

**Memorandum of Agreement (MoA) under
National Hydrology Project**

between

**Ministry of Water Resources, River Development &
Ganga Rejuvenation**

and

[National Institute of Hydrology, Roorkee]

Government of India

Dated

, 2016

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

Memorandum of Agreement (MoA) between the Ministry of Water Resources, River Development & Ganga Rejuvenation (MoWR, RD&GR), Government of India and National Institute of Hydrology, Roorkee, Government of India for completion of National Hydrology Project (NHP).

1. This MoA is made between the Ministry of Water Resources, River Development & Ganga Rejuvenation (MoWR, RD&GR), Government of India and National Institute of Hydrology, Roorkee, Government of India for completion of National Hydrology Project (NHP) from 2016-17 to 2023-24 as a Central Sector Scheme.
2. The State / Central Government Organisations, henceforth called Implementing Agency, agrees to undertake NHP implementation as per guidelines. The Implementing Agency (IAs) declares its commitment to the objectives of the Project. To this end, the Implementing Agency shall carry out the Project in accordance with the provisions of Project Implementation Plan/ Annual Work Plan/ Procurement Plan, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
3. The project will be of 08 years' duration and would be taken up in two phases of four years each. The four components envisaged are, viz. (A) Water Resources Data Acquisition System; (B) Water Resources Information System; (C) Water Resources Operation and Planning; (D) Institutional Capacity Building at a cost of Rs 3679.7674 Crore. The Ministry of Water Resources, RD & GR, Government of India agrees to provide central assistance (Grants) under different activities for the completion of project targets during the period of MoA subject to the following conditions:
 - i) The Project will start from and be completed by the....., Government of India per the annual physical and financial targets as mentioned in the approved Project Implementation Plan/ Annual Work Plan/ Procurement Plan. Its completion will be informed immediately to the Ministry of Water Resources, River Development, Government of India.
 - ii) The Central assistance will be given as Grant-in-Aid in two tranches annually as per the condition prescribed in the scheme guidelines mentioned in the Schedule of Implementation (Annexure-I) and Financial Management (Annexure-II).
 - iii) The project will be monitored by the World Bank, MoWR, RD&GR and State Government as prescribed in the scheme guidelines. National Project Monitoring Unit (NPMU) MoWR RD&GR will be lead agency for the implementation of NHP and the release of the central assistance (Grant) will be based on their recommendations.
 - iv) Quarterly Progress Report (QPR) indicating quarterly physical and financial targets / achievement, matching with annual target certified by the Nodal officer of Project Monitoring Unit (PMU) of the Implementing Agency shall be submitted to the NPMU by the end of Month of April, July, October and January positively. QPRs shall be submitted through the web-based

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विभाग, नई दिल्ली

31/04/11
22/11

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Monitoring Information System (MIS) of NHP. The annual physical and financial reports executed during the immediate preceding financial year will be submitted to the NPMU by July 31 of every financial year.

- v) The State / Central IAs shall ensure quality control in the execution of the works.
4. The IAs need to follow the World Bank Guidelines including procurement, financial management and safeguard. The IAs may initiate the preparation of the tender documents on the same lines.
5. While closing the final account of a project on completion of all the works the IAs shall submit Utilization (Annexure-III) & Audit certificate and balance central share, if any.
6. In case of persistent shortfalls in achievements and delay in completion of various activities against annual targets, the implementing agency shall submit proposal for carry over of activities and revalidation of amounts to NPMU with justification. The MoWR, RD&GR would either approve such extension or reallocate such amounts to other agencies if there is consistent shortfall in achievements.
7. As per Section 9A of the Inter State River Water Disputes Act (1956), 'the Central Government shall maintain a data bank and information system at the national level for each river basin, which shall include data regarding water resources, land, agriculture and matters related thereto The State Government shall supply the data to the central government or to an agency appointed by the central government for the purpose'. The State/ Central IAs shall ensure uninterrupted sharing of hydro-meteorological data, both historical and real-time to National Water Informatics Centre (NWIC) in order to enable basin-wise water resources assessment and develop integrated river basin plan, flood forecasting etc.

