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**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**INTERNATIONAL FINANCE CORPORATION**

**MULTILATERAL INVESTMENT GUARANTEE AGENCY**

# COUNTRY PARTNERSHIP STRATEGY

# FOR INDIA

# FOR THE PERIOD FY2013–2017

**March 21, 2013**

India Country Management Unit
South Asia Region

The International Finance Corporation
South Asia Department

The Multilateral Investment Guarantee Agency

The last Country Strategy (CAS) Report No. 46509 was discussed by the Board on November 14, 2008, and the last CAS Progress Report (CASPR) Report No. 58433 was discussed by the Board on December 14, 2010.

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**ABBREVIATIONS AND ACRONYMS**

| | |
|---|---|
| AAA | Analytical and Advisory Activities |
| BRICS | Brazil, Russia, India, China, and South Africa |
| CAS | Country Strategy |
| CPS | Country Partnership Strategy |
| CTF | Carbon Trust Fund |
| DFID | United Kingdom Department for International Development |
| FDI | Foreign Direct Investment |
| GAAP | Governance and Accountability Action Plan |
| GDP | Gross Domestic Product |
| GFATM | Global Fund to Fight Aids, Tuberculosis, and Malaria |
| GSDP | gross state domestic product |
| GST | Goods and Service Tax |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome |
| IBRD | International Bank for Reconstruction and Development |
| ICDS | Integrated Child Development Services |
| ICT | information and communication technologies |
| IDA | International Development Association |
| IFC | International Finance Corporation |
| IT | Information Technology |
| LIS | low-income state |
| M&E | monitoring and evaluation |
| MDG | Millennium Development Goal |
| OECD | Organisation for Economic Co-operation and Development |
| PMGSY | Pradhan Mantri Gram Sadak Yojana |
| PPP | public-private partnership |
| PRI | Panchayati Raj institution |
| RWSS | rural water supply and sanitation |
| SBL | Single Borrower Limit |
| SPPB | Special Placement Private Bonds |
| SSA | Sarva Shiksa Abhiyan |
| UN | United Nations |
| WBG | World Bank Group |

Dollar amounts ($) are U.S. dollars.

| IBRD/IDA | MIGA | IFC |
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# 1. Executive Summary

1. India is uniquely placed to help reduce global poverty and boost prosperity. The country has the largest number of poor people in the world, as well as the largest number of people who have recently escaped poverty but are still vulnerable to falling back. India's encouraging results in recent years on the dual challenges of fighting poverty and boosting prosperity justify strong support for India as a key part of the global effort to bend the arc of history by accelerating the decline in poverty. India's per capita income remains low, and its development challenges are deep and complex. As the country strives to bring about quicker and deeper changes, this strategy lays out an approach for the World Bank Group to support India in achieving even more ambitious results in the near future. Aware that World Bank Group finances will always be modest compared to India's challenges, that support can be a catalyst for change at this crucial time. For that reason, this strategy makes the case for continued high levels of World Bank Group financial support for India.

## 1.1. Achievements and remaining challenges

2. India's economic and human development is one of the most significant global achievements of recent times. Between 2005 and 2010, India's share of global GDP increased from 1.8 to 2.7 percent, and 53 million people were lifted out of poverty. Growth has steadily accelerated over time, showing resilience even in the aftermath of the global crisis. In the last decade, India's economy expanded at an average annual rate of 7.6 percent, placing it in the top 10 of the world's fastest growing nations. Exports account for 21.5 percent of GDP, three times more than in 1990, and net inflows of foreign direct investment (FDI) make up another 1.6 percent. India is home to globally recognized companies in pharmaceuticals, steel, and space technologies, and the country is a leader in the use of information technologies for e-government purposes and public service delivery. In line with these transformations, India is now among the top 10 percentile of fast growing nations and has become a prominent global voice. Progress on human development has been remarkable; life expectancy more than doubled from 31 years in 1947 to 65 years in 2012 and adult literacy more than quadrupled, from 18 percent in 1951 to 74 percent in 2011.

3. While India has made significant progress in reducing absolute poverty, it remains home to one-third of the global poor. On the positive side, India has already achieved the first Millennium Development Goal (MDG 1) by halving the proportion of people living on less than $1.25 a day. Most notably, rural poverty has decreased by 14 percentage points, and the less well-off are increasingly reaping the benefits of shared prosperity, with consumption growth of the bottom 40 percent rising to catch up with average consumption growth. But with GDP per capita at $1,410 in 2011, India remains at the bottom of the group of middle-income countries. More than 400 million people still live in poverty. With population growth, the absolute number of poor people actually increased in some of India's poorest states between 2004–05 and 2009–10, with poverty rates three to four times higher than those of the most advanced states—Haryana, Kerala, and Punjab.

4. Despite rapid economic growth and positive human development, Indian society remains highly segmented and income inequality is rising. Inequalities vis-à-vis disadvantaged groups such as so-called scheduled castes, scheduled tribes, and women persist. Structural inequalities have kept entire groups trapped, unable to take advantage of opportunities that economic growth has offered. While much progress has been made in education, health, maternal mortality, and fertility, gender inequality remains high. The ratio of girls to boys has decreased steadily over the last fifty years—a trend associated with the "missing women" phenomenon; it is particularly low in some of India's more advanced states.

5. A middle class is emerging, but only a fifth of the population has firmly escaped vulnerability. Even above the threshold for the World Bank Group's global indicator of shared prosperity (defined as

consumption growth of the bottom 40 percent of the population), a large number of people have consumption levels that are very close to the poverty line. Many of India's newly non-poor, especially in rural areas, remain vulnerable and minor shocks—illness, natural disasters, poor crop yields, indebtedness—can easily push them below the poverty line. People who are no longer vulnerable are defined as those living in households with an income that is at least twice the poverty line. India's continued progress is not only significant for its people, especially those still living in poverty, but also for the global achievement of the MDGs. Helping India address its development challenges is central to the World Bank Group's goal of reducing poverty and boosting shared prosperity.

## 1.2. A vision for India in 2030

6. The overarching objective of the World Bank Group's Country Partnership Strategy (CPS) for the period FY2013–17 is to support poverty reduction and shared prosperity in India. That objective is closely aligned with the vision for development outlined in the country's 12th Five-Year Plan (FY2013–17), which calls for "faster, sustainable, and more inclusive growth" focusing on poverty reduction, group equality, regional balance, empowerment, environmental management, and employment. It foresees annual GDP growth of 8.2 percent, with all states growing faster than they did under the 11th Plan. It envisions a reduction of the poverty rate by 10 percentage points, building on the generation of 50 million new work opportunities in the non-farm sector and an increase in the average schooling of the population to seven years. The Plan also targets the elimination of gender and social gaps in schooling, a decline in the infant mortality, and a gradual improvement of the ratio of girls to boys.

7. Continued rapid economic growth is a precondition for poverty reduction and shared prosperity. Its role cannot be overstated. Before the industrial revolution India was one of world's wealthiest countries, accounting for more than a quarter of global GDP, but by the time of Independence in 1947 its economy was universally stagnant. Since then the country has emerged out of the low "Hindu rate of growth," and has the potential to become a global economic powerhouse once again. But growth will also have to be more inclusive than in the past. If growing numbers of people are to benefit from economic growth, regardless of their gender, caste, or state of residence, more will be needed. Although India has done better than most countries in terms of economic growth, the degree of poverty reduction associated with one percentage point of GDP growth has been substantially less than in countries such as Brazil and China.

8. The diverse experience of Indian states is revealing of what could be accomplished—and what would be realistic—in striving to attain the overarching objectives of the CPS. Some states have done better than others in terms of economic growth; others have done better in terms of poverty reduction and reducing vulnerability. Differences are to be expected in the short term, but these differences have persisted over extended periods. The CPS scenarios to 2030 are predicated on the observed performance between 2005-2010, a period of high growth and poverty reduction. Two scenarios are presented in the CPS:

- *Base scenario.* Under the base scenario, India's GDP growth rate, as well as the speed at which the numbers of poor and vulnerable people decline for every percentage point of growth, remain the same as in 2005–2010. In this scenario, the GDP growth rate would be sustained at 8.2 percent. Income per capita would reach $5,283 in 2030 at 2010 prices, compared with $1,375 in 2010, poverty would drop from 29.8 to 12.3 percent, and the share of people above the vulnerability threshold would increase from 19.1 to 33.6 percent.
- *Ambitious scenario.* Under the ambitious scenario, India sustains rapid GDP growth in the base scenario but improves its performance to that of the best-performing state at the 80th percentile of the distribution in terms of poverty reduction and reduced vulnerability. Over the period 2005–2010 those

states were Rajasthan and Karnataka, respectively. Matching, at the national level, the performance of these high-achievers would be an extraordinary accomplishment. Under the ambitious scenario, the poverty rate would decline to 5.5 percent, and the share of people who are no longer vulnerable would reach 41.3 percent.

9. India has the potential of making a dramatic contribution to poverty reduction and shared prosperity globally. In principle, the new global target to "bend the arc of history" could be attained through a combination of successes across other countries. But it is unlikely that this will happen unless India continues to make substantial inroads. The CPS scenarios to 2030 also reveal the implications of India's sustained, high growth on the number of people living below the poverty line and above two poverty lines or the vulnerability line (those no longer vulnerable of falling into poverty). If the base scenario were realized, the number of global poor would fall by 191 million and the number of people above the vulnerability line would increase by 277 million. If the ambitious scenario were realized, the corresponding figures would be 304 and 394 million. The former is comparable to China's contribution to global poverty reduction over the last two decades and the latter amounts to raising to prosperity the equivalent of the combined present populations of France, Germany, Italy, Japan, and the United Kingdom.

## 1.3. Development challenges

10. India's recent development experience shows that achieving the ambitious vision by 2030 will require addressing a wide range of challenges. With a young population and 8 million people entering the labor force every year, India could reap a substantial demographic dividend, but there could also be considerable stress if employment opportunities are not commensurate with expectations. At present only 16 percent of the workforce derives its income from regular wage employment, and more than 50 percent are engaged in agriculture. The female labor force, already low as a proportion of the total labor force, decreased from 34 to 29 percent between 2000 and 2010, with the drop being particularly marked for women at higher levels of education. Constraints across three main areas could make India miss its potential demographic dividend:

- *Platforms for growth.* Infrastructure needs are massive. Only 20 percent of the national highway network is four-lane, ports and airports have inadequate capacity, and trains move very slowly. One-third of the rural population lacks access to an all-weather road. Road safety is a growing concern in a country that is adding new drivers at a record pace. An estimated 300 million people are not connected to the national electrical grid, and those who are face frequent disruptions. The manufacturing sector remains underdeveloped and has grown at a pace that is below expectations. The size distribution of firms in India is characterized by a "missing middle," which is a source of concern given that small and medium enterprises are typically an important source of wage employment. Improving and maintaining a healthy investment and business climate is also crucial to growth.
- *Managing spatial transformation.* The number of urban centers has grown from about 5,000 in 2001 to 8,000 in 2011, and 53 cities already have a population in excess of one million. There is a need to accommodate an additional 10 million urban dwellers every year and to provide them with adequate basic services. Success at meeting this challenge has so far been partial. The number of slum dwellers increased from 75 million in 2001 to 93 million in 2011—a quarter of the urban population. The rural space is not well connected to cities, resulting in weak value chains for agricultural products and an insufficient creation of off-farm employment. Although half of the Indian population derives its income from agriculture-related activities, agricultural output has grown below government targets.
- *Human development potential.* Health outcomes compare poorly with those of countries at similar levels of development. At 65.4 years, life expectancy is more than 5 years lower than the world

average. Malnutrition rates remain high: 40 percent of the world's malnourished children live in India. Maternal and infant mortality as well as fertility rates remain high compared with those of other growing economies in Asia. Out-of-pocket health expenditures are among the highest in the world and make households, especially the very poor, highly vulnerable to health shocks. Primary education has been largely universalized, but progress on learning outcomes has been limited. Secondary education is the new bottleneck. At 4.4 years, educational attainment is low, and India still accounts for one-third of all illiterate people worldwide. Enrolment rates for grades 9–12 are just 40 percent; of those enrolled, approximately 15 percent drop out and one-third fail their examinations. Inequity in all dimensions, including caste and gender, is a major concern.

## 1.4. The World Bank Group program

11. To help India address these challenges, the CPS will contribute to three main engagement areas: integration, transformation, and inclusion. Effective engagement will require actions at the national level, at lower levels of government, and through partnerships with the private sector, civil society and development partners.

- *Integration.* The focus is on physical connectivity and the strengthening of market mechanisms. India's infrastructure needs cannot be addressed through public investments alone. A tested model for private participation exists for highways and electricity generation, but elsewhere failures are many, suggesting that more needs to be done to assess viability gaps and identify adequate risk-transfer mechanisms. Reforms are needed in the power sector, where low energy prices, expensive coal (central to producing electricity in India), and inefficiencies in transmission and distribution are crippling the system. The development of a vibrant manufacturing sector requires reforming outdated labor laws, improving access to land, removing pervasive red tape and increasing access to finance. Greater regional and global integration is critical to open up market opportunities and foster competition. Intraregional trade would increase from the current $5 billion to $20 billion if restrictions to trading with neighbors were removed.
- *Transformation.* The goal is to reap the benefits from agglomeration in parallel with raising agricultural productivity. India's urban development is hampered by the fragmentation of service delivery across a range of uncoordinated agencies. Local bodies in urban areas need to become institutionally stronger and increase their capacity to mobilize financial resources. In rural areas, stressed natural resources, inadequate technology, underdeveloped extension services, and limited access to credit contribute to the lackluster performance of the agricultural sector. At present, in urban areas, poverty is highest in secondary cities, where the growth of wage employment has been disappointing. But if they were properly developed, secondary cities could become the linchpin between urban and rural areas. Spatial transformation also implies an efficient use of India's limited resources, in particular land, forests, and water, as well as a shift towards climate resilience.
- *Inclusion.* The ambition of the program is to promote human development and strengthen social programs, so that economic integration and spatial transformation generate inclusive growth. In relation to health, this requires better accountability arrangements in service delivery, adequate regulation and oversight of private health care providers, and expanded coverage of health insurance among disadvantaged groups. In education, incentives and community participation are needed to reduce absenteeism. A special effort should be made to ensure access to education for underprivileged children, retain girls in secondary education, and open opportunities in higher education for all youth. A focus on learning outcomes is warranted across all levels of education. Meanwhile, social programs should be better targeted and delivered in ways that improve coverage and efficiency. Improving access to finance and social protection can also help households, especially the poor, benefit from economic growth.

Across all three areas of engagement, a focus on improved governance, environmental sustainability, and gender equality is envisioned. IFC's efforts to strengthen India's private sector also cuts across all three areas.

12. The implementation of the CPS program will be guided by the Government's approach to working with multilateral institutions: "Innovation Impulse with Investment" (see Annex 8). The approach lays out the Government's vision of how best to use the financing and expertise from multilateral institutions to address India's development challenges and places significant importance on the value-added of the World Bank's program that goes well beyond financing. The Government wants World Bank support for projects that have a systemic or transformational impact, those that help innovate and pilot new approaches, and finally those that introduce innovative financing instruments and leverage resources. The approach provides an impetus towards working together to shape a pipeline of projects that takes advantage of the World Bank's international expertise, while addressing financial sustainability and overall funding for the CPS program. Adherence to these principles will result in greater country-led program selectivity.

13. Guided by this approach, the World Bank will rebalance its portfolio toward state-level activities and, within that segment, toward low-income and special category states. Delivering on the overarching goals of the CPS also requires a strong focus on low-income states, where a majority of the poor and the vulnerable live. Other major economic powers, such as the United States and the European Union, have experienced an unambiguous long-term convergence in living standards across their constituent parts. In India, by contrast, divergence across the states has remained the norm. Convergence is supported by economic integration, and this in turn requires policies at the national level. But it can also be supported through a greater emphasis on policy reforms and investments in the low-income states themselves. Moreover, India's seven low-income states are now growing faster than the average. Investments in those states thus have higher economic returns than investments elsewhere. The impact is even greater when considering the payoffs in poverty reduction. IFC will continue to expand its investments and advisory program in the low-income and northeast states. Engagement under the CPS will focus on extensive capacity building, technical assistance, analytical work, and knowledge exchanges that underpin lending operations.

14. The World Bank Group can help India realize the CPS vision to 2030, building on a strong partnership in development stretching back 60 years. Since the first IBRD loan to the Indian Railways in 1949, India has made extensive use of financing, knowledge, advisory services, and technical assistance from the World Bank Group. Over these six decades, IBRD, IDA, and IFC financing to India reached approximately $160 billion at 2010 prices—far more than any other country. But the World Bank Group has also benefitted enormously from the partnership. India has been home to major innovations in development, from the Green Revolution to the Mahatma Gandhi National Rural Employment Guarantee program to the promotion of the right to information. There is growing demand to learn from India's diverse development experience. India is emerging as a key provider of development experience in South–South knowledge exchange and investment capital.

15. Although the World Bank Group's contributions to the government's overall development financing is small, its support can be catalytic and transformative when financing is combined with knowledge and experience. To make a meaningful contribution on the assault on poverty, especially in low-income states where over 200 million of India's poor reside, the volume of support from the World Bank Group should be about $5 billion per year. However, World Bank Group estimated financing levels could average about $4 billion annually during the CPS period, when one includes India's purchase of Special Private Placement Bonds, IFC financing and assumes that India receives transitional IDA. At their first IDA17 replenishment meeting in Paris, IDA Deputies broadly agreed with the proposal that India receive transitional support after it graduates from IDA; a final decision will not be taken until the end of

2013, including on the volume and terms of transitional support. While transitional IDA support would help boost World Bank Group financing, it still falls short of levels needed and net flows from IDA and IBRD combined turn negative by FY2018.

## 2. Introduction

16. **The overarching goals of the World Bank Group India Country Partnership Strategy (FY2013–17) are to help India accelerate poverty reduction and increase shared prosperity**, so that more and more people, regardless of gender, caste, or whether they live in villages or cities, or in low-income or more advanced states, can enjoy the benefits of more balanced growth and development. With one-third of the world's poor people, India is central not only to the World Bank Group's goal of reducing poverty and boosting shared prosperity, but also to the world's progress toward achieving the Millennium Development Goals.

17. **India has made significant progress in reducing absolute poverty during the last two decades.** It has already achieved the first Millennium Development Goal by halving (to less than 30 percent) the proportion of people whose income is less than $1.25 a day. The less well-off are increasingly reaping the benefits of shared prosperity, with a considerable narrowing of the gap between average consumption growth and growth of the bottom 40 percent. Most notably, rural poverty has decreased by 14.5 percentage points. Given that India is predominantly rural, however, a huge concentration of the nation's poor people (four out of every five) still live in rural areas.

18. **Poverty remains widespread.** With population growth, it has proved difficult to reduce the number of poor at a rapid pace; 400 million Indians still live in poverty.[1] Poverty rates also vary significantly across and within states. Each of the seven low-income states[2] has poverty rates that are two to three times higher than those of the more advanced states. Poverty reduction in the poorest states—which are also the most populous—has been slow (Annex 4). Higher-income states also have pockets of extreme poverty; Karnataka's per capita income, for example, varies nearly five-fold across districts.

19. **India's rapid growth in the last decade has not benefited everyone uniformly.** India's consumption inequality as measured by the Gini coefficient is 0.34 and is on the rise, with widening disparities between urban and rural areas. Despite accelerated social mobility and urbanization, Indian society remains exclusionary, and income inequality alone does not reflect the depth and range of social inequities. Structural and persistent inequalities by gender, caste, and tribe persist, and indicators of poverty and human development for these groups lag behind those of the general population. Poverty rates are especially high among scheduled tribes (46.1 percent in 2009–10), and scheduled castes (40.8 percent). Literacy rates for males and females from scheduled castes are 67 and 42 percent respectively, compared to the all India average of 82 and 65 percent.

20. **On a range of human development indicators, India lags behind world averages.** The country ranks 134 out of 187 on the UN's 2011 Human Development Index. At 65.4 years, life expectancy is more than 5 years lower than the world average, and persistently high rates of malnutrition contribute to other health problems and undermine productivity. At 4.4 years, educational attainment is low, and India still accounts for one-third of the globe's illiterate people. Gender inequality remains high despite progress in education, health, maternal mortality, and fertility. The ratio of girls to boys has decreased steadily over the last 50 years and is particularly low in some of the more advanced states and urban areas.[3]

21. **Lifting people out of poverty is not enough.** Even above the threshold for the World Bank's global indicator of shared prosperity (defined as consumption growth of the bottom 40 percent of the

[1] World Bank estimate of people living on $1.25 or less per day in PPP terms.
[2] Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, and Uttar Pradesh.
[3] The so-called child sex ratio measures the number of girls per 1,000 boys aged 0–6. In India the ratio has decreased steadily over the last three decades from 962 in 1981 to 914 in the 2011 census.

population), a large number of people, especially in rural areas, have consumption levels that are very close to the poverty line. These vulnerable people live on more than $1.25 and less than $2.50 per day or between one and two official poverty lines.[4] Minor shocks—illness, poor crop yields, indebtedness, high inflation—can easily push them below the poverty line. Poverty reduction efforts need to be accompanied by social protection initiatives to protect people from falling back into poverty. The end goal is to increase shared prosperity—that is, to increase the number of people who are not poor, who are socially included, and who are reasonably secure.

## 3. Achievements

22. **Despite the large remaining challenges, India's development is one of the most significant global achievements of the 20th century.** Over the last two decades, progress toward many of the Millennium Development Goals has been creditable given the sheer scale of the challenge. In addition to halving poverty (MDG1), India has universalized primary education (MDG2). By 2015, India is also likely to halve the number of people without sustainable access to safe drinking water and achieve gender parity at all levels of education, while also making strong progress in fighting infectious diseases, such as AIDS, tuberculosis, and polio and achieving environmental sustainability. India has been free of polio for two years now. Life expectancy has more than doubled from 31 years in 1947 to 65 years in 2012 but remains low compared with other countries. Adult literacy more than quadrupled from 18 percent in 1951 to 74 percent in 2011. Widespread famines are a thing of the past, even when the monsoon fails, although chronic malnutrition remains pervasive. While maternal mortality has been reduced by 33 percent over ten years, almost 20 percent of all maternal deaths worldwide still occur in India, and much faster progress on the MDGs pertaining to child mortality and access to sanitation facilities (Annex 3).

23. **The WBG has contributed to India's development achievements**, contributing where and when it was most needed. Since the first IBRD loan to the Indian Railways in 1949, India has made extensive use of WBG financing, knowledge, advisory services, and technical assistance to tackle fundamental developmental challenges and build a modern economy (box 3.1). Over 60 years, India has benefited from approximately $160 billion IBRD/IDA/IFC financing at 2010 prices)—far more than any other client country. In the process, the WBG has learned a lot. Many of its current policies, practices, and thinking about development have been influenced by its experience in India.

[4] The official poverty line for India (currently under revision) is set at the equivalent of $1.17 per person per day in PPP terms. The unofficial lower bound of prosperity is set at two poverty lines. This choice is based on two independent but coincident local criteria. The National Commission for Enterprises in the Unorganized Sector classifies all population groups in five categories, and those between one and two poverty lines are considered "vulnerable". The threshold to pay personal income tax is such that a family of five, with one taxpayer, would also be close to two poverty lines.

**Box 3.1. India and the World Bank Group: A unique relationship spanning six decades**

The International Development Association (IDA) has contributed to improving outcomes in health, education, and rural development, with cumulative assistance totaling close to $43.5 billion since 1961 (current prices). It supported India's efforts to tackle polio, tuberculosis, leprosy, river blindness, and HIV/AIDS, improving the lives of millions of people and contributing immensely to global efforts to control these diseases.[a] WBG financing (particularly credits from IDA) and technical assistance played a key role in the Green Revolution—a landmark in India's development that freed the country from dependency on food imports, turning it into a net food exporter and helping millions escape poverty. And in education, IDA together with the European Union and United Kingdom's Department for International Development played an important role in universalizing primary education. Likewise, both IBRD and IFC have contributed to the development of India's financial sector. The Housing Development Finance Corporation—India's leading source of housing finance, has now mainstreamed long-term financial instruments for the middle class. India is now one of the few developing countries where a middle-class family can borrow long-term (up to 25 years) for housing without government subsidy. IBRD/IFC financing of more than $4 billion, coupled with capacity building, has helped PowerGrid evolve into the world's third largest transmission utility.

a. A Collaborative Partnership: India and IDA, Government of India (2013)

24. **Rapid economic growth over the past ten years has contributed to this substantial reduction in poverty and progress on MDGs.** In the last decade, India grew faster than 92 percent of the world's nations. Real GDP expanded at an average annual rate of 7.3 percent between FY2003 and FY2012, helping the country reduce poverty (at the official poverty line) by 1.5 percentage points per year during 2005–10. India also weathered the 2008–09 global crises relatively well, with GDP growth slowing somewhat to 6.7 percent in FY2008–09 and rebounding strongly to 8.4 percent in the two subsequent years. Although growth in FY2011–12 slowed to a nine-year low of 6.5 percent, India remains one of the fastest-growing economies in the world. Recent reforms of diesel pricing, foreign direct investment in the retail sector, and public sector disinvestment plans have helped to improve the investment climate.

25. **Growth has been in double digits for some states—well above the all-India average.** Under the 11th Five-Year Plan, some of India's low-income states grew at a record pace, with Bihar (one of the poorest states) outperforming even the most advanced states. Madhya Pradesh, Rajasthan, and Uttar Pradesh—all low-income and highly populous states—have also grown rapidly, with their gross state domestic product growing significantly faster than India's overall GDP.

26. **Recent Government policy reforms are intended to translate economic growth into palpable improvements in living standards.** The Government has promoted rights-based development policies through the 2005 Right to Information Act, a 2005 right-to-work measure (part of the Mahatma Gandhi National Rural Employment Guarantee Act), and the 2009 Right to Education Act. The roll-out of the Unique Identification Document will give a legal identity for all residents of India and improve the delivery of social services. The Right to Public Service Act, which grants citizens recourse when the state fails to deliver basic services in a timely fashion, has been enacted in several states, and similar legislation is being prepared at the national level.

27. **More and more Indians participate in the democratic process.** The 73rd Amendment Act of 1993 introduced wide-ranging reforms of *panchayati raj* institutions (local governing bodies) that play a central role in India's efforts at democratic decentralization and rural self-government. The measure reserved seats in *panchayati raj* institutions for women and people from scheduled castes and tribes. More recently, the Government empowered women politically by expanding to 50 percent the number of seats for women in local governments and state assemblies. India's civil society is vibrant and very active, with aspirations to play a greater role in policy making and implementation. Each year the Right to Information Act generates several million requests for information disclosure from ordinary citizens,

media, and research scholars; it has proved to be an effective instrument in fighting corruption and red tape.

28. **The Government has pushed forward on the governance agenda, recently introducing a series of reforms and programs.** Corruption in India remains a concern, according to a draft national anticorruption strategy released by the Central Vigilance Commission.[5] Since 2009, the Government has rolled out a performance management system under which each ministry or department has to prepare and disclose a results framework. The system has already been replicated in six states. The national e-governance program will improve the accessibility of government services for everyone and at affordable costs. Corporate governance has been enhanced through the 2010 mandatory guidelines for central public sector enterprises, and public financial management is being strengthened by the newly introduced Central Plan Scheme Monitoring System—a real-time tracking system for plan expenditures, and by initiating electronic transfer of funds for social protection programs. The Government has introduced a national public procurement bill, and across India e-procurement is being rolled out aggressively. Accountability institutions have become more assertive, as indicated by their active role in uncovering instances of fraud and corruption. And the general public is increasingly vocal in demanding enhanced accountability.

29. **India is an emerging global power and a prominent voice for development.** India is an important player in the global information-technology revolution, and is on the frontier of using IT for e-government and for the delivery of services. It is home to globally recognized companies that have become global industry leaders in pharmaceuticals, steel, and space technologies. India has become a prominent voice in global forums, advocating for the establishment of a new "BRICS Bank," as well as increased capital to enable multilateral development banks to meet the infrastructure-financing needs of the developing world. Recently, India has been one of the most vocal advocates for expanding the role of multilateral institutions to help countries reach the MDGs, finance developing countries' infrastructure and the development of human resources, manage global financial crises, and ensure a balanced, prosperous, and inclusive economy. With the ratification of the UN Convention on Anti-Corruption in 2011 and full membership in the OECD Financial Action Task Force on money laundering in 2010, India is increasingly active in the global governance agenda.

30. **The world continues to learn from India's remarkable development experience.** India has been an important source of learning and innovation for other countries (developing and industrialized alike), for development practitioners and policymakers, and for multilateral institutions such as IDA. Governments in developing countries have been keen to learn from India's successful experience in public policy, social and development programs, local governance for improved accountability and services, and building an enabling framework for private sector–led growth. Rural livelihood projects, for example, have been replicated in other parts of the world. There is growing demand to learn from India's thematically diverse and tested development practices, and India is emerging as one of the main providers of development experience in exchange of South–South knowledge and investment capital. In the past four years, India has shared its development experience in agriculture, education and skills development, health care, information and communication technology, inclusive business models, and public-private partnerships.

