

Data Sheet

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| USAID Mission: | India |
| Program Title: | Economic Growth |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 386-013 |
| Status: | Continuing |
| Planned FY 2006 Obligation: | \$3,440,000 DA; \$1,000,000 ESF |
| Prior Year Unobligated: | \$168,000 DA |
| Proposed FY 2007 Obligation: | \$1,940,000 DA; \$1,500,000 ESF |
| Year of Initial Obligation: | 2003 |
| Estimated Year of Final Obligation: | 2007 |

Summary: USAID's economic growth program addresses constraints to wider prosperity and ensures that the poor share in the benefits of a vibrant economy. USAID is working with the Government of India to develop a regulatory environment that provides stability and investor confidence in financial markets and a level playing field for investment. The program extends capital market services and products to the country's poor. USAID's program improves fiscal governance and reduces state and local deficits, allowing for improved allocation of scarce public funds toward education, health, and infrastructure investments. Increasing private investment in water/sanitation systems and air quality technologies are priorities. USAID promotes the use of cutting-edge approaches in agriculture. This constitutes notification of the planned transfer of \$600,000 in Development Assistance funds to the Development Credit Authority (DCA) account in FY 2006.

Inputs, Outputs, Activities:

FY 2006 Program:

Increase Agricultural Sector Productivity (\$300,000 DA). USAID is continuing to promote efficiency in marketing chains, and to fund policy studies and new initiatives in the area of commodity futures development. Principal Implementers: the U.S. Department of Agriculture, Cornell University, and Michigan State University.

Protect and Increase the Assets and Livelihoods of the Poor (\$1,640,000 DA; \$168,000 DA Prior Year Unobligated). USAID is developing microenterprise and microfinance opportunities in India by investing in four to five small and medium businesses; providing business and financial support to agriculture and urban services, covering approximately 7,000 small farmers; and expanding microfinance for slum upgrading in three cities. Principal Implementers: Healing Fields Foundation, Sa-Dhan, Cooperative Housing Foundation International, and Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA).

Strengthen Public Sector Executive Function (\$400,000 DA; \$500,000 ESF). USAID is strengthening the capacity of three state governments in procurement, internal auditing, and treasury maintenance. The program is providing technical assistance and training on project appraisal, budget formulation, and debt analysis to improve accountability and efficiency in public financial management. USAID is expanding the program into a fourth state, initiating activities to bring about tax reforms, and bolstering intergovernmental fiscal transfer systems. The program covers approximately 100 million people. Principal Implementers: Bearing Point and Development Alternatives, Inc.

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,100,000 DA; \$500,000 ESF). USAID is working with the Government of India (GOI) to create a regulatory framework that will increase household participation in India's capital market. To increase regulatory and licensing capabilities in the health insurance sector, the program is providing technical assistance in the form of workshops and seminars as well as providing internship opportunities for insurance regulatory staff. USAID's assistance promotes the development of a business plan for data warehousing and data mining for casualty and property insurance. USAID is also helping with the implementation of regulatory policies that deepen the country's insurance market. A DCA guarantee of approximately \$600,000 will be used to

underwrite an \$11 million bond issued by a microfinance institution in India. Principal agencies are the Securities and Exchange Board of India (SEBI) and the Insurance Regulatory and Development Agency (IRDA). Principal Implementers: the Securities and Exchanges Commission, IBM Business Consulting Services, and Bearing Point.

FY 2007 Program:

Increase Agricultural Sector Productivity (\$1,000,000 DA). USAID's agriculture programs will increase the private sector's share in food grain marketing, decrease selected agricultural subsidies, and establish standards to promote trade. USAID will also expand the micro and small enterprise support program to more small and medium businesses and provide business and financial support to the agriculture sector. Principal Implementer: ACDI/VOCA.

Strengthen Public Sector Executive Function (\$500,000 DA; \$800,000 ESF). USAID's program will increase the incentive for reform by linking public finance management to underfunded priorities such as health, education, and water. The program will increase public awareness of better fiscal governance through improving government accountability on public fund usage. USAID will initiate activities to bring about tax reforms, strengthen civil society's capacity to promote better fiscal governance, and bolster intergovernmental fiscal transfer systems. Principal Implementers: Bearing Point.

Strengthen The Financial Services Sector and Increase Access to Capital (\$440,000 DA; \$700,000 ESF). USAID will continue to strengthen the institutional and regulatory capacity of the Indian financial system to broaden access to finance for rural and urban small businesses and for infrastructure investments. The program will increase regulatory and licensing capabilities in the health insurance sector, and help with the implementation of regulatory policies that deepen the country's insurance market. Principal agencies: SEBI and IRDA. Principal Implementers: IBM Business Consulting Services and Bearing Point.

Performance and Results: During FY 2005, USAID strengthened the GOI's systems for facilitating private resource mobilization. USAID assisted SEBI to design and install a market surveillance system that enables it to monitor activity across stock exchanges and check market manipulation in real time. USAID also created and implemented a road map for strengthening SEBI's enforcement capacity. Programs in insurance regulation created a safe and competitive environment for insurance. USAID assisted in the formulation of guidance for a strong commodities futures and a competitive domestic market. USAID established dedicated state fiscal policy centers to increase fiscal governance in three Indian states (accounting for 100 million people). The same USAID approach to fiscal governance enhanced financial practices and increased revenue generation in eight municipalities, enabling them to borrow from the market to meet their infrastructure investment needs. In FY 2005, the new venture capital fund established in FY 2004 with less than \$5 million of USAID support closed with \$160.6 million in capital investment funds for small and micro enterprises. USAID's investment in economic growth activities will lead to mobilized capital and improved private sector access to long-term financing for investment in infrastructure; increased percentage of state budgets allocated to social and physical infrastructure investments; and increased resources raised by urban governments through market-based mechanisms for improved service delivery.

US Financing in Thousands of Dollars

India

| 386-013 Economic Growth | DA | DCA | ESF |
|---------------------------------------|--------|-------|--------|
| Through September 30, 2004 | | | |
| Obligations | 25,204 | 779 | 4,500 |
| Expenditures | 27 | 779 | 2,548 |
| Unliquidated | 25,177 | 0 | 1,952 |
| Fiscal Year 2005 | | | |
| Obligations | 8,126 | 246 | 4,500 |
| Expenditures | 14,991 | 0 | 2,688 |
| Through September 30, 2005 | | | |
| Obligations | 33,330 | 1,025 | 9,000 |
| Expenditures | 15,018 | 779 | 5,236 |
| Unliquidated | 18,312 | 246 | 3,764 |
| Prior Year Unobligated Funds | | | |
| Obligations | 168 | 0 | 0 |
| Planned Fiscal Year 2006 NOA | | | |
| Obligations | 3,440 | 0 | 1,000 |
| Total Planned Fiscal Year 2006 | | | |
| Obligations | 3,608 | 0 | 1,000 |
| Proposed Fiscal Year 2007 NOA | | | |
| Obligations | 1,940 | 0 | 1,500 |
| Future Obligations | 0 | 0 | 0 |
| Est. Total Cost | 38,878 | 1,025 | 11,500 |