Signed on the day ..10..11.., 2016 at New Delhi.

For and on behalf of the State/Central
organisation
Govt of India

Principal Secretary/ Secretary
in-Charge ofDepartment
Government of

Or

...Raj. Deva Singh

Head of the organisation
Central Implementing Agencies

R.D. Singh
Director
National Institute of Hydrology
Roorkee-247 667

For and on behalf of Government of India

Joint Secretary (A&GW),
Ministry of Water Resources, River
Development & Ganga Rejuvenation

अखिल कुमार / AKHIL KUMAR
संयुक्त सचिव / Joint Secretary
जल संसाधन, नदी विकास, एवं गंगा संरक्षण विभाग
Ministry of Water Resources, River Development
& Ganga Rejuvenation
भारत सरकार / Government of India
नई दिल्ली / New Delhi

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Implementing Agency (IAs) shall maintain, throughout the period of Project implementation, a Project Management Unit (PMU), with staff in adequate numbers and with qualifications, functions and resources. Without limitation on the foregoing, the Project Management Unit shall be headed by a Project Coordinator and be responsible for carrying out the implementation, management, financial management, performance evaluation, safeguards, monitoring and reporting activities under the Project.

B. Anti-Corruption

The Implementing Agency shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Implementing Agency shall monitor and evaluate the progress of the Project and prepare Project Reports. Till such time the reports are generated on the MIS, such Project Report shall cover the period of one Quarter, and shall be furnished to the NPMU not later thirty (30) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Implementing Agency shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations and financial condition of the Implementing Agency, including the operations, resources and expenditures related to the Project.
2. Without limitation to Part A of this Section, the Implementing Agency shall have its financial statements referred to above audited by CAG/ independent auditors as stipulated in the Financial Manual and submit the audit reports to NPMU within five months from end of the financial year.

Section III. Procurement

All goods and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the Financing Agreement to be

signed between MoWR, RD&GR and the World Bank in accordance with the stipulated guidelines of the DEA and the CVC

Financial Management key aspects under NHP

NHP is to be taken up in two stages at an overall cost of Rs.3679.7674 crore [Rs.3,640 crore for National Hydrology Project (NHP) and Rs.39.7674 crore for NWIC], as a Central Sector Scheme to be taken up in two stages. The first Stage from the year 2015-16 to 2019-20 entails an expenditure of Rs. 1681.56 crore. The second stage for the period 2019-20 to 2023-24 has an outlay of Rs 1998.20 crore. The Second Stage, beyond 2019-20, would be processed keeping in view the achievements till the year 2018-19, so as to maintain continuity. Stage-wise World Bank's Loan component and the Central Government's Assistance has been worked out in the table given below:

(Rs in Crore)

Stages	Duration (in years)	Total Cost	World Banks' Loan	Central Govt.'s Assistance
Stage-I	4 years (2015-16 to 2019-20)	1681.5674	840.7837	840.7837
Stage-II	4 years (2019-20 to 2023-24)	1998.2000	999.1000	999.1000
TOTAL	8 years (2015-16 to 2023-24)	3679.7674	1839.8837	1839.8837

Fifty per cent of the amount, i.e. Rs 1839.8837 crore would be World Bank loan to be repaid by Central Government. The remaining 50%, i.e. Rs 1839.8837 crore would be Central Assistance from the budgetary support. The approved allocations to the States and Central Organisations shall be passed on to them as Grants for effective implementation of NHP. MoWR, RD&GR will release funds to the State and Central Implementing Agencies against agreed annual work plan, through direct transfer into NHP Bank accounts of the Implementing Agencies.

Planning & Budgeting

Each Implementing Agency will prepare an 8-year Project Implementation Plan (PIP) and every year an Annual Work Plan (AWP) for the project. These plans will be appraised and approved by MoWR, RD&GR. The NPMU will prepare annual estimates of the project by consolidating State level and NPMU level estimates. The project will be budgeted at the Union level, under an identifiable budget head item of the MoWR, RD&GR. The NPMU will maintain an MIS System to track the project expenditures by activity heads to allow for quarterly interim financial reports to be prepared in a manner that will allow easy monitoring

of actual expenditures against agreed work plans and for management decision making purposes. The Secretary (WR, RD&GR), shall approve the work plans and proposal for activities under the project.