[5] Central Vigilance Commission. Draft National Anti-Corruption Strategy (2010)

# 4. Vision: India in 2030

31. **Before the industrial revolution, India was one of world's wealthiest countries**, contributing 27 percent to global GDP.[6] On gaining independence after two centuries of colonization, however, India's economy was stagnant. During the ensuing 65 years it worked to escape from the low "Hindu rate of growth," to rebuild the foundation of a modern economy, and, in recent years, to become one of the fastest-growing economies in the world.

32. **Today India is among the largest economic powers in the world.** At market exchange rates, its share of world GDP has increased by 50 percent in the past 30 years from 1.8 to 2.7 percent and is expected to reach 11 percent by 2050. India is also a net contributor to global demand. India's economic growth over the past 30 years, at 6.2 percent, has been twice that of the world. Its ratio of exports to GDP has tripled since 1990 to 21 percent, and its share of world imports has more than doubled over the past decade. India is the fourth-largest destination for FDI among developing countries, with net FDI inflows at 1.7 percent of GDP. Looking forward, the national vision for development is detailed in the 12th Five-Year Plan (FY2013–17) (box 4.1).

**Box 4.1. Government vision: India's 12th Five-Year Plan**

Faster, sustainable, and more inclusive growth is the overarching objective of the Government's development strategy.

*Faster growth.* Topping the Government's agenda is to remove domestic constraints to growth so as to spur investment and reverse the recent downward trend. Under the 12th Plan, India aims to increase its GDP at an average annual rate of 8.2 percent, while aspiring to return to its full growth potential of 9 percent per year by the end of the Plan period. Annual growth rates of 4 percent in agriculture and 10 percent in manufacturing—both important sources of employment and livelihood—are required to achieve the target. Productivity increases in the public and private sector, in micro, small and medium enterprises, among farmers, and in large companies are expected to help India realize its potential. Growth will also benefit from improvements in the business climate and in governance at all levels, from a massive increase in infrastructure investment (power, telecommunications, roads, airports, railways, ports), and from better use of technology for innovative solutions to the country's most daunting development challenges. All states are expected to contribute. It is envisioned that on average each state will grow at a rate higher than that achieved under the 11th Plan. Urbanization is also central to India's inclusive growth objective, as it is an important source of economic efficiencies and employment. The urban development strategy focuses on strengthening five "enablers of urbanization": governance, planning, financing, capacity building, and innovation.

*Sustainable growth.* Staying on a high growth trajectory will require more effective management of natural resources, as rapid growth continues to put pressure on India's water, land, and forests. Management of India's dwindling water resources is especially critical and requires measures to induce industry, farmers, and households to use water more efficiently. Rational pricing, especially for commercial, industrial, and agricultural purposes, is necessary, as are regulatory measures and their enforcement to limit water pollution. Effective land management and acquisition is a major bottleneck for the development of industry and infrastructure. The Plan recognizes that environmental sustainability is no longer a peripheral issue and must be mainstreamed and "addressed squarely." A land-management strategy will be developed to strengthen land acquisition and resettlement and rehabilitation processes, rationalize land use in urban areas, and promote farmland titling and leasing. The Government is also committed to reducing the intensity of greenhouse gas emissions by 20–25 percent by 2020 against a 2005 baseline, and to adding 30,000 MW of renewable energy capacity.

*Inclusive growth*. Inclusiveness has many dimensions. It is as much about ensuring that growth benefits the very poor and socially excluded groups (women, scheduled castes and tribes, and the disabled), as it is about more-balanced growth across the country to help low-income states catch up with their more advanced neighbors.

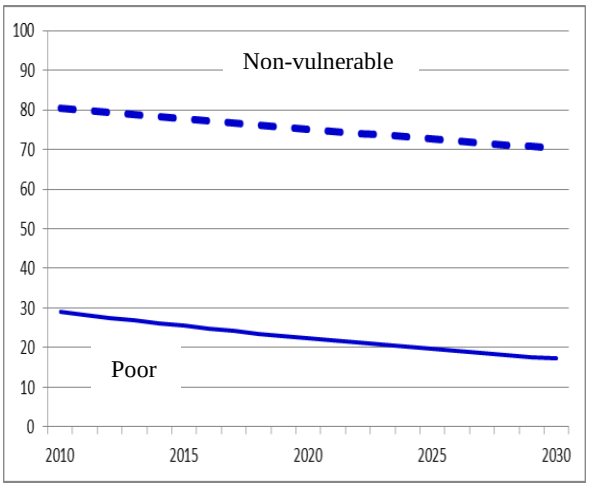
[6] Angus Maddison, *The World Economy: Historical Statistics*. Paris: OECD, 2004.

Inclusiveness also involves empowerment and participation. It means greater attention to inequality—both in outcomes and opportunities—and ensuring access to good-quality education and healthcare. In education, the mean years of schooling are targeted to increase to seven years, and higher education will be expanded and better aligned to the skills needed in a fast-growing and fast-changing economy. Jobs are central to the inclusion story, and 50 million new work opportunities in the non-farm sector are envisioned under the 12th Plan. Efforts will be made to eliminate gender and social gaps in school enrolment at all levels. On health, the infant mortality ratio is targeted to decrease to 25 per 1,000 live births and the maternal mortality rate to 100 per 100,000 live births, while the ratio of girls to boys is expected to rise 914 to 950. By the end of the Plan period, undernutrition of children up to three years of age should decrease to 27 percent from the 2005–06 level of 40 percent.

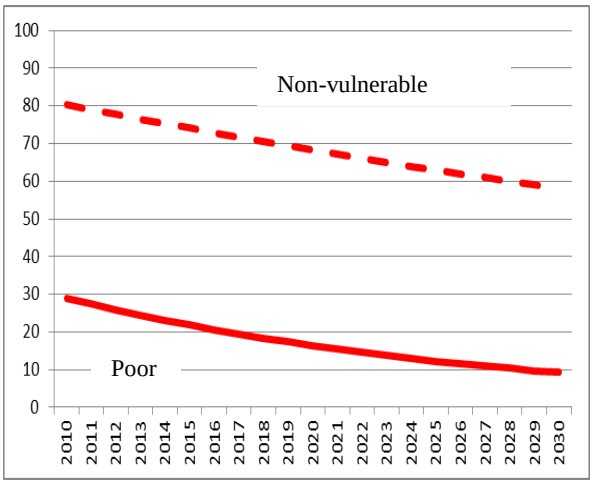
33. **India has the potential to—once again— become one of the largest economies in the world, while reducing poverty and vulnerability, by increasing shared prosperity.** The dependency ratio will fall from 55 percent of the working-age population in 2010 to 47 percent in 2030, allowing for a higher output per capita even if output per worker was to remain constant. Savings rates are likely to rise as the relative share of the working-age group expands, allowing for faster capital accumulation. (Annex B6, Figure B6.1) Even in the aftermath of the global crisis, gross domestic capital formation has been sturdy, never falling below 34 percent of GDP. The average schooling of the population aged 25 years and above is expected to increase from 4.4 years in 2010 to 6.0 years in 2030. Total factor productivity has grown by around 2.5 percent per year, and this rate could increase as markets integrate further and workers shift from low- to high-productivity jobs. While less than 30 percent of the population lived in cities in 2010, the ratio is expected to attain 40 percent in 2030. Combining all these trends, an average growth rate around 8.2 percent per year could in principle be sustained over the next two decades.

**Figure 4.1. Poverty and prosperity in India in 2030**

a. Base scenario




b. Ambitious scenario




34. **The realization of this potential cannot be taken for granted, however, as it will critically depend on decisions to be made in the coming years.** Maintaining high rates of growth will require continued efforts to remove key structural constraints to growth and increase public investment in infrastructure, education and health. The ongoing structural transformation of an economy from agriculture to manufacturing, and from rural to urban employment, has to be managed effectively; product markets have to be further liberalized, and flexible labor laws introduced. Ensuring that growth benefits all Indians will require

strengthening the implementation of economic and social programs to better target the very poor and excluded, pro-poor policies across a range of issues, and accelerated job creation. Finding an approach that combines recent rapid growth and inclusiveness of Rajasthan and Karnataka may hold the key to faster poverty reduction and increased prosperity.

**What would it take for India to accelerate poverty reduction, decrease vulnerability, and increase shared prosperity by 2030?**

35. In the *base scenario*[7], India would continue on its trajectory of 2005 to 2010, during which it has been one of the most rapidly growing economies in the world. Its economy would grow at 8.2 percent per year, and by 2030 income per capita would reach $5,283 (at 2010 prices), more than triple the 2010 level of $1,375. The impact on poverty of such a rate of growth would be significant: just one percentage point increase in growth per capita would result in a 0.6 percentage-point decrease in poverty, and a 0.4 percentage-point increase in the share of the population not vulnerable to falling into poverty. Approximately 12 percent of the population would live under the official poverty line, compared with 30 percent in 2009–10, and the percentage of people who were neither poor nor vulnerable would increase from 19.1 percent to 33.6 percent (figure 4.1).

**What would it take for India to "bend the curve"—to decrease poverty and increase shared prosperity at a rate significantly above current averages?**

36. In the *ambitious scenario*, India would continue to grow rapidly at 8.2 percent per year. The ambitious scenario would also aim to reduce poverty and vulnerability at a rate close to that of Rajasthan and Karnataka between 2005 and 2010. Growth elasticity of reducing poverty would double to 1.2 percent, and elasticity of escaping vulnerability would rise to 0.6 percent. The India of 2030, therefore, would have 5.5 percent of its people living in poverty and a significant increase in the share of the population (41.3 percent) no longer vulnerable to falling into poverty.

37. The implications for the rest of the world would be significant. India is central to global prospects for "bending the arc of history" and rapidly reducing poverty and increasing shared prosperity. The global benchmarking exercise estimates that poverty in India has fallen by 7.2 million people per year[8], placing India in the 63rd percentile of the distribution of poverty reduction across countries. If India were to move to the 70th percentile, poverty would decline by 9.2 million people per year. Under the base scenario, this would mean that 191 million people would be lifted out of poverty and 277 million people would escape vulnerability. Under the ambitious scenario, the corresponding figures would be 304 and 394 million, raising to prosperity the equivalent of the combined population of France, Germany, Italy, Japan, and United Kingdom today.

## 5. Challenges

38. **Achieving this vision of India in 2030 will require addressing a wide range of development challenges.** For India to realize its growth potential of $5,283 per capita GDP by 2030, it will be

[7] The base and ambitious scenarios developed for the India CPS provide a numerical illustration to a long-term vision for India. The objective of these scenarios is to provide some back-of-the-envelope estimates of the likely impact of the continuation of India's recent performance on growth and poverty reduction through 2030. Because the scenarios seek to extend the historical performance into the future, they are not driven by any explicit assumptions about the rest of the world, the types of policies pursued by the authorities, or the specific pattern of growth. However, given that India's recent success in achieving high growth and rapid poverty reduction demonstrated a clear break from history, the scenarios implicitly assume that the external and internal enabling environment which was conducive to these developments in 2005-10 will continue to be equally stimulating in the future.

[8] World Bank staff calculations.

necessary to address even more forcefully than in the past key structural constraints such as inadequate and poorly maintained infrastructure (especially transport and energy), an underperforming manufacturing sector, below-target growth in agricultural productivity, and inefficient land use and natural resource management.[9] With its declining dependency ratio and 8 million people entering the workforce annually, India stands to benefit exponentially from a demographic dividend. To collect that dividend, however, significant obstacles will have to be overcome. India's rate of job creation is low. Half of the population derives its income from agriculture and only 16 percent from wage employment. The government estimates that 93 percent of Indian workers are informally employed, with limited or no job security and no benefits. Female labor participation has decreased and, at 24 percent, remains low compared with other emerging economies. To exploit its demographic advantages and attain the ambitious vision of India 2030, three broad categories of challenges will have to be addressed: (i) strengthening India's platform for growth; (ii) managing the spatial transformation; and, (iii) realizing human potential. A sluggish global economy and the domestic economic slowdown may hinder India's efforts to address some of these issues, but only in the short- and medium- term (box 5.1).

## 5.1. Platform for growth

39. Creating a stronger platform for faster, socially and regionally inclusive, and sustained growth will require India to tackle a range of constraints.

40. **India's infrastructure gap remains massive and is one of the most significant impediments to growth and poverty reduction.** Although India's transport network is one of the most extensive in the world, accessibility and connectivity are limited. Only 20 percent of the national highway network (which carries 40 percent of traffic) is four-lane, and one-third of the rural population lacks access to an all-weather road. It is estimated that the transport sector alone will require an investment of nearly $500 billion (3.6 percent of GDP) over the next 10 years.[10] Ports and airports have inadequate capacity and often poor transport connectivity. Trains move very slowly owing to poor maintenance, and the entire railway system is grappling with issues of financial sustainability. Poor transport safety, especially road safety (133,000 road fatalities recorded in 2010), is a growing concern in a country that is adding new drivers at a record pace.

41. **Despite significant achievements in the energy sector, key challenges remain.** Over the past decade, India has nearly doubled installed generation capacity, become a global leader in renewable energy, improved its transmission network, developed electricity exchanges, and enacted major energy-related legislation. Despite these achievements, an estimated 300 million people do not have access to electricity, while those who are connected to the grid must cope with unreliable supply. Sixty percent of firms resort to costly backup power generation. The sector continues to be hobbled by a range of problems—among them energy demand that far outstrips supply, below market pricing of electricity, constraints in coal and gas supply that force generation stations to operate below capacity, and high rates of loss (technical, commercial, and financial) in distribution. The continued unreliability and poor quality of electricity supplied to firms and households sap investment and growth and reduce India's competitiveness.

[9] $93 billion worth of investments was shelved during 2011–12, mainly due to difficulties in obtaining land (CMIE CapEx database).
[10] The National Transport Development Policy Committee.

## Box 5.1. India's economic outlook

Real GDP growth is likely to slow further in FY2012–13 to under 6 percent, significantly below the 9–10 percent growth rates recorded just before the financial crisis. Given the continued weakness in high income economies, India's growth will increasingly have to come from domestic sources, which will require resolving key supply-side bottlenecks—among them banks' high exposure to delayed power projects, financially struggling utilities, delayed mining projects, and the cancellation of telecom licenses. With a gradual improvement in the global economy and progress on the domestic reform agenda, growth is expected to recover to close to 7.1 percent by FY2014–15.

### Key Economic Indicators

| | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | *Projections* | | | | |
| **Real Income and Prices (% change)** | | | | | | | | | | | |
| Real GDP (at factor cost) | 9.6 | 9.3 | 6.7 | 8.6 | 9.3 | 6.2 | 5.4 | 6.4 | 7.1 | 7.3 | 7.5 |
| Agriculture | 4.2 | 5.8 | 0.1 | 0.8 | 7.9 | 3.6 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Industry | 12.2 | 9.7 | 4.4 | 9.2 | 9.2 | 3.5 | 3.0 | 5.2 | 7.0 | 7.5 | 8.0 |
| Wholesale Price Index | 6.6 | 4.7 | 8.1 | 3.8 | 9.6 | 8.9 | 7.4 | 7.0 | 6.5 | 6.0 | 5.5 |
| **Consumption and Investment (% of GDP)** | | | | | | | | | | | |
| Consumption | 72.6 | 72.4 | 71.8 | 73.7 | 72.5 | 72.8 | 75.3 | 73.1 | 72.2 | 72.9 | 72.9 |
| Public | 10.3 | 10.3 | 10.9 | 11.9 | 11.4 | 11.6 | 13.8 | 13.0 | 12.8 | 12.8 | 13.0 |
| Private | 62.3 | 62.1 | 60.9 | 61.8 | 61.0 | 61.2 | 61.5 | 60.1 | 59.4 | 60.0 | 59.9 |
| Investment | 31.3 | 32.9 | 32.3 | 31.7 | 31.7 | 30.6 | 32.0 | 33.1 | 33.3 | 32.1 | 31.2 |
| Public | 7.9 | 8.0 | 8.5 | 8.4 | 7.8 | 7.4 | 7.4 | 8.4 | 8.5 | 8.5 | 8.5 |
| Private | 23.4 | 24.9 | 23.8 | 23.3 | 24.0 | 23.2 | 24.6 | 24.7 | 24.8 | 23.6 | 22.6 |
| **External Sector** | | | | | | | | | | | |
| Current Account Balance (% of GDP) | -1.0 | -1.3 | -2.3 | -2.8 | -2.7 | -4.2 | -4.5 | -4.0 | -3.6 | -3.2 | -2.9 |
| Foreign Exchange Reserves (US billion) 1/ | 191.9 | 299.2 | 241.4 | 254.7 | 274.3 | 260.1 | 238.5 | 255.9 | 308.4 | 340.5 | 381.9 |
| **General Government Finances (% of GDP)** | | | | | | | | | | | |
| Revenue 2/ | 20.0 | 21.0 | 19.4 | 18.2 | 18.6 | 18.4 | 18.1 | 18.5 | 18.5 | 19.0 | 19.5 |
| Expenditure | 25.4 | 26.0 | 27.8 | 28.0 | 27.7 | 26.6 | 26.3 | 26.1 | 25.7 | 26.0 | 26.0 |
| Deficit 3/ | 5.4 | 5.0 | 8.4 | 9.8 | 9.1 | 8.2 | 8.2 | 7.6 | 7.2 | 7.0 | 6.5 |
| Total Debt | 77.2 | 74.1 | 74.6 | 72.5 | 67.7 | 65.9 | 66.7 | 66.2 | 65.3 | 64.4 | 63.3 |

Notes: 1/ Excluding gold, SDR and IMF reserve position.
2/ Exlcudes receipts from 3G spectrum auctions
3/ General government deficit, including center and states
*Sources*: Central Statistical Organization, Reserve Bank of India, and World Bank Staff Estimates.

Although depreciation of the rupee and pressure from food and fuel prices could add to the inflation momentum in the near term, inflation and the current account deficit are likely to moderate over the medium term. Owing to softer import demand and improving export performance, the current account deficit is expected to decline to 3.6 percent of GDP by FY2014–15.

Although the total subsidy bill exceeded the budgeted amount despite recent reductions in fuel subsidies, the authorities were able to limit the central government deficit to 5.2 percent of GDP in FY2012-13, better than the (revised) target of 5.3 percent. While the pace of fiscal consolidation remains behind the adjustment path recommended by the 13$^{th}$ Finance Commission, the authorities are committed to bringing the deficit down further to 4.8 percent of GDP in FY2013-14 and 3.0 percent by FY2016-17. However, as deficits remain elevated, debt sustainability could come under pressure. The debt-to-GDP ratio fell from nearly 80 percent in FY2002–03 to 66 percent in FY2011–12 owing to high nominal GDP growth, fiscal consolidation, and declining real interest rates on government debt. Maintaining that ratio in an environment of slower growth and a possible uptick in real interest rates will require sustained reductions in fiscal deficits.

India's long-term prospects remain bright owing to favorable demographics, rising average educational attainments, and high savings rates. However, near- and medium-term downside risks are high. During the global financial crisis, higher public spending set in at exactly the right time, largely because of the implementation of recommendations of the 6$^{th}$ Pay Commission, and the Reserve Bank of India was able to lower policy rates significantly when inflation fell in line with international commodity prices. Should India face another global shock in the near future, room for a similar policy response would be much more limited. Continued progress on the domestic reform agenda is critical to supporting domestic drivers of growth and returning the economy to a high growth trajectory.

42. **Manufacturing remains underdeveloped and has grown more slowly than expected.** Accounting for just 15 percent of GDP, India's manufacturing sector is small compared with that of the other BRICS. China's manufacturing, for example, accounts for 34 percent of that nation's GDP. Under the 11th Plan, annual manufacturing growth was only 7.7 percent, far below the target of 11 percent. Inadequate infrastructure, which disproportionately penalizes small- and medium-scale enterprises, is one of the main constraints to growth in the sector. The size distribution of firms in India is characterized by a missing middle that, in most developing countries, accounts for a significant share of wage employment. Whereas large firms can internalize the costs of dedicated infrastructure (e.g., captive power or water treatment plants, or even rolling stock), small and medium-size firms have no access to the financing that would make it possible to develop their own dedicated infrastructure and, in any case, the scale of their operations does not make it economically feasible. Outdated labor laws, inadequate access to land, and a dearth of skilled workers all have contributed to slow manufacturing growth. Those manufacturing entities that are trapped in the informal sector have difficulty raising finance and are constrained in their productivity. The plethora of necessary forms, licenses, inspections, and clearances especially hinders the growth of small and medium-size enterprises—which, if unleashed, could be a key driver of India's economic growth and an important source of jobs.

43. **Improving and maintaining a healthy investment climate is crucial for India's development.** In the aftermath of the global financial crisis, India's gross domestic savings rate declined significantly to around 32 percent of GDP, constraining much-needed investment to address the infrastructure gap, alleviate capacity constraints, and raise potential output. The reduced availability of domestic financing sources, combined with the need to maintain high investment rates to support and accelerate economic growth, highlights the importance of a healthy investment climate that creates opportunities for domestic and foreign investors. Policies that distort key markets (e.g., agriculture, land, food retail, fuel, and so on) have a significant impact on India's investment climate. Net inflows, after peaking at 1.8 percent of GDP in FY2008–09, have averaged about 1.0 percent of GDP since then and have further weakened by 22 percent (year-on-year) because of global uncertainties. Recent reforms to promote FDI (e.g., a relaxation of limits on foreign ownership in airlines and media, clarification of rules for FDI in single-brand retail, and allowing FDI in multi-brand retail in September 2012) are likely to raise investor appetites and could lead to a strengthening of FDI inflows.

44. **India is a diverse country, with poorly integrated markets.** To benefit from economies of scale, sharpen India's international competitiveness, and improve economic growth and income levels, there is a need for better integration of markets in goods and services, labor, and finance. At present, the efficient functioning of India's domestic markets is impeded by physical and policy barriers. Poor infrastructure—a limited national highway system, insufficient air and water transport—translates into higher transport costs. A cumbersome and multilayered system of taxation across states further impedes the flow of goods, as do state-specific restrictions on agriculture trade. A new goods and services tax, proposed in 2010 but not yet approved, is a major Government effort to streamline the unwieldy tax system. Experience among states in the United States and among countries in the European Union—the ultimate "income convergence machine"—shows the strong link between economic integration among confederated states and income convergence. [11] The more integrated the country, the more balanced the growth.

45. **Faster economic growth has accelerated the degradation of the environment and the depletion of scarce natural resources that are essential for sustaining growth and eliminating**

[11] Robert Barro and Xavier Sala-i-Martin ("Convergence," *Journal of Political Economy*, 100:2, April 1992) find strong convergence among states in the United States, while a 2012 World Bank study finds that economic integration has led to convergence among countries in the European Union (see *Golden Growth: Restoring the Luster of the European Growth Model*, Washington DC, World Bank, 2012).

**poverty.** India's long-term growth is predicated on its ability to address environmental problems such as soil erosion, water and air pollution, growing water scarcity, and the declining quality of forests. In Northern India the aquifer is receding by an alarming 4 cm annually. The challenge is further exacerbated by environmental stresses resulting from urbanization processes that are often chaotic, and from development of the private sector. The cost of environmental degradation in India was estimated in 2009 to be 6.6 percent of GDP.[12]

46. **India and its neighbors have not fully realized their potential for growth derivable from further regional and global integration.** Although some progress has been made, South Asia remains one of the least integrated regions in the world with regard to policy, trade, and infrastructure. This lack of integration directly affects India's economic development and hampers management of shared natural resources, such as cross-boundary river basins. It aggravates the isolation of the underdeveloped northeastern states from trade and transit routes and limits access to necessary energy resources, such as oil and power. Estimates show that intraregional trade would increase from the current $5 billion to $20 billion if restrictions on trading with neighbors were removed. India could also do more to tap into global markets and better explore the potential for increased trade with East Asia and Africa.

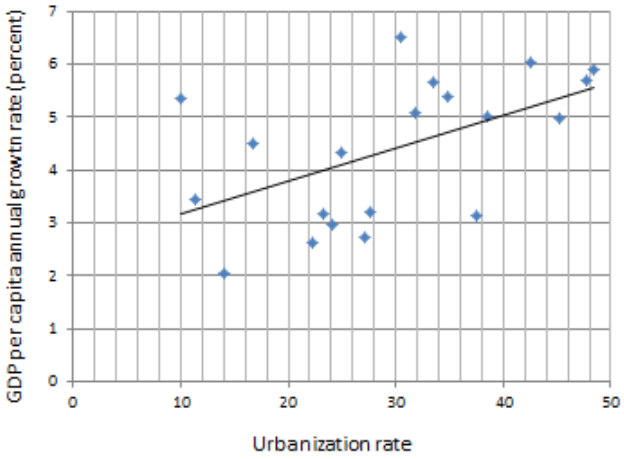
## 5.2. Spatial transformation

47. **India is undergoing a massive rural-urban transformation—one of the largest of the 21st century.** For the first time since Independence, India has seen a greater absolute growth in urban population. The number of towns increased from about 5,000 in 2001 to 8,000 in 2011, and some 53 cities now have a population exceeding 1 million. Today, 31.1 percent of the population lives in cities, and the share is expected to rise to 50 percent in the next 20 years. Accelerating urbanization is central to India's growth, development, and poverty reduction (figure 5.1), but it cannot be done without an equally pronounced focus on rural development. Rural areas are often poorly connected to cities, resulting in weak value chains for agricultural products and slow rates of off-farm job creation. While agriculture remains the main source of livelihoods for half the population, annual agricultural growth has been below government targets.

[12] World Bank estimates, 2009.

48. **Accommodating the needs of an additional 10 million urban dwellers each year will be a strategic policy issue for many years to come.** Providing them with adequate services such as water, sewerage, drainage, and transportation, and creating opportunities for further economic development will be a challenge. The needs are particularly dire in India's growing slums. (The population of slum dwellers swelled from 75 million in 2001 to 93 million in 2011,[13] accounting for a quarter of the urban population.) Investments—both public and private—have not kept up with demand. Weak urban planning, ineffective regulations governing land management and use, and distorted land markets hinder the development of vibrant, livable cities. Urban governance is a major issue across all states and cities. Local urban bodies are weak and financially unsustainable, with limited capacity to raise their own financial resources. Urban service delivery institutions have limited autonomy, accountability, and incentives or client orientation. Furthermore, the responsibility for financial management and delivery of basic services is fragmented across a range of agencies that often are not held accountable and have few incentives to perform on a sustainable basis. The linkages between institutions at different levels of government—center, state, and local—are weak, resulting in duplication and sometimes an inefficient division of labor. For example, investment decisions and implementation of urban infrastructure projects are frequently made at the state level, while the liabilities (including debt incurred) and responsibility for operations and maintenance are left to the local bodies.

**Figure 5.1. Correlates of fast economic growth: the rate of urbanization**



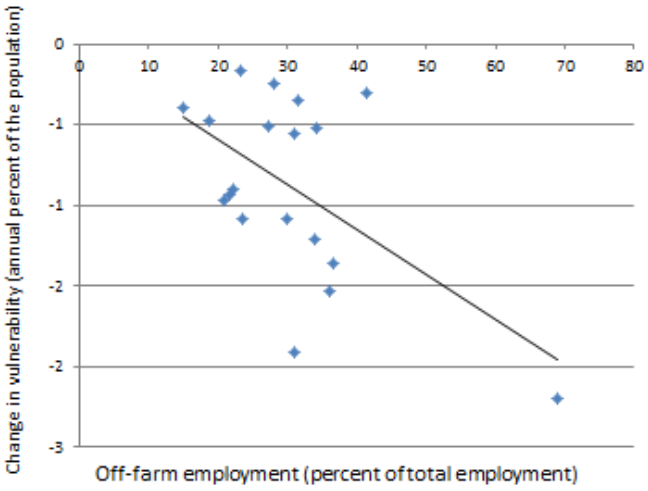

49. **The rapid expansion of cities beyond current municipal boundaries is a particular concern.** The peri-urban areas of the larger Indian cities have grown at a faster pace than cities themselves—both in terms of population and manufacturing. In addition to the challenges faced by most urbanizing areas, the largely unplanned development of city outskirts involves changes in land use from agricultural to residential and industrial/commercial, changes in the use of natural resources (deforestation, water depletion and pollution), and land degradation. Urban sprawl has also had a negative impact on abutting agricultural land and livelihoods. Prospects for a more systematic development of these areas are limited, as many lie beyond urban administrative authority. Second-tier cities face a serious lack of basic municipal infrastructure, such as adequate safe drinking water, drainage and sewerage, and paved roads.[14]

[13] Committee on Slum Statistics, Planning Commission (2011).

[14] Small and medium-size cities are home to 80 percent of India's poor, and access to services tends to be far more limited than that in India's large cities. Perspectives on Poverty in India: Stylized facts from Survey Data, World Bank (2010).

50. **India's spatial transformation is likely to result in larger disparities in welfare levels—between the rich and the poor, and between rural and urban areas.** Consumption inequality is on the rise, with widening disparities between urban and rural areas. Disparities in human development indicators, especially as they relate to socially excluded groups are also pronounced. While urbanization is inevitable, the persistence of these gaps and inequalities is not. The challenge for India will be to develop policies and programs to ensure that a large part of the population—especially the most vulnerable—is not left behind. India's spatial transformation also requires the effective development of the rural economy through the expansion of farm and non-farm employment and income opportunities (figure 5.2). Despite the injection of huge resources, mainly through centrally sponsored flagship schemes, such as the Mahatma Gandhi National Employment Guarantee Act (MGNREGA) and the National Rural Livelihoods Mission, rural incomes have not grown apace with urban incomes, and job creation in the nonagricultural has been slow.

