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# **Business Opportunities Seminar with the ADB**

## ***Govt of India supported Lines of Credit Programme under IDEAS***

*September 27, 2024  
Kolkata*



# **Section – 1**

## ***LOCs : Overview and Broad Guidelines***



## OVERVIEW OF LINES OF CREDIT [LOCs]

- ❖ LOCs are governed under the Indian Development and Economic Assistance Scheme (IDEAS).
- ❖ LOC is a mechanism to share India's Development Experience with Partner Countries
- ❖ The Partner Countries receive LOCs at soft rates of interest.
- ❖ The Partner Countries have flexibility in identifying the projects based on their national priorities.

### LOC Portfolio

**Approved LOCs  
USD 31.16 bn**

**324 LOCs  
68 Countries**

## OVERVIEW OF LINES OF CREDIT [LOCs]

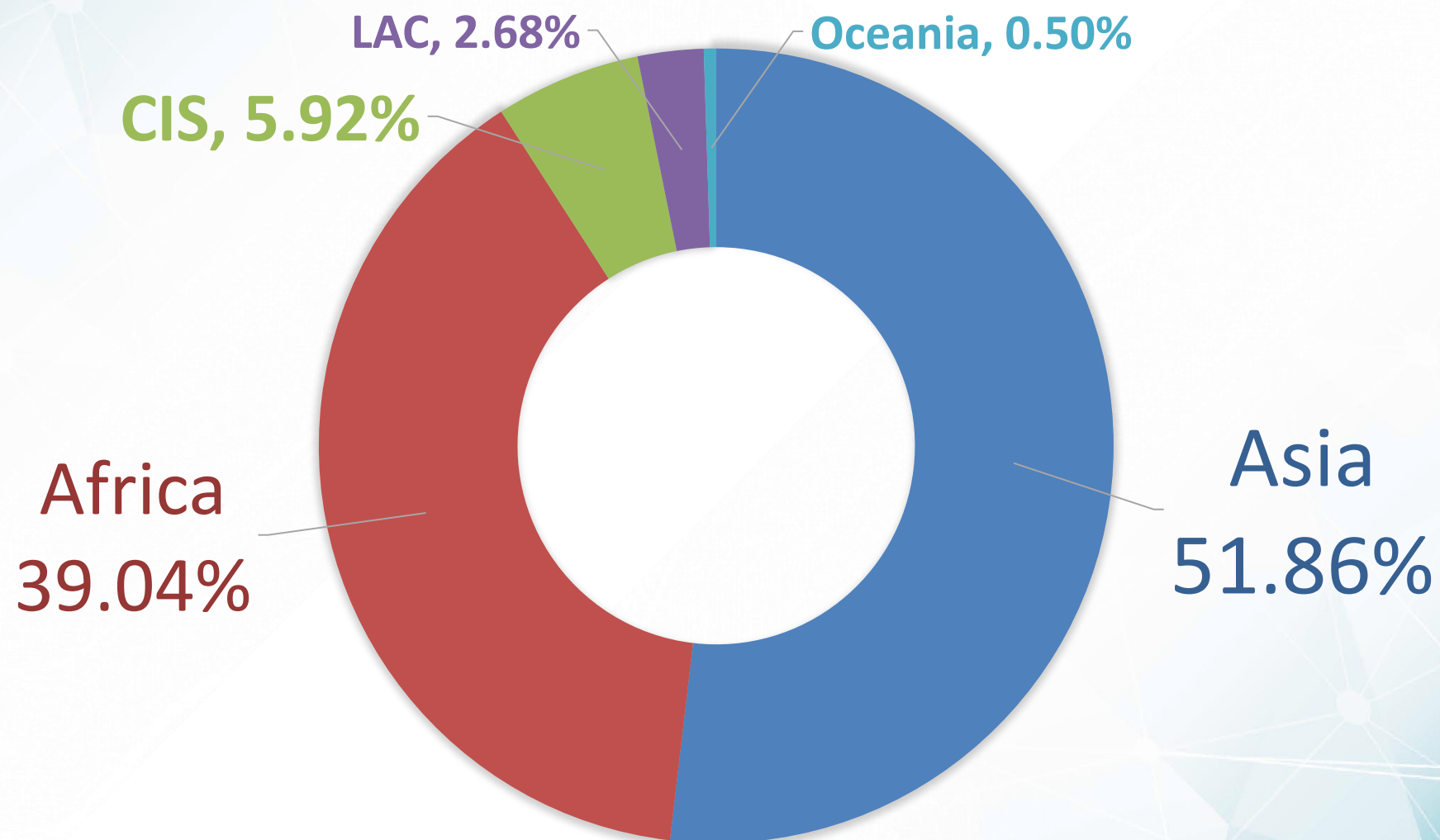
- ❖ LOCs assisted the Partner Countries throughout the LOC Project Life Cycle
- ❖ LOC soft loans create and enable assets for the Partner Country, with multiple spinoff benefits
- ❖ Creating socio-economic benefits in the partner country.
- ❖ Employment opportunities for local industries and economy in the Partner country.

