

Policy in Foreign Loan and Grant Mechanism

Study Visit NSO Albania



26 – 27 July 2018

OUTLINE

1 GENERAL PRINCIPLES OF LOANS AND GRANTS

2 UTILIZATION OF FOREIGN LOANS AND GRANTS



GENERAL PRINCIPLES OF LOANS AND GRANTS

GRANTING ACCEPTANCE PRINCIPLE

Transparency

The process of receiving grants is made publicly to interested parties

Accountability

Grant receipts are made in accordance with procedures that can be accounted for

Efficient and Effective

Grant receipts are made in accordance with the objectives and the costs incurred can be minimized

cautiousness

The decision-making process is done by prioritizing cautionness, by separating speculative outcomes

Not accompanied by political ties

Grant receipts do not affect political policy
Country

Has no charge

Grant receipts have no cargo that could disrupt the security stability of the State

LOAN STRATEGY AND PRINCIPLES

Principles of Loans :

the fulfillment of financing is done on the basis of relatively low cost with the risk that can be controlled, source of financing that suits the purpose of financing.

Strategy of Loans :

looking for prospective Lenders who have expertise in the required financing field
offering the most favorable terms and conditions.

UTILIZATION STRATEGY OF LOAN SOURCES

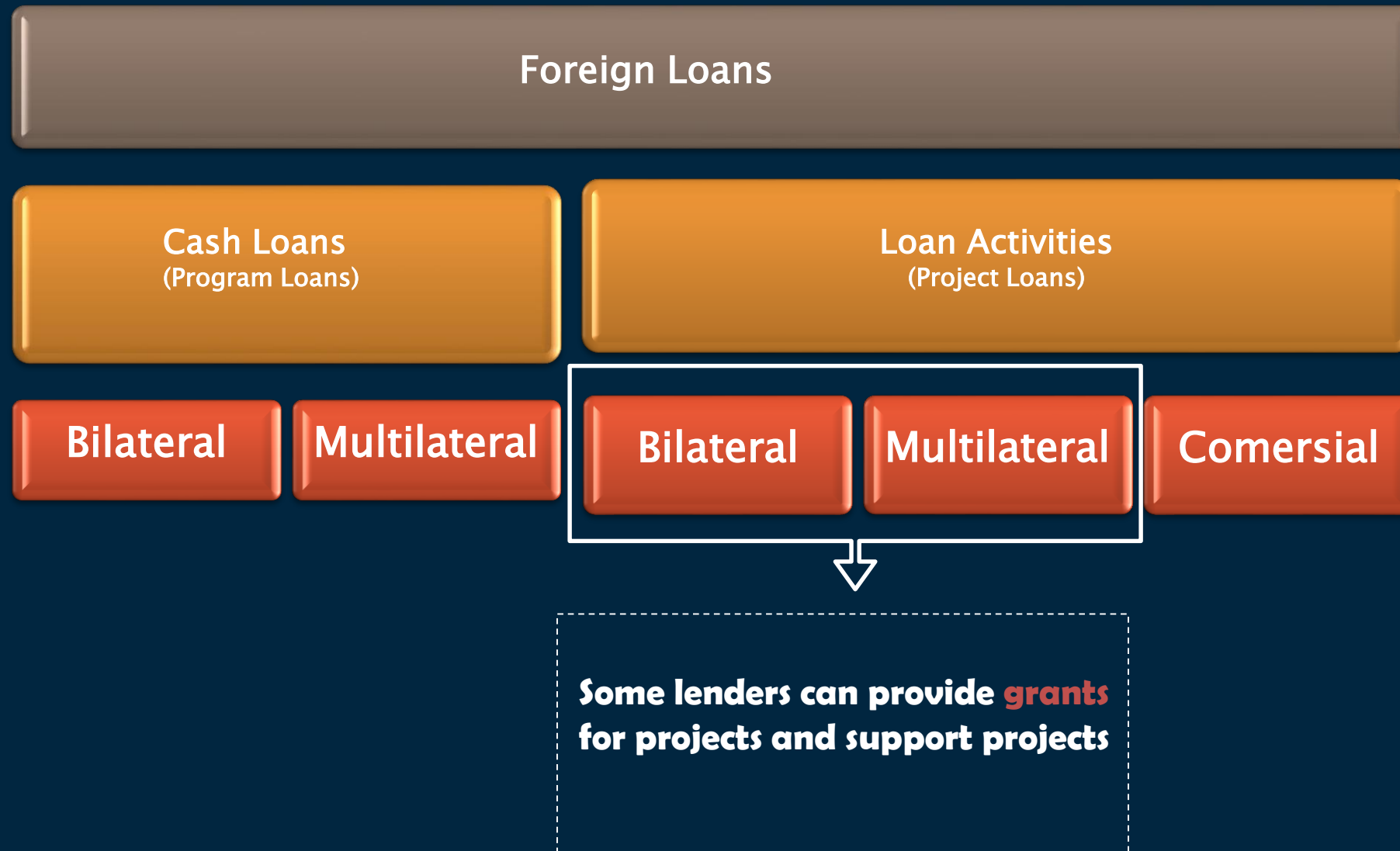
Before List of Foreign Loan Plans (DRPLN/Bluebook)

