

CHAPTER – 5

Externally Aided Projects

5.1. The State Govt. has given added emphasis to avail more and more foreign assistance for the externally aided projects under the existing scenario of resource constraint. Among the Special Category States, Himachal Pradesh has a good track record of multilateral as well as bilateral tie ups and implementation of projects in an effective manner. The State Government remained ever vigilant in tapping this source for the financing of development plans.

5.2 The State Government is implementing Externally Aided Projects (EAPs) in the sectors of Public Works, Forestry, Irrigation & Public Health, Power, etc. The implementation of these projects would help in achieving the objectives of productivity and raising the quality of life of the rural masses.

5.3 The Government of India, Ministry of Finance (Fund Bank Division), New Delhi, has issued clear guidelines for posing, implementing and monitoring of Externally Aided Projects. The guideline clearly indicates that no proposal for External Assistance shall be posed directly by any State Government to the bilateral and multilateral funding agency. The terms and conditions of the external assistance should not be negotiated with external funding agencies except through Department of Economic Affairs. The preparation of the Preliminary Project Report (PPR) is required to be prepared with tentative financial details before the project is submitted for external assistance.

5.4 The PPR should be prepared keeping in view the priorities of the Government of India and the State Government as envisaged in the Five Year Plan document. The PPR should list the desired development objectives and, as far as possible, quantify the objectives. PPR for the State project should be routed to the Department of Economic Affairs (DEA) through the Central Sector Ministry. Once the PPR is cleared, the State Government should submit a Detailed Project Report (DPR) for external assistance. The DPR should adequately reflect the strategic elements of techno-economic (economic viability, social cost benefit, value addition, etc.), ecological (land use, ecological sustainability, etc.), socio-cultural (target population and gender matters, participation, social impact, etc.) and institutional (institutional and organizational analysis, capacity building, training, etc.) dimensions in the project design in measurable terms. Fulfillment of debt sustainability criteria is required while recommending project for external assistance. Other procedural requirements as laid down by the Government of India from time to time are also required to be fulfilled for EAPs.

5.5 Monitoring and Evaluation / Impact Assessment Study by reputed neutral institutions or organizations to ascertain the actual achievement and retention of project objectives, after two or three years of the completion of the project, is a pre-requisite condition in respect of EAPs.

5.6 The Union Cabinet in its meeting held on 21-12-2006 has approved external assistance to Special Category States in the grant/loan ratio of 90:10 instead of release on back to back basis recommended by the Twelfth Finance Commission.

Summary of on-going EAPs in Himachal Pradesh:

1. WORLD BANK ASSISTED HIMACHAL PRADESH STATE ROAD PROJECT:

5.1.1 The World Bank Assisted State Road Project has been started with a total estimated cost of Rs. 1365.43 crore for a period of five year. The starting and concluding dates of the project are July, 2007 and December 2012, respectively. The project has been divided into two components:—

- (i) Core Road Network component
- (ii) Core Network Maintenance and Management.

5.1.2 The development objective of the project is to have positive social impacts in terms of reducing transportation costs and improving traffic flows on priority segments of the core road network of Himachal Pradesh. This objective will be achieved through a package of prioritized infrastructure investment and improved management practices.

5.1.3 The sharing pattern of the project is in the ratio of 72.50: 27.50. An outlay of Rs. 100.00 crore has been kept for the financial year 2009-10, against which an expenditure of Rs. 63.10 crore has been incurred up-to Sept., 2009. Reimbursement claims of Rs. 18.74 crore have been filed. Reimbursement of Rs. 8.99 crore has been received up-to Sept., 2009. An outlay of Rs. 115.00 crore has been proposed for the financial year 2010-11.

2. HP MID-HIMALAYAN WATERSHED DEVELOPMENT PROJECT:

5.2.1 H.P. Mid-Himalayan Watershed Development Project has been started from 1st October, 2005 and will be closed on 31-3-2013. Forest department is the nodal Department for the implementation of the project. The project area will cover the part of Chamba, Kangra, Hamirpur, Mandi, Bilaspur, Solan, Shimla and Sirmaur Districts. The project will focus primarily on the issue of poverty alleviation along- with natural resource management. The main thrust of the project is:-

- 1. To improve productivity of agrarian and natural resource systems for raising per capita income of the people,
- 2. To generate gainful employment opportunities through project interventions and
- 3. To raise the living standard of women and other disadvantaged groups.

5.2.2 The total cost of the project is Rs. 365.00 crore and sharing pattern is in the ratio of 80:20. The project is being implemented with the assistance of World Bank. During the year 2009-10, an expenditure of Rs. 12.68 crore has been incurred, up-to Sept., 2009, against the approved provision of Rs. 50.00 crore. Reimbursement claims of Rs. 4.02 crore have been received up-to Sept., 2009. An outlay of Rs. 60.00 crore has been proposed for the Annual Plan 2010-11.

3. SWAN RIVER INTEGRATED WATERSHED MANAGEMENT PROJECT:

5.3.1 The Project named “Swan River Integrated Watershed Management Project” is located in Una district. The Forest department is the nodal Department for the implementation of the project. The project costing Rs. 160.00 crore is being implemented with the help of JBIC in the sharing pattern of 85:15%. The main objective of this project is to reduce soil erosion and watershed catchments treatment of the 73 tributaries of the Swan River so as to reduce the water traffic to the main Swan River. The project has been started in April, 2006 for 8 years and will be terminated in 2014.

5.3.2 An outlay of Rs. 20.00 crore has been kept for the financial year 2009-10, against which an expenditure of Rs. 11.91 crore has been incurred up-to Sept., 2009. Reimbursement claims of Rs. 10.63 crore have been filed and an amount of Rs. 5.28 crore has been received up to Sept., 2009. An outlay of Rs. 30.00 crore has been proposed for the Annual Plan 2010-11.

