

Government of India
Ministry of Water Resources, River Development & Ganga Rejuvenation

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated 23rd March, 2017

OFFICE MEMORANDUM

Subject: Value Capture Financing as part of PIB format per appraisal of project of the Central Government.


The undersigned is directed to forward herewith a copy of OM No. 66(20)/PF-II (2016) dated 07th March, 2017 received from Plan Finance -II Division, Department of Expenditure, Ministry of Finance's on the subject cited above (Copy enclosed).

2. MoF has issued a revised format for PIB/DIB Memorandum for proposal of projects which will also contain the details with regard to Value capture Financing for the following 3 points:

- a) If the DPR for the project has considered Value Capture Financing as a source for financing the project.
- b) If the Ministry/Department has examined the option of Value Capture Financing.
- c) If the project financing has been considered as a source of financing for the project, then the details of the estimated amount and the mode of such Value Capture Financing.

3. The copy of the aforesaid OM is being forwarded for information and compliance.

4. This issues with the approval of JS&FA, Ministry of Water Resources, River Development & Ganga Rejuvenation.


(Vijay Srivastava)
Under Secretary (IFD)
Tel. 23719302

Encl: As stated.

Ministry of Water Resources

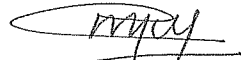
1. Joint Secretary (Admn), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
2. Joint Secretary (PP), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
3. Mission Director, National Water Mission, CGO Complex, Lodi Road, New Delhi.
4. ADG (Statistics), Ministry of Water Resources, Lok Nayak Bhavan, Room No.6, Khan Market New Delhi-110003.
5. Commissioner(SP), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
6. Commissioner (FM), Ministry of Water Resources, Block 11, 8th Floor, C.G.O. Complex, New Delhi-110003
7. Commissioner(Indus), Ministry of Water Resources, Block 11, 8th Floor, C.G.O. Complex, Lodhi Road, New Delhi-110003
8. Commissioner(B&B), Ministry of Water Resources, Block 3, 2nd Floor, Near ITBP Building, C.G.O. Complex, New Delhi-110003
9. Economic Advisor, Ministry of Water Resources, Shastri Bhavan, New Delhi

Attached/subordinate Offices and Organisations of Ministry of Water Resources

1. Chairman, Central Water Commission, Sewa Bhavan, R.K. Puram, New Delhi.
2. Mission Director, National Mission for Clean Ganga (NMCG), Rear Wing,3rd Floor, MDSS Building 9, CGO Complex, Lodi Road,New Delhi-110003
3. Chairman, CGWB, Jamnagar House, New Delhi.
4. Director General, National Water Development Agency, Community Centre, Saket, New Delhi-110017.
5. Director, NIH, Jalvigyan Bhawan, Roorkee – 247667 (Uttaranchal).
6. Chairman, Brahmaputra Board, Basistha, Guwahati – 781029 (Assam)
7. Director, CWPRS, P.O. Khadakwasla, Pune – 411024
8. Director, CSMRS, Hauz Khas, New Delhi
9. Chairman, GFCC, Sinchai Bhawan, 3rd Floor, Patna – 800015 (Bihar)
10. Member, Upper Yamuna River Board, Wing No.4, GF, West Block-1, R.K. Puram, New Delhi
11. Chief Engineer, Betwa River Board, Nandanpura, Jhansi – 284003 (UP).
12. Member Secretary, Polavaram project Authority, Krishna Godavari Bhawan, H.No. 11-4-648,(1st floor), AC Guards, Hyderabad- 500 004
13. Controller of Accounts, Ministry of Ministry of Water Resources, River Development & Ganga Rejuvenation, Shastri Bhawan, New Delhi

Copy along with enclosures also to:

1. PS to Hon'ble Minister(WR,RD&GR)
2. PS to Hon'ble MOS(WR,RD&GR)
3. Sr. PPS to Secretary (WR,RD&GR)
4. PPS to JS&FA
5. Director (Tech.) – with request to put the orders on web-site of MOWR


(Vijay Srivastava)
Under Secretary (IFD)
Tel. 23719302



North Block, Sansad Marg,
New Delhi, dated – 07.03.2017

OFFICE MEMORANDUM

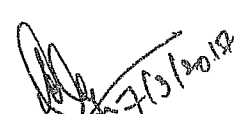
Subject: Value Capture Financing as part of the PIB format per appraisal of project of the Central Government.