- Dichotomy of Government Budget dan Foreign Loans

After Blue Book

1. Internal Process
 - 1) *Basic design*
 - 2) *Specification of activities / goods*
 - 3) *Internal provisions of the Government (procurement, Domestic product)*
2. Characteristics of Candidate *Lender*
 - 1) *Internal rules of Lender (tied, untied, procurement, etc)*
 - 2) *Sector preferred choice of Lender*
 - 3) *Stages of internal processes of Lender*
3. Terms of Readiness
 - 1) *Land Readiness*
 - 2) *Readiness of Design Activities*

GRANT FINANCING MECHANISM



GRANT PROPOSAL PLANNING & DEVELOPMENT

A proposal does not stand alone...

It must be part of a process of planning, research, outreach and cultivation of potential funders

Grant Identification Process

- Supports the organizations strategic plan, goals and objectives
- Part of a balanced fiscal strategy and development plan
- On going pre-proposal research and planning

It takes a village to plan and develop a competitive proposal

- Organizational key decision makers
- Community partners
- Content area experts
- Financial specialists
- Contracts/Purchasing
- Implementers (those that deliver the service)

GRANT PROPOSAL PLANNING & DEVELOPMENT

Gather Background Information

Concept – How does the project fit with the mission and vision of your organization?

Is there a definite need?

Program – description of the project and how it will be conducted, timetables for project activities, anticipated outcomes and evaluation plans, staffing needs

Expenses – sketch a broad outline of expenses to assess if the costs are reasonable to the outcomes anticipated (a detailed budget will evolve after the program details have been worked out)

The data gathering process will make the proposal writing much easier and by involving other stakeholders in the process, it also helps key people within your agency seriously consider the project's value to the organization

GRANT PROPOSAL PLANNING & DEVELOPMENT

The Anatomy of a proposal

- Abstract/Executive Summary
- Need/Problem Statement
- Program Design and Implementation
- Program Goals and Objectives
- Collaboration/Partners
- Program Evaluation
- Agency Capacity/Background/History
- Budget
- Program Sustainability
- Summary/Conclusion

GRANT PROPOSAL PLANNING & DEVELOPMENT

Proposal Development Tips

- Find out which foundations have given grants in your region
- Read the current guidelines
- Collect sample successful grants to use as models
- Use the same terms in your proposal that the foundation used
- Show in your proposal that you are aware of others that have done similar projects
- Address sustainability
- Measureable outcomes
- Tie yourself to a major regional or national issue
- Evaluations are the means by which you prove your success

GRANT PROPOSAL PLANNING & DEVELOPMENT

Proposal Review and Selection Process

- Program Office
- Rank based on scores
- Geographic consideration
- May call the applicant for clarification on questions raised by the Program Office or the review panel

LOAN STRATEGY AND PRINCIPLES

The 10 most common grant seeking mistakes

- The writing in the proposal isn't succinct or intelligible, resulting in a proposal that doesn't make sense.
- The costs for technology items are inaccurate or, in the worst case scenario, are inflated. Never guess at the cost of an item.
- No one proofreads the proposal before it is submitted, and the proposal contains typographical or grammatical errors.
- The budget doesn't match the narrative, and the reviewer sees costs on the budget pages that are not mentioned or explained in the narrative.
- The objectives cannot be measured, because they are too vague and open to individual interpretation in terms of success or failure.