**Figure 5.2. Correlates of shared prosperity: off-farm employment in rural areas**




51. **India is highly vulnerable to climate change because of high levels of poverty, high population density, heavy reliance on natural resources, and an environment already under stress.** Under a moderate climate-change scenario (an increase in mean annual temperatures of 1.1 to 2.3º Celsius), the risk of increased frequency and severity of natural hazards is likely to increase, and densely populated cities will be at extreme risk. Kolkata is among the six fastest-growing cities worldwide that are classified to be at extreme risk, whereas Mumbai, Delhi, and Chennai are among the ten that are classified as high risk. Overall, India is ranked the second most vulnerable country in the world.[15] Institutions and mechanisms for enhanced disaster risk management and climate resilience, especially in agriculture and water-intensive sectors, are either weak or nonexistent.

52. **While India has a relatively low-carbon economy today, greenhouse gas emissions are projected to grow over the next decade.** India's GHG emissions proportional to GDP are on par with the global average, and its per capita emissions are among the lowest in the world. However, due to the size of its economy, India is the third-largest emitter in the world, and its GHG emissions are projected to grow. Energy is key to India's climate-change challenge, as well as its ambition to sustain high growth. The demand for energy, however, far outstrips the domestic supply in a country with a poor natural resource endowment and foreign sources are costly. To keep emissions from increasing at a fast rate, India will have to maximize the use of clean energy and improve energy efficiency, taking into account higher relative costs. Although densely populated areas are often associated with congestion, pollution, and a high level of emissions, with potentially significant adverse impact on public health, greater concentration of people and economic activity in and around India's large cities can also have a positive impact on the environment and climate change because cities are an important source of efficiencies. If managed systematically and with long-term planning in place, cities can help hold down India's emissions and improve air quality.

[15] Maplecroft's Climate Change Risk Atlas, 2011. Available on www.maplecroft.com

53. **Agriculture has grown below Government targets.** India remains predominantly rural, and about half of its population derives its income from agriculture or related activities. Government stepped-up efforts to develop agriculture are slowly yielding results; between 2000-01 and 2010-11 agriculture grew at an average rate of 3.1 per annum. The target for the last two five-year plans was 4.0 percent. Stressed natural resources, poor rural infrastructure, inadequate technology, limited access to credit, underdeveloped extension and marketing services, and insufficient agricultural planning at the local level contribute to the lackluster performance. Ongoing global food security concerns, pronounced food-price volatility, and concerns about climate change all highlight the urgency of boosting India's agriculture productivity.

## 5.3. Human potential

54. **As a country with a population of 1.2 billion people (projected to increase to 1.5 billion by 2030), India has tremendous human potential**—a source of immense creativity and innovation. To take full advantage of its demographic dividend and to unlock the human potential of all its people, India needs to overcome daunting challenges across a range of sectors, including health and nutrition, education, social protection, and skills development. Poor access to water and sanitation puts a huge burden on people (particularly women and children), who spend a good portion of each day securing sufficient water for the household.

55. **Although India's health indicators have continued to improve, progress has not matched the country's economic growth over the past decade.** Despite increasing rates of decline, maternal and child mortality rates remain on par with rates in much poorer countries, and malnutrition is among the highest in the world. India faces an unfinished agenda of tackling childhood and infectious diseases and malnutrition, as well as an emerging and rising burden of non-communicable and chronic diseases (India and China vie for the largest number of diabetics in the world). Progress on tackling communicable diseases such as AIDS, tuberculosis, and polio has been significant, but continued attention is needed to secure the gains. Poor people are highly vulnerable to health shocks, with medical expenses contributing to household poverty and compromising efforts to improve health outcomes.

56. **Despite the central government's increased focus on and financial commitment to health issues, a major challenge is to implement the funding effectively.** Although public financing for health is expected to double under the 12$^{th}$ Plan, increased public funding is not enough; it must be accompanied by improved effectiveness of spending at all levels, greater access to quality health care, and more effective delivery of health services. The many systemic constraints include weak accountability arrangements and incentives for performance, weak quality assurance, a largely unregulated private health care sector, limited mechanisms for financial protection, and weak information and surveillance systems, combined with inadequate use of evidence-based planning, programming, and management. Out-of-pocket health expenses are high (on average accounting for 70 percent of total health spending) and affect poor households disproportionately. New government-sponsored health-insurance schemes, especially those aiming to reach people living below the poverty line, may make a difference.

57. **Improving the nutritional status of India's children is particularly important.** Child malnutrition remains high, and widespread. India accounts for 40 percent (217 million) of the world's malnourished children. The variation across states is particularly striking: The percentage of malnourished children under five years of age varies from 23 percent in the more advanced state of Kerala to 60 percent in the low-income state of Madhya Pradesh. Despite India's impressive economic growth in the past decade, malnutrition has declined very little. Stunting rates in India are two to seven times higher than those in other BRICS countries. While nutrition has recently received increased attention with the restructuring of the Integrated Child Development Services scheme, there remain very

significant programmatic, institutional, technical, implementation, and capacity constraints. An effective multisectoral response is critically important and has to go beyond the health sector to include agriculture, education, industry, water, and sanitation.

58. **Access to adequate water and sanitation is critical to improving the quality of life and economic potential of all Indians.** Although the government at the national and state level spends $4 billion annually on improving access to rural water supply and sanitation, only one-third of rural households have access to piped water and sanitation.[16] The economic impact of inadequate sanitation in India is estimated at $54 billion or 6.4 percent of GDP in 2006. Most of that cost is attributed to premature mortality and health-related costs. The opportunity cost for women and children who spend an inordinate amount of time securing water for their household each day is huge and takes away from time that could be spent on more productive economic activities or study.

59. **India's efforts to improve access, equity, and quality of education at the primary, secondary, and tertiary levels remains a work in progress.** Now that access to primary education has been largely universalized, the challenge ahead is to improve quality, learning outcomes, retention, and access to education by underprivileged children, often in very remote areas. As the success of elementary education has resulted in demand for education beyond elementary level, there is increasing focus on improving access to secondary education. Of those children who finish primary education, 83 percent transition to the next level. Enrolment rates for grades 9–12 are just 40 percent and of those enrolled, approximately 15 percent drop out and one-third fail their examinations. While inequities are declining in terms of access and participation at all levels of education for all socioeconomic and ethnic groups, manifold inequities persist in the type of education facilities and exposure to and availability of modern techniques of education. Girls make up 45.6 percent of secondary students.

60. **Jobs are an important component of poverty reduction and a cornerstone of development.** Over the last two decades, 8 million people annually entered the labor force in India. Job creation, which has remained relatively flat over a long period, will continue to be a tremendous development challenge as India grapples with how best to provide opportunities to its burgeoning young workforce. At present only 16 percent of the workforce derives its income from regular wage employment, and more than half are engaged in agriculture. The female labor force, decreased from an already small 34 to 29 percent of the total labor force between 2000 and 2010. The drop was particularly pronounced among women with higher levels of education.

61. **India's continued economic growth demands more skilled workers across many sectors, higher rates of employment, and higher wages.** The country now faces a massive shortage of skilled labor, which stymies productivity. Less than 10 percent of the working population has completed secondary education or above, and too many secondary graduates have skills and knowledge that are poorly matched with the needs of the labor market. The extent and quality of higher-education opportunities need to be scaled up urgently to sustain high growth of the economy and make it inclusive. Empowering youth, especially in rural areas, with skills that are better matched with the demands of the labor market—informal or formal—will also help facilitate migration to city centers where wage jobs are more readily available.

[16] Indian National Census 2011.

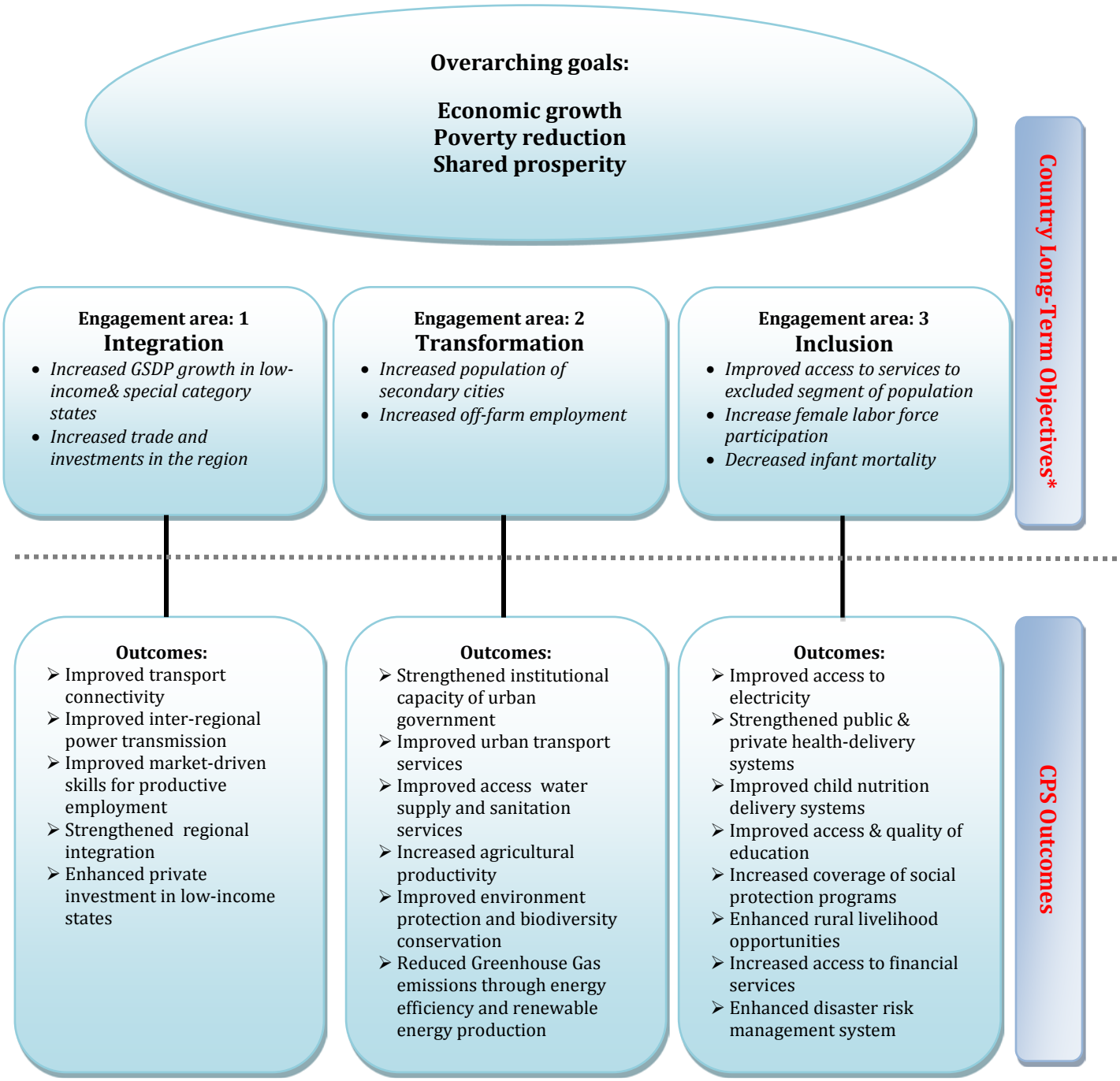
# 6. World Bank Group India Country Partnership Strategy (FY2013–17)

62. **The World Bank Group Country Partnership Strategy (FY2013–17) will support the Government's development goal of growth that is faster, more socially and regionally inclusive, and more sustainable as detailed in the 12th Five-Year Plan (FY2013–17).** The strategy helps India lay the foundation for a longer-term vision of India in 2030—a vision of the nation as a global economic powerhouse where no more than 5.5 percent of the population lives in poverty and 41.3 percent of the population are no longer vulnerable to falling into poverty. It sets out a program of engagement—and makes key strategic shifts—that are designed to contribute to India's transformation into the India of 2030. The strategy builds on India's recent achievements, but also incorporates lessons learned from WBG's longstanding engagement in the country, to develop transformational and innovative solutions to tackle India's most pressing development challenges, especially in the poorest, least developed, and most isolated states. It takes into account lessons learned under the previous CAS (FY2009–12) (Annex 2), and is informed by findings from multistakeholder consultations, as well as a client-perception survey (Annex 9). And finally, the strategy is aligned with the WBG regional strategy for South Asia.

63. **The strategy's overarching goal of rapid poverty reduction and increased shared prosperity will be achieved by focusing on three broad engagement areas: (i) integration; (ii) transformation; and (iii) inclusion (figure 6.1).** A focus on improved governance, environmental sustainability, and gender equality runs across all three engagement areas. On governance, many of the actions required to foster economic integration concern public investments and government regulation. Institutional development plays a key role in the case of spatial transformation, whereas strengthened accountability is critical for social inclusion. More specifically, the World Bank will work with counterparts at the national and state levels to scale up support in performance-based public management, e-governance, public procurement and financial management, M&E, implementation of the right to service law, strengthening India's anti-corruption framework, and supporting social accountability mechanisms. On environmental sustainability, economic integration has important implications for natural resource management, whereas the priority in relation to spatial transformation is to minimize congestion, improve resource use efficiency, and reduce pollution impacts, including greenhouse gas emissions. Efforts to improve disaster risk management help households cope with natural disasters, reducing their chance of falling back or deeper into poverty. Finally, economic integration and spatial transformation should lead to greater paid employment opportunities for women, whereas social inclusion can be promoted by enhancing voice and tackling discrimination

64. **A range of high-level intermediate development objectives provide both the rationale for the content of the World Bank Group program as well as a clear line-of-site to higher order country goals.** Analytical work underpinning this CPS shows a strong correlation between select development outcomes: human development (infant mortality), gender equity (female job participation), jobs (off-farm employment), urban development, policies (business climate) and transfers (public spending) and the three overarching goals. The rate of urbanization (as measured by population growth of secondary cities) is correlated with economic growth, while creation of jobs (more specifically off-farm employment) is correlated with increased shared prosperity. Both these aspects are addressed through activities under the rural-urban transformation engagement area. Similarly, human development (education, health, nutrition and especially, infant mortality) is strongly linked to rapid poverty reduction. Support under the third engagement area of inclusion will aim to help the Government of India ensure inclusive growth by improving human development outcomes as well as gender parity.

**Figure 6.1. India CPS results chain: engagement areas and outcomes**




*Analytical work completed as part of the CPS indicates strong correlation between these country long-term objectives and economic integration, spatial transformation and social inclusion (see paragraph 64).

## 6.1. Strategic engagement area 1: Integration

65. **Enhanced efforts to increase India's market integration can significantly boost India's economic growth.** Better integration would result in more-balanced growth among Indian states, helping low-income states converge more quickly with their faster-growing neighbors. To benefit from economies of scale and increase competitiveness, there is a need to remove physical and policy barriers across states (notably the multilayered system of taxation) that impede markets from functioning efficiently. India's massive infrastructure gap must be bridged so that people can get to jobs and goods to markets. Reforms in the power sector are also needed to rationalize energy pricing and improve the capacity and reliability of the generation, transmission, and distribution system. Efficient intermediation to channel household savings into infrastructure finance is critical to achieving investment targets in infrastructure. Mobilizing financing for public-private partnerships (PPPs) through innovative structures and appropriate government support is needed to attract investors. The development of a vibrant manufacturing sector—especially small and medium-size enterprises—will require reforming labor laws, improving land access and management, cutting bureaucratic red tape, and better access to financing. As jobs are created, India's youth will need skills and knowledge that are better tailored to the needs of a fast-growing economy.

66. **As the largest and most-populous country in the region, India is central to many efforts toward regional economic integration and cooperation.** Despite steady and unprecedented progress, South Asia remains one of the least economically integrated regions in the world. Further integration with neighbors in South Asia and beyond can contribute exponentially to India realizing its 2030 growth potential, while also greatly benefiting other countries in the region.[17] Possible areas for increased regional collaboration include management of common natural resources (most importantly water), transport, and power. Supporting the Government to help states converge and grow more evenly through improved market integration is one of the main development objectives of the WBG strategy for India.

67. **Infrastructure remains a priority for the Government.** The 12th Plan's strategy is to develop a more balanced multimodal transport network that links the northeast and special-category states to the rest of the country. Where possible, public-private partnerships (PPPs) will be pursued to develop national highways and rural roads. The capacity of India's railways, especially for freight, will be expanded in an effort to accommodate increasing demand and to promote the use of rail for freight transport, thereby reducing India's carbon footprint. The Government will strive to improve asset management and increase efficiency by encouraging competition in the provision and maintenance of infrastructure and services. Higher emphasis will be placed on safety (including making transport safer for women), energy efficiency, environmental conservation, and social impacts. By the end of the 12th Plan, all villages will be connected to an all-weather road, most national and state highways will be upgraded to a two-lane standard or better, and the flagship projects—the eastern and western freight corridors—will have been completed. On energy, the Government's priority is to ensure energy availability, promote energy efficiency, and significantly expand and strengthen the transmission network for electricity and oil and gas. The Plan envisions increasing energy capacity by an additional 88,000 MW. To do this, sources of energy will have to be expanded, notably through the exploration of renewable energy (wind and solar) and the implementation of critical corrective policies to improve the financial sustainability and efficiency of the system, promoting increased investment in domestic hydrocarbon production and the implementation of critical corrective policies to improve the financial sustainability and efficiency of the system.

68. **The Government's regional economic integration goal is focused on seizing opportunities for increased trade and investment in South Asia, but also in emerging East Asian economies.** The

[17] A World Bank study shows that both India and Bangladesh would gain from improve access. World Bank. 2012. *Unlocking Bangladesh-India Trade: Emerging Potential and the Way Forward*

potential for India to reap returns of increased regional trade is great, as shown by recent export growth. India's exports to its South Asian neighbors increased from $4.6 billion in FY2005 to $11.7 billion in FY2011. Progress has been incremental. For example, in 1996 India granted MFN status to Pakistan, which was reciprocated in 2011, but still awaiting formalization and a September 2012 India-Pakistan agreement to reduce tariffs to no more than 5 percent and to remove all nontariff barriers by 2020. In the global arena, the Government aims to engage more proactively with the global community at the bilateral, regional, and multilateral levels. The Plan notes that energy security and the need to develop long-term and stable energy sources are key considerations of India's engagement with the rest of the world.

***Outcome 1.1 Improved transport connectivity***

69. The WBG's support for the transport sector will focus on the reform and development of railways, highways, and rural roads, and on improving road safety and ensuring asset sustainability. Engagement will be informed by lessons learned from the Bank's support of ongoing transformative projects and in state-level interventions in Andhra Pradesh, Karnataka, Punjab and Tamil Nadu. The Bank's contribution to rural connectivity will come mainly through its support for the Government's flagship roads program, the Pradhan Mantri Gram Sadak Yojana (PMGSY),[18] which now focuses on six low-income and special category states, as well as Punjab. Support is likely to evolve into a more broad-based engagement that aims to strengthen the overall rural road system for the expansion of all-season rural roads. Strengthening institutions, enhancing accountability, and building capacities among the various state and national highways agencies will be a strategic priority of the Bank. This will be accomplished through ongoing state highway improvement projects and technical assistance to national highway agencies. The WBG will also look for opportunities to support projects that focus on the integration of low-income states, as well as those supporting shifts to more efficient modes of transport, including ports.

***Outcome 1.2 Improved inter-regional power transmission connectivity***

70. **The WBG will support the Government in promoting financially sustainable access to electricity by addressing bottlenecks in generation, transmission, and distribution at both the state and national levels.** It will support Government and private sector efforts to (i) increase access to modern energy, particularly in low-income states; (ii) increase the availability of power to underpin growth while balancing sustainability and climate change concerns; and (iii) strengthening institutions and financial sustainability in the sector. Three ongoing projects (Rampur Hydropower, Haryana Power, and Vishnugad Pipalkoti Hydroelectric) support the provision of sustainable energy by strengthening transmission and investing in clean energy. Through its proposed transmission investments in the low-income states of Bihar and Uttar Pradesh and through the Northeast Power Transmission Project, the Bank will help improve overall electricity services in states and regions with the lowest access levels in the country and significantly increase the power exchange between states and regions of the country. Technical support for rural feeder segregation will inform Government efforts to design a centrally sponsored scheme on improved rural power services. The WBG's knowledge and advisory work will play a prominent role, especially technical assistance to strengthen institutional capacity to manage the planned five-fold increase in infrastructure investments, and improve service delivery.

***Outcome 1.3 Improved demand-driven skills for productive employment***

71. **The WBG will contribute to the 12th Plan target of providing vocational training to 500 million workers by 2022.** The ongoing Vocational Training and Improvement Project—the largest vocational training project in the world—will continue providing training to post-secondary and pre-

[18] PMGSY highlights the importance that India's Government gives to reducing disparities in physical access, encouraging economic and social development in rural areas, and adequately funding rural road maintenance.

employment–level youth. Assistance for implementing reforms and development of the technical vocational education and training sector in West Bengal will continue, with replication expected in other states. The Technical Education and Quality Improvement Project II (TEQIP-II), is helping the Government reform a large number of institutions. A multiyear programmatic analysis of skills will explore new models for PPPs in technical and vocational education. This work will feed into a multi-sectoral engagement, including IFC, to help India scale up its work on building skills for the new economy. Analytical work on financing, equity, quality, and governance in higher education at the national and state level are also being undertaken. Bank-supported livelihood projects at the state and national level focus on skills training for rural youth and connecting young people to jobs, often in small and medium-sized cities. IFC is partnering with the National Institute of Entrepreneurship and Small Business Development to develop and deliver a country-wide 'training of trainers' program to address the pressing lack of quality trainers. The program will establish a new standard of excellence for entrepreneurship and business skills training by improving skills and knowledge transfer from trainers to MSMEs. IFC is also working with larger private sector firms to impart business skills to MSMEs in their supply chain.

***Outcome 1.4 Enhanced private investment in low-income states***

72. **Enhancing private investment is important for WBG strategy and is at the center of IFC's engagement in India's low-income states.** IFC investments will leverage these states' strong growth rates, pent-up demand and natural resource advantages to address their many development challenges—massive poverty, weak investment climate, low FDI, and inadequate infrastructure. Low-income states have high economic potential, which makes them attractive to private sector investors, but often weak business climate hinder significant levels of private investment. IFC's advisory service will help catalyze growth in low-income states by improving investment climate such as those highlighted in the Doing Business report, PPP regulatory frameworks and sector-specific policy reform. Two state-level engagements--in Odisha and Rajasthan--support Government efforts to improve the investment climate to increase private investment in the states. In terms of investments, IFC will invest from its own account and mobilization, in areas such as innovative renewable and green projects, processed food, logistics and infrastructure, agribusiness, and MSME finance and insurance. Support to the Government of Meghalaya will help improve access to finance to households, farmers, and micro and small businesses. Ongoing support to the Government of Bihar and local tourism investors will improve tourism in the Buddhist Circuit, which includes major Buddhist sites and pilgrimage destinations in India and Nepal, and generate increased revenue.

***Outcome 1.5 Strengthened regional integration***

73. **The WBG will promote regional integration,** especially in (i) the integrated management of natural resources and regional public goods (such as river basins, ecosystems, and wildlife preserves); (ii) the pooling of power resources; (iii) trade and transport regional facilitation; and (iv) business dialogue. In particular, the WBG will continue to support regional trade in power between India and Pakistan and India and Nepal as well as inland water transport between Bangladesh and India. Analytical work will underpin dialogue on critical regional issues. IFC will help facilitate trade between Bangladesh, India and Nepal by strengthening chambers of commerce and associations of truckers and freight forwarders and standardize and harmonize procedures and documentation, introduce risk management, automation, and create opportunities for regional peer-to-peer exchanges (through the South Asia Regional Integration in Trade and Investment Project). IFC will promote reforms to increase intra-regional and global FDI flows, financial infrastructure, trade finance, and South–South investments by helping to build partnerships between strong players in emerging economies. The Nepal-India Power Transmission and Trade Project (financed by IDA and IFC) finances construction of a cross-border transmission line to increase the trade

of electricity between these two neighboring countries. MIGA may support critical cross-border infrastructure investments.

74. **Finally, the World Bank Group will focus on facilitating the exchange of knowledge and experience in a more systematic manner**, in the region and beyond, so that international good-practice examples can inform India's development while showcasing India's development successes to the rest of the world. The work will involve facilitating knowledge exchanges (particularly South–South) in which India is increasingly the knowledge provider. Three regional pieces of analytical work—on overcoming barriers to trade and cooperation, commodity price transmission, and manufacturing competitiveness—will be instrumental in sharing knowledge across the countries in the region. IFC will provide sector-specific knowledge to Indian companies in sectors such as infrastructure, banking, and microfinance to help them better understand the opportunities and risks of investing in other emerging markets.

75. **Domestic market integration is a new area of focus under the CPS, and will expand to include analytical and technical assistance as well as financing in three areas: taxation, procurement, and labor markets.** The successful implementation of the long-delayed Goods and Services Tax (GST) is central to Government efforts to integrate the domestic market. Building on the implementation of the GST, the WBG is ready to provide policy advice and facilitate knowledge exchange with countries, such as Brazil, that have been successful in tackling the same issue. On the fiscal front, the WBG will provide analytical support and non-lending technical assistance to state governments and third-tier local governments, especially local urban bodies, to expand their revenue bases. Labor laws that facilitate the movement of people to jobs, without discrimination based on location or industry, are important. And, as workers move across state boundaries and from villages to cities, the portability of social security benefits (made easier with the introduction of the unique identification number) will assume great importance. A multiyear study on growth, inclusion and global competitiveness will address issues related to the labor market, while parallel programs to support implementation of the national manufacturing policy and improvements in the business climate will drill deeper. Ongoing technical assistance to the planning commission on manufacturing competitiveness will help inform the national manufacturing policy and underpin possible state-level operations in the future. As the public sector is a major consumer of goods and services produced in the domestic economy, reform and standardization of the procurement system at the national and state levels are key measures to foster domestic market integration and competition. The World Bank will help develop public procurement certification courses and procurement-related management information systems, facilitate networking among public procurement resource institutions, and engagement with audit institutions to undertake procurement audits.

## 6.2. Strategic engagement area 2: Transformation

76. **The faster a country urbanizes, the faster it grows**—and, with the right policies in place, the faster the same country can reduce poverty and increase shared prosperity. An acceleration of India's ongoing transformation from a largely agrarian economy to one that depends on an ever-expanding manufacturing sector, and from a predominantly rural to an increasingly urban population, would significantly boost India's potential for growth and poverty reduction. Accomplishing that acceleration will require a focus on both rural and urban development, on improving the livability of cities and villages, on creating more jobs in manufacturing and more off-farm jobs in rural India, and on improving agricultural productivity, especially among smallholders.

77. **Effective, flexible, and accommodating urban planning, land management, and land-use regulations are essential to addressing the urbanization challenge.** Improving the investment climate to induce increased private sector investment (from domestic and foreign sources) and improving access to credit will allow small and medium-size enterprises—an important growth engine in India—to flourish.

This transformation also calls for further empowering local governing bodies—*Panchayat Raj institutions* in rural areas and local urban bodies in cities across India—so that they are able to identify and respond to local needs and to plan long-term for a more systematic rural-urban transformation. If developed and managed well, cities in India can be a source of greater efficiencies—resulting in more-efficient use of natural resources and lower carbon intensity.

78. **By 2031, it is projected that 600 million people will live in India's cities.** Current and future needs and challenges of India's cities and their burgeoning populations, figure prominently in the 12th Plan. Government priorities include increasing investment in new urban infrastructure (e.g., expanding the metro rail network and the bus rapid transit system); strengthening urban governance; strengthening human and organizational capacities; developing long-term, strategic urban planning capacities; addressing the needs of the urban poor and improving slums; and raising environmental sustainability. On urban transport, the Government's goal is to increase the share of public transport to at least 50 percent of all motorized trips. Private, and often very expensive, urban transportation exacts a huge cost on the urban population, especially the very poor. Universalizing safe drinking water and sanitation remains a priority, as is ensuring that all Indian cities are free of open defecation—a contributor to malnutrition, as well as a major public health risk. The Government strives for 100 percent metering of water supply and 24-7 access where possible and feasible. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) remains the main vehicle for the Government's urban development and reform. State governments also have their own urban development plans. The 12th Plan calls for a series of reforms at the national and state level, as well as interventions to strengthen the institutional framework.

79. **The Government recognizes the need for an equally strong focus on agricultural and rural development.** Under the 12th Plan, agricultural productivity is targeted to grow by 4 percent annually, and irrigated areas are expected to increase from 90 million to 103 million hectares. Income opportunities in agriculture, which includes horticulture, animal husbandry and fisheries, are expected to expand, while simultaneously creating more off-farm employment. Strengthening the implementation of major centrally sponsored schemes that cover everything from rural employment and social security to rural sanitation and water supply is central to the Government's rural development strategy. Environmental sustainability and the sound management of natural resources—air, water, forests, and biodiversity—is rapidly emerging as the next major development and policy challenge for India, and it is central to the 12th Plan. The Government and organized citizens recognize that sustaining a high annual growth rate of 8.2 percent under the 12th Plan and beyond will require placing environmental and resource management issues front and center in India's development.