### LOC Portfolio

**Projects  
About 590**

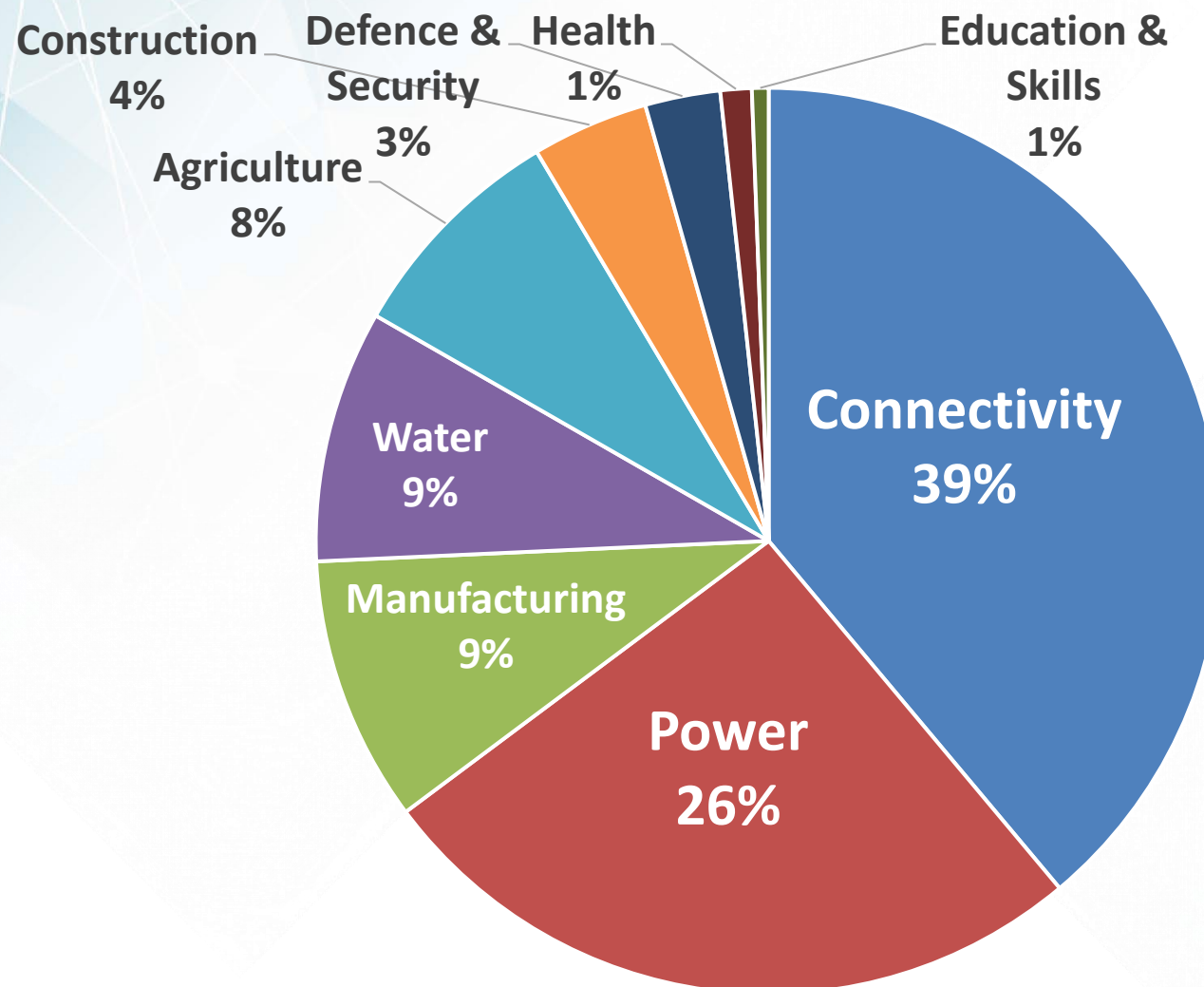
**Contracts  
About 959**

## GEOGRAPHICAL DISTRIBUTION OF LOCs





# SECTORAL DISTRIBUTION OF GOI-LOCS



Sector	Share (%)
Connectivity	39%
Power	26%
Manufacturing	9%
Water	9%
Agriculture	8%
Construction	4%
Defence & Security	3%
Health	1%
Education & Skills	1%

## KEY TERMS FOR LOCS - IDEAS

Category	Tenor <i>(years, including a moratorium of 5 years)</i>	Rate of Interest
I: L&LMI countries for which IMF has prescribed a minimum binding concessional requirement	25	1.50% p.a. (Fixed)
II: L&LMI countries for which there is no minimum binding concessional requirement	20	1.75% p.a. (Fixed)
III: Other developing countries	15	SOFR + 1.92826% (Floating)

## KEY TERMS FOR LOCS - IDEAS

- ❑ **DPR:** In case the country is unable to prepare the Detailed Project Report (DPR) on its own, then the LOC can be approved with a condition that an **amount not exceeding 1%** of the LOC will be utilised first for the **preparation of the DPR**.
- ❑ Borrowing Government shall enter into a **Comprehensive Maintenance Contract (CMC)** for 3-5 years, after commissioning of the project and completion of the warranty period.
- ❑ **0.50%** of the LOC can be utilised for evaluation of the project on completion.



## INDIAN CONTENT

### **Eligibility:**

The participation is limited to Indian entities registered in India and/or incorporated/ established under any law in force in India.

### **Indian Content:**

Goods and services for minimum 75% value of the contracts covered under these loans must be sourced from India.