LOAN STRATEGY AND PRINCIPLES

The 10 most common grant seeking mistakes

- A reasonable amount of time is not allotted to develop a project idea and to write the proposal, resulting in a sloppy, incomplete document.
- An assumption is made that the reviewers are experts in the subject area and that they understand jargon and acronyms without explanation.
- The proposal is full of "buzzwords" and offers little or no substance.
- The writer ignores the instruction in the request for proposals and violates the rules and directions it specifies.
- Funders are selected because they have money, not because there is a close fit between the project idea and the funders' interest.

LOAN STRATEGY AND PRINCIPLES

Steps to Writing Successful Grants

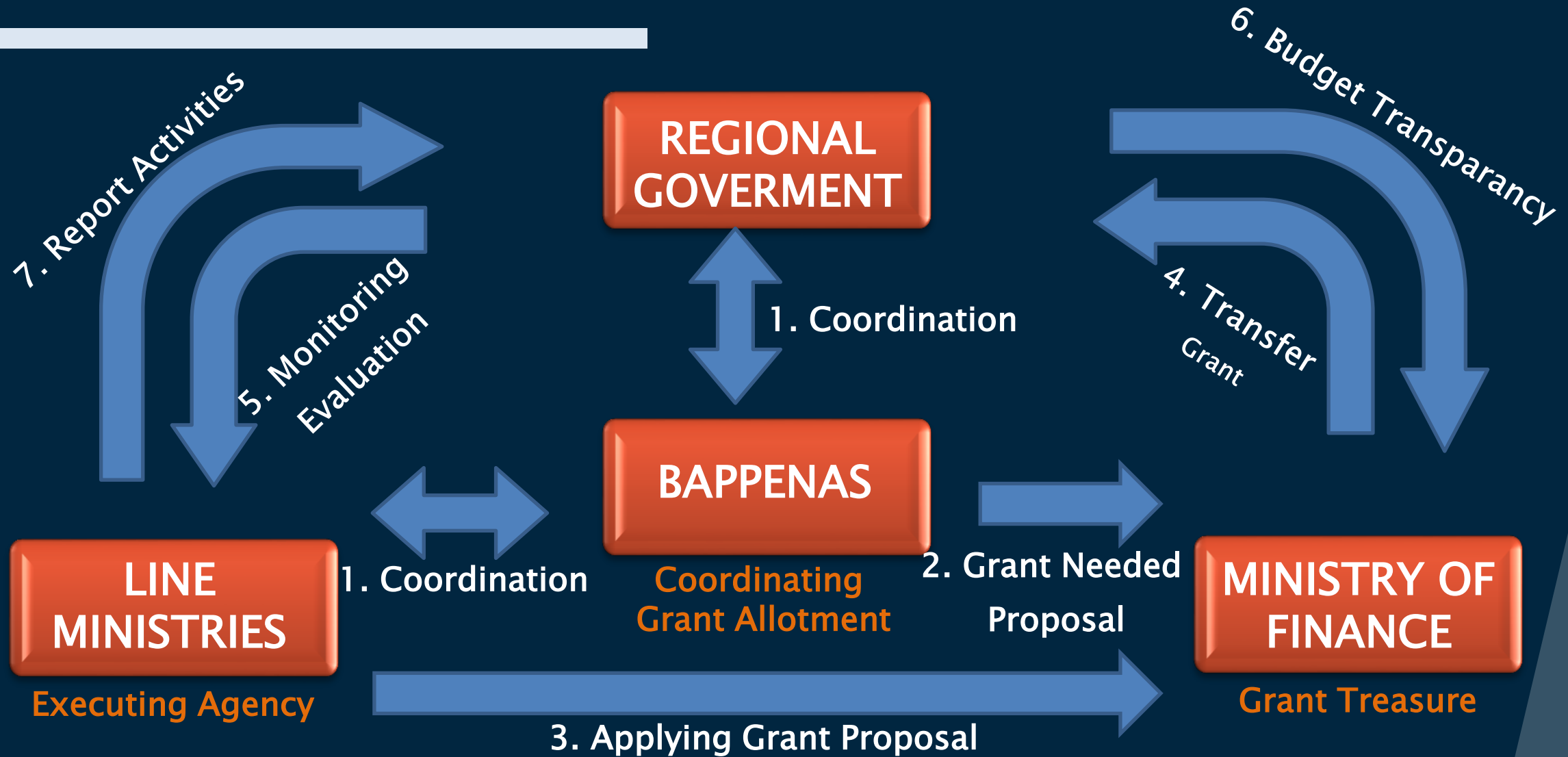
- Some requests for proposals will ask for a dissemination plan up front. Reviewers are looking for projects that can be replicated. Funders want to know that they are making a difference for students by supporting a project that produces results.
- Some of the best proposals clearly show how the project fits into the strategic plan of the district and how it will impact the future direction of the district. If you cannot make this connection in a proposal, you run the risk of appearing that you are “running after” the money. As with securing a business loan, obtaining a grant requires two things: (1) a solid plan and (2) ability to demonstrate that you can be trusted with the money.