80. **The WBG's focus on the rural-urban transformation—and particularly on urbanization—represents a significant shift in its strategy**, and engagement in this area is expected to intensify over the CPS period and beyond. The strategy will focus on supporting the efforts of national, state, and city governments to improve the management and livability of second-tier (medium-sized) cities as well as larger metropolises. As 85 percent of the urban poor live in small and medium-size cities across India, efforts are likely to contribute to the ambitious scenario's poverty reduction target. The multi-sectoral engagement will focus on urban management and planning, infrastructure and service delivery, financing systems and frameworks, and capacity building at the national, state and city levels. Analytical work to inform urban sector policy and initiatives will supplement a growing operational engagement.

***Outcome 2.1 Strengthened institutional capacity of urban government***

81. The WBG's work will focus on (i) strengthening urban management, infrastructure, and service-delivery systems across the urban hierarchy; (ii) *in situ* slum upgrading; and (iii) selective developments in metropolitan cities. The Bank is currently developing with the Ministry of Housing and Urban Poverty Alleviation an Informal Settlements Improvement Project that will incentivize *in situ* upgrading of slums

and thereby encourage private investment in the incremental improvement of the existing housing stock. The project will aim to improve basic services (water, sanitation, sewage, electricity, paving, and street lighting), connect neighborhoods to trunk infrastructure, and mobilize community support and participation. IFC's work on affordable housing—a relatively new focus of its engagement in India—entails collaborating with regulators, financial institutions, and developers to explore business models that will enable growth and profitability of the industry, including supporting governments with the structuring of housing projects on a PPP basis particularly in low income states.

82. Supporting PPPs will be central to IFC's urban work, particularly to address the solid waste management challenges faced across most cities, as well as to help government improve its energy efficiency and climate change profiles through for example improved street lighting systems and increased renewable energy generation. IFC will explore the use of new technologies to address challenges in India's cities through: (i) information technology applications for enhancing efficiency in the power, water, solid waste, and gas sectors; (ii) e-governance software for public sector and SMEs; (iii) mobile payment and e-payment solutions; (iv) smart metering; and (v) e-learning systems and improve digital inclusion to benefit more people. In the telecom and information technology sectors, IFC will extend selective support to companies offering solutions targeted at SMEs, banks, financial companies, and educational institutions. Lastly, IFC will continue its dialogue with the Government on direct financing for credit-worthy municipal entities through the WBG sub-national lending program.[19]

***Outcome 2.2 Improved urban transport services***

83. **Public transport in Indian cities is predominantly run by public sector transport monopolies and suffers from poor service quality, inefficient operations, deteriorating finances** and dramatically declining mode shares. Supporting the modernization of city bus services including improved fuel efficiency, rehabilitation of infrastructure, use of new technology initiatives and technical assistance for greater operational and financial viability, institutional and capacity development will be a key aspect of the Bank's urban transport strategy. The Global Environmental Facility's Efficient and Sustainable City Bus Services Project currently under preparation underlies these principles of improved efficiency.

***Outcome 2.3 Improved access to water supply and sanitation services***

84. **Making India's cities more livable will require improvements in the reliability, financial and environmental sustainability, and affordability of water supply and sanitation services.** Although more than 90 percent of the urban population has access to drinking water and more than 60 percent to basic sanitation, piped water is only available for a few hours per day and raw sewage often overflows into open drains. The already stressed water supply and sanitation delivery system will have to be revamped to respond to the urbanization challenge—an additional 250 million people will migrate to cities in the next 20 years. To improve service delivery, the WBG's work will focus on strengthening governance and institutional arrangements for water supply and sanitation services; piloting service delivery models that are efficient, accountable, and customer-oriented (incorporating best practices from well-run public companies); and improving financial sustainability of providers. A successful 24-7 water supply pilot will be scaled up in three cities in Karnataka. IFC will help address efficiency and conservation issues in municipal, agricultural and industrial water. For example, a new program will focus on water-use efficiency in major water-intensive commodities such as rice, and will also help private sector partners adopt water efficient technologies. Advisory and implementation programs plan to support water audits, business systems diagnostics, footprint assessments, risk filters, cost-effective water technology solutions and benchmarking with industry good practices. Investment opportunities in water-

[19] Financial capacity of urban local bodies, however, is comparatively very weak, with total revenue amount to less than 1 percent of the GDP (as compared to 6 percent in South Africa and over 7 percent in Brazil).

saving, harvesting and treatment technologies, service delivery and improving operational efficiency will be also explored. Lastly, MIGA stands ready to support investors into municipal services either directly or through local and foreign financial intermediaries.

85. **Engagement in rural areas will include the Maharashtra Rural Water Supply and Sanitation Project using the new performance for results instrument and a multistate Rural Water Supply and Sanitation (RWSS) project focused on low-income states.** In addition to supporting the decentralization of programs and policies under ongoing RWSS projects, key strategic shifts under this CPS include: (i) piloting an array of management models for large or multi-village schemes; (ii) supporting sustainable RWSS programs by linking *Gram Panchayats* with higher levels of government and strengthening the capacity of *Panchayati Raj* institutions; (iii) integrating water supply and sanitation interventions into catchment-protection schemes, household and village environmental sanitation programs, solid waste management, and health and hygiene awareness promotion; (iv) piloting the use of PPP models for efficient and accountable service provision, and (v) institutionalizing and scaling up proven policies and strategies demonstrated through various Bank-supported projects.

***Outcome 2.4 Increased agricultural productivity***

86. **The WBG will engage across five operational business lines**: (i) inclusive agricultural and rural growth; (ii) technology development and low-carbon and climate-resilient agriculture; (iii) food and nutrition security; (iv) agricultural markets; and (v) water and natural resources management; Engagement will be underpinned by increasingly deeper and broader analytical work, guided largely by findings from the on-going India agriculture productivity study. The overall emphasis will be on innovative approaches and systems strengthening. Strengthening collective action (especially among women) to facilitate access to better economic opportunities, and key services will remain a hallmark of Bank engagement in India's rural development.

87. **With 65 percent of India's agriculture relying solely on rainfall, improving the productivity of country's rain-fed agriculture remains a challenge.** To this end, the Bank will support the National Integrated Watershed Management Program in eight states. On irrigated water, the Bank's strategy is to focus on increasing agricultural water use efficiency through support to ongoing implementation of state level efforts in Andhra Pradesh, Maharashtra, Madhya Pradesh and Uttar Pradesh. More emphasis will be placed on strengthening water-related institutions, and building the state and national capacity for the management of irrigation systems and decentralized management of irrigation tanks.

88. **Ongoing implementation of state-level agricultural competitiveness projects in Assam, Rajasthan and Maharashtra are instrumental in translating increased demand for agriculture products into improved farmers' income.** A new approach to develop the agriculture value chain using a PPP mode will be explored as part of the Ministry of Agriculture's Million Farmer Initiative. IFC advisory services will work towards promoting sustainable and inclusive economic growth in the agribusiness sector. To build farmers' capacity, IFC will prioritize demonstration projects in the value chains of private sector players in key commodities. IFC supported the government of Punjab in pioneering the first grain silos infrastructure on a PPP basis and plans to further support the government's food security agenda through the scaling up of the Food Corporation of India's silos PPP program across eight to ten states. IFC will also provide patient capital to agribusinesses, strengthen agriculture products, logistics infrastructure (e.g. warehousing), and promote best practices in sustainable farming.

89. **The WBG will help India develop and disseminate agricultural technology.** New methods of disseminating technology to the farming community, with a greater emphasis on women, will be explored. This may require forms of farmer collective action as well as outsourcing of publicly funded agricultural advisory services to private sector providers. Analytical work will be undertaken on the likely

impact of climate change on India agriculture. This will support India's efforts at preparing and implementing approaches towards achieving greater agriculture resilience towards climate change (adaptation) as well as towards reducing the carbon growth intensity of agricultural growth (power consumption and fertilizer use (mitigation)).

***Outcome 2.5 Improved environmental protection and biodiversity conservation***

90. **The WBG will focus on developing effective systems and institutions to enable more efficient environment management and reduction of resource degradation.** This would include interventions in three key areas: (i) coastal management; (ii) industrial pollution management; and (iii) natural resources (particularly water), ecosystems and biodiversity. Efforts to integrate sustainability considerations and lower carbon approaches in project design across sectors, but especially in infrastructure, will intensify. On coastal management, the Bank will support the simultaneous economic development of India's extensive coast line and preservation of its fragile ecosystems with pilots in Gujarat, Odisha, and West Bengal. The new coastal disaster risk reduction project in Puducherry and Tamil Nadu will also pilot improvements to marine fisheries, particularly in inshore coastal areas. On pollution management, Bank's ongoing Ganga Basin Project will help build the capacity of the National Ganga River Basin Authority to pilot wastewater collection and treatment, and adopt river conservation measures. The Capacity Building for Industrial Pollution project is helping deploy technologies and management practices for cleaning up toxic legacy sites.

***Outcome 2.6 Reduced Greenhouse Gas emissions through energy efficiency and renewable energy production***

91. **The WBG will continue to promote low-carbon growth.** The Bank will support Himachal Pradesh's inclusive green growth strategy through a series of development policy loans—one of which is expected to be funded through the Clean Technology Fund. In line with its Climate business strategic priority, IFC investments will continue to support private companies to move to lower carbon growth paths through renewable energy, and energy and resource efficiency In recent years, IFC's innovative PPP advisory work in India has supported India's first solar roof-top project (Gujarat) and the first street lighting energy efficiency project in the low income states of Rajasthan and Odisha. IFC has also partnered with financial institutions to expand the availability of capital for renewable energy and energy financing. Through its Clean Technology Innovation Fund, IFC will be able to invest in clean-tech companies, including seed investments in higher risk sectors and locations. On the advisory front, IFC will help financial institutions to expand their focus on clean energy financing by promoting improved access to finance for low-income households, strengthening microfinance networks, and introducing financial products that enable access to clean energy, water and sanitation products.

92. **Green cities can also be a source of efficiencies.** A series of CTF-funded projects in India aim to improve energy efficiency of equipment, buildings, and industry which improve cities. The proposed projects aim to reduce the growth of emissions from energy consumption in the country. Carbon finance operation as well as market-based energy efficiency projects such as the Super Energy-efficiency Equipment Program (SEEP) support Government efforts to scale up energy efficient programs. The SEEP will create implementation structures and undertake a pilot to introduce higher efficiency appliances, using market-based approaches. The main aim of the project is to reduce energy consumption associated with the rapidly growing number of consumer electrical appliances over the next decade. Under SEEP sales-based incentives for manufacturers to introduce and promote appliances that are 50 percent more efficient than currently available alternatives will be provided. The initial focus will be on ceiling fans—the second-largest selling appliance in India, with annual sales of more than 30 million units, increasing at 6-9 percent per year. This program will help create the systems and structures that can be used for other appliances and other applications, promoting private sector-led efficiency improvements. Based on an

ESCO (energy service company) model, IFC's municipal level energy efficient street lighting projects in two cities aims to deepen the market and demonstrate successful models designed city-wide.

93. **IFC's support for the power sector will be guided by its overall strategic focus on climate change and GHG emission reductions.** To date, IFC has made its largest number of renewables investments in India, including "first-of-their-type" investments in companies with limited renewable energy experience. This will be done by providing them with targeted equity investments and debt lines, sharing global expertise, developing suitable E&S standards, and advisory support. Future engagements could support: (i) innovative clean technology investments with potential for demonstration impact and/or scaling up; (ii) financial sustainability; (iii) cross-border and South-South investments (potentially partnering with MIGA); (iv) renewable energy, new business models and new technologies; (v) gas-powered generation; and (vi) reduction of transmission and distribution losses through efficiency-linked investments. The South Asia Infrastructure Facility, which helps governments design projects that attract private sector participation and investments, will focus on renewable energy, as well as water, health and agribusiness, especially in the low-income and Northeast states. In the oil and gas sector, IFC will continue to provide support for the development of: (i) domestic hydrocarbon resources to help lower the dependence on imports; (ii) gas transmission to facilitate end-user access to gas; and (iii) capacity enhancement for domestic oil and gas companies.

## 6.3. Strategic engagement area 3: Inclusion

94. **Inclusive growth is a key priority for the Government, as detailed in the 12th Five-Year Plan.** Ensuring that everyone reaps the benefits of faster growth, regardless of social grouping, age, gender, or place of residence will require significant improvements in education, health (notably progress toward universal health coverage), access to water and electrical power, and the creation of meaningful employment and livelihoods opportunities. The Government's 13 large, centrally sponsored schemes for inclusiveness—covering rural and agricultural development, health and nutrition, education, power, water, and urban development—will have to be reformed to drastically improve implementation performance, reduce duplication, create convergence, and most important, to improve development outcomes. Economic integration and rural-urban transformation can benefit a large share of India's population, but only if there is a stronger focus on human development and on policies that help make growth inclusive. For example, a growth strategy that focuses on labor-intensive sectors, rather than on skill- and capital-intensive ones, and on the development of small and medium-size enterprises will help create productive employment opportunities for India's poor people and make growth more inclusive.

95. **India's weak health system and poor nutritional outcomes undermine its competitiveness.** The growing burden of non-communicable diseases increases disability among the working-age population; malnutrition reduces lifetime productivity; unmanaged health care costs displace more-productive investments by the state and by households; and high fertility rates keep women out of the workforce. The main health-related target of the 12th Five-Year Plan is greatly reduced rates of maternal and child mortality. Other necessary changes include improving delivery systems by strengthening accountability, providing regulation and oversight of private providers of health care, and ensuring insurance coverage for more people, especially the very poor.

***Outcome 3.1 Improved access to electricity***

96. **Despite increasing dependency on commercial fuels, more than 60 percent of Indian households depend on traditional sources of energy**—fuel wood, crop residue, biomass, and animal waste. Providing modern energy services for lighting and cooking is thus widely recognized as an important step to ensure energy access, especially in the rural areas. Existing activities will support replicable and sustainable business models for off-grid generation and supply models in lagging states.

The ongoing India Power Sector Diagnostic will review progress on access to power over the last decade, including an assessment of why household electrification lags behind village electrification, and the implementation and financial barriers to executing rural-electrification projects. The study will also provide a detailed examination of the consumption subsidies given to India's domestic consumers (who represent 25 percent of total electricity consumption) through tariffs, and focus on subsidy targeting and cost (in terms of fiscal burden). The potential for state-level engagements in Uttar Pradesh and Bihar to develop business models of generation that connect very poor areas to off-grid power will be explored. IFC is undertaking a partnership with the governments of US and Italy, the Lighting Asia's India program, which was launched in February 2012. This program is expected to provide safe, clean and affordable off-grid lighting to two million people in rural India by December 2015. IFC is also supporting SEWA to promote usage of solar lanterns and energy efficient cook stoves; these are key livelihood tools for rural households and increase their productivity in their occupations, in addition to mitigating climate change.

***Outcome 3.2 Strengthened public and private health-delivery systems***

97. **A larger share of interventions in the health sector will be at the state level** and focus on strengthening institutions and accountability, developing local systems and capacities, and addressing government and market failures. The ongoing Uttar Pradesh Health System Project aims to strengthen planning, human resource management, monitoring, supply chain management, quality enhancement, and asset management to enable better service delivery for the entire population of Uttar Pradesh—one of the poorest states in the country. The project demonstrates the potential for Bank support to raise the impact of public and private health expenditures and defines a strategy for future state-level lending. A joint IFC-Bank initiative (Health in India, box 6.1) will focus on improving poor people's access to quality health care and reducing out-of-pocket expenditures in two low-income states. IFC is pursuing both investment and advisory projects in the health-care industry, with investments supporting the expansion of private hospital chains in the country. It focuses on niche areas such as medical instruments and devices, vaccines, biotechnology products, and generic drugs.

98. The objective of WBG engagement is to address issues constraining the development of accessible and affordable health care facilities, including access to capital for healthcare organizations, limited tertiary healthcare facilities outside of Tier I cities, a shortage of human resources with healthcare skills, lesser access and awareness about medical insurance, limited adoption of quality programs and standard protocols. An innovative IFC advisory project in Bihar is supporting automation of Government-to-Person payments to enhance efficiency of health workers and doctors by 10-15 percent. Once implemented, the project could be replicated across India. IFC is also assisting states to plan and prioritize state-wide programmatic initiatives through PPPs in the health sector, particularly in the areas of payment insurance, health networks by clubbing primary, secondary and tertiary services, and diagnostic platforms for state-wide roll out.

***Outcome 3.3 Improved child nutrition delivery systems***

99. **The Bank will—through lending, analytical work and technical assistance—support the national government and states in strengthening the nutrition policy framework as well as systems and capacities to improve nutrition.** Although restructuring and strengthening the ICDS will be a prime focus, Bank efforts will also include support for multisectoral nutrition actions, both through Government programs and through Bank operations in different sectors. Examples include the Bank's ongoing support for the National Rural Drinking Water Program and a series of state-level rural water supply and sanitation projects, including a new operation in low-income states. Improved provision of drinkable water and particularly sanitation in rural (as well as urban) areas is likely to have a large impact on health and nutrition. The Bank-supported National Rural Livelihoods Mission aims to contribute to India's

efforts to combat high rates of malnutrition by setting up a network of nutrition centers that cater to pregnant women and children up to five years of age and by ensuring that households get access to food.

**Box 6.1. Health in India**

The WBG is working to increase poor people's access to high-quality health care and to reduce out-of-pocket expenditures in two low-income states. This effort, which exemplifies the approach recently adopted by the joint IFC–World Bank management team, recognizes the critical role that the private sector plays in health care in India. While the joint engagement began with exploring opportunities to work together, it has since evolved into a more systematic approach that is identified upfront, planned and sequenced over a period of time, drawing on respective advantages of each institution, with clear expected results. Examples of current engagement include supporting the state of Meghalaya in implementing a health insurance scheme. The states selected for further action will be low-income states in which the World Bank Group is already engaged.

The building blocks for influencing health outcomes include: service delivery; financing; governance; medical products and technologies; the health workforce; and information systems and analytics. Working with the public and private sectors, the intermediate outcomes of Health in India focus on improving access, affordability, equity, and quality, with the overall goal of improving health-related outcomes.

The program's joint business plan identifies priorities based on a three-dimensional framework: impact, feasibility, and expected timelines. Its scope is driven by client delivery capacity and resources. The strengths of each institution have been clearly identified and a list of proposed joint and complementary interventions drawn up, with appropriate time horizons and results indicators (e.g., two pilot PPP transactions, accreditation of ten public and five private hospitals, reductions in out-of-pocket expenditures by income and caste levels, and so on).

***Outcome 3.4 Improved access and quality of education***

100. **The Bank will support Government efforts to improve education mainly at the secondary and tertiary levels, with a more pronounced focus on quality.** Lessons learned from the Sarva Shiksha Abhiyan Education-for-All Program will inform this engagement. At the secondary level, the implementation of the Rastriya Madhyamik Shiksha Abhiyan will support Government efforts to universalize secondary education by 2017. With financial and managerial contributions, the Bank will help expand access to, and strengthen delivery systems for, quality secondary education, with an eye to improving on labor-market entry for young adults. Greater attention will be paid to teacher training, performance, and accountability—a prime determinant of quality. Using new ICT technologies, the Bihar Teacher Education Project will help pilot innovative approaches to teacher education and professional development. A final round of support to the Sarva Shiksha Abhiyan program from the Bank and its development partners will help improve educational quality and student learning outcomes at the primary level, incorporating greater involvement of the private sector. IFC's education sector strategy supports the "skills for competitiveness" agenda, especially education projects with strategic clients—predominantly larger, for-profit providers with potential to grow and operate in several markets move down-market to reach lower-income households, create centers of excellence, and provide employment opportunities for skilled professionals. One of the innovations supported by IFC to open up new markets for the private sector is the implementation of PPPs for a medical college—500 bed teaching and 100 seat medical—in Meghalaya which also has a large replication potential.

***Outcome 3.5 Increased coverage of social protection programs***

101. **More than 90 percent of the labor force is in the informal sector, with inadequate mechanisms to absorb and manage economic risks and shocks.** The Bank will work to enhance social protection coverage for this population, including for health and disability insurance, job transition insurance, and protection in old age. Because many programs do not reach all of their intended beneficiaries, with significant variation, particularly in low-income states, the Bank will work with states

to expand coverage. Increased use of ICTs in program delivery and management will form a cornerstone of this work, together with capacity building and enhancement of human resources at local levels. An example of this approach is the Bihar Integrated Social Protection Project, which aims to modernize service standards and operational processes in order to deliver better services to more people, while also reducing duplication, encouraging the development of harmonized procedures, and introducing transparency. Ongoing NLTA supports the Government's efforts to covert many in-kind subsidies and support programs to cash assistance through it new Direct Benefits Transfer initiative.

***Outcome 3.6 Enhanced rural-livelihood opportunities***

102. To accelerate India's efforts toward inclusive rural growth, the Bank will assist national and state authorities in implementing rural-livelihood projects across 16 states under the National Rural Livelihood Project (NRLP) as well as ongoing state projects in Bihar, Madhya Pradesh, Rajasthan, Tamil Nadu, and four Northeastern states. NRLP and state-level interventions (with some variation across states) entail a three-pronged approach: (i) improving existing livelihoods (working with farmers to help them diversify products, lower cost of production, and identify stable markets for their goods); (ii) identifying self-employment opportunities and providing both access to credit and technical assistance for business development; and (iii) developing skills that are better matched to the needs of the market. Women are the main beneficiaries of the projects, a good example of the WBG's emphasis on gender in India (box 6.2). Livelihoods will continue to be a main source of off-farm job creation in rural India.

***Outcome 3.7 Increased access to financial services***

103. **The WBG will promote integrated approaches to financial inclusion by facilitating access to credit and other financial services to farmers and households.** Two ongoing lending operations (rural credit coops and scaling up of sustainable and responsible microfinance) and two planned operations (low-income housing finance and agriculture insurance) will be central to the Bank's response in this area. The low-income housing finance project will provide informal housing finance for people without documented income and property rights, while the agricultural insurance project will ensure that a greater number of farmers have crop insurance. The Bank will help microfinance institutions integrate responsible microfinance principles into their work and develop new financial products for the poor such as micro-pensions and micro-health insurance. The rural livelihood programs described in the previous paragraph will continue their focus on expanding poor households' access investment and savings. IFC's key objective will be to improve the depth and quality of financial services through: (i) financial product diversification; (ii) responsible finance i.e. promoting financial awareness among clients and transparent reporting by financial institutions; and (iii) supporting delivery channels using new technology and agents. New approaches to delivery of financial services will be key in coming years to expand the last mile reach. IFC has already begun work in this regard with Government-to-Person payments and will continue to work on innovation in payments systems, alternative delivery channels, remittances, and government payments

***Outcome 3.8 Enhanced disaster-risk management system***

104. The Bank's work in this area has two strands: (i) helping build institutional capacity to prepare for and manage the impact of natural disasters and (ii) helping people protect themselves from natural disasters and recover quickly from them. The National Cyclone Risk Mitigation Project helps strengthen the capacity of state disaster-management agencies to mitigate the impact of and respond to cyclones in vulnerable coastal states. The second phase of the project will focus on Gujarat, Kerala, Maharashtra, and West Bengal. Technical assistance helps build Government capacity to conduct risk assessments for geophysical hazards and vulnerabilities, establish building and planning standards, and pilot innovative approaches to risk mitigation. To mitigate risks of and vulnerability to natural disasters, especially in

coastal areas, the Bank focuses on access to emergency shelter and on evacuation and protection against wind storms, flooding, and storm surges in high-risk areas.

**Box 6.2. Addressing gender issues**

Various social and economic indicators in India show significant and persistent gender inequalities. Beginning with the child sex ratio and progressing through secondary schooling, labor market participation, marriage, fertility and maternal mortality, Indian women and girls fare considerably worse than men and boys. The recent brutal gang rape and death of a 23 year old student in Delhi has raised international attention to the pervasive and extreme nature of gender-based violence in India.

The Bank Group continues to address gender issues across its lending, investment and knowledge activities. The National Rural Livelihoods Project mostly targets women, and gender has been included in work on suburban transport, adaptation to climate change, employment, and health. The design of the Coastal Zone Management project, for example, was informed by an analysis of the issues faced by women and men in fishing communities and other coastal dwellers. Knowledge work included a study on social exclusion, which examined the unique disadvantages faced by tribal and scheduled caste women. Work on gender inequalities in labor outcomes, and access to and use of infrastructure and services is also ongoing. The Bank will also strengthen its gender-based M&E. IFC's support to microfinance institutions predominantly benefits women, who account for 90 percent of borrowers. IFC's work on Government-to-Person (G2P) payment projects improve women's access to healthcare services and individualized payment services through direct money transfers to their accounts. IFC's support to the SEWA Bank – owned and operated by women for the welfare of self-employed women—enabled it to expand its operations and new products. IFC also aims to work with private sector banks to develop and launch financial schemes targeting women owned businesses. The World Bank Group is adding new gender initiatives to its operations, including in the micro, small and medium enterprise sector

But much more can be done by the Bank to engender its investments and empower women economically, socially, and in government. Under this CPS, more emphasis will be placed on two "inclusion" priorities: (i) reducing gender disparities in labor force outcomes; and ii) strengthening women's leadership in local government. On female labor force participation much of the focus will be on skills development and higher education. Issues related to gender-based violence will be addressed through regional work as well as through collaboration with development partners who have extensive experience and knowledge in this area. The Bank will expand its analytical work on gender equality, most importantly by preparing the *India Economic Development Report (InGender)* in FY2013, as a follow on to the *2012 World Development Report on Gender Equality and Development.* Findings from this gender analysis will be instrumental in strengthening the Bank's work on gender issues during this CPS and beyond and . will support the Government of India's National Mission for the Empowerment of Women in its analysis of the gender impacts of government programs.

# 7. Implementing the WBG Country Partnership Strategy

## 7.1. Guiding principles of engagement

105. **In addition to India's 12th Five-Year Plan, the World Bank's engagement is guided by the Government's "Innovation Impulse with Investment" approach**, which lays out the Government's vision of how best to use the financing and expertise of multilateral institutions to address India's development challenges. Support should be focused on projects that transform and modernize policies and institutions, leverage resources, and pilot new and innovative development approaches. Special emphasis will be placed on multi-sectoral projects and programs, as well as on creating synergies with existing Government programs across sectors. Although access to financing remains important to India's development, the services that come with that financing are particularly valued. Those services include the transfer of knowledge and international good practices, guidance on reforming processes and systems, and the building of capacity for improved service delivery. These principles will be applied jointly by the Government and the World Bank to manage the program described in this CPS.

106. **The Government's approach to working with multilaterals calls for a rebalancing of the World Bank portfolio toward more state-level activities, particularly in low-income and special category states (table 7.1).** Overall, the aim of that rebalancing will be to raise the share of the Bank's commitments devoted to direct financing of state projects to 60 percent, of which half (30 percent of total lending) will go to low-income and special category states. Under the previous CAS, 18 percent of the Bank's total lending went to these states.[20] Under this CPS, the approach for engaging low-income and special category states will build on lessons learned from successes and failures over the last four years. Initial engagement will include holding high-level multi-sectoral discussions at the state level, together with the IFC, to identify synergies among programs and the mix of instruments that best suits the particular circumstances of each state. Specific activities will build on the successful approach already adopted in Bihar, which combines extensive capacity building, technical assistance, and analytical work that underpins lending operations. Past experience also shows the relevance of local knowledge, particularly in the context of state-level political economy.

107. **IFC is also intensifying its program in low-incomes states.** Its strategy aims to ensure that people at the "base of the pyramid" gain greater access to finance, infrastructure, and markets, while working to formalize the private sector in these states. IFC is in the process of expanding its program in Bihar, Odisha, and Rajasthan by increasing investments and improving business-climate reforms (with a special emphasis on small and medium-size enterprises), enhancing certainty and transparency, and reducing business risks. Twenty-two percent of all investments and 31 percent of all projects in India were in LISs in FY2009-13YTD. The share of IFC advisory services in LISs tripled from 21 percent in FY2009 to 66 percent as of February FY2013. Currently, 44 out of 66 advisory projects in India involve at least one low-income state. By the end of this CPS period, IFC aims to invest approximately $2.3 billion, and facilitate another $1.4 billion in private investment in low-income states.

**Table 7.1: Low-income and special category states (US$)**

| Low-income States | | | | Special Category States | | | |
|---|---|---|---|---|---|---|---|
| | **Population (mn)** | **% Poor** | **GSDP per capita** | | **Population (mn)** | **% Poor** | **GSDP per capita** |
| Bihar | 103.8 | 53.5 | 294 | Assam | 31.2 | 37.9 | 536 |
| Chhattisgarh | 25.5 | 48.7 | 695 | Himachal Pradesh | 6.9 | 9.5 | 1,267 |
| Jharkhand | 33.0 | 39.1 | 589 | Manipur | 2.7 | 47.1 | 569 |
| Madhya Pradesh | 72.6 | 36.7 | 555 | Meghalaya | 3.0 | 17.1 | 866 |
| Odisha | 41.9 | 37 | 676 | Mizoram | 1.1 | 21.1 | 883 |
| Rajasthan | 68.6 | 24.8 | 666 | Sikkim | 0.6 | 13.1 | 1,715 |
| Uttar Pradesh | 199.6 | 37.7 | 436 | Uttarakhand | 10.1 | 18 | 1,233 |
| **Total** | **545.1** | **39.5** | **494** | **Total** | **55.5** | **29.5** | **792** |

*Notes:* GSDP PC has been converted from INR to USD using the period average exchange rate. Total for population weighted average of the group. Total % of poor is the HCR for the group**.** Special category states are mostly northern mountainous states, sparsely populated, and those with high transport costs leading to high delivery cost of public services (as defined in the 13th Finance Commission). IFC also includes West Bengal, but excludes Himachal Pradesh and Uttarakhand. *Sources:* Census 2011, Planning Commission, poverty figures 2009-10, CSO GSDP, 2010-11, MF-IFS exchange rate

[20] Low-income states and special category states also benefit from IDA/IBRD support to multistate projects and centrally sponsored schemes.