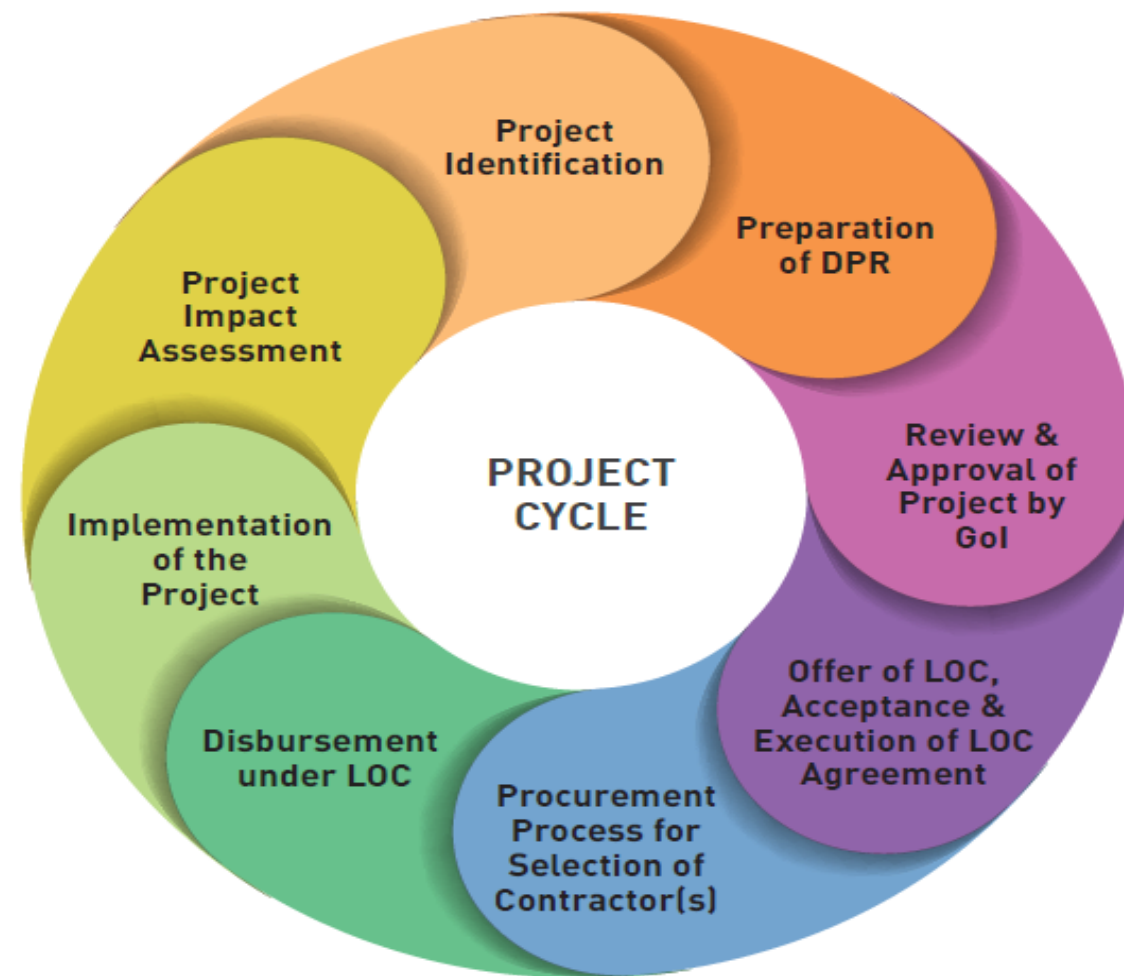
*(A relaxation, not exceeding 10% may be considered on a case to case basis for projects involving significant civil construction work).*

## *Section – 2* *Lines of Credit Procedures*

# LOC Procedures and Project Cycle

LOCs assist the Partner Countries throughout the LOC

- ❖ Project Identification
- ❖ Project Preparation Facility (PPF)
- ❖ DPR Preparation
- ❖ Review of DPR
- ❖ Procurement Process
  - *Prequalification*
  - *Tendering*
  - *Bid Evaluation*
  - *Award of the Contract*
- ❖ Disbursements and Implementation
- ❖ Monitoring and Project Assessment





## DETAILED PROJECT REPORT

- ❖ In the case of projects, the Detailed Project Report (DPR) should be made available for appraisal before according approval for the LOCs.
- ❖ In case the country is unable to prepare the DPR on its own, then the LOC can be approved with a condition that an amount not exceeding 1% of the LOC will be utilised first for the preparation of the DPR.
- ❖ Further utilisation of the LOC will be subject to the approval of the DPR by GOI.

## PREQUALIFICATION PROCESS

- ❖ Step 1: Borrower Country sends the Detailed Project Report or the Pre-Qualification Criteria for the Project.
- ❖ Step 2: Exim Bank prepares the PQ Document based on the criteria sent by the borrower country.
- ❖ Step 3: The PQ document is vetted by an Independent Consultant hired by Exim Bank.
- ❖ Step 4: Recommendations of Independent Consultant, if acceptable, are incorporated.
- ❖ Step 5: The PQ document is sent to the Borrower Country for its concurrence.
- ❖ Step 6: Borrower Country conveys its comments / concurrence to the PQ document.

