



## **ABSTRACT**

Japan International Cooperation Agency (JICA) ( formerly known as JBIC) Grant Fund II – Approval of the guidelines and procedures for the operation and management of (JICA) Grant Fund – II – Orders – Issued.

### **MUNICIPAL ADMINISTRATION AND WATER SUPPLY (MA2) DEPARTMENT**

**G.O.(Ms).No.126**

**Dated: 9.07.2010**

**Read**

1. G.O. (2D). No. 112, Municipal Administration and Water Supply Department, dated 6.8.2008.
2. From the Managing Director and Chief Executive Officer, Tamil Nadu Urban Development Fund, letter No. TNUDF/JBIC – GF – II/2008/01, dated 29.8.2008.

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### **ORDER:**

In the G.O. first read above, the Government have accorded administrative sanction for the implementation of JBIC (Now JICA) assisted Tamil Nadu Urban Infrastructure Project (TNUIP). In para No.4 (iii) of the said GO, the Government prescribed that the grant to support the sub-project towards Project Management Consultancy, Quality Assurance Consultancy, Environment Management Consultancy will be met from the JICA Grant Fund – II to be set up by Government which will be managed and operated by TNUIFSL based on the guidelines issued by the Government from time to time.

2. Based on the above, the Managing Director and Chief Executive Officer, TNUIFSL has furnished the draft guidelines for the operation and management and draft management agreement of JICA Grant Fund – II and requested the Government to issue orders for approving the guidelines for the operation and management and management agreement of JICA Grant Fund – II.

3. The Government after careful examination accept the proposal of Managing Director and Chief Executive Officer, Tamil Nadu Urban Infrastructure Financial Services Limited and issue the guidelines as in the Annexure for the operation and management of JICA Grant Fund II and also approve the management agreement.

4. This orders issues, with the concurrence of Finance Department vide its U.O.No. 48464/EAP/ 2009-1, dated 14.6.2010.

**(BY ORDER OF THE GOVERNOR)**

**NIRANJAN MARDI,  
PRINCIPAL SECRETARY TO GOVERNMENT.**

To

The Director of Municipal Administration,  
Chennai – 5.

The Managing Director and Chief Executive Officer, TNUIFSL, Chennai – 17.

The Pay and Accounts Officer (East), Chennai-5. (2 copies)

The Accountant General, Chennai-18.

The Accountant General (Audit), Chennai-18.

The Resident Audit Officer, Chennai-9

Copy to:

The Finance (MAWS) Department, Chennai-9.

The MAWS (Budget / OP II) Department, Chennai – 9.

The Finance ( BG.II)/Fin (L& A cell & EAP) Department,  
Chennai – 9.

The P.S to Principal Secretary to Government, Municipal Administration and  
Water Supply Department, Chennai – 9.

**/ Forwarded by Order/**

**SECTION OFFICER**

## **ANNEXURE**

### **GUIDELINES AND PROCEDURES FOR THE OPERATION AND MANAGEMENT OF JICA GRANT FUND II**

The JICA Grant Fund-II would be part of the Tamil Nadu Urban Infrastructure Project under the JICA line of credit and will be operated based on the following guidelines:

#### **1. Objectives:**

The JICA Grant Fund - II is a technical assistance grant and will be used to support the participating Urban Local Bodies (ULBs) towards the consultancy services such as Sub-project Management Consultancy, Quality Assurance Consultancy as Lenders' Engineer and Environmental Management Consultancy to ensure compliance with Environment & Social Framework.

#### **2. Fund size, sources and allocation**

An amount equivalent to 479 Million Japanese Yen (equivalent to about Rs.16.81 crores), will be passed on by Government to JICA Grant Fund-II as grant. Based on the above, the Government will allocate the fund by way of budgetary allocation, every year.

The interest from investments and any other income earned or accruing to JICA Grant Fund-II should form part of its corpus and shall be applied for the purposes for which the fund is created.

#### **3. Grant Fund Management:**

The JICA Grant Fund II will be operated and managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the JICA Grant Fund II guidelines prescribed by the Government, from time to time. TNUIFSL would be the Fund Manager of JICA Grant Fund-II. A management agreement shall be entered into between Government of Tamil Nadu and TNUIFSL, in this regard.

#### **4. Eligibility Criteria:**

##### **i. Eligible Projects**

The JICA Grant Fund-II will finance the cost of technical assistance towards Sub-project Management Consultant, Quality Assurance Consultancy as Lenders'

Engineer and Environmental Management Consultancy to ensure compliance with Environment & Social Framework in respect of the water supply projects and the sanitation and sewerage project implemented by ULBs, executed by Tamilnadu Water Supply and Drainage Board (TWAD)/ Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) or other agencies on behalf of ULBs, with the objective of up-gradation of the living standards of urban population and improvements in the service delivery to such population in the State of Tamil Nadu.

