Preparing a new EAP Proposal : Some useful tips

The overall key to success in winning and subsequently managing Externally Aided Projects (EAPs) is the understanding of the current needs, priorities and procedural requirements of both the State Government, the Government of India and the individual Donor Agency and its Country.

This information is currently only available at disparate sources. Whilst procedural matters from the State Governments and the Planning Commission of India are readily accessible to State Government officers, the varying needs, priorities and procedural requirements for EAPs of each individual Donor Agency are constantly changing, and much more difficult to access.

It is well established by the Department of Economic Affairs (DEA), Government of India (GOI) that many unsuccessful proposals for EAPs emanating from the States are written in a fashion which only reflects the State's individual needs, and in no way reflects the current priorities and procedures of the Donor Agency to which they are directed. As the DEA officers are not in a position to rewrite such proposals, they often are simply rejected by the Donor Agency as they do not fit into that particular Donor's current programs or guidelines for funding.

In States it is the final responsibility of the line agency requesting the external funding to submit the proposal to the DEA for external funding. Planning Departments, Project Monitoring Units and similar organisations are only responsible for providing advice to the line agency involved in those States.

In writing a successful proposal to an external funding agency, the following questions need to be answered in the affirmative for each and every proposal:

Click the question for details

1. Is information included to demonstrate the official State-level approval of the project proposed, and its priority in the State's current planning cycle?
2. Is the State's high level Government authorities are fully behind the Proposal?
3. Is the proposal is in a priority area for the chosen donor at present?
4. Is the proposal is within the budget limit for India of the chosen donor?
5. Has the proposal addressed each of the chosen donor's key policies and concerns with regard to each and every one of the following areas:
6. Are the figures used in the proposal expressed in units that are easily understood by the chosen Donor Agency?
7. Does the proposal provide background information on the previous successful implementation of similar projects by the State?
8. Does the proposal provide information on the capability of the State to implement effective monitoring and evaluation of the on-going project proposed, both in a financial sense, and with regard to the monitoring and evaluation of critical project milestones which relate to the sustainable goals of the project?
9. Does the proposal refer to lessons learned by the chosen donor selected, and other Donor Agencies in similar projects in India ?
10. Has the chosen Donor Agency been informally involved in the preparation of the proposal?
11. Has the Planning Department of the State involved been actively involved in preparation on the proposal?
12. Has the DEA been informally, but actively, involved in the preparation of the proposal?

Such information is of key importance to donor agencies as it demonstrates the degree of commitment of the State to the project in question, and that the project is in a demonstrated priority area for the State. Donor agencies will generally not fund projects that are not formally approved by the State Government as being of high priority to that State. Evidence of such approval and priority rating may be 5 year plans, annual plans and State Government proceeding records. The donor must finally be given information on how the State has planned to ensure that these State inputs will be effectively supplied to the planned project, on-time and on-budget, for the life of the project.

Donor Agencies need to be convinced that the proposed project has support at the highest level of Government in the State. Often in India, State's high level government authorities remain in a decision making position for much longer than senior officials in various line agencies. Therefore to ensure sustainability and success of the proposed EAP, it is critical to demonstrate to the donors that the will to ensure project success has stakeholder support within the State.

This needs to be checked by reading each donor's priorities for both India and the World under the sections noted in the resources section below. The priorities of the donor agency that the State requests the DEA to approach, should be clearly reflected in the proposal.

This needs to be checked by reading each donor's budget for both India under the sections noted in the resources section below. Thus asking for a project which exceeds the chosen donor's approved budget for India will rarely be approved.

Poverty Alleviation.
· Gender.
· Environment.
· Involuntary Resettlement of persons living in the project area
· Good Governance.
· Indigenous Peoples (Scheduled Castes and Scheduled Tribes) issues.
· Health.
· Education.
· Sustainable Development.
· Value for Money in the proposed project implementation.
· Anti-Corruption Policies.
· Rural Development
· Participatory Community involvement in Project Preparation and Implementation

All of these issues need to be addressed, one-by-one, in accordance with the stated policies, strategies and procedures of the chosen donors. This can simply be achieved by referring to the Internet links provided in the Major Donors list section later in this Manual. As officers in the donor agencies must report on each of these issues in their desk appraisal of the proposal, it is preferable that the State itself gives consideration to these matters prior to submission of the proposal.

This means that lakhs be expressed as 100,000 and crores as 10,000,000. Similarly it is often and advantage to express units of measure in the metric system rather than in imperial units as this avoids misunderstanding at the donor end as a result of incorrect conversions. In the case of USAID however it is preferable to use imperial units of measure.

All States would have carried out numerous State-funded, Central Government-funded and some Externally Aided Projects in the past. The reason for including information about similar projects to the one proposed is that it provides the donor agency with a degree of comfort concerning the

State's capacity to manage such a project. It is very important that these projects are clearly referred to in the proposal for EAP funding. It is suggested that all States should prepare simple databases on all previous major projects. These databases can then be used to generate factual material on similar projects

Donor agencies need to be convinced that the State can effectively manage the proposed project. Many projects involve a substantial financial, personnel resource and physical resource allocation by the State to complement the external inputs. While it is common practice in Indian States to closely monitor project expenditure in EAPs, with regular reports to the officials of Audits and Accounts of the DEA, it is less common for the States to provide monitoring and evaluation of other project outcomes. Today, Donor Agencies are far more interested in achievement of sustainable milestones and outcomes of EAPs than the simple expenditure of funds. Therefore it is important to carefully describe the existing resources and systems for project monitoring and evaluation in their EAP proposal.

