

**GOVERNMENT OF ODISHA  
FINANCE DEPARTMENT**

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From

**Shri R. Balakrishnan, IAS**  
Additional Chief Secretary to Government.

To

All Additional Chief Secretaries/  
Principal Secretaries/  
Commissioner- cum -Secretaries/  
Secretaries/Special Secretaries to Government.

**Sub: Monitoring Implementation of Externally Aided Projects – Provision of funds, Expenditure Management, Reimbursement claim submission and obtaining Additional Central Assistance (ACA), Periodic Review.**

Sir/Madam,

I am directed to say that, the Projects / Programmes funded from External Agencies are mainly classified as Central Projects and State Projects. State Projects are implemented by State Government Departments, State Public Enterprises, State Financial Institutions and State autonomous bodies. Additional Central Assistance for Externally Aided Projects forms a significant component of State Plan Resources. Given the competitive cost of such resources as well as their long-term availability, external development assistance continues to be useful as it also provides access to best practices besides supporting projects in the social and infrastructure sectors and strengthening human and institutional capacities.

2. The procedure for incurring expenditure, submission of reimbursement claims to the external development agencies and common action points for improving efficiency and effectiveness of expenditure on EAPs are outlined below for the guidance of Administrative Departments and Project Implementing Agencies (PIA).

3. **Form of External Development Assistance :** External Development Assistance from bilateral and multilateral sources is received largely by the Government of India on behalf of the State Government for State sector projects / programmes to be implemented by the State Governments and /or local bodies and public sector

undertakings. It comes either as grant or loan. Grants are transfers made in cash, goods or services without any obligation to repay whereas on loans, the borrower has the obligations to repay the amount along-with interest and any other charges agreed between the external agencies and the borrowers.

4. **Budget Provision and Regulation of Expenditure :** The State Government makes provision in the Budget for the project/programme. Finance Department indicates the modalities and limits of sanction/release of funds to the PIAs to incur expenditure for the project activities. In case of EAPs in the pipe line, expenditure is incurred only after agreement with the Donor Agency has been signed and the date of effect of the agreement has been notified. The Departments under the Cash Management System are authorized to sanction/release funds upto the limit of Quarterly Expenditure Allocation (QEA) and the Departments outside the Cash Management System are authorized to sanction expenditure upto Rs.30.00 crore under State Plan (including EAPs).

5. **Method of Submission of Reimbursement Claims :** *The Project Implementing Agencies are to submit the reimbursement claims on monthly basis, along with supporting documents/SOE, evidencing the expenditure, directly to the Controller of Aid, Accounts and Audit (CAA&A) or through Finance Department.* On receipt of the claim, the CAA & A scrutinise the claim with respect to its eligibility as per the loan/ credit/ grant agreement and forward the eligible claim to the Donor in the forms prescribed for "Withdrawal Application". The donor scrutinises the "Withdrawal Application" and reimburses the eligible amount, as per the agreement, in the account of the CAA&A through Reserve Bank of India (RBI), Mumbai. The RBI, Mumbai transfers Indian Rupee (INR) equivalent of foreign currency received in the CAA&A account with RBI, New Delhi. For each reimbursement, the Donor sends the Donor Payment Advice (DPA) to the CAA&A. The Donor intimates the CAA&A about the disbursements of the eligible expenditure admitted. On receipt of the confirmation from the RBI regarding transfer of funds, the CAA&A recommends to Plan Finance-I Division, Department Of Expenditure, Ministry of Finance, for transferring the funds in shape of Additional Central Assistance (ACA) to the concerned State Government. The funds disbursed under reimbursement procedures by the Donor to the CAA&A is then passed on to the State in the form of Additional Central Assistance (ACA) by Plan Finance-I Division through a sanction order and the amount is credited to the State Government account with Reserve Bank of India, Central Accounts Section, Nagpur.

6. **Common Action Points for Administrative Departments for expediting expenditure and submission of claims :**

Timely implementation of the Externally Aided Projects in the social and infrastructure sector would yield the desired social and economic benefit to the community. In case of delay in implementation there is a risk of cost overrun. Besides, if

the contracted amount of loan is not disbursed by the Donor Agency then commitment charges are to be paid by the State Government. Therefore, there is a need to concentrate on the following common points so as to ensure timely implementation of the projects through a virtuous cycle of prompt submission of reimbursement claims and flow of resources to the State Government for the projects.