108. **Lending to more advanced states will predominantly focus on activities that are innovative and transformative.** Projects in more advanced states can test second-generation approaches, which then can be applied to low-income states that often have limited capacity. For example, the pilot Beneficiary Verification System for health services, which produces timely data, is serving more than 3,000 beneficiaries in Karnataka and may now be replicated in the low-income state of Uttar Pradesh. IFC, having led many innovative renewable-energy investments in India, will promote the replication of its solar rooftop pilot in Gandhinagar in five additional cities in Gujarat and develop solar policy recommendations to engage other state governments.

109. **Support for centrally sponsored schemes and national projects will focus on capacity and institution building**. Sharing knowledge and international good practices can help leverage public financing by improving design, implementation, and monitoring on a national scale. The core concept in World Bank support for centrally sponsored schemes will be to support the Government in scaling up successful state-level interventions into national programs. The World Bank has played an important role in such efforts; in the process, it has learned that success is not always guaranteed. Support for the Sarva Shiksha Abhiyan Education-for-All Program, for example, has shown that successful scaling-up requires significant upfront inputs into improving management and fiduciary systems, building national institutions, careful supervision, and adjustments along the way. Increasingly, projects will focus on helping states implement programs supported by central schemes. The complex challenges of bringing development solutions to national scale in a large and diverse country like India require a learning partnership.

110. **Given the size, diversity and magnitude of India's development challenges, selectivity principles are central to World Bank Group engagement under this CPS.** Selectivity in the India context is primarily about the "where" and "how" of WBG engagement, the former guided by the Government's "Innovation Impulse with Investment" approach and the latter by management and staff's understanding that better collaboration across the WBG and sectors is likely to result in improved development outcomes. Unlike previous CAS periods, country-led selectivity principles are being applied more systematically upstream by Government, and internally by the India management team. Such a concerted effort is needed to intensify engagement in low- income and special category states. Selectivity principles will also be applied to IFC's engagement in low-income states. IFC will aim to support projects/programs that offer scope for scalability. For example, alongside a growing number of business and development partners, IFC is supporting inclusive business models to expand access to goods, services, and livelihood opportunities for those at the "base of the pyramid" in commercially viable and scalable ways. Such models have huge potential for scale up, and contribute to the goals of reducing poverty and boosting shared prosperity.

## 7.2. CAS lessons and multi-stakeholder consultations

111. **The FY2009–12 CAS Completion Report (CASCR) drew implications and highlighted recommendations for this CPS** (Annex 2). First, India's complex and dynamic development environment demands a full and integrated toolkit of the WBG's analytic, advisory, convening, and financial instruments. There is ample scope for proactive management of knowledge work, including project-embedded knowledge and impact evaluations, to ensure continuous innovation and learning and to fully integrate and build positive interactions between knowledge products and financing. This includes not only bringing global best practices to India, but pollinating Indian expertise through South–South knowledge exchange.

112. **Second, the synergy between state and national interventions can make significant contributions to enhanced leverage and enhance the impact of Bank-supported activities.** For example, experience gained at the state level (e.g., in programs in education and rural livelihoods) can

provide valuable design inputs, increasing the relevance of national schemes to varying state circumstances while helping to strengthen management systems at both the state and national levels. However, the CASCR also found that direct lending to low-income and special category states requires long-term support for capacity and institution building and underscores the importance of local knowledge as well as analytic and advisory support. Moreover, replicating successful state projects at the national level is more than just scaling up: Upgrading or creating new institutions and fiduciary systems at the national level takes time as well as willingness to learn and adapt.

113. **Third, the CASCR identified two collaboration challenges that must be addressed in the CPS.** First, although the need for multi-sector approaches is increasingly important if the WBG is to help India make inroads into key challenges (e.g., urban, nutrition, water resources), multi-sector activities fell short under the FY2009–12 CAS. Second, despite recent improvements, collaboration between IBRD, IDA, IFC, and MIGA will have to be deepened if the potential impact of WBG efforts is to be fully realized. Such collaboration can yield most when all components of the WBG pursue common strategic objectives (e.g., a joint approach in a low-income state or on a particular issue, such as increased investment in climate-change adaptation). Effective collaboration should reflect each institution's relative operational strengths, thereby producing a result greater than what each institution could achieve independently. PPPs are one area in which experience under the FY2009–12 CAS demonstrated clearly differing institutional strengths, with IFC's transaction and business climate experience complementing the policy orientation of the World Bank. Given India's own extensive experience with PPPs, this is a promising area for enhanced collaboration.

## 7.3. Current WBG portfolio

114. **The CPS builds on a large current portfolio, which will be the main source of development results under this CPS.** The current IBRD/IDA portfolio includes net commitments of $23.7 billion across 78 projects. Of that amount, $16.7 billion is undisbursed, reflecting a relatively young portfolio (38 percent of the total undisbursed amount is for projects approved by the Board in the last two years). At the end of January 2013, IFC's committed portfolio contained 219 projects amounting to $4.8 billion, including $564 million syndications. MIGA has no existing exposure in India, but may support investments into critical areas during the CPS period through the provision of credit enhancement. Portfolio performance has varied. The growth of the portfolio in recent years is reflected in the portfolio performance as measured by standard metrics. The average portfolio age has gone down with the attendant impact on the portfolio disbursement ratio. The IDA/IBRD disbursement ratio[21] dropped in FY2012 to 13 percent after peaking at 27.6 percent in FY2010, reflecting the retirement of well-disbursing projects and the inclusion of new projects into the portfolio. Disbursements are generally expected to be low in the first two years, while project implementation is being launched. At the same time—and in some cases—the World Bank may have underestimated the implementation challenges of large national and multi-state projects.

115. **Lessons from implementation show that starting with smaller initial commitments to each program might be better.** Experience also suggests the wisdom of taking earlier action to readjust, restructure, "right-size," or cancel operations that are not performing well. Teams must be realistic, and willing to change course early on in project implementation.

116. **During the last CAS period, IFC delivered a strong program.** During FY2009–12, IFC committed $4.5 billion in total financing (including its own account and mobilized funds), with nearly 34

[21] The ratio of the amount of disbursements in a given fiscal year to the undisbursed balance at the beginning of the fiscal year.

percent supporting infrastructure. Through end February 2013, IFC has committed $822 million in total financing. Thirty-four percent of IFC's own account commitments were in equity and 63 percent were in loans. IFC's India portfolio is performing well. Investments in low-income states have grown from $60 million in FY2009 to $265 million in FY13 as of end of February 2013, an increase of 342 percent. The advisory portfolio has grown from $30 million over 42 projects in FY2009 to $55 million in 66 projects by end February 2013.

117. **The World Bank and the Government of India are working together to improve portfolio management.** To address the recent decline in portfolio performance parameters and accelerate implementation, the Government of India and the World Bank have identified major bottlenecks and are working with project authorities to remove them. Sector- and state-specific portfolio reviews, undertaken in cooperation with relevant line ministries, as well as reviews of risky and slow-disbursing projects, are held regularly, with time-bound action plans, agreed disbursement targets, and close follow up. Project restructurings are being carried out more frequently, with around 30 restructurings, including partial cancellations, completed in FY2012 alone. Discussions are ongoing to "right-size" a few national level operations. New projects are being subjected to more-rigorous readiness criteria by the World Bank and the Government to ensure improved implementation. In the short term, these measures have meant that new lending has dropped to allow teams to focus on making the existing portfolio perform better. Continued proactive portfolio management will be needed to turn the performance of the portfolio around.

118. **A focus on governance and public financial management will also help improve the design and implementation of Bank-supported projects.** Under the CPS, efforts will be made to integrate India's public financial management systems and accountability mechanisms (budgeting, accounting, public expenditure management, external auditing, corporate governance, right to information, and redressal of citizens' grievances) and tools (social audits, e-project management, and e-monitoring) into Bank operations. The Bank's technical support will aim to strengthen program-level budgeting and implementation of a new chart of accounts to improve linkages between spending and performance. The Bank will also help strengthen and scale up the government's Central Plan Scheme Monitoring System (CPSMS), monitoring of central plan funds by enabling real-time tracking of expenditures. Procurement and financial management capacity building components in WBG-financed projects will aim to strengthen and mainstream country systems. Governance and accountability action plans—required for all Bank operations in India—will continue to help mitigate fiduciary risks while promoting institutional effectiveness for better service delivery.

119. **The knowledge portfolio will complement and underpin lending operations, especially in low-income and special category states, and in relatively new areas of engagement.** In a country as sophisticated and diverse as India, there is no dearth of knowledge providers. The WBG's value lies in its ability to focus on long-term, complex, multisectoral issues; to bring together experience from across the world; and engage deeply in policy, program, and project implementation. Its knowledge is conveyed through analytical and advisory services, impact evaluations, and research and embedded in operations and lending. The World Bank Group also acts as a convener, bringing together Indian and foreign policymakers on key policy issues, such as clean energy, job creation, and informality, and facilitating exchanges of South-South knowledge. The Bank and the Indian Government regularly review the knowledge portfolio to maximize the strategic relevance and timeliness of knowledge products.

120. The World Bank Group's knowledge agenda for FY2013–17 will be guided by (i) focusing in-depth analytical work on a few key cross-sectoral questions (e.g., growth and inclusion, energy, and urbanization), carried out in partnership with local and international institutions; (ii) informing design and implementation of future interventions by drawing on impact evaluations (e.g., on rural livelihood programs); (iii) responding quickly and flexibly with demand-driven technical assistance and just-in-time

knowledge support to help reform and implementation; (iv) brokering South-South and across-state knowledge exchanges; (v) developing flexible programmatic approaches to develop analytic and advisory activities; and (vi) scaling up training capacity. Under the CPS, dissemination of knowledge across government and nongovernment stakeholders will be enhanced.

121. At the heart of the World Bank Group knowledge agenda will be a series of stand-alone analytical products that aim to inform public debate around key reforms critical to India's continued high economic growth, poverty reduction and increased prosperity. Topics for such work will be identified over time, although work on PPPs, nutrition and acceleration poverty reduction and shared prosperity is likely to commence at the beginning of the CPS period. Efforts will also be made to link country-specific work to regional flagship reports in areas that support the CPS. The regional flagship on jobs (FY12) would support economic integration, upcoming flagship on inequality (FY14) will likely feed into work that is relevant to the inclusion engagement area, and finally the regional flagship on urbanization (FY15) could inform country-specific analytical work on India's rural-urban transformation.

## 7.4. Collaboration and partnerships

122. **Exploiting "synergies by design" versus "synergies by chance" will enhance the development impact of the WBG's program.** Experience during the previous CAS period has shown that effective and planned collaboration between the World Bank and IFC is possible in India. A notable example of this is the joint financing of the $270 million loan/investment for the PowerGrid Corporation of India, which supports PowerGrid's access to international commercial banking markets and leverages the IBRD's 18-year partnership. Collaborative work is also underway in the health sector in two low-income states (see box 6.2). Under this CPS, collaboration will increase significantly through closer interactions at all staff levels and across all relevant sectors. As a first step, sessions on operationalizing the CPS across the three engagement areas, as well as in focus low-income and special category states will be organized. Using the model developed for expanded engagement in Uttar Pradesh—one of India's poorest states—efforts will be made to identify synergies early in the project identification and preparation process, so that collaboration is better planned. The end goal is to deliver an integrated package of support, especially to low-income and special category states that combines financing instruments knowledge and advisory services best suited to the development needs of the each state, while building on the comparative advantage of both the World Bank and IFC. The proposed state-level infrastructure program—identified as one of the five programs for increased collaboration—will focus on expanding infrastructure in two states.

123. In addition to increased collaboration in focus states, two areas are likely to benefit from the "synergies by design" approach: investment climate and public-private partnerships. The World Bank and IFC will work together to help the Government to improve the investment climate, where joint economic and sector work could be pursued. Similarly, on PPPs, where the World Bank (through its economic and sector work and technical assistance) and IFC (through its advisory services) could help government and quasi-governmental agencies carry out regulatory reforms in sectors where IFC's investments (and possibly MIGA credit enhancement) could significantly boost private participation. Opportunities for increased collaboration with MIGA, the World Bank Institute, and the Water and Sanitation Program will also be explored.

124. **The WBG will continue to work in partnership with many bilateral and multilateral donors to help India address its most-pressing development challenges.** Partnerships take many forms, including the pooling of financial resources, knowledge creation and dissemination, capacity building, and support for the supervision and implementation of Bank operations. Opportunities to take further

advantage of synergies between the Bank Group and other development partners will be pursued in areas of mutual interest, such as regional integration, infrastructure financing, climate change, and governance. Several Bank operations are co-funded by external donors: Primary and secondary education projects have benefited from co-financing from the U.K. Department for International Development. The Japan International Cooperation Agency has supported the Dedicated Freight Corridor Project and urban development in Karnataka and Tamil Nadu. For the Asian Development Bank, the Government of India follows an essentially geographic approach to come to a division of labor. The objective is to maximize the support from both major MDBs across a range of sectors but minimize transaction costs at State level. This approach has worked well and given both institutions' capital limitations, it is really the only viable choice for now. Portfolio reviews of lending and AAA benefit from ADB participation.

125. **The WBG India program has benefited from trust funds.** Trust funds focusing on global partnerships and public goods have supported many activities in India, most prominently in health. The Global Fund for AIDS, Tuberculosis, and Malaria has disbursed almost $800 million in India since its inception in 2003. Two donor trust funds—from DFID and AusAid—have supported analytical work and capacity building efforts. In 2009, DFID renewed its support, with a contribution of £20 million, increasing that by £6.5 million in 2012. Funding has helped leverage the World Bank's support to improve service delivery, address climate change, and promote inclusive growth and governance in low-income states such as Bihar, Chhattisgarh, Jharkhand, and Odisha. AusAid is providing $3.4 million through its South Asia Region Infrastructure for Growth trust fund to support project preparation. Sixty percent of IFC's advisory program in India is supported by donor trust funds. The US Department of State and Government of Italy contributed a total of $4 million to the "Lighting Asia India Program. The Netherlands and Japan are other major donors. In an effort to diversify funding sources, IFC advisory is working to engage with new partners such as the Gates Foundation on improving health services and promoting financial inclusion in Bihar.

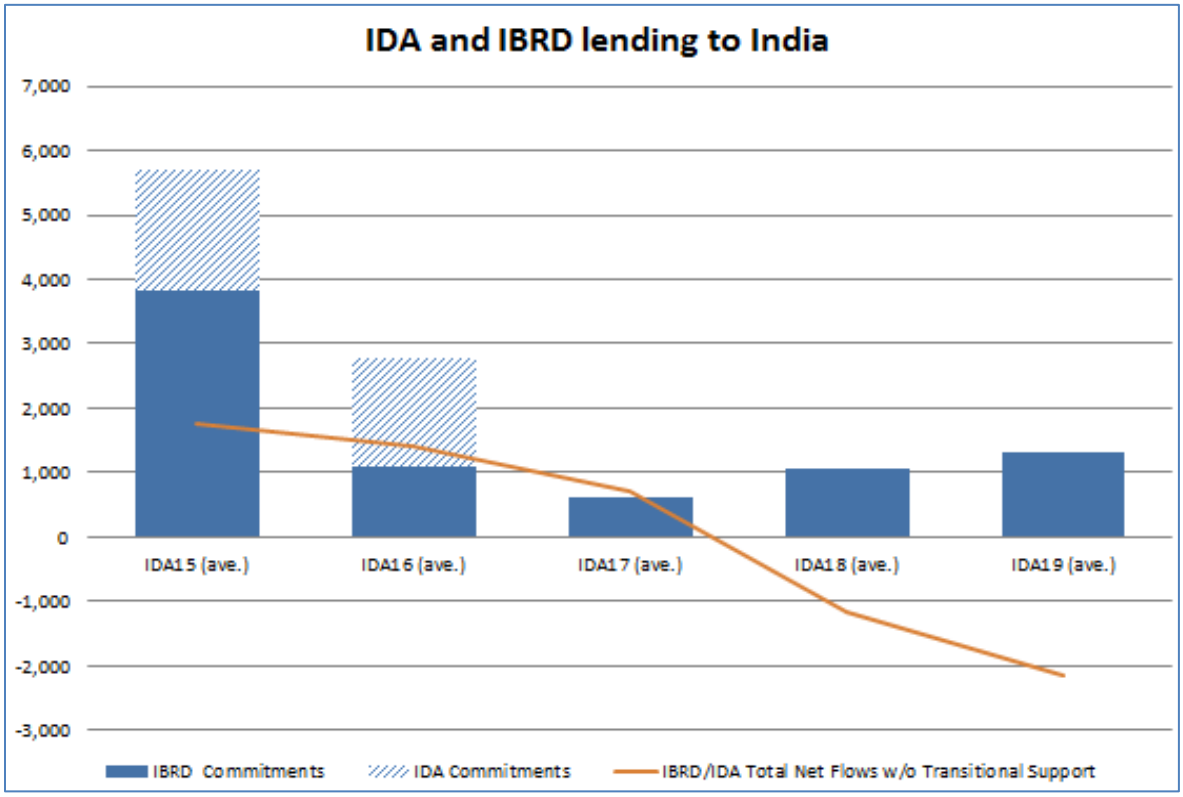
## 8. Financing the strategy

126. **Financial support for this CPS should be commensurate with the scale of the challenge of helping India to accelerate poverty reduction and boost prosperity.** Although the World Bank Group's contribution to the government's overall development is small, the government's "Innovation Impulse with Investment" approach means that World Bank Group's involvement can be catalytic and transformative when financing is combined with knowledge and experience. Supporting the government's objective of faster and more inclusive growth are three project selection filters: (i) systemic or transformational impact; (ii) innovation and piloting of new approaches; and (iii) financial leveraging. Government expects World Bank commitments to be distributed among low-income and special category states (30 percent), other states (30 percent) and national programs and centrally sponsored schemes (40 percent). Making growth more inclusive also entails targeting pockets of poverty in more advanced states, where innovative approaches can be piloted and later replicated in poorer states. National projects that make substantial investments in energy and transport, for example, help generate more growth.

127. **To make a meaningful contribution to the assault on poverty, the Government of India is seeking about $5 billion annually in support from the World Bank Group.** However, the WBG's ability to provide such levels of financing is uncertain due to two main factors: India approaching its Single Borrower Limit (SBL) for IBRD exposure, currently at $17.5 billion and India's graduation from IDA at the end of FY14. The SBL prevents IBRD from being able expand lending to make up for the loss of IDA resources at graduation to IBRD-only status. Beginning in FY15, support to India would drop precipitously to an annual average of about $600 million IBRD for FY15-FY17. Looking at the full CPS period (FY13-17), annual levels of IDA/IBRD would average only $1.4 billion. Moreover, total net flows

from IBRD/IDA turn negative in FY18 due largely to India's graduation from IDA. (Figure 8.1) Graduation also triggers contractual accelerated credit repayments on a large share of outstanding IDA debt.[22]

**Figure 8.1 Impact of IDA Graduation on India, by IDA Replenishment, IDA15-19**
*(in '000 US dollars)*
(no SPPBs, no IDA transitional support)




*Source:* World Bank data (actuals); staff estimates for projections.

128. **To ease the hard constraint of the SBL, India has agreed to use its own resources to purchase Special Private Placement Bonds (SPPBs).** In 2012, the Board approved the use of SPPBs by India of up to $4.3 billion. Beginning in FY14, this additional headroom would enable India to borrow an annual average of $2.4 billion of IBRD/IDA over the CPS period, an additional billion per year.

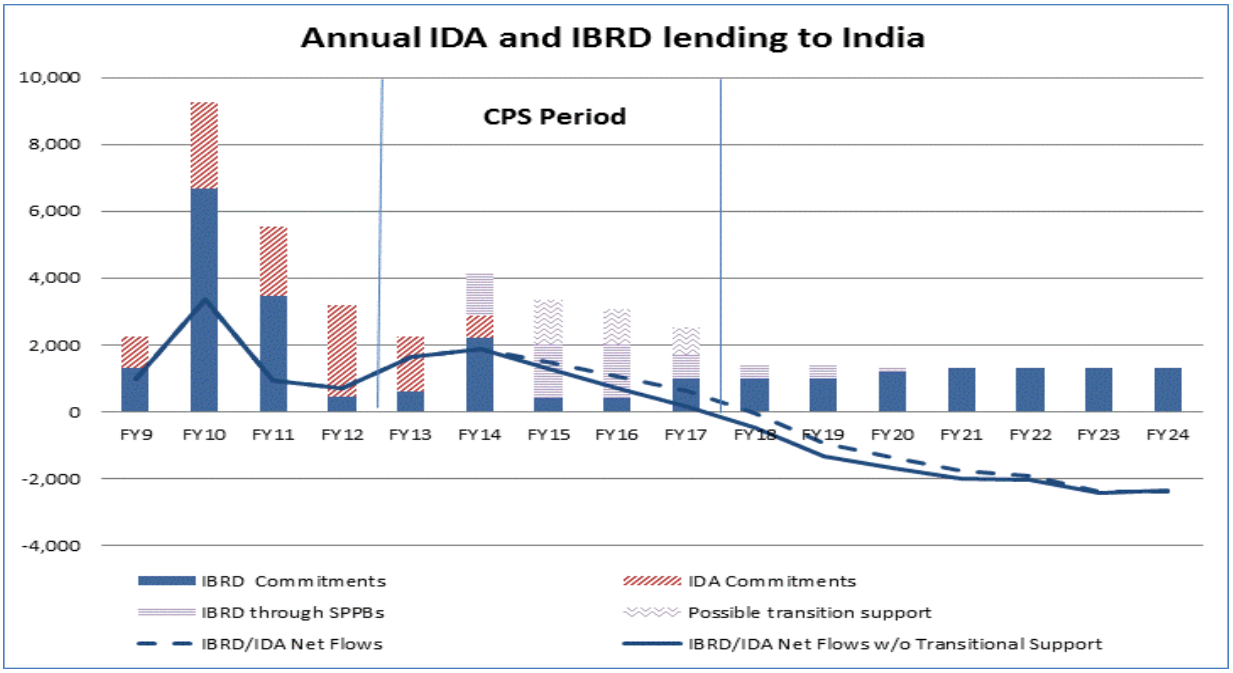
129. **Although India will graduate from IDA at the end of FY14, it is being proposed as a candidate to receive transitional IDA support for the IDA17 period.** Transitional IDA support would be used to tackle India's unfinished poverty agenda as laid out in this CPS. The terms for transitional IDA financing would be harder than those of IDA hard-term lending, but less than the fixed rate equivalent of an IBRD loan. Although a final decision on the volumes and terms of transitional support

[22] India's graduation from IDA also has implications on net flows because of the contractual IDA credit acceleration clause which would be triggered. Due to India's high outstanding IDA credit balance ($26.4 billion as of December 2012) there will be a significant increase in principal repayments by $0.5 billion a year in FY2015-FY20 from $1.2 billion under the current repayment schedule to $1.7 billion. Although transitional IDA support would help offset the overall reduction in net flows during the CPS period, they are estimated to become negative in FY18.

will not be reached until late 2013, IDA Deputies were broadly supportive of the proposal to provide transitional IDA support to India presented at the first IDA17 replenishment meeting.

130. **With the combination of SPPBs and assuming transitional IDA support at the levels proposed to Deputies in the March IDA17 replenishment meeting, annual commitments for IBRD/IDA could average about $3 billion over the CPS period.** (Figure 8.2). SPPBs would be purchased in FY14 when India hits the SBL and be used to help finance the lending program laid out in Annex B3. IDA levels in FY14 are low because of India's frontloading of IDA and utilizing the remainder of the IDA16 envelope. And, even with transitional IDA support, net flows turn negative in FY18.

**Figure 8.2: Annual IDA and IBRD lending to India, FY09-24**




*Source:* Actuals through FY12 and Staff estimates for projections.

131. **IFC investments are expected to be around $1 billion annually.** IFC will maintain its focus on private sector development through multiple engagements focusing on inclusion and improving access, enhancing regional and global integration, and mitigation of and adaptation to climate change. During the CPS period, IFC expects to invest approximately $2.3 billion in the low-income states. IFC also expects to invest around $350-400 million direct and mobilized financing per annum in infrastructure water, transport, telecom and IT and IT-enabled sectors).

132. **Overall average annual WBG financing is estimated to be about $3 billion from IBRD and IDA (assuming transitional support from IDA and use of SPPBs) and $1 billion from IFC.** This is still short of India's expressed borrowing needs of about $5 billion. Although hypothetical, the impact of additional IBRD headroom would help ease the hard constraints of the SBL. If management were to recommend, and the Board were to approve, say a $1 billion increase in the SBL for India, additional lending space of about $500 million a year for three years would be created. World Bank Group support for an ambitious engagement in India would necessitate the development of innovative solutions to

leverage higher levels of financing consistent with India's "Innovation Impulse with Investment" approach.

133. **To maximize potential financing for India, the World Bank is also exploring ways of restructuring poorly-performing projects in the portfolio.** "Right sizing" or cancelling part and restructuring the remainder of a poorly-performing operation can free up resources in the short-term, allowing for the commitment of resources to higher impact activities. An example is the proposed cancellation of the $1 billion IBRD-financed India Infrastructure Finance Company, Ltd. (IIFCL), and using the tied up capital for a similarly-sized infrastructure project.

134. **The WBG can play an important catalytic role beyond its own resources to help India mobilize long-term financing**. To complement existing World Bank Group's existing financial instruments, innovative means to mobilize long-term financing can respond to India's expressed need for help to fill its infrastructure financing gap. Strengthening India's capital markets, developing a long-term corporate bond market and enabling securitization of assets are additional avenues to explore.

## 9. Monitoring of results

135. **The CPS results framework will be the key instrument for monitoring the implementation of the WBG country program in India (Annex 1).** The results matrix presents the priority outcomes of the WBG in India, which are aligned with the objectives of the Government's 12th Five-Year Plan. The country program aims to support the Government in areas where the WBG has a clear comparative advantage. It includes ongoing and indicative lending, advisory an analytical activities, technical assistance, and key trust-funded activities for FY13-14. The matrix comprises 18 outcomes, expected to be achieved through mostly ongoing WBG engagements at the national, state, and local levels. A total of 32 indicators—all linked to the ongoing lending and AAA portfolio—will be monitored throughout the CPS period. The achievement of CPS results will depend to a large extent on ongoing activities and the speed at which new programs are developed and implemented.

136. **The three overarching goals of the CPS: reduced poverty, increased shared prosperity and rapid economic growth reflect the CPS vision for India in 2030 under the ambitious scenario,** a country gradually regaining the economic status it once had in history. As such, these are the long-term goals, to which the WBG program will strive to contribute in the short term or over the next five-years. Activities in three broad areas of WBG engagement: integration, transformation and inclusion will in turn contribute to one or more of the overarching goals.

137. **While most activities in the current WBG portfolio contribute to one or more of the three overarching goals, the main linkage is through the WBG's increased support to India's low-income and special category states (see Table 7.1).** Combined, these fourteen states account for about half of India's population, of which 38.6 percent are poor. The WBG financing, analytical work and advisory services will therefore aim to contribute to two specific high-level country outcomes: increased economic growth as measured by GSDP per capita (on average $512.5 in 2011), and decrease in poverty (in 2011 38.6 percent of the total population in 14 LIS and Special Category States were poor). Analytical work underpinning this CPS also clearly indicates that economic integration across states and countries leads to per capita income convergence. Guided by the Government's "Innovation Impulse with Investment" approach, the CPS therefore, focuses on India's low-income and special category states in an effort to contribute to a more balanced growth across the country.

138. **The results framework will mainly monitor outcomes and indicators at the program level.** Directly mapped to the WBG program, these outcomes (18 in all) and indicators will be tracked and used

mid-and end-CPS period to assess WBG performance. Each outcome supports relevant Government goals as defined in the Government's 12th Plan. A significant departure from past practice and reflection of continued efforts at improved collaboration across the WBG is the inclusion of common indicators that aggregate IDA, IBRD and IFC contributions and program toward program level outcomes.

139. **CPS program implementation will be tracked and reviewed on a regular basis.** The CPS results framework will also be reviewed in the context of periodic country portfolio reviews, where progress on—as well as risks to—achieving CPS outcomes will be assessed. The Results Integration and Monitoring System, a web-based application recently improved and re-launched, will be used to monitor progress towards achieving CPS outcomes. The system will be updated every six month, and updates will be shared with Government counterparts. A CPS progress report will be prepared at midterm in FY15 to evaluate progress, assess relevance of CPS outcomes to longer-term objectives. The matrix will be adjusted as needed, and new activities will be added in response to Government's demand throughout the CPS period, but especially for FY15 and FY16 activities.

