

PROJECT IMPLEMENTATION PLAN (PIP)

**Assam Public Finance Institutional Reform
(ASPIRe)**

**Assam Society for Comprehensive Financial Management System
(AS-CFMS)
Government of Assam**

May 16, 2017

Table of Contents

Abbreviations and Acronyms	5
Chapter 1 - Introduction	6
1.1. Background and Rationale for a PFM Reform project	6
1.2. Objective of the Project Implementation Plan (PIP)	12
Chapter -2: Project Description	13
2.1. Introduction	13
2.2. Project Development Objective and Key Results.....	13
2.3. Key Beneficiaries.....	14
2.4. Component Description	14
Component 1: Strengthening Public Finance Institutional Capacity	14
Sub-Component 1.1 Strengthening Cash & Debt Management	14
Sub-component 1.2: Strengthening Public Procurement Framework and scaling up e-Procurement:	20
Sub Component 1.3 Strengthening Public Private Partnership framework & institutional capacity	25
Sub-component 1.4 Institutional strengthening of Finance Department	27
Sub-component 1.5 Training and Capacity Building.....	32
Component 2 Strengthening Expenditure and Revenue Information Systems	35
Sub Component 2.1 Design, development and implementation of Financial Management Information Systems (FMIS).....	36
Sub-component 2.2 Enhancing E-Collection and E-Payment Systems	45
Sub-Component 2.3 Designing/upgrading information systems and institutional strengthening in Commercial Tax Department.....	48
Sub-component 2.4: Design, development and implementation of work flow based Information System in Excise Department	53
Component 3 Project Management, Monitoring & Evaluation and Coordination	58
2.5. Project Financing	60
Chapter -3: Institutional Arrangements	61
Chapter 4 - Financial Management.....	63
Chapter 5 - Procurement.....	69
Chapter 6 - Monitoring and Evaluation	73
Results Indicators	73
Disbursement Linked Indicators (DLIs).....	73
M&E and Reporting framework.....	73

Chapter 7: Environment and Social Management Rules and Procedures	74
ANNEXURES	75
Annex 1 - Detailed Cost Table	76
Annex 2 - IFR Formats	83
Annex 3 - Procurement Plan	96
Annex 4 - Results Framework	105
Annex 5 - DLI Matrix	112
Annex 6 - DLI Verification Protocol Table	116
Annex 7 – Draft Terms of Reference	122
Annex 7(a) – Draft ToR for Cash and Debt Advisor (sub component 1.1)	122
Annex 7(b) – Draft ToR for Data Analytics Consultants (sub component 1.1).....	123
Annex 7(c) - Draft ToR for Procurement TNA (sub component 1.2).....	126
Annex 7(d) - Draft ToR for Capacity Building of Finance and Excise Departments – Training Needs Assessment (TNA) and development of Training Strategy and Training Material for the Finance and Excise Departments (sub component 1.5).....	130
Annex 7(e) - Draft ToR for Independent Verification Agency	138

Fiscal Year: April 01 to March 31

Abbreviations and Acronyms

AFS	Annual Financial Statements	IBRD	International Bank for Reconstruction and Development
AG	Accountant General	IFR	Interim Unaudited Financial Report
AS-CFMS	Assam Society for Comprehensive Financial Management System	IGFMIS	Integrated Government Financial Management Information System
DBT	Direct Benefit Transfer	IPF	Investment Project Financing
C&AG	Comptroller and Auditor General of India	ISM	Implementation Support Mission
CPS	Country Partnership Strategy	M&E	Monitoring and Evaluation
CSS	Centrally Sponsored Schemes	MTR	Medium Term Review
CTD	Commercial Tax Department	NIPFP	National Institute of Public Finance and Policy
CTMIS	Comprehensive Treasury Management and Information System	OSR	Own Source Revenue
DDO	Drawing and Disbursing Officer	PDO	Project Development Objective
DeMPA	Debt Management and Performance Assessment	PFM	Public Financial Management
DoAT	Directorate of Accounts and Treasuries	PFMS	Public Financial Management System
DLI	Disbursement Linked Indicator	PIP	Project Implementation Plan
DSA	Debt Sustainability Analysis	PMU	Project Management Unit
EEP	Eligible Expenditure Program		
FM	Financial Management	PPP	Public Private Partnership
FMIS	Financial Management Information System	RfP	Request for Proposal
FRBM	Fiscal Responsibility and Budget Management	RBI	Reserve Bank of India
GDP	Gross Domestic Product	Rs.	Indian Rupees
GoA	Government of Assam	SDC	State Data Center
GoI	Government of India	SBD	Standard Bidding Documents
GSDP	Gross State Domestic Product	SI	System Integrator
GST	Goods and Services Tax	SPD	State Project Director
GSTN	Goods and Service Tax Network	SPV	Special Purpose Vehicle
IAS	Indian Administrative Services	TIMS	Tax Information Management System
SDG	Sustainable Development Goals	VAT	Value Added Tax
DISCOMS		ToR	Terms of Reference

Chapter 1 - Introduction

1.1. Background and Rationale for a PFM Reform project

The State of Assam in the North-East region is rich in natural resources, but remains one of India's low-income state. The state has a population of 31 million (of which 20 percent is below poverty line) and a GDP per capita of Rs. 46,354 (against all India Rs. 74,920). Vulnerable to natural disasters such as floods, and long troubled by ethnic divisions, economic growth in Assam has lagged behind the all India average. Assam's economy registered an annualized growth of 5.6 percent during 2004-2014 well below the national average of 7.6 percent during the same period.¹ In addition to slower economic growth, poverty reduction in Assam was less responsive to growth than in rest of India. Based on a classification system developed in 1969 by India's 5th Finance Commission, Assam is identified as a Hill State due to its low resource base and limited ability to mobilize own resources for development which entitles it to liberal treatment in the form of central assistance.

Autonomous Councils: Assam has various Autonomous Councils (AC) or Schedule VI areas which are required to follow the state's prescribed PFM systems. Following are the 3 Autonomous Hill Councils formed in Assam: (i) Karbi Anglong Autonomous Council (KAAC); (ii) Dima Hasao District Autonomous Council (DHDAC) and (iii) Bodoland Territorial Council (BTC)

In accordance with the Constitutional provisions (Article 202), the estimated receipts and expenditure (Budget) pertaining to an autonomous district which are to be credited to, or is to be made from, the Consolidated Fund of the State shall be first placed before the District Council for discussion and then after such discussion be shown separately in the Annual Financial Statement (Budget) of the State to be laid before the Legislature of the State. The Autonomous Hill Councils receive grants for public expenditure (grant no. 76/77/78). Details of the same are provided in the Demand for Grants (both Revenue and Capital expenditure) as well as the Annual Financial Statement (AFS) for the state. An analysis of the share of allocation and expenditure by the autonomous council to total expenditure for the state is given in the table below:

Particulars	<i>Amounts in Rs Crores</i>			
	2012-13 Actuals	2013-14 Actuals	2014-15 RE	2015-16 BE
Revenue Account - funds devolved	1,970	2,325	3,087	3,178
Revenue Expenditure incurred for the Councils (source AFS)	171	146	575	339
VI Schedule expenditure from Revenue	2,141	2,471	3,662	3,517
Capital Account - funds devolved	459	704	750	356
Capital Expenditure incurred for the Councils (source AFS)			5	6
VI Schedule expenditure from Capital	459	704	755	362
VI SCHEDULE EXPENDITURE FROM STATE CONSOLIDATED FUND	2,601	3,175	4,417	3,879
TOTAL OUTLAY OF THE STATE	33,747	37,178	65,030	66,142
Funds devolved to Councils as a % of TOTAL OUTLAY	7.20%	8.15%	5.90%	5.34%
Expenditure incurred by the state for the Councils as a % of TOTAL OUTLAY	0.51%	0.39%	0.89%	0.52%

¹ For comparison, all-India GDP growth have been calculated using the 2004-05 constant price series.

VI SCHEDULE EXPENDITURE as a % of TOTAL OUTLAY	7.71%	8.54%	6.79%	5.87%
---	--------------	--------------	--------------	--------------

Assam is compliant with fiscal responsibility targets, but significant underlying constraints persists in PFM. A rule based Fiscal Responsibility and Budget Management (FRBM) Act was enacted in 2005 with the objective of improving the fiscal situation of the state². During the last decade, efforts have been made by the sub national governments to comply with the FRBM legislation. The XIV Finance Commission report recognizes the efforts made towards fiscal consolidation. It states that “*at an aggregate level, States made significant improvements in complying with the FRBM targets prescribed by the FC-XII and FC-XIII. In the pre-crisis period, fiscal consolidation at the State level was aided by a number of factors, including implementation of state-level fiscal responsibility acts, debt waiver and restructuring recommended by Finance Commissions, and improvement in revenues on account of buoyancy of Central taxes and introduction of value-added tax (VAT) at the state level. Despite States experiencing pressure on their fiscal balances in the post-crisis period due to lower buoyancy of Central taxes and increased expenditure commitment due to the implementation of the recommendations of Pay Commissions, they largely continued to comply with the FRBM targets.*”

Over the last few years, Assam has largely complied with the FRBM targets. The Government of Assam’s (GoA) fiscal deficit, which stood at an average of 3.4 percent of GSDP in five years preceding FRBM Act, has consistently remained within the target of 3 percent of GSDP prescribed in the FRBM – registering an average fiscal deficit of 2 percent of GSDP during 2010-11 to 2015-16. The data has been compiled for the last 3 available audit reports and unaudited results for the year 2014-15.

Maintain revenue surplus during the period 2011-12 to 2014-15	Achieved – revenue surplus of INR 927 cr.	Achieved – revenue surplus of INR 1,554 cr.	Achieved – revenue surplus of INR 223 cr.	Not Achieved – revenue deficit of INR 488 cr.
Reduce fiscal deficit to 3% or less of GSDP surplus during the period 2011-12 to 2014-15	Achieved – 1.43%	Achieved – 1.06%	Achieved – 2.33%	Achieved – 2.76%
Reduce outstanding debt to 28.3% of GSDP in 2011-12 and 28.40% in 2012-13 and 2013-14; maintain at 28.40% in 2014-15	Achieved – 27.52%	Achieved – 22.91%	Achieved – 21.13%	NA

[#] Source – *Unaudited provisional figures available in Accounts at a Glance for 2014-15 published on the CAG website*

Assam has recently been declared as a participating state in the Financial Restructuring Plan (FRP) called ‘UDAY’ for the state power discoms. This will lead to significant implication on the state’s public finances in the coming years – lowering the receipts and inclusion of additional expenditure. Apart from the impact on the finances of states, restructured loans to the power discoms estimated at Rs 600 crores will add to the debt liability of the state.

² This was part of GoA’s fiscal reform program between 2005-10 with the objective to stabilize state finances and to improve fiscal governance, with assistance from ADB. Other achievements included reforms expenditure -introduction of new pension scheme in 2005, debt management - debt swaps, ceiling on guarantees and setting up a guarantee redemption fund and selected reforms in the state’s public sector enterprises.

There are several challenges that Assam faces in execution of the budget, which has been recognized by the newly elected Government in Assam. The White Paper presented in June 2016 recognizes that *“while the budget size ballooned, its financing was forgotten, contributing to lack of credibility of the budget and has identified the need for restoring the sanctity of the budget as a priority”*. Report of a high-level “Reform Committee on Planning and Budgeting in Assam” (July 2016) which informed the Budget for 2016-17 identified three critical issues - (a) ambitious and unrealistic budget without adequate resources that forces the government to apply excessive controls; (b) need for resource mobilization either by way of increased tax through new avenues or savings through prudent allocations; and (c) ensure program convergence to avoid duplication of schemes across departments. While the state’s expenditure budget size increased by 88 percent between 2011-12 and 2015-16, it lacked realism without support of adequate resources. Consequently, revenue and budget out-turns are more than more than 25 percent of original budget. Assam’s finances are characterized by low Own Source Revenue (OSR) at 30 percent of total revenue and dependent on central transfers by way of devolution of central taxes and central grants. On the other hand, increase in committed expenditure on salaries, pension and interest costs has meant that revenue receipts barely cover committed expenditure leaving limited space for development expenditure. In addition, GoA’s efforts in raising additional resources through the PPP mode have not been able to achieve the desired level due to a combination of gaps in policy and framework.

Efficiency in PFM is seriously constrained due to outdated information systems and manual processes in expenditure management and tax administration. The core treasury, payment and accounting system - Comprehensive Treasury Management & Information System (CTMIS) - was partially implemented in 2005. Subsequent efforts in 2009 to transition to an Integrated Government Financial Management Information System- (IGFMIS) by developing additional modules around CTMIS have not been successful. This has resulted in continuing dependence on largely manual procedures and control processes in budget preparation, its allotment, budget control, preparation of paybill and in managing fund releases and payments. These contribute to delays in budget execution and payments, weaknesses in internal controls and accounting and consequently low budget credibility. The quality and timeliness of financial information (in-year budget execution reports) is inadequate to support high-level decision making. There are also delays in reporting to the state’s Accountant General (AG) for compilation of state accounts³. Similar is the situation on the revenue management side in the two highest earning departments. Administrative processes and taxpayer services in Commercial Tax Department (CTD) are managed through separate back end applications which are fragmented and outdated resulting in manual interventions. Additionally, processes for residual non-GST state taxes managed by CTD are manual. There is no automation in the Excise department and all administrative processes continue to be manual.

Archaic and passive cash and debt management practices lead to cash rationing and expenditure arrears. Coupled with unrealistic budget estimates, the state does not follow a practice of quarterly budget ceilings or control over expenditure commitments to effectively match shortfall in budgeted revenue. In the absence of a decision support MIS for the Finance Department, funds and payments are controlled by a “Fixation of Ceiling” mechanism which requires all non-salary bills to be pre-approved by Finance Department before being presented to the treasury for payment. Additionally, in the absence of information and practices to support active cash management, borrowing operations are not guided by explicit cash flow forecasts. Instead, market borrowing is planned with an eye on the target position of bank balance and is conducted in the last quarter of the financial year when the market traditionally faces a larger demand for borrowings. These have resulted in (a) poor funds planning for meeting intra-year expenditures leading to a long cycle time for payment processing and build-up of payment arrears; (b) concentration of expenditure in the last quarter of the year which affects quality of expenditure; and (c) lumpy borrowings, which holds a liquidity

³ Delayed submission of monthly accounts by Forest and Public Works Departments to the state’s Accountant General (AG) – 40 percent units delayed submission during 2015/16

premium and raises costs, and negative cost of carry on sub-optimum amounts of cash surplus held by the state⁴.

There is a need to address gaps in public procurement framework, enhance capacity and scale up e-procurement: The State Financial Rules that govern public procurement in Assam have not completely evolved over time to reflect and enable newer models and approaches to procurement and Standard Bidding Documents (SBD) for different types of procurements have not been developed. This coupled with inadequate capacity in public procurement results in weak procurement planning, longer cycle time for procurement. GoA has adopted e-procurement, but its current coverage is less as compared to other states and need scaling up. The e-procurement threshold applied only to contracts over Rs. 20 lakhs.⁵, there are multiple e-procurement systems in use across the government and contract awards are not published in public domain. Cumulatively, this results in inadequate transparency in procurement, hampers development of a consolidated database on contract awards, which could facilitate analysis of procurement patterns and identify opportunities to enhance public procurement processes. All the above dimensions of procurement are contributing to lower efficiency and transparency in procurement and lower budget execution rate, which impacts budget credibility.

There is a need to enhance human resource capacity in PFM in Assam. There is also significant capacity constraint in understanding of various PFM aspects including budgets and internal controls, as also a lack of exposure to modernization of PFM practices in the rest of the country. This is more pronounced in the middle and lower level cadre. Inadequate investment in capacity building and exposure reflects in continuing compliance gaps, limited inputs to departmental budget preparation and its monitoring and an impediment to roll out information systems.

The above practices manifest in the form of concentration of expenditure in the last quarter. In Assam, while seasonality plays an important factor in budget execution, particularly in execution of developmental works the constraints articulated in the earlier paragraphs further aggravate this pattern of rush of expenditure in the last quarter/month of the financial year. A comparative analysis of discretionary expenditure⁶ reported in the last quarter over the three years (2014 to 2016) across selected states indicates that the share of such expenditure in Assam (55%)⁷ is substantially higher than other states (see graph below). This also lends itself to risk of non-compliance of internal control procedures⁸

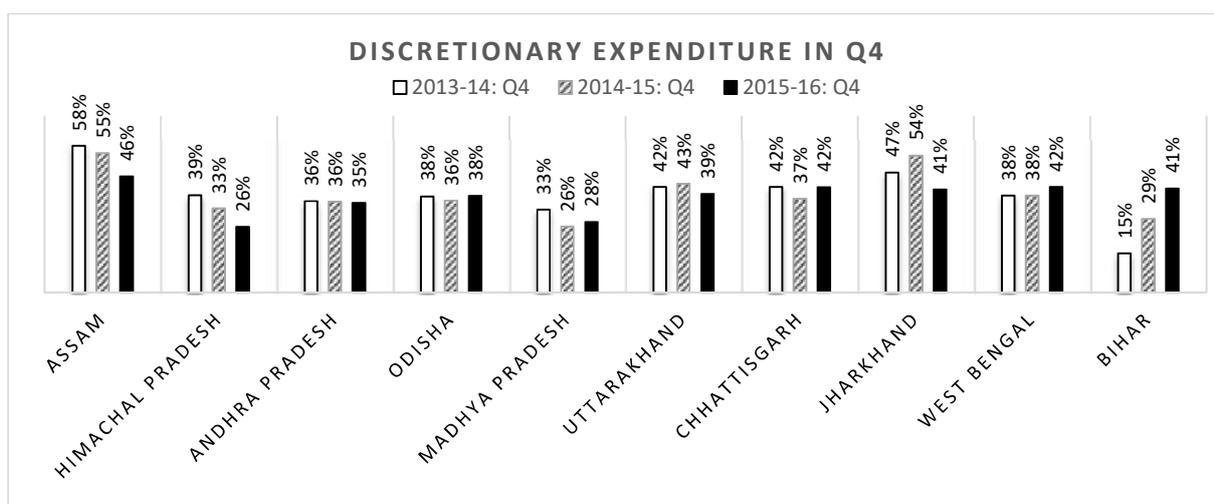
⁴ While a formal system of recording commitments does not exist and there is no obligation to report liabilities under the cash basis of accounting that is followed. GoA has initiated an exercise to collate payments arrears and has constituted a commission to examine the veracity of such claims before reflecting it in the next budget as tenable obligations (*Budget Speech 2016/17*).

⁵ The threshold limit has been reduced to Rs 20 lacs in the 2016-17 budget

⁶ Discretionary expenditure is total revenue and capital expenditure excluding salary and interest cost

⁷ The year 2015-16 reported a lower share of discretionary expenditure in last quarter due to the enforcement of code of conduct in February and March 2016 – resulting in deferring payments and non-accounting of such liabilities under cash basis of accounting.

⁸ Overdue utilization certificates (Rs 10,000 crores approximately as of March 31, 2015) also impacts the state's ability to draw central scheme grants.



	Assam	HP	AP	Odisha	MP	UK	CG	JKD	WB	Bihar
2013-Q1	6%	15%	18%	13%	22%	14%	25%	15%	17%	16%
2013-Q2	12%	23%	17%	20%	25%	21%	11%	21%	21%	34%
2013-Q3	24%	23%	29%	29%	20%	23%	23%	17%	24%	34%
2013-Q4	58%	39%	36%	38%	33%	42%	42%	47%	38%	15%
2014-Q1	7%	11%	33%	16%	28%	15%	19%	8%	16%	12%
2014-Q2	18%	26%	11%	24%	22%	21%	26%	19%	27%	32%
2014-Q3	19%	30%	21%	24%	24%	21%	17%	19%	19%	27%
2014-Q4	55%	33%	36%	36%	26%	43%	37%	54%	38%	29%
2015-Q1	15%	18%	21%	18%	27%	19%	16%	14%	14%	12%
2015-Q2	16%	32%	24%	20%	21%	18%	21%	20%	22%	31%
2015-Q3	23%	24%	19%	24%	24%	24%	22%	25%	22%	16%
2015-Q4	46%	26%	35%	38%	28%	39%	42%	41%	42%	41%

Rationale for PFM Reforms:

Fiscal and PFM framework emanates from the Indian Constitution and is guided by Central policies and processes. To a large extent, public financial management (PFM) framework at the sub-national level is guided by the PFM framework as laid down by the Central Government specifically in areas related to budgets, financial reporting and external audit. Consequently, PFM reforms at the state level are also guided by reform initiatives at the Union level. These areas include budgeting, chart of accounts which follows a uniform classification system across the union and states, responsibilities for accounting and financial reporting at the state level which vests with the Accountant General; and the basis of accounting and financial reporting which is guided by the Constitution, Comptroller & Auditor General of India (C&AG) and the Controller General of Accounts.

Within this PFM framework, there have been notable instances of States suo motu taking up public finance reform initiatives and modernization, especially in the use of information technology to strengthen core treasury information (budget preparation and execution) systems, human resources management

information systems and linking it to core treasury systems, cash management, e-collection/e-payments; e-procurement systems, pension payments processes and electronic interfaces with commercial banks and the Reserve Bank of India (RBI, the central bank), introducing e-governance systems in revenue administration and overall business process re-engineering including simplification. Similarly, some states have strengthened their procurement framework by legislating a procurement act and framing rules and procedures.

Recent policy level changes at the union level are expected to significantly impact inter se Center-State relationship and existing PFM framework in the states. These policy changes include dismantling the traditional role of Planning Commission in determination of plan size and its sectoral allocations at the state level; proposed removal of distinction between plan and non-plan expenditure in the budget process; increased fiscal devolution to the states (from 32 percent to 42 percent) from the central divisible pool based on the recommendations of the 14th Finance Commission; reduction in tied transfers following reduction in the number of CSS; and proposed introduction of Goods and Services Tax (GST), that is expected to contribute to growth in GDP and buoyancy in revenues.

The above changes are likely to contribute to a higher share of untied resources flowing to the states. It is expected that nearly 60 percent of public expenditure are likely to take place at the state level⁹. This, in the medium term, is likely to increase the availability of untied resources and discretionary spending powers of state governments. Going forward, the development outcomes at the state level will increasingly be tied to the state governments priorities and capacities, as states will have the opportunity to re-cast the design and implementation of programs that better reflect local needs.

Realizing the full potential of these reforms and in achieving States own priorities will require competent and efficient PFM systems in the states, coupled with enhanced transparency and accountability. Individual states will need to manage a complex set of three PFM objectives involving trade off and sequencing. The first is to improve the quality and sustainability of fiscal deficits, contingent liabilities and fiscal risks, the second is to increase public investment and the third is to focus on outcomes of government expenditure rather than merely outlays. Consequently, these are expected to impose significant pressure on and the need to strengthen systems of planning, revenue administration and management of expenditure and reporting on the use of public funds in the states.

GoA's recognition of the challenges as a starting point has led to initiating reforms to improve PFM in the state. GoA has identified PFM strengthening and modernization as a reform priority using Information Technology as a key driver. The Finance Department's initiatives as part of the new government's 100-days agenda sets the tone for addressing certain pressing operational bottlenecks, which includes electronic approval of Fixation of Ceiling, integrating CTMIS with e-Kuber payments system of the central bank, online salary bill preparation, automating budget consolidation, updating Treasury Rules and Delegation of Financial Powers.

Request for World Bank Support in PFM reforms: GoA aspires to deepen its PFM reform initiatives and has sought support from the World Bank in strengthening its expenditure management and tax administration systems in specific areas. The Bank's significant global and local analytical knowledge of reforms in PFM will be a key value addition in supporting GoA's reform priorities. The Bank's experience in supporting PFM reform projects through IT interventions, which include design, development and implementation of FMIS and revenue systems across the world, will contribute to effective advice, choice of solutions and implementation. These international experiences and cross learning from other states within India will provide the state appropriate technology solutions, procurement support for FMIS and

9 Ministry of Finance (Indian Public Finance Statistics 2015 and Budget Documents)

revenue IT solutions and sequencing/ phasing of implementation to facilitate successful implementation while mitigating implementation and change management risks.

1.2. Objective of the Project Implementation Plan (PIP)

The primary purpose of the PIP to provide guidelines, policies and procedures for effectively implementing the ASPIRe Project. This Project Implementation Plan has to be read and applied in conjunction with the Rules and Procedures of AS-CFMS and the Legal Agreements (Project Agreement and Loan Agreement) with World Bank as well as other relevant Government Orders (GOs). The plan will serve as a ready reference to the implementing agencies. The plan is intended to be used by all the Implementing Agencies of the ASPIRe involved in decision making and facilitating its implementation to achieve the agreed results. The PIP provides guidance on the following:

- a) Scope of ASPIRe and the proposed interventions
- b) Project implementation and institutional arrangements
- c) Financial and procurement management arrangements for ASPIRe
- d) Application of DLI based IPF instrument and Disbursement Linked Indicators under the operation
- e) Verification of achievement of Results Indicators through an IVA
- f) Project Monitoring and Evaluation
- g) Training and Capacity Building
- h) Terms of Reference for key consultancies (to be updated periodically)

The Project Implementing Units (PIU's) shall carry out their respective activities under the Program, in accordance with the provisions of the PIP within a defined timeframe. The PIU's shall not amend, waive, suspend, terminate or abrogate the PIP. Further, the Project Implementing Entities shall seek the guidance of the PMU (AS-CFMS) on any aspect of the PIP. Or, more generally, regarding rules and procedures related to Project implementation as laid down under the program.

This PIP shall be a 'living document' with provision for improvements and revisions during the life of ASPIRe and shall be subjected to changes only upon agreement between AS-CFMS and the World Bank in writing, from time-to-time. Given the nature of the project and the improvements envisaged in both its operation and implementation during the life of the program, the PIP may be updated as required to ensure that the lessons learnt, changes agreed and implemented are captured for the benefit of future interventions and reference, as required.

Chapter -2: Project Description

2.1. Introduction

The Project's objectives are closely aligned with the key development goals of GoA and responds to its objective to strengthen the state's PFM institutions and systems. The interventions under the project (i) are aligned to the state's ongoing and planned reforms and (ii) are based on the priorities determined by GoA for broadening and deepening the reforms. The project will focus on strengthening the PFM framework, institutions, systems and capacity in the state. In the longer run, this is expected to contribute to enhanced budget credibility and positively influencing service delivery. These will also support the state's agenda towards achievement of Sustainable Development Goal (SDG) of developing effective, accountable and transparent institutions (SDG 16.06) and ensuring public access to information (SDG 16.10). The proposed enhancement of systems through use of IT, including portal for e-collections and tax payer services, are expected to contribute to GoA's Ease of Doing Business initiative. Also, with an ambitious agenda for investment in infrastructure and to leverage external financing to finance such investment in the state, reforms in PFM and HR capacity especially in budget execution, procurement and cash management, will positively influence implementation of such projects. In the FY 2016-17 Budget, an intention to bring a "**Assam Public Expenditure Accountability Act**" has been mentioned. The proposed Act is expected to stipulate that delays in implementation of works beyond a reasonable time, will need to be personally explained to the concerned Legislative Committee. Strengthening the PDM systems will also strengthen the capacity of the executive to deliver on the projects and comply with the proposed Act.

The Project is an Investment Project Financing (IPF) of US\$ 35 million with a combination of technical assistance and results-based financing from the World Bank (IBRD). The project supports GoA's on-going reform initiatives to strengthen PFM systems and focus on priority areas identified by the government. These will include strengthening PFM institutions, systems and capacity in the finance and line departments and developing/ modernizing information systems for better management of expenditure and reporting. The state is also keen to enhance its OSR through a combination of policy measures¹⁰, improving efficiency of tax administration in key revenue generating departments (commercial taxes and excise) by strengthening institutional capacities and enhancing e-services for taxpayers to facilitate better compliance. Components 1 and 3 use regular IPF financing of activities under technical assistance, while Component 2, will involve a mix of IPF financing of technical assistance inputs and results based financing.

The Project consists of three components. *Component 1: Strengthening Public Finance Institutional Capacity* will finance activities to strengthen selected PFM institutions and functions in the state. This will include institutional assessment and strengthening, capacity building and analytical studies; *Component 2: Strengthening Expenditure and Revenue Information Systems* consists of two complementary sub-components – Technical Assistance and Results Based Financing using Disbursement Linked Indicators (DLI); and *Component 3: Project Management*.

2.2. Project Development Objective and Key Results

The Project Development Objective (PDO) is: "to contribute to improvement in predictability and transparency in budget execution and efficiency in tax administration in Assam."

The Key Project Indicators (KPI) are:

- Reduction in share of discretionary expenditure in last quarter of financial year

¹⁰ The state has commissioned a parallel study by NIPFP to identify measures related to policy and procedures to enhance states OSR.

- Public Access to key budget execution reports and procurement contract award.
- Reduction in cost of collection of tax revenue in CTD and Excise Department

2.3. Key Beneficiaries

The key beneficiaries of the project would include: the Finance Department, Revenue departments of Commercial Tax and Excise; procuring agencies in select line departments and government officials. All line departments, directorates and field level units would benefit from having information of budget execution rates and status of payment of bills. The project will also benefit the citizens of Assam through efficient processes and better service delivery (such as electronic payments and collections for services, better public procurement and enhanced tax payer services) provided by public institutions and enhanced transparency.

2.4. Component Description

Prior to finalization of the project components, a preliminary assessment was conducted to identify the intervention areas and proposed reforms. Following is a situational analysis (identifying gaps and areas for reform) and a description of the components being taken up under the ASPIRe project.

Component 1: Strengthening Public Finance Institutional Capacity

This component seeks to strengthen PFM institutional framework and systems and improve institutional capacity in the areas of cash and debt management, procurement and public private partnership and building capacity GoA's officials in finance and line departments in various aspects of PFM. Eligible expenditures under this component are minor civil works, consulting services, goods and capacity building and training costs. This component has the following sub-components:

Sub-Component 1.1 Strengthening Cash & Debt Management

Current status:

The Constitution of India allows the states to borrow upon the security of the Consolidated Fund of the state but within the territory of India. Assam Rules of Executive Business defines the delegation to undertake debt-rated activities. Debt management functions in Assam, as in other Indian states, are carried out by the Reserve Bank of India (RBI), the Ministry of Finance (GoI), the state's Accountant General, Finance Department (GoA) and the respective line departments. Within the Finance Department, the responsibilities are dispersed between the Economic Affairs Division and Budget Division. A borrowing plan is prepared during the annual budgeting exercise. India has a system of Ways and Means and overdraft with pre-defined ceiling and tenor - Assam, however, has not availed of these facilities during the last two years. Market based borrowings are done through the RBI based on an auction calendar. GoA has not issued any guarantees since 2009 following several defaults. Surplus cash in the Treasury Single Account is automatically invested by RBI in treasury bills.

Audit of borrowings is done by the Comptroller & Auditor General of India (C&AG) and during 2013/14 the C&AG had conducted a performance audit of the effectiveness of market borrowings. For debt data recording, GoA uses the CS-DRMS application of the Commonwealth, but not all debt is recorded. But complete and up to date debt records are available with the AG. GoA issues some reports on debt outstanding and some debt activities, including the report under AFRBM.

A sub-national Debt Management Performance Assessment (DeMPA) was conducted in Assam as part of the preparation of the project. It identified a fragmented and passive approach to the debt management function, with limited links to past budget execution data, cash flow estimates and payment commitments. The DeMPA has identified opportunities to strengthen this critical function and based on its findings, a Debt Management Reform Plan has been agreed with GoA. Following is a summary of the findings of DeMPA:

- *Governance:* There is clear legislation authorizing the Governor (or his/her designees) to borrow on behalf of the state, but the purpose of borrowing is not specified. The Constitution authorizes states to borrow upon the security of the consolidated fund of the state, and within the territory of India. The Governor is authorized to undertake debt related activities and formal delegations are given in the Rules of Executive Business. Authorization is given by Governor's order to sign the loan agreement in the case of NABARD loans. There is, however, no legislation that specifies the purposes for borrowing (e.g., specifying that borrowings can only be undertaken to finance the fiscal deficit, or meet capital expenditures, etc.). In addition, borrowings from the State's public accounts are neither voted nor charged by the state legislature. There is an elaborate and well-regulated framework for access to the ways and means advances (WMA) from RBI, which has both a ceiling limit and tenor. However, this facility has not been used by the state in the past two years. From a political-economy angle this may appear to be prudent, but avoiding to use available and appropriately-designed cash management instruments leads to higher costs and risks in government financial operations, and probably to an increased amount and frequency of cash rationing, with negative implications for service delivery. GoA uses a concept of 'fixation of ceiling' as a de-facto instrument of cash management, which leads to delays in payment and build-up of payment arrears, which currently are not tracked or monitored.
- *Managerial:* There are several entities involved in debt management activities, namely GoA's FD, GoI's MoF, RBI, and the Accountant General. At the higher level there are formal coordination mechanisms with RBI and GoI. However, at the GoA level, such mechanisms are not explicit and in practice exchange of information and coordination is weak; in particular, between the Economic Affairs Division (EAD, which is responsible for borrowings from GoI, NABARD, and others, also for guarantees, on-lending, etc.) and the Budget Division (BD, which is responsible for domestic debt management). In addition, (i) limited analysis of the total portfolio of debt is carried out; and (ii) there is no debt management strategy which addresses issues such as the cost-risk trade-offs of alternative borrowings. It may be helpful to consolidate those debt management functions and responsibilities at the state level in one entity within Finance Department.
- *Reporting and Audits:* The AG conducts financial audits and prepares a report on State Finances that is tabled in the Assembly. It is noteworthy that in the previous year, the AG (Audit) had conducted a performance audit of the effectiveness of market borrowings. However, responses to audit observations were very weak, with a large number of pending reports to be discussed at the Public Accounts Committee. As regards reporting, there are reports detailing the outstanding debt and the limited debt management activities that are presented to the legislatures. These are the AFRBM (Assam Fiscal Responsibility and Budget Management) document submitted along with the budget. Overall, there is an opportunity to improve the quality of disclosures to the legislature and citizens.
- *Borrowings:* GoA prepares an annual borrowing plan but does not update it during the year. As regards domestic borrowings, the GoA prepares an auction calendar and issues market-based borrowings through the RBI. As regards external borrowings, there are well developed disbursement procedures (requests and payments) for externally aided projects. However, there is

no analysis of the most beneficial and cost-effective funding undertaken and legal advisors are not adequately involved in the loan negotiation process. There are policies for on-lending, including the process for undertaking analysis of credit risk and charging fees, but there are no documented procedures on the operational aspects. After a number of guarantees being called before 2009, loan guarantees have not been issued since and there's no written policy on issuance of guarantees.