This is of great importance because, if any donor has previously had major problems implementing a similar project to that proposed, they will be less likely to fund the new project unless solutions are suggested as to how the new project will overcome identified problems experienced in the past. Careful study of previous EAPs of the same project type as that proposed, can often reveal flaws that have hindered the sustainable outcomes of the projects. Such information is available under the Lesson Learned by informal discussions with staff from the proposed Donor Agency. The State's EAP proposal should, where possible, refer to such lessons learned, and demonstrate to the proposed donor how the new proposal has taken note of these lessons.

Most Donor Agencies are willing to informally discuss project proposals from the States. Once the State line agency, the State planning authority and State Level Committee for EAPs have addressed all of the issues, it is time to arrange for an informal visit in DEA, GOI with the Donor Agency that appears to be the most likely to grant funding to the project proposed. This visit should focus on the broad suitability of the project proposed to that particular donor. This visit should never aim at gaining any form of formal approval from that agency, as it is clear GOI policy that any formal approach to any donor agency can only be made by the DEA. During such an informal meeting, the State line agency with consultation of State PMU can gain an insight into possible areas of their proposed project, which need to be strongly focused upon in any future formal proposal for funding to be submitted via the official DEA channel. Most Donor Agencies in India welcome such informal project discussions, and lay the groundwork for a successful future cooperation program. Some donor agencies (GTZ for example) discourage such informal discussions with State agencies, so it is important to call the agency prior to any such meeting, and discuss with them, if they believe such an informal meeting would be fruitful. Donor involvement at an early stage of EAP proposals can often eliminate later problems and possible hold-ups.

Involvement of the State's Planning Department is essential for EAP success. The Planning Department of each of the States, are the pivotal State agency in ensuring that EAP proposals are of good quality and accurately reflect true approved State policies and priorities. All three States are currently closely examining how their Planning Departments can provide the best possible future support to State Line Agencies in the preparation of EAP proposals. Therefore, always check with the State Planning Department before embarking on any EAP proposal work.

The DEA is the official channel for all EAP proposals to Donor Agencies. DEA desk officers are in daily contact with all EAP funding agencies. They have a clear understanding of donor priorities and procedures. Informal discussions with the DEA desk officers responsible for a particular country or agency can provide valuable assistance in proposal preparation. The DEA are not in a position to provide direct assistance in proposal preparation, but are an extremely important resource to each State in this work. Following the Australian training carried out under this Component of the sub-project, EAP involved officers from each State have now established direct personal contacts with DEA officers who could provide valuable future contacts for each State in this regard.

State officers should familiarise themselves with the Project Cycle of the chosen donor. This will give a realistic time frame for the possible timing of the proposed project, plus an indication of how long the State must realistically wait until project funding could become available. Project Cycle in view of donor should properly adher, a simple call to the donor agency concerned should provide the required information in this concern.

It is imperative that project proposal costs are realistic. Many proposals seen by the consultant team on this project lack commercial reality in the costing area. Project costing is a specialist area, which

relies upon a good commercial knowledge of current market pricing both in India and elsewhere. If international consultants are to be used on a project, most international Donor Agencies will budget an all-up cost (including wages, overheads to the consultant's company, airfares at Executive Class, mobilisation and de-mobilisation costs, and agreed accommodation and per diem as per United Nations guidelines) of at least USD $20,000 per month. As more and more Indian consulting companies forge alliances with foreign companies, the rate for Indian expert consultants provided by major domestic consulting companies is also approaching these levels. It is also important to note that: (1) local staffing and their residential costs; (2) land acquisition costs; (3) project office establishment, rental and operational costs; (4) recurrent project operational costs such as vehicles or other transport costs; (5) local labourer wages and residential costs; (6) local Government officers involved in the project's wages and residential costs; and (7) suitable accommodation costs for long-term international advisers; are most often paid for by the recipient State/Government rather than the Donor Agency and should therefore should be included in the "own contribution part (local cost)" of the project proposal rather than in the request for funding from the Donor Agency. The major lesson to be learned here is that the Donor Agency will ask, if the State cannot accurately cost a project – how could it ever be expected to manage it?

For a project to be successful, there must be a constantly accessible and project-involved person with whom the Donor Agency can correspond on a regular basis. Given the frequent position changes of senior Government officials in each of the three States, each State must establish a "chain of command" for each EAP proposal concerned that will provide the donor with an assurance that the project will continue to be well managed over the project proposal, and subsequently implemented project life.

Depending on the Donor Agency and type of external assistance sought, each State must establish and adhere to a Work plan for each proposal. Far too often in India, a proposal for an EAP is submitted to the DEA, and one or two years later officers suddenly wonder what has happened to the project. If a Work plan is set from the very start, constant checks can be made on what is happening to the proposal, and required amendments made as required. This will ensure rapid project proposal turnaround.

Poor spelling is, perhaps, the first thing that is noticed by a Donor Agency. Most computers have a "Spellchecker" function. This should be used rigorously on each and every proposal.

There is very large competition for EAPs in India. A "good-looking" proposal will always have more chance of success than a proposal of equal type which looks unprofessional in its presentation. Each State has its own Desktop Publishing organisation. These should be employed on each proposal, as, perhaps, the presentation of one particular project is just that bit superior and professional than another that particular project is chosen over the one with the less professional presentation.

When all of the above questions have been positively answered, the project proposal will have a greater chance of success, than if not.