## PREQUALIFICATION PROCESS

- ❖ Step 7: Changes suggested by Borrower Country, if any, are mutually agreed and incorporated.
- ❖ Step 8: The final PQ document is uploaded on Bank's website and published in leading newspapers in India. **A Pre-PQ meeting is conducted which is open for participation by all interested Applicants.**
- ❖ Step 9: A month's time is given to applicants. Last date of submission may be extended if justified.
- ❖ Step 10: All applications are opened on the date mentioned in the PQ document and evaluation commences.
- ❖ Step 11: A final list of shortlisted applicants is communicated to Borrowing Countries for tendering.



## TENDERING PROCESS



- ❖ Step 1: Borrower Country or the PMC appointed by the borrower sends draft Tender for the Project.
- ❖ Step 2: Exim Bank check for any criteria not in conformity with GOI guidelines and ensures that the criteria are not too restrictive or deterrent for smooth project implementation.
- ❖ Step 3: The draft Tender document is also vetted by an Independent Consultant hired by Exim Bank.
- ❖ Step 4: Recommendations of Independent Consultant, if acceptable, are incorporated.

## TENDERING PROCESS



- ❖ Step 5: The Tender document with modifications suggested by Exim Bank is sent to the Borrower Country for approval.
- ❖ Step 6: Borrower Country finalizes the Tender Document with the inputs provided and seeks NOC from Exim Bank, before release of the Tender Document.
- ❖ Step 7: The final Tender document is issued by the Borrower Government to the pre-qualified companies, the names of whom have already been forwarded by Exim Bank post the prequalification process undertaken by Exim Bank.
- ❖ Step 8: Generally, 45 days' time is given to pre-qualified companies. Last date of submission may be extended on case-to-case basis.

- ❖ Step 9: The receipt of bids, evaluation of bids and final selection/award of the contract are undertaken by the borrower country.

The borrower country forwards the bid evaluation report to Exim Bank for no-objection. Exim Bank may ask clarifications on the bid evaluation report, if felt necessary.

- ❖ Step 10: Exim Bank also vets the draft contract document forwarded by the Borrower Government prior to execution.
- ❖ Step 11: Pursuant to signing of the Contract, the request for contract inclusion along with relevant documents is forwarded by the Borrower Government under the LOC, to Exim Bank. After contract inclusion, Exim Bank sends a communication in this regard to the Government of India (DEA/MEA), Borrower Country / Project Authority and the contractor(s).



## **SECTION – 3**

# ***Project Implementation Disbursements, Monitoring and Business Opportunities***

## PROJECTS UNDER EXECUTION

### Disbursements

- ❖ Payment Authorization duly signed by Authorized Personnel and certified invoice/IPC's
- ❖ Advance Payment: Post Award Approval, Guarantees and regulatory and Statutory approvals
- ❖ Progress Payment: Project tenor validity, Indian content breakup and physical progress
- ❖ Exim Bank remits payments directly to the Exporter's account

## Project Implementation and Monitoring

### Monitoring

- ❖ Monitoring mechanism to be set up for timely completion of project without any time/cost overrun.
- ❖ Lender's Engineer
- ❖ Monthly progress reports, Quarterly progress review meetings
- ❖ Exim Bank and GOI undertake bi-annual monitoring of all LOC projects
- ❖ Site Visits



### COMPLETED PROJECTS

- ❖ Project Evaluation – benefits accruing to the partner country
- ❖ Comprehensive Maintenance Contract (CMC) for 3-5 years, after commissioning of the project and completion of the warranty
- ❖ Terminal Disbursement date: 48 months from the scheduled completion date; Unutilized amount gets cancelled.