- Coordination with fiscal policy: Timely debt service projections are prepared for the budget. A robust debt sustainability analysis is not undertaken.
- Cash Management: There is a single treasury account at the RBI and cash surpluses are automatically invested by RBI. There are, however, neither cash flow forecasts nor commitment controls introduced. Moreover, greater realism is needed in revenue forecasts (current variation over actuals is over 20 %). The borrowings are not coordinated with cash-flow forecasts, and the auction calendar is not closely tied to the projected borrowing needs. GoA does not utilize the most cost-effective instrument (WMA and SDFs) for cash management or use financial instruments to ensure stable and predictable flow of funds to line ministries. Instead, GoA uses a concept of 'fixation of ceiling'⁵ as a de-facto instrument of cash management, which leads to delays in payment and build-up of payment arrears, which currently are not tracked or monitored. The fact that the State is not using the cash management function effectively is manifested by a combination of carrying high cash balance and concurrently facing an issue of delayed payments and payments arrears. A stock take exercise initiated by the GoA to determine payment arrears as of March 31, 2016 has estimated arrears (liabilities) of approx. Rs 4000 crores, while at the same time the State is carrying cash balances in the range of Rs 6000- Rs 11,000 crores. An effective cash management function (based on reliable past data and informed estimate of fund requirements), combined with an effective borrowing plan can help the State reduce payment arrears and also address the negative cost of carry of excess liquidity.
- Operational Risk Management: There are documented procedures for debt recording, debt service, and data access for many entities involved with GoA debt, such as the GoI external debt recording entity Controller of Aid, Accounts & Assistance (CAAA, ICS), AG and RBI, but not at the GoA. There are adequate number of staff in EAD and Budget. There is a strong IT environment with daily and monthly backups of data and storage in separate location in CAAA, RBI, and the AG, but not at the GoA. The EAD section lacks procedures manuals for debt service payments, data entry and verification, as well as backup procedures and business continuity and disaster recovery plans. Although, EAD has the CS-DRMS debt recording system, only data and records for the institutional debt (NABARD, NCDC, LIC, GIC) are recorded and updated therein. Currently, the only institutional borrowing is from NABARD. There is no contract maintenance for CS-DRMS and no institutionalized back-ups taken.
- Debt Records and Reporting: There are complete and timely debt records for all GoA debt with AG, and the registry with RBI is secure. NABARD loan records are updated on a timely manner. The other debt and guarantee records maintained by EAD are only updated once a year. A Debt Statistical Bulletin is not prepared by the GoA. AG (A&E) published comprehensive debt information through state Finance Accounts, however with one-year lag.

GoA is in a position to decide on and implement adequate measures across the areas identified for improvement. For some of the identified weaknesses, e.g. domestic borrowing, the RBI has been proactively advising the state governments to utilize a wider range of market borrowing options, including reopening facilities. The RBI has also developed a clear policy for states for the utilization of its cash

management facilities. The credit facilities offered seem to be appropriately designed and serve a clear cash management need for the states. The states should therefore be encouraged to use these facilities.

A few key steps for reforms are indicated in table below:

Short-term (less than 1 year)	<ul style="list-style-type: none"> • Introduce formalized/institutional sharing of information at regular intervals • Prepare cash-flow projections and update them monthly • Annual borrowing plans should (1) be informed by cash flow forecasts; and (2) be updated monthly and indicate break-ups for each quarter • Debt and guarantee records should be updated regularly in FD • Utilize the most cost-effective instrument (WMA and SDFs) for cash management. • Strengthen responsiveness to audit observations
Medium-term (1-3 years)	<ul style="list-style-type: none"> • Build technical capacity for staff to prepare strategies and conduct debt sustainability analyses • Debt Statistical Bulletin should be prepared • Strengthen institutionalized arrangements for data back-ups • Introduce a regulation to indicate that guarantees will not be issued; or issue a policy for issuance of guarantees • Involve legal advisors in loan preparation and negotiation • Prepare procedure manuals for borrowing, on-lending and data entry and debt-service payments
Long-term (over 3 years)	<ul style="list-style-type: none"> • Consolidate debt management responsibilities in one entity • Institutionalized arrangements for data back-ups should be created and back-ups ensured on a regular basis

Proposed activities

The following activities are proposed under the project for strengthening cash and debt management in Assam:

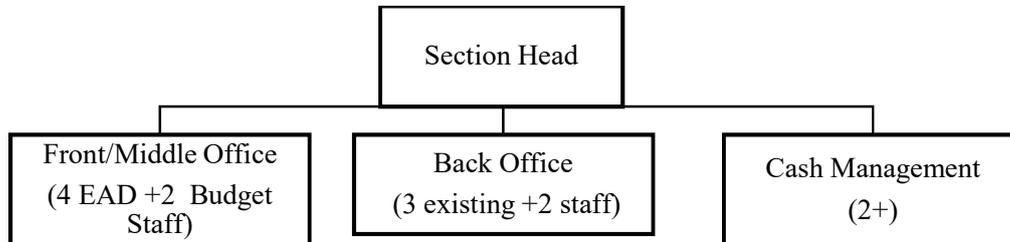
Activity 1: Institutionalizing a cash and debt management unit

There are several entities responsible for debt management in GoA, although the key player is the Economic Affairs Division (EAD) in the Finance Department (FD). There is no functional classification among the entities, and the division is more in line with types of borrowings with little emphasis on formulating and executing a debt management strategy to keep GoA’s borrowing costs low and risks within prudent levels. This results in poor coordination in debt management and the borrowing plan is not updated during the year.

A new Debt and Cash Management cell be set up within EAD, and the present functions of BD relating to domestic market borrowings be transferred to this new DCM cell. The cell should be headed by Finance Commissioner, with reliable support from a technical advisor to the commissioner for a minimum of three years. The cell should contain 3 subsections (Figure 1): (i) Front & Middle office: which will have the overall responsibility of all GoA’s borrowings and other debt management transactions in the market, build and maintain a relationship with market participants, preparation of the medium-term debt management strategy, preparation of the annual borrowing plan, preparation of the annual report on the debt management activities, operational risk management. LEAP should be integrated within this subsection. (ii) Back office: which will be responsible for all debt data recording and validations, recording of all loan guarantees, and debt servicing. (iii) Cash Management subsection: which will be responsible for the GoA’s cash flow

forecasts, the preparation of a C&BP and the management of the cash balance in the most cost effective way.

Figure 1: Proposed DCM cell structure



The first step is to formally establish the DCM cell and appoint its Head. Second, an expert advisor to the Head should be appointed to support the establishment and functioning of the DCM cell (*ToR attached in Annex 7(a)*). Third, with support from the advisor, the Head should prepare job descriptions to staff the DCM cell, preferably starting with the unit heads. Fourth, simultaneous with the establishment of DCM, the work on migrating total debt and guarantee data to the CS-DRMS should continue. Fifth, once the DCM has been fully staffed it is important to launch a staff capacity building project in coordination with the HR unit of FD (Establishment B), starting with preparation of a structured and comprehensive staff training program. Last, comprehensive procedure manuals should be developed to enable business continuity.

At the end, GoA will have a more integrated debt management entity with proper internal organization and business processes, which can take the lead in debt management strategy development, and take overall responsibility for annual borrowing plans and strategy implementation, debt recordings and servicing, cash management, and loan guarantee management. It will have a comprehensive debt database that is conducive to debt reporting, cost/risk analyses, and strategy development. At the end of the project, DCM should publish a half-yearly debt statistical bulletin, prepare a debt management strategy, conduct debt sustainability analysis, generate reasonably reliable cash flow forecasts which are used to inform and update the annual cash and borrowing plan, reduce the negative cost of carry on idle cash balances.

Activity 2: Reduce operational risk

The CS-DRMS is installed in EAD but only used for recording NABARD and other institutional loans. Records of market borrowing, NSSF loans and central government loans are kept by EAD in Excel spreadsheets. Procedures for borrowing and debt servicing for institutional borrowing are not documented. Improvements in the systems/applications for debt management are key for improvements of the operational risk management.

GoA should move to utilizing CS-DRMS as debt management system for all types of debt, including also on-lending and guarantees. The records should be updated at least monthly. CS-DRMS is already used in EAD so basic competence is there even though it must be improved. In the long-term CS-DRMS could be automatically linked with new IFMIS. All debt management procedures should be documented to ensure business continuity.

First, DCM should formally adopt the CS-DRMS as its main debt management system. The e-governance section in FD will contact the Commonwealth Secretariat to upgrade the system to its latest version, and agree on a renewed contract for training and maintenance. Second, the e-governance section also takes responsibility to act as system administrator and ensures that the application is subject to the same backup

and continuity planning features as other key systems used by FD, assigns user rights for the database; and develops the necessary software to ensure the CS-DRMS application is available on all terminals used by different users. Third, DCM procures the necessary hardware (servers, machines, etc.) to operate and maintain the database. Fourth, all debt management operational procedures (including for on-lending and guarantee issuing) should be documented. A comprehensive procedures manual to be prepared covering all DeM operations. DCM should hire an expert consultant, who works closely with the resident advisor on preparing detailed procedure manuals.

Activity 3: Strengthen staff capacity

Analytical skills of the staff are relatively weak and not at the level required for a strategic debt management. All analytical work, such as, preparing and analyzing statements on total liabilities and interest cost of borrowing and risk-weighting of the guarantees is not undertaken. While, most of the staff is trained in using computers, they are not sufficiently trained to carry out any debt portfolio analysis.

A formal ‘training needs analysis’ is required for DCM and based on that, a human resource and training plan needs to be developed. Specific training for front/middle office, back office and cash management subsections should be contracted, including: medium term debt strategy, market analysis, development of borrowing plans and DSA for front/middle office; CS-DRMS, excel-based training for back office; and forecasting trainings and cash flow modelling for cash management subsection. In the short-term, the resident to strengthen the DCM with more analytical capabilities and rigour; followed by developing a training plan for each staff in DCM to match their skills and needs. The DCM to hire 2 junior level consultants (*ToR attached in Annex 7(b)*) to help build excel based analytical tools.

Activity 4: Develop cash management functions

Cash flow forecasts are not prepared, instead GoA uses ex-post cash rationing tool ‘fixation of ceiling’ as a de-facto instrument of cash management, which leads to delays in payments and contributes to the build-up of payment arrears. The borrowings are not linked with cash-flow forecasts, and the auction calendar is not closely tied to the projected borrowing needs. GoA does not utilize the most cost-effective instrument provided by the RBI (WMA and SDF) for cash management or use financial instruments to ensure stable and predictable flow of funds to line ministries, and avoid build-up of arrears

GoA develops a cash flow forecasting model utilising time series analysis and uses this to form an annual cash and borrowing plan (C&BP) on monthly basis. The model will provide the basis for borrowing planning and the quarterly auction calendar (which is public). The model also identifies any budget funding issues that cannot be resolved within the borrowing limit imposed by the centre and therefore need to be addressed by measures limiting the expenditures compared with the budget. In case the estimated budget expenditures cannot be funded through borrowing or other sources of revenue the FD should limit the amount of budget funds available for spending. Thus, the FD should be able to execute all payments initiated within the budget fund releases. This will address the issue of accumulating new arrears.

First, the cash management section of DCM should allocate clear responsibilities of the cash flow forecasting and Cash and borrowing plan to dedicated staff who should develop a cash flow forecasting model using times series analysis. This should be used to prepare an informed annual cash and borrowing plan – which is updated monthly. Second, the current informal cash balance target of Rs. 2800 cr. should be analyzed and formalized also including the utilization of SDF and WMA. Third, the model should be further developed to assess the borrowing from EAP, institutional borrowing and Provident Fund on a monthly basis for the remainder of the fiscal year. Fourth, a debt and cash management committee should be established to ensure regular formal coordination between DCM and BD for decisions on budget fund releases and borrowing.

Cost estimates:

Following is the detailed cost estimate for this sub-component.

(Rupees in Lakhs)

		2017-18	2018-19	2019-20	2020-21	2021-22	
Activity	Nature	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Strengthening Cash & Debt Management		73.80	49.80	54.80	44.80	11.00	234.20
Advisor (Debt Mgt) - @ 1.25 lacs pm for 4 years plus overheads @ Rs 2 lakhs	Consultancy - individual/s	17.00	17.00	17.00	17.00		68.00
Data Analytics Individual consultants (2) @ 70,000 per person month	Consultancy - individual/s	16.80	16.80	16.80	16.80		67.20
Procedure manuals	Consultancy - firm			10.00			10.00
Software (CS-DRMS) upgrade, training and annual maintenance	Goods	7.00	7.00	2.00	2.00	2.00	20.00
Hardware (local LAN, Server etc.)	Goods	25.00	1.00	1.00	1.00	1.00	29.00
Training & Capacity Building (including study tours)	Training	8.00	8.00	8.00	8.00	8.00	40.00

Sub-component 1.2: Strengthening Public Procurement Framework and scaling up e-Procurement:

Current status:

Public procurement spend of any State Government is approximately 15-20% of the GDP of the State. For GoA, for the year 2015-16, the estimated public procurement was Rs 15,000 crores, which represent about 17% of the State Expenditure. As indicated earlier, the State faces the challenges of low rate of budget execution. One of the reasons for under-utilization is delays in public procurement. Thus, Government procurement, representing a significant portion of Government spending is a key determinant of budget execution outcomes, as well as having significant impacts on the quality of public service delivery. If the public procurement is not efficient, not only the state government's budget but also additional funds (from Central Government or external sources) to relieve the effects of economic downturns, or other events such as the global financial crisis or natural disasters, are therefore also at high risk of remaining unspent during the period when they are most needed.

GoA expressed its intent in the 2016-17 budget to strengthen efficiency, economy and transparency in public procurement by enhancing capacity of procuring agencies and officials in public procurement. GoA is also in the process of drafting a Public Procurement Law, with the objective to provide a sound legal framework for public procurement reflecting principles of transparency, efficiency, economy, and accountability. The Budget speech of FY 2016-17 indicates that “*Prudent procurement procedures in the State require complete overhauling in order to make it completely transparent and to execute schemes with high standards of quality and well in time and also ensure timely payment for supply of public goods and services*”. Similar the need to scale up e-procurement by lowering thresholds and enhancing capacity has been identified. GoA in line with the intentions stated in the 2016-17 budget, has constituted a task force to develop a Public Procurement Law. The state is also keen to scale up the use of e-procurement and has recently lowered the threshold for mandatory e-procurement from Rs.1.00 crore to Rs.10.00 lacs. Currently NIC’s e-procurement portal is used by 35 departments in the state of Assam while the Public Works Department uses both the NIC portal and another portal developed by a private service provider.

The objective of this sub-component is to further strengthen efficiency, economy and transparency in public procurement by building on reforms already initiated by GoA in the domain of public procurement, and to enhance the capacity of procuring agencies and their staff carrying out the procurement function. With increasing focus on outsourcing of services and various types of contracting for civil works, there is a need for a comprehensive review of the procurement policy, framework and rules therein and build procurement capacity.

The project will support development of procurement policy, procurement manual modernize Standard Bidding Documents (SBD’s), capacity building of officials with possible certification and accreditation programs to build a core group of officials certified in procurement. The project will also support the establishment of procurement policy unit in finance department for strengthening and providing oversight on the roll out of procurement policy, development of procurement rules and public procurement capacity building. The component would also assist in scaling up of e-procurement system throughout the state and state owned entities with features for data analytics and development of a state procurement portal to enhance transparency and disclosure. Under the component a Training Needs Analysis study would be carried out leading to the development of training strategy, content development and delivery of the trainings to build capacity of the government officials involved in carrying out procurement functions.

Project interventions: This sub-component will support the following activities:

Activity 1 - Develop a Public Procurement Policy, supported by Public Procurement Rules, Standard Bidding Documents (SBD’s) including benchmarking with ‘good practices’ in other states

- i. **For developing a Public Procurement Law and Public Procurement Policy** a Task Force has been constituted chaired by Commissioner (Finance). The Task Force consists of staff from various key departments (infrastructure and social sector); technical expert from Assam Institute of Management (AIM) as convener of the Task Force. The draft procurement law has been drafted and submitted to for legal vetting and is expected to be submitted for cabinet approval by the end of the financial year. The draft law incorporates good practices from other states which have a procurement law (Rajasthan, Tamil Nadu and Karnataka), provides for legislative backing for electronic procurement and incorporates new methods of procurement such as Swiss Challenge etc. The draft procurement Act is being supplemented by a procurement policy. The supporting Public Procurement Policy document would outline the vision and broad approach of GoA and would serve a dual purpose as a reference policy document (a) for the procuring agencies as well as a commitment by the Government to the general public; and (b) to the body of vendors about good governance principles in public procurement.

- ii. **Development of Procurement Rules and Standard Bidding Documents (SBD's):** Two committees would be constituted for drafting the Public Procurement Rules and Standard Bidding Documents (SBDs). The committee for drafting the Public Procurement Rules would constitute of 4 members, i.e. Retired Chief Engineer from PWD, Agriculture, Retired Health Department executive having experience in procurement of Goods/Equipment and one retired Finance Department executive. The committee for drafting SBDs would consist of 3 working level executives for each type of SBD as explained below:
- a) SBD for Procurement of Works (a 3 member working level executives from PWD, Irrigation, Urban Development Department)
 - b) SBD for Procurement of Goods (Separate SBDs for Health, IT and Supply & Installation of turnkey contracts – each type shall be prepared by a working level sub-committee of 3 executives)
 - c) Standard Request for Proposal for Procurement of Consultancy Services
 - d) SBD for Procurement of Non-consulting services

After the respective committees for preparation of SBDs prepare the draft SBDs, the same shall be vetted by the legal department.

- iii **Establishment of Procurement Reform Cell within Finance Dept:** experience in other states suggest that with the range of reforms in procurement, including Procurement law, rules, SBD's etc, there will be a need to establish a reform cell within Finance Dept to support the implementation of the law and the rules, i.e dissemination, training, guidance and interpretation of the law, monitor compliance etc. Accordingly a '**Procurement Reform Cell**' will be established within Finance Dept and will be supported under the project. The reform cell will consist of 3-4 procurement experts and one legal expert. These will be a combination of full time and part time experts. Additional responsibilities of the cell will also include (i) taking leadership in procurement capacity building, developing and vetting the training needs analysis reports, training strategy, review of training materials and roll out the programs, be to ensure; and (ii) provide oversight to the e-procurement scale up and ensuring that all contracts awards are available in public domain.

Activity 2- The objective is to move to one unified e-procurement system, scale up the use of e-procurement and analyse data on tenders (level of competition/ participation, cycle time for procurement, variance between estimates and actual, unit price variation etc.) by building data analysis capability. Accordingly a review of the current business models of e-procurement, in terms of its scalability to cover aspects such as data analytics, interface with contract management and budget execution and evaluate options for developing a self-sustaining model and technical support for use of NIC's system was carried out as part of project preparation, which assessed the following aspects:

- i. Study the challenges faced by Government agencies in processing their tenders using e-Tendering
- ii. Propose governance mechanism required to monitor and effectively manage implementation and scale-up of e-GP system
- iii. Identify change management requirements viz. training, publicity and awareness creation
- iv. Identify infrastructure bottlenecks if any which would hamper adoption of e-GP
- v. Define the broad functional scope of e-GP system &
- vi. Recommend e-GP Enterprise Architecture

The vision and roadmap has been completed recently. The report has identified the pros and cons on scaling up NIC's e-procurement system vis a vis a solution from a private vendor. The Govt will some take a call on the same. Irrespective of the model, the report identifies the following key investment requirements in scale up of e-GP within the state:

- Creation of a structured Project Management Unit
- Publicity and awareness creation regarding e-procurement internally and to the contracting community
- Strengthening Training infrastructure & User training
- Investment in Operational expenditure to support the district and block staff:
- Gap filling of IT infrastructure; and,
- Detailed 3rd party audit
- Option of moving to centralized collection & management of EMD etc

The report also identifies the sources for sustaining the e-Procurement initiative. It suggests GoA move to a centralized model of collection and retention of EMD deposit a commercial bank account and utilise the interest earned from such EMD deposits and tender processing fees paid by suppliers directly to the e-Procurement cell for running the day-to-day operations of the latter. The GoA will take a view of this model, as has been established in Karnataka and other states.

Benefits from rolling out e-Procurement across the state: e-Procurement initiative leads to several benefits including reduced tender cycle time, better market participation in form of empowerment of bidders, elimination of contractor cartels and streamlining of processes, and above all savings in tax payer money. Significant cost savings are expected for the procurement transactions processed on the e-Procurement platform due to the competitive environment created resulting from cost savings calculated as the difference between the estimated cost of procurement and the contract award value. Another ancillary cost savings will be in the form of reduced advertisement cost as e-procurement tender notices require much lesser advertising space. The use of e-procurement also provides ready access to procurement data which could be analyzed to obtain evidence based insights into Government procurement spend patterns and help the government in identifying opportunities to save money, achieve better value, identify areas to improve efficiency in public procurement processes through optimization. Ultimately procurement data analytics could help in benchmarking procurement performance targets and help in procurement planning.

Activity 3: Procurement Capacity Building, a training need analysis (TNA) shall be done by a firm/individual. The objective of the TNA will be to assess the public procurement workforce who is primarily responsible for execution of the actual procurement at different levels of the government. This information will help in taking decision and developing a strategic capacity building interventions required to strengthen the public procurement system in the state and in the medium to long term meet the objective of the Act to have a minimum standards and certification.

The study of the work force would look into the gaps and come up with a detailed assessment of training needs and develop a comprehensive training strategy to build capacity / professionalize the procurement function in Assam.

The overall study will comprise of the following two inter-related tasks:

- i. Conducting an exhaustive Training Needs Assessment (TNA) for Officials engaged in public procurement at all levels in the state of Assam to estimate the number of government officers and staff engaged in the public procurement process, categorize them based on their roles and responsibilities in the procurement process followed by identification of training needs of each procurement category
- ii. Training Strategy: Subsequent to the task above, based on the results and analysis the consultant will develop a comprehensive Training Strategy for capacity building including the development of modules and the needs to be formulated.

This TNA would establish how many GoA officers are carrying out procurement or are approving procurements, understand the qualification of such staff and what are the training needs in terms of training module/curriculum. The TNA shall include the following (a) the gap analysis; (b) the Procurement curriculum and modules; (c) the strategy for delivering the training for long term sustainability. The TNA will take into consideration the different Assam government institutions that may be utilized for delivering the capacity building / training activities. The various options are to use the Assam Administrative Staff College (AASC) which runs training programs for Assam Public Service Commission shall provide the logistic support for running the procurement training in partnership with other institutes of repute. For long term sustainability and capacity building it is envisaged that procurement modules would be included in the Assam Civil Servants induction as well as Mid-career training program. In order to cover the identified number of officials, the strategy to reach all the state officials involved in procurement will have to be online/face-to-face training.

Draft ToR for this activity is provided in Annex 7(c).

Cost estimates:

Following is the detailed cost estimate for this sub-component.

(Rupees in lakhs)

		2017-18		2018-19	2019-20	2020-21	2021-22	
Activity	Nature		Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Strengthening Public Procurement Framework & scaling up e-procurement		10.00	215.14	219.98	324.98	245.78	94.88	1,110.76
Procurement rules	Consultancy individual/s		15.84					15.84
SBDs	Consultancy individual/s		54.00					54.00
State Procurement Facilitation Cell	Consultancy individual/s			29.68	29.68	29.68	11.28	100.32
Capacity Building (details below highlighted in light green)		-	67.50	67.50	147.50	147.50	80.00	510.00
TNA	Consultancy - firm		15.00	15.00				30.00
Training Strategy	Consultancy - firm		7.50	7.50				15.00
Curriculum development	Consultancy - firm		15.00	15.00				30.00
MOOC - development	Consultancy - firm		25.00	25.00				50.00
MOOC - Hosting and maintenance	Non consulting services		5.00	5.00	5.00	5.00	5.00	25.00

Delivery of training - face to face-specialised	Training				37.50	37.50	75.00	150.00
Online training - specialised	Training				30.00	30.00		60.00
Delivery of training - face to face training	Training				75.00	75.00	75.00	225.00
E-Procurement (details below highlighted in light green)		10.00	77.80	122.80	97.80	18.60	3.60	330.60
eProcurement - consultant	Consultancy individual/s	10.00						10.00
Senior e-Procurement project management consultant	Consultancy - individual/s		30.00	30.00	30.00			90.00
Senior training executive - 1	Consultancy - individual/s		4.20	4.20	4.20			12.60
Facility management resources - 4	Consultancy - individual/s		15.00	15.00	15.00	15.00		60.00
Operating Cost	Operating Cost		3.60	3.60	3.60	3.60	3.60	18.00
Contractual staff at district level - handholding support for e-procurement	Operating Cost			45.00	45.00			90.00
Training for e-procurement scale up	Training		25.00	25.00				50.00
Central management of EMD								-
Data Analytics	Consultancy - firm				50.00	50.00		100.00

Sub Component 1.3 Strengthening Public Private Partnership framework & institutional capacity

Current status:

GoA has been pursuing Public Private Partnership (PPP) since 2008 and has issued a Policy on PPP to accelerate much needed infrastructure and better service delivery on time and within budget. The Policy is supported by guidelines and a small PPP Cell is in place within the Planning and Development Department. Institutionally, there is an Apex Committee headed by the Chief Minister and an Empowered Committee

under the Chief Secretary. GoA has a panel of Transaction Advisors to provide technical support to departments pursuing PPP projects, from project identification to bid process and project execution. Additionally, a Project Development Fund (budget allocation) has been made with an initial amount of Rs. 20 Crores for project development to be undertaken in PPP mode. GoA has prepared a Perspective Plan for development in Assam, which includes identification of projects and based on preliminary feasibility studies, projects which could be executed under PPP mode.

During last few years of notification and implementation, the objectives of the Policy could not be materialized at desired level and pace and the above arrangements has not resulted in significant translation into actual PPP projects. A policy by itself cannot solve problems: it has to be implemented and an implementation strategy requires to be meticulously planned which demands efficiency to implement a reform and institutionalize it. This is more so in PPP projects, where the association with the private partner is for longer period in contrast to traditionally procured projects. There is always a risk of reverting to past practices unless strong efforts are made to institutionalize the reforms.

In this backdrop, GoA is keen to review and strengthen the existing policy, regulatory and institutional framework for PPP, which is over 8 years old and address any limitations which inhibit interest in PPP projects. This includes review of the current policy along with other parameters of PPP framework in order to identify and address limitations and to define clearly on the underlying principles of PPP which can be used by the implementing departments/agencies to conceptualize the overall PPP programs/projects. Further, GoA also proposes to strengthen the technical capacity of the PPP cell already constituted under the Planning & Development Department.

Proposed Activities:

The project will support GoA in reviewing the existing PPP policy and framework in Assam and identify the constraints and suggest reforms in the same. Consultants will be engaged to develop an enabling environment for PPPs through a review of the PPP investment climate framework, the PPP policy (including social and political factors), legal and regulatory framework and the institutional arrangements; and support to build capacity of key stakeholders in selected line departments on how to identify, contract and manage PPPs (including risk sharing arrangements);

Based on the review of the policy and reforms approved by GoA, the project will support measures to strengthen the PPP cell established within the Planning and Development Department with 4-5 technical and domain experts to provide hand-holding support line departments in implementation of the framework. This will include, but not limited to:

- (a) strengthen the capacity of PPP Cell, with a view to leverage opportunities for PPP financing.
- (b) identify, formulate, procure and manage PPP contracts with due attention to appropriate risk sharing & mitigation arrangements.

Cost estimates:

Following is the detailed cost estimate for this sub-component.

(Rupees in Lakhs)

		2017-18	2018-19	2019-20	2020-21	2021-22	
Activities	Nature	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL

Strengthening PPP Framework		66.15	66.83	66.83	66.82	-	266.25
Study of PPP Framework	Consultancy - firm	66.15					66.15
Project Management and Technical support to PPP Unit	Consultancy - firm		66.83	66.83	66.83		200.49

Break-up of the firm consultancy estimates and proposed team structures are provided in the table below:

S.No	Designation	Man months	Rate	Total
<i>PART A - consultancy - 4 months</i>				
1	PPP Specialist and Team Leader	4	3,00,000	12,00,000
2	Institutional/ Governance Specialist	4	2,00,000	8,00,000
3	Legal Expert	4	2,00,000	8,00,000
4	Communication Expert	3	2,00,000	6,00,000
5	Analysts (3 nos.)	12	1,25,000	15,00,000
	Overheads		20%	9,80,000
	Taxes		15%	7,35,000
	Sub total A	27		66,15,000
<i>PART B - strengthening PPP cell and handholding to departments - for 3 years</i>				
1	PPP appraisal expert (part time)	18	3,00,000	54,00,000
2	Industry expert (part time)	9	3,00,000	27,00,000
3	Analysts (2 nos) (part time)	54	1,25,000	67,50,000
	Overheads		20%	29,70,000
	Taxes		15%	22,27,500
	Sub total B	81		2,00,47,500

Sub-component 1.4 Institutional strengthening of Finance Department

This sub-component is an aggregation of activities intended to strengthen the institutional structure of the Finance Department of the state. It also includes a study to benchmark the budget disclosures in Assam with best practices across other states.

Current status:

The Finance Department in the Government of Assam (GoA) is organized around 12 units or “branches” and each branch is head by a Principal Secretary/Commissioner & Secretary administratively reporting to the Additional Chief Secretary. The 12 branches are:

- i. Finance (Establishment – A)
- ii. Expenditure Control
- iii. Finance (Establishment – B) with administrative control of Directorate of Accounts & Treasuries; Central Training Institute; Directorate of Local Fund Audit; Directorate of Financial Inspections; Directorate of Small Savings; Registrar of Firms and Societies; and Directorate of State Lotteries
- iv. Finance (Budget)

- v. Finance (Audit & Fund)
- vi. Finance (Economic Affairs) with administrative control of the Assam Financial Corporation
- vii. Finance (Taxation) with administrative control of Commissioner of Taxes
- viii. Finance (Pay Research Unit)
- ix. Finance (Staff Inspection Unit)
- x. Finance (Institutional Finance)

The existing structure has been in place for over 15 years. Given the various initiatives being taken/planned by GoA and by the central government that is expected to influence the way in which finance departments will function in the states. Currently, functions related to budget and planning are split between Planning and Finance Departments. Pursuant to the decision of the central government to discontinue Plan and Non Plan classification from 2017-18, certain functions relating to planning will be subsumed by the Finance Department. Within the department, other functions are also distributed between various units that may not be an efficient arrangement. There are proposals for establishment of a dedicated Cash and Debt Management unit and a Procurement Reform Unit; strengthening the Public Procurement Partnership Unit; and scaling up of Direct Benefit Transfer mechanism and thus strengthening the DBT Cell; and further changes may be necessary with the proposed implementation of IT enabled solutions. GoA also wishes to strengthen its capabilities of monitoring of on-going schemes, a function presently with the Directorate of Evaluation & Monitoring under Planning & development Department.

There are three objectives:

- (i) **Review of functions and their distribution:** Distribution of responsibilities amongst the various branches too needs to be consolidated and re-defined. For instance, activities relating to debt management are under Finance (Budget) and Finance (Economic Affairs) branches. Finance (Establishment-B) branch has workload of 7 directorates. To make audit more effective, there is a need to elevate the stature of the Directorate of Local Fund Audit.
- (ii) **Review and refine Business processes:** internal reviews and feedback have identified the need to review the work flow and decision making processes (including the flow of files and number of touch points) amongst units in Finance Department and also within a unit with a view to identify and eliminate redundant processes with the objective of speeding up decision making. This will also feed into the decision of whether to automate some of these processes into IT work flow based processes as part of the FMIS or as stand-alone automation.
- (iii) **Review Processes in selected large spending departments:** in addition to finance, a need has been identified to review the pre-sanction (at administrative approval stage and procurement stage) and payment processing stage in selected (4-5) large departments, since similar to finance departments delays are experienced in file processing.

Additionally, concurrent to improving the internal efficiencies of the Finance Department, GoA also seeks to improve its engagement with the citizen's through better budget disclosures. **Currently, the budget disclosures made by the state, relative to other states in India, are limited (both in content of disclosures and ease of navigation).** The GoA Finance Department website provides budget documents only for the years 2015-16 and 2016-17. Following is a list of the documents available to the public for the above mentioned years:

2015-16	<ul style="list-style-type: none"> a) Revenue Receipts – i.e. Estimates of Revenue and Receipts b) Detailed demand for grants
---------	---

2016-17 Full Year Budget	<ul style="list-style-type: none"> a) Budget Speech (in Assamese and English) b) Action plan for implementing the budget proposals (in 2 parts) c) Budget Highlights d) Budget Annexes e) Annual Financial Statement (AFS) f) Detailed demand for grants g) Budget Communication to line departments after approval of the budget h) Memorandum statement – including a statement on Guarantee (with a 1-year time lag) i) Revenue Receipts j) Summary
--------------------------------	--

Additionally, budget documentation is available on the State Legislative Assembly website for the years 2012-13 to 2016-17 as part of the discussions during the Budget Session.

Additionally, the Assam FRBM Act requires certain disclosures to be made. Below is a table of the state's compliance (document tabled with the Budget for the year 2016-17) with these requirements. Certain good practices across states have been documented below indicating potential disclosures that can be adopted by Assam for an enhanced citizen engagement.

Assam FRBM Act		Good practices across other states in India	
<u>Requirement</u>	<u>Compliance</u>	<u>Requirement</u>	<u>Compliance</u>
Year Fiscal Plan along with Budget containing		As part of the Budget documentation:	
(i) MTFP	Yes	(i) Aggregate government expenditure by object head, with details for 3 years – previous year actuals, current year RE and following years' BE	No
(ii) actual Fiscal indicators vs. targets set at year beginning	No		
(iii) Economic trends and future growth prospects	No		
(iv) Strategic priorities of the government	No	(ii) Outstanding liabilities including (a) Major works, contracts and supplies and (b) Arrear of grants payable including state's matching share	No
(v) policies relating to revenue, expenditure, debt, etc.	No		
(vi) Evaluation as to how current policies conform to above priorities	No		
(vii) Assessment of Sustainability relating to balance of revenue receipts and revenue expenditure and use of capital receipts	No	(iii) Tax Expenditure and Revenue forgone, including details of exemption/ deferment/ reimbursement of tax for last financial year and	No

<p>to finance productive assets.</p> <p>Additionally, along with the Annual budget, the state should disclose:</p> <p>(i) Key fiscal indicators mentioned above</p> <p>(ii) Significant changes in Accounting Standards, policies, likely to affect fiscal indicators</p> <p>(iii) Contingent liabilities, and borrowings of the State</p> <p>Supplementary demand for grants placed before Legislature shall be accompanied with a statement of their impact on fiscal indicators</p> <p>Annually review trends in receipts and expenditures including fiscal indicators and present outcome of these reviews before legislature</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>compliance cost of major taxes of the state</p> <p>(iv) Statement denoting liability in PPP</p> <p>(v) Along with the Action Plan currently prepared, future expenditure commitment of major policy changes can also be disclosed to ascertain financial implications of budget announcements</p> <p>(vi) Action Taken Report on the previous year's Budget</p> <p>(vii) Scheme of Financing Annual Plan and Estimate of State's Resources to include Public Sector Undertakings</p> <p>(viii) Budget provision of different externally aided projects under state plan</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p>
---	---	--	---

Proposed Activities:

Activity 1: In line with the above reform initiative the project will support review of the existing institutional structure within the Finance Department, presently consisting of 12 divisions, in order to strengthen the organizational structure and capacity. This is proposed to be done in two phases:

- **Phase 1 will be a consultancy services** for a diagnostic study to conduct an institutional review of the organizational structure and various functions and processes in Finance Department in the context of potential changes in business processes and work flow automation to modernize treasury, budget, cash and debt management systems & processes.