4. HYDROLOGY PROJECT-II

5.4.1 The World Bank Aided Hydrology Project-II has been started with a total cost of Rs. 49.50 crore for six years, starting from April, 2006 and concluding in June, 2012 in the sharing pattern of 77.76:22.24 %. The project is being implemented by the Irrigation & Public Health Department. The project envisages measuring / monitoring of surface and ground water by means of making provision of permanent gauging station and water quality laboratory.

5.4.2 An outlay of Rs. 8.00 crore has been kept for the financial year 2009-10 against which an expenditure of Rs. 1.52 crore has been incurred upto Sept., 2009. A reimbursement of Rs. 1.81 crore has been received upto Sept., 2009 against the filed claims of Rs. 2.80 crore. An outlay of Rs. 13.50 crore has been proposed for this project for Annual Plan 2010-11.

5. GTZ PROJECT ON IRRIGATION (WASH):

5.5.1 The GTZ assisted WASH Project has been started with a total cost of Rs. 15.87 crore in the sharing pattern of 85:15 %. The first phase (TC) of the project started from 01-02-2005 was for the duration of three years. But the extension of the old TC phase

for the period 01-07-2007 to 30-06-2010 has been agreed in the Indo-German Bilateral consultations held in New Delhi on 3rd - 4th May, 2007. The project is being implemented by the Irrigation & Public Health Department.

5.5.2 The objective of the WASH Project is to enable and empower Water Users/PRIIs and stakeholders to plan, implement and manage the drinking water and minor irrigation systems in a sustainable manner. The project is in two phases i.e. Technical Component (TC) Phase and Financial Component (FC) Phase. The FC Phase shall be taken up only on successful completion of TC Phase.

5.5.3 An outlay of Rs. 25.00 lakh has been proposed for the Annual Plan 2010-11.

6. GTZ PROJECT FOR MICRO PLANNING AT PANCHAYAT LEVEL:

5.6.1 The total cost of GTZ aided “Micro Planning at Panchayat Level” project is Rs. 795.34 lakh. The project will be completed in 4 years in the sharing pattern of 75:25 % between donor agency and state government. The project was started in June, 2007 and will be concluded in December, 2010. The project is being implemented in the society mode by the Panchayati Raj department. The main objectives of the project are as under:-

1. Preparation of Model Guidelines/ Manual to facilitate the preparation of best Micro Plans by the panchayat.
2. Constitution of core group of experts for monitoring and advocacy regarding Micro Planning.
3. Study/ Exposure visits of core group members and selected office bearers of Gram Panchayats outside the State and within the State.
4. Capacity building.

5.6.2 An amount of Rs. 92.32 Lakh has been provided for this project during the financial years 2007-08, 2008-09 and 2009-10. An outlay of Rs. 30.00 lakh has been proposed for the Annual Plan 2010-11.

7. HYDRO-ELECTRIC POWER PROJECTS:

5.7.1 Government of India is raising a loan from Asian Development Bank in various tranches under “Himachal Pradesh Clean Energy Development Programme” for financing the execution of following four Hydroelectric Projects in the State. The cost of these projects will be shared by ADB, other Financial Institutions and State Government in the ratio of 53:17:30. An outlay of Rs. 290.50 crore has been kept for the financial year 2009-10, against which an expenditure of Rs. 78.92 crore has been incurred upto September, 2009. A reimbursement of Rs. 41.49 crore has been filed and received upto September, 2009. An outlay of Rs. 290.00 crore has been proposed for these projects for Annual Plan 2010-11. Out of this proposed provision, an amount of Rs. 190.00 crore will be loan to the HPPCL and Rs. 100.00 crore will be equity participation by the State Govt. The project wise detail is as below:-

I SHONGTONG KARCHEM HYDROELECTRIC PROJECT:

5.7.1.1 The Shongtong-Karcham HEP has been contemplated as a run of river scheme on river Satluj in the reach between Powari and Ralli villages in Kinnaur District with an installed capacity of 402 MW. The total estimated cost of the project is Rs. 2750.00 crore.

5.7.1.2 The main objective of the project is to generate 402 MW of power which will help to bridge the gap between demand and supply of power in the country particularly in the Northern Region. The generation of power will support economic growth in the State by way of industrialization and increase in revenue by way of sale of power.

II SAINJ HYDROELECTRIC PROJECT:

5.7.2.1 The Sainj Hydroelectric Power Project is a run of the river scheme on Sainj river, a tributary of Beas river in Kullu Distt. of Himachal Pradesh. The total revised estimated cost of the project is Rs. 785.00 crore. The main objective of the construction of the Sainj Hydroelectric Power Project is to generate 100 MW of power.

III KASHANG HYDRO ELECTRIC PROJECT:

5.7.3.1 The total estimated cost of Kashang Hydroelectric Power Project is Rs. 1939.00 crore. Inaugurated Kashang HEP in district Kinnaur envisages development of Kashang and Kerang streams; the tributaries of river Satluj with an installed capacity of 195 MW which will be actualized in three stages, each stage having an installed capacity of 65 MW. .

IV SAWRA-KUDDU HYDRO ELECTRIC PROJECT:

5.7.4.1 The Sawra-Kuddu HEP has been contemplated as a run of the river scheme on Pabbar river in Shimla District. The total estimated cost of the project is Rs. 1182.00 crore. The main objective of the construction of Sawra-Kuddu Hydroelectric Power Project is to generate 111 MW of power which will help to bridge the gap between demand and supply of power in the country particularly in the Northern region.

V CAPACITY DEVELOPMENT:

5.7.5.1 An amount of Rs. 45.00 crore has also been sanctioned for capacity development of these four hydroelectric project, which is 100% Externally Aided.