chief Secretary approves the projects that require external financial assistance. Thereafter, the projects are forwarded to the line Ministry concerned of the Government of India. After necessary scrutiny, the line ministry concerned recommends the project to Department of Economic Affairs for posing it to the relevant external donor agency. When a donor agency sanctions the project in principle, the Appraisal Mission of the donor agency examines the feasibility and other aspects of the project. Then

negotiations are held among donor agency, DEA and beneficiary State's officials on the reports of appraisal mission.

5.6 As soon as the negotiations are completed successfully, State Planning and Finance Departments make financial provision for the new externally aided project. Normally the State Government first incurs expenditure under these projects, then the same is reimbursed by the donor agency on the basis of claims lodged to them through Controller of Audit, Aid & Accounts (CAA&A), DEA, Government of India.

11th Five Year Plan:

5.7 The allocation for various Externally Aided Projects being implemented/to be implemented during the 11th Five Year Plan is ₹ 7,263 crores. Against this, an expenditure of ₹ 1861.01 crores has been incurred during the first three year of 11th Five Year Plan i.e. 2007-08 to 2009-10. During the current financial year 2010-11 negotiations were held with concerned external agencies for Re-Organization of Urban Water Supply Scheme, Jodhpur (₹ 549 crores), Rajasthan Rural Livelihood Project (₹ 870 crores) and Rajasthan Forestry Development and Bio-Diversity Project Phase-II (₹ 1152.00 crores). Loan Agreement for above projects may be signed by the end of 2010-11 or during the 1st quarter of financial year 2011-12. It is also expected that Road Connectivity to Unconnected Habitations having population 250-499 in General areas and less than 250 in Tribal and Desert Areas, Multi State Agricultural Marketing Competitiveness Project, Chambal-Bhilwara Water Supply Project may be sanctioned by the World Bank during the financial year 2011-12.

Annual Plan 2010-11

5.8 There are 9 ongoing externally aided projects. Besides, 9 other projects are under consideration of Government of India/external donor agencies concerned.

5.9 The plan outlay kept for EAPs in the Annual Plan 2010-11 is ₹ 716.28 crores. This includes external assistance of ₹ 550.38 crores. As per revised assessment of expenditure, revised outlay would be of ₹ 491.65 crores while expenditure incurred up to December, 2010 is ₹ 260.19 crores. Consequently revised external assistance in form of ACA is expected to be ₹ 353.02 crores against which ₹ 330.30 crores has already been received.

Annual Plan 2011-12

5.10 A provision of ₹ 1145.82 crores has been proposed in the Annual Plan 2011-12 for the various ongoing and pipeline EAPs. The expenditure being incurred under various completed/ongoing/pipeline projects during the 11th Five Year Plan period is given below:

Projections for Ongoing/Pipeline EAPs Projects
during 11th Five Year Plan

(₹ in crores)

S. No.	Name of Project/ Funding Agency / Project Period	11 th Plan Outlay	Exp. incurred in 2007-08, 2008-09 & 2009-10	Outlay for 2010-11	RE 2010-11	Proposed Outlay 2011-12
1.	Rajasthan Water Sector Restructuring Project (WB) April 2002 to March 2013	207.01	244.09	97.50	55.00	100.00
2.	Rajasthan Health System Development Project (WB) Sept. 2004 to Sep 2011	327.00	225.81	92.00	76.00	40.00
3.	Raj. Urban Infrastructure Dev. Project (ADB) Jan., 2000 to March 2010 Water Supply project for Jaipur City (Transmission System (ADB) April 2005 to March 2010	406.00	653.28	0.0001	0.00	0.00
4.	Rajasthan Urban Sector Development Investment Program (ADB) Feb., 2008 to Dec., 2014	1500.00	156.44	225.00	225.00	300.00
5.	Rajasthan Forestry & Biodiversity Project (JICA) April 2003 to July 2010	118.00	54.94	0.0001	7.61	0.00
6.	Bisalpur-Jaipur Water Supply (Transfer System) Project (JICA) April 05 to Dec 2010	200.00	379.95	50.00	32.00	50.00
7.	Rajasthan Minor Irrigation Improvement Project (JICA) April 2005 to March 2013	550.00	8.69	100.00	56.00	100.00
8.	Rural Water Supply Scheme Phase-I (Apani Yojna) (KFW) July 1994 to March 2010	0.01	4.52	5.49	3.00	2.49
9.	Residential School for Disadvantaged Groups (KFW) June, 97 to Dec., 09	0.01	15.15	0.0001	0.00	0.00
10.	Mitigating Poverty in Western Rajasthan (IFAD) Dec., 08 to Dec., 14	0.00	2.47	14.00	8.50	24.00
11.	District Poverty Initiative Project (DPIP) Phase I (completed) (WB) July 2000 to Dec., 2007	100.00	109.47	0.00	0.00	0.00
12.	Rajasthan Public Financial Management and Procurement Capacity Building (WB-IFD) April, 2010 to June, 2012	0.00	0.00	2.29	1.54	0.75
	Pipeline Projects	-	6.20	130.00	27.00	528.58
	Total	3408.03	1861.01	716.28	491.65	1145.82