LOAN STRATEGY AND PRINCIPLES

Steps to Writing Successful Grants

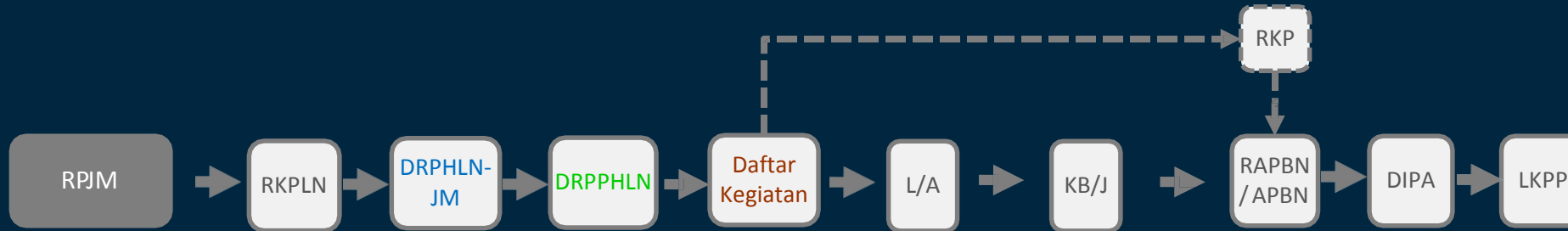
- Every proposal should include a budget narrative. You'll know (and so will the funder) that your budget is based on actual numbers, not just someone's best guess. In compiling a budget section, you must translate your activities section into dollars. Ask someone to review your budget narrative before you submit it.
- Read proposal directions carefully! Many great ideas are never funded because the directions for submission were not followed to the letter.

