

No.AAAD/Disb.II/IBRD/FMR/2009
Government of India
Ministry of Finance/DEA
O/o the Controller of Aid Accounts & Audit
Janpath Bhawan, B Wing, 5th Floor, Janpath

New Delhi, the 23rd October 2009

OFFICE MEMORANDUM

It has been observed that projects selected for FMR based disbursements are facing problems in compilation and reporting the expenditure to the World Bank. Therefore, revised guidelines are being issued in consultation with World Bank, which are as under :-

1. New Projects:

At time of initiation of a new project the Task Team Leader (TTL)/Financial Management Specialist (FMS) from the World Bank may organize a meeting with CAAA including participation of the project finance staff to clarify requirements and procedure relating to FMR based disbursements. Alternatively this could also be done in case the project organize a 'Project Launch Workshop' where CAAA staff may be invited. Further, the World Bank has suggested that if CAAA can designate a specific officer as the point person for each project, then the Project Staff as well as the Task Team will be able to regularly liaise with him/her for claim submission. In this regard a list of officers will be provided to the World Bank.

2. Approval of FMRs:

It is advised that the project send a copy of the FMR in advance to World Bank TTL before submitting to CAAA for review and comments. This procedure may be followed at least for the first 2-3 quarters in case of new projects. In this regard as suggested by World Bank, CAAA obtain a confirmation from projects that the Reports have already been sent to the Task Team Leader in the Bank and their comments incorporated/approval obtained before submission to the CAAA.

3. Advance:

If the World Bank and the project are in disagreement on a FMR (e.g. amount of forecast for the two quarters) then World Bank should try its best to disburse what it considers as appropriate; rejection of the entire Withdrawal Application should be the last resort. The World Bank agreed that the amount of the advance considered reasonable be immediately disbursed by the Bank. However, the calculation of advance will have to be as per the terms agreed and forming part of the loan documentation.

4. Retroactive financing:

In such cases, a separate, one time, FMR will be submitted by the project covering eligible expenditure; this will not include any forecast. Alternatively, the regular FMR may include a separate column for the retroactive period.

5. Mixed IBRD and IDA Loans/Credits :

In case a Project gets a mix of IBRD and IDA Funds, first liking will be a separate FMR to be prepared by the project for each component. Alternatively they have to clearly identify each requirement in the same formats.

6. FMR with forecast:

In case a FMR based application is received with a forecast, then the same will be processed by the CAAA through two RFs; the first will liquidate earlier Special Account Advance with the reported expenditure and the second will modify the Special Account Advance based on the forecast. The exchange rate will be same in both the cases i.e. the rate on the date of debiting the special account in RBI.

7. Details in CAAA Systems:

CAAA will maintain details as per the various categories/components as mentioned in the Loan/Credit Agreement. Separate line items will be created in case separate disbursement percentages are mentioned against each. However, in context of the FMR formats which usually might be more detailed, the same level of details may not be maintained as part of the CAAA system and the withdrawal application.

8. Summary Sheet:

FMR formats are generally prepared as per the activities of the project. It may not be possible to standardize these formats. To resolve this issue, an Abstract (Summary) Sheet has been prepared which is enclosed. The project authority will submit this sheet along with other formats while claiming expenditures.

All the stakeholders are requested to follow these guidelines for smooth and better functioning of the FMR based projects.

This issue with the approval of CAA&A and Joint Secretary (FB), DEA, North Block, New Delhi.

(S.D. SHARMA)
Joint Controller

Encl. : As above

Copy for information:

- (1) Joint Secretary (M.I.), DEA, Ministry of Finance, North Block, New Delhi.
- (2) All Directors of M.I. Division, DEA, Ministry of Finance, North Block, New Delhi.
- (3) Mr. RACHID Benmessaoud, Acting Country Director, World Bank, 70 Lodi Road, New Delhi-110 003.
- (4) Ms. Samvita Reddy, Finance Officer, No. 11, Taramani Main Road, Taramani, Chennai-600113, Tamil Nadu.

Joint Controller