## Business Opportunities under LOC Projects

Sr. No.	Project Name/ Contract	Country	Amount (in USD mn)
1	Agro-Industrial Pole Project in the North (2 PAI-Nord)	Cote d'Ivoire	50.00
2	Construction of Disaster Recovery Site	Eswatini	10.40
3	Construction of a new Parliament Building	Eswatini	108.28
4	Solar Projects: (i) Solar Project for Supply of Electricity and Drinking Water for 7 Public Universities in Guinea; (ii) Solar Project for Electrification and Refrigeration in 200 Health Infrastructures	Guinea	20.22
5	Construction of water supply schemes in Zanzibar Urban region	Tanzania	35.00
6	Stung Sva Hab/Slab Water Resources Development Project	Cambodia	36.92
7	Development of Sports Infrastructure	Maldives	36.48
8	Upgradation of Bartica regional hospital	Guyana	17.50

## Business Opportunities under LOC Projects

Sr. No.	Project Name/ Contract	Country	Amount (in USD mn)
9	Installation of Solar Photo Voltaic Power Plant at Cheddi Jagan International Airport	Guyana	2.50
10	Replacement and Equipment of the High Technology Centre of the Hospital Antonio Lenin Fonseca in Managua	Nicaragua	7.35
11	Reconstruction of Aldo Chavarria Hospital	Nicaragua	20.10
12	Bayer-Madang road project and Hoskins-Kimbe road project	Papua New Guinea	100.00
13	Electrification of resettlement sites under the Resettlement Action Plan- Second Phase (PAR-2) of the Kandadji Dam and upgrading of the Power Distribution Network Project in the dam area	Niger	10.50
14	Rural Electrification of 50 villages through Solar Photovoltaic (SPV) system	Niger	10.00



## For Other Information



The following documents are uploaded on the website: <https://www.eximbankindia.in/>

- ❖ Policies/ Procedures are available on the website;
- ❖ Model Procurement documents;
- ❖ List of contracts included under LOCs;
- ❖ IDEAS Guidelines;
- ❖ PQ document;
- ❖ Details of LOCs;
- ❖ Details of awarded contracts



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> TENDERS & NOTICES (11)  
> LOC EMPANELMENT  
> LOC TENDERS (3)  
> GOI LOC STATISTICS

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## Mission

Facilitate Indian trade and investment,  
and support partner countries' development priorities as a financially, socially and  
environmentally responsible institution.

## Vision

Globalisation of Indian businesses and empowering  
growth of partner countries.

# THANK YOU



## Lines of Credit [LOCs] - Project Cycle

Lines of Credit, typically follow a sequence of standard procedures, viz.:

- ❖ Project identification and preparation of project proposal/feasibility study
- ❖ Review and approval of the project proposal
- ❖ Offer of the loan, acceptance and execution of LOC agreement
- ❖ Preparation of Detailed Project Report (DPR)



## Lines of Credit [LOCs] - Project Cycle

- ❖ Prequalification of Indian companies
- ❖ Selection of Indian contractor through a competitive bidding process by the LOC recipient country
- ❖ Coverage of the contract under the LOC
- ❖ Project implementation and monitoring
- ❖ Project assessment

# LOC PROCESS: INITIATION OF GOI LOC PROPOSAL

**PARTNER COUNTRY  
MINISTRY OF FOREIGN  
AFFAIRS**

*The partner country requests for an LOC accompanied with a pre-feasibility or a detailed project report, which would include, amongst others, the basis of estimated costs and justification of the project.*