- **Phase 2 will appropriately support the implementation** of the approved re-organizational plan over the short-medium term.

Activity 2: A study will be undertaken to review existing budget documentation and disclosures along with benchmarking with good practices in other states. The consultant will provide suggestions to increase fiscal transparency (w.r.t. budget documentation) in the state. Additionally, the consultant will work with GoA and provide hand holding support for complying with the disclosure requirements.

Activity 3: This sub-component will also provide technical support in scaling up of Direct Benefit Transfer (DBT) initiative of GoA, by way of need-based review and assessment of administrative and payment arrangements of existing or proposed schemes brought under DBT, including review of program specific banking arrangements. This activity will be limited to supplementing the efforts of GoI.

Cost estimates:

Following is the detailed cost estimate for this sub-component.

(Rupees in Lakhs)

		2017-18	2018-19	2019-20	2020-21	2021-22	
Activity	Nature	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Institutional strengthening of Finance Department		18.90	40.84	49.61	-	-	109.35
Consultancy for review of Finance Dept.	Consultancy - firm		23.62	32.40			56.02
Study to review budget documentation and disclosures benchmarking with good practices in other states	Consultancy - individual/s	18.90					18.90
Technical support in scaling up DBT in selected programs	Training		17.22	17.22			34.44

Break-up of the estimates and proposed team structures are provided in the table below:

(i) Consultancy for review of org structure of Finance Dept.				
S.No	Designation	Man months	Rate	Total
<i>PART A - Consulting assignment for review- 2 months</i>				
1	Team Leader	1.5	3,00,000	4,50,000
2	Institutional expert	2	2,00,000	4,00,000
3	Domain expert (retired government official)	2	2,00,000	4,00,000
4	Analysts (2 nos.)	4	1,25,000	5,00,000
	Overheads		20%	3,50,000
	Taxes		15%	2,62,500
	Sub total A	10		23,62,500

<i>PART B - Support for implementation of reorganisation plan - 3 months</i>				
1	Team Leader	1.5	3,00,000	4,50,000
2	Institutional expert	3	2,00,000	6,00,000
3	Domain expert (retired government official)	3	2,00,000	6,00,000
4	Analysts (2 nos.)	6	1,25,000	7,50,000
	Overheads		20%	4,80,000
	Taxes		15%	3,60,000
Sub total B		14		32,40,000
Consultancy for review of org structure of Finance Dept				56,02,500

<i>(ii) Study to review budget documentation and disclosures benchmarking with good practices in other states</i>				
S.No	Designation	Man months	Rate	Total
<i>PART A - Consulting assignment (3 months)</i>				
1	Individual consultant	6	1,50,000	9,00,000
2	Analysts (1 nos.)	9	75,000	6,75,000
	Overheads		20%	3,15,000
	Taxes		0%	-
Sub total A		9		18,90,000

<i>(iii) Technical support in scaling up DBT in selected programs</i>				
S.No	Designation	Man months	Rate	Total
<i>PART A - Consulting assignment</i>				
1	Team Leader	2.0	3,00,000	6,00,000
2	Domain expert (government schemes)	3	2,00,000	6,00,000
3	Domain expert (banking expert)	3	2,00,000	6,00,000
4	Analysts (2 nos.)	6	1,25,000	7,50,000
	OPE		20%	5,10,000
	Taxes		15%	3,82,500
Sub total A		6		34,42,500

Sub-component 1.5 Training and Capacity Building

Current status:

One of the critical constraints faced by the state in the area of PFM has been inadequate attention to the knowledge and skills upgradation of various public officials and staff involved in the area of public financial management. Most middle level officials are not exposed to contemporary good practices in other states in India and there is the absence of a professional development program. This gap is accentuated by lack of institutional set up for organized and structured training and capacity building, which are currently sporadic, outdated modules and methods of delivery of training. This has partly contributed to the partial success in implementation of PFM reforms in the past.

Rapid changes in the PFM environment in the state due to computerization of operations in two major departments – Finance and Excise - will need to be accompanied with enhancing the skills of the government human resources. Further significant changes are on the anvil including online submission of bills by the Drawing and Disbursing Officers (DDOs) most of whom presently have no exposure to a computerized application. Over the medium term, GoA plans to shift works transactions from the present Letter of Credit (LoC) System to the envisaged treasury application and produce full set of state accounts for electronic submission to the Accountant General. These activities entail extensive training requirements of DDOs and other departmental staff in finance and excise functions, and additionally tune them to the computerized environment.

On the other hand, the Excise Department presently operates on manual processes to regulate the manufacture, stocking, transport and sale of liquor and faces governance challenges due to the rising sales and transport of liquor in and through the state. GoA is working towards putting in place a comprehensive e-governance system in the department to improve the interaction with stakeholders and management and regulation of this growing sector.

The state has a training institute – Assam Administrative Staff College - but it does not have the capacity to cater to the department’s specific training needs. The areas identified for training include: constitutional provisions and legislative processes; modern government IT systems including administration of such systems; handling embezzlement and fraud; latest banking systems; budget preparation and appropriation bill; procurement; dealing with public sector undertakings and basic computer skills.

Thus investing in and building capacity of its human resources both in Finance and line departments on various aspects of PFM, especially in the light of the reforms in PFM proposed under the project in a key pre-requisite identified by the Finance Department. It recognizes the vast needs of capacity building in the areas of tax administration, expenditure management & procurement along with automation. Also, the state intends to enhance the capacity and delivery capabilities of its state training institutions to deliver training programs to a large pool of staff on a sustained basis. Training would also be needed once the new/upgraded IT systems have been developed and rolled out. The large pool of staff includes the following (approx. numbers):

Cadre	Sanctioned strength	In Position
Assam Finance Services	253	163
Assam Audit Services	410	287
Assam Accounts Services	1139	760
Finance Department (Secretariat)		206
Finance Department (Branches)		204
Finance Department (Directorates)		2264
Sub-Total		3884
Drawing and Disbursing Officers/ support staff (1)		9312 x 2
Budget Officers in Line Dept/ Directorates		500

Total		23,008
--------------	--	---------------

The objective of the sub-component is enhance augment the capacity of the GoA officials in the Finance and Excise departments – enhancing their understanding of the specific subject matter as well the effective and efficient use of applications/ e-governance systems. This will ultimately result in improved service delivery and enhance the PFM control environment in the state. This will be achieved through conducting a series of training programs to a large number of government personnel on various identified topics.

Proposed Activities:

The identified activities include (i) carrying out a Training Needs Analysis, development of training strategy, content development and sustained delivery of the trainings. This will be supplemented by investments in IT enabled e-learning systems, knowledge transfer visits to other states, partnership and twinning arrangements with eminent national/state level PFM institutions on thematic areas and cost of involving experts from other governments during the designing of the systems and actual delivery of the training. The activity will have the following elements:

- PART A – Consultancy services TNA, Strategy and content development for Finance and Excise Departments
- PART B - Delivery of trainings through a consultant firm and/or national training institutes
- PART C – Development of IT enabled tools
- PART D - Exposure visits of GoA staff and inviting experts from other state governments
- PART E - Twinning arrangements with national/international institutes on thematic areas

Part A will be taken up in the first phase that will inform the trainings to be delivered. Draft ToR is provided in Annex 7(d). Other elements will be taken up during implementation.

(Rupees in Lakhs)

Activity	Nature	2017-18 - Year 1	2018- Year 2	2019-20 Year 3	2020-21 Year 4	2021-22 Year 5	TOTAL
Training and Capacity Building		110.57	122.75	270.50	123.65	44.10	671.57
TNA, Strategy & content dev.	Consultancy firm	105.57					105.57
Delivery of Trngs.	Training		97.75	195.50	58.65	39.10	391.00
IT enabled tools	Consultancy			50.00	50.00		100.00
Exposure visits	Training		20.00	20.00	10.00		50.00
Twinning arrangements	Training	5.00	5.00	5.00	5.00	5.00	25.00

Break-up of the estimates and proposed team structures are provided in the table below:

S.No.	Designation	Man months	Rate	Total
	<i>PART A - TNA, Strategy and content development for Finance and Excise - 6 months</i>			
1	Team Leader	4	3,00,000	12,00,000
2	Domain experts - 2 (Finance and Excise)	10	2,00,000	20,00,000

3	Curriculum development specialist	5	2,00,000	10,00,000
4	Training specialist	6	2,00,000	12,00,000
5	Analysts (3 nos.)	18	1,25,000	22,50,000
	OPE		20%	15,30,000
	Taxes		15%	13,77,000
	Sub total A	43		1,05,57,000
	<u>PART B - Delivery of trainings</u>			
1	Trainers (10 nos for 6 months for 4 years)	240.0	50,000	1,20,00,000
2	Hiring of training venue		40,00,000	40,00,000
3	Travel cost, staying cost etc - trainees (1000 trainees per year@ 500 per day for 7 days for 4 years)		1,40,00,000	1,40,00,000
4	Curriculum printing		40,00,000	40,00,000
	Taxes		15%	51,00,000
	Sub total B	240		3,91,00,000
	<u>PART C - IT enabled tools</u>			
	Development and hosting of tool/s			1,00,00,000
	Sub total C	-		1,00,00,000
	<u>PART D - Exposure visits (travel, staying & honorarium)</u>			
1	Outgoing			30,00,000
2	Incoming			20,00,000
	Sub total D	-		50,00,000
	<u>PART E - Twinning arrangements</u>			
1	Travel cost, staying cost etc			25,00,000
	Sub total E	-		25,00,000

Component 2 Strengthening Expenditure and Revenue Information Systems

GoA plans to implement/modernize its key IT systems for budget and expenditure management and tax administration. Specifically, this sub-component supports the Government's initiatives to e-enable various services related to budget and expenditure management, payroll, scale up electronic collections in key tax administration departments and e-payments, development and implementation of core IT systems in Finance (Budget and Treasury), Commercial Taxes and Excise departments and thus strengthen the overall PFM environment of the state. Based on learnings from previous interventions in Assam and experiences (success and failures) from other states, it is important that actual investments in information systems are preceded by: (i) identifying opportunities for business process reforms; (ii) carrying out extensive stakeholder consultations to build consensus around what is feasible given the constraints faced by the state; and (iii) proper sequencing of implementation and phased roll out.

This component has two complementary parts – Technical Assistance and Results based Financing. The activities under the technical assistance will provide necessary technical inputs and support which will

inform the design of the proposed IT investments and provide oversight during their development and implementation. Technical assistance will finance specific inputs on consulting and non-consulting services for carrying out detailed Business Process Reviews (as-is and to be studies), design of IT applications, procurement of IT vendors and training and exposure visits. The Results based sub-component will disburse upon achievement of agreed results or DLIs, supported by Eligible Expenditure Program (EEP) which largely consists of actual investments in development, implementation and roll out of information systems.

Disbursement-Linked Indicators (DLIs): Five DLIs have been selected for providing incentives to implement robust IT systems across the core functions of the Finance Department, Commercial Taxes and Excise Departments, scale up of e-collections and e-payments and enhance transparency both internal within GoA and to the public at large. These are aligned with the project development objective and results indicators and will disburse upon achievement of key results as measured by the DLIs specified below, supported by agreed-EEPs. The DLI's reflect the scaling up of implementation and roll out of critical information systems in a phased and sequenced manner. In pricing of individual DLI's two factors have been considered (i) the relative importance of the indicator in the entire set of indicators and (ii) need to match disbursements with cash outflows on project activities.

Eligible Expenditure Program (EEPs) will consist of project-related investments (goods, works, non-consulting services, consulting services, training and operating costs) in the Finance Department (Directorate of Accounts and Treasuries [DoAT] and COT), Excise Department, and IT Department of the GoA. These investments will include cost of development of the systems (Systems integrator contracts), operational and maintenance cost during the project lifetime, procurement of hardware and its maintenance and augmentation of network connectivity, In addition, costs associated with development of a common e-collection portal, scaling up of e-pay-bill module, development of a state procurement portal and cost of roll out the IT systems (including training, change management and hand holding) will form part of the EEPs.

The sub-components under this component are as follows:

Sub Component 2.1 Design, development and implementation of Financial Management Information Systems (FMIS)

Current Status

The Government of Assam (GoA) initiated implementation of a Comprehensive Treasury Management Information System (CTMIS) in 2005¹¹ in an attempt to computerize the functioning of the Treasuries in Assam and also treasury related functions at the level of the Drawing and Disbursing Officers (DDO) and for compilation of monthly accounts. The Directorate of Accounts and Treasury (DoAT), under the Finance Department, is responsible for all treasury operations, i.e. exercising control over budget execution, payments and receipts, stamps management, monthly financial reporting to the AG (A&E) etc. The state's 62 treasuries/sub-treasuries and are connected to the central server located at the mini data center in the DoAT and there are approx. 9312 DDO's who submit bills to the treasuries/ sub treasuries. The Comprehensive Treasury Management Information System (CTMIS) application of DoAT developed in 2005, which is now 12 years old and is being maintained and incrementally upgraded by an in house team. All the treasuries and sub-treasuries are banking treasuries as they transact their business through accredited banks¹² with the Dispur Treasury being designated as the Cyber Treasury in respect of online collection of taxes.

¹¹ The CTMIS, implemented in 2005, was developed by Tata Consultancy Services (TCS) as a centralized application.

¹² The State Bank of India, United Bank of India, Union Bank of India, United Commercial Bank and Central Bank of India

Complete functionality of CTMIS not implemented: The CTMIS implementation initially envisaged the implementation of five modules namely the Finance, Treasury, Department, DDO and Head office module, but only the Treasury module was actually implemented and is currently in use. The DDO module that facilitates online submission of bills by DDO to treasury has not been activated - hence, submission of bills continues to be manual. This was due to another initiative in 2010¹³ to develop, around the core CTMIS, various other modules i.e. Budget Preparation Module, HRMIS, Cash & Debt Management Module, procurement & commitment control module and interfacing with CTMIS in order to graduate to an Integrated Government Financial Management Information System- (IGFMIS). Due to various reasons, including vendor non-performance, these were not fully implemented or rolled out. With this the State is only left with the core CTMIS as the operational module resulting in manual budget allotment and budget controls in treasuries being manual.

IT hardware in DoAT, Treasuries and DDO's and software licenses: similar to the CTMIS, the peripheral hardware at the existing treasuries are over 8-9 years old with some need based replacements carried out in select treasuries. The CTMIS currently runs on Oracle 10G, which is out of warranty and there is a need to upgrade to Oracle 11G to enable continued OEM support, patches, servicing and accommodating further upgrades in CTMIS. DDO's were provided with computers in 2009, but due to failure to roll out the IGFMS, these investments have been futile and most of the hardware supplied have outlived their useful life. Thus there is a need for a comprehensive assessment of the investment needs in replacement/ upgrade of IT hardware at in the treasuries, DDO's as also the Line Departments, Heads of Departments and Directorates, to be consistent with the design of the new FMIS solution.

State Data Center and Connectivity: The application is presently hosted on the central server at the mini data center of the Directorate of Accounts and Treasuries (DAT) and CoT in Guwahati with a disaster recovery site (primarily being used for backing up of data) located at the National Informatics Centre (NIC) in Hyderabad and connected with the central server through NIC Connect link. The State as of now does not have a State Data Center (SDC) similar to other states. While the core physical infrastructure (building super structure) has been completed, the state, is unable to make the SDC functional due to curtailment of funding from GoI under the Mission Mode Projects¹⁴. The mini data center which hosts both the CTMIS application and the IT application of CoT has also outlived its utility (both physical & electrical infrastructure, air conditioning, fire system infrastructure) and is in urgent need for refurbishment¹⁵. and is in The major treasuries have leased lines as front line connectivity and VSAT as a backup while other treasuries have VSAT connectivity supported by ASWAN connectivity. Maintenance and upgrade of ASWAN however has faced challenges over the last 3-4 years due to non-performance of the service provider and its maintenance has been taken over by AMTRON. Similarly, the VSAT's are also over 7-8 years old and DoAT would like to move to one common service provider for primary connectivity (with appropriate service level agreements) from MLLN to MPLS technology based on OFC links and a secondary connectivity to provide appropriate back up for redundancies/ failures. In addition, the DDO's have no dedicated connectivity and options for connectivity of DDO's with the treasuries are to be assessed as part of the project and based on the assessment appropriate funding may be required.

Impact of Fragmented IT applications

¹³ Oracle Public Sector COTS solution, including HRMIS (9 modules) was sought to be implemented under an ADB supported project with an implementation period of 3 years, with limited BPR, capacity assessment, no estimation of level of customization required.

¹⁴ GoI funded the establishment of SDC across states, funding for which was stopped in FY 2015. Assam has been in dialogue with GoI for additional funding for financing investments to make the SDC functional and hence currently excluded from the project scope

¹⁵ There have been two recent incidences of fire due to short circuit

The above constraints have meant continued dependence on largely manual procedures and control processes in (a) budget preparation & budget allotment processes by Finance & line Departments; (b) budget control and cash control ceiling by the treasuries; (c) submission of bills by DDO's to the treasury for payment; and (d) physical transfer of bills and manual scrolls between the treasury and banks. These are detailed below:

- **Budget Preparation:** the budget preparation process is manual. The departments prepare their budget requirements based on standard manual template circulated by the Finance Department as part of the Budget Call Circular. While a bottom up approach is followed i.e. information collected from DDO's (especially the information on staff in position), in the absence of budget execution reports of the current year and absence of a HR database, these are at largely based on previous year's budget, plus a standard increase. *From FY 2016-17, the Finance Dept. has started using a stand-alone IT based budget consolidation database, in which inputs from the line departments are entered, adjustments made to reflect overall resource allocation priorities and generate the final budget book.*
- **Budget Allotment:** After the budget is approved by the State legislature, the process of budget allotment to Line departments and eventually to DDO's is initiated. The entire process of budget allotment to the Budget Controlling Officers (BCO's) in the Line department and by the BCO to the DDO's is manual and a time consuming process. Similarly, the process re-allotment of supplementary budgets and revised budgets is a manual process. From FY 2016-17 onwards the Finance Department has started on-line allotment of the budget to the Line departments, but the process after that is manual. More importantly the Budget Consolidation module is not interfaced with the CTMIS, resulting in the following weaknesses:
 - a) There is no global control over the quantum of budget allotment across DDO's for a particular budget head
 - b) Individual treasuries, rely on the manual budget allotment letter issued by the BCO or provided by the DDO themselves to check the budget ceiling for the DDO. This is fraught with the risk of mis-use of over payment,
 - c) In the absence of IT based budget control in CTMIS, budget control is exercised manually by the treasuries, based on budget registers maintained at the treasury level. The reliance on manual registers does not provide DoAT or Finance Dept. with any control at the state level.
- **Manual Preparation and Submission of Pay Bills:** The state attempted to create a HRMIS module (full suite of ORACLE HRMIS including recruitment, performance appraisal etc.) However, in the absence of cohesive strategy and clarity on ownership or responsibility for digitization of employee database, this did not prove successful. Currently the State has developed a payroll application to help prepare and generate monthly pay bill, which has been rolled out to about 500 DDO's. This however does not address the needs of several departments (such a features for loan recoveries, global update for DA adjustments etc.), some of whom have developed stand-alone payroll applications. The application has also not been subjected to a security audit.
- **Manual Budget Control at treasuries:** The entire budget control function at the treasuries is manual. The treasuries receive budget allotment in hard copy through the Administrative Department. Each bill that comes to the treasury is first checked for availability of budget through a manual Budget Control Register maintained for each DDO. This is further complicated as the budget can actually be utilized subject to availability of funds through the "Fixation of Ceiling" (FOC) limit for each month and each head of account issued by the Administrative Department - this control too is monitored through another manual register (the FOC Register) maintained for each DDO individually in a manual mode. Such processes are prone to risks and the controls could

be over-riden. Allocation of budget or fixation of FOC or an intimation of change in these limits could be received by a Treasury with delay and this could result in the risk of allowing release in excess of budget or even denying payment of an otherwise genuine bill. There is also a risk of overriding the FOC ceiling validity with the DDO obtaining a token from the treasury without actually raising a bill and the treasury facilitating this by accepting the bill and processing it after the expiry of validity of FOC. This defeats the purpose of the FOC (control over ways and means).

- **Payment Processes:** The treasury follows archaic processes for payments. For payments other than through ECS, the bills passed by the treasuries are physically transported in sealed trunk/s to the bank mapped to a treasury and post payment, the paid bills are returned to the treasury by the bank in a similar manner. This process continues to be on the Assam Treasury Rules. In case of salary payments through ECS, the details in EXCEL file are sent on a CD through the concerned DDO. And, post payment, the bank sends the scrolls to the treasury often in hard copy manually and these have to be entered in CTMIS manually for reconciliation. These processes were followed by treasuries decades ago when computerized systems had not evolved or were in a nascent stage. Such manual processes are not only fraught with risks, but also limits the usability of other related computerized applications.
- **Processes related to government receipts:** In respect of government receipts, the bank/s send data through email on daily basis to the Cyber Treasury - such a system is fraught with risk of manipulation due to lack of adequate security features in data transmission.
- **Lack of a decision support system for Finance Department:** since CTMIS is a stand-alone application with no integration with the budget, monthly budget execution reports for Finance, Line departments, BCO's and DDO's are not capable of being generated. In addition, Finance Department has no '**dash board**' to obtain status of funds position, number and quantum of pending bills, which will provide a basis for effective cash management and taking informed decisions on budget and expenditure management.
- **Control over Advances:** Another area that needs strengthening is control over Abstract Contingency (AC) Bills, which are used to draw money as advance, and offsetting it subsequently by submission of Detailed Contingency (DC) Bills within one month from drawl of AC Bill. The CTMIS has a utility for accepting AC Bills and, according to business rule, further AC Bills are not accepted unless the related DC Bill is submitted by the DDO and entered in the system. To override this system, the AC Bills utility is not used - instead the AC Bills are entered as Contingent Bills and this allows a DDO to draw money through subsequent AC Bills, which is not in harmony with government rules. Another constraint in this system is that the Treasury rules presently require DC Bills to be sent directly to the Accountant General and a certificate is issued to the Treasury that AC bills have been settled. In this manner, government money is drawn and kept outside the system. Finance Department's circulars indicate that complete updated information on AC Bills may not be available with the line departments/ Treasuries. According to the AG, AC Bills pending for want of DC Bills aggregated Rs. 1445 crore (5330 nos.) as of March 14, 2014 increasing to Rs. 1536 crore as of June 30, 2014 (5341 nos.)
- **Weak internal controls in approval of Bills for Payment:** The bills received for payment at the treasury are checked by accountants. There is no checklist (either in a manual mode or online) which would indicate with appropriate trail that the bills have actually being reviewed. Functionality is available in CTMIS which facilitates sending an email in case a bill is objected at the treasury - although the objections are entered in the system (as well as written manually on the bill), emails are not sent as many of the DDOs do not have email IDs.

- **Password security features are inadequate at the Treasuries:** There is an absence of basic security features around CTMIS such as password control. These are frequently shared within the treasury and one person could possibly process an entire transaction from data entry to approval.
- **Submission of Accounts to the Accountant General:** Monthly accounts are compiled in CTMIS and the output is rendered to the AG by the treasuries and sub-treasuries¹⁶ (timeline stipulated 10th of the following month). The AG also obtains the accounts data centrally and used this data to validate with the physical accounts for feeding into their VLC system. Interactions with the AG indicated that (a) accounts are rendered with considerable delay by the treasuries and (b) during validity check, error up to 40% is experienced particularly due to misclassification of head of account. The delay in submission of accounts has been informed due to delay in receipt of DMS from the Banks etc. Data indicates that almost all the treasuries/sub-treasuries delayed submission of accounts during the last two years 2012-13 and 2013-14, though the frequency of delay varied amongst the treasuries.
- **Accountant General (A&E) Assam has made some adverse comments on the working of the treasuries:** An annual inspection of treasuries is conducted by the AG (A&E) and the findings are conveyed through Inspection Reports to the head of office copied to the Director of Accounts and Treasuries and the major observations are provided in a separate report called “Annul Review of Treasuries of Govt. of Assam” and the report up to the year 2013-14 is available in public domain. The key findings from treasury inspection (other than those already discussed above) are as follows, which indicates the need to strengthen controls and systems in the state Treasuries:
 - a. Huge balance of Rs. 733 crore in Suspense Account 8658 (for payments) after accounts closing of 2013-14 due to non-submission of vouchers and challans by Treasuries
 - b. Plus-Minus Memorandum for deposit accounts not submitted by Treasuries to the AG (A&E)
 - c. Bills passed by Treasury and funds parked in DDO bank accounts (e. g. Rs. 2547 crore drawn at Dispur Treasury during March 2013 and kept in current account or held as deposit at call, bank drafts)
 - d. Non-maintenance of DDO-wise reconciliation registers

Lessons Learnt:

The lessons learnt from (i) previous experiences/attempts in implementation of FMIS in the State and (ii) from exposure visits to other states in India are the following:

- Need for a detailed diagnostics of the technical and non-technical challenges (institutional, capacity and change management challenges) in the state, which would determine the scope, time frame, sequencing of implementation of FMIS.
- Evolving a consensus on scope of FMIS and effective communication strategy with all stakeholders.
- Need for sustained ownership and leadership of the reforms
- Adequate investment in change management, hand-holding and capacity building
- Spacing out and sequencing the implementation over 5-6 years.

¹⁶ Post implementation of CTMIS, sub-treasuries now render monthly accounts directly to the AG (A&E) i. e. there accounts are no longer merged with the main treasury under which they function

An analysis of the FMIS functionalities available across states is provided in the table below.

<u>FMIS Functionalities across states</u>	Rajas than	MP	Karn ataka	A.P	Mah arash tra	Odhi sa	Assa m	Punj ab	Guj arat
BUDGET MODULE									
Budget preparation module in FMIS	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Budget documents printed from FMIS	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Online budget allocation by FD to BCOs	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Online budget distribution by BCOs to DDOs	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Budgetary limits set as expenditure control in FMIS	Yes								
Re-appropriation and surrenders	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
ACCOUNTING									
Online submission of bills by DDOs	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Online approval of bills by Treasury without hard copy	No	No	No	No	No	No	No	No	No
Hard copies of vouchers submitted to AG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Non-treasury transactions (eg. Transfer entry, etc) entered in FMIS	Yes	n.a	Yes	No	No	Yes	No	No	Yes
LOC system being used	No	No	No	No	No	No	Yes	No	Yes
Commitment accounting is part of FMIS	No		Yes	Yes	No	Yes	No	Yes	No
PAYROLL PROCESSING									
Payroll module available either in FMIS or interfaced with FMIS	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
FMIS integrated with HR database	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No

Employees can view payroll details	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
PENSION									
Pension processed through FMIS	Yes	Yes							
PAYMENTS									
Bank interface for electronic payments available in FMIS	Yes								
RECEIPTS									
Bank interface for electronic receipts available in FMIS	Yes								
E-challans issued for receipts tendered in cash or draft	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No
INTERFACE WITH BANKS/ AG									
Whether scrolls submitted electronically by the agency banks	Yes		Yes	Yes	Yes	Yes	No	Yes	No
Interface with AG for electronic exchange of Voucher level data.	Yes		Yes	Yes	No	Yes	Yes	No	Yes

As can be seen from the above, the State, lags behind considerably, when compared to the other states in India. The Government would like to close this gap in a time bound manner and provide better services to the employees and citizens.

Proposed Way forward

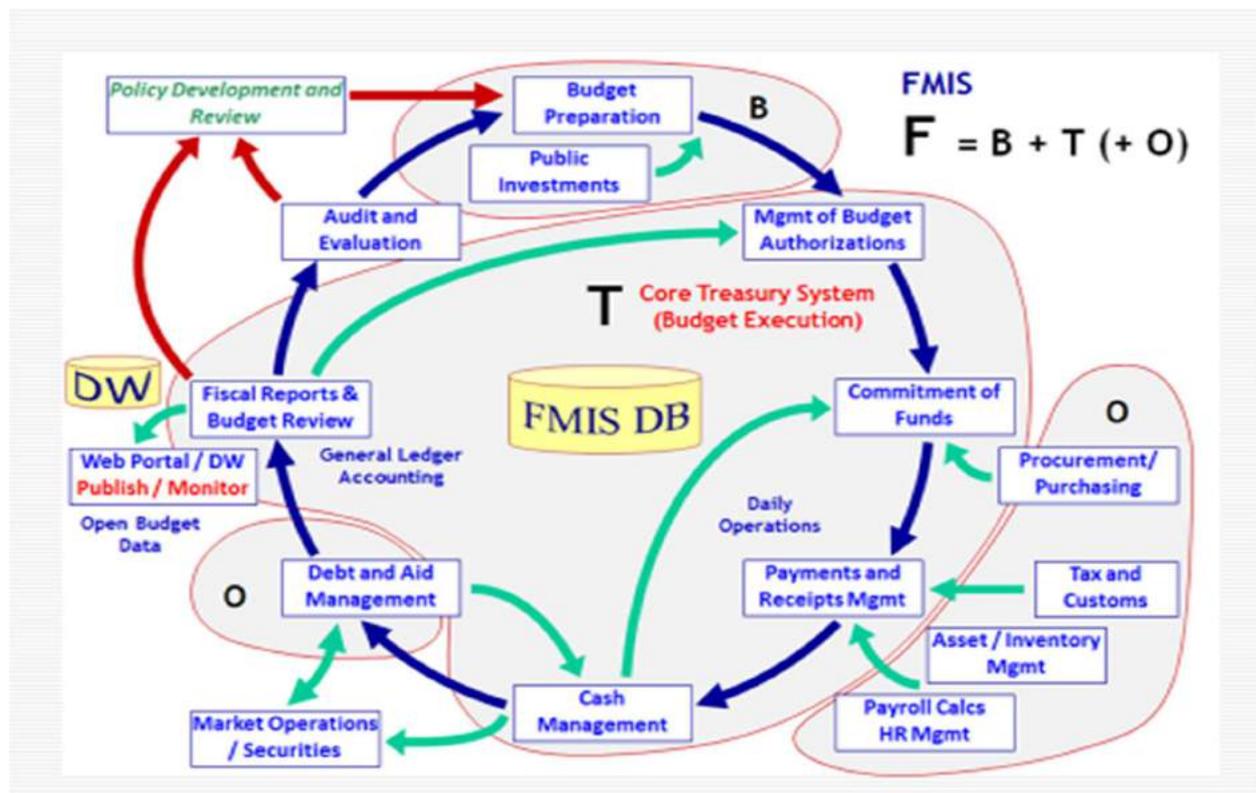
Since the existing application is over 12 years old, warranties of software licenses have expired and there have been made developments both in the IT technology, mobile applications GoA has identified the need to implement a new Financial Management Information System (FMIS), with the objective of modernizing the budget and expenditure management systems by addressing infirmities and constraints in existing processes, including automating manual processes and controls in the budget execution cycle which will help improve budget execution (expenditure control) and cash management, enhance electronic payments/receipts, strengthen controls & reconciliations, improve timeliness of reporting to the Accountant General and establish a management decision support system for the Finance Department, treasuries and line departments. Concurrently the existing IT infrastructure including servers need upgradation by way of replacement of systems software and hardware enhancing the connectivity.

Additionally, there are no defined service delivery standards for the DoAT, however the above improvements will expectedly lead to establishment and communication of such standards. Based on a limited review of the current practices, it is noted that a vendor payment on an average takes 90 days from submission of invoice. The project expects to reduce this turn-around time to 30 days from submission of

invoice by the end of the project life. Also the stakeholders will be able to get information on the bill status instantly (both online and through SMS).

Towards this objective, the project has engaged the services of a consultant to review the existing processes, IT systems and suggest reforms in business processes and provide technical assistance for selecting a Systems Integrator for upgrading/ developing IFMS. The consultant will review the existing budget planning and execution and revenue collection business/ functional processes and related IT systems/ infrastructure including connectivity and data center with the objective of (i) defining the ‘To Be’ processes and Functional Requirement Specifications (FRS) for the new IFMS, based on a Business Process Review (including suggestions on Service Delivery standards for DoAT); (ii) solution /architecture design and scope of work for Systems Integrator and (iii) Cost estimates and (iv) preparation of RFP and support in the selection process of Systems Integrator for IFMS and government e-collection portal for major revenue generating departments/ functions.

Based on the assessment and consultants recommendation the State intends to (i) contract a Systems Integrator to develop, implement and maintain the FMIS on a long term service contract; (ii) coupled with investment in replacement of hardware and (iii) addressing issues with connectivity and data center and



capacity building /change management. It is envisaged that at the end of the project, the State Government will transition towards an FMIS system as commonly understood in international parlance (see box in the next page.)

Activities under:	
Technical Assistance	Consultancies and studies on – (a) design, business process review, functional requirement study and preparation of detailed project report for FMIS, (b) support in procuring IT Systems Integrator and related hardware, (c) project management oversight of Systems Integrator during application development and implementation phases, and (d) development of appropriate communication and change management strategy. This will also include update of relevant rules and exposure visits to and visit of experts from other states.
Results based Financing	DLI #1 Improving controls and timeliness in budget execution (US\$ 10.00 million) : this DLI incentivizes and supports development and roll out of FMIS solution including the systems integrator contract, change management, hardware procurement and network augmentation and roll out/scale upscale up of the pay bill module . This will be measured by: (i) enhanced budget control (online control of budget at DDO ¹⁷ and treasury level); (ii) enhancement of services (on-line bill submission by DDOs); (iii) consolidation and timeliness of accounting and reporting and (iv) establishment of a decision support system for Finance Department on key parameters such as aggregate budget execution, real time cash position, bills pending position etc., which will facilitate pro-active management of public finances by the state.
	DLI #2 Increased transparency of key budget, financial and procurement information (US\$ 4.00 million): this DLI incentivizes the development of procurement rules and SBDs, disclosure of important budget, fiscal, budget execution reports and procurement contract award information to the public at large, and development of a state procurement portal, including compliant handling utility. Sequencing of these disclosures are aligned to implementation and roll out of the above information systems

The investments (cost estimates) for design, development, implementation and maintenance of FMIS over the five years is as follows (table) (Rupees in Lakhs)

Activity	Nature	2017-18		2018-19	2019-20	2020-21	2021-22	TOTAL
		Year 1	Year 2	Year 3	Year 4	Year 5		
Technical Assistance Component								
Design of Financial Management Information Systems (FMIS)		19.00	224.00	320.00	125.00	125.00	-	813.00
Consultancy Study for new FMIS solution incl BPR	Consultancy - firm	16.00	144.00					160.00
Consultancy - Project Management Contract for new FMIS solution	Consultancy - firm		50.00	200.00	125.00 0	125.00		500.00
Security Audit	Consultancy - firm			100.00				100.00
Exposure Visits to Other States, Expert Visit from Other States	Training	3.00	30.00	20.00				53.00

¹⁷ DDO or Drawing and Disbursing Officer who is authorized to present bills and draw funds from the state's budget

Eligible Expenditure under the Program								
Support for design, development and implementation of new FMIS solution		5.00	1,328.40	2,198.80	3,675.00	2,375.00	725.00	10,307.20
Short term Programmers/ DBA (2 years)	Consultancy - individual/s	5.00	19.20	19.20				43.40
FMIS - development cost	Consultancy - firm			800.00	1,400.00	300.00		2,500.00
FMIS - O&M	Consultancy - firm					200.00	200.00	400.00
Hardware cost - network hardware/ servers/license fees	Goods		1,000.00	300.00	200.00			1,500.00
Hardware cost - field level (Treasuries)	Goods			700.00	300.00			1,000.00
Hardware cost - field level (DDO and other offices)	Goods				1,250.00	1,250.00		2,500.00
Secondary network provider	Non consulting services		200.00	125.00	125.00	125.00	125.00	700.00
Roll out incl handholding, Change Management, Communication	Training			200.00	400.00	500.00	400.00	1,500.00
Support for roll out of pay bill module	Operating Cost		109.20	54.60				163.80

Sub-component 2.2 Enhancing E-Collection and E-Payment Systems

Current status:

GoA earns revenue from taxes and non-taxes from a variety of sources. It is important that (a) the government facilitates easy payment mechanisms to its citizens for payments of taxes; and (b) the taxes paid should be available to the government completely and timely.