## 10. Managing risks

140. **Achieving the ambitious vision of India in 2030 entails mitigating significant potential economic and political country level risks.** Although India's GDP growth is forecast to strengthen modestly to 6.4 percent in the 2013 fiscal year, and rise to 7.3 percent in 2015,[23] elevated inflation and large fiscal and current account deficits will remain concerns. Continued sluggishness of the global economy is likely to affect India's growth prospects in the short-term. Although recent policy announcements have helped improve investors' confidence, the Government will need to break the current policy logjam and push through deeper and more difficult reforms needed to improve the business climate, increase tax efficiency, and improve the efficiency of public expenditures. While general elections will be held in 2014, it will be important to recognize that continued progress on the reform agenda will be critical to the country's progress toward the vision of India in 2030—a country that triples its per capita income in just one generation, reduces poverty to 5.5 percent, and increased shared prosperity.

141. **By focusing on economic integration, spatial transformation and social inclusion, the CPS mitigates the risk that growth will slow down and progress on poverty reduction and human development will be stalled.** Realizing India's economic potential requires seizing the demographic dividend and this in turn will critically depend on job creation. New entrants to the labor force need to find gainful employment for lower dependency ratios to actually lead to higher output per capita. Greater economic integration, through physical connectivity and the removal of inefficient regulations, is key to boost the creation of jobs by the private sector. A successful spatial transformation, including agricultural modernization and rapid urbanization, is needed for jobs to become more productive. Progress in social inclusion, providing opportunities for everyone to live a healthy life, acquire new skills, and access gainful employment, is a pre-requisite for shared prosperity. The choice of areas of engagement in the CPS is thus well geared towards helping India realize its potential.

142. **At the same time, by shifting the focus to low-income and special category states, the CPS assumes a higher operational risk.** The CPS assumes a much higher level of operational risk did the previous CAS. But higher risks often entail greater payoffs, as reflected in the ambitious India 2030 scenario outlined here, one of rapid inclusive growth and equally rapid poverty reduction. A more pronounced shift to working in low-income and special category states—states that often have weak, systems, capacities and institutions; difficulties in adequately staffing project units; poor data collection—

[23] *Global Economic Prospects*, 2013.

may have the effect of delaying project preparation and implementation. However, many low-income states are now growing faster despite having lower levels of capital than more advanced states. This in turn translates into higher marginal returns to investment over time. Low-income states also have the highest poverty rates, and some of the lowest human development indicators, so that poverty reduction payoffs from successful interventions will be high. The "Innovation Impulse with Investment" principles of working on transformational, innovative projects and those with high potential for leverage are also inherently risky. Compounding that risk, a few areas where the Bank Group has been asked to contribute—nutrition, urban development, higher education, and education quality—have proven difficult in the past. As the CPS is implemented, it will be important to build on the lessons learned from both past successes and failures so as to better respond to India's challenges. Better and planned collaboration across WBG and with development partners will help us better identify areas where the WBG can add value and put together a mix of instruments that is suited to the needs of India.

143. **Improving portfolio performance will be a key challenge under the CPS and of utmost important for overall discussion on India's financing needs.** Efforts will be made to raise portfolio indicators to levels closer to Bankwide averages. Of particular concern is the IBRD disbursement rate, which remains low. Throughout the CPS, more emphasis will be placed on accurately identifying risks using existing tools (e.g., Governance and Accountability Action Plans and the Operational Risk-Assessment Framework), proposing mitigating measures, and jointly monitoring the portfolio to address problems proactively as they arise. An effort to customize solutions (in the form of integrated packages of support) to better meet the needs of each borrower will help in the management of a riskier portfolio. Ongoing Government-WBG efforts to strengthen portfolio performance will have to be sustained throughout the CPS period to ensure results of the WBG program and its contribution to accelerating poverty reduction and boosting shared prosperity across India.

**ANNEX 1** **INDIA CPS Results Framework**

| **Overarching Goals**<br>**Economic Growth * Poverty Reduction * Shared Prosperity**<br>**High level Country Outcomes**<br>Low-income States + Special Category States (**Total population: 600 million**)<br>Baseline (2011): **GSDP per Capita: US $ 512.5**; **Percent Poor: 38.6%** | | | | |
|---|---|---|---|---|
| **Government Strategic Objectives (12th Plan Goals)** | **Issues and Obstacles** | **CPS Outcomes and Indicators** | **Indicative Milestones** | **World Bank Group Program (Ongoing and Indicative)** |
| **Engagement Area 1: Integration** | | | | |
| Upgrade national and state highways to the minimum two-lane standard<br><br>Complete Eastern and Western Freight Corridors | Most national highways need upgrading and maintenance work<br><br>Low freight train capacity; inadequate asset maintenance | **1.1 Improved transport connectivity in targeted States**<br><br>*. 9000 Km of additional State highways upgraded and maintained in good condition in targeted states by 2017*<br><br>*. Rail transport capacity on Eastern Freight Corridor increased from 20 (in 2011) to 22 (NTKM bn ton-km) by 2017* | Generation of at least US$300 million in new private sector capital for Core Road Network improvement and management<br><br>340 km of the Eastern rail corridor (Khurja and Kanpur section) completed | **Ongoing financing:** Assam State Roads; Odisha State Roads; Punjab State Roads; Karnataka State Highway Improvement II; Eastern Dedicated Freight Corridor<br>**Indicative financing:** Rajasthan Rural Road Connectivity; Tamil Nadu Roads II; Kerala Transport II; National Highways Interconnectivity; Gujarat Highways II; Eastern Dedicated Freight Corridor II<br>**Knowledge activities[1]:** Transport Policies and Reform Activities |
| Strengthen India's electricity supply and transmission system in order to increase availability and reliability of power for economic development | Electricity transmission capacity between regions and states is low<br><br>Generation stations operate below capacity (60% of firms rely on costly back-up generation) | **1.2 Improved inter-regional power transmission connectivity**<br><br>*. Power exchange between regions and States increased from* 46,027 *Gwh in 2009 to 60,000 Gwh by 2017* | At least 5,000 circuit kilometers of transmission capacity added by 2015<br><br>At least 412 MW of hydro power generation capacity constructed by 2017<br><br>630 MW of Coal-Fired generation plant rehabilitated | **Ongoing financing**: Coal-Fired Generation Rehabilitation; Vishnugad Pipalkoti Hydroelectric; Haryana Power Sector Improvement; Rampur Hydropower; Power Sector Development IV&V; IFC investment in the transmission sector (Nepal-India Power Transmission Project)<br>**Indicative financing:** Northeast Power Transmission; Luhri Hydropower<br>**Knowledge activities:** Concentration Solar Power; Program for Market Readiness; Rural Feeder Segregation; |

[1] Knowledge activities include advisory services, technical assistance, impact evaluations, and economic and sector work.

**ANNEX 1** **INDIA CPS Results Framework**

| | | | | |
|---|---|---|---|---|
| | | | | Private Sector Participation in Hydropower |
| Develop demand driven, skilled workforce by providing increased opportunities skills training | Skills mismatch in the job market.<br><br>Poorly trained labor force (29% not literate and another 24% with primary education).<br><br>Low female labor force participation (29% of total). | **1.3 Improved demand-driven skills for productive employment**<br><br>*. Graduates of Industrial Training Institutes employed within 1st year of completing training increased from 60% (Female 38%) in 2012 to 70% (Female 50%) by 2015*<br><br>*. At least 17,000 youth (including more than 50% women) from the supported SHGs and CDOs are placed in appropriate jobs* | 5 Institutes of training of trainers (ITOT) established by 2014<br><br>At least 3000 new and current instructors given entry-level or refresher/specialized instructors courses annually by 2015<br><br>At least 33,000 SHGs are provided with job placement training | **Ongoing financing:** Vocational Training Improvement; Second Technical Engineering Education Quality; National Rural Livelihoods; State Livelihood Projects (Bihar, Madhya Pradesh, Odisha, Rajasthan, Tamil Nadu, and Northeast)<br>**Indicative financing:** Andhra Pradesh Rural Inclusive Growth; IFC investments in competitive, employment generating industries<br>**Knowledge activities:** Migration and Remittances; Higher Education; Small and Medium Enterprise Capacity Building; IFC Farmer Training/GAP Program, India Sugar Program and Farm Forestry Project; TVET; West Bengal Skills Development |
| Increase private sector investment in lagging regions | Low private sector investment in Low-income States | **1.4 Enhanced private investment in low income States**<br><br>*. Additional US$ 2.3 billion private investment facilitated in LIS States by 2017* | IFC's technical assistance and PPP advisory projects in low-income states, which include<br><br>- 8 IFC led technical advisory and/or PPP projects in by 2015<br><br>- 23 IFC led investment projects by 2015 | **Ongoing financing:** IFC investment to support enabling environment and mobilize private sector resources for investments and PPP projects in Bihar, Meghalaya, Odisha, Rajasthan, and West Bengal<br>**Indicative financing:** IFC investment to support enabling environment and mobilize private sector resources for investments in Uttar Pradesh<br>**Knowledge activities:** IFC's programs on Health for All, Buddhist Circuit, Rajasthan IC |
| Integrate regional market in trade, infrastructure (power and transport), and investment | Below potential levels of regional trade and investment; poor connectivity between India and | **1.5 Strengthened regional trade and infrastructure integration**<br><br>. 150 MW o*f electricity traded between India and Nepal by 2017* | Construction of Indo-Nepal transmission line has commenced in accordance with the tender package awarded by 2014 | **Indicative operations:** Nepal-India Trade and Transport Facilitation Project; IFC South-South investments<br>**Knowledge activities:** Bangladesh-India Inland Water Transport; TA for knowledge exchange across SAR |

| | | | | |
|---|---|---|---|---|
| | neighboring countries | . *Border crossing time between India and Nepal reduced by 20 % by 2017 (3-4 days in 2012)* | Trade information portal and single window system developed by 2015<br><br>Narayanghat-mugling road upgraded by 2016 | countries on performance management |
| **Engagement Area 2: Transformation** | | | | |
| Improve long-term planning for sustainable and inclusive urban development; strengthen governance and financial sustainability of urban local bodies (ULBs) | Low urban planning capacity, weak governance, and financially unsustainable ULBs, with limited capacity to raise own resources | **2.1 Strengthened institutional capacity of urban government in targeted states**<br><br>. *At least 220 cities (ULBs) with new/updated urban management systems (in planning, financial management, citizen-interface, etc. ) to improve service delivery in targeted states by 2017* | At least 20 cities with new/revised city development plan in targeted States by 2015<br><br>230 cities with new e-governance and/or GIS mapping system in Karnataka State by 2016 (0 in 2012) | **Ongoing financing:** Capacity Building for Urban Development; Andhra Pradesh Municipal Development ; Third Tamil Nadu Urban Development; Karnataka Municipal Reform<br>**Indicative financing:** Informal Settlements; West Bengal Secondary Cities<br>**Knowledge activities:** Social Dimensions of Urbanization; National Land Records Modernization Implementation Support; Inclusive Heritage Based City Development Planning; IFC's advisory assistance to governments to structure PPP |
| Increase public transport; expand metro rail and bus system; and improve road safety | Poor or non-existent urban transport planning<br><br>Supply of public transport has not kept up with demand | **2.2 Improved urban transport services**<br><br>. *Modal share by public transport in targeted cities increased from 4 % in 2010 to 8% by 2017* | 6 Cities developed urban transport investment plans by 2016<br><br>7 additional electric EMU train (12-car train) added in targeted cities by 2017 | **Ongoing financing:** Mumbai Urban Transport; Sustainable Urban Transport<br>**Indicative financing:** Efficient and Sustainable City Bus Service |
| Improve access to water and sanitation services in rural and urban areas | Limited access to piped water supply services and sanitation systems in rural and urban areas | **2.3 Improved access to water supply and sanitation services**<br><br>. *Additional 34 million people provided with access to improved water sources by 2017*<br><br>. *Additional 12 million people provided with access to improved* | Additional 18,000 water supply systems rehabilitated or extended across states by 2017<br><br>Additional 10,000 sanitation systems rehabilitated or extended across states by 2017 | **Ongoing financing:** Tamil Nadu Urban III; Andhra Pradesh Municipal Development; Karnataka Municipal Reform; Karnataka RWSS II; Punjab RWSS; Uttaranchal RWSS; Andhra Pradesh RWSS; Kerala RWSSP II; IFC's Waste to Energy Investment Project; IFC investment in water treating utilities<br>**Indicative financing:** Karnataka Urban |

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| | | *sanitation system by 2017 (Urban: 1.2 million; Rural: 10.8 million)* | | Water Modernization; Maharashtra Rural Water and Sanitation III; Rural Water Supply in Low-income States<br>**Knowledge activities:** IFC's India E-Waste Advisory |
| Raise agricultural productivity to 4% per annum<br><br>Strengthen irrigated water resource management | Low agricultural productivity<br><br>Outdated agriculture technology and practices<br><br>Inefficient and unsustainable use of water resources in irrigated agriculture | **2.4 Increased agricultural productivity in targeted areas**<br><br>*. Cereal yield for beneficiaries farmers (tons/hectares)*<br>- *Paddy increased from 2.9 in 2012 to 3.5 by 2017*<br>- *Wheat increased from 2.8 in 2012 to 3.5 by 2017*<br>- *Sugarcane increased from 55 in 2012 to 63 by 2017*<br><br>*. Milk production (kg/day/animal) for beneficiaries farmers increased from 4 kg in 2012 to 4.4 kg by 2017* | Additional 1.1 million hectares of improved irrigation in targeted areas by 2017<br><br>At least 1 million farmers adopting improved crop production techniques and practices in targeted areas by 2017<br><br>At least 500,000 farmers adopting improved livestock production techniques and practices in targeted areas by 2017 | **Ongoing financing:** National Agriculture Innovation; Maharashtra Agriculture Competitiveness; Assam Competitiveness; National Dairy Support; Andhra Pradesh Community Tank Management; Tamil Nadu Irrigated Agriculture; Uttar Pradesh Sodic Land Reclamation; Water Sector Restructuring (Andhra Pradesh and Madhya Pradesh); Odisha Community Tank Management; Rajasthan Water Sector; West Bengal Minor Irrigation; IFC's investments in diary/oilseed/poultry sector and in fertilizers and pesticides production<br>**Indicative financing:** Uttar Pradesh Water Sector Restructuring II; Northeast Water Resources; National Watersheds; Uttarkhand Watersheds II; Himachal Pradesh Mid-Himalayan Watersheds-AF; Northeast Water Resources<br>**Knowledge activities:** Enhancing Agriculture Productivity: Policy and Investment Priorities; Capacity Development for Integrated Water Resource Development; IFC India Sugar Program & Farmer Training/GAP |
| Improve management of natural resources by introducing regulation to limit water pollution, improving sewerage treatment system, and | Deteriorating environmental quality due to water pollution<br><br>Unsustainable exploitation of natural resources | **2.5 Improved environment protection and biodiversity conservation**<br><br>*. 160 million liter per day of untreated municipal and industrial wastewater prevented from entering the National Ganga River by 2017* | Environmental Compliance Assistance Center to promote measures for voluntary industrial compliance established by 2015<br><br>Additional 200 million liter day of wastewater treatment capacity created in the National Ganga | **Ongoing financing:** National Ganga River Basin; Capacity Building for Industrial Pollution Management; Integrated Coastal Zone Management; Biodiversity Conservation and Rural Livelihood Improvement; Sustainable Land Management<br>**Indicative financing** Himachal Pradesh Watershed-AF; Karnataka Watershed; |

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| protecting biodiversity | and degradation of biodiversity. | . *Additional 500,000 hectares brought under enhanced biodiversity protected area management* | River basin by 2017<br><br>Institutional and methodological framework and guidelines for landscape conservation approaches developed in high biodiversity landscapes<br><br>Additional 500 million liter of water saved or harvested as a result of IFC's engagement | Sustainable Livelihoods and Adaptation to Climate Change; Sundarbans Biodiversity Conservation Integrated Coastal Zone Management II<br>**Knowledge activities:** Green Growth in Himachal Pradesh; IFC Agri-water efficiency program and industrial water reuse project |
| Reduce the intensity of greenhouse gas emissions | Lack of awareness about energy saving technologies and measures to reduce Ozone Depleting Substances | **2.6 Reduced Greenhouse Gas Emissions through energy efficiency and renewable energy production**<br><br>. *Additional 1.5 million (tCO2e) GHG emissions reduced per year by 2016* | Additional 4,000 MW of energy saved via supported energy efficiency measures by 2017<br><br>Additional 3000 Gwh of renewable energy capacity developed by 2017<br><br>80 CFC-based centrifugal chillers replaced by the CEEP<br><br>Construction and operation of 13 solar and wind stations by 2017 | **Ongoing Financing:** Coal-Fired Generation Rehabilitation; Vishnugad Pipalkoti Hydroelectric; IFC Renewable Energy and Energy Efficiency PPP; IFC's Equity/Debt Investment in Renewables, Energy Efficiency projects in Manufacturing Sector, and wholesaling through financial institutions<br>**Indicative:** Himachal Pradesh DPL II; CTF-Energy Efficiency Partial Risk Sharing Facility; CTF-Super Efficient Equipment Program<br>**Knowledge activities:** IFC Lighting Asia: India Program |
| **Engagement Area 3: Inclusion** | | | | |
| Universalize access to electricity, focusing on electrification of all villages<br><br>Increase household access to clean and environmentally sustainable energy | 30% of rural households lack access to electricity;<br><br>High reliance on traditional sources of fuel in rural households, with deleterious health impact | **3.1 Improved access to electricity in targeted states**<br><br>. *Additional 300,000 of connections to Below Poverty Line households by 2017 in North Eastern Region*<br><br>. *Additional 220,000 households with off-grid connections* | At least 10,000 circuit kilometers of transmission capacity added by 2015<br><br>At least 412 MW of hydro power generation capacity constructed by 2017<br><br>630 MW of Coal-Fired generation plant rehabilitated | **Ongoing financing:** Power System Development IV; Coal-Fired Generation Rehab; Rampur Hydro Power; Haryana Power System Improvement; PowerGridV;Vishnugad Pipalkoti; IFC Investment in private sector generation, transmission and distribution; IFC supported direct lines with banks/infrastructure finance companies to support renewable energy;<br>**Indicative financing:** Northeast Power Transmission |

**ANNEX 1** **INDIA CPS Results Framework**

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| | | | | **Knowledge activities:** IFC Lighting Asia: India Program and Rooftop Solar Program. |
| Improve efficiency of health delivery systems by converging health programs under the National Rural Health Mission | Limited capacity of state-level health institutions (low accountability, inadequate financial management, poor quality assurance, poorly trained health workers), resulting in inefficiency delivery of health services | **3.2 Strengthened public and private health delivery systems**<br><br>. *Below Poverty Line (BPL) and other vulnerable households covered under Government Sponsored Health Insurance Schemes increased from 180 million in 2011 to 350 million by 2017*<br><br>. *Additional 9.4 million patients reached in supported private health facilities by 2017*<br><br>. P*ublic sector hospitals that have achieved entry level-pre-accreditation in the three sates (UP, Tamil Nadu, and Karnataka) increased from 6 in 2011 to 50 by 2017* | At least 40 health facilities assessments completed and action plan developed in the targeted states by 2017<br><br>At least 50 PPPs performance-based contracts in health facilities in targeted states by 2017<br><br>Additional 21 private health facilities strengthened through IFC engagements | **Ongoing financing**: Uttar Pradesh Health System Strengthening; Karnataka Health System – AF; IFC's Investment in private health facilities; IFC's Jharkhand Hospital PPP<br>**Indicative financing:** National AIDS Control Support Project<br>**Knowledge activities:** Service Delivery and Public Spending on Health; Government-sponsored Health Insurance Schemes; IFC's Meghalaya Health for All; IFC's Shillong Medical; Karnataka RBF Hospital Care |
| Reduce under-nutrition among children aged 0-3 from 40% (2005-06) to 27% | Inadequate systems/institutions to address high levels of child malnutrition (40% of the world's malnourished children live in India) | **3.3 Improved child nutrition delivery systems in targeted States**<br><br>. *246,000 Anganwadi Centers conducting inter-personal counseling to improve Infant and Young Child Feeding practices*<br><br>. *400,000 additional Below Poverty Line (BPL) households with access to community management nutrition centers* | Multi-sectoral nutrition action plans developed and implemented in targeted districts in 6 states<br><br>Inter-personal counseling guidelines and tools material for promoting positive IYCF behaviors developed and adopted by 8 states<br><br>10,000 additional community service delivery centers organized by 2017 | **Ongoing financing:** ICDS Systems Strengthening and Nutrition Improvement<br>**Knowledge activities:** Multisectoral Nutrition Action in Bihar; Social Observatory for Rural Food & Nutrition Security in National Rural Livelihoods Mission; Community Food and Nutrition Initiatives in High Poverty States |
| Universalize access to secondary education by 2017 | Poor quality of education at all levels | **3.4 Improved access and quality of education** | New system of National Assessment of Student | **Ongoing financing**: RMSA Secondary Education; IFC Investment in education infrastructure |

**ANNEX 1** **INDIA CPS Results Framework**

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| Improve quality at all Education levels and align programs to market needs | Low learning outcomes,<br>Low retention rates and enrollment at the secondary level<br><br>Limited access to education by underprivileged children/youth | . *Enrolment of students in Secondary (Grade IX and X) increased from 28 million in 2012 to 40 million by 2017*<br><br>. *Gross Graduation rate increased from 78% in 2010 to 88% by 2017*<br><br>. *Gender Parity Index (GPI) in secondary schools increased from 94% in 2010 to 98% by 2017* | Performance developed and implemented (for grade X) by 2014<br><br>Proportion of schools with all core subject specific teachers available increased from 20 % in 2010 to 40% by 2017 | **Indicative financing:** Bihar Teacher Education and Training; SSA—Education for All<br>**Knowledge activities:** Teachers Education; Secondary Education; Teacher's Education and Professional Development- International Best Practice; IFC's Gujarat University PPP and Meghalaya College PPPs |
| Implement direct cash transfer for major subsidies and welfare-related beneficiary payments | Limited state-level institutional capacity and systems to implement social protection programs (including beneficiary awareness, enrollment, benefits payments and tracking and accountability) | **3.5 Increased coverage of social protection programs in targeted States**<br><br>. *Coverage of program beneficiaries in targeted districts increased from 18% in 2012 to 25% by 2017* | IT application to track benefit payments established in at least one state by 2015<br><br>State disability and older persons policies developed for at least one state by 2015<br><br>At least 50 social protection service centers established by 2017 | **Indicative financing:** Bihar Integrated Social Protection Strengthening Project Andhra Pradesh Rural Inclusive Growth<br>**Knowledge activities:** Social Pensions; Jharkhand Social Protection; Chhattisgarh RSBY/PDS Evaluation |
| Create economic opportunities to improve rural livelihood of poor households | Limited livelihood opportunities (farm and non-farm) for rural poor, especially women | **3.6 Enhanced rural livelihood opportunities in targeted States**<br><br>. *Additional 500,000 supported poor households report a minimum of 20% increase in income by 2017* | . A least 50,000 additional Self Help Groups (SHGs) have been formed, including poor women SHGs | **Ongoing financing:** National Rural Livelihood Project; State Rural Livelihood Projects (Bihar, Odisha, Rajasthan, and Northeast states); Scaling-up Sustainable and Responsible Micro-Finance<br>**Indicative financing:** Andhra Pradesh Rural Inclusive Growth Andhra Pradesh: Rural Poverty Impact Evaluation Food Security in Tribal and Conflict Affected Areas Strengthening Implementation of Rural Livelihood Program |
| Improve financial Services | 40% of households do not avail any banking services | **3.7 Increased access to financial services in targeted states** | | **Ongoing financing:** National Rural Livelihood Project; State Livelihood Projects (Odisha, Rajasthan, Tamil |

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| Provide access to banking services to 90% of Indian households | Organized financial sector does not reach out to a large segment of the population | . *Additional one million households with access to formal financial services by 2017.*<br><br>**.** *Additional 20 million loans provided to micro-, small-, and medium-enterprises in targeted states by 2017 (including 0.5 million to female-owned microenterprises)*<br><br>. *Additional 750,000 payment accounts opened by 2017* | 10 additional number of lenders for low-income housing finance created in target States by 2017<br><br>27 MFIs supported through IFC's engagement | Nadu, Madhya Pradesh, Bihar, and states in the Northeast); IFC investments in MFIs; IFC equity in banks and long-term finance institutions; IFC's short-term trade finance and liquidity to banks.<br>**Indicative Financing:** IFC Low-income Housing Finance<br>**Knowledge activities:** Rural Credit Cooperatives; Financial Literacy and Education; IFC Micro-and small and medium enterprise access to finance: Capacity Building Programs with Banks and NBFCs; IFC work to facilitate G2P for health services |
| Strengthen natural disaster management/ resilience | Weak or non-existent institutions and mechanisms for enhanced disaster risk management and climate resilience, especially in agriculture and water-intensive sectors | **3.8 Enhanced disaster risk management system**<br><br>. *At least 3 states have installed an operational Early Warning dissemination Systems (EWDS)in targeted vulnerable communities by 2017* | Master plan for Flood Management prepared for Kosi river basin by 2015<br><br>Multi-hazard risk and vulnerability assessment prepared for India's coastal areas by 2015<br><br>400 Cyclone shelters completed in targeted coastal areas by 2017<br><br>900 Remote Public Alert Communication System installed by 2015 | **Ongoing financing:** National Cyclone Risk Mitigation I; Bihar Kosi I; Global Fund for Disaster Reduction and Recovery<br>**Indicative financing:** Bihar Flood Rehabilitation II; Tamil Nadu and Puducherry Disaster Risk Reduction; National Cyclone Risk Mitigation Phase II & III<br>**Knowledge activities:** Bihar Kosi Flood and Climate Adaptation; Support to National Cyclone Risk Mitigation Program |

## Annex 2: India: FY09-12 Country Strategy Completion Report

### I. Introduction, Background and Summary Findings

1. This Completion Report is a self-assessment of the FY09-12 India Country Strategy (referred to as the CAS) discussed by the Executive Directors in December 2008[1] and the Country Strategy Progress Report discussed by the Executive Directors in December 2010. The self-assessment focuses on two summary evaluations: (i) *CAS performance*, which assesses the relative success of the activities supported by the World Bank Group[2] (WBG) to help India achieve those development goals identified as CAS "pillars"; and (ii) *WB performance*, which assesses the WB's contribution to the CAS's design and implementation. It is important to note that these are not assessments of India's progress toward its development goals, but rather of achievements directly linked to WB-supported activities and to the WB's engagement. This distinction matters if only because the WBG financial role in India is a very small input into India's development finance (both public and private) and WBG knowledge inputs are one of many voices in the "polylogue" that constitutes India's policy discourse.

2. The India Country Strategy (CAS) coincided with the final four years of India's XIth Five Year Plan (2007-12). National elections in 2009 returned to power the ruling UPA coalition led by the Indian National Congress. But recent legislative elections at the state level have confirmed the rise of regional political parties and leaders within and outside of the ruling coalition, with a delicate balance of power impacting the government's reform agenda. The XI$^{th}$ Plan significantly scaled up programs to reduce poverty and social exclusion, including 13 "Flagship Development Programs" on which almost $150 billion was spent during the Plan period. High aggregate growth over the past decade and an acceleration of agricultural growth during the XI$^{th}$ Plan contributed to a rapid fall of the official poverty rate.

3. The CAS is aligned closely to the priorities of the XIth Plan through its three pillars: (i) rapid, inclusive growth; (ii) sustainable development; and (iii) enhanced service delivery. It emphasized a differentiated approach across India's highly diverse socio-economic environments. In low-income states (LISs)[3] and in lagging regions of more advanced states, the CAS foresaw a focus on poverty reduction, achieving the Millennium Development Goals (MDGs), and improving the investment climate. Recognizing that previous efforts to engage more with LISs, including increased lending, had fallen short, the CAS ambitiously targeted 30% of new WB lending to LISs and Special Category States[4]. Increasing LIS engagement was also an IFC priority. In the middle- and high-income states and at the national level, the CAS aimed to remove constraints to sustained high growth particularly in infrastructure and skills and to build institutions to help cope with emerging middle-income challenges. On the analytical side, the program included a small number of multi-year, cross-sectoral analytical pieces on important issues confronting India, including poverty, social exclusion, and urbanization, complemented by on-demand policy and implementation advice (such as on land acquisition, resettlement, and rehabilitation) and due-diligence reviews (such as on strengthening

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[1] R2008-0242 IBRD/IDA/IFC Country Strategy for the Republic of India FY2009-2021, Thursday December 11, 2008

[2] In this report, the World Bank Group (WBG) constitutes the World Bank (WB) and the International Finance Corporation (IFC). The WB lending windows are the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

[3] LISs include Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, and Uttar Pradesh.

[4] Special Category States are states in mountainous and border regions.

procurement in the health sector and periodic macroeconomic updates). The CAS called for stronger collaboration between the WB and IFC.

4. The CAS adopted a cautious approach to projected lending volumes, especially for IBRD, given that headroom was emerging as a major constraint as India approached the single borrower limit – which was increased to $16.5 billion in 2009 and again to $17.5 billion in 2010. Accordingly, the CAS IBRD lending program was initially projected to average $2.9 billion annually with a limit of 10% in fast-disbursing instruments. As reported in the CAS progress Report, actual lending levels were significantly higher, averaging $ 5 billion annually, due to the WB's response to the 2008 financial crisis. India received about 11% of IDA resources, in line with India's IDA cap.