GRANT FINANCING MECHANISM

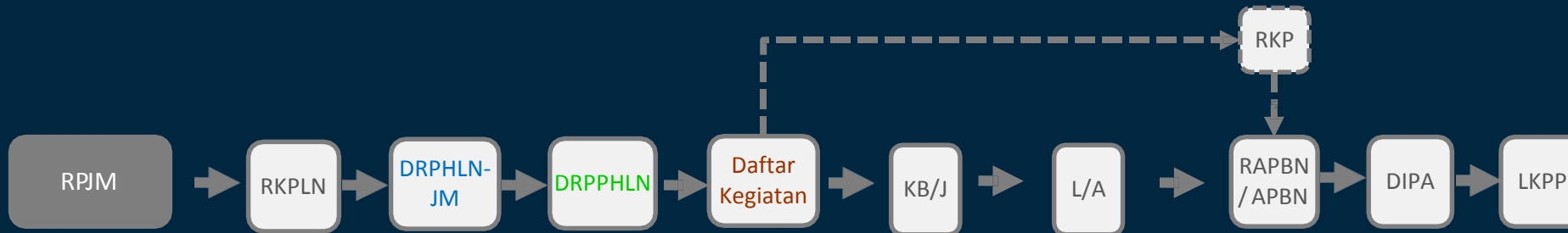


MULTILATERAL AND BILATERAL LOAN MECHANISM

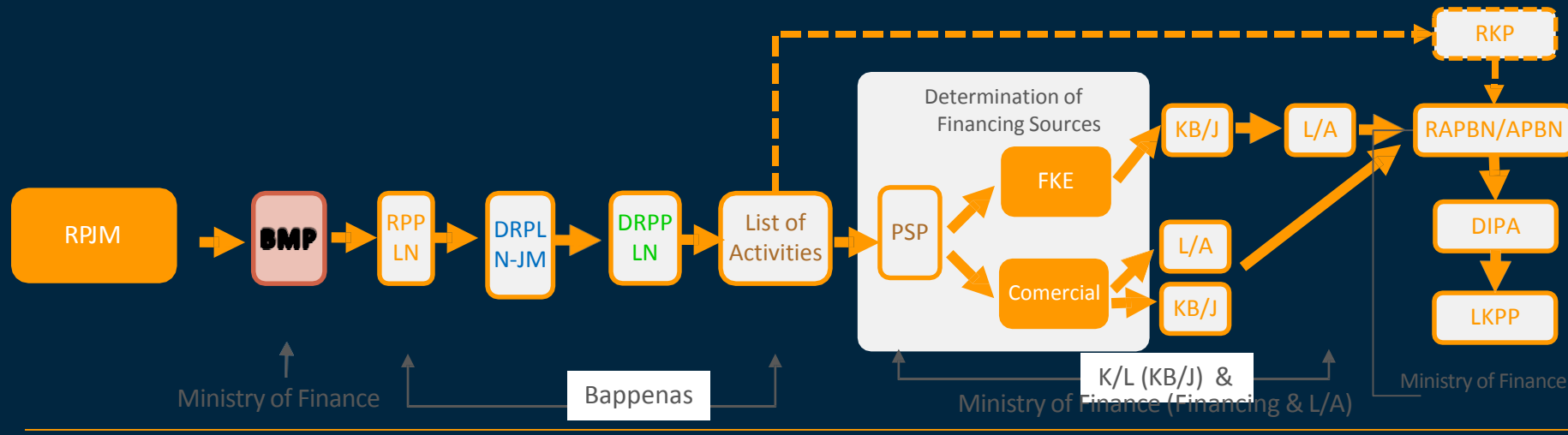
Mode 1: Loans as the basis of the Procurement contract



Mode 2: Procurement contract as the basis of Loan (some of Bilateral Lender)



TYPES OF COMMERCIAL LOANS



Catatan:

RKPLN = *Rencana Kebutuhan Pinjaman Luar Negeri*
(Foreign Loan Demand Plan)

BMP = *Batas Maksimum Pinjaman*
(Maximum Limit of Loan)

RPPLN = *Rencana Pemanfaatan Pinjaman LN*
(Foreign Loan Utilization Plan)

APP = *Alokasi Pinjaman Pemerintah, mekanisme trigger procurement*
(Government Loan Allocation, trigger procurement mechanism)

KB/J = *Kontrak Pengadaan Barang/Jasa*
(Contract for Procurement of Goods / Services)

L/A = *Loan Agreement*

RKP = *Rencana Kerja Pemerintah*
(Government-wide work plans)

DIPA = *Daftar Isian Pelaksanaan Anggaran*
(Budget Implementation Check List)

LKPP = *Laporan Keuangan Pemerintah Pusat*
(Central Government Financial Report)

MULTILATERAL INSTITUTION



- Focus on financing: infrastructure (roads, sanitation, irrigation, and energy), education, health, finance and state administration, social sector (environment and poverty alleviation),
- Types of Loans: International Bank for Reconstruction and Development (IBRD) and International Development Assistance (IDA). Indonesia is not eligible to receive IDA.
- Grant Form : (i) *Technical Assistance*. It can be to prepare the project or to support the implementation of projects financed by Loan; and (ii) Grants to finance projects / activities
- Reference document : Loan Agreement, MoU Lending Program, Country Partnership Strategy (CPS)