Reference is invited to the subject mentioned above. Government has decided Value Capture Financing to be an integral part of Detailed Project Report (DPR) of all projects of the Central Government. It has also been decided that the Public Investment Board (PIB) headed by the Secretary (Expenditure) as well as the Delegated Investment Board (DIB) chaired by the administrative Department concerned while appraising a project of the Central Government being implemented in the States, would see whether the Ministry/Department piloting the proposal relating to the project has examined the option of Value Capture Financing or not. In this regard, I am directed to enclose a revised format for PIB/DIB memorandum for proposal of projects which was earlier circulated as Annexure – IV-B to the O.M. No. 24(35)/PF-II/2012, dated 5th August, 2016.

2. It is highlighted that henceforth all PIB/DIB memorandums will also contain the details with regard to Value Capture Financing (as part of the revised PIB/DIB format) for the following three points:

- i) If the DPR for the project has considered Value Capture Financing as a source for financing the project
- ii) If the Ministry/Department has examined the option of Value Capture Financing.
- iii) If the project financing has been considered as a source of financing for the project, then the details of the estimated amount and the mode of such Value Capture Financing.

3. This issues with the approval of the Finance Secretary.


(Anu Kukreja)
Deputy Director (PF-II)
Tel No. 23095664

Copy to:

All Secretaries to the Government of India
All Financial Advisors to Ministries/Departments
Cabinet Secretariat
Prime Minister's Office
NITI Aayog
Railway Board
Internal Circulation

Encl: As above.

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Secy (W.R)

Anu

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MS

FORMAT FOR PIB/DIB MEMORANDUM FOR APPRAISAL OF PROJECTS

1. Project Outline

- 1.1 Title of the Project
- 1.2 Sponsoring Agency (Ministry/Department/Autonomous Body or Undertaking)
- 1.3 Proposed Cost of the Project
- 1.4 Proposed Timelines for the Project
- 1.5 Whether Project will be implemented as part of a scheme or on stand-alone basis?
- 1.6 Whether financial resources required for the Project have been tied up? If yes, details?
- 1.7 Whether Feasibility Report and/or Detailed Project Report has been prepared?
- 1.8 Whether the proposal is an Original Cost Estimate or a Revised Cost Estimate?
- 1.9 In case of Revised Cost Estimates, whether the meeting of Revised Cost Committee has been held and its recommendations suitably addressed?
- 1.10 Whether any land acquisition or pre-investment activity was under-taken or is contemplated for this Project? Whether the cost of such intervention has been included in the Project Proposal?

2 Outcomes and Deliverables

- 2.1 Stated aims and objectives of the Project
- 2.2 Indicate year-wise outputs/deliverables for the project in a tabular form.

Activities	Year 1		Year 2 & so on		Total	
	Physical	Financial	Physical	Financial	Physical	Financial
1,2,3 & so on						

- 2.3 Indicate final outcomes for the project in the form of measurable indicators which can be used for impact assessment/evaluation after the project is complete. Baseline data or survey against which such outcomes would be benchmarked should also be mentioned.

3 Project Cost

- 3.1 Cost estimates for the project along with scheduled duration (both year and activity-wise). Also the basis for these cost estimates along with the reference dates for normative costing (it should preferably not be more than a year old)
- 3.2 In case land is to be acquired, the details of land cost, including cost of rehabilitation/resettlement needs to be provided.
- 3.3 In case pre-investment activities are required, how much is proposed to be spent on these, with details activity-wise?
- 3.4 Whether price escalation during the project time cycle has been included in the cost estimates and at what rates?
- 3.5 Whether the Project involves any foreign exchange element, the provision made or likely impact of exchange rate risks?
- 3.6 In case of the Revised Cost Estimates, a variation analysis along with the Report of the Revised Cost Committee needs to be attached.

