

STATE LEVEL NODAL AGENCY
(Integrated Watershed Management Programme)
Planning Department, Babubara, Imphal

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**Financial Guidelines**  
**Imphal, the 25th July, 2011**

**O.M. No.1/7/2010-SLNA:** Implementation of Integrated Watershed Management Programme (IWMP) under SLNA, Manipur is as per the “**Common Guidelines for Watershed Development Projects, 2008**” issued by the Department of Land Resources, Ministry of Rural Development, Government of India, which have been formulated to have a unified perspective by all the Ministries /Departments/Implementing Agencies. Under the Common Guidelines for Watershed Development Projects, 2008 the Watershed Programs are implemented in three phases viz.

- |                                      |             |
|--------------------------------------|-------------|
| (1) Preparatory Phase                | – 1-2 years |
| (2) Watershed Works Phase            | - 2-3 years |
| (3) Consolidation & Withdrawal Phase | - 1-2 years |

Funding pattern under IWMP is as follows: 90% Central grant and 10% State matching share. The Central share of funds shall be released to the Agency in the following manner:

- |                        |       |
|------------------------|-------|
| (1) First installment  | – 20% |
| (2) Second installment | – 50% |
| (3) Third installment  | – 30% |

The following financial guidelines shall be applicable to all watershed development projects under Integrated Watershed Management Programme (IWMP) being implemented by DRDAs/WCDCs in all Districts of Manipur. The guidelines are as under:-

1. The expenditure from the amounts released by the Government of India for the projects sanctioned shall be in accordance with the provisions of the Common Guidelines for Watershed Development Projects, 2008 and any instructions issued by the Department of Land Resources, Ministry of Rural Development, Government of India and the State Level Nodal Agency (SLNA) for IWMP from time to time.
2. The District level agencies/DRDAs (WCDCs) shall abide by the instructions issued by SLNA (IWMP), Manipur and Government of India for implementation of these projects, from time to time.
3. Fund Flow procedure under IWMP:- The fund flow pattern shall be as under:-

|                                                                                |                                 |
|--------------------------------------------------------------------------------|---------------------------------|
| <b>Institutional Funds:</b>                                                    | <b>DoLR → SLNA → WCDC</b>       |
| <b>Project Funds:</b>                                                          |                                 |
| Administration, EPA, Capacity Building, DPR preparation, Monitoring components | <b>DoLR → SLNA → WCDC → PIA</b> |
| Watershed works, livelihood, production System & micro enterprises             | <b>DoLR → SLNA → WCDC → WC</b>  |

4. The procedure of sanction of projects under IWMP:
  - The proposal should have recommendation and approval of SLNA
  - The proposal should be presented before the Steering Committee, DOLR, by a representative of SLNA
  - The Steering Committee shall appraise and clear the proposals as such / or suggest modifications /or reject altogether