An overview of ongoing Externally Aided Projects

5.11 Out of the 9 ongoing externally aided projects, one project namely JICA funded Forestry and Bio-diversity Project has been completed in July, 2010. Another JICA funded Bisalpur Jaipur Water Supply Project was scheduled to be completed in December, 2010 but request has been made to JICA to extend period of this project with additional financing. KFW funded Rural Water Supply Project (Aapni Yojna Phase-I) was scheduled to be completed in March, 2010 but since some liabilities were pending under the project, therefore, to meet them provision has been kept under the State Plan.

5.12 The ongoing World Bank funded Rajasthan Health System Development Project will be completed in the Annual Plan 2011-12. Five ongoing projects namely WB funded Rajasthan Water Sector Restructuring Project, ADB funded Rajasthan Urban Sector Development Investment Programme, JICA funded Rajasthan Minor Irrigation Improvement Project, IFAD funded Mitigating Poverty in Western Rajasthan and IDF funded Rajasthan Public Financial Management and Procurement Capacity Building will be transferred to the next 12th Five Year Plan for their completion. A financial overview of these ongoing projects is given below:

Financial Overview of Ongoing Externally Aided Projects

(₹ in crores)				
S. No.	Name of Project/ Funding Agency/project period	Total Project Cost	Progressive Exp. Since Inception to Dec. 10	Cumulative ACA recd. Since Inception up to Dec. 10
1.	Rajasthan Water Sector Restructuring Project (WB) April 02 to March 2013	977.00	698.54	491.90
2.	Rajasthan Health System Development Project (WB) Sept.,04 to Sept., 2011	472.58	379.05	287.73
3.	Rajasthan Urban Sector Development Investment Program (ADB) Feb., 08 to Dec 2014	1560.00	322.36	321.91
4.	Rajasthan Forestry & Biodiversity Project (JICA) April 2003 to July 2010	442.14	409.89	333.50
5.	Bisalpur-Jaipur Water Supply (Transfer System) Project (JICA) April 05 to Dec., 2010	463.00	453.94	363.77
6.	Rajasthan Minor Irrigation Improvement Project (JICA) April 2005 to March 2013	612.29	16.05	4.50
7.	Rural Water Supply Scheme Phase-I (Apani Yojna) (KFW) July 1994 to March 2010	429.65	418.15	352.58

S. No.	Name of Project/ Funding Agency/project period	Total Project Cost	Progressive Exp. Since Inception to Dec. 10	Cumulative ACA recd. Since Inception up to Dec. 10
8.	Mitigating Poverty in Western Rajasthan (IFAD) Dec., 2008 to Dec.,2014	415.00	4.57	10.35
9.	Rajasthan Public Financial Management and Procurement Capacity Building (IDF) April, 2010 to June, 2012	2.29	0.32	0.36
	Total	5373.95	2702.87	2166.60

5.13 Project-wise implementation progress of the various ongoing Externally Aided Projects is summarized as under:-

Rajasthan Water Sector Restructuring Project- (World Bank)

5.14 The project aims at rehabilitating 91 selected irrigation schemes on canal rehabilitation works. The rehabilitation constructed under the project would be transferred to Water Users Associations (WUAs), thereafter the farmers will manage them for their operation & Management purposes. Besides, 6 distressed dams will also be rehabilitated to ensure their safety measures.

5.15 Total 506 Water Users Associations (WUAs) have been formed. Similarly, to utilize the canal water, 77 Water Distributory Committees have also been constituted in the project area.