## **ii. Eligible Grant Applicants**

All ULBs in the State of Tamil Nadu where urban infrastructure projects are funded under JICA line of credit are eligible for financial assistance.

## **5. Procedure for sanction of Grant**

### **i. Application**

Application from the ULB for technical assistance grant shall be submitted through Commissionerate of Municipal Administration / Commissionerate of Town Panchayats, to TNUIFSL, with an advance copy to the TNUIFSL, with the following:

#### **(a) Council Resolution:**

The ULB shall submit a Council Resolution for the required technical assistance and availing the grant under JICA Grant Fund-II.

#### **(b) Scope of Technical Assistance**

The application from ULBs for technical assistance should contain the details such as, Project name, detailed cost estimate of project, background and need for technical assistance, objectives of the required technical assistance, scope of services required for the technical assistance, data and any other support to be provided by the ULBs, institutional capacity to implement the system and other details to justify the requirement of technical assistance, and a copy of Detailed Project Report (DPR) of the proposed project for which technical assistance is sought.

#### **(c) Details of below poverty line population**

In case of the projects which directly benefit the urban low-income population, the justification for the use of the Grant Fund should be substantiated in the grant proposal by indicating the numbers of targeted-urban low-income population and specific project areas and expected impact on the improvement of the living standard of the targeted population.

## **(ii) Appraisal by TNUIFSL**

TNUIFSL would process the application and prepare a detailed appraisal about the requirement of the technical assistance, terms of reference (ToR) for the proposed technical assistance and recommendation on the technical assistance sought. For this appraisal, TNUIFSL can call for further information from ULBs and Commissionerate of Municipal Administration / Commissionerate of Town Panchayats, conduct site inspections, etc. The appraisals in respect of the required technical assistance shall be completed by TNUIFSL within 30 days, from the date of receipt of application.

## **(iii) Approval by the JICA GF-II Committee**

Based on the appraisal, a detailed appraisal report shall be placed before the JICA GF-II Committee, for necessary approval. The Committee consisting of the following officials will approve the grant provision for the required technical assistance based on the guidelines prescribed, recommendations of the TNUIFSL and on the merits of the proposal.:

|    |  |          |
|----|--|----------|
| 1. | Principal Secretary to Government, Municipal Administration & Water Supply Department, | Chairman |
| 2. | Principal Secretary to Government, Finance Department (or) his nominee                 | Member   |
| 3. | Commissioner of Municipal Administration / Commissioner of Town Panchayats             | Member   |
| 4. | Managing Director & Chief Executive Officer, TNUIFSL                                   | Member   |

## **(iv) Disbursement of Grant**

The Managing Director & Chief Executive Officer, TNUIFSL is vested with the powers to appoint the competent consultant (s) and disburse funds from JICA GF-II after due diligence. Based on the progress of work, the grant shall be disbursed to the respective consultants, in one or more installments.

## **6. Management Fees and Reimbursable expenses:**

TNUIFSL shall be allowed a fee of 1 % of the disbursements of the grant to Consultants from JICA Grant Fund-II and the fee can be revised subject to mutual agreement between Government of Tamil Nadu and TNUIFSL, from time to time. Reimbursable expenses will be specified in the JICA Grant Fund-II Management agreement.

## **7. Procurement Procedures:**

The Tamil Nadu Transparency in Tenders Act, 1998, amended from time to time or procurement procedures as prescribed by JICA, as the case may be, shall be applicable for the appointment of Consultants.

## **8. Annual Accounts and Audit:**

TNUIFSL will prepare annual accounts and cause to conduct an annual audit of the JICA Grant Fund-II and place this audit report before the Board of TNUIFSL and forward the same to Government, not later than nine months after the expiry of the financial year. TNUIFSL will nominate a firm of Chartered Accountants to carry out an annual audit of the JICA Grant Fund-II, notwithstanding that the Comptroller and Auditor General may also carry out a separate annual audit.

## **9. Review of Grant Fund II Operation:**

The Principal Secretary, Municipal Administration and Water Supply Department would review the working of the JICA Grant Fund-II, periodically, based on the progress report sent by TNUIFSL as well as site inspection. Based on the review, the procedures and guidelines regarding the JICA Grant Fund-II may be modified to enable it to realize the objectives, if necessary.

**NIRANJAN MARDI  
PRINCIPAL SECRETARY TO GOVERNMENT**

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**SECTION OFFICER**