- i) **Frontloading of Expenditure in the first three quarters of the financial year** : in accordance with the cash management principle and the limit of expenditure indicated by Finance Department, the implementing agencies and the Administrative Department are to ensure that expenditure for the ongoing projects takes place from the beginning of the Financial Year and evenly paced.
- ii) **Expediting procurement decisions** : Actual expenditure under various activities of the projects is incurred on award of work or contracts to the executing agencies. Delay in the process of award of work or consultancies very often lead to delay in execution of the works. Therefore, it is of utmost importance to expedite the procurement process and reduce the time taken for procurement relating to execution of works as well as supply of goods and services for the project.
- iii) **Strengthening Project Management/Contract Management System** : Creation of a dedicated Project Management Unit (PMU) is the necessary precondition of all External Donor Assisted Projects. However, the effectiveness of the project management unit in grounding and execution of the project is more important. Simultaneously, there should also be a robust Contract Management System within the PMU to oversee the assignment of the contractors and consultants in terms of the provisions of the contract. The project expenditure can be expedited by strengthening and proper staffing of these two activities – project management and contract management.
- iv) **Submission and follow up of reimbursement claims** : The reimbursement claims are to be submitted on monthly basis against the eligible expenditure for the project activities. The submission of claims for World Bank and ADB funded projects are to be made electronically. After submission of the claim, it is to be followed up with CAA&A, Donor Agency and Plan Finance-I Division, Ministry of Finance. In case of closed projects, the reimbursement claims are to be submitted within the Grace Period allowed by the Donor Agency.

## **7. Monitoring of Externally Aided Projects:**

- i) **By the Administrative Departments:** The Secretary of the Administrative Department should review implementation of Externally Aided Projects at the end of each month at their level maximum by 5th of the subsequent month. The review should also identify the problem areas and bottlenecks in implementation of projects, flag

the issues and may indicate the interventions required. The result of the monthly review indicating both the physical & financial progress of the project upto the month preceding should be sent to Finance Department in the prescribed format by 10th of subsequent month. (Copy enclosed)

- ii) Monitoring in Finance Department: Finance Department will undertake review of Projects on the basis of the monthly information received from the Departments at the end of each quarter. Finance Department will upload the quarterly financial progress of Externally Aided Projects in Finance Department page of Odisha Government website as a Public disclosure statement.

I would, therefore, request you to adhere to these guidelines to improve the efficiency and effectiveness of expenditure for Externally Aided Projects and issue instructions to the Project Implementing Agencies accordingly.

Yours faithfully,

  
Additional Chief Secretary to Government

**STATEMENT FOR SUBMISSION OF MONTHLY PROGRESS OF EXTERNALLY AIDED PROJECT -  
ONGOING/PIPELINE**

1. Name of the Project :
2. Name of the Implementing Agency :
3. Name of the Administrative Department :
4. Month for which the Report is prepared :

## PART-I

### PROJECT DETAILS

(Rs. in Crore)

[illegible]

**STATEMENT FOR SUBMISSION OF MONTHLY PROGRESS OF EXTERNALLY AIDED PROJECT -  
ONGOING/PIPELINE**

1. Name of the Project :
2. Name of the Implementing Agency :
3. Name of the Administrative Department :
4. Month for which the Report is prepared :

## PART-II

### FUND RELEASE TO IMPLEMENTING AGENCY & EXPENDITURE

(Rs. in Crore)

[illegible]

**STATEMENT FOR SUBMISSION OF MONTHLY PROGRESS OF EXTERNALLY AIDED PROJECT - ONGOING/PIPELINE**

1. Name of the Project :
2. Name of the Implementing Agency :
3. Name of the Administrative Department :
4. Month for which the Report is prepared :

### PART-III

## CLAIM SUBMISSION, REIMBURSEMENT & ISSUES

(Rs. in Crore)

[illegible]

Signature of Head of the Project Implementing Agency