5.16 The total revised cost of this project is ₹ 977 crores, of which ₹ 665 crores is expected from the World Bank. The scheduled period of this project is from April, 2002 to March, 2013.

5.17 The original outlay kept for this project in the 11th Plan was ₹ 207.01 crores. However, with the extension of the project, works costing ₹ 187 crores sanctioned by World Bank with additional financing of US\$ 19 Million. Thus, in the first three years of the 11th Plan, an expenditure of ₹ 244.09 crores had been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 55.00 crores is likely to be incurred on this project. A provision of ₹ 100.00 crores is proposed for this project in the Annual Plan 2011-12.

Rajasthan Health System Development Project, Rajasthan (WB)

5.18 The objectives of this project are to improve the health status of the population of Rajasthan, particular the poor and under-served through; (i) increased access of the poor (BPL) and the under-served population by upgrading health facilities in the remote areas, promoting public private partnership and improving health care seeking behavior through demand side interventions; and (ii) improved effectiveness of health care through strengthened institutional framework for policy development, program implementation and management capacity, and increased quality of

health care. The number of facilities undertaken for civil works of renovation/ extension under the project is as follows:-

Category	Identified Facilities No.
District Hospitals	28
Hospitals SD Hq.	23
CHCs at SD Hq.	113
CHCs & BPHC within block	72 +2
Total	238

5.19 The total cost of this project is ₹ 472.58 crores of which ₹ 400 crores is expected from the World Bank. The expenditure during 10th plan was ₹ 114.20 crores against estimated expenditure ₹ 140.42 crores. The scheduled period of this project is from Sept., 2004 to September, 2011. The outlay kept for this project in the 11th Plan is ₹ 327 crores. In the first three years of the 11th Plan, an expenditure of ₹ 225.81 crores had been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 76.00 crores is likely to be incurred on this project. A provision of ₹ 40 crores is proposed for this project in the Annual Plan 2011-12. The proposed expenditure in the 11th Plan period is little higher than the original estimate to make up for the shortfall in the 10th Plan.

Rajasthan Urban Sector Development Investment Program (RUSDIP)

5.20 This is an ADB assisted project under Multi-tranche Financing Facility (MFF). The funding pattern for this project is 70:30 to be funded by ADB and State Government. The total cost of this project is ₹ 1560 crores (US\$390M) of which ₹ 1092 crores is expected from ADB. Project period is 7 years starting from 2007-08 to 2014-15. This is first project in the State which is being funded on "Back to Back" basis.

5.21 Total 15 towns have been covered under the project. These towns are; Alwar, Baran-Chhabra, Barmer, Bharatpur, Bundi, Chittorgarh, Churu, Dholpur, Jaisalmer, Jhalawar-Jhalrapatan, Karauli, Nagaur, Rajsamand, Sawai-Madhopur and Sikar.

5.22 The Investment Programme will improve the urban environment and promote on-going reforms for sustainable, efficient and responsive urban services delivery in selected and identified urban local bodies (ULBs) of Rajasthan with economic growth and tourism potential.

5.23 The loan for Tranche-I amounting to ₹ 240 crores (US\$ 60M) was made effective from 28th Feb., 2008. The City Level Investment Plan for Jaisalmer, Alwar and Jhalawar-Jhalrapatan have been prepared and finalized.

5.24 Based on the negotiation held on 02.12.2008 between DEA/ADB/GoR for the Tranche -II, the ADB Management has approved

Tranche II with total investment cost of ₹ 876 crores (US\$ 219M) with a loan component of US\$ 150M (INR 600 crores), effective from 20.04.2009.

5.25 The outlay kept for this project in the 11th Plan is ₹ 1500 crores. In the first three years of the 11th Plan, an expenditure of ₹ 156.44 crores had been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 225 crores is likely to be incurred on this project. A provision of ₹ 300 crores is proposed for this project in the Annual Plan 2011-12.

Bisalpur Jaipur Water Supply Project (Transfer System) - JICA

5.26 Transfer System is the second part of Jaipur Bisalpur water Supply project assisted by JICA, Japan and is being executed by PHED.