- The CEO, SLNA will issue the sanction order for the projects as per the decision of the Steering Committee. Any modification suggested by the Steering Committee must be brought to the notice of SLNA in the very next meeting of SLNA.
5. The following terms & conditions shall also be applicable for release of the first instalment of the central funds.
    - The Executive Director of DRDAs/Member Secretary, DWDUs/WCDCs shall sign an Memorandum of Understanding (MoU) with the SLNA (IWMP), Manipur for mutually accepting the terms and conditions for implementing IWMP.
    - The District Level Agencies/DRDAs (WCDCs) will open separate Savings Bank Account in a **Nationalized Bank** with RTGS facility, which shall be operated by the Executive Director, DRDA and the Divisional Forest Officer (DFO) jointly. The IWMP funds shall not be deposited in an account other than this savings bank account.
    - All Watershed Committees shall open a Savings Bank Account in a **Nationalized Bank** with RTGS facility separately, which shall be jointly operated by the Chairman and the Secretary of the Watershed Committee along with a WDT member nominated for the purpose.
    - The District Level Agencies/DRDAs (WCDCs), PIAs & WCs shall maintain the records of the project fund released in respective account and the same will be open to inspection by the SLNA, State and Central Government Officers.
    - The District Level Agencies/DRDAs (WCDCs) shall release the funds to the Watershed Committee (WCs) and PIAs within 15 days of receiving of Central and State Share, respectively.
  6. Funds towards the first instalment (6%) of the new projects will be released along with the state share to the respective project implementing agencies at various levels either directly or through DRDAs (WCDCs) as the case may be, within 15 days of receiving the funds. In no case the release of funds to a successive level is to be delayed beyond 15 days of receipt, unless specific instructions have been issued from the SLNA/State on justified grounds to the contrary.
  7. The balance of the first installment (14%) shall be released after the submission of Annual Action Plan (AAP), which has to be submitted by the SLNA for the entire State to DoLR. The AAP will be based on the DPR approved by Gram Sabhas/Village Authorities/Village Development Committees and District Level Agencies/DRDAs (WCDCs) and submission of the same by District Level Agencies/DRDAs (WCDCs) to the SLNA.
  8. The SLNA will submit a certificate to DoLR that the District Level Agencies/DRDAs (WCDCs) has submitted the approved DPR and has been found satisfactory and is as per the Common Guidelines for Watershed Development Projects, 2008. Alternatively, the SLNA will certify that the progress of DPR preparation has been reviewed in the meeting of SLNA and the progress has been found satisfactory. In case the DPR requires modification, the state will ensure that the modifications have been incorporated by the PIA in the DPR and approval of Gram Sabhas/Village Authorities/Village Development Committees for such modifications has been obtained.
  9. Timelines for submitting proposals by SLNA for release of 14% of funds for IWMP projects: Maximum 6 months from date of release of 6% of fund.
  10. Checklist for submission of proposal for release of 14%:
    - Appointment of PIA in all projects sanctioned.
    - Release of funds to WCDCs/PIAs.

- Release of matching state share.
  - At least 25% of experts & staff in SLNA, WCDCs, PIAs and WCs to be in position.
  - Capacity building action plan for the entire project period should be ready and at least 25% of fund released for capacity building should be utilized.
  - EPA for each project area must be identified and action plan prepared.
  - A certificate from the SLNA that the progress of preparation of DPR is satisfactory.
- 11.** The District Level Agencies/DRDAs (WCDCs), PIAs and WCs shall maintain the records of the project funds released in respective account and the same will be open to inspection by the SLNA, State and Central Government Officers.
  - 12.** Funds for the ongoing projects under IWMP will be released to the SLNA on receipt of the Annual Action Plan based on the approved annual plans from the DPRs of the ongoing projects.
  - 13.** The Annual Action Plan will indicate the physical & financial performance since inception (year-wise) and projections for the current financial year against each project.
  - 14.** The actual expenditure incurred by, and not the advances released to, the District Level Agencies/DRDAs (WCDCs)/PIAs/WCs are to be accounted for as expenditure.
  - 15.** Each DRDAs/WCDCs shall ensure timely auditing of project accounts by a Chartered Accountant selected from a panel approved by the C &AG. The SLNA shall in turn submit a consolidated Audited Statement of Accounts (ASA) taking into consideration the audit of the accounts of District Level Agencies/DRDAs (WCDCs), PIAs, WCs for all the projects sanctioned under IWMP in the State. The report should be made available to DoLR latest by the end of September of next/following financial year.
  - 16.** The Audited Statement of Accounts (ASA) shall clearly indicate the interest accrued on the project fund lying in the account of District Level Agencies/DRDAs (WCDC), PIAs, and WCs separately.
  - 17.** The ASA and UCs submitted by District Level Agencies/DRDAs (WCDC) to SLNA will be countersigned by the Executive Directors of the DRDAs before forwarding it to SLNA. It may be ensured that the details of UC and ASA tally with each other
  - 18.** The UC for the released funds along with ASA must be submitted to the SLNA at the earliest.
  - 19.** The SLNA will submit consolidated expenditure statement and UC to DoLR based on the expenditure statement & UCs of the District Level agencies/DRDAs (WCDCs), PIAs & WCs in respect of utilisation of funds released to all the projects.
  - 20.** The Divisional Forest Officer (DFO) shall function as a co-signatory for operation of the Bank Accounts, along with the Executive Director, DRDAs in respect of the implementation of the project of the IWMP at the district level. The Project accounts shall be jointly maintained by the Executive Director, DRDAs/Member Secretary and DFO/Project Coordinator, with assistance from Technical Expert and Account Assistant.
  - 21.** Purchase of vehicles/photocopier/video recorder/ projector, construction of any permanent buildings and such other capital items is not allowed under the Programme.