Assam presently does not have a unified e-collection portal. Government dues in Assam can be paid through three mechanisms - (a) through the online portal of banks authorized to collect government taxes and fees; or (b) payers can fill up appropriate challan (after obtaining a receipt challan from treasury) and present this along with cheque or cash at a designated branch (amount can also be transferred through NEFT/RTGS) and “cyber receipts” will be provided by the bank over the counter or through email (c) payment of government dues in cash.

E-collections are currently in use only in respect of payment of commercial taxes. The CoT introduced, in 2012, e-payment mechanism for dealers to make online payment if the tax due is Rs. 10,000 or more. With effect from July 1, 2014, the GoA has mandated that all dealers either registered under central sales taxes or whose dues (from VAT, central sales tax and entry tax) are Rs. 1000 or above will mandatorily pay

commercial taxes through the e-payment mechanism through authorized banks.¹⁸ The proportion of e-payment of taxes in the Commercial Tax Department has steadily increased and presently is at 35% by volume and 70% by value.

Financial Year	Revenue Collection (in crore)	e-Collection (in crore)	% of e-Collection
2010-2011	5185	2095	40.40%
2011-2012	6588	3410.86	51.77%
2012-2013	7051	4588.36	65.07%
2013-2014	7720	5453.20	70.64%

However, all other tax and non-tax collections (other than VAT) are not electronically enabled. The citizens have to make payment of government dues in cash/through cheque and there is intervention either at the treasury or an office of the concerned revenue department. Major revenue earning departments such as Forest, Transport, Excise and Land Revenue do not have e-Payment facilities and government dues are paid predominantly in cash. For instance –

- Forest department (for payment of royalty on minor minerals/timber: a challan is prepared by the payer which is then presented to the office of the District Forest Officer, taken to the treasury mapped to the office of the DFO for digitization and signatures and then the tax/duty is paid in the designated bank; cash collections are also made at about 300-400 collection points
- Transport department (for payment of motor vehicle tax and driving license fee): predominantly, the taxes/fee is paid in cash over the counter. Providing online registration at dealers' point has been initiated.
- Excise: predominantly payment through cash/cheque by physical visit to the treasury and the bank.
- Land Revenue: land revenue is collected by Mouzaedars in cash and deposited in the designated treasury. E-Stamping has been introduced in the state capital but e-Payment mechanism has yet to be introduced and stamp duty is paid at the cash counter at the offices of the Registrar
- Commercial Tax Department (taxes below the threshold limit and those not covered by e-payments): Manual challan is submitted by dealer at the CTD office which is digitized and then the dealer makes the payment at a designated bank
- In addition for availing various other services for which small fees are to be paid to the government, citizens have to invest considerable time in the same.

Inefficiencies in cycle time for e-collection reconciliation/cost: For all payments made online, the designated banks send the scrolls to the Cyber Treasury Dispur and reconciliation. Currently, one Treasury Officer is designated to manage the operations of the Cyber Treasury with a majority of the back end processes being manual. The reconciliation of e-receipts with the scrolls received from the Banks is generally completed 10 days after the close of the month. There are possibilities to increase the operational efficiencies in this process – similar to many other states in India which complete such reconciliation in T+2 or T+3 days. Additionally, the designated banks charge a substantial fee for processing the challans (INR 12 for electronic challan and INR 45 for manual challan). GoA will engage with the RBI and the banks to reduce this cost to a minimal.

Inefficiencies in manual collection: For manual payment of government receipts, each office is required to carry out reconciliation with the concerned bank branch/treasury. Challans are brought to the treasuries where they are digitized and passed for deposit in the designated bank. These passed challans have a validity

¹⁸ State Bank of India, IDBI Bank, HDFC Bank, Union Bank of India, ICICI Bank, United Bank of India

of 10 days from issue and the payer has to deposit such dues within this period. The state auditor has reported inadequate controls in this area - challans passed by the treasuries for government dues are not credited to government account within 10 days of issue and hence lapse - these are called “lapsed challans”. These pertain to both tax and non-tax revenue and includes heads under loans and advances and public account. Moreover, the auditor reports that reconciliation of non-deposit of passed challans has not been done by the treasuries. Based on a Lapsed Challan Report generated in May 2013 from the CTMIS central data server, the auditor has estimated that an amount of Rs. 616 crore of government dues had not been deposited against passed challans during three years 2010-11 and 2012-13. Such a system and gaps in reconciliation enhances the risk of mis-utilization of passed challans, i.e. such challans being used as proxy for availing payment of government dues without actual deposit of funds in the banks.

These above inefficiencies result in delays in collection of revenue, its transmission to the treasury, and delay in flow of information on collection to the concerned departments, with related issues such as lag in reconciliation – thus indicating an immediate need for process re-engineering to bring in operational efficiencies and also provide users with easy ways to deposit funds to the govt. while availing services.

On the payments side, the state has arrangements with 3-4 commercial banks, but some of them are unable to integrate their core banking solutions with the CTMIS. This, together with other operational constraints, has limited the state’s ability to scale up electronic payments. From a citizen’s perspective, this entails burden in terms of considerable time spent and physical interactions with the concerned treasuries and departments.

Proposed Activities:

Similar to other states, GoA proposes to bring payment of government revenue (tax and non-tax) under a unified e-collection platform for the state. GoA is keen to roll out this portal to the citizens at the earliest as this initiative also forms part of the Doing Business reform agenda of the state.

This platform will facilitate online collection of all government revenue. This will be scaled up with initial focus on non-GST State taxes and Excise revenue and large non-tax revenue departments (petroleum royalty, mining and forestry). This will reduce the float in collection, but more importantly ease citizen’s interface with the government. On the expenditure side, GoA intends to make payments electronically by using the e-Kuber system of the RBI. Integration with e-Kuber system will enable elimination of various inefficiencies in the current payment processes and also provide near real time information of payment status and fund position in the state’s Treasury Single Account maintained by RBI.

The first step in the direction of rolling out an e-collection portal, is to initiate a consultancy to study the existing business processes and identify possibilities of process improvements and operational efficiency gains. The consultants should also recommend adoption of any good practices across other states. GoA officials may undertake exposure visits to other states and understand the processes adopted by the latter in roll out of similar portals. The findings of the study and experience from the visits will feed into design of the e-collection portal. The sub-component will support the development of the e-collection portal, in addition to the capacity building initiatives of GoA for successful roll-out of the portal.

Activities under:	
Technical Assistance	Consultancies and studies on – (a) business process reviews, mapping of existing collection processes and developing the solution architecture for a state e-collection portal, (b) exposure visits to other states to study good practices and (c) capacity building and communication to internal and external stakeholders.
Results based Financing	DLI #3 Improving efficiency & timeliness of tax collections and payments (US\$ 3.00 million): this DLI incentivizes and supports development and implementation of a e-

	collection portal covering majority of taxes and non-tax revenues and gradual scale up of tax collections electronically. This also incentivizes scaling up of e-payments through one payment gateway by integrating its treasury systems with e-Kuber.
--	---

Cost estimates:

The detailed yearly cost estimates are provided in the table below:

(Rupees in Lakhs)

		2017-18	2018-19	2019-20	2020-21	2021-22	
Activity	Nature	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Technical Assistance Component							
Enhancing E-Collection and E-Payment Systems		-	30.00	-	-	-	30.00
Process Studies for e-collection in non tax revenue departments	Consultancy - firm		10.00				10.00
Capacity Building	Training		10.00				10.00
Exposure visits	Training		10.00				10.00
Eligible Expenditure under the Program							
Enhancing E-Collection and E-Payment Systems		100.00	20.00	20.00	20.00	-	160.00
e-Collection and e-Payment portal-development cost	Consultancy - individual/s	100.00	20.00	20.00	20.00		160.00

Sub-Component 2.3 Designing/upgrading information systems and institutional strengthening in Commercial Tax Department

The Commercial Taxes Department (CTD) of Government of Assam (in short Taxation Department) is the main revenue earning department of the State. The Taxation Department is headed by the Commissioner of Taxes and is under the administrative control of the Finance Department, Government of Assam. The total revenue collected by CTD in 2014/15 was Rs. 8177.16 cr of which Rs. 7351.25 cr is from VAT and CST. Presently, the CTD, Assam administers the following nine (9) Acts:

- The Assam Value Added Tax Act, 2003
- The Central Sales Tax Act, 1956
- The Assam Entry Tax Act, 2008
- The Assam Agricultural Income Tax Act, 1939
- The Assam Taxation (On Specified Lands) Act, 1990
- The Assam Amusement & Betting Tax Act, 1939
- The Assam Professions, Trades, Callings & Employments Taxation Act, 1947

- The Assam Tax on Luxuries (Hotels, Lodging Houses & Hospitals) Act, 1989
- The Assam Electricity Duty Act, 1964

VAT is the largest OSR in the state. Of these nine taxes, CTD will continue to be fully responsible for administration of five state level taxes¹⁹ that will not be subsumed under proposed roll-out of GST. Additionally, Assam will continue to administer VAT on alcohol (which is excluded from the purview of GST) and petroleum products (which has 0% duty under GST). *These are expected to continue to generate about Rs. 3,600 crores in revenue annually, which currently account for almost 30 percent of the state's OSR.*

The entire CTD administration function in the State is presently divided into 10 (ten) Zones, headed by Deputy Commissioners of Taxes. There are 5 (five) Deputy Commissioner of Taxes (Appeals), to dispose appeal cases. Each Zone comprises certain unit offices headed either by Assistant Commissioner of Taxes, or Superintendent of Taxes. Currently there are 34 unit offices and 127 circle offices and 11 inter-state check posts. Recovery of arrear dues is looked after by 23 recovery offices, headed by Superintendent of Taxes. In addition, there is one Deputy Commissioner of Taxes (Statistics) with a support team of IT and finance staff. The Departmental set-up and strength of different cadres is as below:

- a) Commissioner of Taxes (1)
- b) Additional Commissioner of Taxes (2)
- c) Joint Commissioners of Taxes (5)
- d) Deputy Commissioners of Taxes (15)
- e) Assistant Commissioners of Taxes (25)
- f) Superintendents of Taxes (166)
- g) Inspectors of Taxes (324)

The State introduced Taxation Information Management System (TIMS) to improve the efficacy of its operations relating to taxation functions primarily for monitoring interstate movement of taxable goods through vehicles, revenue collection, compliance monitoring and vigilance/surveillance operations and quality and timely availability of management reports. In the year 2010, Taxation Department further introduced various e-services for its dealers/transporters through the portal. The system is called e-TIMS. It is an internet based application designed for dealers/transporters and citizens.

Information Systems

The state has opted for model II (full circle model) of GST wherein the GST Network (GSTN) will develop the entire GST administration modules that will reside on national servers. The State has to invest in ensuring that its peripheral hardware is compatible with the standards specified by GST and ensure 2 Mbps connectivity. The state has carried out an independent assessment of the state of its IT infrastructure, IT applications and connectivity using the services of NISG and the following is the conclusion:

- a) Existing VAT application framework of TIMS/e-TIMS is fragmented, outdated and system heavy and experiences peak capacity limitations during return filing periods²⁰. In the absence of an integrated

¹⁹Taxes that will not be subsumed in GST are - Assam Professional, Trades, Callings and Employment Act, Assam Taxation on Specified Lands Act, Agriculture Income Tax Act, Assam Electricity Duty, Assam Health Infrastructure and Services Development Fund Act.

²⁰ The volume of transactions is increasing and the number of e-returns has also increased exponentially to 2.8 lacs (2013-14) and online vehicle entry is 12.98 lacs.

system, several processes in administering VAT continue to be manual²¹, especially the back end processes related to Input Tax Credit verification, scrutiny, arrears recovery etc. rendering taxpayer services inefficient. Additionally, there is no e-governance solution for the five non-GST taxes.

- ✓ TIMS is outdated and fragmented and with more number of users are enrolling for availing the services, there is increased workload, slowing down the performance of the system;
- ✓ Most of the internal departmental works are handled manually, starting from issue/receipt of documents to the maintenance of files, issue of acknowledgment number etc;
- ✓ there is valuable data of 10 years, providing scope for data analysis by implementing a comprehensive BI and data warehousing solution;
- ✓ There is an increasing demand from dealers for introduction of more e-services and features such as e-way bill issuance; e-refund; e-Appeal; facility for e-notice generation and its delivery through e-mail and integration with tax department systems of other States for data sharing.

- b) The IT infrastructure (peripheral hardware) in CTD offices is over 8-9 years old and has gaps when compared to the specifications provided by GSTN
- c) The mini data center (which host both the COT and DoAT applications) is in urgent need of refurbishment and
- d) Need to invest to ensure at least 2 mbps connectivity and have independent primary and secondary connectivity to provide for redundancy.

Institutional Assessment

In addition to the modernization of IT systems and processes, the institutional challenges and constraints in improving efficiency of revenue mobilization, currently being faced by the CTD include:

- (i) inability to use VAT and other applications to their potential - Currently only about 35% of VAT Returns are filed electronically, about 10% of VAT Returns are audited and about 60% assessed. Moreover, assessments without collation of Input Tax Credit make it ineffective.
- (ii) strengthen its capacity to successfully rollout GST, (i.e. GST readiness), together with continued taxation of non-GST items such as petroleum goods and alcohol and clearing backlogs of assessments, appeals and litigation so that Department may concentrate on GST administration. This will require strengthening the readiness of the CTD, Government of Assam to enable the transition. Therefore, there is a need to strengthen its back-end scrutiny, assessment, audit and recovery processes based on data e-filed on the GSTN portal. The above may necessitate functional re-organization of the department and human resources from client facing VAT processes to back-end processes, supported by training and skills upgradation, while at the same time recognizing that VAT shall continue to co-exist for commodities that are not included in the GST regime of taxation.

²¹ A quick scrutiny of returns data for VAT shows that only about 15 percent of returns are filed electronically, about 10 percent of VAT returns are audited and about 60 percent of returns are assessed. However, assessment is ineffective without electronic Input Tax Credit verification and other tax payer information available readily. About 16000 tax arrears cases were pending with Rs. 2230 cr in VAT arrears as of 2013/14 of which Rs. 86 crore had been collected.

- (iii) While revenue from commercial taxes has doubled over the five-year period 2008/09 to 2012/13, the cost of collection in Assam is higher than the national average and is showing an increasing trend, and the assessment efficiency is 53%.

Proposed Approach & Activities

GoA is working on a two-fold reform agenda. First, to improve the IT capabilities of the CTD in order to provide better service delivery to its stakeholders. Assam proposes to introduce more effective taxpayer services. A consultancy study supported under the project has been completed recently with the objective of studying the existing TIMS/e-TIMS and business processes followed by CTD, including opportunities to enhance the functionalities (such as online scrutiny of returns, electronic verification of input tax credit, online submission of audit reports and risk-based online audit mechanisms, with emphasis on MIS and actionable reports for better decision making) which will result in ease of compliance and lower compliance and also cover the balance non GST state taxes. A robust system eliminating manual processes will also free up resources for other functions. Development of a new system to address these requirements and its operational and maintenance cost (upto 2021-22) will form part of the project activities. Alternative options (possible lower cost) such as hiring additional programmers to maintain the system or replace it with a system developed and implemented by NIC in other states were evaluated, but not found feasible due to the following reasons:

- (i) While maintenance with minor upgrade can be managed using this model, major changes in the system in the absence of source code is not considered feasible. Moreover, the dept. does not have sufficient internal expertise to manage a set of programmers.
- (ii) Using NIC's solution in another state was also not found feasible due to lack of internal capacity within NIC in the State. Two modules which were sought to be imported from Karnataka in the past took considerable time and effort.

The project will also support investments to enhance the existing hardware, network capabilities of CTD and refurbishment of the data centre, by replacing the obsolete and outdated machinery.

Additionally, there are no defined service delivery standards for the CTD. The above improvements will expectedly lead to establishment and communication of such standards. The baseline for current turn-around time is not available and will be reviewed by the consultants while conducting the BPR in the first year of the project. Following are indicative standards that the project intends to meet by the end of the five-year project life:

Tax recovery notice: issued within 30 days of completion of assessment

Assessments: completed within 9 months of filing of return

Audit: completed within 2 years of filing of return

Processing of refunds: completed before due date for next return

Payment of duties and fees – instant and 24*7

The consultants will refine these indicative standards and make necessary suggestions as part of the BPR study.

Institutional Strengthening: The state is expected to strengthen its back-end scrutiny, assessment, audit and recovery process functions. This will involve reorganization of functions, offices and human resources from client facing front-end processes to back-end processes gradually with re-skilling. In addition, the state needs to build expertise in service tax and establish an effective internal audit function that can help timely identification of gaps in tax administration and pre-empt a large number of audit observations. Discussions with stakeholders have identified the need for significant handholding and capacity building of staff, supplementing the efforts from the national level in respect of roll-out of GST. The project will therefore provide support under the TA part and Results part the following activities:

Activities under:	
Technical Assistance	Consultancies and studies on – (a) business process review of existing IT systems and recommended solution design covering all residual state taxes (including suggestions on service delivery standards); (b) project management support to oversee the implementation of the solution; (c) institutional assessment study for strengthening tax administration in CTD; and (d) support in augmenting capacity building and technical support to facilitate the institutional transition to GST. It will also support CTD’s plan to move to a risk based audit system focusing on taxpayer segments that pose the greatest risk to revenue and in acquiring new capabilities required to administer GST such as Service Taxation and Tax Analytics.
Results based Financing	DLI 4 Improving efficiency and citizen services in Commercial Tax Department: (US\$ 6.00 million): this DLI incentivizes implementation of a new e-governance solution for all non GST taxes in the state with disbursement linked to roll out and utilization of various functionalities and services rendered to tax payers, This includes financing of contract with a Systems Integrator for development, implementation and roll out of work flow based e-governance application, refurbishment of server room, peripheral hardware and augmenting network connectivity and change management.

Cost estimates:

The yearly detailed cost estimates for this sub component are provided in the table below:

(Rupees in Lakhs)

		2017-18		2018-19	2019-20	2020-21	2021-22	
Activity	Nature	Year 1		Year 2	Year 3	Year 4	Year 5	TOTAL
Technical Assistance Component								
Designing/upgrading information systems and institutional strengthening		52.00	241.00	215.00	52.00	25.00	-	585.00
Consultancy Study for new CTD solution incl BPR	Consultancy - firm	45.00	38.00					83.00
Consultancy - Project Management Consultancy	Consultancy		90.00	45.00	27.00			162.00
Security Audit	Consultancy			70.00				70.00
Institutional assessment study	Consultancy	7.00	63.00					70.00
Training and CB (services tax, assessment,	Training		50.00	100.00	25.00	25.00		200.00

legal aspects, business intelligence, GST Training etc.)								
Eligible Expenditure under the Program								
Designing/upgrading information systems and institutional strengthening		1,705.00	2,034.20	1,719.20	300.00	300.00	300.00	6,358.40
SI for CTD and development cost (incl core software and licences)	Consultancy - firm		1,000.00	1,400.00				2,400.00
O&M cost (core software, software licenses and hardware maintenance) incl helpdesk	Consultancy - firm			150.00	150.00	150.00	150.00	600.00
Hardware cost (servers)	Goods		500.00					500.00
Hardware (only peripherals)	Goods	1,200.00	165.00					1,365.00
Short term Programmers	Consultancy individual/s	5.00	19.20	19.20				43.40
Secondary network provider	Non consulting services	200.00	200.00	150.00	150.00	150.00	150.00	1,000.00
Refurbishment of mini Data Center	Goods	300.00	150.00					450.00

Sub-component 2.4: Design, development and implementation of work flow based Information System in Excise Department

Background & Current Situation:

The Excise Department, GoA implements the state's excise policy, regulates out of state import and supply of liquor and other notified intoxicants within the state. The Excise Department regulates manufacture, import and supply of liquor, intoxicants and narcotics (for medicinal purposes). The Department grants Licenses for distilling and bottling of IMFL, Beer and other spirits in Assam and the stocking and sale of IMFL, Beer and other spirits for human consumption. Apart from this, the Department grants licenses for wholesale and retail trade of IMFL & Beer. Besides, Licenses for the consumption of liquor 'on-site' premises like hotels, restaurants and clubs are also granted by the Department.

The main functions of the department include the following:

- Administration of Assam Excise Act, 1910 and the Rules made there under
- Preparation, Enforcement and Monitoring of Excise Policy matters
- Collection of Excise levies on liquor including dues
- Issue of Licenses to production of Spirit and Liquor, to Breweries for production of Beer other alcohol based produces
- Issue of Licenses for bottling of Wine, Beer and Indian Made Foreign Liquor (IMFL)
- Issue of Licenses for wholesale & retail distribution of Liquor, Wine, Beer and other intoxicants
- Renewal of aforementioned licenses
- Endorsement of licenses, Issue of duplicate licenses, Cancellation / suspension / and surrender of licenses
- Facilitating Brand Registration by various Companies, Approval of Label
- Fixation of MRP of the excisable items
- Testing of Samples
- Regulate through proper issue of permits and passes, transport of IMFL in and through Assam
- Collection of Intelligence regarding the offences under various laws administered by the Excise Department
- To conduct intensive raids, detect cases and prompt actions on complaints
- Speedy actions on cases registered
- To provide training to excise personnel and strengthening preventive machinery of the department
- To conduct campaign against drug abuse and alcoholism through State Anti Drug and Prohibition Council

The Excise Department regulates one Distillery, eighty-four Bonded Warehouses, Eighteen Bottling Plants and approximately 2100 retailers for the sale of IMFL and 178 functional vends for country liquor.

Excise duty is the second highest OSR in Assam at about 8 percent of own tax revenue. However, annual revenue at about Rs. 800 crores in 2015-16 under-weighs revenue expectations given levels of consumption²². Geographically, Assam faces fairly porous state borders and an adverse and competitive state excise regime in its neighboring states leading to incentives for illegal import and sale of bottled alcohol in the state. Assam imports almost all its requirement of Extra Neutral Alcohol/Rectified Spirit from other states (used for preparing bottled alcohol). Assam being the through-fare route for connecting to other north-eastern states, transport of liquor flows through the state to other out-of- state destinations raising possibilities of diversion into Assam if not properly regulated.

Currently, the Excise Department operates completely on manual decentralized processes for both regulation and taxation functions resulting in perceived losses of revenue and administrative inefficiencies. Non-availability of e-governance and IT tools has resulted in weak monitoring of issuance and use of trading and distilling licenses, transport permits for moving stocks, off-take of stocks from excise bonded warehouses of wholesalers and distillers, monitoring transport of liquor through the state and production and inability to monitor consumption trends with suspicions of revenue being far below potential. Many states such as Karnataka, Maharashtra, Rajasthan and Haryana have well established e-governance systems that cover the entire chain of excise administration. In a major policy reform, Assam has (i) moved excise collection to the first point of sale transaction (e.g. to wholesaler at distillery gate as opposed to retailer) as against the present system of collection of excise from bonded warehouses and (ii) begun levying VAT on

²²As per the white paper the collection from excise revenue (FY 2013-14) in comparable or smaller states is much higher – Rs. 2550 crores in Chattisgarh, Rs. 1780 crores in Odisha and Rs. 1270 crores in Uttarakhand as compared to Rs. 610 crores in Assam.

Maximum Retail Price (MRP) basis which is expected to mitigate risk of revenue loss from diversion or sale of non-duty paid alcohol.

Proposed activities:

GoA has identified the need to put in place a comprehensive e-governance system in the department to improve the interaction with stakeholders and management and regulation of this growing sector. This could be achieved by strengthening IT infrastructure in the key offices of the Department and check-posts, integrating mobile technologies for field functionaries, creating a work-flow system, a web enabled stakeholder interface and an e-enabled payment and returns filing system interfaced with the state's treasury system with the following expected outcomes:

- a) Online availability of information about supply, distribution, storage, movement and sale of liquor along with information relating to the support activities such as licensing, regulation, finance and grievances.
- b) System-based assessment of Excise duty to be paid thus reducing individual interference including removal of scope of human error.
- c) Payment of Excise duty, license fees and other fees and fines in real time through e-payment and effective interface with Banking and Treasury systems resulting in elimination of manual excise related revenue collection.
- d) Outline MIS system for prompt and efficient decision making.
- e) Better monitoring and regulation of production, transport, stocking and sale of raw material and processed liquor.
- f) Improved enforcement results including legal management.

Additionally, there are no defined service delivery standards for the Excise Department. The above improvements will expectedly lead to establishment and communication of such standards. The baseline for current turn-around time is not available and will be reviewed by the consultants while conducting the BPR in the first year of the project. Following are indicative standards that the project intends to meet by the end of the five-year project life:

Issuance of permits – 3 working days

Label registration of packaged liquor – 4 working days

Payment of duties and fees – instant and 24*7

Status of service requests by stakeholders – instant (both online and through SMS)

The consultants will refine these indicative standards and make necessary suggestions as part of the BPR study.

The project will support a consultancy study to review the existing business processes and suggest improvements to eliminate redundant processes and increase operational efficiencies. The output of this study will serve as an input to the design of a work-flow based solution. The project will support the development cost of the e-Governance solution and its operational and maintenance cost (upto 2021-22).

Currently, as only manual processes are followed the department has no experience of using IT based systems, thus capacity building of the officials on the new solution will form a major intervention under the project to ensure an effective roll-out and continued usage of the system. A Training Needs Analysis under sub-component 1.5 (along with Finance Department) will be conducted to identify the training requirements and develop a strategy to ensure efficient roll out of the e-Governance solution.

Activities under:

Technical Assistance	Consultancies and studies on – (a) business process review to improve departmental processes, (b) development and implementation of a solution design, (c) roll out of web based portal for dealer services, (d) adopting use of mobile technologies and workflow system for excise administration, (e) strengthening IT infrastructure including improved MIS and Business Intelligence systems, and (f) Project Management Consultant support. Institutional assessment and capacity building, including exposure visits of officials in excise administration for effective implementation of the e-governance system.
Results based Financing	DLI 5 Improving efficiency in excise revenue: (US\$ 6.00 million): this DLI incentivizes and supports (i) policy reforms in excise administration, which simplifies procedures, reduces scope for leakage of revenue, (ii) phased implementation of a e-governance solution which e-enables key services to dealers; and (iii) increase in revenue collection from excise over a period of 5 years. This includes financing of contract with a Systems Integrator for development, implementation and roll out of work flow based e-governance application, refurbishment of server room, peripheral hardware, establishing network connectivity, testing equipment in laboratories and activities related to change management.

Cost estimates:

The detailed yearly cost estimates for this sub-component are provided in the table below:

(Rupees in Lakhs)

		2017-18		2018-19	2019-20	2020-21	2021-22	
Activity	Nature	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL	
Technical Assistance Component								
Design, development and implementation of E-Governance solution		10.00	110.00	210.00	130.00	130.00	-	590.00
Study for Excise - Designing an e-Governance system	Consultancy - firm	10.00	90.00					100.00
PMC Support for implementation	Consultancy - firm			100.00	100.00	100.00		300.00
Security Audit	Consultancy - firm			70.00				70.00
Web site for excise department	Consultancy - firm		20.00					20.00
Institutional Assessment & Cap. Building	Consultancy - firm			40.00	30.00	30.00		100.00

Eligible Expenditure under the Program								
Design, development and implementation of E-Governance solution in Excise Department		-	50.00	2,050.00	2890.00	1390.00	690.00	7,070.00
Development of system-development cost	Consultancy - firm			500.00	1,400.00	600.00		2,500.00
O&M cost (core software, software licenses and hardware maintenance)	Consultancy - firm				300.00	400.00	300.00	1,000.00
Hardware cost - servers/procurement of license	Goods		50.00	450.00				500.00
Testing Lab-Infrastructure	Goods				300.00			300.00
Hardware peripherals	Goods			700.00	600.00	100.00	100.00	1,500.00
Field level support	NCS				90.00	90.00	90.00	270.00

Secondary network provider	NCS			400.00	200.00	200.00	200.00	1,000.00
----------------------------	-----	--	--	--------	--------	--------	--------	----------

Component 3 Project Management, Monitoring & Evaluation and Coordination

This component will support effective project management and facilitate implementation, coordination, learning and quality enhancement activities under the project including consultancies relating to DLI verification and M&E, and support domain specialists in various disciplines deputed or contracted to support the project. This component will also finance project related office equipment, communication, renting of office & vehicles, travel costs and other operating costs.

Cost estimates:

The detailed yearly cost estimates for this sub-component are provided in the table below:

(Rupees in Lakhs)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Activity	Retro	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Individual Consultants (Contractual)	21.65	93.30	106.80	91.80	91.80	91.80	497.15
Procurement Support Specialist	1.25	15.00	15.00	15.00	15.00	15.00	76.25
PFMS Coordinator	3.00	6.00	6.00	6.00	6.00	6.00	33.00
Budget Specialist		6.00	6.00	6.00	6.00	6.00	30.00
Treasury Rules Specialist	2.40	4.80	4.80	4.80	4.80	4.80	26.40
Communications Specialist		13.50	18.00	18.00	18.00	18.00	85.50
Change Management Specialist		9.00	18.00	18.00	18.00	18.00	81.00
Project Mgt Specialist (IT)		24.00	24.00	24.00	24.00	24.00	120.00
Procurement	15.00	15.00	15.00				45.00
Consultancies (Firm)	1.00	8.00	18.00	18.00	18.00	18.00	81.00
IVA Consultancy			10.00	10.00	10.00	10.00	40.00
CA Firm (Accounting Support)	1.00	6.00	6.00	6.00	6.00	6.00	31.00
CA firm (Audit)		2.00	2.00	2.00	2.00	2.00	10.00
Operating Costs	5.00	82.00	43.20	44.52	45.97	47.57	268.26
Office Refurbishment (one time)		40.00					40.00
Project Operating Costs (Communication, Travel, Meeting exp, Stationery, Electricity, Vehicle Hire, Office maintenance)	5.00	12.00	13.20	14.52	15.97	17.57	78.26
Office Rent (5000 sq. ft.@ Rs.60/sq. ft.)		30.00	30.00	30.00	30.00	30.00	150.00

Project Management Total	27.65	183.30	168.00	154.32	155.77	157.37	846.41
---------------------------------	--------------	---------------	---------------	---------------	---------------	---------------	---------------

Monitoring Performance of IT Infrastructure and Connectivity

AS-CFMS will be responsible for procurement and maintenance of all the IT Hardware and Services. In order to ensure proper maintenance of such systems and services the strategy being adopted is twofold:

- a) All procurement of hardware, services and applications are/will be structured in a manner that O&M is being built in for a period of 5-7 years.
- b) Service level Agreements (SLA 's) wherever applicable are being built into the contracts, with payments linked to performance. For example CoT and DoAT have already initiated upgradation of their primary links of all offices to 2Mbps and establishing a secondary link of 2 Mbps with SLA parameters²³.

In order to ensure proper contract management and monitoring of performance AS-CFMS will use the services of PMC and also contract some additional functional specialist as appropriate. This approach will be leveraged by monitoring of performance against certain parameters using automated tools as applicable. While the Project design consultants, will define the granular parameters the broad aspects which will be monitored are given below:

IT Systems & Infrastructure Monitoring Areas	Monitoring Parameters / Indicators		
	Level 1	Level 2	Level 3
Network performance management: This enables monitoring, evaluation and reporting effectiveness of the network and all network elements/ equipment across the state.	Redundancy of Links in active-active mode	Uptime / Downtime Statistics of all links	Ping and Latency Statistics
System performance management: This includes monitoring and management of utilization of operating systems resources at DC and DR as well. This includes both physical and virtual systems.	CPU usage during Peak / off-peak transaction processing	Memory usage during Peak / Off-peak transaction processing	I/O Statistics during Peak / off-peak transaction processing
Data Base & Storage performance management	Accessibility, Capacity, No of I/Os to disks, Table Sizes	Set up Alerts to monitor databases proactively	Database outages, Cache Ratios
Application performance management: This is to monitor and manage performance and availability	Client CPU and Bandwidth utilization	Average Access Time of various applications	No of errors / bugs reported

²³ This standard of 2Mbps primary and secondary links will also be extended to cover Excise Dept. 2Mbps is fairly adequate bandwidth in the present scenario for web based applications. All the three departments will have each 40Mbps of connectivity to their respective server/systems in the DC / Central Server Room.

of software applications. An APM tool can be deployed to detect, diagnose, remedy, and report on application performance issues.			
IT Infrastructure Management	Services of Helpdesk	Monitor SLAs and warranties	IT peripherals equipment preventive maintenance
Information Technology (IT Systems and IT Security) Audit ²⁴	A third party audit	Regular updates of Anti-virus	Physical Security – Access to DC and DR
DC, DR Management	Backup Plan and its implementation	Business Continuity Plan	

2.5. Project Financing

Lending Instrument: This operation will be financed by an Investment Project Financing (IPF) loan. The total project cost is US\$ 44 million of which US\$ 35 million will be funded by IBRD and balance US\$ 9 million will be the contribution from GoA, with GoA contributing proportionately 20% of the project cost across all the components. The duration of this Operation is five years. There is a technical assistance part and a results-based financing part which will incentivize achievement of results. Loan proceeds will be disbursed against actual expenditures reported on the technical assistance and on achievement of DLI supported by the reporting of EEPs incurred under the results based financing.

Retroactive Financing: The GoA will be seeking retroactive financing, not exceeding US\$1 million for technical and US\$3 million for the EEP, in respect of payments made for eligible expenditures under the project on or after June 1, 2016 and till date of loan signing. This includes payments to consultants for various preparatory studies, which inform the design of the information solutions and institutional strengthening, training and exposure visits (under technical assistance part) and EEP incurred prior to loan signing.