5. The Completion Report deems **performance** of the CAS in achieving its intended outcomes as **satisfactory.** The three pillars of the CAS results framework included 12 outcome clusters and over 45 individual outcomes (the Self-Evaluation Matrix is attached as Annex 1). The overall assessment draws on the following key findings under each pillar: (i) rapid, inclusive growth – the WBG significantly and successfully ramped up its support to India in response to the financial crisis, supporting the banking sector, SMEs, and infrastructure, while continuing to respond to strong demand for support to national programs on rural livelihoods, rural roads, and education; (ii) sustainable development – the WBG's engagement on environmental sustainability, clean energy, and climate change was catalytic in advancing key programs and the institutions managing them (such as industrial pollution, coastal zone management, Ganga clean-up, disaster management, and solar energy) and in mobilizing climate finance (including from the CTF); (iii) enhanced service delivery – WBG support through large Centrally Sponsored Schemes (CSSs) strengthened delivery systems, improved effectiveness of public finance, and piloted innovative approaches. Overall, direct lending to LISs was 9% ($2.13 billion) of new commitments (well below the 30% targeted in the CAS). Significant Bank support to LISs, however, was also channeled through multi-state projects and national programs, mainly CSSs, amounting to another 18% ($6.28 billion) of total commitments. Direct lending to LISs remained at about the same level as during the previous CAS in spite of initiatives to strengthen state implementation capacity (such as the Bihar Capacity Building NLTA). The CAS envisioned engagement in Special Category States (SCSs) that focused mainly on analytical work, capacity building and possibly some lending. Actual lending amounts far exceeded this expectation with a 9% commitment of total lending over the CAS period. The country team also assessed achievements in water management, urban services and water supply and sanitation as falling short of expectations. Work on skill development also lagged.

6. The Completion Report considers **WBG performance under the CAS** as **satisfactory.** On design, the CAS pillars have remained highly relevant, and the inclusion of a separate pillar on sustainable development was timely, well aligned with developments in India, and generated a significant increase of related activities in the portfolio. The CAS framework attempted greater realism in setting expectations regarding results, selectivity, and governance. As previous CASs had made only limited headway in promoting a significant "scaling up" of results, the CAS tried to link expected CAS outcomes more closely to WB activities, moving down the results chain toward more intermediate outcomes and milestones for qualitative outcomes (although the identification of indicators and baselines continued to fall short in several areas). The CAS anticipated that the riskiness of the project portfolio would likely increase in line with more lending to LISs and noted the potentially higher costs associated with greater emphasis on improving country systems and pro-active management of portfolio risks. On implementation, the CAS demonstrated that the WBG could be a valued partner to a middle-income India. The process of ramping up lending and increasing selectivity was implemented in a way that considerably strengthened dialogue and partnership with

stakeholders, particularly key government agencies. The Government of India (GoI) and WB management team jointly developed criteria for more effective activity selection and design (innovation, transformation, and leveraging) and agreed on actions to help manage India's IBRD headroom. IFC exposure requirements were also eased.

## II. Progress Toward Key Development Goals

7. **India recovered rapidly from the global financial crisis but growth slowed in 2011-12.** In September 2008, the global crisis hit India through confidence, trade, and capital flow channels. Despite a rapid increase in government spending – with the general government deficit expanding by 3.5 percentage points of GDP during the crisis – the slowdown in private investment and consumption led to a drop in GDP from 9.6 percent in 2007-08 to 6.8 percent in 2008-09. Growth accelerated to almost 8.5% in the next two years, but slowed again in 2011-12 to 6.5% as both domestic investment and export demand weakened. The policy mix adopted during the 2008-12 period balanced measures to curb inflation, in particular monetary restraint, with continued fiscal stimulus to maintain a conducive environment for high growth.

8. **Concerns about sustainable development took root and were mainstreamed with new institutions and stronger enforcement.** As part of its priorities, the Government sought to focus on reforms to ensure that sound environmental management and a broader sharing of the benefits of growth were at the core of development planning. It also took steps – by introducing bills in Parliament – to strengthen the legal framework for mining activities and land acquisition, and resettlement and rehabilitation (R&R). The most dramatic change in environmental management was the more rigorous application of existing legislation on environmental impact assessments and forest conservation. Adverse political and economic reaction led to some rollback, particularly with rulings affecting coal development; but a momentum toward stronger environmental institutions and governance was clearly established.

9. **Service delivery challenges persisted despite increased allocations and innovations under flagship programs.** Perhaps the most difficult challenge and the one with the highest cost in terms of long-term development continues to be the widespread incidence of malnutrition. Half of the world's underweight children live in India, and it is estimated that one-third of Indian women are under-nourished. Access to sanitation facilities and reliable in-house piped water still elude the majority of India's rural population (two-thirds for sanitation) and a significant portion of urban dwellers (more than one-quarter for sanitation). While India has achieved near-universal enrollment in primary education, good progress in gender equity, and a marked expansion in secondary education, girls' access to secondary education still lags significantly, and attendance (children's and teachers') and the quality of education remain low. One-quarter of the rural settlements still lack access to an all-weather road and only one-sixth have direct access to financial services. Enhancing service delivery in India is a problem of closing gaps between the relatively high standards achieved in many states, regions, and districts, and the persisting shortfalls in others.

10. In India's federal system, states are responsible for education, health, rural development, water supply and sanitation, and connectivity, but in each of these areas, Centrally Sponsored Schemes (CSSs) accounted for the bulk of additional resources for service expansion. These schemes are administered at the state level but mostly funded by the center (ranging from 25 - 100%) under a set of centrally designed guidelines and administrative arrangements. The Government had earlier recognized that the proliferation of such schemes "has led to poor implementation, duplication, lack of convergence and sub-optimal results." During the XIth Plan, efforts accelerated to unify

and improve CSS administrative systems, including financial management and procurement, and to introduce innovative measures such as direct payments into beneficiary bank accounts and the use of IT tools such as the Unique Identification Number. While the management of CSSs did improve, the Government's Approach Paper to the XIIth Plan points to the need for continued systems improvement, especially at the state level, and greater flexibility to accommodate local conditions and cross-state variations in both financial and developmental capacity.

## III. Performance of the CAS

11. A series of sector consultations and country team meetings resulted in the attached Self-evaluation Matrix (Annex 1). The CAS performance rating weighted the three pillars equally, but under each pillar some outcome clusters received greater emphasis. The rating process was complicated by a lack of quantifiable indicators for some outcomes and missing baselines for others. While the shortcomings cannot be minimized and points to the need to further improve the results framework, they did not, in the country team's view, undermine a reasonably robust overall assessment. Overall the CAS matrix showed good progress in linking CAS activities to measurable outcomes.

12. **Pillar I – Achieving Rapid, Inclusive Growth.** Outcomes under this pillar were considered **achieved** based on progress in WBG activities in three clusters: making growth inclusive, removing structural constraints to growth, and supporting sound macroeconomic and financial management and structural reforms. While lending was the predominant instrument, several analytical and advisory activities also contributed significantly.

13. **Inclusion was increasingly mainstreamed across the country program and "scaling up" beyond WBG operations was targeted through support to the GoI's flagship programs.** The first cluster of outcomes under the first pillar focused on the WBG's support to livelihoods, road and power connectivity, and financial inclusion. Overall, the country team concluded that low-income and marginal groups received significant attention in WB projects and analytic work and considered that this cluster of outcomes was achieved. In all cases, targets for project areas were either exceeded or expanded significantly. This was especially notable for Rural Livelihoods projects, which built on the implementation experience of on-going projects in such diverse states as Andhra Pradesh and Chhattisgarh. During the CAS period the number of beneficiaries (95% of whom are women) grew from a baseline of 8 million to over 30 million as the WB's engagement moved from the state level to supporting the National Rural Livelihoods Mission. Support to PMGSY, a national scheme, will cover over 24,000 km of roads, significantly improving rural road connectivity. This scaling up also built on a succession of state projects, five of which were still under implementation at the beginning of the CAS period. As for microfinance, the WB and IFC – partly in response to the 2010 crisis – helped bridge public-private perspectives and promote a favorable environment for further growth of private microfinance institutions (MFIs) by promoting responsible microfinance, with a focus on borrowers' financial literacy and awareness and credit bureaus. The WB's Scaling-up Sustainable and Responsible Microfinance project directly supported over 460,000 clients (predominantly women), 80% in underserved areas, and leveraged $3 billion from partner institutions to underserved clients. The WB also provided support for small and medium enterprises (SMEs), strengthened rural credit cooperatives, and the modified agricultural insurance scheme. IFC invested in non-bank finance companies, dedicated providers of equity capital to SMEs, and advisory partnerships with housing finance companies and microfinance institutions. IFC Advisory partnered with credit bureaus; supported e-banking initiatives; helped build a secured transaction registry for SMEs; and promoted product diversification (to remittances, payments, deposits, pensions, and insurance) and expansion to underserved geographic

regions. In terms of gender, about one-third of WB projects have gender disaggregated indicators. However, the country team considered that gender issues affecting a broad range of WB activities (from livelihoods to service delivery) could have been better mainstreamed throughout the program. Flagship AAA reports on poverty, social exclusion, and social protection supported a wider and better-informed policy dialogue.

14. **Infrastructure support was ramped up to tackle growth constraints, amounting to 45% of WBG commitments.** The second cluster of outcomes under the first pillar focused on removing structural constraints to growth in three areas: infrastructure, skills, and agricultural productivity. Transformational support to closing infrastructure gaps and diversified agricultural interventions contributed significantly to the "achieved" rating for this cluster. The country team considers that progress in infrastructure, in terms of both financial support and project management capacity, constituted a notable achievement under the CAS, and helped alleviate key structural bottlenecks, besides providing expanded resources during the global financial crisis. The WB committed close to $7 billion in energy and transport during the FY09-12 CAS period, up from less than $3 billion during the previous CAS. IFC likewise ramped up its lending and equity investments in infrastructure to $676 million over the CAS period. This substantial increase in WBG support to India's infrastructure provided a key test of the degree to which the new selectivity criteria of transforming, innovating, and leveraging could be usefully applied. Examples include the Dedicated Freight Corridor, which represents a transformational shift in India's rail management, and PowerGrid, which made the transition from government-guaranteed IBRD lending to an IFC syndicated loan. The long-term partnership between the WB and PowerGrid with two previous loans under implementation at the beginning of the CAS period has helped establish a strong transmission system and supported PowerGrid in its institutional strengthening through safeguards and fiduciary dialogue, helping it to become one of the best transmission utilities in the world. IFC cumulatively invested $309 million in private sector power generation, transmission, and distribution in 19 projects during the CAS period. The WB's long involvement in the transport sector also contributed to improved project and asset management (through maintenance contracting), along with the incorporation of safety objectives (in seven states and the national PMGSY scheme). Important collaborative benchmarks included the joint WB-IFC advisory service for the Chennai metro, and support to the Maharashtra State Electricity Transmission Company (through the sub-national lending program). Responding to requests from government agencies and committees, the WB provided NLTA on various infrastructure issues (including the national transport strategy, energy, PPPs, and urban infrastructure).

15. WBG engagement on **PPPs expanded but procedures to support PPPs need review, and the experience during the CAS was mixed.** The CAS outcome matrix rightly identified PPPs as a key challenge and a crucial area of WBG engagement in infrastructure (and other sectors). On the positive side, IFC Advisory provided significant assistance on the investment climate at the state level and for specific PPP transactions – in a broad range of sectors from solar power, street lighting, irrigation, roads, hospitals, and health services[5] (including in LISs), and through support from the South Asia Infrastructure Facility Trust Fund – while the WB focused NLTA on the broader policy environment for PPPs at the national level. Several projects supported developing PPP approaches, notably in transport, though in some cases PPPs could have been introduced more effectively at an earlier stage in project development. The main instrument conceived to provide financing for PPPs, the Financial Intermediary Loan to India Infrastructure Finance Company (IIFCL), encountered major difficulties. IIFCL was set up to help fill financing gaps in PPPs as a junior partner one to two years after initial

[5] These included transactions in the low-income states (LIS) of Rajasthan, Madhya Pradesh, and Odisha. The LISs are a priority focus for IFC.

project partnerships had been identified and agreed. But confirming ex post that such projects met WB fiduciary and social/environmental safeguards proved much more difficult than anticipated. Disbursements have been negligible leading to the possibility of restructuring the loan to IIFCL. Moreover, India's own experience with PPPs grew so rapidly during this period that some Government stakeholders perceived the WB as having lost its cutting edge with respect to PPP policy advice and implementation support. In their view, delays and procedural complexities compounded a lack of engagement at the level of policy development. The country team considers that recent changes in WB policy regarding the application of safeguard guidelines in PPPs and possible changes in procurement policies could open the way for further developing PPPs during the new CPS period – but this will require additional WB flexibility in adapting to and learning from India's experience.

16. **Limited progress was made in WB support to addressing skills gaps but important lessons were learned.** The demand-driven approach under implementation in the earlier, on-going Technical/Engineering Quality Improvement project demonstrated that greater autonomy for tertiary level skills development institutions can deliver better results through stronger linkages with the private sector, an approach endorsed through a follow-on project during the CAS. At the grassroots level livelihoods projects successfully piloted skills training and job fairs. But at the broader national policy level, the multiplicity of agencies and stakeholders underscored a complicated political economy, which constrained WB support to national initiatives.

17. **A diverse portfolio supported agricultural productivity growth.** In line with the priority attached to increasing agricultural productivity by the XI$^{th}$ Plan, the WB doubled its lending support to agriculture and rural development during the CAS period to a total exceeding $3.7 billion or 30% of IDA (compared to 20% worldwide). WB support to agriculture covered agricultural competitiveness, sodic land reclamation, watershed development and water sector reforms, support to marginal and small farmers under rural livelihoods at the state level, and re-engagement in research and innovation and dairy development at the national level. In on-going activities under implementation during this CAS period, such as watershed projects in Karnataka, Uttarakhand, and Himachal Pradesh, productivity and efficiency improvements in the range of 35-50% have been recorded. IEG's in-depth evaluation confirmed the positive impact on agricultural productivity. The Karnataka watershed project showcased an important innovation in the use of GPS technology to increase production impacts and improve equity, an approach already being replicated in other states. IFC also helped in financing private sector investments in dairy, oilseeds, sugar, poultry, tea, and irrigation, and assisted projects to improve access to agri-finance through co-operatives and availability of fertilizers and pesticides. IFC Advisory helped to improve the productivity of sugarcane farmers in Uttar Pradesh, assisted farmers in Assam, Odisha, and the Vidarbha region of Maharashtra to diversify, and helped build the capacity of onion and mango farmers in Maharashtra to achieve better compliance to Good Agriculture Practices (GAP) standards, customized to the Indian context. On the downside, no WB analytical work on key agriculture policy issues (such as subsidies to agriculture and the food grains procurement system) was undertaken, owing in part to a lack of demand from the WB counterparts. This may hinder the WB being sufficiently well informed to contribute to policy discussion and dialogue as important issues arise (for example, agricultural trade or food security).

18. **Support to macroeconomic and financial management contributed to India's resilience.** Under the growth pillar's cluster of macroeconomic outcomes, developments during the CAS period were dominated by responding to and recovering from the global crisis and managing challenges resulting from inflationary pressures, expanded budget deficits, and external account risks. Timely WBG support helped ensure liquidity in India's banking system and longer-term finance to SMEs, infrastructure, environmental

management and climate change mitigation. Targeted WB and IFC support to financial institutions and IFC support to trade finance and investment in equity funds supporting SMEs, infrastructure, and greenhouse gas (GHG) emission reduction clearly responded to India's financial needs as an emerging economy and laid the groundwork for further engagement in the next CPS period. At the state level, the dialogue on better managing public financial resources continued with follow-up to previous DPLs in AP, Bihar and Odisha, a new DPL under preparation in HP and a major capacity building initiative (NLTA) in Bihar, supported by the DFID Trust Fund. As LISs grapple with difficult second-generation reforms focusing on policy-based budgeting, public sector performance, and program monitoring and evaluation, capacity building and implementation support became an increasingly important part of CAS implementation,, whether bundled with other instruments or through stand-alone activities. The increasing level of resources transferred by the central government to LISs through CSSs and Finance Commission grants reduced the financial leverage of DPLs during this CAS period. Government authorities suggested that the DPL's effectiveness be evaluated based on the evolving CAS experience. DPL ICRs as well as IEG's evaluation of state-level engagement[6] also suggest strengthening linkages across investment lending, analytical work, NLTA, and DPLs, recognizing that governance and public sector management issues require institution building over the long term. Trust fund support, notably from DFID, has been instrumental to providing long-term implementation support in LISs such as Bihar.

19. **Pillar II – Promoting Sustainable Development.** While previous CASs did give attention to sustainable development, the FY09 CAS elevated it to a top priority with three output clusters: (i) water resource management; (ii) environmental degradation; and (iii) environmental management and resilience to climate change. Based on ramping up successful engagement under clusters (ii) and (iii), and partial success under cluster (i), the Completion Report finds that outcomes under this pillar have been **partially achieved**.

20. **Water management activities made headway but institutional challenges are complex and require long-term engagement.** At the state level, water management activities focused on institutional development by establishing state management and regulatory authorities and empowering water users associations to establish stakeholder participation in irrigation system management. But not all states with management agencies have empowered them with the necessary regulatory authority. And despite long experience with water users associations, results, as confirmed by IEG, indicate that progress in closing capacity gaps was not fast enough and the pay-off in terms of better water systems management did not reach its potential.[7] A major report on groundwater highlighted possible approaches to address the growing groundwater depletion crisis affecting large parts of the country. The development of hydrological and economic models of the Gangetic plain and work under way on regional hydromet and forecasting systems has also enhanced discussions on basin-wide and regional water issues – promising initiatives that should be followed up in the next CPS period. IFC financed private operators in water-saving, harvesting, treatment technologies, service delivery, and improving operational efficiency, and it provided advisory and implementation support to existing and prospective IFC clients on water audits, water business systems diagnostics, water footprint assessments, water risk filters, cost-effective water technology solutions, and benchmarking with industry best practices.

21. **A new emphasis on low-carbon growth drove energy efficiency results.** The WBG's support to developing a low carbon growth strategy for India began with a flagship WB AAA report which then expanded to a diverse set of operations and NLTA

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[6] IEG Report, *World Bank Engagement at the State Level*, 2010

[7] IEG PPAR India – A Cluster Assessment of Forestry and Watershed Development Activities, 2011

based on a strengthened partnership with counterpart institutions, especially the MoEF and MNRE. This expanded set of activities and partnership exceeded expectations and represents a key CAS achievement. As a result of a long dialogue, India became the first BRIC country to present an investment plan to the Clean Technology Fund, for which the WB provided NLTA. IFC also developed a range of climate-friendly investments and mobilized innovative financial products (such as monetization of Carbon Emission Credits) to support its priority to increase private sector participation in renewable energy and energy efficiency with quantified results in carbon dioxide (CO2) reductions and GHG emissions avoided. IFC has made its largest number of investments in renewables in India, with 65% of its investments in power focused on renewable energy. Through direct targeted debt lines, sharing global expertise, and developing suitable environmental & social standards, and targeted advisory support, IFC is helping to increase the comfort levels of banks and infrastructure finance companies that lead in the broader infrastructure finance area, but have a limited exposure and experience in renewable energy. Projects like Husk Power in Bihar, Gujarat Solar Rooftop PPP Program, and Rajasthan Solar Manufacturing have enabled development of renewable energy practices by demonstrating viable, innovative business models – notably, IFC is replicating the Gandhinagar roof-top solar project in five other cities in Gujarat. IFC is also working on sustainable energy/water finance through microfinance institutions to help promote energy/water efficient products for households. IFC has focused on developing renewable energy opportunities across the spectrum of technologies: it undertook its first equity investment in the wind sector in Techno Green.

22. **Support to environment management was significantly scaled up.** During the CAS period, the WB invested in (i) Integrated Coastal Zone Management, (ii) Capacity Building for Industrial Pollution Management, (iii) the National Ganga River Basin Authority, and (iv) Biodiversity Conservation. The number of pilot projects introducing innovations or new business models greatly exceeded targets, and institutions for managing legacy contaminated sites and future mitigation activities were strengthened. A large share of WBG projects also had a climate change co-benefit – that is, they either contributed to the lower GHG emissions against baseline conditions, or built resilient infrastructure or livelihoods, which are important elements of mitigation and adaptation strategies. In FY11, 35% of the WB portfolio had GHG mitigation co-benefits and 31% adaptation co-benefits, up from 10% and 0%, respectively, in FY09. WB knowledge contributions laid the groundwork for continued engagement through studies on adapting to climate variability and long-term climatic changes in Andhra Pradesh and Kolkata, and sustainable development in the Sundarbans, a unique, highly vulnerable ecosystem. A significant contribution to disaster risk management was made through NLTA (notably Bihar Flood Management), the implementation of the on-going Tsunami Emergency project and the initiation of the National Cyclone project. In FY2011, 21% of IFC's portfolio was climate positive. IFC has actively invested in early-stage clean-tech companies to extend its footprint in high-priority climate change sectors (like renewable energy, waste recycling, smart grid, energy efficiency, water, and green buildings).

23. **Pillar III – Increasing Effectiveness of Service Delivery.** Service delivery has been a target of successive WB country strategies, focusing primarily on the human development sectors and water supply and sanitation. IFC has also had a continuing focus on improving access to health and education services. The previous Completion Report (covering the CAS for 2005-08) documented improvements in access, but also highlighted shortfalls in quality and scope for significant improvements in fiduciary management at the state level as central support was ramped up through CSSs (implemented at the state level but designed and mostly funded by the national Government). Under this CAS, the WB increasingly shifted its focus from individual state-level interventions to supporting flagship CSSs. This approach offered greater leverage both financially and, even more important, in terms of knowledge and management. In many cases, the WB channeled its

CSS support to LISs which indeed accounted for the bulk of the increase in financing to LISs under the CAS. The importance of this earmarking was less in terms of financial support (given fungibility of CSSs resources and fixed GOI budget allocations) than in terms of focusing WB implementation support to capacity building and management strengthening to help LISs fully take advantage of CSS resources. Based on the milestones achieved in enhancing development effectiveness through improved accountability, fiduciary management, and citizen partnerships – along with cluster outcomes achieved (i) across states and in (ii) education, (iii) health and nutrition, and (iv) social protection, and partially achieved in (v) urban services and (vi) water supply and sanitation, the country team considers outcomes under this pillar **achieved**. This assessment acknowledges that neither access nor service quality are by any means satisfactory across those sectors supported by the WB, but it rates highly the increased prominence accorded to improved management at both state and national levels and the progress made in tackling these issues during this CAS period.

24. **Improved governance provisions were mainstreamed as a means to enhance development effectiveness in service delivery.** Indian accountability policies and institutions have become stronger over time, and an important thrust of the WB strategy was to support implementation and strengthening through WB operations. Strengthened accountability mechanisms – including better financial management through tracking of expenditures, greater transparency, stronger grievance redress, and vigilance structures – have been mainstreamed across projects through Governance and Accountability Action Plans (GAAP). The overall dialogue on fiduciary controls and the use of national systems has made some progress in procurement, performance management, and auditing, after a period of primary focus on fraud and corruption. Business processes have been streamlined and controls strengthened, notably through internal and external audits, including at the community level. Even more significant has been the support for the adoption of stronger accountability mechanisms in flagship CSSs (such as SSA, PMGSY, NRLM, and RMSA) and in state-level programs (public health programs in UP and Karnataka) and systems (decentralized service delivery in Karnataka, Kerala, and West Bengal; innovative computerized operations for financial management, tax administration, and service delivery for urban authorities in Karnataka and Tamil Nadu). The WB engaged its counterparts on the performance management system rolled out by GoI from 2009. The scope of these initiatives significantly exceeded previous WB engagement on development effectiveness through better project- and program-level management.

25. The WB also supported steps to operationalize the Right to Information Act and e-governance initiatives. The RWSS project under implementation in Uttarakhand helped local authorities process RTI applications and was awarded an RTI citation by the state government. IT-based governance schemes were embedded in about one-third of WB projects and the WB helped the National e-Governance Program (through a DPL) improve service delivery across its 27 mission mode projects, focusing on LISs. Efforts have begun in some projects to leverage the UID e-identity scheme (already involving more than 200 million people in India) to promote better access for the poor to services and reduce financial leakages. The WBI-supported Asian Network of Social Accountability supported two communities of practice in India on RTI and Accountability Tools, leading to 12 pilots on strengthening social accountability, third party monitoring, and NGO capacity building. The WB's social development team identified capacity building as a key element in strengthening citizen participation and social accountability in India. WB NLTA to the Department of Public Enterprises and project-linked TA to key public entities (such as the National Highways Agency of India, PowerGrid, and the Maharashtra State Electricity Transmission Corporation) supported better corporate governance in the public sector. NLTA to the Ministry of Corporate Affairs helped lay the groundwork for a broad initiative on corporate social responsibility in India, which has significant potential to leverage private sector funds and expertise for improved service deliver.

26. Land acquisition emerged as a major issue because of concerns over the equitable distribution of gains in land values owing to urban development and growth in mineral exploitation, manufacturing, and infrastructure.. Implementation of policies on R&R and indigenous peoples still fell well short of the standards that India itself has set.[8] The WB helped India's strategic shift toward a "rights-based" approach to social inclusion by supporting capacity for implementation in projects and centrally sponsored schemes, and by promoting social accountability mechanisms. International and India project experience contributed to the national dialogue on land acquisition and R&R, with further support from case studies and capacity strengthening. The Urbanization Review and PPIAF grant-supported work identified international and Indian experiences relevant to urban land issues.

27. **Sector-specific service delivery achievements were consistent with the emphasis on improved management systems.** Individual sectors' achievements in relation to targets and objectives are reported in detail in the Self-evaluation Matrix. Selected factors that significantly influenced the rating of achievements under Pillar III are as follows:

**Education**. Continued involvement in primary education (through earlier support to SSA followed up in this CAS by SSAII) and a first operation in secondary education (supporting the national program, RMSA) allowed increased attention to quality issues at both national and state levels. India's first-ever participation in the international PISA secondary education assessment program confirmed India's intention to engage on quality issues as secondary enrollment expands. The success of the WB's long-term partnership with SSA confirmed the traction of the SWAp instrument for scaling up systemic improvements and underscored the payoff to long-term engagement in systems improvement and capacity building. The technical education project is piloting systems for the whole subsector.

**Health and nutrition**. The negative impact of the DIR on counterpart relationships, which carried over from the previous CAS period, constituted a major challenge to which the WB responded with analytic engagement and support to better health systems management, initially at the state level. Following a major step-up in GOI's financial support for health through the National Rural Health Mission (a CSS equivalent to approximately 0.4 % of GDP, an increase of almost 50% over the very low levels of health expenditure that have contributed to India's lagging performance in meeting health MDGs), the WB focused on systemic improvements at the state level through AAA and the implementation of four earlier state projects (two in LISs) that would help better spend the increased resources available. WB support, initiated during the previous CAS, to national programs on TB and HIV/AIDS contributed to their marked success in exceeding targets and managing a successful response to these potential pandemics, a notable achievement for India. Given that a preponderance of health care in India is financed and delivered by the private sector, IFC launched a "Health in India" initiative to address a number of issues constraining the private sector contribution to accessible and affordable health care facilities, especially in underserved areas. IFC is also working on a Government—to—Person G2P initiative in Bihar by helping to build payment platforms to improve access to health services through more efficient payments to health workers and beneficiaries. On nutrition, the WB has engaged through the preparation of an operation to support system strengthening and piloting new approaches in the long-running, but as yet marginally effective, national Integrated Childs Development Services

[8] India's national standards relevant to indigenous peoples are at the cutting edge of global standards, but implementation lags. Policies on resettlement and rehabilitation vary widely across states and public entities.

(ICDS) scheme. This has helped maintain a dialogue in this crucial area for India's long-term human development; but it is too early to assess results. The ICDS System Strengthening and Nutrition Improvement Project was approved in September 2012.

**Social protection**. Following a flagship report, WB support successfully helped strengthen systems for the Government's health insurance scheme for the poor, RSBY, which has expanded rapidly (support was initiated as project preparation but shifted to NLTA). The engagement in Bihar initiated under the umbrella capacity building NLTA, supported by a DFID Trust Fund, led to a rigorous evaluation of the impact of NREGA, flagship rural employment guarantee scheme, and is evolving into a project to support social welfare delivery system reforms in Bihar.

**Urban services.** While there were notable contributions to innovative responses in areas such as transport, PPPs in sewerage treatment, 24/7 water delivery, and municipal financial management in some cities and states, as well as some important analytical work, the overall WBG engagement in the urban sector fell short of meeting the CAS objectives. The institutional challenges facing urban development will need to be a key focus in the next CPS.

