

Prosperity Fund- India Programme

“Promoting Conditions for Growth”



British
High Commission
New Delhi

(2015-16)

www.gov.uk/world/india

Prosperity Fund India Programme

Contents

1. The Prosperity Fund: Introduction	3
2. The Prosperity Fund India: Context	3
3. Headline Objectives and Indicators	3
4. Guidance on Project Proposals	8
5. What CANNOT be funded?	9
6. Programme Structure in India	9
7. Eligibility	10

1. The Prosperity Fund: Introduction

As part of the UK's global network, the British High Commission works to create conditions for global growth by increasing trade, opening markets, ensuring access to resources, and promoting sustainable growth. The Foreign and Commonwealth Office (FCO) Prosperity Fund (PF) supports the UK's development objectives of promoting sustainable development and creating the following conditions of growth:

Openness: We work for transparency and a strong; rules- based international economic system

We promote transparency and a rules-based international economic system.

Sustainability: We work for a low carbon economy and resilient energy markets and we promote science and innovation as solutions to global challenges

We work for a secure transition to a low carbon economy, underpinned by a binding global climate agreement.

Opportunity: We help British companies win new business and we promote education and innovation as drivers of growth

We create opportunities through supporting international partnerships; promoting innovation as a driver of growth; and building our foundations now with the economic powers of the future.

Reputation: We promote the UK as an international partner of choice and world class destination for business

We promote the UK as a creative and trustworthy partner; a world-class destination for business.

2. The Prosperity Fund India: Context

India is a key global player. It is the world's fourth largest economy in purchasing power terms. It has a population approaching 1.2 billion, is home to a third of the world's poor and expected to be the world's most populous country by 2035. It is also the fourth highest emitter of Greenhouse gases in absolute terms.

The Prosperity Fund India aims to contribute by building support for open and effective markets and by promoting both the take-up of alternative energy sources and more efficient production, distribution and consumption of energy. The fund also aims to reduce the severity or likelihood of the worst consequences of climate change on natural resource security (the nexus of food, water, land and energy security).

3. Headline Objectives and Indicators

The Prosperity Fund offers targeted funding to create real, measurable outcomes which promote openness and sustainability, boost the UK's reputation and provide opportunities which will benefit and enhance the prosperity of both the UK and India. The Prosperity Fund in India is intended to support the policy environment around the following objectives:

AIM 1: ENHANCE OUR ENERGY SECURITY AND HELP STOP DANGEROUS CLIMATE CHANGE

Objective	Expected Outcomes/ Indicators	Suggested Project Areas
<p>1.1. Faster domestic transition to low carbon growth pathway</p>	<ul style="list-style-type: none"> • Accelerate large scale deployment of renewable energy; • Unlock the potential of energy efficiency for growth and energy security. 	<ul style="list-style-type: none"> • Supporting development of policy and regulation that accelerate deployment of renewable energy, including drawing on areas of UK expertise in technology, regulation and deployment • Supporting increased private investment for renewable energy and energy efficiency • Support implementation of Perform, Achieve & Trade Scheme; mass engagement on energy efficiency etc. • Supporting implementation of key low carbon policies such as RE/EE Roadmaps • Encouraging deployment of low carbon approaches to infrastructure, sustainable transport (including electric hybrid vehicles) and smart cities • Parliamentary engagement on low carbon growth •
<p>1.2. Energy policy including Energy Security</p>	<ul style="list-style-type: none"> • Support Government of India’s aim to develop a National Energy Policy; • Support India’s and UK’s energy security (including work on non-conventional hydrocarbons, and Energy regulatory frameworks); • Implementation of international best practices on investments into oil and gas; • Promoting investments into Nuclear sector India. 	<ul style="list-style-type: none"> • Supporting the evidence base or policy options for the National Energy Policy • Identifying where India needs capability or technology in the energy sector, and create opportunities for UK companies and expertise • Supporting moves towards market based pricing of energy and the phasing out of inefficient fossil fuel subsidies • Addressing institutional and regulatory bottlenecks in the energy sector, particularly around renewable

		<p>energy, gas and unconventional hydrocarbons</p> <ul style="list-style-type: none"> • Nuclear civil liability issues • Oil and gas exploration licensing to attract international investment (including data availability and quality, and contract structure) • Maximising oil and gas recovery (particularly from mature and declining fields. With reference to lessons from the UK's Wood Review where appropriate)
1.3. Climate policy and a Global Climate deal	<ul style="list-style-type: none"> • Reaching a fair and ambitious global climate deal in 2015; • Enhanced the evidence-base for policy makers at national, state and local level to consider and address climate change. 	<ul style="list-style-type: none"> • Develop evidence of how economic growth and tackling climate change can be achieved together and leverage existing evidence such as New Climate Economy report • Leveraging private climate finance in India to address climate change • Engaging and supporting key decision makers, including legislators and helping them sift and use evidence on relevant climate issues • Scope for India to maximise benefits from climate finance and carbon markets

