

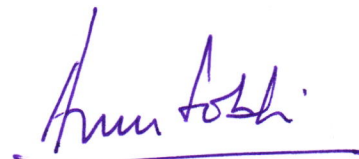
No. 3/11/2015-PMU  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
Bilateral Cooperation Division  
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North Block, New Delhi  
December 7, 2015

**Sub: Policy Guidelines on Official Development Assistance for Development Cooperation with bilateral partners.**

In supersession of the guidelines issued by the Ministry of Finance, Department of Economic Affairs vide OM No. 1/30/2003-PMU dated 4<sup>th</sup> January, 2005 on Official Development Assistance for Development Cooperation with bilateral partners, **a new set of guidelines has been finalised with the approval of the competent authority. A copy of the new guidelines is attached.**

2. **The new guidelines come into force with immediate effect.**



( Arun Sobti )

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To

1. Foreign Secretary, Ministry of External Affairs, New Delhi.
2. Secretary, Ministry of Urban Development, New Delhi.
3. Chairman, Ministry of Railways, New Delhi.
4. Secretary, Department of Commerce, New Delhi.
5. Secretary, Department of Industrial Policy and Promotion, New Delhi.
6. Secretary, Ministry of Corporate Affairs, New Delhi.
7. Secretary, Department of Expenditure, New Delhi.
8. Secretary, Department of Revenue, New Delhi.
9. Secretary, Department of Financial Services, New Delhi.
10. Secretary, Deptt of Legal Affairs, Ministry of Law and Justice, New Delhi.
11. Home Secretary, Ministry of Home Affairs, New Delhi,
12. CEO, Niti Aayog, New Delhi.

**TO BE UPLOADED ON THE WEBSITE OF MOF.**

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**Policy on Development Cooperation with Government and its subordinate agencies**

India has been accepting external assistance from bilateral partners in the form of loans, grants and technical assistance for development of infrastructure, social sector and for enhancement of knowledge/skills of Indian nationals at both Centre and States level. As per the guidelines issued by this Department vide OM No. 1/30/2003-PMU dated 4<sup>th</sup> January 2005, bilateral development assistance is accepted from all G-8 countries, namely USA, UK, Japan, Germany, France, Italy, Canada and the Russian Federation as well as from the European Commission. European Union countries outside the G-8 can also provide bilateral development assistance to India provided they commit a minimum annual development assistance of USD 25 million.

2. India has a requirement to accelerate growth through creation of additional infrastructure which requires extensive capital investment. **It has, therefore, been decided that Official Development Assistance may also be accepted from other countries besides the existing bilateral partners.** Finance Minister and External Affairs Minister, with the approval of Prime Minister, are authorised to accept any such proposal.
3. **It has also been decided to accept offers for bilateral assistance, in addition to the assistance on the normal route, in the form of special loans (i.e. loans which have conditions for sourcing of procurement or executing agency from the funding country).**
4. Special Loans shall be considered subject to the following criteria:
  - i) The minimum assistance from the bilateral partner shall be USD 1 billion in a year, of which at least 50% shall be normal untied loans (not special loans).
  - ii) Annual commitment will include commitments extended to a scheme or sector, even though individual projects are not earmarked.

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- iii) Efforts will be made to promote "Make in India" and wherever possible, the bilateral partner shall transfer technology and establish companies and joint ventures with Indian companies to encourage manufacturing in India.
- iv) For contracts (including goods, services and consultancy contracts) executed with these loans, participation may be restricted to companies of the bilateral partner country and Indian companies. While, Joint Venture companies of bilateral partners and Indian companies will be eligible, Indian companies may be restricted to those where ownership by Indian nationals/companies is more than 50%. In other words, Indian companies where third country ownership exceeds 50% can be excluded from the project.
- v) To avoid delays in execution, a provision for International Competitive Bidding and also a provision for removal of sourcing condition in case of lack of adequate response after specified number of bidding attempts, should be included.
- vi) Not more than 30% of the total value of goods and services should be insisted to be sourced from the funding country.
- vii) The rate of interest and tenor of the loan will be more concessional in comparison to the interest rate of normal loans and will be mutually agreed between the bilateral partners. However, the tenor of the special loan shall not be less than 40 years with not less than 10 years moratorium for repayment.
- viii) The annual rate of interest on special loan should not exceed 0.3% (including all other applicable charges).
- ix) Individual projects with a minimum project cost of USD 250 million will only qualify for such special loans.
- x) Any project(s) implemented by State Government (either solely or jointly) will be done with the concurrence of the concerned State Government.

5. Within the broad parameters enumerated above, details of the special loans will be worked out in mutual consultation with the bilateral partner country keeping in view the nature of the project and priority accorded by the Government of India. The terms and conditions of each such proposal of accepting special loan shall be approved by the Ministry of Finance on a case to case basis. However, the concerned central line Ministry shall continue to take approvals at appropriate levels for individual projects, as per extant practice. Any of the conditions for acceptance of special loan may be waived/relaxed or new condition added by the Finance Minister in cases where the extraordinary nature of a project and other overriding considerations of national interest warrant relaxing/adding these conditions.

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6. 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-Government Organisations (NGOs), autonomous institutions and other such bodies**

7. Bilateral development assistance to non-governmental organizations and autonomous institutions 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 viz. Ministry of Home Affairs under the said Act.

8. The recipient NGOs, autonomous organizations etc. are required to fill in the prescribed proforma (Annexure I) and submit it **through the concerned external development partner** along with their proposals. The Department of Economic Affairs (DEA) will not entertain any direct proposals from NGOs, autonomous organizations, etc. DEA 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 shall send project proposals to the concerned division in DEA when the project concept paper is ready, accompanied by the check-list.

9. The bilateral development partner country shall provide information to DEA in April and October every year on the extent of funding to various organizations and the status of each project in the prescribed proforma (Annexure. II).

10. 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.

11. The above guidelines shall supersede the previous guidelines in this regard and shall come into effect immediately.



(S. Selvakumar)

Joint Secretary to the Government of India

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**Annexure-I**

Department of Economic Affairs Prescribed Check list/Screening format <b>(TO BE FILLED BY THE RECIPIENT NGO)</b> (to be submitted with the proposal for funding of NGOs)		
<u>Organization details:</u>		
1.	Names 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. d) Registration number e) Date of registration f) 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).	
<u>Project details:</u>		
5.	Name of the project and its location	
6.	Project's objectives: (Details maximum in about 150 words)	
7.	Expected outcomes	
8.	Target groups for the project/intended beneficiaries	
9.	Social and economic sectors where currently working - / Important projects	
10.	Quantum of the assistance sought	
11.	Name & address of the foreign funding agency	
12.	Whether other foreign/ domestic agencies have also been requested for the above project (give details)	
13.	Whether any other foreign assistance have been received by the Association in past for the same or other purpose (if yes, give details.)	

## Annexure-II

### Physical & financial progress of projects

**(To be filled by the Bilateral Partner)**

Year:

Month:

External funding agency:

Country of origin:[illegible]