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No. 9/6/2010-FBIV
Government of India
Ministry of Finance
Department of Economic Affairs
(Multilateral Institutions Division)

20 APR 2018
SCANNED

North Block, New Delhi
Dated: Apr 17, 2018

CIRCULAR

Subject: Advisory services by World Bank/ International Finance Corporation/ Asian Development Bank, other multilateral development banks and their affiliates - procedure for procurement by Government entities, including public sector entities, in India regarding.

This is in supersession of the Department of Economic Affairs' Circular of even number dated May 15, 2014 on the above mentioned subject. The World Bank/ International Finance Corporation/ Asian Development Bank, other Multilateral Development Banks (MDBs) and their affiliates, and some bilateral lending agencies (hereinafter collectively referred to as 'MDB-Advisory Services Agency(ies)' [MDB-ASA], unless otherwise indicated), offer advisory services - on payment basis or without payment - and engage with various Central and State Government Departments, Public Sector Units and other entities (hereinafter collectively referred to as 'Indian Procuring Entity(ies)', unless otherwise indicated). Since these Advisory Services are intended to achieve various developmental and transactional objectives and are offered/ delivered by MDB-ASA, which have official administrative relationship with India through the Department of Economic Affairs (DEA) and there are different cost and developmental implications, there is a need to regulate procurement of such services.

Classification of Advisory Services

2. For appropriate regulation, Advisory Services shall be classified as under:
- i. All Advisory/ Technical Services provided for in and delivered as part of an approved loan project [Loan Paid Services];
 - ii. All Advisory/ Technical Services which are part of a standalone/ separate agreement and which are to be fully or partly Paid-for, variously described as reimbursable advisory services, transaction advisory services, technical assistance, etc., with different payment options like upfront fee, delivery-based payment and/ or success fee, and would also include Advisory Services which are partly subsidized by Trust Funds [Reimbursable or Paid Services]; and
 - iii. All Advisory/ Technical Services, part of a standalone agreement, described in any form but for which Indian Procuring Agencies are not required to make any payment. These services are offered and delivered free of cost [Free or Unpaid Services].

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3. **Loan Paid Advisory Services**

3.1 MDB-Advisory Services which are part of a loan agreement will be procured and delivered as per the terms and conditions agreed to as part of the said loan agreement.

4. **Reimbursable or Paid-for Advisory Services**

4.1 **Exploring scope for such services:** The concerned MDB and Indian Procuring Entity [Central Ministry/ Department (or through the concerned Central Ministry/ Department in the case of an Entity under a Central Ministry/ Department) or the State Government (or through the State Government in the case of an Entity under the State Government)] may get in touch with each other, without prior intimation to DEA, to explore whether there is any scope for offering such an advisory service or availing an advisory service. Once they reach an *in principle* decision to engage a particular MDB-ASA, an offer for Paid-for Advisory Services may be sent to the Central Ministry/ Department (or in the case of an entity under a Central Ministry/ Department to the concerned Central Ministry/ Department) or the State Government (or in the case of an entity under the State Government to the concerned Department in the State Government) by the MDB-Advisory Services Agency directly.

Provided that –

In case of Paid-for Advisory Services pertaining to the North Eastern region of the country, the Central Ministry/ Department or the State Government shall obtain the clearances of the Ministry of Home Affairs, Ministry of External Affairs and Ministry of Development of North Eastern Region.

4.2 **Intimation to DEA:** At the time of making such an offer for providing Paid-for Advisory Services of any kind by an MDB-ASA, an intimation in this regard would be sent to the Multilateral Institutions (MI) Division of DEA by such an MDB.

4.3 **Applicable Procurement Guidelines:**

4.3.1 It must be ensured at all stages that procurement of such services will be subject to the fulfillment of the requirements under the provisions of the General Financial Rules (GFR) or financial rules (FRs) of the concerned State Government as the case may be, and that budget provision exists for incurring expenditure on such Paid-for Advisory Services.

4.3.2 The procurement of Paid-for Advisory Services of any kind shall be done through competitive bidding following the provisions of the GFR or FRs of the concerned State Government as the case may be. However, single source procurement of these advisory services of any particular MDB-Advisory Services Agency may be undertaken only if:

- (a) There is (are) any overriding reason(s) for such procurement;
- (b) The GFR or FRs of the concerned State Government as the case may be permits such engagement; and

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