- Focus on financing : infrastructure, Public Governance, Agriculture and Natural resources, finance, Energy, Transportation and ICT, Education, Water Supply, Health
- Types of Loans : Asian Development Fund (ADF) dan Ordinary Capital Resources (OCR). Indonesia is not eligible to receive ADF
- Grant Form : (i) *Technical Assistance*. It can be Project Preparation, Technical Assistance (PPTA) or Grants to support the implementation of projects financed by Loan; and (ii) Grants to finance projects / activities
- Cooperation document : Country Operation Business Plan (COBP), Country Partnership Strategy (CPS), Country Program Review Mission (CPRM)



- Focus on financing: education (the largest sector), transportation, infrastructure, agriculture and food security,
- Types of Loans : Loan, Istisna'a, Installment Sale, Trade Financing
- Reference document : Member Country Partnership Strategy (MCPS) 2016-2019

BILATERAL INSTITUTION



- a. Focus on Financing: Infrastructure, Education, Living environment, Energy
- b. Types of Loans: Official Development Assistance (ODA)
- c. Grant Form: (i) technical cooperation (Experts, Provision of Training, and the preparation of policy support; (ii) financial cooperation: to finance projects / activities.
- d. Cooperation document: Exchange of Notes
- e. Forum meetings: ODA Annual Bilateral Consultation Meeting



- a. Focus on Financing: Energy and Climate Change, Good Governance, and Inclusive Growth
- b. Types of Loans: ODA, Interest Reduced Loans, Promotional Loan
- c. Grant Form: (i) Financing feasibility study (FS) or project preparatory study (PPS); and (ii) to finance projects / activities
- d. Cooperation document: Financial Cooperation
- e. Forum meetings: Bilateral Meeting dan Consultation Meeting

Together
WE
Achieve
More

**“
TERIMA KASIH
”**

GRANT PROPOSAL PLANNING & DEVELOPMENT

Program Development Resources

Resources for Assessing and Analyzing Needs

- <http://www.census.gov> - Population statistics on age, ethnicity, gender, income, housing
- <http://childstats.gov> - The Federal Interagency Forum on Child and Family Statistics
- http://www.uwiv.org/help/needs_assessment.html - United Way Community Needs Assessment
- <http://www.cde.ca.gov/ds/sd/cb/dataquest.asp> - Reports for accountability, test data, enrollment, graduates, dropouts, course enrollments, staffing and data regarding English Learners

GRANT PROPOSAL PLANNING & DEVELOPMENT

Locating Public Funding Sources...

- <http://www.grants.gov> - Search Federal Government Grant opportunities (e-mail alerts, online submissions)
- <http://www.gpo.gov> - Government Printing Office, A-Z search feature; government agencies and publication; Federal registrar
- <http://firstgov.gov> - Federal web portal; A-Z Search feature; State; County; City and Regional public agencies
- <http://www.cfda.gov> - Online Catalog of Federal Domestic Assistance (CFDA) database of all Federal programs; grant writing resources

GRANT PROPOSAL PLANNING & DEVELOPMENT

- <http://www.ed.gov/fund/grant/about/grantmaking/glossary.html> - Department of Education grant making glossary
- <http://whitehouse.gov/government/fbci/index.html> - Resources for Faith-Based and Community Initiatives
- <http://tgci.com> - The grantsmanship center website provides daily summary of federal registrar grant notices, grant writing resources, magazine, training program, publications, successful proposals, online discussion group, free and subscription services
- <http://www.grantexperts.com> - Research associate website includes subscription newsletter, training programs, successful proposals, directories of funding sources, best practices

GRANT PROPOSAL PLANNING & DEVELOPMENT

Locating Private Funding Sources....

- <http://www.foundationcenter.org> - Foundation Directory Online searchable database services free and at various subscription levels. Find funders function, common grant applications, best practice research studies, prospect worksheets
- <http://www.charitychannel.com> - Hosts multiple discussion lists, best practices ,trends, and grant opportunities weekly feature at a nominal fee
- <http://www.guidestar.org> - Database, research analysis reports, and free subscription services