Project funding: The table below details the project financing by components:

Project Components	Project Cost	IBRD Financing	% IBRD Financing
1: Strengthening Public Finance Institutional Capacity	3.7	2.7	
2: Strengthening Expenditure and Revenue Information Systems			
- Technical Assistance	3.0	2.3	
- Results Based Financing	36.0	29.0	
3: Project Management, M&E and Coordination	1.2	0.9	
Front end Fees	0.1	0.1	
Total Project Costs	44.0	35.0	80%

Detailed sub component wise costing is provided in Annex 1.

²⁴ The timing and frequency of these Audits to be detailed out in the individual DPR's.

Chapter -3: Institutional Arrangements

The Project implementation arrangement follows the following principles:

- Relying on existing institutions and strengthening them
- Recognizing the complexity of a Project that has multiple stakeholders and participating departments
- Building capacity of officials dealing with Public Finances across the state

The Finance Department has constituted an e-Governance society - Assam Society for Comprehensive Financial Management System (AS-CFMS) as a special purpose vehicle (SPV) under the Finance Department for effective implementation of IT projects in the state on mission mode. This SPV has been designated as the Project Management Unit (PMU) for the project. This model has been proposed, based on past experience from absence of a core internal team within the Finance Department, to lead the reforms and effectively manage and monitor the implementation. The constitution of a e-Governance society seeks to meet the long-term twin objectives of - (i) creating a dedicated unit focusing on design, development and over-seeing implementation of new IT solutions or upgrading of existing applications, and manage the associated change process, particularly those in the realm of PFM.; and (ii) centrally managing post implementation maintenance of such systems including regular monitoring and renewal of various service contracts, licenses and maintenance contracts in a timely and cost efficient manner.

The AS-CFMS (the SPV or the Society) has also been designated as the Project Management Unit (PMU) for the Project. There are three core participating departments under this Project – DoAT, CTD and Excise. The Society has a Governing Body (GB) and an Executive Committee (EC) and will be headed by the Project Director (PD) from the IAS cadre and supported by officers on deputation from few other departments, to build core capabilities within GoA and external domain experts to bring in the experience and expertise. Strategic project oversight, coordination and approval of annual plans will be vested in GB chaired by the President AS-CFMS (Chief Secretary to the GoA) and having the Secretary/Commissioner/Director of other implementing departments as members. This will ensure that the project receives adequate level of authority and attention. The project team will include a dedicated team of professionals with requisite functional domain expertise.

The PD will provide overall strategic direction both during preparatory and implementation phases and ensure co-ordination between the departments. During implementation, the PD will ensure implementation of the day-to-day activities and that relevant resources are made available to ensure tasks are completed on time. A team of specialists for the administrative, finance and procurement functions will be put in place, so that the Project is implemented in an orderly, efficient and timely manner. Where institutional capacity is limited and special skills are required, the Project will acquire outside expertise, including international technical assistance and consulting services. The fiduciary functions (financial management and procurement) will be housed in the PMU.

The society's governance structure is represented by the highest officials in Assam. The governance structure includes a *Governing Body* under the Chief Minister and an *Executive Committee* under the Chief Secretary and members include the Secretaries of all participating departments. The society will be headed by a State Project Director (SPD) from the Indian Administrative Services (IAS) cadre supported by an Additional Project Director from the Assam Civil Service. The Rules of Business and Delegation of Powers of AS-CFMS have been framed and approved. These documents specify the roles and responsibilities of the management and governing body of the society. The Rules of Business for AS-CFMS have been approved by the Executive Committee, which provide for appropriate delegation of authority (financial and administrative) for sanction of activities, payments etc.

The day-to-day management of the Society is vested in a State Project Director (SPD). The society's legal framework mandates that the SPD will be ex-officio not below the rank of Joint Secretary in GoA from the IAS cadre. The Commissioner Taxes is presently the designated SPD who has been involved with the preparation of the project. The SPD will recommend release of funds; monitor physical and financial progress; maintain proper accounts and have them audited; obtain reimbursement from funding agencies; prepare work plans etc. The SPD will be supported by full-time specialists in procurement, financial management, budget and treasury regulations and operations and professionals with requisite IT and functional domain expertise. These will be a mix of GoA officers on deputation which will build core capabilities within GoA and external domain consultants to bring in the experience and expertise. The fiduciary functions (financial management and procurement) of the project will be housed in the PMU.

The project will put particular efforts into institutional coordination across departments and agencies and each of the participating departments will lead their part in the reform interventions. This will include procurement of consultancies and goods, monitoring implementation and signing off on deliverables. For each of the component/sub-component, a coordinator will be/has been put in place for each of the implementing department including Finance including the Directorate of Treasuries and Accounts, Commercial Taxes, Excise.

Chapter 4 - Financial Management

The financial management system for ASPIRe has been designed to ensure effective management and utilization of Program resources & achieving the Program objectives. The financial management system will support Program management in:

- Meeting the financial reporting requirements of various stakeholders, including the Government of Assam and the World Bank.
- Supporting accountability and transparency at various levels.
- Highlighting key financial aspects and performance indicators to monitor progress

Planning and Budgeting: The PMU will review the annual work plans / budgets of all the participating departments and these will be approved in the Executive Committee of AS-CFMS.

The main objective of an efficient budgeting system is to facilitate budgetary control, i.e., monitoring of performance at regular intervals and the accountability for variance. The proposed budgeting system has been developed with this end objective. The main objectives of the proposed budgeting system are as follows:

- (a) To ensure participation at all implementing agencies in the budgeting process
- (b) To provide a basis for periodical monitoring of the project's performance

Project expenditure (counterpart and Bank share) will be budgeted under a separate head in the demand for grants of the Finance Department, which has already been created. A budget provision of INR 51 Crores has been made for 2016-17.

S.No.	Particular	Budget Code
1	The World Bank Funded "Assam State Public Finance Institutional Reforms (ASPIRe) Project "	

Cost Tables: The Cost Table (CT), which has been agreed by GoA & with the World Bank, contains year-wise unit cost for each activity, financial targets for each of the activity under each of the component and the details of the components relevant for the project. The CT shall form the basis of year-wise budget preparation for the year.

Annual Work Plan cum Budget: Based on the CT, the AWP shall be prepared. The main features of AWP are as under:

- (1) Preparation of AWP (both for physical and financial targets) along with implementation/ procurement.
- (2) AWP to incorporate revisions based on variance analysis of the previous year.
- (3) AWP shall be prepared taking into consideration the funding proportion of the World Bank and GoA.

In the month of November of the preceding year, the PMU (within AS-CFMS) shall, on the basis of CT (year-wise), prepare physical and financial targets for each activity in consultation with the participating line departments. While preparing the AWP, the PMU shall also analyze the actual vs budgeted performance for the previous year except in the first year when it is not possible. For the first year, the annual budget of the CT will serve as the annual budget. The Consolidated Annual Work plan at PCU

shall be prepared taking into consideration the funding proportion of the World Bank and the State Governments for the budget year. This Consolidated AWP-cum-Budget at PCU will be submitted to the Governing Body for its approval.

Budget Calendar: In order that the budgeting exercise gets completed within the specified time frame, a budgeting calendar has been prepared, which gives the time schedule for the preparation of the budget in each of the agencies. The budget calendar is detailed as per Table-1 below:

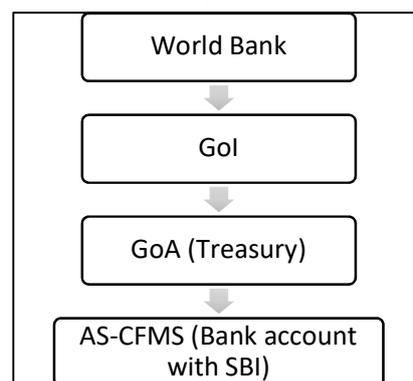
Table-1

S.No.	Activity	Responsible Agency	Completion Date
1	Preparation of Budget by Accounting Centers and submission to OPIU	PMU with departments	30 th November of previous year
2	Submission of the approved Budget to the Finance Dept. of State Governments for inclusion in the State Budget	PMU	20 th December of previous year

Flow of Funds: The World Bank funds (80% of project cost) will be provided to GoI under IBRD loan terms. The Bank loan will be available to GoA in accordance with standard arrangements between GoI and the states.

The World Bank shall provide funds to the project by depositing money to the ‘Designated Account’ (DA) of the project. It is a revolving account in which World Bank deposits funds. These funds are used exclusively to cover the Bank’s share of the project. The Designated Account is opened by the Government of India with the Reserve Bank of India. This account is maintained separately for each World Bank funded project in convertible foreign exchange. The DA would be maintained in the RBI and would be operated by the DEA of GOI. The project will submit withdrawal applications to CAA&A in DEA for onward submission to Bank for reporting eligible expenditures and requesting advances of the designated account or reimbursement. Based on these the funds from the World Bank will be made available to GoA (through the GoI) under the standard terms of on lending between GoI and the States.

Budgeted funds for the project will then flow from the GoA treasury into the Project bank account, periodically on need basis. AS-CFMS has opened a separate bank account with State Bank of India exclusively for project related activities. All project related accounting and payments will be centralized in the PMU and funds for imprest or advances for specific activities such as training, exposure visits, field visits, workshops etc. may be provided to the participating line departments. Where a permanent imprest is required the account will be opened in the same bank as the PMU



Internal Control, Rules and Regulations: AS-CFMS’s internal control and administrative procedures are laid out in its Rules and Regulations (by-laws) and these will apply to the project transactions. These include the procedures for budgeting, financial delegation, internal controls, reporting and record keeping and audit. Key internal control arrangements include (a) approval of all activities by the Executive Committee; and (b) deliverables approved by respective executing departments based on which payments will be approved by the Project Director after review for compliance.

Accounting: The PMU shall maintain proper accounts of the Project based on generally accepted accounting standards and principles. The PMU will serve as the only one accounting center for the project.

The accounting function will be centralized and administrated at PMU. A Chartered Accountancy (CA) firm has been contracted on a retainer ship basis to provide support in ensuring compliance with statutory/regulatory obligations and provide support on accounting and financial reporting of the society.

The project accounts will be maintained in double entry system of accounting and will follow the cash basis of accounting, i.e., a transaction should be accounted for at the time of making payments only. All payments should be charged off to the relevant expense account head at the time of making the payment except in case of certain receivables and payables, which are to be specifically mentioned with reasons in the Notes on Accounts, may be accounted for on accrual basis. An advance payment should continue to be treated as an advance until its final adjustment. At the time of periodic reporting by the project implementing agency, advances outstanding should be indicated separately.

All payments will be made by the PMU electronically or through cheques, except petty payments below INR 5,000/- may be made in cash. When disbursing such petty payments, the Cashier / Accountant / Accounts Officer will obtain the signature of the payee acknowledging receipt of cash. However, no cash payment shall be made for salary, remuneration or any fixed recurrent expenditure. All payments will be supported by documents such as original bills/receipts and cash memos. Each of these bills, etc., will be crossed and filed with the system generated vouchers maintained in a separate file. All paid vouchers will be retained at the PMU for the period of 2 years from the date of completion of the Project or till the last audit is completed and settled.

The SPD will draw cash as imprest for day to day office expenses of PMU not exceeding INR 50,000 at any given time. The amount so withdrawn will be kept at the office custody. The authorized signatory for AS-CFMS will discharge the function for the project.

Bank account reconciliations will be done on a monthly basis and any adjustment entries required will be passed in a timely manner. Bank Reconciliation Statements will be an essential internal control mechanism.

The accounting and payments under the project will be centralized at the PMU. However, imprest or advances may be made to the participating agencies for meeting their operational obligations. The participating departments will submit periodic (monthly) reports within 7 days from the close of the month, providing details for utilization/ settlement of the imprest/ advances along with all supporting documents. This will allow the PMU to account for expenses in a timely manner.

The accounting will be done at the PMU using 'TALLY' accounting software, which being a financial accounting software is considered adequate for recording financial transactions and for generating reports for financial disclosure requirements under the Project. A separate company in TALLY and the related chart of accounts will be opened to enable the financial activities of this project to be tracked and reported separately. Other activities for which responsibility is assigned to AS-CFMS (such as file tracking, FOC system maintenance, pay bill software development etc.) will be accounted for separately.

Software generated Cash Book and relevant books of accounts like General Ledger, Advance register etc. are to be printed in a monthly basis with seal & sign of DDO of the society and kept in a chronological order. The Accounting system in software may be supplemented by the following reports/register (maintained manually):

- Cash Book
- General Ledger
- Cheque Issue Register
- Advance Register

- Deduction and Deposit Register for statutory dues
- Fixed Asset Register (only to record furniture, office equipment etc purchased with Project funds and which will be retained by the office even after completion of the project)
- Bank Reconciliation Statements

Assets acquired under the project would be valued at cost including all direct costs (i.e., purchase price, transportation expenses, installation charges and other expenses incurred for bringing the fixed asset in working condition), incurred prior to its first use. No depreciation will be charged on fixed assets in the Project Financial Statements. This fact should be disclosed in the Notes to Accounts attached to the Project Financial Statements.

The Project being jointly funded by the State Governments and by the World Bank, the Project Accounts reflect the total expenditure incurred by the Project. Therefore, all receipts, payments and expenditure are to be recorded in gross amounts, irrespective of the extent to which these expenses may be reimbursable by the World Bank. No expenditure which has already been charged to any other project should be charged to this project. A Chart of Accounts for the project will be developed in accordance with activities specified in the Cost Table, keeping in mind the reporting requirements for the World Bank (Refer IFR formats attached as Annex 2). *The project has contracted the services of a firm of chartered accountants to provide accounting support and ensure compliance with statutory and legal regulations.*

Financial Reporting: The proposed financial MIS has been designed with the following main objectives:

- To provide relevant information for better planning and monitoring (actuals with budgets)
- To identify and report critical areas of information which would facilitate decision making in the project
- To provide a basis for taking remedial actions to correct any adverse trend.

The PMU will prepare Interim Unaudited Financial Reports (IFR) from the project's accounting records. IFRs will reflect the actual expenditures incurred both under the TA Component and EEP to support the DLI's achieved by the project (see disbursement arrangements for the TA and DLI component below). The following IFRs will be submitted to the Bank quarterly within 45 days from the end of each calendar quarter (*format of the IFRs is provided in Annex 2*):

- IFR 1 - IFR 1: TA Disbursement Summary Sheet
- IFR 2: Sources and Uses of Funds
- IFR 3: Uses of Funds Under TA Component
- IFR 4: Uses of Funds under EEP
- IFR 5: Payments made under Prior Review Contracts
- DLI Disbursement Summary Sheet
- DLI Achievement Summary

Additionally, AS-CFMS will also prepare the Annual Financial Statements (AFS) of the Society including separate disclosure for the project's transactions including a statement of receipts and payments and statement of expenditure.

Disbursement Arrangements: The applicable disbursement method will be "Reimbursement". Disbursement will be made as under:

- Technical Assistance Component: will disburse on the basis of expenditures reported in the quarterly IFR's.

- Disbursement against Results Based Component: The disbursements against DLI's will be made on the basis of satisfactory achievement of DLI's and verified as per the agreed verification protocol, including by an independent verification agency (IVA), supported by reported EEP. The basic principles governing the DLI based component are as under:
 - a) Project will submit reports showing the status of achievement of DLIs. This will be verified, where appropriate, by IVA to be appointed by the project as per terms of reference agreed with the Bank.
 - b) On validation of DLIs achieved, the project will seek reimbursement from the Bank of an amount equivalent to the DLI value achieved. The Bank, subject to EEPs being adequate to cover the value of DLI(s) achieved, will disburse the full amount. Where the reported EEP is less than the aggregate DLI value achieved by the project, disbursement by the Bank will be limited to the value of the reported EEP. The balance DLI value will be reimbursed when adequate EEP is reported subsequently. Reported EEP will be considered cumulatively.
 - c) If the project does not achieve the DLI target(s) for a particular year the same will be rolled over till the DLI is achieved.
 - d) In case the audited EEP is less than the reported EEP, the difference would be adjusted against disbursement of subsequent DLI.

Disbursement Schedule: Loan funds will be disbursed against the Technical Assistance Component and the DLIs achieved, under the following category/s subject to the allocated amount, reported EEP and the disbursement percentage as indicated in the table below:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, training, operating costs for Components 1, 2.1 and 3 under the Project	5,912,500	80%
(2) Eligible expenditures under Component 2.2 of the Project.	29,000,000	80% of the amounts disbursed by Assam
(3) Front-end Fee	87,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	35,000,000	

External Audit: The AFS of the society, including separate disclosure of project transactions, will be audited by an independent private audit firm appointed by the Governing Body. The Terms of Reference (TOR) for the external audit will be approved by the Bank before initiating the selection of Auditor. The scope of audit is to carry out the assignment as per general principles and standard of auditing and to include such tests and control as considered necessary by the auditor. While conducting the audit, special attention will be paid by the auditor to ensure the following:

- All project funds have been utilized in accordance with the relevant financing agreement and with economy and efficiency.
- Goods and services financed are in adherence to both the Bank's guidelines for procurement as also the Government's rules and regulations.
- The projects accounts have been prepared in accordance with consistently applied accounting standards and give a true and fair view of financial situation of the project for the financial year and of resources and expenditure of that year.

The Chartered Accountant firm will make further comments on important deficiencies in accounting as noticed during audit, lacuna in financial management and lapses in discharging the responsibilities by the concerned officers causing improper use of project funds. The audit will include audit of IFR and project accounts. The PMU will be required to maintain the records of IFRs and the project accounts separately to enable the auditor to carry out necessary checks and verification effectively.

The audited AFS and Audit Report will be submitted by the PMU to the Bank by 31st December from close of the financial year. The audit report for the expenditures incurred under Retroactive financing will be combined with the first year audit report. The annual audit report would consist of (i) audit opinion; (ii) project financial statements; and (iii) management letter highlighting weaknesses, if any. Public Disclosure: The annual audit reports and audited project financial statements will be disclosed on the websites of GoA and the Bank.

Retroactive financing: Retroactive expenditure will be eligible for financing subject to compliance with Bank's procurement procedures. Expenditures incurred up to one year prior to the expected date of signing of legal agreement, subject to USD 1 million for TA component and USD 3 million for EEP component, can be claimed. For retroactive financing, the Society will submit a separate stand-alone IUFR certifying the actual expenditure incurred and disbursed for the Project under TA component, and this will be subject to audit by the Project auditors.

FM Staffing and Training: The Finance function in AS-CFMS will be under the SPD. An Accounts Officer with adequate experience, has been engaged in the Society and will be responsible for ensuring agreed financial management and accounting arrangements under this project. Also the PMU will be staffed with an Accountant, who will be responsible for managing basic books of accounts. The FM staff working under the project will be provided sufficient training on Bank procedures.

Chapter 5 - Procurement

Procurement for the proposed Project will be carried out in accordance with the World Bank's Guidelines: "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised July 2014 (Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised July 2014 (Consultant Guidelines) and the provisions stipulated in the legal agreements. The Project would be subject to the Bank's Anti-Corruption Guidelines, dated October 15, 2006, and revised January 2011. The project shall use Government of Assam's National Informatics Centre's (NIC) e-procurement system for procurements under the project.

In order to address the gaps in procurement capacity and contract management, the project has adopted the following measures: (i) contracting of consultants to support GoA in preparation of DPR, bid document and procurement of Systems Integrators for the proposed IT systems; (ii) contracting of project management consultants to support the project in overseeing the implementation and contract management; (iii) contracting of a full procurement support specialist in addition to the part time support and (iv) A three day training on Bank procurement procedures was provided to the core project staff and provision has been made in the project for periodic refresher training on procurement to the core project staff. The officials of key participating departments have been actively involved in procuring consultancy services and IT hardware. Three major consultancies which will inform the larger IT investments have already been procured and awarded by the Project.

Procurement Plan: For each contract to be financed by the Loan, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame has been reflected in the Procurement Plan. The project has developed a Procurement Plan for the first 18 months of the Project which has been agreed with the Bank. The procurement plan shall be available in **Systematic Tracking of Exchanges in Procurement (STEP)** system. The procurement plan for first 18 months is given in Annex 3.

Procurement methods: The various procurement methods to be used for activities financed by the proposed loan are : For Goods & Works :ICB, NCB, Shopping, Direct contracting, Force Account, Framework Agreement; For Consultancy Services : Quality and Cost Based Selection, Quality Based Selection, Selection based on Consultant's Qualification, Least Cost Selection, Fixed Budget Selection, Single Source Selection, Individual Consultant Selection. Domestic preference will be applicable for International Competitive Bidding (ICB) procurement of goods as per Appendix 2 of the Procurement Guidelines. There are no major Civil works envisaged under this project. Goods procurement shall be mainly that of IT equipment and software including equipment for data center and the state's wide area network and data warehousing/business intelligence set up. The various procurement thresholds, review thresholds along with NCB conditions are given below:

Procurement Methods

Category	Method of Procurement	Threshold (US\$ Equivalent)
Works	International Competitive Bidding (ICB)	> 40,000,000
	National Competitive Bidding (NCB)	Up to 40,000,000 (with NCB conditions)
	Shopping	Up to 100,000
	Direct Contracting (DC)	As per paragraph 3.7 of Guidelines
	Public-Private Partnership (PPP) for Works	As per paragraph 3.14 of Guidelines
	Force Account	As per paragraph 3.9 of Guidelines
	Framework Agreement (FA)	As per paragraph 3.6 of Guidelines
Goods and non-consultant services (NCS)	International Competitive Bidding (ICB)	> 3,000,000
	Limited International Bidding (LIB)	wherever agreed by Bank
	National Competitive Bidding (NCB)	Up to 3,000,000 (with NCB conditions)
	Shopping	Up to 100,000
	Direct Contracting (DC)	As per paragraph 3.7 of Guidelines
	Public-Private Partnership (PPP) Services	As per paragraph 3.14 of Guidelines
	Force Account (only for NCS)	As per paragraph 3.9 of Guidelines
	Framework Agreement (FA) ²⁵	As per paragraph 3.6 of Guidelines
	Procurement from United Nations (UN) Agencies	As per paragraph 3.10 of Guidelines
Consultants' Services	Selection Based on Consultants' Qualifications (CQS)/Least-Cost Selection (LCS)	Up to 300,000
	Single-Source Selection (SSS)	As per paragraphs 3.9-3.11 of Guidelines
	Individuals	As per Section V of Guidelines
	Particular Types of Consultants	As per paragraphs 3.15-3.21 of Guidelines
	Quality- and Cost-Based Selection (QCBS)/Quality-Based Selection (QBS)/Selection under a Fixed Budget (FBS)	for all other cases
	(i) International shortlist (ii) Shortlist may comprise national consultants only	> 800,000 Up to 800,000

World Bank review of procurement: The World Bank will prior review (thresholds are based on “**Substantial**” rating, will be modified if risk rating is changed after assessment by Bank during the project implementation) the following contracts:

- a) Works including turnkey Supply & Installation of Plant and Equipment and PPP: All contracts more than US\$ 10 million equivalent
- b) Goods, Information Technology and Non-consulting Services: All contracts more than US\$ 2 million equivalent

^{25/} DGS&D rate contracts may be used as framework agreement (FA) provided

Source : IEA India Energy Outlook 2015

- c) Consultancy Services for selection of firms : All contracts more than US\$ 1 million equivalent;
- d) Consultancy services for selection of individuals: All contracts above US\$ 0.3 million.

First contract issued by implementing agency [IA] will be subject to prior review irrespective of their value. In addition, the justifications for all contracts to be issued on the basis of LIB, single-source or direct contracting will be subject to prior review. The above thresholds are for the initial 18 month implementation period; based on the procurement performance of the project these thresholds may be subsequently modified by Bank. **Even for Post Review cases, the inputs of Bank on Technical Specifications / TORs will be obtained by project.** The prior review thresholds will also be indicated in the procurement plan. The procurement plan will be subsequently updated annually (or at any other time if required) and will reflect any change in prior review thresholds. The World Bank will carry out an annual ex-post procurement review of the procurement falling below the prior review thresholds provided above. To avoid any doubts, the Bank may conduct at any time Independent Procurement Reviews (IPRs) of all the contracts financed under the grant.

NCB Condition: National competition for the procurement of goods and works according to the established thresholds will be conducted in accordance with paragraphs 3.3 & 3.4 of Section III of the Guidelines and the following provisions:

- a) Only the model bidding documents for NCB agreed with the GoI Task Force (and as amended for time to time), shall be used for bidding;
- b) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper (or on a widely used website or electronic portal with free national and international access along with an abridged version of the said advertisement published in a widely circulated national daily inter-alia giving the website/electronic portal details from which the details of the invitation to bid can be downloaded), at least 30 days prior to the deadline for the submission of bids;
- c) No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State;
- d) Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- e) Extension of bid validity shall not be allowed with reference to Contracts subject to Bank prior review without the prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/Employer);
- f) Re-bidding shall not be carried out with reference to contracts subject to Bank prior review without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used in the project;
- g) Rate contracts entered into by Directorate General of Supplies and Disposals (DGS&D) will not be acceptable as a substitute for NCB procedures unless agreed with the Bank on case to case basis. Such contracts will be acceptable however for any procurement under the Shopping procedures;
- h) Two or three envelope system will not be used (except when using e-procurement system assessed and agreed by the Bank).

Record keeping. All records pertaining to award of tenders, including bid notification, register pertaining to sale and receipt of bids, bid opening minutes, bid evaluation reports and all

correspondence pertaining to bid evaluation, communication sent to/with the Bank in the process, bid securities, and approval of invitation/evaluation of bids by the IAs would be retained by the IA.

Disclosure of Procurement Information: The following documents shall be disclosed in the project website: (i) procurement plan and updates, (ii) invitation for bids for goods and works for all ICB, NCB and shopping contracts, (iii) request for expression of interest for selection/hiring of consulting services, (iv) contract awards of goods and works procured following ICB/NCB procedures, (v) list of contracts/purchase orders placed following shopping procedure on quarterly basis, (vi) short list of consultants, (vii) contract award of all consultancy services, (viii) list of contracts following DC or CQS or SSS on a quarterly basis, (xi) monthly financial and physical progress report of all contracts and (xii) action taken report on the complaints received on a quarterly basis.

The following details shall be sent to the Bank for publishing in the UNDB and World Bank external website: (a) invitation for bids for procurement of goods and works using ICB procedures, (b) request for expression of interest for consulting services with estimated cost more than US\$ 300,000 (INR 20,100,000), (c) contract award details of all procurement of goods and works using ICB procedure, (d) contract award details of all consultancy services with estimated cost more than US\$ 300,000 (INR 20,100,000) , and (e) list of contracts/purchase orders placed following SSS or CQS or DC procedures on a quarterly basis.

Further, the IAs will create a separate web-page for Bank funded Project and a separate procurement field in the Project web-page and will publish on their websites any information required under the provisions of 'suo moto' disclosure as specified by the Right to Information Act.

Implementation support: The World Bank will normally carry out implementation support missions, including review and support on procurement, on a semi-annual basis. Mission frequency may be increased or decreased based on the procurement performance of the project.

Compliant handling mechanism: To address procurement complaints received by the proposed Project, a complaint handling mechanism will be implemented by the PMU. Upon receipt of complaints, immediate action would be initiated to acknowledge the complaint and to redress it within a reasonable timeframe. All complaints will be addressed at levels higher than the level at which the procurement process was undertaken or the decision was taken. Any complaint received will also be forwarded to the Bank for information, and the Bank would be kept informed after the complaint is redressed. The project also supports institutionalizing a procurement grievance redressal system.

Use of government institutions and enterprises: Government-owned enterprises or institutions in India may be hired for activities of a unique and exceptional nature if their participation is considered critical to achievement of project objectives. In such cases the conditions provided in clause 1.13 of the Consultant Guidelines will be satisfied and each case will be subject to prior review by the World Bank.

Chapter 6 - Monitoring and Evaluation

The objectives of the M&E system for the project will be to monitor Project implementation and to evaluate the project's progress and transparency during implementation. An effective M&E system assists in effective decision making at all levels of the project. M&E systems provide accurate and timely information regarding various indicators so that decision making and policy formulation becomes easy. The M&E system will:

- a) Track progress/ results to determine whether the Project is achieving the targets envisaged;
- b) Track effectiveness (of processes) to ensure that results comply with Project objectives; and
- c) Ensure transparency and accountability through a built- in MIS to all stakeholder

Results Indicators

Progress towards the PDO will be monitored through reporting on the PDO level and intermediate level results indicators. A results framework with project specific indicators and actionable monitoring arrangements has been developed jointly with the World Bank, including the participating departments, to support monitoring of implementation progress and results of project implementation (see results framework). For each indicator, the Results Framework provides the baseline, end-line, frequency of data collections, data source and methodology, and responsible institutions for data collection for all indicators. Please refer Annex 4 for details.

Disbursement Linked Indicators (DLIs)

The DLIs have been selected based on the following factors:

- (i) the criticality of the activity, output or outcome in the results chain;
- (ii) perceived need to introduce a strong financial incentive to deliver the activity, outcome or output;
- (iii) practical aspects of verifying the achievements; and
- (iv) the capacity of States to achieve the DLIs during the implementation period of the program.

A detailed description of each DLI is provided in Annex 5. The achievement of DLIs triggers disbursements of performance incentives to the states based on their achievements measured by a third party independent verification assessment.

Verification Protocols. DLIs will be verified annually by an independent verification authority recruited by the Government of Assam through the AS-CFMS. The IVA will verify that the DLIs have been achieved and issue a Verification Report to GoA, which would be then forwarded to the World Bank as part of the evidence required for disbursement purposes. Thus, there will be five yearly rounds of the Assessment during the life of ASPIRe. Each round of submission will have components that will generate information on the three project components detailed above and elaborated in the verification protocol. The verification will take place against a sampling framework and frequency, described in detail in the Verification Protocols as given in Annex 6. A draft ToR for hiring of the IVA is provided in Annex 7(e).

M&E and Reporting framework

A reporting system will be set up in the PMU. The PMU will prepare bi-annual progress reports on the basis of information obtained from participating departments. The reports will highlight project achievements, implementation constraints and proposed measures to improve project performance and will be endorsed by the Executive Committee of the CS-AFMS before submission to the World Bank.

Chapter 7: Environment and Social Management Rules and Procedures

The project does not envisage any resettlement or additional land requirement for minor civil works. Minor civil works will be limited to building renovation and refurbishments on existing land. Hence, OP 4.12 has not been triggered. The project area has 7.2 percent Scheduled Caste (SC) and 12.4 percent of Scheduled Tribe (ST - indigenous people) population. The areas with high concentration of STs includes three Autonomous Hill Councils (with resident hill tribes) under the Schedule VI area as listed in the Constitution of India, and six specific tribes based Autonomous Council areas (with resident plain tribes) outside the Schedule VI area with substantive tribal population. The Autonomous Council areas are governed by their own administrative system as per their respective Memorandum of Agreement with the State. The Autonomous Councils have been given varying degree of autonomy within the state legislature by the central government in administrative matters. The Bank operational policy OP 4.10 is not triggered as the tribal population is not expected to be direct beneficiaries of the project. The project activities are largely in the nature of technical assistance to support the Finance and key Tax administration departments of the state in strengthening institutions and PFM systems, benefits of which will also flow to the Autonomous Councils.

Consultations with officials of Autonomous Councils informed of their support to the project and identified financial management areas that requires strengthening for Autonomous Councils. While there is separate budgetary allocation for the Schedule VI areas in the State budget, allocation to Autonomous Councils outside the Schedule VI area and other tribal areas gets covered under the Tribal Sub Plan (TSP) allocation. Government of India over the last few years have reviewed implementation of TSP and Scheduled Caste Sub Plan (SCSP) in various states and have revised TSP and SCSP guidelines for better focus on SCs and STs, and to restrict non-diversion of TSP and SCSP funds. The key recommendations of the revised 2014 guidelines suggest (a) earmarking of fund under SCSP and TSP from the plan outlay being at least in proportion to the population, (b) placing of SCSP and TSP funds under a separate minor head '789' and '796' to ensure their non-diversion to any other scheme, (c) include only those schemes which directly benefits individuals or families belonging to SCs and STs, and (d) outlay for area-oriented schemes directly benefiting hamlets/ villages which have more than 40 percent SCs or STs.

Based on Officials from the Autonomous Council areas were also consulted as part of the project preparation process. The specific measures proposed for enhancing PFM capacity in the state will include the staff of autonomous council areas. The measures proposed include - (i) capacity building and training of autonomous council staff on budget and expenditure reporting; (ii) consultations with treasuries located in Autonomous Council areas on their FMIS need assessment, and challenges in implementation; (iii) improving the geographical coverage of treasury in council areas; and (iv) adherence to revised 2014 guidelines for TSP and SCSP to ensure that interest of ST and SC population are adhered to. These measures are incorporated in the activities and sub-activities of the project and will be implemented as part of the project activities.