22. Money accruing as interest credited in the program account will be credited to the same account. The expenditure out of the interest amount will be guided by the instructions/guidelines to be issued by the DoLR from time to time. The bank shall intimate to SLNA & DoLR, the interest amount credited by it to the account, on quarterly basis.
23. Quantification of Project fund to be retained at each level under IWMP. In view of the roles & functions of different levels and timeliness of carrying out particular activity, the following breakups of funds (in terms of % of project funds) are as under.

| Installment           | Agency       | Admn         | Moni<br>torin | Eval<br>uatio | EPA         | I &CB       | DP<br>R     | Water<br>shed | LH,PS<br>&ME | Consolid<br>ation | Total         |
|-----------------------|--------------|--------------|---------------|---------------|-------------|-------------|-------------|---------------|--------------|-------------------|---------------|
| 1 <sup>st</sup> (20%) | SLNA         |              | 0.05          | 0.30          |             | 0.20        |             |               |              |                   | 0.55          |
|                       | WCDC         |              | 0.10          |               |             | 0.50        |             |               |              |                   | 0.60          |
|                       | PIA          | 1.00         | 0.05          |               | 4.00        | 2.30        | 1.00        |               | 2.00         |                   | 10.35         |
|                       | WC           | 1.00         |               |               |             |             |             | 7.50          |              |                   | 8.50          |
|                       | <b>Total</b> | <b>2.00</b>  | <b>0.20</b>   | <b>0.30</b>   | <b>4.00</b> | <b>3.00</b> | <b>1.00</b> | <b>7.50</b>   | <b>2.00</b>  |                   | <b>20.00</b>  |
| 2 <sup>nd</sup> (50%) | SLNA         |              | 0.075         | 0.35          |             | 0.10        |             |               |              |                   | 0.525         |
|                       | WCDC         |              | 0.200         |               |             | 0.25        |             |               |              |                   | 0.450         |
|                       | PIA          | 2.70         | 0.125         |               |             | 1.15        |             |               | 10.00        |                   | 13.975        |
|                       | WC           | 2.70         |               |               |             |             |             | 32.35         |              |                   | 35.050        |
|                       | <b>Total</b> | <b>5.40</b>  | <b>0.40</b>   | <b>0.35</b>   |             | <b>1.50</b> |             | <b>32.35</b>  | <b>10.00</b> |                   | <b>50.000</b> |
| 3 <sup>rd</sup> (30%) | SLNA         |              | 0.075         | 0.35          |             |             |             |               |              | 0.10              | 0.525         |
|                       | WCDC         |              | 0.200         |               |             | 0.15        |             |               |              | 0.10              | 0.450         |
|                       | PIA          | 1.30         | 0.125         |               |             | 0.35        |             |               | 3.00         | 0.20              | 4.975         |
|                       | WC           | 1.30         |               |               |             |             |             | 20.15         |              | 2.60              | 24.050        |
|                       | <b>Total</b> | <b>2.60</b>  | <b>0.40</b>   | <b>0.35</b>   |             | <b>0.50</b> |             | <b>20.15</b>  | <b>3.00</b>  | <b>3.00</b>       | <b>30.00</b>  |
| Total<br>(100%)       | SLNA         |              | 0.20          | 1.00          |             | 0.30        |             |               |              | 0.10              | 1.60          |
|                       | WCDC         |              | 0.50          |               |             | 0.90        |             |               |              | 0.10              | 1.50          |
|                       | PIA          | 5.00         | 0.30          |               | 4.00        | 3.80        | 1.00        |               | 15.00        | 0.20              | 29.30         |
|                       | WC           | 5.00         |               |               |             |             |             | 60.00         |              | 2.60              | 67.60         |
|                       | <b>Total</b> | <b>10.00</b> | <b>1.00</b>   | <b>1.00</b>   | <b>4.00</b> | <b>5.00</b> | <b>1.00</b> | <b>60.00</b>  | <b>5.00</b>  | <b>3.00</b>       | <b>100.00</b> |