AIM 2: CREATE CONDITIONS FOR GLOBAL GROWTH BY INCREASING TRADE, OPENING MARKETS, ENSURING ACCESS TO FINANCE, AND PROMOTING SUSTAINABLE GROWTH		
Objective	Expected Outcomes	Suggested Projects Areas
2.1. Tax: Fiscal policies enhance economic performance, including an improved business environment	<ul style="list-style-type: none"> • Tax policies support sustainable growth and investment; • Progress on reforms to international taxation; • A stable and predictable tax system well understood by all parties 	<ul style="list-style-type: none"> • Supporting the international tax reform agenda in particular Base Erosion and Profit Shifting • Promoting domestic policy reform in direct and indirect taxes at central and state level to reduce economic distortions and disincentives. • Improved tax administration, including quicker, more transparent procedures and effective dispute resolution;
2.2. Trade and Investment: Policies support open, equitable domestic and multilateral trade and investment	<ul style="list-style-type: none"> • Enhanced transparency and predictability around investment regimes; • Improved trade and investment flows, including through reforms in trade facilitation measures; • Increased participation from India in international trading arrangements and agreements, including constructive engagement at multilateral forums like the WTO and G20. 	<ul style="list-style-type: none"> • Demonstrating the benefits to India in supporting open trade, in particular in services, showing how reduced trade barriers can improve productivity and deliver better global opportunities. • Encouraging constructive participation in international trading arrangements, including the WTO and G20. • Broadening the contribution of civil society in particular consumers and exporters in developing trade policy • How to take forward bilateral investment promotion agreements • Investor protection arrangements including contract enforcement.
2.3. Financial Services: Financial sector reforms promote transparent and stable regulatory frameworks	<ul style="list-style-type: none"> • Financial reforms promote sustainable growth and cater to India's financing needs • Enhanced participation in international markets and regulatory debates 	<ul style="list-style-type: none"> • Modernising financial regulations and regulatory structures; • Promoting wider and deeper capital markets, including government and corporate debt markets;

	<ul style="list-style-type: none"> • A more efficient banking sector 	<ul style="list-style-type: none"> • Improved supervision and regulation for financial stability (including on capital requirements, derivatives markets, managing international capital flows, and macro prudential regulations). • Using financial technology to support financial inclusion
<p>2.4. Good Governance: Reforms improve governance and increase transparency, removing economic barriers to growth</p>	<ul style="list-style-type: none"> • A simpler legal and regulatory business environment which promotes economic prosperity; • India contributes to a rules based international economic system, including enhanced competition, improved enforcement of international regulations and increased market access; • Increased transparency in public and corporate governance. 	<ul style="list-style-type: none"> • Identifying and tackling specific market access barriers hindering economic activity. • Improving the quality of regulation and its implementation, including through the judicial system. • Strengthening anti-corruption frameworks or adherence to international conventions • Focus areas include infrastructure, manufacturing, retail, mining, smart cities, public procurement, competition and building an information economy.

4. Guidance on Project Proposals

When assessing proposed projects, the Programme Board examines their capacity to deliver against the objectives mentioned above. Proposals should make clear how they will contribute to these objectives with tangible and sustainable policy impact for India and the UK.

The guidance below is split into mandatory requirements that projects must meet and general guidance which partners are expected to consider while submitting the concepts. The guidance shared is not exhaustive, but is designed to help organisations understand programme objectives in India.

Projects must:

- Be clearly linked to the Programme Objectives;
- Deliver value for money and build in project sustainability;
- Be a catalyst to transformational changes in policy and practice in India. Producing reports alone will not be sufficient;
- Demonstrate a clear strategy to engage, influence and support key stakeholders;
- Be in an area where the UK has commercial or policy expertise, producing measureable benefit to the UK as well as supporting India's development objectives;
- Each organisation should submit no more than two bids;
- Proposal duration should not exceed beyond March 2016.

General Guidance:

- **Stakeholder Engagement:** Demonstrate that for impact and buy in, relevant Indian government ministries/departments have been consulted and are supportive. Or if they have not, the bid should explain how the project has sufficient buy-in from the necessary stakeholders to deliver the expected outcomes; project designs must include strong engagement processes with stakeholders and beneficiaries. Projects developed in direct consultation with beneficiaries at the concept stage and arising out of strong demand-driven process will be preferred.
- **Communications and advocacy:** Proposals should include a well-developed communications plan including details of influencing strategy, media and outreach activities in the design and budgeted from the outset.
- **Thematic Coverage:** Innovative proposals integrating 'low carbon' and 'high growth' and delivering against more than one programme objective are strongly encouraged.
- **Geographic coverage:** Projects can be at regional or state level, provided that the ability to replicate is built into the proposal and sufficient impact is likely.
- **Value Addition:** Proposals must make clear that they are adding value to, and not duplicating existing activity of other bilateral / multilateral agencies or GOI. Prosperity Programme funding however may be used to leverage co-funding from other donors. Projects should demonstrate how they will gain leverage out of proportion to the money the FCO spends e.g. by leveraging future funding from co-donors or stimulating new host government expenditure.
- **Leverage Impact:** We encourage project ideas built upon completed / ongoing PF projects to intensify the magnitude of programme impact in India.
- **Knowledge sharing:** Proposals are encouraged to identify opportunities for sharing UK/international best practices.