5.27 The total cost of this project is ₹ 463 crores of which ₹ 345.00 crores disbursement is estimated from JICA. The original period of this project was from April, 2005 to December, 2008 and was extended up to December, 2010. A request has been made to JICA for further extension of the project period with additional financing.

5.28 The outlay kept for this project in the 11th Plan is ₹ 200.00 crores. The expenditure during 10th Plan was ₹ 56.80 crores against estimated expenditure ₹ 241.00 crores. The proposed expenditure in the 11th Plan period is higher than the original estimate to make up for the shortfall in the 10th Plan. In the first three years of the 11th Plan, an expenditure of ₹ 379.95 crores has been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 32.00 crores is likely to be incurred on this project. A provision of ₹ 50.00 crores is proposed for this project in the Annual Plan 2011-12.

Rajasthan Forestry Development and Bio-Diversity Project- JICA

5.29 The objectives of this project are as follows:-

1. To check desertification and to restore the ecological status of the Aravallis by intensive reforestation and in situ soil and moisture conservation thereby improving water hydrology
2. To protect the infrastructure like canals, roads human settlements from drifting sand in the IGNP
3. To conserve gene pools and improve the diversity of flora and fauna.
4. To augment employment opportunities to the rural poor including tribal.
5. To elicit people's participation for institutionalization of Joint Forest Management (JFM)

5.30 The coverage areas of this project includes total 18 districts – 16 districts in Aravalli Hills Area – Ajmer, Alwar, Banswara, Bhilwara, Chittorgarh, Dungarpur, Dausa, Jaipur, Bundi, S.Madhupur, Pali, Sikar, Sirohi, Tonk, Rajsamand and Udaipur and remaining 2 districts namely Bikaner and Jaisalmer in the IGNP areas.

5.31 Total cost of the project was ₹ 442.14 crores of which ₹ 333.50 crores has been received from JICA. The project duration was from April 2003 to July 2010. The outlay kept for this project in the 11th Plan is ₹ 118 crores. In the first three years of the 11th Plan, an expenditure of ₹ 54.94 crores had been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 7.61 crores incurred on this project. Under the project, since inception to till July 2010 ₹ 409.89 crores have been spent. Now project has been completed.

Rajasthan Minor Irrigation Improvement Project- JICA

5.32 The project aims at:

1. Increasing the agriculture productivity by rehabilitating existing minor irrigation facilities
2. Improving water management and agriculture practices, thereby enhancing agriculture income and alleviating poverty.
3. Induction of public participation approach under the project area. This will be achieved with formation of Water Users Associations (WUAs) of beneficiary farmers for operation and maintenance of created infrastructure in the project area.

5.33 The coverage area of the project includes construction of new minor irrigation schemes/ renovation/rehabilitation etc., technical and institutional supports related to ground water and agriculture extension activities and consulting services for monitoring and evaluation of the project programmes

5.34 Under the project, Water User Associations for all the 327 sub projects has been formed out of which 271 draft DPRs has been prepared in which 194 DPRs have been finalized. Under the project 645 training courses has been organized.

5.35 Total cost of the project is ₹ 612.29 crores of which ₹ 477 crores (78%) is expected from JICA. The project duration is from April, 2005 to March, 2013. The outlay kept for this project in the 11th Plan is ₹ 550 crores. In the first three years of the 11th Plan, an expenditure of ₹ 8.69 crores had been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 56.00 crores is likely to be incurred on this project. Progress could not be made because as per condition of JICA no work could be taken up before appointment of E&M consultant. This contract was awarded on 28.03.2008. After that tenders for Survey Investigation and Designing (SID) were invited but due to high rates these tenders were re-invited and order placed in October, 2009. These SID contractors over delayed the work and submitted final DPRs in October, 2010. Now tenders for civil works have been floated and orders are to be placed very soon. It is expected that progress could be pick-up in coming months.

5.36 A provision of ₹ 100 crores is proposed for this project in the Annual Plan 2011-12.

Rural Water Supply Project: (Aapni Yojna) Phase-I - KFW

5.37 The objective of this project was to develop the permanent infrastructure for availability of safe potable water and development of sanitation facilities.

5.38 Under this project, potable water connectivity was to be provided in total 376 villages. The water supply connectivity in 362 villages has been made. Inhabitants of 14 villages were reluctant to participate under the project. Two towns namely Taranagar and Sardarsahar of Churu district have been benefited under the project.