Objectives of the budgeting system:

The main objective of an efficient budgeting system is to facilitate timely approval of the annual work plan, draw down of resources from MoWR, RD&GR, and budgetary control i.e. monitoring of performance at regular intervals and fixing accountability for variances.

Budget Process:

The function of budgeting shall be carried out by all the accounting centres of the Central and State Implementing Agencies, hence forth called the CPMU and SPMU respectively.

Budget Period:

1. Budget Period to be followed by the Mission Units shall be the financial year i.e. from April to March of each year.
2. Budgets shall be prepared for the budget year and broken up into quarterly budgets. This would enable periodical performance review through quarterly variance analysis and preparation of quarterly financial reports.

Budget calendar:

The process of preparation, review and approval of budget shall start after the completion of six months of the current financial year, thereby leaving six months for budget preparation, review, consolidation, revision, approval and allocation of approved budgets to the various activities. The milestones in the budgeting process along with the target dates are laid down in the following budget calendar.

S.No.	Activity	Agency responsible	Completion date
1	Preparation of next year's AWP	CPMU and SPMU	15 th October
2	Preparation of next year's APP	CPMU and SPMU	15 th October
3	Preparation of next year's budget (taking into consideration of the current years progress)	CPMU and SPMU	31 st October
4	Approval of the next year's budget	CPMU and SPMU	15 th November
5	Submission of next year's AWP, APP and budget to the NPMU/WB	CPMU and SPMU	30 th November
6	Consolidation of all the AWP, APP and next year's budget and submission to the World Bank	NPMU	31 st December
7	Approval of the AWP, APP and budget	NPMU	15 th February

Fund Flow

Fund Flow Arrangements: MoWR, RD&GR will release funds to State and Central Implementing Agencies against agreed annual work plans and as per Financial Management provisions of MoU which will be signed between MoWR, RD&GR and each participating State and Central Implementing Agency. Funds will be released in two tranches each year through direct transfers into Implementing Agencies' bank accounts. For all fund releases following the first tranche, the State and Central IAs will be required to submit audit reports and utilization certificates, as per established GoI procedures. The funds from NPMU to State and Central IAs will be through Electronic Fund Transfer system.

Opening of Bank A/c: State Project Management Unit (SPMU), will maintain a separate Bank A/c in a Scheduled Bank for the NHP and notify the same to MoWR, RD&GR. The transfer of funds from MoWR, RD&GR to State and Central Implementing Agencies will be through ECS to this account.

Fund flow within the state: The state would have three broad options to receive and spend the amount and they should indicate the option being used for the project at the time of MOU signing:

Option 1: Operate the project Bank account through nodal officer: The SPMU needs to get concurrence from State finance department to operate the bank account. Once the approval is received there would be one bank account for one agency at the state level and all bills would be paid by the nodal officer through this bank account.

Option 2: If payment from bank account is not permissible by finance department then the entire amount can be deposited by the SPMU under 8448-deposit works in treasury and all payments and bills can be submitted and payments can be made through treasury.

Option 3: If payment from bank account is not permissible by finance department, the project can request for a budget head for this project at the state level. The money received from centre can be first put in the bank account and then remitted in treasury under receipt head and all payments can be made from the budget head assigned for the project.

Procedure for release of funds to States: NHP would fund States for the activities mentioned in the appraised and approved **annual work plans and annual procurement plans**, and MOA.

NPMU would review the performance against these plans half-yearly and annually and funds flow to the States and Central IAs would be based on the revised annual plans. Funds will be released in two tranches each year through direct transfers into SPMU and CPMU bank accounts. For all fund releases following the first tranche, the Implementing Agencies will be required to submit audit reports and utilization certificates, as per established GoI procedures.