- **Partnership:** Interested non-local bidders must demonstrate that local partnerships are already established.

5. What CANNOT be funded?

Projects in which the following are the sole or main purpose:

- Projects on general public awareness eg. on the importance of climate change or stand-alone seminars and/or workshops or research will not be considered unless they lead to specific and measurable action or policy change; we are looking for strategic and practical interventions that will lead to a real and timely difference to policy/decision-making.
- Project proposals on construction/commissioning/retrofitting for renewable energy or energy efficiency technologies are not funded under this programme.
- This programme does not support projects focused on adaptation measures, for which DFID funding streams may be more applicable.

These activities or items may be fundable if they form a part of a wider project and constitute only a small proportion of the project budget.

6. Programme Structure in India

1. The Prosperity Fund in India is managed by the British High Commission, New Delhi. Proposals are considered for funding only through submission during annual bidding rounds. Information about bidding rounds in India is published on the High Commission's web-site <https://www.gov.uk/government/publications/prosperity-fund-india-programme>
2. Bidding rounds are split between a concept and full bid stage. Proposals submitted will undergo a three stage review; the first stage concept bid stage, second full bid stage and finally the programme board review. Shortlisting at no stage guarantees funding.
3. Proposals are selected for funding by a Programme Board consisting of the British High Commission-New Delhi, FCO, HM Treasury, Department for Energy and Climate Change (DECC), DFID-India and UK Trade and Investment (UKTI) officials.
4. Proposals should be submitted on the prescribed Prosperity Fund bidding form. Organisations interested in submitting a bid are strongly encouraged to talk to relevant Prosperity Fund Programme Managers in the British High Commission at an early stage to discuss whether the proposal is strategically aligned to the programme objectives and fits programme requirements.
5. Bidding form, guidance note, bidding round timelines and contract terms and conditions are available on the website. Prospective bidders should ensure they are familiar with the terms and conditions in the Prosperity Fund contract.
6. Project concepts that have secured a degree of funding from other sources or are making a contribution of their own are welcomed. However, up to 100% will be considered where no other funding is available. All project related payments are made only in arrears on a quarterly basis and not in advance. **Project administrative costs should be less than 10 % of the overall budget. Any additional service tax/VAT over and above the total project is not considered.**
7. Project proposals should demonstrate that they will trigger further incremental action and gain leverage out of proportion to the money we spend. Experience has shown that the best way to do

this is to work towards high level policy change, build capacity in a sustainable way, translate evidence or analysis into action plans and work closely with host governments.

8. The FCO places a strong emphasis on programme and project-level monitoring and evaluation. Project implementing organisations must submit quarterly progress reports for the duration of the project, and submit a project completion form within three months of the project conclusion.
9. Each project is subject to review after the end of each financial year to continue funding. Projects should be designed in modular form so that set of outputs are delivered within the financial year in case future funding is not available.
10. If the project is approved for funding, a Grant **Contract/Commercial Contract** will be signed by the grantee (bidder) and the authority (British High Commission). Bidders are strongly recommended to review the terms in consultation with the Programme Team. Requests to amend the terms will not be considered.
11. Only proposals submitted electronically will be accepted. Prospective bidders are encouraged to submit evidence showing beneficiary or stakeholder engagement. Scanned copies of such evidence should be submitted during the full bid stage.
12. Stages of bidding rounds (please see the web site for current round dates)
 - Announcement of call for bids
 - Submission of concept bids (FCO template)
 - Review of concept bids against strategic fit and project design.
 - Reply to selected concept bids and request for full proposals.
 - Submission of full proposals (only if approved during concept bid round)
 - Announcement of results
 - Accountable Grant Contracts/ Commercial Contracts and start of Projects

7. Eligibility

Civil Society Organisations, International NGOs, Private Limited Companies, Research Organisations, Think Tanks and Universities are eligible to apply.

In order to receive funding from any foreign source, Indian based civil society organisations must register under the Foreign Contribution (Registration) Act 1976.

For Enquiries please contact

Climate Change Energy	Economic Reforms
<p><u>Nakul Sharma</u> Programme Manager, Climate Change and Energy Email: Nakul-Sharma@dfid.gov.uk</p>	<p><u>Gaurav Gurung</u> Programme Manager, Economic Reforms Email: Gaurav.Gurung@fco.gov.uk</p>

For more information please visit our website at <https://www.gov.uk/government/publications/prosperity-fund-india-programme>