

ELIGIBILITY REQUIREMENTS AND PROCEDURE FOR SUBMITTING PROJECT PROFILES FOR FUNDING FROM EXTERNAL AGENCIES

Requirements generally prescribed by External Agencies for Funding Projects

- Project should be implemented in a reform oriented state
- The Project Implementing Agency should have sufficient experience in the proposed project area
- Project should be part of approved capital expenditure plan of the State/Utility
- In view of the long gestation period for approval of such projects by the External Agency, proposed project should be scheduled to be taken up for implementation only after about one year from date of submission of Project Profile to REC/ External Agency
- No project implementation work, including floating of tenders should commence till the time approval for funding the proposed project has been conveyed by the external agency
- Procurement guidelines of the lending agency will have to be adhered to, including the condition of 100% turnkey contract for implementation of project
- Project Implementation and post project implementation to be closely monitored for achievement of defined objectives
- Other normal terms and conditions of REC loans will also apply, w.r.t. securities to be offered, escrow, etc.

Presently preferred areas for lending by external agencies:

- **Energy Efficiency, including HVDS**
- **EHV transmission**
- **Renewable energy**

Brief Procedure for Acceptance of projects for funding by external agencies

- Inter-government discussions held to identify and prioritise areas of mutual cooperation.
- External lending agencies approach Ministry of Finance recommending project proposals for Official Development Assistance (ODA) in the identified areas.
- MoF requests concerned line ministries for suitable projects proposals
- MoP, in turn, directs CPSUs/ State power departments, including REC, for submission of suitable project proposals for posing for funding under this window
- State Utilities submit eligible project profiles to REC
- After scrutiny of proposals, REC forwards project profiles of short listed projects to MoP
- Based on recommendations received from line ministries, MoF further shortlists recommends select project proposals to respective external agencies for funding
- External Agencies conduct independent appraisal of the short-listed project proposals, and recommend their findings to the host country Government.
- The External Governments then approve the project proposals accepted by the external agencies, and convey the same to GOI.
- In respect of the selected projects, REC provides financing to the utility on concessional terms depending on the terms offered by the external agencies.
- The external agencies do not normally fund cost of land, general administration, compensation, taxes and duties. These amounts would have to be borne by the implementing agency, or may be considered for financing by REC under its normal lending programme.

It may be noted that not all project proposals submitted may be finally accepted by the MoP/ MoF/ External Agencies. However, in such cases REC may consider extending financial assistance through its normal loan products. .