24. Prescribed Budget component are as under:\*

|                                 | Budget component                                                                          | % of total project cost |
|---------------------------------|-------------------------------------------------------------------------------------------|-------------------------|
|                                 | Administrative costs                                                                      | 10                      |
|                                 | Monitoring                                                                                | 1                       |
|                                 | Evaluation                                                                                | 1                       |
| Preparatory phase,<br>including | Entry point activities                                                                    | 4                       |
|                                 | Institution and capacity building                                                         | 5                       |
|                                 | Detailed Project Report                                                                   | 1                       |
| Watershed Works Phase           | Watershed development works                                                               | 56                      |
|                                 | Livelihood activities for the asset less persons, production system and micro-enterprises | 9                       |
|                                 |                                                                                           | 10                      |
| Consolidation phase             |                                                                                           | 3                       |
| <b>Total</b>                    |                                                                                           | <b>100</b>              |

\* As per O.M. NO. 2-1/NRAA/WD/2009 dt. 08.06.2011 NRAA, Planning Commission

**25. Terms & conditions for utilization of IWMP project funds:**

- Each DRDAs/ZPs shall sign an MoU with the SLNA before transfer of funds from SLNA to DRDAs/ZPs.
- The DRDAs/ZPs shall maintain a separate Savings Account for the Institutional funding of the Watershed Cell, other than the Project Fund Account. Both Accounts shall be jointly operated by the ED/DRDA and Divisional Forest Officer concerned.
- The salary of one Technical Expert shall be funded by the DoLR.
- It will be mandatory for every WCDC to have an Accountant or Account Assistant who will be responsible for maintaining the accounts of the DoLR grants and who will ensure that the expenditure statement is put up before the Executive Director, DRDA or Project Coordinator, IWMP, at the required periodicity, who in turn will be responsible for sending the same to SLNA.
- DoLR will release to the SLNA all funds for the Watershed Cell cum Data Centres (WCDC) in the DRDAs/ZPs in the form of a lump sum grant which the SLNA will further release to the DRDAs/ZPs for WCDCs.
- Whenever, a district exceeds 25,000 ha of coverage under watershed programmes, the SLNA will inform DoLR for additional funding.

**26. Registers and documents to be maintained:**

|                                  |                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Watershed Committee Level</b> | Cash book, Contingency bill register<br>Voucher register, Bank pass book register<br>Bank reconciliation register, Advances/Adjustment register, Bank cheque book register, Asset register<br>Income registers showing the income coming watershed assets, WDF account register, Revolving fund register<br>Register showing physical and financial progress |
| <b>PIA Level</b>                 | Register for grants received from states<br>UCs registers for UCs to be sent to DRDAs/ZPs<br>Bank pass book/register<br>Bank reconciliation register<br>UCs from different watershed committees<br>Physical and financial progress report registers                                                                                                          |
| <b>DRDAs/ZPs Level</b>           | Cheque book register<br>Grants received from Centre/State<br>Grants distribution register<br>UCs received from PIA/watershed committees<br>Activities wise physical and financial progress details register                                                                                                                                                  |

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