Tranche	Period	Conditions of release
First (upto 60% of the AWP)	April-May	<ul style="list-style-type: none"> • Approval of the Annual Work Plan & Annual Procurement Plan; and • On fulfilling condition(s) imposed at the time of release of previous tranche. • IFR for the previous half year and UC for the previous period • Audit report for two financial year before the FY for which tranche is requested
Second (Balance of AWP)	October - November	<p>On the request of PMUs of all IAs, in prescribed pro-forma and on fulfilment of the following conditions:</p> <ul style="list-style-type: none"> • Utilization of at least 60% of the total available funds (equal to opening balance plus releases during the year and miscellaneous receipts and submission of Utilization Certificates. • The opening balance of the PMUs should not exceed 10% of the allocation of the previous year (<i>in case, the opening balance exceeds the limit, the Central funds would proportionally reduced</i>). • Audit Reports for the last FY (with auditor's remarks), • Utilization Certificates and Bank Reconciliation Statement for the previous year furnished along with Non-diversion of fund certificate. • IFR for the previous half year • Achievement with reference to Annual Action Plan • Other terms and conditions stipulated at the time the previous release should have been met

- Consideration to Committed Liabilities would be duly given and in exceptional circumstances, the second tranche may be considered in Jan-March subject to availability of funds as per FRBM Act.
- Once the MIS is fully operational, the release of funds would also be subject to physical and financial process; and
- For FY 2016-17, first tranche would be released after opening of Savings Bank Account by the IAs and the second tranche may be considered even upto February, 2017 after fulfilling conditions mentioned above.

If expenditure is incurred by the State and Central Implementing Agencies from their own funds and seek reimbursement -

- actual expenditure for the activities approved by the MoWR/WB under NHP would be reimbursed in the same financial year as far as possible.
- if the central assistance is not released in that financial year, reimbursement would be in the next financial year.
- If there is a delay in release of central assistance from MoWR, RD&GR for any reason, the state government may revise the Annual Work plan/procurement Plan for the next financial year and include the unfinished activities in this Plan.

Accounting Policies, Procedures and Systems: Project expenditure will be subject to controls as per General Financial Rules of Government of India. All fund releases (Grant-in-Aid) to State and Central IAs to finance approved state Annual Work Plans will be recorded as expenditure in accordance with existing GoI rules. For the purpose of the program, however, NPMU will keep track of actual expenditures reported against the grants by the State and Central Implementing Agencies, as these are essentially in the nature of advances, and incorporate them in six monthly interim consolidated financial reports of the project.

- (i) Accounting at departments: The departments would maintain cash books and other relevant ledgers for the project separately for the ease of accounting, auditing, and reporting along with a separate project bank account. The departments would report the expenditure in the IUFRR formats. These agencies would submit the IUFRR to MoWR, RD&GR for consolidation.
- (ii) Accounting at central agencies: These agencies would follow the accounting system normally used by them. These agencies would maintain separate cash book and accounts for the project along with a separate project bank account. These agencies would submit the IUFRR to MoWR, RD&GR for consolidation.

Financial Reporting: NPMU will be responsible for compiling and preparing consolidated project financial progress reports on a six monthly basis. These Interim Unaudited Financial Reports (IUFRRs) will aggregate the financial reports for the following: (a) NPMU level expenditures as obtained from Pay & Accounts Officer (PAO) reports; (b) fund releases to State and Central Implementing Agencies by MoWR, RD&GR, as obtained from PAO reports; (c) State and Central Implementing Agency level financial reports, as obtained from their financial management systems. The consolidated project IUFRRs will be submitted to the Bank within 45 days of the end of each half year. The Implementing Agencies would ensure timely submission of IFR and audit reports to NPMU.

External Audit: The annual statutory audit of NPMU (MoWR, RD&GR) will be conducted by the Comptroller and Auditor General (C&AG) of India/independent auditors as per standard terms of reference and prevailing norms. The audit reports of NPMU and each of the State and Central Implementing Agencies will be submitted to the World Bank by 30th of September every year for previous financial year. The annual audit report will consist of (i) audit opinion, (ii) annual financial statements and (iii) management letter highlighting

significant issues to be reported to the management. NPMU will implement a regular system of review of audit process, including quality of audit at state level, audit observations and monitoring compliance of the observations by implementing units.