5.39 The social measures of the project were carried out through Community Participation Unit (CPU), formed by a consortium of 5 locally active NGOs, including, IIHRM, IIRM, GVM, BCT and URMUL. Field team of coordinators and facilitators carry out social mobilization activities to set up functional and sustainable village level institutions.

5.40 Total cost of the project is ₹ 429.65 crores of which ₹ 352.58 crores was received from KFW. Up to the 10th Five Year Plan, the expenditure was ₹ 413 crores. The project duration was from July, 1994 to March, 2006, therefore, the outlay kept for this project in the 11th Plan was ₹ 0.01 crore. Later the project was extended up to March, 2010 as some liabilities and incomplete works were left in the project. Therefore, in the first three years of the 11th Plan, an expenditure of ₹ 4.52 crores has been incurred and in the Annual Plan 2010-11, an expenditure of ₹ 3.00 crore is likely to be incurred on this project. A provision of ₹ 2.49 crore is proposed for this project in the Annual Plan 2011-12 to complete the remaining works.

Mitigating Poverty in Western Rajasthan (IFAD)

5.41 The objective of this project is to mitigate poverty of the target group households through improved livelihoods, strengthened capacity, sustainable enterprises and natural resources management and increased access to physical and financial markets.

5.42 The activities of the project includes the strengthening of grass root level institutions through mobilization and capacity building and community infrastructure development, livelihood support components such as income generation through marketing & employment creation, development of financial services and project management components.

5.43 The coverage area of this project include one block each in 6 district of western Rajasthan viz. Bap (Jodhpur), Sankada (Jaisalmer), Bayatu (Barmer), Bali (Pali), Abu road (Sirohi), and Sanchor (Jalore).

5.44 The total cost of this project is ₹ 415 crores. The Project period is of six years starting from December 2008 to December 2014. The funding of

this project would be made by IFAD (₹ 124 crores including ₹ 2.40 crores as Grant), Sir Ratan Tata Trust (₹ 13 crores as Grant) and bank credit (₹ 180 crores), 21% State share (₹ 87.50 crores) and beneficiaries contribution (₹ 10.50 crores).

5.45 An expenditure of ₹ 2.45 crores has been incurred in the year 2009-10 during the Annual Plan 2010-11, an expenditure of ₹ 8.50 crore is likely to be incurred on this project. An amount of ₹ 24.00 crores is proposed for this project in the Annual Plan 2011-12. Under the project, 6000 SHGs are to be formed. Presently 851 SHGs formed and it is expected that all the SHGs would be formed by March, 2012. The revolving fund and credit for economic activities will be provided only after the formation of SHGs, therefore, pace of utilization of funds will be expedited after March, 2012.

Rajasthan IDF – Accounting Reforms Strengthening

5.46 This project is proposed to be funded by IDF. The estimated project cost is ₹ 2.29 crores. The main project objective is to provide best quality inputs for reforming budget process, procurement law and other financial matter. State Finance department is the administrative department of this project.

5.47 During the Annual Plan 2010-11, an expenditure of ₹ 1.54 crore is likely to be incurred on this project. An amount of ₹ 0.75 crores is proposed for this project in the Annual Plan 2011-12.

Externally Aided Projects under pipeline

5.48 Following 9 Projects are under consideration with GoI/ External Agency:-

(₹ in Crores)

SN	Name of the Project	Funding Agency	Estimated Cost
1.	Rajasthan Rural Livelihoods Project (DPIP Phase II)	World Bank	870.00
2.	Road connectivity to unconnected habitations having population of 250-499 in General Area and less than 250 in Tribal Areas	World Bank	3276.00
3.	Multi State Rajasthan Agriculture Competitiveness Project	World Bank	834.00
4.	Chambal – Bhilwara Drinking Water Supply Project	World Bank	2300.00
5.	Rajasthan Forestry and Bio-diversity Project Phase-II	JICA	1152.00
6.	Reorganization of Urban WSS, Jodhpur	AFD	549.00
7.	Nagaur Lift Water Supply Project Phase-II	World Bank	2218.00

SN	Name of the Project	Funding Agency	Estimated Cost
8.	Barmer Lift Canal Drinking Water Supply Project Phase-II	JICA	798.00
9.	Aapni Yojna Phase -II	World Bank	1330.00