ANNEXURES

Annex 1 - Detailed Cost Table

S.No.	Component/ Sub component/ Activity	Nature	2017-18		2018-19	2019-20	2020-21	2021-22	TOTAL (INR)
			Retroactive upto August 31, 2017 (INR)	Sept 2017- March 2018 - Year 1 (INR)	Year 2 (INR)	Year 3 (INR)	Year 4 (INR)	Year 5 (INR)	
ASPIRe TOTAL Project Cost (TA+EEP)			182,865,000	480,708,500	745,024,750	831,342,550	501,937,380	203,293,068	2,945,171,248
Part A: Technical Assistance Component			11,865,000	129,448,500	141,224,750	122,842,550	93,437,380	31,793,068	530,611,248
1	<u>Strengthening Public Finance Institutional Capacity</u>		10,00,000	5,18,18,500	5,18,96,750	7,44,31,750	4,91,05,500	1,49,98,000	24,32,50,500
1.1	Strengthening Cash & Debt Management		-	8,380,000	5,980,000	6,480,000	5,480,000	1,100,000	27,420,000
	Advisor (Debt Mgt) - RBI @ 1.50 lacs pm for 4 years plus ope @ Rs 9 lacs			2,700,000	2,700,000	2,700,000	2,700,000		10,800,000
	Data Analytics Individual consultants (2) @ 70,000 per person month			1,680,000	1,680,000	1,680,000	1,680,000		6,720,000
	Procedure manuals					1,000,000			1,000,000
	Software (CS-DRMS) upgrade, training and annual maintenance			700,000	700,000	200,000	200,000	200,000	2,000,000
	Hardware (local LAN, Server etc)			2,500,000	100,000	100,000	100,000	100,000	2,900,000
	Training & Capacity Building (incl study tours)			800,000	800,000	800,000	800,000	800,000	4,000,000
1.2	Strengthening Public procurement Framework & scaling up e-procurement		1,000,000	21,514,000	21,998,000	32,498,000	24,578,000	9,488,000	111,076,000
	Procurement rules		1,584,000					1,584,000	
	SBDs		5,400,000					5,400,000	
	State Procurement Facilitation Cell	Consultancy - individual/s			2,968,000	2,968,000	2,968,000	1,128,000	10,032,000

Capacity Building (details below highlighted in light green)			-	6,750,000	6,750,000	14,750,000	14,750,000	8,000,000	51,000,000
<i>TNA</i>	<i>Consultancy - firm</i>			1,500,000	1,500,000				3,000,000
<i>Training Strategy</i>	<i>Consultancy - firm</i>			750,000	750,000				1,500,000
<i>Curriculum development</i>	<i>Consultancy - firm</i>			1,500,000	1,500,000				3,000,000
<i>MOOC - development</i>	<i>Consultancy - firm</i>			2,500,000	2,500,000				5,000,000
<i>MOOC - Hosting and maintenance</i>	<i>Non consulting services</i>			500,000	500,000	500,000	500,000	500,000	2,500,000
<i>Delivery of training - face to face - specialised</i>	<i>Training</i>					3,750,000	3,750,000		7,500,000
<i>Online training - specialised</i>	<i>Training</i>					3,000,000	3,000,000		6,000,000
<i>Delivery of training - face to face mass training</i>	<i>Training</i>					7,500,000	7,500,000	7,500,000	22,500,000
E-Procurement (details below highlighted in light green)			1,000,000	7,780,000	12,280,000	9,780,000	1,860,000	360,000	33,060,000
<i>eProcurement - individual consultant</i>	<i>Consultancy - individual/s</i>		1,000,000						1,000,000
<i>Senior e-Procurement project management consultant</i>	<i>Consultancy - individual/s</i>			3,000,000	3,000,000	3,000,000			9,000,000
<i>Senior training executive - 1</i>	<i>Consultancy - individual/s</i>			420,000	420,000	420,000			1,260,000
<i>Facility management resurces - 4</i>	<i>Consultancy - individual/s</i>			1,500,000	1,500,000	1,500,000	1,500,000		6,000,000
<i>Operating Cost</i>	<i>Operating Cost</i>			360,000	360,000	360,000	360,000	360,000	1,800,000
<i>Contractual staff at district level - handholding support for e-procurement</i>	<i>Operating Cost</i>				4,500,000	4,500,000			9,000,000
<i>Training for e-procurement scale up</i>	<i>Training</i>			2,500,000	2,500,000				5,000,000

	<i>Central management of EMD</i>									-
	Data Analytics	Consultancy - firm				5,000,000	5,000,000			10,000,000
1.3	Strengthening PPP Framework		-	6,615,000	6,682,500	6,682,500	6,682,500		-	26,662,500
	Study of PPP Framework;	Consultancy - firm		6,615,000						6,615,000
	Project Mgt and Technical support to PPP Unit	Consultancy - firm			6,682,500	6,682,500	6,682,500			20,047,500
1.4	Institutional strengthening of Finance Department		-	4,252,500	4,961,250	1,721,250		-	-	10,935,000
	Consultancy for review of org structure of Finance Dept	Consultancy - firm		2,362,500	3,240,000					5,602,500
	Study to review budget documentation and disclosures benchmarking with good practices in other states	Consultancy - individual/s		1,890,000						1,890,000
	Technical support in scaling up DBT in selected programs	Training			1,721,250	1,721,250				3,442,500
1.5	Training and Capacity Building			11,057,000	12,275,000	27,050,000	12,365,000		4,410,000	67,157,000
	TNA, Strategy and content development	Consultancy - firm		10,557,000						10,557,000
	Delivery of trainings	Training Consultancy - firm			9,775,000	19,550,000	5,865,000	3,910,000		39,100,000
	IT enabled tools	Consultancy - firm				5,000,000	5,000,000			10,000,000
	Exposure visits	Training			2,000,000	2,000,000	1,000,000			5,000,000
	Twinning arrangements	Training		500,000	500,000	500,000	500,000	500,000		2,500,000
2	<u>Strengthening Expenditure and Revenue Information Systems</u>		8,100,000	59,300,000	72,300,000	32,500,000	28,000,000		-	200,200,000
2.1	Design of Financial Management Information Systems (FMIS)		1,900,000	22,400,000	32,000,000	12,500,000	12,500,000		-	81,300,000
	Consultancy Study for new FMIS solution incl BPR	Consultancy - firm	1,600,000	14,400,000						16,000,000

	Consultancy - Project Management Supervision	Consultancy - firm							50,000,000
				5,000,000	20,000,000	12,500,000	12,500,000		
	Security Audit	Consultancy - firm			10,000,000				10,000,000
	Exposure Visits to Other States, Expert Visit from Other States	Training	300,000	3,000,000	2,000,000				5,300,000
2.2	Enhancing E-Collection and E-Payment Systems		-	-	10,00,000	-	-	-	10,00,000
	Exposure visits	Training			10,00,000				10,00,000
2.3	Designing/upgrading information systems and institutional strengthening in Commercial Tax Department		52,00,000	2,59,00,000	1,83,00,000	70,00,000	25,00,000	-	5,89,00,000
	Consultancy Study for new CTD solution incl BPR (NISG)	Consultancy - firm	45,00,000	38,00,000					83,00,000
	Consultancy - Project Management Supervision	Consultancy - firm		90,00,000	45,00,000	27,00,000			1,62,00,000
	Security Audit	Consultancy - firm			70,00,000				70,00,000
	Institutional assessment study	Consultancy - firm	7,00,000	63,00,000					70,00,000
	Service Tax Advisor cum trainer	Consultancy - individual/s		18,00,000	18,00,000	18,00,000			54,00,000
	Training and CB (services tax, assessment, legal aspects, business intelligence, GST Training etc)	Training		50,00,000	50,00,000	25,00,000	25,00,000		1,50,00,000
2.4	Design, development and implementation of E-Governance solution in Excise Department		10,00,000	1,10,00,000	2,10,00,000	1,30,00,000	1,30,00,000	-	5,90,00,000
	Study for Excise - Designing an e-Governance system	Consultancy - firm	10,00,000	90,00,000					1,00,00,000
	Consultancy - Project Management Supervision	Consultancy - firm			1,00,00,000	1,00,00,000	1,00,00,000		3,00,00,000
	Security Audit	Consultancy - firm			70,00,000				70,00,000
	Web site development for excise department	Consultancy - firm		20,00,000					20,00,000

	Capacity Building & training	Training			40,00,000	30,00,000	30,00,000		1,00,00,000
3	Project Management		2,765,000	18,330,000	17,028,000	15,910,800	16,331,880	16,795,068	87,160,748
	PMU costs (M&E, Audit, DLI verification, PMU costs etc)	Operating Cost	2,765,000	18,330,000	17,028,000	15,910,800	16,331,880	16,795,068	87,160,748
	Part B: Eligible Expenditure under the Program		17,10,00,000	35,12,60,000	60,38,00,000	70,85,00,000	40,85,00,000	17,15,00,000	2,41,45,60,000
2	Strengthening Expenditure and Revenue Information Systems		17,10,00,000	35,12,60,000	60,38,00,000	70,85,00,000	40,85,00,000	17,15,00,000	2,41,45,60,000
2.1	Support for design, development and implementation of new FMIS solution		5,00,000	13,28,40,000	22,48,80,000	38,75,00,000	23,75,00,000	7,25,00,000	1,05,57,20,000
	Short term Programmers/ DBA (2 years)	Consultancy - individual/s	5,00,000	19,20,000	19,20,000				43,40,000
	FMIS - development cost	Goods			8,00,00,000	14,00,00,000	3,00,00,000		25,00,00,000
	FMIS - O&M	Goods					2,00,00,000	2,00,00,000	4,00,00,000
	Hardware cost - network hardware/ servers/license fees	Goods		10,00,00,000	3,00,00,000	2,00,00,000			15,00,00,000
	Hardware cost - field level (Treasuries)	Goods			7,00,00,000	3,00,00,000			10,00,00,000
	Hardware cost - field level (DDO and other offices)	Goods				12,50,00,000	12,50,00,000		25,00,00,000
	Secondary network provider	Non consulting services		2,00,00,000	1,25,00,000	1,25,00,000	1,25,00,000	1,25,00,000	7,00,00,000
	Roll out incl handholding, Change Management, Communication	Training			2,00,00,000	4,00,00,000	5,00,00,000	4,00,00,000	15,00,00,000
	Support for roll out of pay bill module	Operating Cost		1,09,20,000	54,60,000				1,63,80,000
	Refurbishment of Finance Dept (incl LAN and workstations)				50,00,000	1,00,00,000			1,50,00,000
	Refurbishment of DoAT Office incl Training Room					1,00,00,000			1,00,00,000
2.2	Enhancing E-Collection and E-Payment Systems		-	1,00,00,000	20,00,000	20,00,000	20,00,000	-	1,60,00,000

	e-Collection and e-Payment portal-development cost	Consultancy - individual/s		1,00,00,000	20,00,000	20,00,000	20,00,000		
2.3	Designing/upgrading information systems and institutional strengthening in Commercial Tax Department		17,05,00,000	20,34,20,000	17,19,20,000	3,00,00,000	3,00,00,000	3,00,00,000	63,58,40,000
	SI for CTD and development cost (incl core software and licences)	Goods		10,00,00,000	14,00,00,000				24,00,00,000
	O&M cost (core software, software licenses and hardware maintenance) incl helpdesk	Goods			1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	6,00,00,000
	Hardware cost (servers)	Goods		5,00,00,000					5,00,00,000
	Hardware (only peripherals)	Goods	12,00,00,000	1,65,00,000					13,65,00,000
	Short term Programmers/ DBA (2 years)	Consultancy - individual/s	5,00,000	19,20,000	19,20,000				43,40,000
	Secondary network provider	Non consulting services	2,00,00,000	2,00,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	10,00,00,000
	Refurbishment of Data Center (UPS, electrical, precision ACs and networking etc)	Goods	3,00,00,000	1,50,00,000					4,50,00,000
2.4	Design, development and implementation of E-Governance solution in Excise Department		-	50,00,000	20,50,00,000	28,90,00,000	13,90,00,000	6,90,00,000	70,70,00,000
	Development of system-development cost	Goods			5,00,00,000	14,00,00,000	6,00,00,000		25,00,00,000
	O&M cost (core software, software licenses and hardware maintenance)	Goods				3,00,00,000	4,00,00,000	3,00,00,000	10,00,00,000
	Hardware cost - servers/procurement of license	Goods		50,00,000	4,50,00,000	-			5,00,00,000
	Testing Labs - equipments (alcoholiser, microscope, spectrophotometer (GC mass and UV visible), inverter and computer hardware)	Goods				3,00,00,000			3,00,00,000

	Hardware (only peripherals)	Goods			7,00,00,000	6,00,00,000	1,00,00,000	1,00,00,000	15,00,00,000
	Implementation support (manpower in District Offices)	Non consulting services				90,00,000	90,00,000	90,00,000	2,70,00,000
	Secondary network provider	Non consulting services			4,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	10,00,00,000

Annex 2 - IFR Formats

IFR 1-TA Disbursement Summary

ASSAM STATE PUBLIC FINANCE INSTITUTIONAL REFORMS (ASPIRe) PROJECT (P157198) IFR 1: TA Disbursement Summary Sheet for the Quarter XX-XXX-XXXX to XX-XXX-XXXX (Category 1) Loan Number XXXX-IN					
		INR '000			
Category No.	Category Description	Expenditure for the Quarter	Eligible Expenditure for the Quarter	Bank Share %	To be Reimbursed
1	2	3	4	6	7
1	Goods, non-consulting services, consulting services, training, operating costs for Components 1, 2.1 and 3 under the Project (From IFR 1)	XXX	XXX	80%	XXX
Signature Accounts Officer		Signature State Project Director			

IFR 2-Sources and Uses of Funds

ASSAM STATE PUBLIC FINANCE INSTITUTIONAL REFORMS (ASPIRe) PROJECT (P157198)				
IFR 2: Sources and Uses of Funds for the period XX-XXX-XXXX to XX-XXX-XXXX				
Loan Number XXXX-IN				
Description		INR '000		
		QTR	YTD	CTD
1		2	3	4
Sources of Funds				
A	Opening Balances	XXX	XXX	XXX
A.1	Cash at bank	XXX	XXX	XXX
A.2	Advances	XXX	XXX	XXX
B	Received from State/Gol/World Bank	XXX	XXX	XXX
B.1	State Government Funds	XXX	XXX	XXX
B.2	Government of India Funds	XXX	XXX	XXX
B.3	World Bank Funds	XXX	XXX	XXX
C	Other Receipts/Income	XXX	XXX	XXX
Total Sources of Funds (I= A+B+C)		XXX	XXX	XXX
Uses of Funds				
A	Category 1: Technical Assistance	XXX	XXX	XXX
1	Component 1: Strengthening Public Finance Institutional Capacity	XXX	XXX	XXX
2.1	Component 2.1: Technical Assistance (TA) Component of Strengthening Expenditure and Revenue Information Systems	XXX	XXX	XXX
3	Component 3: Project Management, Monitoring & Evaluation and Coordination	XXX	XXX	XXX

B	Category 2: EEP under Result Based Financing	XXX	XXX	XXX
2.2	Component 2.2: Result Based Financing (RBF) Component of Strengthening Expenditure and Revenue Information Systems	XXX	XXX	XXX
	Total Uses of Funds (II= A + B)	XXX	XXX	XXX
	Funds Available (I - II), represented by:	XXX	XXX	XXX
	Advances	XXX	XXX	XXX
	Cash at Bank	XXX	XXX	XXX
	Total	XXX	XXX	XXX
<p>The documents supporting the above are maintained at the PMU. The expenditures reported are in agreement with the books of account maintained by AS-CFMS.</p> <p style="text-align: center;">Signature Accounts Officer</p> <p style="text-align: center;">Signature State Project Director</p>				

IFR 3-Break-up of TA Component

ASSAM STATE PUBLIC FINANCE INSTITUTIONAL REFORMS (ASPIRe) PROJECT (P157198) IFR 3: Uses of Funds Under TA Component for the period XX-XXX-XXXX to XX-XXX-XXXX Loan Number XXXX-IN				
Description		INR '000		
		QTR	YTD	CTD
1		2	3	4
A	Category 1: Technical Assistance			
1	Component 1: Strengthening Public Finance Institutional Capacity	XXX	XXX	XXX
1.1	Strengthening Cash and Debt Management	XXX	XXX	XXX
1.2	Strengthening Public Procurement Framework and scaling up e-Procurement	XXX	XXX	XXX
1.3	Strengthening Public Private Partnership framework	XXX	XXX	XXX
1.4	Institutional strengthening of Finance Department	XXX	XXX	XXX
1.5	Training and Capacity Building to Implementing Departments:	XXX	XXX	XXX
2.1	Component 2.1: Technical Assistance (TA) Component of Strengthening Expenditure and Revenue Information Systems	XXX	XXX	XXX
2.1.1	Design, development and implementation of Financial Management Information Systems (FMIS)			
	Consultancy Services (Studies, PMC, Audit etc)	XXX	XXX	XXX
	Travel and Training	XXX	XXX	XXX
2.1.2	Enhancing E-Collection and E-Payment Systems			
	Consultancy Services (Studies, PMC, Audit etc)	XXX	XXX	XXX
	Travel and Training	XXX	XXX	XXX
2.1.3	Designing/upgrading information systems and institutional strengthening in Commercial Tax Department			
	Consultancy Services (Studies, PMC, Audit etc)	XXX	XXX	XXX
	Travel and Training	XXX	XXX	XXX
2.1.4	Design, development and implementation of E-Governance solution in Excise Department:			
	Goods (Website Development)	XXX	XXX	XXX

	Consultancy Services (Studies, PMC, Audit etc)	XXX	XXX	XXX
	Travel and Training	XXX	XXX	XXX
3	Component 3: Project Management, Monitoring & Evaluation and Coordination	XXX	XXX	XXX
	Total	XXX	XXX	XXX

The documents supporting the above are maintained at the PMU. The expenditures reported are in agreement with the books of account maintained by AS-CFMS.

Signature
Accounts Officer

Signature
State Project Director

IFR 4-Break-up of EEP Component

ASSAM STATE PUBLIC FINANCE INSTITUTIONAL REFORMS (ASPIRe) PROJECT (P157198)				
IFR 4: Uses of Funds under EEP for the period XX-XXX-XXXX to XX-XXX-XXXX				
Loan Number XXXX-IN				
Description		INR '000		
		QTR	YTD	CTD
1		2	3	4
B	Category 2: EEP under Result Based Financing			
2.2	Component 2.2: Result Based Financing (RBF) Component of Strengthening Expenditure and Revenue Information Systems			
2.1.1	Design, development and implementation of Financial Management Information Systems (FMIS)			
	DLI 1: Enhanced controls in budget execution and reporting			
	DLI 2: Enhanced transparency of key budget, financial and procurement information			
	Goods and Non-Consultancy Services (Hardware, softwares, network etc)			
	Consultancy Services			
		XXX	XXX	XXX
		XXX	XXX	XXX
2.1.2	Enhancing E-Collection and E-Payment Systems			
	DLI 3: Improved efficiency and timeliness of tax collections and payments			
	Goods and Non-Consultancy Services (Hardware, softwares, network etc)			
	Consultancy Services			
		XXX	XXX	XXX
		XXX	XXX	XXX
2.1.3	Designing/upgrading information systems and institutional strengthening in Commercial Tax Department			
	DLI 4: Enhanced services provided by Commercial Tax Department (CTD) using e-Governance			
	Goods and Non-Consultancy Services (Hardware, softwares, network etc)			
	Consultancy Services			
		XXX	XXX	XXX
		XXX	XXX	XXX

2.1.4	Design, development and implementation of E-Governance solution in Excise Department:			
	DLI 5: Enhanced services provided by Excise Department using e-Governance			
	Goods and Non-Consultancy Services (Hardware, softwares, network etc)	XXX	XXX	XXX
	Consultancy Services	XXX	XXX	XXX
	Total	XXX	XXX	XXX

The documents supporting the above are maintained at the PMU. The expenditures reported are in agreement with the books of account maintained by AS-CFMS.

Signature
Accounts Officer

Signature
State Project Director

IFR 5 –List of Prior Review

IFR 5: Payments made under Prior Review Contracts as on XX-XXX-XXXX														
Loan Number XXXX-IN														
S.N.	Contractor/ Supplier/ Consultant	Contract No. & Date	Descriptio n	Contract Amount (Revised) INR '000	Stipulat ed / Actual Date of Comple tion	WB R No.	Date of NO from Bank	Amount Paid in INR '000			World Bank Share INR '000			
								During the Quarter	YTD	CT D	Reim. %	During the Quarter	YTD	CTD
Component 1: Strengthening Public Finance Institutional Capacity (Category 1)														
Component 2.1: Technical Assistance (TA) Component of Strengthening Expenditure and Revenue Information Systems (Category 1)														
Component 2.2: Result Based Financing (RBF) Component of Strengthening Expenditure and Revenue Information Systems (Category 2)														
Component 3: Project Management, Monitoring & Evaluation and Coordination (Category 1)														
Signature Accounts Officer							Signature State Project Director							

DLI Disbursement Summary

ASSAM STATE PUBLIC FINANCE INSTITUTIONAL REFORMS (ASPIRe) PROJECT (P157198) DLI Disbursement Summary Sheet for the Period XX-XXX-XXXX to XX-XXX-XXXX (Category 2) Loan Number XXXX-IN							
		INR '000					
	Particulars	DLI1	DLI2	DLI3	DLI4	DLI5	Total
A	Cumulative EEP						XXX
B	Eligible EEP (B * 80%)						XXX
C	Cumulative Disbursement Under Category 2						XXX
D	Remaining Qualifying EEP (B - C)						XXX
E	Value of DLIs Achieved (From DLI Achievement Summary)*	XXX	XXX	XXX	XXX	XXX	XXX
F	DLIs Achieved To be Disbursed Now (Capped to Remaining Qualifying EEP)						XXX
Signature		Signature					
Accounts Officer		State Project Director					

DLI Achievement Summary

ASSAM STATE PUBLIC FINANCE INSTITUTIONAL REFORMS (ASPIRe) PROJECT (P157198) DLI Achievement Summary XX-XXX-XXXX to XX-XXX-XXXX Loan Number XXXX-IN							
		USD Million				USD Million	USD Million
Period	Indicators	DLI Value	Scalability of Disbursement	Verification Entity	DLI Achieved? (Yes/No)	DLI Achieved in Value (During the Period)	DLI Achieved in Value (Cumulative)
DLI # 1: Enhanced controls in budget execution and reporting (USD 10 million)							
Baseline: Process of Budget allotment, budget control and bill submission by DDOs are manual; No Decision support system for Finance Dept.							
Retroactive Period upto June 30, 2017		-	NA	NA			
Year 1 (July 1, 2017 to March 31, 2018)	Contract awarded for FMIS systems integrator	1.00	(YES / NO)	WB			
Year 2 (March 31, 2019)	Budget Allotment module operationalized and integrated with treasury system.	2.50	(YES / NO)	IVA			
Year 3 (March 31, 2020)	Payments of Works and Forest departments made through treasury system	2.50	(YES / NO)	IVA			
Year 4 (March 31, 2021)	Decision Support System for Finance Department. Implemented, measured by provision of budget execution reports and pending bill status across treasuries	2.50	(YES / NO)	IVA			
Year 5 (March 31, 2022)	70% of DDOs submit bills electronically to Treasury	1.50	(YES / NO)	IVA			
Total		10.00					
DLI # 2: Enhanced transparency of key budget, financial and procurement information (USD 4 million)							

Baseline: Limited budget disclosures; No public access to Budget execution reports and procurement contract award; Absence of SBD							
Retroactive Period upto June 30, 2017		-	NA	NA			
Year 1 (July 1, 2017 to March 31, 2018)	Procurement rules and SBD notified and published (\$ 0.50 million) Budget disclosures to include: (i) Budget at a glance; (ii) Analytical Statement; (iii) Transfer to Local Bodies; (iv) ATR on previous year budget (\$0.50 million)	1.00	(YES / NO)	WB			
Year 2 (March 31, 2019)	Public access to procurement contract award for at least 70% of contracts over the e-procurement threshold	1.00	(YES / NO)	IVA			
Year 3 (March 31, 2020)	Budget disclosures to further include (i) object head wise expenditure; (ii) outstanding liabilities; (iii) salary details for government; (iv) budgetary impact of major policy changes	1.00	(YES / NO)	WB			
Year 4 (March 31, 2021)	Public access to procurement contract award for at least 90% of contracts over the e-procurement threshold	0.50	(YES / NO)	IVA			
Year 5 (March 31, 2022)	Public access to in-year Budget execution reports.	0.50	(YES / NO)	IVA			
Total		4.00					
DLI # 3: Increased e-collections and e-payments (USD 3 million)							
Baseline: E-collection for excise is nil; for CTD 35% by volume for VAT and nil for other taxes; Fragmented systems & low base of e-payments							
Retroactive Period upto June 30, 2017		-	NA	NA			
Year 1 (July 1, 2017 to March 31, 2018)	E-collection portal developed and rolled out for excise and all non GST State taxes administered by CTD.	1.00	(YES / NO)	WB			

Year 2 (March 31, 2019)	70% of excise and non GST tax (administered by CTD) collected through e-portal; and 60% payments by treasury made electronically	1.00	(YES / NO)	IVA			
Year 3 (March 31, 2020)	80% of excise and non GST tax (administered by CTD) collected through e-portal; and 70% payments by treasury made electronically	0.50	(YES / NO)	IVA			
Year 4 (March 31, 2021)	90% of excise and non GST tax (administered by CTD) collected through e-portal; and 80% payments by treasury made electronically	0.50	(YES / NO)	IVA			
Year 5 (March 31, 2022)		-		NA			
Total		3.00					
DLI # 4: Enhanced services provided by Commercial Tax Department using e-Governance (USD 6.00 million)							
Baseline: Fragmented and outdated IT applications; E-return filing at 15% for VAT; E-returns do not have in-built electronic scrutiny feature; No e-governance solutions for non GST State taxes							
Retroactive Period upto June 30, 2017	Contract awarded for new IT application for CTD	1.00	(YES / NO)	WB			
Year 1 (July 1, 2017 to March 31, 2018)		-	NA	NA			
Year 2 (March 31, 2019)	New CTD IT application made operational with e-returns and online scrutiny of returns for all non GST state taxes.	2.50	(YES / NO)	IVA			
Year 3 (March 31, 2020)	Invoice matching & ITC auto-population in VAT returns	1.50	(YES / NO)	IVA			
Year 4 (March 31, 2021)	Online generation of Tax arrears certificate for initiating tax arrears recovery	0.50	(YES / NO)	IVA			
Year 5 (March 31, 2022)	On-line filing of tax returns of at least 90% for all non GST taxes	0.50	(YES / NO)	IVA			
Total		6.00					

DLI # 5: Enhanced services provided by Excise Department using e-Governance (USD 6.00 million)							
Baseline: All procedures & processes are manual in Excise Dept. Excise revenue INR 800 cr during 2015-16							
Retroactive Period upto June 30, 2017	Excise Policy Reforms operationalized	1.00	(YES / NO)	WB			
Year 1 (July 1, 2017 to March 31, 2018)	Contract awarded for E-Governance solution for Excise dept.	1.00	(YES / NO)	WB			
Year 2 (March 31, 2019)	10% of transport permits issued electronically	1.00	(YES / NO)	IVA			
Year 3 (March 31, 2020)	50% of transport permits issued electronically	1.00	(YES / NO)	IVA			
Year 4 (March 31, 2021)	90% of transport permits issued electronically	1.00	(YES / NO)	IVA			
Year 5 (March 31, 2022)	100% increase in Excise Revenue Collection over baseline	1.00	(YES / NO)	IVA			
Total		6.00					
Grand Total		29.00					
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;"> <p>Signature Accounts Officer</p> </div> <div style="text-align: center;"> <p>Signature State Project Director</p> </div> </div>							

Annex 3 - Procurement Plan

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CONSULTANT SERVICES										
Technical Assistance										
Sub- Component 1.1: Strengthening Cash & Debt Management										
CS-1	Advisor – Debt and Cash Management	27,75,000	41,500	SSS	post	-	-	Jan 2017	Jan 2018	Contract Awarded May be extended by another 3 years annually.
CS-2	Data Analytics Consultants (2)	67,00,000	100,000	IC	post	Sep 2017	Oct 2017	Dec 2017	Dec 2021	For 4 years
Strengthening Public Procurement Framework, Procurement Capacity and Scaling Up E-Procurement										
CS-3	Consultant for developing Procurement Rules (4 Nos.)	15,00,000	23,000	IC	post	NA	NA	May 2017	March 18	Contract Awarded
CS-4	Consultants for developing Standard Bidding Documents (SBDs)- 7 Nos	54,00,000	80,000	IC's	post	NA	NA	Jun 2017	Feb 2018	1 year

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CS-5	Consultants for State Procurement Facilitation Cell	100,00,000	149,000	IC's	post	NA	NA	Nov 2017	Oct 2021	3-4 individual consultants for 4 years
CS-6	Consultant for study of the implementation & scale up of e-procurement in Assam	10,00,000	15,000	IC	post	NA	NA	Nov 2016	Mar 2017	
CS-7	Consultancy on Procurement Training Needs Analysis, Training Strategy & Curriculum Development	75,00,000	112,000	CQS/SSS	post	July 2017	Aug2017	Sept 2017	June 2018	Justification to be prior reviewed by Bank
CS-8	Consultancy for MOOC Development	50,00,000	75,000	QCBS	post	June 2018	Aug 2018	Nov 2018	Apr 2019	
CS-9	Senior E-Procurement Project Mgt Consultant	90,00,000	135,000	IC	post	July 2017	Aug 2017	Sept 2017	Jun 2020	For 3 years
CS-10	E-Procurement Facility Mgt Cell and Training	72,60,000	108,000	IC	post	Apr2017	May 2017	Jun 2017	Jun 2021	Contract awarded

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
Strengthening PPP Framework										
CS – 11	Consultancy for Policy and Institutional Reform for Strengthening PPP Framework	60,00,000	90,000	QCBS	post	Jul 2016	Dec 2016	Feb 2017	Sep 2017	Contract Awarded
CS – 12	Consultancy- Project Mgmt and Support Unit for PPP	2,00,00,000	298,000	QCBS	post	Oct 2017	Dec 2017	Feb 2018	Mar 2022	
Institutional Strengthening of Finance Dept										
CS-13	Consultancy for Review of Org'n Structure and file work flow process in Finance Dept and selected Line Dept	56,00,000	83,000	IC	post	July 2017	Aug 2017	Sept 2017	Aug 2018	1 year
CS-14	Consultancy to review the Budget & FRBM Disclosures	20,00,000	30,000	IC	post	Aug 2017	Sep 2017	Sep 2017	Jan 2018	5 months
Training and Capacity Building in Finance										
CS-15	Consultancy on Training Needs Analysis for officials in Finance and Line dept, Training Strategy & Curriculum Development	100,00,000	150,000	LCS	post	July 2017	Sep 2017	Dec 2017	Jun 2018	

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CS-16	Consultancy for MOOC Development for Finance Cadres in Finance and Line Dept	100,00,000	150,000	QCBS	post	Mar 2018	Jun 2018	Aug 2018	Mar 2019	
Strengthening Expenditure & Revenue Information Systems										
Design of Financial Management Information Systems										
CS-17	Consultants for Designing of Financial Management Information System for the Government of Assam and support in selection of the System Integrator	1,60,00,000	238,000	QCBS	post	Feb 2016	Jul 2016	Jan 2017	Feb 2018	Contract Awarded
CS-18	Project Management Consultancy to oversee implementation of FMIS	5,00,00,000	745,000	QCBS	post	Dec 2017	Mar 2018	Jun 2018	Sep 2022	4 years contract
CS-19	Security Audit of FMIS E-Governance Solution	1,00,00,000	149,000	LCS	post	Aug 2018	Nov 2018	Jan 2019	Dec 2021	Periodic Audit of various modules -3 years
Designing Information Systems and Institutional Strengthening of Commercial Tax Dept										
CS-20	Consultancy Study for preparation of RFP and selection of Systems Integrator for new IT application for CTD	72,00,000	107,000	SSS	prior	Nov 15		Apr 2016	Jun 2017	Contract Awarded

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CS-21	Consultancy services for Institutional and GST readiness assessment in the Commissionerate of Taxes, Govt. of Assam	70,00,000	105,000	QCBS	post	Jan 2016	Jul 2016	Jan 2017	Feb 2018	Contract Awarded
CS-22	Project Management Consultancy to oversee implementation of E-Governance Solution in CTD	1,62,00,000	241,000	QCBS	post	June 2017	Aug 2017	Sep 2017	Sep 2020	3 years contract
CS-23	Security Audit of CTD E-Governance Solution	70,00,000	104,000	LCS	post	Apr 2018	Jun 2017	Aug 2018	Sep 2019	
CS-24	Service Tax Advisor (I/C)	54,00,000	80,000	IC	post	Sep 2017	Oct 2017	Nov 2017	Dec 2017	For 3 years
Design Development & Implementation of E-Governance Solution in Excise Dept										
CS-25	Consultancy services for designing an e-Governance system for the Department of Excise, Government of Assam, India.	1,00,00,000	150,000	QCBS	post	Feb 2016	Jul 2016	Jan 2017	Feb 2018	Contract Awarded
CS-26	Project Management Consultancy to oversee implementation of E-Governance Solution in Excise	3,00,00,000	447,000	QCBS	post	Nov 2017	Mar 2018	Jun 2018	Sep 2022	4 years contract

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CS-27	Security Audit of Excise E-Governance Solution	70,00,000	104,000	LCS	post	Aug 2018	Nov 2018	Jan 2019	Dec 2020	Periodic Audit of various modules -2 years
CS-28	Website Upgrade for Excise Department	20,00,000	30,000	LCS	post	Aug 2017	Nov 2017	Dec 2017	Mar 2018	
Project Management & Coordination										
CS-29	CA for AS-CFMS	15,00,000	23,000	QCBS	post	Sep 2016	Dec 2016	Feb 2017	Apr 2018	Contract Awarded
CS-30	Senior Procurement Consultant	28,00,000	42,500	SSS	post	N/A	N/A	Aug 2016	Mar 2018	Contract Awarded
CS-31	Procurement Support Specialist	30,00,000	45,500	SSS	post	N/A	N/A	June 2017	Mar 2019	Justification to be prior reviewed For 2 years
CS-32	IT Project Manager	1,20,00,000	180,000	IC	post	July 2017	Aug 2017	Sept2017	Sept 2022	For 5 years
CS-33	Change Management Specialist	85,00,000	126,000	IC	post	July2017	Aug 2017	Sept 2017	Sept 2022	For 5 years
CS-34	Communication Specialist	81,00,000	120,000	IC	post	July 2017	Aug 2017	Sept 2017	Sept 2022	For 5 years
Part B: Eligible Expenditure under the Project										
CS-35	DoAT Short term Programmers/ DBA (2 years)	43,40,000	65,000	IC	post	Feb 2017	Apr 2017	May 2017	Apr 2019	Contract Awarded
CS-36	Programmers for development of E-Colln Portal and its roll out	1,00,00,000	150,000	IC	post	Jun 2017	Aug 2017	Sep 2017	Aug 2019	

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
CS-37	CTD Short term Programmers/ DBA (2 years)	43,40,000	65,000	IC	post	July 2017	Aug 2017	Sept 2017	Apr 2019	
	SUB TOTAL - A	33,21,15,000	4,956,500							

NON-CONSULTANT SERVICES

NCS-1	Strengthening network connectivity for CTD offices - Secondary Service Provider	10,00,00,000	1,492,000	NCB	post	July 2017	Sept 2017	Nov 2017	Sept 2022	5 years contract
NCS-2	Strengthening network connectivity for DoAT offices - Secondary Service Provider	7,00,00,000	1,044,000	NCB	post	Dec 2017	Mar 2018	Jun 2018	Sept 2022	5 years contract
NCS-3	Procurement MOOC Hosting and Maintenance	25,00,000	37,000	NCB	post	Mar 2019	May 2019	Jul 2019	Sept 2022	
NCS-4	Upgrade and Maintenance of CS-DRMS	20,00,000	30,000	NCB	post	July 2017	Sept 2017	Oct 2017	Sept 2022	
	SUB TOTAL - B	17,45,00,000	2,603,000							

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
GOODS										
GD -1	Field Level Hardware Procurement (Treasury)	10,00,00,000	1,492,000	NCB	post	Apr 2018	Jun 2018	Aug 2018	Feb 2019	
GD-2	Hardware (Peripherals) for CTD	13,65,00,000	2,037,000	NCB	prior	Nov 2016	Feb 2017	June 2017	Sept 2017	Contract Awarded
GD-3	Hardware (Peripherals) for Excise	15,00,00,000	2,238,000	NCB	post	Apr 2018	Jun 2018	Aug 2018	Feb 2019	
GD-4	SI for FMIS Solution Development of FMIS solution, O & M, including cost of Core Server Hardware	44,00,00,000	6,565,000	LIB	prior	Oct 2017	Jan 2017	Mar 2018	Sept 2022	Procurement will be initiated only after the recommendations from the agency hired under CS - 17
GD-5	SI for implementation for Excise: New e-governance system System Development, O & M	35,00,00,000	5,223,000	ICB	prior	Oct 2017	Jan 2017	Mar 2018	Sept 2022	Procurement will be initiated only after the recommendations from the agency hired under CS - 25
GD-6	SI for CTD - development cost, O&M and hardware cost (servers/ license fee)	35,00,00,000	5,223,000	LIB	prior	Jan 2017	May 2017	July 2017	Sept 2022	

