

## Data Sheet

<b>USAID Mission:</b>	India
<b>Program Title:</b>	Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	386-013
<b>Proposed FY 2004 Obligation:</b>	\$9,039,000 DA; \$2,700,000 ESF
<b>Prior Year Unobligated:</b>	\$1,985,000 DA
<b>Proposed FY 2005 Obligation:</b>	\$9,900,000 DA; \$2,500,000 ESF
<b>Year of Initial Obligation:</b>	FY 2003
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** USAID's program to increase transparency and efficiency in the allocation and mobilization of resources includes the following components:

- Increase capacity of financial markets to mobilize resources;
  - Reform of selected state fiscal management systems;
  - Increase capacity of local governments to implement urban environment infrastructure projects that improve access to basic services by the poor;
  - Increase capacity of policy, technology and trade to improve farm and national level resource allocation;
- and
- Promote Indo-US development collaboration through creation of a partnership fund.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Increase Capacity of Financial Markets to Mobilize Resources (\$4,100,000 DA, \$1,485,000 Prior Year Unobligated DA, \$700,000 ESF). USAID's Financial Institutions Reform and Expansion-Regulatory component (FIRE-R) Project will provide technical assistance and training to: (a) build investor confidence in financial institutions by increasing capacity of the securities market and insurance supervisors in the formulation and implementation of sound regulations, market surveillance, disclosure standards, compliance and enforcement; (b) assist in the development of key market support institutions such as the Actuarial Society of India, trade associations and self-regulatory organizations; and (c) support the Government of India's initiative to implement a private pension system for the approximately 90 percent of workers currently not covered. USAID's micro and small enterprise support program will increase capital access for job-creating small scale enterprises. Principal contractors/grantees include U.S. Securities and Exchange Commission (prime), IBM Business Consulting Services (prime) and Bearing Point (prime).

Reform of State Fiscal Management Systems (\$700,000 DA, \$2,000,000 ESF). To promote fiscal discipline through increased technical competence of selected state governments, USAID's State Fiscal Management Reform (REFORM) Project will help to: (a) establish fiscal analysis units within finance departments in three target states and enhance their analytic and monitoring technical competence; and (b) strengthen state government treasury operations in selected states and support experience sharing by linking them via networks. Principal contractor is Bearing Point (prime).

Increase Capacity of Local Governments to Implement Urban Environmental Infrastructure Projects that Improve Access to Basic Services for the Poor (\$1,439,000 DA). To promote urban fiscal reform and sustain a predictable flow of resources from local, state and private sources to fund urban infrastructure on a long term basis, USAID's Financial Institutions Reform and Expansion-Debt component (FIRE-D) Project, complemented by the US-Asia Environmental Partnership, will help to: (a) create state level infrastructure funds and pooled financing mechanisms for development and financing of urban infrastructure using appropriate and up-to-date technologies; and (b) strengthen municipal financial management, accounting, and asset and property management systems. Principal contractors/grantees

include The Communities Group International (prime), and the Indian National Institute of Urban Affairs (prime).

Increase Capacity of Policy, Technology and Trade to Improve Farm and National Level Resource Allocation (\$2,300,000 DA). To remove the restrictive practices that have limited private sector purchase, storage, processing, and transport of agricultural products (including food grain) in India, USAID will encourage India to draw down its extraordinary food grain stocks in ways that benefit its most vulnerable households by taking the following steps: (a) promote collaborative ventures that generate, adapt and diffuse cutting edge technologies in agriculture, telecommunications, and other key development sectors; (b) help independent business groups, consumer advocacy and pro-reform NGOs, professional associations, and think-tanks to conduct research and analysis and participate in public debate on economic reforms; and (c) test and demonstrate financially viable models in the application of information and communication technologies to enhance India's development agenda.

Promote Indo-US Development Collaboration through Creation of a Partnership Fund (\$500,000 DA, \$500,000 Prior Year Unobligated DA). USAID's long-term vision is to help India complete the "last mile" in its development agenda by 2017 by creating an enduring entity to follow USAID's departure from India and to address remaining developmental concerns. A Partnership Fund will be established to test concepts and operating principles for this entity.

**FY 2005 Program:**

- Increase Capacity of Financial Markets to Mobilize Resources (\$4,500,000 DA, \$1,500,000 ESF). The FIRE-R Project will continue to strengthen the institutional and regulatory capacity of the financial system.
- Reform of State Fiscal Management Systems (\$1,000,000 DA, \$1,000,000 ESF). USAID may expand the REFORM Project by also providing training to officials in key elected bodies and civil society to increase public awareness and support for reform.
- Increase Capacity of Local Governments to Implement Urban Environmental Infrastructure Projects that Improve Access to Basic Services by the Poor (\$900,000 DA). USAID assistance will help increase resources raised by local governments on a market-basis.
- Increase Capacity of Policy, Technology and Trade to Improve Farm and National Level Resource Allocation (\$2,000,000 DA). Agriculture activities are expected to increase the private sector's share in food grain marketing and ultimately decrease selected agricultural subsidies.
- Promote Indo-US Development Collaboration through Creation of a Partnership Fund (\$1,500,000 DA). The partnership fund will test concepts and operating principles that highlight the growing linkage between entities in the U.S. and India.

**Performance and Results:** During FY 2003 the Securities and Exchange Board of India (SEBI), with assistance from USAID's FIRE-R, continued to expand its capacity and effectiveness as a regulatory body. It restructured organizationally, created a comprehensive framework for testing, certification and licensing for all types of securities market intermediaries and established a market database of certified intermediaries. The national insurance regulator, with FIRE-R support, developed and trained personnel in the use of a comprehensive manual for financial examination of insurance companies. A network of microfinance institutions, strengthened by USAID support, influenced government policy taxation, interest rate caps, and capital access for microenterprises. FIRE-D strengthened a number of municipal systems and procedures for management and delivery of urban infrastructure, leading to: (a) bonds worth \$6.4 million being issued by Tamil Nadu Water Sanitation Pooled Fund under a Development Credit Authority (DCA) Guarantee, financing water and sanitation needs for 14 small and medium municipalities; (b) a pooled financing for the State of Karnataka to raise \$21 million from domestic capital markets to fund water and sanitation projects serving 240,000 households in eight municipalities; and (c) the identification of U.S. and Indian agriculture research partnerships which, put into motion priority research projects based on marketability.

Over its life, activities under this SO are expected to increase the mobilization of capital and access of private sector companies to long-term financing for investment in infrastructure, increase percentage of state budgets allocated to social infrastructure investments, and increase the amount of resources raised by urban governments through market-based mechanisms.

## US Financing in Thousands of Dollars

India

386-013 Economic Growth	DA	DCA	ESF
<b>Through September 30, 2002</b>			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
<b>Fiscal Year 2003</b>			
Obligations	14,538	779	2,500
Expenditures	27	0	0
<b>Through September 30, 2003</b>			
Obligations	14,538	779	2,500
Expenditures	27	0	0
Unliquidated	14,511	779	2,500
<b>Prior Year Unobligated Funds</b>			
Obligations	1,985	0	0
<b>Planned Fiscal Year 2004 NOA</b>			
Obligations	9,039	0	2,700
<b>Total Planned Fiscal Year 2004</b>			
Obligations	11,024	0	2,700
<b>Proposed Fiscal Year 2005 NOA</b>			
Obligations	9,900	0	2,500
Future Obligations	25,068	0	6,800
Est. Total Cost	60,530	779	14,500