4 Project Finance

- 4.1 Indicate the sources of project finance: budgetary support, internal and extra-budgetary sources, external aid, etc.
- 4.2 Indicate the cost components, if any, that will be shared by the State Governments, local bodies, user beneficiaries or private parties?
- 4.3 In case of funding from internal and extra-budgetary resources, availability of internal resources maybe supported by projections and their deployment on other projects?
- 4.4 Please indicate if the DPR for the project has considered Value Capture Financing has a source for financing project as per the guidelines issued by Ministry of Urban Development.
- 4.5 Also indicate if the Ministry/Department has examined the option of Value Capture Financing.
- 4.6 If the project financing has been considered as a source of financing for the project then the details of the estimated amount and the mode of Value Capture Financing may be provided.
- 4.7 Please indicate funding tie-ups for the loan components, if any, both domestic and foreign, along-with terms and conditions of loan based on consent/comfort letters.
- 4.8 If Government support/loan is intended, it may be indicted whether such funds have been tied up?
- 4.9 Please provide the leveraging details, including debt-equity and interest coverage ratios, along with justification for the same.
- 4.10 Mention the legacy arrangements after the project is complete, in particular, arrangements for the maintenance and upkeep of assets that will be created?

5 Project Viability

- 5.1 For projects which have identifiable stream of financial returns, the financial internal rate of return may be calculated. *The hurdle rate will be considered at 10 percent.*
- 5.2 In case of projects with identifiable economic returns, the economic rate of return may be circulated. In such cases project viability will be determined by taking both financial and economic returns together.
- 5.3 In case of proposals where both financial and economic returns are not readily quantifiable, the measurable benefits/outcomes simply may be indicated.
Note: *It may kindly be noted that all projects, irrespective of whether financial and/or economic returns can be quantified or not, should be presented for PIB/DIB appraisal.*

6 Approvals and Clearances

Requirement of mandatory approvals/clearances of various local, state and national bodies and their availability may be indicated in a tabular form (land acquisition, environment, forestry, wildlife etc.). In case land is required, it may be clearly mentioned whether the land is in the possession of the agency free from encumbrances or encroached or struck in legal processes?

S.No.	Approvals/Clearances	Agency concerned	Availability (Y/N)

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7 Human Resources

- 7.1 Indicate the administrative structure for implementing the Project. Usually creation of new structure, entities etc. should be avoided.
- 7.2 Manpower requirement, if any. In case posts (permanent or temporary) are intended to be created, a separate proposal may be sent to file to Pers. Division of Department of Expenditure. Such proposals may be sent only after the main proposal is recommended by the appraisal body.
- 7.3 In case outsourcing of services or hiring of consultants is intended, brief details of the same may be provided.

8 Monitoring and Evaluation

- 8.1 Indicate the Project Management/Implementing Agency(s). What agency charges are payable, if any?
- 8.2 Mode of implementation of individual works: Departmental/Item-rate/Turnkey/EPC/Public-Private Partnership, etc.
- 8.3 Please indicate timelines of activities in PERT/Bar Chart along with critical milestones.
- 8.4 Please indicate the monitoring framework, including MIS, and the arrangements for internal/statutory audit.
- 8.5 Please indicate what arrangements have been made for impact assessment after the project is complete.

9 Comments of the Financial Advisor, NITI Aayog, Department of Expenditure and other Ministries/Departments may be summarized in tabular form along with how they have been internalized and used to improve this proposal.

10 Approval Sought:

(_____)
 Joint Secretary to the Government of India
 Tel. No. _____
 Fax No. _____
 E-mail: _____

Please attach an Executive Summary along with the Feasibility Report/Detailed Project Report prepared for the Project.