



INSIDE INDIA

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Tools For Fiscal Reform: USAID's India State Fiscal Management Reform Project (REFORM)

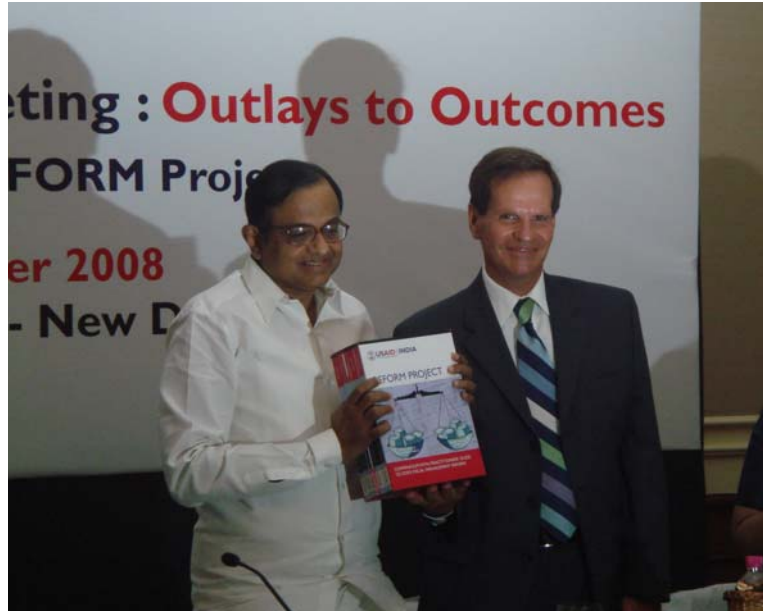
On October 22, U.S. Agency for International Development (USAID) Director George Deikun and the Honorable Minister of Finance, Government of India, Shri P Chidambaram opened the final dissemination event of the very successful USAID/India REFORM program; a five-year partnership designed to help strengthen Indian states' fiscal analysis, structures, and systems.

Welcoming the participants, Deikun said, *"REFORM was developed to help selected Indian state governments strengthen their fiscal capacity, enabling them to make good choices supported by information, databases, and best practice tools and techniques.*

USAID-India has been extremely fortunate to have been able to work with three very forward-looking state governments - Jharkhand, Karnataka, and Uttarakhand - which provided critical direction towards a solid fiscal management infrastructure in their respective states.

The REFORM project represents the first time such a comprehensive effort was undertaken at the state level to strengthen fiscal management practices. This is especially important in light of the emerging challenges that Indian states will face with the gradual opening up of the Indian economy and with state finances increasingly being linked to market forces. The REFORM interventions will also help to improve the quality of service delivery to India's citizens. Commenting on one of the key areas under the REFORM project, Minister of Finance Chidambaram said now the focus needed to shift to expenditure managements and the outcomes. In fact, "even outcomes are not enough, it is the *quality* of the expenditures [outcomes] that is more important."

At the event, the Finance Minister released one of the key products of the partnership: A *Compendium with Practitioners' Guides*, which will serve as an important resource for state governments all over India to implement improved fiscal management practices. He also launched "*Fiscal Watch*" (<http://www.fiscalwatch.org>) an online resource center designed to



USAID/India Director George Deikun looks on, as Finance Minister P Chidambaram releases the REFORM project a "Compendium with Practitioners' Guide." Photo/U.S. Embassy New Delhi

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promote greater collaboration and provide best practices and information exchange on fiscal policy and management.

Looking towards the future, Deikun said: *"We believe that each of the three partner states is well positioned to sustain and further improve their fiscal management reforms and we are confident that what we have learned from the REFORM experience can eventually be utilized throughout the country to improve the quality of state level financial management, which in turn*



Farming in India. Photo/ USAID

Agriculture Agreements Leverage Additional Funds

USAID recently awarded four new grants for agricultural development in India to the University of Wisconsin, Michigan State University, the International Food Policy Research Institute (IFPRI), and World Vision. As part of the U.S. Government's commitment to the Indo-U.S. Agricultural Knowledge Initiative (AKI), these new projects,

with a \$4.6 million investment from USAID, will introduce technological innovations and the latest scientific knowledge to raise agricultural productivity and help the Government of India and the private sector to create a more efficient demand-driven and market-led agricultural system.

Agriculture contributes about 21 percent of India's GDP and is the primary source of livelihood for almost 60 percent of the country's population. Yet, the agriculture sector – including both production agriculture and marketing – continues to be constrained by many factors including inappropriate policies, lack of information and adoption of new technologies, and poor linkages between farmers and markets. Agricultural crop yields are below potential and growth in farm output has slowed. Slow growth in such an important segment of India's economy jeopardizes the sustainability of India's strong overall economic growth.

The current agriculture development challenges in India require a new way of working. The four new projects are part of USAID's Partnerships for Innovation and Knowledge in Agriculture (PIKA) program, a public-private partnership model, known as a Global Development Alliance (GDA), where USAID's \$4.6 million contribution leveraged \$21.6 million from the PIKA partners. Public-private partnerships are an innovative model for development that enable development partners – donors like USAID, corporations, foundations, non-governmental organizations (NGOs), other U.S. government agencies, and Government of India agencies – to bring their strongest assets to bear on jointly-defined development challenges, thereby achieving together a solution that would not be possible for any individual partner. Partners combine resources and share risks in pursuit of common objectives.