Ref. No.	Contract Description	Estimated Cost (INR)	Estimated Cost (USD)	Procurement Method	Prior/post Review	Bid/REOI Advert	Bid / Proposal Opening Date	Contract Signing Date	Delivery / Completion Date	Remarks
GD-7	Procurement of Equipment for Test labs	3,00,00,000	447,000	NCB	post	Jun 2019	Aug 2019	Nov 2019	Jun 2020	
	SUB TOTAL - C	155,65,00,000	23,225,000							
MINOR WORKS										
	Refurbishment of Server Room	450,00,000	670,000	NCB	post	Jan 2017	Apr 2017	June 2017	Aug 2017	
	Refurbishment of DoAT incl Training Room	100,00,000	150,000	NCB	post	Dec 2018	Mar 2019	Jun 2019	Mar 2020	
	Refurbishment of Finance Dept Divisions	150,00,000	150,000	NCB	post	Dec 2017	Mar 2018	Jun 2018	Mar 2019	
	Refurbishment of AS-CFMS Office	40,00,000	60,000	NCB	post	Aug 2017	Oct 2017	Nov 2017	Mar 2018	
	SUB TOTAL - D	690,00,000	1,030,000							
	Totals Estimated Costs: (A + B + C)	213,21,15,000	31,814,5000							

1 USD = 67 INR

Annex 4 - Results Framework

Project Development Objective							
The Project Development Objective (PDO) is: "to contribute to improvement in predictability and transparency in budget execution and efficiency in tax administration in Assam."							
These results are at	Project Level						
Project Development Objective Indicators							
Indicator Name	Cumulative Target Values						
	Baseline	YR-1	YR-2	YR-3	YR-4	YR-5	End Target
Reduction in share of discretionary expenditure reported in the last quarter of the financial year (Percentage)	55.00	55.00	55.00	51.00	49.00	48.00	48.00
Public access to key budget execution reports (Yes/No)	No	No	No	No	No	Yes	Yes
Public access to procurement contracts awarded (Percentage - Sub-Type: Supplemental)	0.00	0.00	60.00	70.00	90.00	90.00	90.00
Reduction in cost of collection of tax revenue in Excise Department (Percentage)	4.01	4.01	3.75	3.50	3.25	3.00	3.00
Reduction in cost of collection of taxes in Office of the Commissioner of Taxes (Percentage - Sub-Type: Breakdown)	1.27	1.27	1.27	1.00	0.90	0.80	0.80

Intermediate Results Indicators							
Indicator Name	Baseline	Cumulative Target Values					
		YR-1	YR-2	YR-3	YR-4	YR-5	End Target
Enhanced controls in budget execution and reporting (Text)	Processes for budget distribution, budget control, and bill submission by	Contract awarded by AS-CFMS for FMIS systems integrator.	Budget distribution module for HoD/BCOs to DDOs has been operationalized and integrated with	100% of transactions (other than exceptions notified in Government Order) of Public	Decision support system in FMIS has been implemented for the Finance Department.	At least 75% of the DDOs have submitted bills to the treasuries using the FMIS.	Budget distribution by HoDs and BCOs, budget control by the treasury, and bill

	the DDOs are manual; and no decision support system for Finance Department		FMIS treasury system by the Finance Department.	Works, and Forest Departments have been made through the FMIS treasury system by the Finance Department. Budget Manual and Finance Rules updated and notified.		Online submission of monthly accounts to AG	submission by the DDOs automated; decision support system for the Finance Department operationalized
Increased e-collection and e-payments (Text)	E-collection for Excise nil; for the CoT 35% by volume for VAT and nil for other taxes; and fragmented systems and low base of e-payments	E-collection portal developed and rolled out for excise and all non-GST taxes administered by CoT.	At least 70% of excise and non-GST tax administered by CoT collected through the e-collection portal; and at least 60% of the payments made by the treasuries have been done electronically using e-kuber.	At least 80% of excise and non-GST tax administered by CoT collected through the e-collection portal; and at least 70% of the payments made by the treasuries have been done electronically using e-kuber.	100% of excise and non-GST tax administered by CoT collected through the e-collection portal; and at least 80% of the payments made by the treasuries have been done electronically using e-kuber.	100% of excise and non-GST tax administered by CoT collected through the e-collection portal; and at least 90% of the payments made by the treasuries have been done electronically using e-kuber.	100% of excise and non-GST tax (administered by the CoT) collected electronically and at least 90% of payments made electronically by the treasuries
Enhanced capacity in Cash and Debt Management (Text)	Fragmented institutions for debt management; absence of active cash and debt management and cash-flow forecasting	Cash and Debt Management Unit established	Finance Department has prepared an annual borrowing calendar based on rolling monthly cash-flow forecasts (error margins on cash balance forecast not exceeding 20%)	An annual Debt Statistical Bulletin (with disclosure of direct liabilities and guarantees) has been published by the Finance Department	Finance Department has prepared an annual borrowing calendar based on rolling monthly cash-flow forecasts (error margins on cash balance forecast not exceeding 15%)	Finance Department has prepared an annual borrowing calendar based on rolling monthly cash-flow forecasts (error margins on cash balance forecast not exceeding 10%)	Cash and Debt Management Unit established; annual borrowing informed by realistic cash-flow forecasts; Debt Statistical Bulletin published
Enhanced public disclosure of	Limited budget disclosures	Budget disclosures made by Finance	Disclosures made by Finance	Budget disclosures made by Finance	Disclosures made by Finance	The Finance Department has	Enhanced budget disclosure to

budget information and citizen's engagement (Text)		Department include at least the following sections: (a) Budget at a glance; (b) Analytical Statement; (c) Transfer to Local Bodies; and (d) Action taken report on the budget of the previous year	Department complying with the requirements of the Assam's FRBM Act at least the following: (a) key fiscal indicators; (b) changes in accounting standards and policies affecting fiscal indicators; (c) guarantees and borrowings.	Department include at least the following: (a) object head wise expenditure; (b) outstanding liabilities; (c) salary details for government; (d) budgetary impact of major policy changes; and (e) procurement plan for 3 major spending departments	Department further complying with the requirements of the Assam's FRBM Act at least the following: (a) impact of supplementary demands for grants on fiscal indicators; (b) a statement containing the outcome of the review of trends in receipts, expenditure and fiscal indicator targets	provided public access to in-year Budget execution reports.	citizens, including compliance with the disclosure requirements of the Assam's FRBM Act
Strengthened public procurement framework and capacity building of officials (of which 5% are female) (Text)	Outdated procurement rules; no SBDs; and no system for public procurement training	Finance Department has notified and published the procurement rules and SBD in the Official Gazette of GOA	Procurement Reform Unit constituted and functional	500 officials trained in public procurement.	Additional 1,000 officials trained in public procurement.	Information on resolution of procurement grievances disclosed publically	Procurement rules and SBD notified and published; resolution of procurement grievances disclosed publically; enhanced procurement capacity of the GoA's officials (1500 officials)
Increased coverage of e-procurement (Text)	GO issued for mandatory E-procurement for procurement above Rs. 20 lacs E-procurement tender value in	50% increase in E-procurement tender value over baseline	10% increase in E-procurement tender value over previous year	GO issued lowering E-procurement threshold to Rs. 10 lacs (other than exceptions as notified in GO)	20% increase in E-procurement tender value over previous year	GO issued for lowering E-procurement threshold to Rs. 5 lacs (other than exceptions as notified in GO)	Enhanced coverage of e-procurement (250% increase over baseline)

	2015–2016 - INR 5,700 crores			20% increase in E-procurement tender value over previous year		20% increase in E-procurement tender value over previous year	
Increased human resource capacity in PFM of officials (of which 10% are female) (Text)	No formal training strategy and sporadic training on PFM	Training needs assessment completed.	PFM training methodology and content approved based on training strategy	500 officials in the finance cadre trained in PFM	Additional 750 officials in finance cadre trained in PFM	Additional 750 officials in finance cadre trained in PFM	Enhanced PFM capacity of the GoA's finance officials (2250 officials trained)
Enhanced services provided by Office of the Commissioner of Taxes using e-Governance (Text)	Fragmented and outdated IT applications; e-return filing at 15% for VAT; e-returns do not have in-built electronic scrutiny feature; and no e-governance solutions for non-GST state taxes	Contract for new IT application for CoT awarded by AS-CFMS.	CoT has operationalized utilities for e-returns and online scrutiny of returns for all non-GST state taxes in the new IT application.	CoT has operationalized the utilities for Invoice matching and ITC auto-population for VAT returns in the new IT application.	CoT has generated Tax arrears certificate for initiating tax arrears recovery online within 30 days of completion of assessment.	100% of Non GST tax returns for the previous year are filed electronically	Enhanced taxpayer services provided by CoT for returns, obligations, and communication
Strengthened institutional capacity in Office of the Commissioner of Taxes (Text)	Inadequate audit systems that is, lack of system-based audit selection and limited tax analytical capacity	Report on institutional assessment and capacity-building needs for the CoT completed Assam has issued GO mandating time bound completion of 90% assessment by year 1 and 100% by year 2.	Service taxation capability established	A functioning Tax Analytic Unit established	At least 60% of cases selected for audit completed	At least 80% of cases selected for audit completed	Core tax administration functions strengthened

Enhanced services provided by Excise Department using e-Governance (Text)	All procedures and processes are manual in the Excise Department; Excise revenue was INR 808 crore in 2015–2016	(i) Assam has notified the Excise Rules 2016 in the Official Gazette. (ii) Contract for e-governance solution for Excise Department has been awarded by AS-CFMS.	Excise Department has issued at least 10% of all transport permits (issued in the financial year) electronically.	Excise Department has issued at least 50% of all transport permits (issued in the financial year) electronically.	Excise Department has issued at least 80% of all transport permits (issued in the financial year) electronically.	The Excise Revenue Collection has increased by at least 80% over the revenue in financial year 2015-16.	E-governance solution operationalized in the Excise Department with (a) e-services to taxpayers and (b) MIS for monitoring and regulation; 80% increase in excise revenue over baseline
---	---	---	---	---	---	---	---

Indicator Description

Project Development Objective Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source/Methodology	Responsibility for Data Collection
Reduction in share of discretionary expenditure reported in the last quarter of the financial year	This indicator measures the share of discretionary expenditure that is, other than salaries and interest costs incurred and reported in the last quarter, as compared to the total discretionary expenditure for the financial year.	Annual	Reports from the treasury and AG Monthly Expenditure Reports	Finance Department (DoAT)
Public access to key budget execution reports	This indicator measures public access to budget execution reports. The budget execution reports will be available on the GoA's website	Annual from year 4	Monthly reports on budget execution from the FMIS	Finance Department
Public access to procurement contracts awarded	This indicator measures the percentage of contracts awarded, which are tendered using e-procurement, disclosed in public domain to total procurement carried out using e-procurement in a financial year	Annual	Procurement portal	Finance and IT Department
Reduction in cost of collection of tax revenue in Excise Department	This indicator measures the reduction in cost of collection of excise revenue (that is, revenue expenditure of the Excise Department to total excise revenue)	Annual	AFSs	Excise Department
Reduction in cost of collection of taxes in Office of the Commissioner of Taxes	This measures the reduction in cost of collection of taxes administered by the Office of the COT (that is, revenue expenditure of the COT to total revenue of the COT from all taxes, including state GST collection)	Annual	AFSs	Office of the COT
Intermediate Results Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Enhanced controls in budget execution and reporting	This indicator measures the use of IT-based controls for budget distribution, budget control, and bill submission.	Annual	Budget and FMIS	Finance Department - DoAT and budget branch

Increased e-collection and e-payments	This indicator measures the increase in e-collection of excise and non-GST tax revenues and increase in e-payments by the GoA.	Annual	Reports from e-collection portal and cyber treasury and e-payment application	Finance Department
Enhanced capacity in Cash and Debt Management	This indicator measures the institutionalization of system of cash flow forecasts within the GoA informing Government decision on the borrowing calendar.	Annual	Government order for establishment of Cash and Debt Management Unit; annual borrowing calendar; Debt Statistical Bulletin	Finance Department
Enhanced public disclosure of budget information and citizen's engagement	This indicator measures the improvement in the content and quality of presentation of budget information to citizens and available on the GoA's website including improved compliance with the disclosure requirements of Assam's FRBM Act.	Annual	Budget and FRBM documentation and disclosures on the Finance Department's website	Finance Department
Strengthened public procurement framework and capacity building of officials of which at least 5% are female	This indicator measures the strengthening of the procurement framework, enhanced capacity of officials dealing in public procurement, and institutionalization of a grievance redressal mechanism.	Annual	Gazette notification for procurement rules and SBDs; Government order notifying creation of procurement cell; data on number of officials trained and/or certified in procurement	Finance Department and procurement cell
Increased coverage of e-procurement	This indicator captures the increase in coverage of e-procurement by value.	Annual	Report from e-procurement portal	Finance Department
Increased human resource capacity in PFM of which at least 10% are female	This indicator measures the number of finance cadre officials trained in various aspects of PFM.	Annual	Development of training context and methodology; information on number of courses and number of officials trained	PMU of the AS-CFMS
Enhanced services provided by Office of the Commissioner of Taxes using e-Governance	This indicator measures the enhanced services provided to taxpayers by the CoT using e-governance.	Annual	Performance reports from the COT e-governance system	Office of the COT
Strengthened institutional capacity in Office of the Commissioner of Taxes	This indicator measures the institutional capacity enhancement of the CoT to deliver services to taxpayers and its readiness for GST.	Annual	Government orders notifying setting up of the functions. Periodic performance reports from the COT	Office of the COT
Enhanced services provided by Excise Department using e-Governance	This indicator measures the services provided by the Excise Department using e-governance and increase in excise revenue	Annual	Performance reports from excise e-governance system and reports from the treasury on revenue collection	Excise Department

Annex 5 - DLI Matrix

\$ million

DLI Indicators	Baseline	2017-18 (Year 1)		Year 2 March 31, 2019	Year 3 March 31, 2020	Year 4 March 31, 2021	Year 5 March 31, 2022
		August 31, 2017	March 31, 2018				
DLI #1: Enhanced controls in budget execution and reporting (US\$9 million)							
Enhanced controls in budget execution and reporting ²⁶	Processes of budget distribution, budget control, and bill submission by the DDOs are manual; no decision support system for Finance Department		Contract awarded by AS-CFMS for FMIS systems integrator.	Budget distribution module for HoD/BCO to DDO's operationalized and integrated with FMIS treasury system by the Finance Department.	100% of transactions * of Public Works and Forest Departments have been made through the FMIS treasury system by the Finance Department.	Decision support system in FMIS has been implemented for the Finance Department ²⁷ .	At least 75% of the DDOs have submitted bills online to the treasuries using the FMIS. [\$ 1.00 mn for achievement up to 75%; and \$ 0.125 mn for every additional 5% achievement over 75%]
DLI #1 Value	9.00		1.00	2.50	2.00	2.00	1.50
DLI #2: Enhanced transparency of key budget, financial, and procurement information (US\$4 million)							
Enhanced transparency of key budget, financial, and procurement information.	Limited budget disclosures; No public access to budget execution reports and procurement contract award; Absence of SBD		(i) Finance Department has notified and published the procurement rules and SBD in the Official Gazette of GoA – \$ 0.5 mn (ii) Budget disclosures made by Finance	The Finance Department has provided public access to information on at least 60%* of procurement contracts awarded within the financial year over the e-procurement threshold within 30 days of award	Budget disclosures made by Finance Department include at least the following: (a) object head wise expenditure; (b) outstanding liabilities; (c) salary details for government; (d) budgetary impact	The Finance Department has provided public access to information on at least 90%* of procurement contracts awarded within the financial year over the e-procurement	The Finance Department has provided public access to in-year Budget execution reports in user friendly formats.

²⁶ The reform actions will be supported by issue of GoA's orders with cut off dates, mandating use of IT modules such as Budget Preparation Module, recording/payment of transactions of works department through FMIS and online submission of bills by DDO's.

²⁷ Decision support system means a utility which links the budget execution module (core treasury payment system) and modules of budget preparation, RBI's Core Banking Solution (e-kuber), GoI's Public Financial Management System and pay-bill module. *It will also include operationalization of the Commitment Module in at least 3 departments.*

**Specific locations/entities facing connectivity problems or difficult terrain may be exempted as specified through separate GOA's orders.*

DLI Indicators	Baseline	2017-18 (Year 1)		Year 2 March 31, 2019	Year 3 March 31, 2020	Year 4 March 31, 2021	Year 5 March 31, 2022
		August 31, 2017	March 31, 2018				
			Department include at least the following sections: (a) Budget at a glance; (b) Analytical Statement; (c) Transfer to Local Bodies; and (d) Action taken report on the budget of the previous year - \$ 0.5 mn		of major policy changes and (e) procurement plan for 3 major spending departments.	threshold within 30 days of award	
DLI #2 Value	4.00		1.00	1.00	1.00	0.50	0.50
DLI #3: Increased e-collections and e-payments (US\$4 million)							
Increased e-collections and e-payments	E-collection for excise is nil; for the CoT 35% by volume for VAT and nil for other taxes; fragmented systems and low base of e-payments		E-Collection portal developed and rolled out for excise and all non-GST taxes administered by CoT.	(i) At least 70% of excise and non-GST tax (administered by the COT) collected through the e-Collection portal over specified threshold ²⁸ (\$ 0.50 mn); (ii) at least 60% payments made by the treasuries have been made electronically using e-kuber.	(i) At least 80% of excise and non-GST tax (administered by the COT) collected through the e-Collection portal over specified threshold ²⁹ (0.50 mn); (ii) at least 70% payments made by the treasuries have been made	(i) 100% of excise and non-GST tax (administered by the COT) collected through the e-Collection portal over specified threshold ³⁰ (0.50 mn); (ii) at least 80% payments made by the treasuries	

²⁸ This will be supported by issue of relevant GO's, at the appropriate time, by GoA mandating payment of all excise dues and non-GST tax through the e-collection portal, above a specified threshold.

²⁹ Same as note 26

³⁰ Same as note 26

DLI Indicators	Baseline	2017-18 (Year 1)		Year 2 March 31, 2019	Year 3 March 31, 2020	Year 4 March 31, 2021	Year 5 March 31, 2022
		August 31, 2017	March 31, 2018				
				(\$ 0.50 mn)	electronically using e-kuber. (\$ 0.50 mn)	have been made electronically using e-kuber (\$ 0.50 mn)	
DLI #3 Value	4.00		1.00	1.00	1.00	1.00	
DLI #4: Enhanced services provided by Office of the Commissioner of Taxes using e-Governance (US\$6.00 million)							
Enhanced services provided by Commissioner of Taxes using e-Governance	Fragmented and outdated IT applications; e-return filing at 15% for VAT; e-returns do not have in-built electronic scrutiny feature; and no e-governance solutions for non-GST State taxes	Contract for new IT application for CoT awarded by AS-CFMS		CoT has operationalized the utilities for e-returns and online scrutiny of returns for all non-GST state taxes in the new IT application	CoT has operationalized the utilities for Invoice matching and ITC auto-population for VAT returns in the new IT application	CoT has generated Tax arrears certificate for initiating tax arrears recovery online within 30 days of completion of assessment.	100% of Non GST tax returns for the previous year are filed electronically
DLI #4 Value	6.00	1.00		2.50	1.50	0.50	0.50
DLI #5: Enhanced services provided by Excise Department using e-Governance (US\$6.00 million)							
Enhanced services provided by Excise	All procedures and processes are manual in the Excise Department. Excise revenue INR 807 crore in 2015–2016	Assam has notified the Excise Rules 2016 in the Official Gazette	Contract for e-governance solution for Excise Department has been awarded by AS-CFMS	Excise Department has issued at least 10% of all transport permits [issued in the financial year] electronically	Excise Department has issued at least 50% of all transport permits [issued in the financial year] electronically	Excise Department has issued at least 80% of all transport permits [issued in the financial year] electronically [\$ 0.80 mn for achievement up to 80%; and \$ 0.05 mn for every additional 5% achievement over 80%]	The Excise Revenue Collection has increased by at least 80% over the revenue in financial year 2015-2016 [<i>\$ 0.40mn for achievement up to 80%; and \$ 0.025 mn for every additional 5% achievement over 80%</i>]

DLI Indicators	Baseline	2017-18 (Year 1)		Year 2 March 31, 2019	Year 3 March 31, 2020	Year 4 March 31, 2021	Year 5 March 31, 2022
		August 31, 2017	March 31, 2018				
Department using e-Governance ³¹							
DLI #5 Value	6.00	1.00	1.00	1.00	1.50	1.00	0.50
Total DLI Value	29.00	2.00	4.00	8.00	7.00	5.00	3.00

³¹ The e-governance solution will include work flow processes for issue of transport permits, excise licenses, registration of labels and scanning by use of Quick Response Codes and provide for service standards for delivery of services. It will be supported by issue of GoA's orders mandating on-line requests by licensee's and rendering of services on-line by the department in a phased manner.

Annex 6 - DLI Verification Protocol Table

#	DLI	Definition/Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
				Data Source/ Agency	Verification Agent	Procedure
1	Enhanced controls in budget execution and reporting	March 31, 2018 (Year 1) - Contract awarded by AS-CFMS for the FMIS systems integrator	No	AS-CFMS	Not Applicable	<ul style="list-style-type: none"> ▪ Copy of the contract signed with the systems integrator to be submitted to the World Bank
		March 31, 2019 (Year 2) - Budget distribution module for HoD/BCOs to DDO's operationalized and integrated with FMIS treasury system by the Finance Department	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> ▪ GO issued mandating use of budget distribution module in FMIS by HoD's and BCO's for allotment of budget to DDO's. ▪ The budget allotment module is integrated with treasury system evidenced by 'Go Live'³² certification.
		March 31, 2020 (Year 3) – 100% transactions of Public Works and Forest Departments have been made through the FMIS treasury system by the Finance Department.	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> ▪ GO issued mandating shifting of works transactions through the FMIS treasury system. ▪ 100% of transactions by Public Works, and Forest Departments are made through the FMIS treasury system for three consecutive months ▪ AG's has accepted to discontinue monthly submission of accounts for Public Works, and Forest Departments (that is, treasury monthly accounts include transactions of the above named departments).
		March 31, 2021 (Year 4) - Decision support system in FMIS has been implemented for the Finance Department.	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> ▪ Decision support system is operational and available up to the level of all Deputy Secretaries in the Finance Department, evidenced by real-time department/DDO-wise information on (a)

³² Go live' is the date as declared by the Finance Department on which the proposed solution becomes operational after successful conclusion of all acceptance tests to the satisfaction of the department in accordance with the system integrator contract.

#	DLI	Definition/Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
				Data Source/ Agency	Verification Agent	Procedure
						budget execution (budget, budget utilized and un-utilized budget); (b) bills pending for payment across all treasuries; (c) daily receipts and payments and (d) commitment information
		March 31, 2022 (Year 5) – At least 75% of the DDOs have submitted bills online to the treasuries using the FMIS.	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> ▪ GO has issued by GoA mandating online submission of bills by DDO’s from a specified date. ▪ Report generated by system log evidencing online submission of bills through the FMIS by the DDOs for the previous three consecutive months
2	Enhanced transparency of key budget, financial, and procurement information	March 31, 2018 (Year 1) - Finance Department has notified and published Procurement rules and SBDs in the Official Gazette. Budget disclosures made by Finance Department to include at least the following: (a) budget at a glance; (b) analytical statement; (c) transfer to local bodies; and (d) Action taken report on previous year budget.	No	Finance Department	Not Applicable	<ul style="list-style-type: none"> ▪ Procurement rules and SBDs³³ published in the GoA’s Official Gazette and hosted on the Finance Department’s website and shared with the World Bank ▪ Full budget hosted on the Finance Department’s website for year 2018–2019 including budget at a glance, analytical statement, transfer to local bodies, and action taken report on previous year’s budget ▪ Access to the budget documents is well indexed
		March 31, 2019 (Year 2) – Finance Department has provided public access to information on procurement contract awards for at least 60% of contracts over the e-procurement threshold within 30 days of award.	No	Finance Department	IVA	<ul style="list-style-type: none"> ▪ Information on contracts tendered and awarded generated from procurement portal system log for the last six months with classification of published/not published within 30 days of award of contract.

³³ One each for civil works, goods, and consulting services.

#	DLI	Definition/Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
				Data Source/ Agency	Verification Agent	Procedure
		March 31, 2020 (Year 3) - Budget disclosures made by Finance Department to further include the following: (a) object head-wise expenditure; (b) outstanding liabilities; (c) salary details for the Government; (d) budgetary impact of major policy changes and (e) procurement for 3 major spending department/ agencies.	No	Finance Department	Not Applicable	<ul style="list-style-type: none"> Following information made available for public access as part of budget documentation: (a) object head-wise expenditure; (b) outstanding liabilities³⁴ (c) salary details for the Government; (d) budgetary impact of major policy changes and (e) procurement plan for 3 major spending department/ agencies.
		March 31, 2021 (Year 4) – Finance Department has provided public access to information on procurement contract awards on at least 90% of contracts over the e-procurement threshold within 30 days of award.	No	Finance Department	IVA	<ul style="list-style-type: none"> Information on bids tendered and contract awarded generated from procurement portal system log for the last 12 months with classification of published/not published within 30 days of award of contract.
		March 31, 2022 (Year 5) – Finance Department has provided public access to in-year budget execution reports in user friendly formats.	No	Finance Department	IVA	<ul style="list-style-type: none"> Budget execution reports available for last six months (source of information is FMIS) within 30 days of the end of the month.
3	Increased e-collections and e-payments	March 31, 2018 (Year 1) - E-Collection portal developed and rolled out for excise and all non-GST taxes administered by the CoT	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> IVA to confirm functionality through system walk-through.
		March 31, 2019 (Year 2) – At least 70% of excise and non-GST tax (administered by the CoT) collected through e-Collection portal over specified threshold; at least 60%	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> GO issued mandating payment of excise and non-GST taxes through the e-collection portal above a specified threshold. Reports on e-collection and e-payment from the cyber treasury along with the

³⁴ Outstanding liabilities disclosure will include liabilities on major works, contracts and supplies for contracts exceeding INR 50 lakhs and arrears of grants payable to institutions in respect of (a) state matching share and (b) center share received by the state but not transferred to implementing agency as of end of immediate previous financial year.

#	DLI	Definition/Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
				Data Source/ Agency	Verification Agent	Procedure
		payments by the treasury made electronically using e-kuber.				treasury reports on total challans (for collections) and bills (for payments) for the last six months (by volume).
		March 31, 2020 (Year 3) –At least 80% of excise and non-GST tax (administered by the COT) collected through e-Collection portal over specified threshold; At least 70% payments by the treasury made electronically using e-kuber.	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> ▪ Reports on e-collection and e-payment from the cyber treasury along with the treasury reports on total challans (for collections) and bills (for payments) for the last six months (by volume).
		March 31, 2021 (Year 4) – 100% of excise and non-GST tax (administered by the COT) collected through e-Collection portal over specified threshold; at least 80% payments by the treasury made electronically using e-kuber.	No	Finance Department (DoAT)	IVA	<ul style="list-style-type: none"> ▪ Reports on e-collection and e-payment from the cyber treasury along with the treasury reports on total challans (for collections) and bills (for payments) for the last six months (by volume).
4	Enhanced services provided by Commissioner of Taxes using e-Governance	August 31, 2017- Contract for new IT application for CoT awarded by AS CFMS	No	AS-CFMS	Not Applicable	<ul style="list-style-type: none"> ▪ Copy of the contract signed with systems integrator to be submitted the World Bank.
		March 31, 2019 (Year 2) – CoT has operationalized the utilities for e-returns and online scrutiny of returns for all non-GST state taxes in the new IT application.	No	COT	IVA	<ul style="list-style-type: none"> ▪ System features facilitating e-returns and online scrutiny confirmed for VAT and online filing for non-VAT/non-GST taxes with reports for preceding quarter
		March 31, 2020 (Year 3) - CoT has operationalized the utilities for Invoice matching and ITC auto-population in VAT returns in the new IT application.	No	COT	IVA	<ul style="list-style-type: none"> ▪ IVA to confirm functionality through system walkthrough and sample check for auto-population ▪ System generated report on invoice matching

#	DLI	Definition/Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
				Data Source/ Agency	Verification Agent	Procedure
		March 31, 2021 (Year 4) CoT has generated Tax arrears certificate for initiating tax arrears recovery online within 30 days of completion of assessment.	No	COT	IVA	<ul style="list-style-type: none"> Government confirmation with statistics on numbers of tax arrears certificate generated confirmed by IVA within the specified time.
		March 31, 2022 (Year 5) – 100% of Non GST tax returns for the previous year are filed electronically	No	COT	IVA	<ul style="list-style-type: none"> GO has been issued by GoA for mandatory online filing of tax returns by all non-GST assesses. Department to provide statistics for online and physical filing of returns.
5	Enhanced services provided by Excise Department using e-Governance	August 31, 2017 Assam has notified the Excise Rules 2016 in the Official Gazette.	No	Excise Department	Not Applicable	<ul style="list-style-type: none"> Copy of Official Gazette notifying Excise Rules 2016 to be submitted to the World Bank.
		March 31, 2018 (Year 1) - Contract for e-governance solution for the Excise Department has been awarded by AS CFMS.	No	AS-CFMS	Not Applicable	<ul style="list-style-type: none"> Copy of the contract signed with systems integrator to be submitted the World Bank.
		March 31, 2019 (Year 2) – Excise Department has issued at least 10% of transport permits (issued in the financial year) electronically.	No	Excise Department	IVA	<ul style="list-style-type: none"> Data on online permits issued and total permits issued in previous year to be provided by the department and verified by the IVA.
		March 31, 2020 (Year 3) - Excise Department has issued at least 50% of transport permits (issued in the financial year) electronically	No	Excise Department	IVA	<ul style="list-style-type: none"> Data on online permits issued and total permits issued in previous year to be provided by the department and verified by the IVA. GO issued mandating electronic submission and issue of transport permits, renewal and issue of fresh licenses, registration of labels and quality inspection reports.

#	DLI	Definition/Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
				Data Source/ Agency	Verification Agent	Procedure
		March 31, 2021 (Year 4) - Excise Department has issued 80% of transport permits (issued in the financial year) electronically	No	Excise Department	IVA	<ul style="list-style-type: none"> ▪ Data on online permits issued and total permits issued in previous year to be provided by the department and verified by the IVA.
		March 31, 2022 (Year 5) – The Excise revenue collection has increased by at least 80% over the revenue in financial year 2015-2016.	No	DoAT	IVA	<ul style="list-style-type: none"> ▪ Report from DoAT on excise revenue details.

Annex 7 – Draft Terms of Reference

Annex 7(a) – Draft ToR for Cash and Debt Advisor (sub component 1.1)

OBJECTIVES OF THE ASSIGNMENT AND SCOPE

The key tasks and responsibilities of the Cash and Debt Advisor will be to support effective cash and debt management activities in GoA and set up the framework for the debt and cash management cell (DCM).

This will entail, among others,

- Support DCM in preparing a robust debt management strategy and annual borrowing plan based on the budgetary and macroeconomic forecasts for a forward looking 3 years.
- Support DCM in preparing timely auction calendars.
- Develop cash-flow forecasting model/technique keeping in view the structural and cyclical trends in GoA's revenue and expenditure patterns;
- Develop techniques to monitor cash balances to minimize the cost of carry.
- Undertake and teach DCM staff debt sustainability analysis and providing debt service estimates, with sensitivity analysis for budget preparation.
- Undertake and teach DCM staff credit risk assessment for loan guarantees and on-lending
- Along with relevant units, assisting in ensuring that the total debt database is well managed and monitored.
- Monitoring compliance with the FRBM targets.
- Supervise the drafting a 6-monthly debt statistical report/bulletin.
- Advise on management notes, analytical inputs for debt and cash management issues.
- Provide operational advice to GoA on effective cash and debt management.
- Work closely with LEAP, to integrate front and middle office functions for externally aided projects, with DCM
- Design and conduct trainings, workshops as may be required and mentor 2-3 dedicated staff to ensure takeover and continuity.
- Other tasks, relevant to debt and cash management advisory issues.

OUTPUT/ DELIVERABLES

- Assisting in setup of the DCM Cell
- Preparing Debt Management Strategy and Annual Borrowing Plan
- Timely Auction Calendars
- Develop Cash Flow forecasting model/technique
- Supervise the drafting a 6-monthly debt statistical report/bulletin.
- Training of staff.

REPORTING AND REVIEW

The Advisor-Debt & Cash Management will report to the Commissioner & Secretary (Budget/Economic Affairs)/Project Director, AS-CFMS.

EDUCATIONAL QUALIFICATION AND EXPERIENCE

This position requires dynamic, experienced and analytical professional with demonstrated experience of managing debt and cash management activities. The Consultant shall:

Essential Qualifications and Experience:

- Must be a retired officer of Reserve Bank of India not below the rank of Asst General Manager.

- At least Post Graduate in Economics/Finance/ related discipline from any Govt. recognized University with overall experience of at least 7 years.
- At least 03 (three) years experience in cash and debt management domains in the Reserve Bank of India (RBI) dealing with national and/or subnational cash and debt management issues.
- In-depth knowledge and understanding of national as well as subnational cash and debt management matters and procedures.
- Experience in offline and online applications using and working with advanced computer tools and application including customized software and applications for cash and debt management.
- Proficiency in working with computer based applications and customized software related with the cash and debt management.

Desirable Qualifications, Experience and Skill-set:

- Strong analytical skills, and the ability to synthesize complex concepts and to communicate them effectively.
- Ability to work effectively in teams as well as independently.
- Good communication and social skills.
- Demonstrated initiative, synthesis, and personal dynamism and self-motivated.
- Good documentation and drafting skills.

DURATION OF THE CONTRACT & REMUNERATION

The consultant is expected to work for a maximum about 175 (One hundred Seventy five) days onsite input between a period from 1st January 2017 to 31st December 2017, which may be further extended depending on the need of ASPIRe, based mutual agreement. The payment will be calculated on the basis of the actual number of days working for the project.

The consultant will be paid @ Indian Rs. 8,000/- per day. Travel expenses will be paid as per actual subject to caps provided in the contract agreement. (Reimbursable: Hotel 3000/- Per day @Guwahati, 2 return trip Round Air fare between Guwahati and place of residence @ Rs.14,000 (average) per return trip; per Deim: Rs 800 per day; Misc Expenses: Rs 10,000/-) Or Consolidated Package of Rs 1,25,000/- pm (ie 15L PA)+ Guest House Facility

FACILITATION BY AS-CFMS:

- The Consultant will have access to all the required documents, correspondence, and any other information associated with the project assignment and as deemed necessary.
- The Consultant will be provided office space in the PMU along with computer, printer, computer/office consumables, internet access, as determined by the Project Director.
- The Advisor will have to arrange his/her own conveyance facility for attending the PMU. However, for official travel within Guwahati city and for field visits (duly approved by the Project Director) conveyance facility may be provided, whenever available.