**INDIAN MISSION  
IN THE PARTNER COUNTRY**

*Forwards proposal with  
their recommendations /  
comments*

**INDIAN MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS**

**INDIAN MINISTRY OF  
EXTERNAL AFFAIRS**

*Examines; if acceptable from  
finance/budget angle, conveys approval*

*After Standing Committee clearance  
Recommends the proposal*

**INDIAN MINISTRY OF EXTERNAL AFFAIRS**

**EXIM BANK**

*Conveys offer*

*Conveys terms (interest rate & credit period) & sends  
draft LOC Agreement*

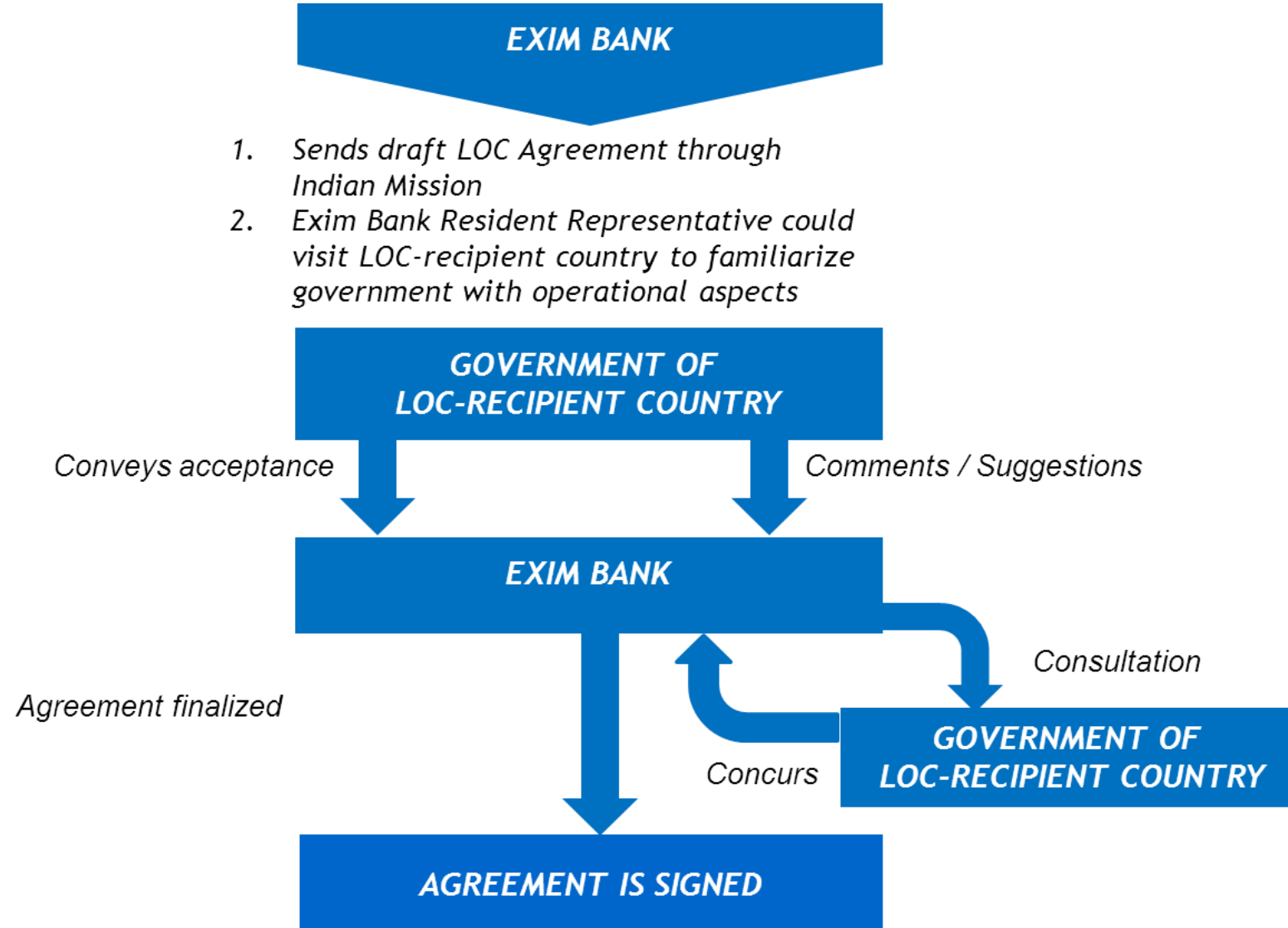
**INDIAN MISSION IN THE LOC-RECIPIENT COUNTRY**

*Conveys offer of LOC*

*Forwards terms & draft LOC  
Agreement*

**LOC-RECIPIENT COUNTRY  
MINISTRY OF FOREIGN AFFAIRS**

# SIGNING OF LOC AGREEMENT





## DISBURSEMENTS & REPAYMENTS