Annex 7(b) – Draft ToR for Data Analytics Consultants (sub component 1.1)

GoA plans to establish a Debt and Cash Management Cell (DCM) within the EAD, which consolidates the existing fragmented debt and cash management practices and enables effective practices. The DCM will be structured as: (i) Front & Middle office: which will have the overall responsibility of all GoA's borrowings and other debt management transactions in the market, build and maintain a relationship with market participants, preparation of the medium-term debt management strategy, preparation of the annual borrowing plan, preparation of the annual report on the debt management activities, operational risk management. LEAP should be integrated within this subsection. (ii) Back office: which will be responsible for all debt data recording and validations, recording of all loan guarantees, and debt servicing. (iii) Cash

Management subsection: which will be responsible for the GoA's cash flow forecasts, the preparation of a C&BP and the management of the cash balance in the most cost effective way.

In order to support the proposed analytics to be undertaken by this cell, GoA plans to hire 2 Data Analytics Consultants for a period of 3 years, with a possibility of need-based renewal of the contract. While both consultants will support all analytical functions of the DCM, 80 percent of the time of one consultant will be dedicated to the Front & Middle Office, while 80 percent of the other's time will be dedicated to the Cash Management subsection.

Objectives of the assignment and scope

The key tasks and responsibilities of the Data Analytics Consultants will be to support all analytical activities of the Debt and Cash Management Cell, under the guidance of technical Advisor, particularly those undertaken by the Front & Middle Office and the Cash Management Subsection. This will entail, amongst others:

- Under the guidance of the Advisor, develop all excel functions for models of Debt Management Strategy, Debt Sustainability Analysis, Cash flow forecasting and Cash and Borrowing Plans.
- Undertake all background analytics necessary for developing analytical excel models
- Support regular monitoring and recording of debt related data and cash flows in CS-DRMS and excels.
- Develop and update graphs and summary tables to enable monitoring of debt and cash key indicators.
- Maintain and update the excel database required to publish half-yearly debt statistical bulletins
- Provide on-the-job training to junior staff of DCM (RO, etc) on the development and use of analytical excel tools and models for cash and debt management
- Respond to any ad hoc data/analytical queries related to cash and debt management of GoA
- Other tasks, relevant to debt and cash management analytical issues.

Outputs

- Fully functioning excel based analytical tools for GoA for:
 1. Debt Management Strategy,
 2. Debt Sustainability Analysis,
 3. Cash flow forecasting,
 4. Cash and Borrowing Plans
- Support the preparation of half-yearly debt statistical bulletins
- Tables and graphs for monitoring key debt and cash flow indicators
- Training junior staff with excel functionalities

Reporting and Review

The consultants will report first to the subsections heads of the Front & Middle office, Cash Management Subsections; and be finally accountable to the Advisor and Finance Commissioner

Educational Qualification and Experience

- At least Post Graduate in Economics/Finance/ related discipline from any Govt. recognized University.
- Experience of minimum 2 years in data analytics preferred
- Good understanding and knowledge of public finances and debt dynamics
- Experience in offline and online applications using and working with advanced computer tools and application
- Proficiency in working with computer based applications and customized statistical software

Desirable Qualifications, Experience and skill-set

- Strong data analytical skills.

- Ability to work effectively in teams as well as independently.
- Good communication and social skills.
- Demonstrated initiative, synthesis, and personal dynamism and self-motivated.
- Good documentation and drafting skills.

Duration of Contract & Remuneration

The Consultants are expected to work for a minimum of 3 years with DCM, which may be further extended depending on the need of ASPIRe, based on mutual agreement. Remuneration will be competitive based on local market rates.

Background

Public Procurement is by and large a fundamental and functional component in Public Administration that plays pivotal role in discharging obligations of national/ State interest. It is complex, multi-dimensional and highly professional process that demands qualified, well-trained and skilled personnel.

Government agencies across the country are the largest purchasers of goods, works and services in the country. Public procurement expenditure of the government agencies (Central and State government) in India has almost tripled in the last decade from USD 100 billion to USD 300 billion (approx) and roughly accounts for about 20% of the country's GDP annually. There are ministries in the Government of India where approximately half of the total budget is spent on public procurement alone. Although India has approximately 35 different ministries at the central level alone, there is no central law governing procurement in the country.

A typical State government in India spends about INR 30,000 crore, of which a major portion of the expenditure is on developmental schemes and projects accounting for a major proportion of the state exchequer.

The Government of Assam, one of the few states has initiated reforms in the realm of public procurement. It is working towards developing a Public Procurement policy and legislation and Standard Bidding Documents (SBD) to bring about efficiency, economy and transparency in functioning.

Currently the public procurement of goods, works and services in the departments of the Government is being done in accordance with the provisions of General Financial and Accounts Rules (GF&AR), Public Works Financial and Accounts Rules (PWF&AR), treasury Rules, etc. which were in the form of executive orders of the Governor of Assam. The Public Sector Enterprises, boards, institutions, societies, and other organizations of the State have been either following the GF&AR and PWF&AR or have framed their own rules and methods of procurement. The Government and all agencies recognizes that public expenditure is a vital tool, if used effectively and can be used to drive the economy in a specific direction and achieve the desired growth objectives.

Even with the legal framework in place to provide guidance to the government agencies, the state will face challenges of poor execution of these guidelines by the procurement workforces, due to the poor understanding and no systematic and sustained training. In view of the above, it is extremely necessary to impart training to the procuring entities and the personnel of procuring entities involved in procurement, as also the community of supplies and contractors throughout the State in the new methods and procedures.

One of the main issues in India and the state is that unfortunately, Public Procurement has not been considered a specialized profession within the close quarter of large Public sector and the outcome of this is principally tri-fold as:

- Lack of required qualification and systematic training mechanism for officials engaged in procurement process.
- Lack in procurement planning and sharp missing links between organizational budgets and procurement plans
- Spot procurements, expediencies and urgencies; especially concerning large projects, results in inefficiencies and wastage of public funds.

However, the state envisages the requirement of professional standards, training and certification for the officials dealing with procurement. Increasing the effectiveness of the use of public funds, requires that procurement workforces are adequately trained and the public procurement system with certain minimum standards is in place.

Objective

Through this assignment, the primary objective is to assess the public procurement workforce who is primarily responsible for execution of the actual procurement at different levels of the government. This information will help in taking decision and developing a strategic capacity building interventions required to strengthen the public procurement system in the state and in the medium to long term meet the objective of having a minimum standards and certification.

The study of the work force would look into the Gaps and come up with a detailed assessment of training needs and develop a comprehensive training strategy to build capacity / professionalize the procurement function in Assam.

The overall study will comprise of the following two major tasks. The two tasks are interrelated as the output of the Training Needs Assessment is the input for formulation of the Public Procurement Training Strategy.

Task 1: Training Needs Assessment

Conducting an exhaustive Training Needs Assessment (TNA) for Officials engaged in public procurement at all levels in the state of Assam.

The purpose of the TNA is to assess the overall training needs with respect to procurement based on the needs and requirement of the prescribed procedures. The three main objectives of conducting this TNA need to be:

- Estimate the number of government officers and staff engaged in the public procurement process, categorize them based on their roles and responsibilities in the procurement process.
- Identification of training needs of each procurement category

A detailed TNA study was to be conducted keeping in view of the above-mentioned three objectives. The outcomes and recommendations proposed as an outcome of this analysis have shaped the Training Strategy

Activities: The activities for the study will include identification of departments, various types and categories of organizations where the focus of this sample based study shall be set and selecting respondents for detailed investigation.

Since, procurement is decentralized and unstructured; it is highly unlikely that the procurement workforce related information can be obtained through secondary research and hence a lot of reliance will be based on primary research. Prior experience, however, suggests that secondary research will provide information related to agencies, their organization structure, functions etc. but not specific information related to procurement workforce.

The assessment will be carried out based on a sample selection of mix of entities such as departments it's attached or subordinate office; State Public Sector Enterprise, board or corporation or authority or society or trust or autonomous body (by whatever name called) established or constituted by an Act of the State

Legislature or a body owned will be short-listed based on their procurement value, volume and complexity.

Sample size for the study will be respondents covering the departments, entities identified. Out of this, study shall interview around respondents at state level, at sample district level and at the sub district level.

Team shall circulate questionnaire to the remaining workforce (..... respondents) and will follow up with the concerned agency to get the responses on a best effort basis.

District level offices for the selected agencies at State level may be chosen for study. These district level offices for the selected agencies to be covered would be the ones located at the State Capital or a district close to the capital city. For extrapolation of the information, study will use the information available in the public domain. Study will post the questionnaire at the state procurement portal, relevant websites where in officials will have option to submit the responses online.

Output: Based on the data collected and analyzed, a detailed report will be prepared on profiles of different categories and strata of staff involved in public procurement. The focus will be to carry out a descriptive statistical analysis on the procurement workforce and derive inferences which will form an important input for the task 2. On completion of work the report would include not only the specific information asked but also the data and discussions of findings related to procurement workforce, the capacity of the workforce and necessary recommendations for addressing critical weaknesses.

The scope of the TNA involves estimation of number of procurement officers/staff both at state, district and sub district levels. It also covers assessment of the different levels of government officials and the training needs for each level.

Task 2: Training Strategy:

Subsequent to the task carried out under (A) above, based on the results, its analysis the consultant needs to develop a comprehensive Training Strategy for capacity building including the development of modules and the needs to be formulated.

The public procurement strategy has set down **three major strategic actions** to professionalize the procurement function.

1. Training of existing government officials engaged in procurement process.
2. Developing a mechanism for newly recruited government officials and having an ongoing system of procurement training.

In the medium to long term, incorporating public procurement modules in academic institutions for the continuous availability of trained man-power on public procurement.

Duration of Consultancy:

Task A should be completed in Six months effective from the contract signing date. Any change in the period of assignment will only be made after mutual review by both the parties.

Task B: 9 months from the acceptance of the report on Task A

Team Composition:

Key professional staff qualifications and experience:

- Team Leader (minimum 10 years of experience)
- Strategic Planning Expert / Specialist (minimum 8 years of experience)
- Curriculum Development Specialist (minimum 5 years of experience)
- Training Methodology Specialist (minimum 5 years of experience)
- Social Researchers for training needs assessment, pre testing, post intervention assessment (minimum 8 years of experience)

Annex 7(d) - Draft ToR for Capacity Building of Finance and Excise Departments – Training Needs Assessment (TNA) and development of Training Strategy and Training Material for the Finance and Excise Departments (sub component 1.5)

Background

The Government of Assam (GoA) is taking up the Assam State Public Finance and Institutional Reforms (ASPIRe) Project with financing from the World Bank. The overall objective of the project is to improve public expenditure management and tax administrative in the state. Accordingly, as part of the project, GoA is keen to strengthen the capacities of its staff in the Finance and Excise departments. The training and upskilling will include basic computing skills, hands-on usage of various IT systems implemented in the state and function-specific subject matter trainings.

The Finance Department, GoA is responsible for overall fiscal and financial management of the state and is divided into 12 divisions. The roles and functions of the Finance Department are laid down in Rule 33 of the Assam Rules of Executive Business, 1968. The Directorate of Accounts and Treasury (DoAT), also under the Finance Department is responsible for all treasury operations, i.e. exercising control over budget execution- payments and receipts, stamps management, monthly financial reporting to the AG (A&E) etc. There are 60 treasuries/sub-treasuries, connected to the central server located at the server room in the DoAT with approximately 6500 DDO's who submit bills to the treasuries/ sub treasuries. The operations of DoAT are automated to an extent, with a functioning Computerised Treasury Management Information System (CTMIS) application developed in 2005, which is now 10 years old and is being upgraded by an in house team. These are discussed in detail in Attachment A to the ToR.

The Excise Department, GoA implements the state's excise policy, regulates out of state import and supply of liquor and other notified intoxicants within the state. The Excise Department of Assam regulates 1 Distillery, 84 Bonded Warehouses, 18 Bottling Plants and approximately 2100 retailers for the sale of IMFL and 178 functional vends for country liquor. The Department's revenue is of the order of Rs. 665 crore (financial year 2014-15). Assam is also the only transit route for liquor transport to other north-eastern states. Currently, the Department operates on manual processes (with no computerization at the moment) to regulate the manufacture, stocking, transport and sale of liquor and faces governance challenges due to the rising sales and transport of liquor in and through the state. GoA is working towards putting in place a comprehensive e-governance system in the department to improve the interaction with stakeholders and management and regulation of this growing sector.

Rapid changes in the PFM environment in the state due to computerization of operations in both the departments – Finance and Excise - will need to be accompanied with enhancing the skills of the government human resources. Further significant changes are on the anvil including online submission of bills by the Drawing and Disbursing Officers (DDOs) most of whom presently have no exposure to a computerized application. Over the medium term, GoA plans to shift works transactions from the present Letter of Credit (LoC) System to the envisaged treasury application and produce full set of state accounts for electronic submission to the Accountant General. These activities entail extensive training requirements of DDOs and other departmental staff in finance and excise functions, and additionally tune them to the computerized environment. GoA has a training institute – Assam Administrative Staff College - but it does not have the capacity to train a cater to the department's specific training needs.

Capacity Building of all the stake-holders will be a core intervention under the Project which will secure sustainability of the reforms undertaken and planned by GoA. As part of the capacity building intervention, the following training areas are suggested for both the departments:

- A. Training for Finance Department officials including DoAT (Drawing and Disbursing Officers (DDO) and other staff across all state government departments); this includes officials in the

Finance Department from various services – Assam Finance Services, Assam Audit Services, Assam Accounts Services and Assam Economic Services) on:

- i. basic computing and IT skills
- ii. effective usage of software/ applications
- iii. subject matter training specifically for officials performing a functional role

B. Training for Excise Department officials on:

- i. basic computing and IT skills
- ii. effective usage of software/ applications
- iii. subject matter training specifically for officials performing a functional role

(More training areas are likely to be added as the project progresses).

In this background, GoA is looking to engage a consultancy firm for conducting a Training Needs Analysis, preparing a Training Strategy and developing training modules for the staff in two departments – Finance and Excise.

Objective of the Assignment

The objective of the assignment is to augment the capacity of the GoA officials in the Finance and Excise departments – enhancing their understanding of the specific subject matter as well the effective and efficient use of applications/ e-governance systems. This will ultimately result in improved service delivery and enhance the PFM control environment in the state. This will be achieved through conducting a series of training programmes to a large number of government personnel on various identified topics.

Detailed Scope of Work

Training Needs Analysis

- Develop the approach and methodology for conducting a Training Needs Analysis (TNA) including the sample size, survey methods to be used and targeted officials, and agree with GoA.
- Conduct a detailed TNA to assess the level of desired capacity and existing capacity, particularly focusing on technical and functional capacities required to perform the PFM functions in light of the recent reforms including extensive computerization across various functions, including the effective use of the e-applications.
- The assessment will cover GoA staff in Finance and Excise Departments at all levels. The following are suggestive areas that can be covered:
 - a) Basic computing and IT skills
 - b) Financial Rules and Treasury Rules of GoA/ latest rules and regulations
 - c) Updated Excise Policy for the state/ latest rules and regulations
 - d) Procedures and processes for effective use of e-applications across the departments - including but not limited to the Treasury system, Paybill modules, PFMS, e-Kuber (in Finance Department) and the e-governance system proposed in Excise Department.
 - e) General PFM including internal controls
- The methodology to conduct the TNA will include (but not limited to):
 - Interviews of key stakeholders
 - Discussions with staff including focused groups on their perspectives on strengths, weakness, desired skills and capacity gaps

- Capacity assessment and training needs questionnaire - A self-reflection of a cross-section of GoA staff and other key stakeholders on desired capacity and capacity needs
- Mapping of available training institutes in the region and assessment of their capacity in terms of faculty and infrastructure for handling large-scale training
- Workshop/s to do a SWOT analysis and validate the findings and discuss the proposed training plan to ensure ownership and mainstreaming of the Training Plan
- The formats of the questionnaire, the sample size, departments to be covered and structure of the workshop must be decided in consultation with GoA.

Training Strategy

- Based on the above, develop a comprehensive Training Strategy including the areas for training, the trainees targeted, suggested pedagogy, materials to be developed, time lines and phasing, refresher training etc. This should also suggest to GoA the outline of a medium-long term training plan to establish a permanent system of training in these vital areas.
- The strategy should provide methodology for disseminating the trainings, options for conducting trainings through a partner or Master Trainers etc, suggesting the training session curriculum, provision for refresher training, specialized training options etc.

Preparation of training modules

- Design training modules addressing the needs of the TNA and in accordance with the training strategy.
- Prepare training materials for modules consisting of reading material, exercises and case studies, trainer presentations and so on.
- Obtain comments from key stakeholders and finalize the training material incorporating comments received.
- Convert the training materials into interactive study modules in a MOOC (Massive Open Online Course) easily accessible by government officials at their workstations.
- Conduct pilot trainings, at least one in each of the identified areas, and fine-tune the training methodology, materials and MOOC.

Training material will be prepared in English and upon finalization, translated to Assamese. Specific topics for training will vary and will emerge as the project progresses.

Deliverable, Timelines and Payment Terms

The assignment will run concurrently for both the departments. Separate reports will be required to be submitted by the consultant for each department as per the following indicative timelines. The payment terms are also defined below:

Deliverable	Timeline (from commencement)	Payment (%age for each module as per contracted per module rate)
Inception Report including methodology for the TNA	T+2 weeks	10%
Report on Training Needs Analysis	T+6 weeks	20%
Training Strategy	T+9 weeks	15%
Draft training materials	T+17 weeks	30%
Development of MOOC platform	T+21 weeks	15%
Final training material (English and Assamese) and MOOC after pilot training	T+24 weeks	10%

Requirement of Key Personnel

	Position	Qualification	Experience
1	Team Leader	Post-graduate or MBA from a reputed business school or similar qualification	At least 10 (ten) years of overall experience with 05 (five) years experience in TNA and development of training strategy and modules and has worked in at least one similar assignment in government. Knowledge and understanding of PFM architecture at the sub-national level in India. Experience in using internet based applications, using and working with advanced word processing/spreadsheet including MS Word, MS Excel and MS Power Point and other related applications. Good command over English and Hindi. Knowledge of Assamese will be an asset.
2	Domain Expert – Treasury and Finance function	Former government official from state finance/treasury services or equivalent, not below the equivalent rank of treasury officer OR Post Graduate in Economics/ Finance/ Management or CA	Sound knowledge of PFM architecture in India and its institutional & accounting practices with at least 8 years experience in Government Accounting/ Treasury operations.
3	Domain Expert – Excise function	Former government official from excise department (central or sub national level) OR Post Graduate in Economics/ Finance/ Management or CA	At least 8 years of relevant work experience of which a minimum 3 years' experience in providing consultancy on tax/Excise administration and related e-governance.
4	Training Expert	Post-graduate or MBA from a reputed business school or similar qualification	At least 8 years of experience in developing training materials and delivering trainings. Experience with government officials and staff at various levels is preferable.
5	IT and/or MOOC Expert	Graduate in Computer Science or Electronics/ MCA or equivalent	At least 5 (five) years of experience in working on interactive web-based knowledge management/ learning applications. Experience in translating traditional teaching methods to interactive learning (for MOOC) is a must.

Language requirement - Good command over English and Hindi. Knowledge of Assamese will be an asset.

Client's Input and Counterpart Personnel: The following services, facilities and property to be made available to the Consultant by the Client (GoA):

- a) Arrange required permissions for visits and arrange to provide all the necessary documents and any other items as required for the study.
- b) Office space and conference facilities for consultant's team with facilities for printer, scanner etc.
- c) Counterpart personnel to be assigned by the Client to the Consultant's team including:
- d) The assignment will be administratively coordinated by the Project Director, AS-CFMS.

Attachment A: Overview of Finance and Excise Departments

FINANCE DEPARTMENT

The main functions of the department are preparation of budget and statement of estimated revenues and expenditure to be laid down before the State Legislature; framing of rules regulating the pay, leave of person in service of the state Government and rules regulating the number, grading or cadre emolument of posts; laying down of rules relating to advances made to the Government servants for purchase or construction of houses etc; Examination of the proposals for increase or reduction of taxes ; state borrowing and provision of Government Guarantees against loans raised by PSUs and other Co-operative entities , laying down of appropriate financial rules for guidance of other Co-operative entities, laying down of appropriate financial rules for guidance of other department that are responsible for maintenance of proper accounts and action to enforce accountability on such matters ; preparation of estimates of receipts and disbursements and keeping watch on State Government fiscal balances, ways and means operations etc.

The finance departments is organized under the following departments:

- Finance (Establishment) Departments
- Finance (Expenditure Control) Departments
- Finance (Audit & Fund) Department
- Finance (Budget) Department
- Finance (Economic Affairs) Department
- Finance (Taxation) Department
- Finance (Pay Research Unit) Department
- Finance (Staff Inspection Unit) Department
- Institutional Finance Department

The Directorate of Accounts and Treasury (DoAT), also under the Finance Department is responsible for all treasury functions. The operations of DoAT are automated to an extent, with a functioning Computerised Treasury Management Information System (CTMIS) application developed in 2005, which is now 10 years old and is being upgraded by an in house team. CTMIS system's development, deployment & upgradation has been in a phased manner over the last 10 years. Around the core CTMIS, various other modules were sought to be developed over the last 4-5 years i.e Budget Preparation Module, HRMIS, Cash & Debt Management Module, procurement & commitment control module and interfacing with CTMIS in order to graduate to an Integrated Government Financial Management Information System- (IGFMIS). Due to various reasons these were not fully implemented or rolled out, leaving only the core CTMIS as the operational module which has meant continued dependence on largely manual procedures and control processes in (a) budget preparation & budget allotment processes by Finance & Line Departments; (b) budget control & cash control ceiling by the treasuries; (c) submission of bills by DDO's to the treasury for payment; and (d) physical transfer of bills and manual scrolls between the treasury and banks. The network connectivity across various offices and locations is a major restricting factor in spreading the use of CTMIS in a real-time environment. These offices are connected through a combination of VSAT, leased lines and ASWAN, but the uptime of connectivity is below satisfactory level. Similarly, the State Data Centre is still not operational.

EXCISE DEPARTMENT

The Excise Department regulates manufacture, import and supply of liquor, intoxicants and narcotics (for medicinal purposes). The Department grants Licenses for distilling and bottling of IMFL, Beer and other spirits in Assam and the stocking and sale of IMFL, Beer and other spirits for human consumption. Apart

from this the Department grants licenses for wholesale and retail trade of IMFL & Beer. Besides, Licenses for the consumption of liquor 'on-site' premises like hotels, restaurants and clubs are also granted by the Department. The main functions of the department include the following:

1. Administration of Assam Excise Act, 1910 and the Rules made there under.
2. Preparation. Enforcement and Monitoring of Excise Policy matters.
3. Collection of Excise levies on liquor including dues.
4. Issue of Licenses to production of Spirit and Liquor, to Breweries for production of Beer other alcohol based produces.
5. Issue of Licenses for bottling of Wine, Beer and Indian Made Foreign Liquor (IMFL).
6. Issue of Licenses for wholesale & retail distribution of Liquor, Wine, Beer and other intoxicants.
7. Renewal of aforementioned licenses.
8. Endorsement of licenses, Issue of duplicate licenses, Cancellation / suspension / and surrender of licenses.
9. Facilitating Brand Registration by various Companies, Approval of Label.
10. Fixation of MRP of the excisable items
11. Testing of Samples.
12. Regulate through proper issue of permits and passes, transport of IMFL in and through Assam.
13. Collection of Intelligence regarding the offences under various laws administered by the Excise Department.
14. To conduct intensive raids, detect cases and prompt actions on complaints.
15. Speedy actions on cases registered.
16. To provide training to excise personnel and strengthening preventive machinery of the department.
17. To conduct campaign against drug abuse and alcoholism through State Anti Drug and Prohibition Council.

Currently, the Department operates on manual processes and is working towards putting in place a comprehensive e-governance system in the department to improve the interaction with stakeholders and management and regulation of this growing sector. Further, it intends to strengthen its IT infrastructure in the key offices of the Department and Checkposts, integrate mobile technologies for field functionaries, create a work-flow system, a web enabled stakeholder interface and an e-enabled payment and returns filing system interfaced with the state's treasury system with the following expected outcomes:

1. Online availability of information about supply, distribution, storage, movement and sale of liquor along with information relating to the support activities such as licensing, regulation, finance and grievances.
2. System-based assessment of Excise duty to be paid thus reducing individual interference including removal of scope of human error.
3. Payment of Excise duty, license fees and other fees and fines in real time through e-payment and effective interface with Banking and Treasury systems resulting in elimination of manual excise related revenue collection.
4. Outline MIS system for prompt and efficient decision making.
5. Better monitoring and regulation of production, transport, stocking and sale of raw material and processed liquor.
6. Improved enforcement results including legal management.

Background:

The Government of Assam (GoA) has received funding from the World Bank to support the Assam Public Finance Institutional Reform (ASPIRe), and intends to apply part of the proceeds for consultancy services for independent verification of results under the project. The Project Development Objective (PDO) is: “to contribute to improvement in predictability and transparency in budget execution and efficiency in tax administration in Assam.”

The Project is an Investment Project Financing (IPF) of US\$ 35 million with a combination of technical assistance and results-based financing from the World Bank (IBRD). The project supports GoA’s on-going reform initiatives to strengthen PFM systems and focus on priority areas identified by the government. These will include strengthening PFM institutions, systems and capacity in the finance and line departments and developing/ modernizing information systems for better management of expenditure and reporting. The state is also keen to enhance its OSR through a combination of policy measures³⁵, improving efficiency of tax administration in key revenue generating departments (commercial taxes and excise) by strengthening institutional capacities and enhancing e-services for taxpayers to facilitate better compliance. Components 1 and 3 use regular IPF financing of activities under technical assistance, while Component 2, will involve a mix of IPF financing of technical assistance inputs and results based financing.

The Project consists of three components. *Component 1: Strengthening Public Finance Institutional Capacity* will finance activities to strengthen selected PFM institutions and functions in the state. This will include institutional assessment and strengthening, capacity building and analytical studies; *Component 2: Strengthening Expenditure and Revenue Information Systems* consists of two complementary sub-components – Technical Assistance and Results Based Financing using Disbursement Linked Indicators (DLI); and *Component 3: Project Management*.

In order to provide evidence of continued progress towards the PDO as well as achievement of intermediate outcomes, GoA and the Bank have agreed on a set of Disbursement-Linked Indicators (DLIs). Achievement of DLIs triggers Bank disbursements to GoA. GoA and the Bank have agreed on a set of 5 DLIs (refer loan agreement/PAD). The choice of DLIs was such that the DLIs indicate progress towards achievement of the PDO. DLIs were selected based on the following factors: (i) whether the DLI signals a critical action in the achievement of the PDO; (ii) need for a financial incentive to achieve the linked result; (iii) practical aspects of verifying achievement; and (iv) GoA's capacity to achieve the results in the Program implementation period.

³⁵ The state has commissioned a parallel study by NIPFP to identify measures related to policy and procedures to enhance states OSR.

Objectives of the Assignment

The objectives of this consultancy are to: (i) Carry out an independent verification of achievement of the DLRs reported by GoA for each disbursement claim under the project, based on the Verification Protocol agreed between GoA and the World Bank; and (ii) Prepare and submit comprehensive verification reports to GoA, for DLI achievement for each disbursement claim prepared by GoA, in the form and substance acceptable to GoA and the World Bank.

Scope of Services

The IVA will verify periodically, through paper and physical inspection to confirm the accuracy and quality of results and eligible disbursement amounts claimed by GoA in its documentation supporting each disbursement claim. In accordance with good audit practice, verification will take place against a sampling framework and frequency, described in detail in the Verification Protocol.

The tasks of the IVA will include, but not necessarily be limited to, the following:

- a) Develop and furnish to GoA an Inception report in 2 (two) Parts. Part 1 will cover templates in which it seeks input data from GoA that is to be verified. Part 2 will contain its own Verification Plan for each DLI. Verification Plan will include detailed work plan and verification arrangements proposed by IVA for each Disbursement Linked Indicator that would be submitted by GoA with each disbursement claim for verification. This will cover IVA's team composition, names of sites and offices that would be visited, agreed number of days and dates for each visit, what field survey will be carried out by the IVA, what coordination and logistics arrangements are needed and most importantly output formats for each site visit that will go into the IVA's Verification Report. IVA will seek GoA approval of such Verification Plan included in the Inception Report.
- b) Prepare and seek approval of an updated Detailed Verification Plan for each DLI that is specific to each disbursement claim that would be received from GoA from time to time, prior to commencing verification process.
- c) Verify achievement of each of the agreed DLIs.
- d) Submit Verification Reports to GoA immediately following verification in the form and substance acceptable to GoA.
- e) Verify the calculation of the amount to be disbursed against each verified DLI based on a disbursement formula/ modalities agreed between GoA and the World Bank.
- f) Submit 'Assignment Completion Report' containing summary of work done and suggestions for strengthening the verification protocol and process for future use by GoA.

Approach and Methodology Suggested

For verification of each disbursement claim and each DLI, the IVA will be required to complete:

- a) Desk based review of all relevant Program monitoring reports provided by GoA.
- b) Inspection and verification (on-site) of the primary data and evidence provided by the relevant implementing departments on a random sample basis. Conducting interviews and discussions with stakeholders, where necessary.
- c) Verification of the calculations of the amount eligible for disbursement against each DLI claimed in each disbursement claim prepared by GoA.

The basis for the work of the IVA shall be:

- a) The Results Framework and DLI matrix

- b) The Verification Protocol agreed between GoA and the Bank and the Verification Plan that will be prepared by IVA for each DLI under each disbursement claim
- c) The Program Appraisal document, Program Implementation Plan
- d) Program Monitoring Reports
- e) Any contracts entered between the implementing departments and third parties
- f) Physical on-site verification, interviews and discussions with stakeholders
- g) Other relevant documents such as test reports, audit reports, compliance reports provided by GoA from time to time

Sequence of activities

Following will be sequence of activities for verification of each DLI:

- a). As soon as the DLI is achieved, GoA alerts IVA about the upcoming disbursement and DLI achievement claim being finalized by GoA.
- b). Within 1 week of (a) above, IVA readies its verification team and seeks GoA approval of the team composition. GoA furnishes the disbursement and DLI achievement claim with supporting documentation to IVA.
- c). Within 1 week of (b) above, IVA prepares a detailed Verification Plan for the said disbursement and DLR achievement claim, discusses with GoA and obtains GoA’s approval.
- d). Within 4 weeks of (c) above, IVA submits its draft Verification Report to GoA.
- e). Within 2 weeks of (d) above, GoA either accepts the Verification Report or requests IVA for re-verification of certain parts or all of the report findings. The Bank may also, after detailed discussions with GoA ask for re-verification of certain parts or all of the report findings.
- f). Within 2 weeks of (e) above and if requested by the GoA, IVA submits a re-verification report to GoA without any extra cost.
- g). Within 2 weeks of acceptance of IVA’s verification reports under (e) or (f) above, GoA releases consultant’s payment, and also submits the disbursement claim to the World Bank.

Activity	Resp	Weeks											
		1	2	3	4	5	6	7	8	9	10	11	12
Intimation of DLR achievement	GoA												
Constitute verification team and seek approval	IVA	✓											
Furnish documentation to IVA for verification	GoA	✓											
Obtain approval of Verification Plan	IVA		✓										
Submission of Draft Verification Report	IVA						✓						
Review of Verification Report – acceptance or re-verification requested	GoA								✓				
Submit Re-verification Report	IVA										✓		

Activity	Resp	Weeks											
		1	2	3	4	5	6	7	8	9	10	11	12
Acceptance of Verification Reports	GoA												✓

Consultants' Outputs and Schedules

The IVA shall submit the following deliverables:

Sl. No.	Output	Schedule for completion
1	An Inception Report	Within 6 weeks from the date of signing the Contract
2	Verification Plan and Draft Verification Report and Final Verification Report	Periodically as would be advised by GoA
3	Assignment Completion Report	Within 2 weeks of close of the assignment

Consultant's Inputs and Resources required

The assignment requires a firm or consortium with skills and experience in implementing or evaluating PFM reforms in India with particular focus on Treasury and Taxation reforms, IT-enabled PFM service delivery, and PFM training.

CVs of the key personnel will be evaluated and their expected person months' input during the entire 5-year Program duration will be as provided in the table below:

S. No.	Key Personnel	Minimum qualification and Experience	Expected inputs in Person Months
1	Team Leader cum PFM Specialist	A Doctorate in Economics or a chartered Accountant with at least 20 years' experience in PFM policy formulation/analysis, Treasury systems, indirect tax reforms and technology enabled reforms in service delivery.	10
2	M & E Specialist	Post graduate degree with at least 5 years' experience in developing/ managing M & E systems for PFM projects.	15
3	Taxation Specialist	A chartered accountant with at least 15 years' experience in implementing PFM reforms with focus on indirect taxation reforms. CISA/DISA qualification will be an added advantage.	8
4	IT Specialist	A BE (Computer Science/IT) with at least 10 years' experience in rolling out large scale IT solutions (including hardware and software aspects).	10

The consultant will provide additional professional staff as needed, especially in government accounting and budgeting, procurement and related aspects and support staff. The Consultant personnel should not be currently employed by GoA. The IVA must have/ be able to quickly put together a team of multi-disciplinary professionals to carry out verification of DLI achievements and furnish high quality verification reports with clear evidence of achievement as per the agreed verification protocol.

The consultant will make its own arrangements for all the activities it has to perform in meeting the scope of services under this consultancy. This will include all travel and logistics arrangements required for its

team for desk review and for field verification for each disbursement claim and for each type of DLI verification activity.

Consultancy duration

The IVA shall be offered a Contract for a period of three (3) years, renewable for up to 2 periods of one year each upon satisfactory performance in the first 3 years. The terms of employment shall be “on call” basis.

The IVA should expect to begin work from May 2018. The work is expected to be complete by December, 2021 but closing of this consultancy assignment could be earlier.

Reporting

The IVA shall carry out the assignment under the overall supervision of the AS-CFMS, including management and coordination of day to day activities for the verification process. The IVA shall submit the DLI Verification Reports to the AS-CFMS. The IVA shall ensure that Verification Reports are timely, accurate, objective and are backed-up by evidence and a clear rationale. The IVA will be required to make presentations as needed in Guwahati and clarify, in a timely manner, any issues and questions raised by GoA and the Bank.

The AS-CFMS shall provide the IVA with relevant data and documents necessary to verify DLI achievements. It shall make arrangements to ensure that the IVA staff and consultants have access to all project sites and locations.