**Water supply and sanitation**. As a result of a more than 20-year engagement, the WB helped develop an approach to delivering rural water that is now being scaled up through state and central programs. In urban water, a successful pilot to provide water 24/7 in three city neighborhoods in Karnataka is now being scaled up in the state; nationally, urban water supply and sanitation needs remain woefully underserved. Detailed targets for access and operations and maintenance were met in most cases in RWSS WB-supported projects and in relevant components of WB-supported urban projects; but urban coverage remained very limited. IFC financed a private provider of water services across 175 villages in Andhra Pradesh and a private water infrastructure company to develop first-of-their-kind water projects in two midsize Indian towns. IFC engagements in PPPs and BOTs confirmed the need for continuing government grant support (in lieu of commercial tariffs) and the importance of government monitoring to ensure implementation of contractual conditions. WBG support continued to be more effective in water supply than in sanitation.

## IV. Performance of the World Bank Group

28. Overall, the Completion Report rates both CAS design and WBG implementation performance as **satisfactory** based especially on the strong response to evolving circumstances during the CAS period, which significantly enhanced dialogue with key stakeholders and demonstrated the important role of the WBG to India in making the transition to MIC status.

29. **The design of the FY09-12 CAS was relevant and well aligned with India's development priorities, the key factors contributing to its satisfactory rating.** The FY09-12 CAS incorporated well lessons from the previous CASs and from India's own development experience during the Xth Plan period (2005-2009). This was reflected in new CAS pillars, which departed from the previous two CASs. The FY09-12 CAS broadened the focus on growth (reflecting the Government's key role in supporting and regulating financial and physical infrastructure and ensuring inclusive growth in addition to the continuing emphasis on private sector growth), deepened engagement on governance issues, and added a separate pillar to support sustainable development, which clearly anticipated the role that environment policies and programs would play in India in the run-up to the Copenhagen summit and beyond. The increased engagement on governance issues clearly stressed the importance of strengthening country systems in

addition to WB procedures and safeguards (especially important in the context of rapidly expanding CSSs). The CAS acknowledged the shortcomings of previous efforts to increase selectivity; and instead highlighted the transformational nature of engagements and the application of additional project selection criteria of innovation and leveraging. The CAS also acknowledged the challenges involved in increasing lending to SC/LISs; but reiterated the importance of the SC/LIS focus for poverty reduction and set a "stretch" target of 30 percent new lending to SC/LISs.

30. **The CAS acknowledged but under-estimated the significant challenges to the rapid expansion of lending in response to the looming global financial crisis.** Although the CAS contained a clear and perceptive analysis of the incipient crisis and its potential impact on India, it did not provide a corresponding analysis of the implications of a stepped-up response on lending space. While these would have been difficult to foresee fully at the time,[9] the CAS could have recognized more explicitly that the existing lending envelope (and by implication, the single borrower limit applicable to India given the WB's capital base) would come under strain sooner than expected and potentially limit the ability of the WB to respond to India's long-term capital needs. While the CAS correctly noted that India's emerging MIC status would require a different approach by the WB, it anticipated that this would largely comprise institution building. The challenge of remaining relevant with a constrained lending envelope as India emerged rapidly as an important player in the world economy was not fully appreciated. The CAS outcomes and results framework were more clearly specified than in previous CASs; but outcomes remained unevenly elaborated upon across sectors with still insufficient attention to indicators and baselines generally. Milestones for qualitative outcomes were uneven, relying on simple output measures in some major areas. The Progress Report effectively updated the CAS particularly with respect to the global crisis response and its implications for the WB lending program, both in terms of size and composition.

31. **Implementation of the CAS addressed the challenge of meeting a growing demand despite a constrained lending envelope and is rated as satisfactory.** CAS implementation began with a comprehensive review of the pipeline, with strong sectoral inputs and in close collaboration with government counterparts, to ensure the relevance of projects under preparation. Several projects were redesigned to focus on more innovative approaches or dropped altogether. In addition, the WB significantly stepped up lending, doubling the volume anticipated under the CAS, including a significant increase in fast-disbursing support to financial sector liquidity (overall fast-disbursing assistance was well above the indicative target set in the CAS). The WB team evolved a close working relationship with the Indian authorities to ensure the relevance of future WB operations. The identification of flagship projects that combined significant lending amounts with an emphasis on transformation, innovation, and leveraging, constituted an important step toward increasing the relevance of the WB engagement and its ability to leverage. The WB's state-level implementation experience in education, rural roads, and livelihoods was leveraged through significantly larger engagements with CSSs at the national level. In infrastructure the WB stepped up its involvement with core institutions such as Indian Railways and Powergrid. The country team credits this approach with transforming the relationship between India and the WB during the CAS period. The Indian authorities have further reinforced the collaborative application of selectivity criteria through their new "finance plus" approach to external assistance from the WB and the ADB (See Annex 18) and their development of a medium-term engagement strategy. This is a landmark step in the partnership with India that provides a significant platform for enhanced collaboration with all stakeholders to ensure continued relevance for the WB under the next CPS.

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[9] GOI's request for financial assistance in the wake of the global crisis came after the CAS was discussed by the Executive Directors.

32. WB-IFC collaboration improved markedly during this CAS period with strong and explicit support from both WB and IFC management. In particular IFC's commitment to increase its business in LISs and its priority to climate change contributed significantly to key achievements in the overall WBG strategy. Collaboration was most successful when each agency was able to draw on its comparative institutional strengths. For example, IFC advisory services combined well with WB NLTA in fleshing out specific measures to improve the investment climate in sectors as health in Karnataka or implement tax reform for SMEs in Bihar. IFC's transaction focus gave it a natural role in developing PPPs and in supporting WB advice on appropriate regulatory environments. Specific operational collaboration remained limited but there were notable examples such as joint support to Powergrid as it transitioned to international commercial banking markets to source its external financing. Although many activities remained parallel undertakings in the same sectors, even these benefitted from greater communication and mutual awareness. In sum, CAS implementation effectively laid the groundwork to continue deepening operational collaboration in the new CPS

33. The expansion of lending in the CAS period resulted in India approaching the single borrower limit (SBL) faster than anticipated in the CAS. As a result, the SBL was increased twice for India during the period and the Indian authorities, working closely with WB senior management, opted to purchase $4.3 billion in IBRD special private placement bonds. In parallel, IFC requirements were also modified to allow expanded exposure. These measures provided additional lending space during the CAS period; but as India approaches IDA graduation and the SBL , the issue of lending space will need revisiting in the upcoming CSP. The implementation of the CAS clearly demonstrated the effectiveness of IDA in supporting India's own poverty and human development agenda aimed at achieving the MDGs. GOI programs supporting this agenda expanded significantly during the CAS period with IDA providing key inputs to improve management and fiduciary systems at a program-wide level. IDA support to these programs also provided IDA with learning and experience to increase results in IDA programs globally, as exemplified by the fast expansion of knowledge exchanges involving India. The new CPS will need to tackle the pressing challenge of finding ways to respond to increased demand in India for WBG lending and non-lending services at levels which can continue the traction created during the CAS period.

34. **Portfolio management and risk mitigation efforts also received significant attention during CAS implementation.**[10] The CAS had documented an increasing risk profile for the India portfolio. The risk-averse atmosphere that followed the DIR was tackled through open discussion and teamwork starting at the project level as well as other risk management and capacity building initiatives under the Improving Program Effectiveness effort, which paid off in reducing the portfolio's risk profile while enhancing the team's ability to take appropriate risks. Measures such as enhanced portfolio reviews, mainstreaming risk assessment, and building on country fiduciary systems lowered the risk profile to 10%, well below the 18% at the initiation of the CAS. These efforts to mainstream governance and fiduciary issues, both at the project level and more broadly as contributors to development impact, have had cost implications, with project preparation costs in India among the highest Bank-wide – a risk that the CAS anticipated. Bringing costs down will pose an implementation challenge for the new CPS, particularly for countrywide or multistate operations in support of the GoI's main CSSs. The rapid growth in lending, $19 billion in new commitments since FY09[11], has also had

[10] Annex 4 provides a detailed summary of portfolio performance during the CAS period.

[11] This included a substantial $4.2 billion in lending to support India's response to the 2008 financial crisis.

implications for disbursements. During the first half of the CAS period the disbursement ratio reached a record 27.6%, but as large, new commitments have added to undisbursed balances, the ratio has fallen back significantly to 13% in FY12. Support to some of the new large multi-state schemes requires creating new institutions and systems at the national level, which takes time. Difficulty in setting up such schemes should not be underestimated. Tackling lagging disbursements, as was successfully accomplished at the beginning of the CAS period, will also be a top priority for the new CPS. The joint WB-GOI portfolio monitoring mechanisms established during this CAS period will be well suited for this task.

35. The CAS cited the risk that support to LISs would again fall short owing to capacity and institutional constraints. This risk materialized in terms of direct lending to LISs, which at 9% of total commitments barely exceeded the proportion achieved during the previous CAS.[12] More broadly, however, WB support to national programs such as CSSs grew dramatically under the CAS and much of this (18% of total lending) was directly earmarked to LISs. Overall support to LISs as a proportion of new commitments—through direct, multi-state, and national projects—increased to 27%, still shy of the 30% targeted in the CAS, but a significant achievement in the context of the rapid growth in lending. IFC's total of 35% committed to LISs was consistent with its objective of mainstreaming activities in LISs. The LIS footprint of IFC advisory services rose from 21% of India portfolio in FY09 to 63% in FY12. WB NLTA proved a flexible and demand-driven means to support capacity and institution building in LISs and received substantially more support during this CAS period through explicit earmarking of trust fund resources (such as the US$ 5 million DFID-supported capacity building support to Bihar). However, even tapping available trust funds, capacity and institution building needs greatly exceeded available resources, so the challenge of institution and capacity building support in LISs carries over into the next CPS. WB engagement in LISs will need to combine capacity and institution building, analytic and advisory support and direct lending sustained over a long period to achieve results. The challenge for the new CPS will be to lay out such a strategy in a sustainable manner.

36. **Knowledge-based activities focused on a few flagship studies, demand-driven NLTA, and knowledge generation and exchange in projects.** A small number of multi-year, cross-sectoral analytical pieces on important issues confronting India's policy makers formed the core of the knowledge program. Topics included poverty and social exclusion, social protection, low-carbon growth, enhancing agricultural productivity and urbanization. These studies were complemented by on-demand policy and implementation advice (such as on land acquisition and R&R) and due-diligence reviews (such as work on strengthening procurement in the health sector and periodic macroeconomic updates). The WB AAA program benefited from a new management approach under which selected flagship products received high-profile attention and resources. Demand-driven NLTA, which grew significantly during the CAS period (with support of trust funds such as the strategic partnership with DFID), was systematically integrated into the AAA framework and pro-actively managed for the first time with explicit outputs, annual reviews and dissemination efforts. Other capacity building activities and knowledge generation and exchange related to projects were also explicitly acknowledged as important components of the program. A series of publications dedicated to publicizing innovations that had emerged during project implementation was launched. Management of AAA activities also benefited from periodic joint AAA reviews with the authorities. This overall approach laid the emphasis on knowledge throughout the program, rather than just in activities identified as "AAA" in Bank systems. Trust funds (See Annex 15 on TF activities) played a significant role in funding AAA, accounting for 55% of the total

[12] In absolute terms, however, there was a substantial increase in line with the overall increase in lending volume to India.

funding over the CAS period. While this represents significant leveraging and strong collaborative partnership for the WB's analytical and capacity building program, such a high dependence on TFs does increase the risk of disrupting the continuous stakeholder relationships that capacity and institution building require.as TF's expire or donor priorities change. TFs also complemented lending operations (notably in sustainable development, sanitation and the health sector). Overall their management was more aligned with the country program – for example activities funded by the DFID trust fund were fully integrated with regular AAA management procedures. IFCs advisory services grew by over 50% during the CAS period helping to build a stronger developmental focus and strengthening complementarities across the WBG, especially in areas such as PPPs where IFC's transaction-based approach meshed better with Indian needs. The WB also helped connect India to other countries both to gain from their experience as well as share India's experience. There is a growing demand for Indian expertise through South-South knowledge exchanges. India received $1.7 million in funding, both as recipient and provider of knowledge, through the South-South Facility, managed by WBI (to which India is a donor as well).

## V. **Lessons, Learning and Recommendations**

37. Detailed lessons arising from the specific output clusters of the CAS are reported in the results matrix (Annex 1). Several implications and recommendations for the new CPS have already been noted in relevant sections of the Completion Report (in particular paragraphs 31-35). In addition, the following summary lessons can be drawn from the FY09-12 CAS:

(1) In India's complex and dynamic development environment, deriving and applying a value proposition for WBG activities demands the full toolkit of analytic, advisory and financial instruments. Successful activities in India during this CAS period, such as support to climate change, rural livelihoods, or primary education, not only drew (in varying degrees) on all these instruments, they pushed the envelope of the WBG's resources to bring to bear a critical mass of expertise and financial support. This process was facilitated by the flexible application of selectivity criteria focusing on transformation, innovation and leverage that were then enshrined in DEA's Finance Plus framework underscoring a stronger collaborative approach between GOI and the WBG. The importance of a collaborative and receptive partnership extended as well to executing agencies; recognizing and cultivating such opportunities (as for example with the Ministry of Environment or Rural Development) helped ensure that there was effective demand for WB inputs at a level of quality appropriate to India's sophisticated needs.

(2) IDA's continuing contribution to poverty reduction and human development in India has been important not only for India but also for IDA as the lessons learned in India inform IDA operations globally. Examples during this CAS period include strengthening the relationship between access to primary education and learning outcomes (SSA2), the importance of financial literacy concomitant with the development of microfinance (rural livelihoods), the importance of management systems, including effective payment systems, for safety net effectiveness (social pension reforms in Bihar). As India looks to consolidate its progress toward the MDGs, accelerating in lagging areas and moving beyond those already achieved, IDA has generated a body of experience that should continue to be built on.

(3) Synergy between state and national (CSSs) interventions contributed significantly to enhanced leverage and impact during this CAS period. The SSA model (in which the experience of long series of state level education projects led to significantly scaled up support to a national program) was applied to several sectors (rural roads, livelihoods, secondary education, water supply). The experience gained at the state level allowed the

WB to contribute valuable design inputs increasing the relevance of the national schemes to varying state circumstances while helping to strengthen management systems at both state and national levels. However, the limited success in increasing direct lending to SCS/LISs underscored the importance of long-term support to capacity and institution building, the relevance of local knowledge particularly in the context of state-level political economy, and the difficulty of finding the right mix of instruments for particular state circumstances. The experience in Bihar, which benefited from a US$5 million DFID trust fund contribution, also underscored the value of achieving a critical mass of NLTA, analytic and lending support. Start-up delays in WB support to PMGSY, NRLM also suggested that replicating the SSA experience involves more than just scaling up from state projects the national level. WB support to SSA succeeded in using a sector-wide approach as a result of extensive interaction with MHRD in upgrading management and fiduciary systems. WB support to other CSSs will need to follow a similar approach.

(4) Two collaboration challenges emerged from this CAS experience:

- Multi-sector activities continued to lag. As a result WB achievements in sectors that demand a multi-sector approach such as urban, nutrition, and water resources also fell short. To a degree these shortcomings are also reflected in the lagging performance of these sectors in India generally. The WB, with its limited resources, cannot compensate for coordination gaps in India; but the importance of these sectors, as widely acknowledged in India, suggests that the WBG should put more effort into defining the contribution that it could make and ensuring that it organizes itself across sectors to make that contribution. The lack of substantial progress during this CAS period needs to be explicitly addressed in the new CPS.
- While WB-IFC collaboration did improve markedly, it still fell well short of potential and of the expectations of key stakeholders, not least the Indian authorities. Experience under the CAS suggests that "retrofitting" operations originating with either the WB or IFC to accommodate the other partner does not yield good results. In contrast, when both organizations are aligned to common strategic objectives (e.g. capacity building in LISs, increased investment in climate change adaptation) and collaboration follows each institution's relative operational strengths, achievements exceed what each agency could achieve independently. PPPs are one area in which experience during the CAS demonstrated clearly differing institutional strengths with IFC's transaction and business climate experience complementing the policy orientation of the WB. Given India's own extensive experience with PPPs, this experience suggests that IFC's role will be critical for the WBG to remains engaged with PPPs.

(5) Learning has benefited from the more pro-active management of AAA, especially the increased attention to on-demand NLTA and to project-embedded knowledge, which have helped to integrate knowledge generation and management more fully into the WBG's set of development solutions and build positive interactions between knowledge products and lending. Nevertheless learning from WBG experience still falls short of potential due largely to persistently weak monitoring and evaluation across the WBG program. This is reinforced by continuing weaknesses in the results framework for the CAS, which remains too complex for effective monitoring and highly variable across sectors in terms of setting baselines, specifying monitorable indicators and identifying outcomes. Benefits from strengthening M&E can be gauged from project experience. Those projects which have put in place working M&E systems have not only demonstrated stronger links to sustainable results but have become vehicles for innovation and knowledge sharing in India and beyond (e.g. Karnataka Watershed). The positive experience with project risk management may suggest approaches that could be applied to M&E and related learning.

(6) Design shortcomings and long start-up delays, especially in the context of major projects (PGMSY, Ganga, IIFCL) can impose significant costs on the WB's program – in terms of reputational risk, disbursement lags, increased opportunity costs (other lending foregone) and, of course, results postponed or foregone. These situations demonstrate that successful implementation goes beyond the application of standard readiness filters. In the case of transformational, innovative projects with high leverage potential, the risk reward calculus may well justify moving ahead even when some potential implementation obstacles are unresolved. But experience during the current CAS suggests that mitigation strategies for the downside risks or scenarios in such situations need to be made more explicit and triggered much more pro-actively. Restructuring options, in particular, need to be a more explicit part of the approval process so that they can be discussed and agreed among stakeholders while there is still scope for building in the necessary flexibility.

(7) Effective fiduciary risk mitigation implies further strengthening of country accountability systems and institutions. Experience during the CAS underscored the wealth of increasingly assertive and effective accountability institutions in India, both at the central and state levels, such as the supreme auditing institution or state vigilance commissions. Accountability mechanisms (such as right to information, grievance redressal, right to service delivery, and performance management) are also becoming increasingly effective. These institutions and mechanisms allow for effective fiduciary risks mitigation well beyond the limited scope and jurisdiction of the WB's own fiduciary controls. Building on them is the way forward.

## Annexes to the Country Strategy Completion Report (2009-12)

1. Annex 1: Summary of India CAS Program Self-Evaluation Matrix
2. Annex 2: Planned Lending Program and Actual Deliveries (FY09-12)
3. Annex 3: Planned Non lending Services and Actual Deliveries (FY 09-12)
4. Annex 4 : Portfolio Management (FY09-12)

| Annex 1. Summary of India CAS Program Self-Evaluation Matrix | | | |
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| **CAS Period Outcomes to be directly influenced by the Bank Indicators** | **Status and Evaluation Summary** | **Lending and Non-lending Activities that contributed to the outcome** | **Lessons and Suggestions for the new CAS** |
| **CAS Objective 1: ACHIEVING RAPID, INCLUSIVE GROWTH** | | **(RATING: ACHIEVED)** | |
| **A. Making Growth Inclusive (RATING: ACHIEVED )** | | | |
| **Improved economic well being and opportunities for sustained income and employment in rural areas, particularly for poor households, in areas covered by Bank-supported livelihoods projects.**<br><br>➢ Self-managed institutions of the poor households covering most poor people and particularly women and expanded access to financial services including savings and credit for poor households in areas covered by livelihoods projects (baseline: 8 mn poor households) | ▪ 30 million poor households from 90,000 villages organized into 1.2 million self-help groups (95% of participants are women).<br><br>▪ 10 million women organized into self-help groups (SHGs) and their federations under the AP Rural Livelihoods program with 115% increase in incomes of poor women.<br><br>▪ Local level value addition and direct market linkages have provided 30-40% higher prices, tilting the terms of the trade in favor of the poor in India. | **Portfolio and Lending**<br>▪ AP Rural Poverty Reduction (FY04) and Additional Financing (FY10)<br>▪ Chattisgarh District Rural Poverty (FY04)<br>▪ Tamil Nadu Rural Empowerment (FY06) and Additional Financing (FY11)<br>▪ Bihar Rural Livelihoods (FY 08)<br>▪ Orissa Rural Livelihoods (FY09)<br>▪ MP District Poverty Initiatives II (FY09)<br>▪ National Rural Livelihoods (FY12)<br>▪ Rajasthan Rural Livelihoods (FY12)<br>▪ North East Rural Livelihoods (FY12)<br>▪ Scaling up Sustainable and Responsible Microfinance Project (FY10)<br><br>**AAA**<br>▪ National Rural Livelihoods Mission NLTA (FY13)[13]<br>▪ Procurement and Service Delivery in Community-Driven Interventions NLTA<br>▪ Rural Livelihoods Impact Evaluations (AP, | • Consensus was achieved on best practices for successful community mobilization associated with Self-Help Groups (SHG), which is now being scaled up at national level. Innovative forms of service delivery were developed, for example on nutrition. More emphasis could be placed on multisectoral approaches.<br>• Building human capital and skills including bookkeeping, financial management, livelihood enhancement, market information and access to ICT (information communication technology) helps increase the extent of entrepreneurship and self employment among the poor and enables them to access new job opportunities in the services sector in both rural and urban areas leading to higher social mobility among households.<br>• Enhancing economic capital enables |

[13]In some cases, projects under preparation and ongoing AAA have been listed because substantial work was done during the CAS period. The planned delivery year is indicated.

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| | | Orissa, Bihar) (FY14)<br><br>**Recipient-executed (RE) TFs**<br>▪ JSDF grants for *Linking the Poor with Global markets* (JiYo, Asian Heritage Foundation) and *Economic Empowerment of Women* (SEWA)<br><br>**WBI**<br>▪ DM2011 is supporting 15 social enterprises to replicate/scale-up tested business models for provision of public services and supporting income generation, specifically targeted for the poor in low income states of Bihar, Orissa and Rajasthan. DM2012 to expand initiative to four more low-income states (LISs). | households to produce and earn more from agriculture, dairy and other key livelihoods through access to productivity-enhancing technologies and development of more inclusive value chains. This also results in increased food security and livelihood diversification.<br>• Creating capacity among the poor and particularly women to enable them to exert voice and increase their participation in local governance creates a demand-side stimulus for improvement in public services, particularly last-mile service delivery for health, nutrition and education outcomes. |
| **Sustained improvements in road connectivity in areas covered by Bank-supported rural roads projects**<br><br>➢ % of rural road network in fair or better condition in areas covered by rural roads projects | ▪ World Bank-supported Rural Roads projects cover 24,200 km of roads in the seven participating states; the participating states have currently connected 60 percent of their PMGSY eligible habitations.<br>▪ Currently only three participating states under Bank project (Rajasthan, HP and UP) have established road management systems to measure the condition of the roads. In these states, between 12% and 80% of the roads have Pavement Condition Index [14] levels greater than two which measures the percentage of roads in the network at in a fair condition. | **Portfolio and Lending**<br>▪ Rural Roads (FY08)<br>▪ PMGSY Rural Roads (FY12)<br>**AAA**<br>• Papers by Clive Bell on *Evaluating the Benefits of India's Rural Roads Programme* | • It is important to ensure maintenance is adequately funded and carried out.<br>• Accountability mechanisms, such as third party monitoring and social audits by communities, help ensure improved construction and maintenance performance. |
| **Improved access to modern energy (electricity) by the rural population** | ▪ The investments in transmission strengthening through Powergrid projects and other state projects are crucial for | **AAA**<br>▪ Report on Improved Rural Electrification Services through Renewable Energy-Based | • With 350 million people still without access to power, there is a need to develop innovative models of delivering access |

[14] The Pavement Condition Index (PCI) is a numerical index used to indicate the condition of a pavement, lower the value, better the condition.

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| ➢ Increase in the number of rural households with access to electricity in areas covered by WB projects | supporting electricity service delivery to the households connected under the RGGVY. It is estimated that during the 11th Five Year Plan (1st April 2007 to 31st March 2012), more than 43 million individuals in about 9.7 million households received new electricity access the RGGVY, all over India. It is estimated that close to 203 million individuals in 45 million households have received new connections in the decade from 2001 to 2011<br>▪ IFC's investment in Husk Power Systems in FY11 has since then has (i) helped provide power to approx 22,500 households; and (ii) supported in generation of approx 14MWh of renewable energy per month. | Distributed Generation and Supply in India<br><br>**RE TFs**<br>▪ Village Energy Security (PHRD)<br>▪ Scaling up deployment of RE technologies for promoting innovative business models targeted in the low-access states of Bihar, West Bengal and Uttar Pradesh (DFID) (FY13)IFC's $350,000 quasi equity investment in Husk Power Systems in FY11 | that also exploit the potential of renewable energy sources.<br>• Entrepreneur-driven business models have proven to be more successful and financially sustainable than purely community-managed projects. For sustainability of the individual projects and the enterprises, it has been seen that community involvement and livelihood generation are critical. Also, it has been seen that entrepreneurs have demonstrated greater success than the public sector in mobilizing local communities. |
| **Greater access by poor households to the formal financial system**<br><br>➢ Increase in the percentage of poor households who access credit from a formal sources and insurance services<br><br>➢ Increase in investment by commercial banks and other public and private agencies in poorer areas and households (baseline: 40% of Self Help Institutions receive funding from banks (2008)) | ▪ 200% increase in credit accessed by poor people in AP (2000-09) to $5.8 bn<br>▪ Group members have savings in excess of $ 1.1 billion (2011)<br>▪ 60% of Self Help Group Federations receive funding from banks.<br>▪ Over 460,000 clients directly supported through the microfinance project, 83% in underserved areas, and over 95% women clients. Leverage of Bank funding with over US$3 billion disbursed by six microfinance project partner institutions to under-served clients in 2011<br>▪ 24 IFC advisory services in microfinance, SME and low-income housing to improve access by the poor<br>▪ IFC's investments helped increase the number of MFI clients from 0.4 million in FY09 to 19.7 million in FY11; cumulative of 33.8 million clients during the period. Access to finance improved through IFC's investments in (i) four MFIs aggregating $35milion; (ii) four SME | **Portfolio and Lending**<br>▪ Rural Livelihoods projects<br>▪ Strengthening Rural Credit Cooperatives (FY08)<br>▪ Scaling up Sustainable and Responsible Microfinance Project (FY10)<br>▪ Low Income Housing Finance (FY13)<br><br>**AAA**<br>▪ Deepening Outreach of Financial Services/Crop Insurance NLTA<br>▪ Remittance Market Study<br>▪ Rural Credit Cooperatives Impact Evaluation<br><br>**IFC**<br>▪ Promotion of rural businesses, development of market linkages<br>▪ Engagement with microfinance institutions through direct investments, indirect investments through microfinance investment vehicles, structured finance | • Social and economic mobilization through promotion of savings among the rural poor, particularly women, builds up their financial capital and enables them to become clients of formal financial institutions including commercial banks, microfinance institutions, and insurance companies. But it is essential to focus on financial literacy and borrower awareness, especially among the poor, to avoid over indebtedness, and support responsible microfinance lending practices. Increased collaboration between IFC and Bank could be explored further,<br>• Responsible finance is an important part of market infrastructure development.<br>• Improving agriculture insurance is not only important to provide better risk mitigation and faster claim settlement for farmers, but also because banks can lend more safely to farmers with the protection from crop insurance. Agriculture |

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| | focused NBFCs (US$90 million) and one dedicated provider of equity capital to SMEs (US$15 million); (iii)five advisory partnerships developed with housing finance companies and microfinance institutions.<br>▪ 8,500 small and medium enterprises financed through SIDBI<br>▪ 340,000 farmers covered by the new crop insurance scheme (modified National Agricultural Insurance Scheme) in 2010 | products and/or technical assistance.<br>▪ Responsible finance and risk management key advisory focus in response to ongoing microfinance crisis<br>▪ Active partnership with microfinance networks and credit bureaus to build reliable credit reporting system.<br>▪ Support to SMEs and finance for low-income housing.<br>▪ Support to e-banking initiatives (FINO) providing financial access to millions of unbanked. E-payments platform being built to improve efficiency in health sector in Bihar.<br>• Advisory assistance for building secured transaction registry for enabling greater reach of SME and housing finance | productivity enhancements can also be supported through an improved insurance program.<br>• Supporting SMEs through refinancing and cluster development has contributed to growth and job creation. Post-crisis support was particularly useful in mitigating adverse impacts of the crisis and supporting those SMEs that had the potential to stay in business. Going forward, there is a need to look at new instruments that are currently missing in the SME market, and which are constraining growth and employment possibilities, such as risk capital for SMEs. |
| ➢ ***Deleted:*** *Sharing of lessons across Bank-financed and GoI-financed projects in livelihoods and rural roads*[15] | | | |
| **Better, more widely used data on poverty and growth and enhanced understanding of social exclusion**<br><br>➢ Better reporting and disclosure of data and standards on 20 core statistical indicators in at least 15 states<br>➢ Better integration of gender issues in AAA and operations | ▪ 25 states participating in the India Statistical Strengthening Project committed to improving data quality in line with national standards<br>▪ Central Statistical Organization published standards for 8 key activities<br>▪ Most states established statistical websites, which disseminate data, substantially reducing delays in the dissemination of statistics<br>▪ 32% of projects in portfolio include gender-disaggregated indicators<br>▪ Issues of social exclusion have been better understood and addressed in Bank operations in education, health, rural livelihoods, and | **Portfolio and Lending**<br>▪ Statistical Strengthening Loan (FY10)<br>▪ Elementary Education (FY09) and Additional Financing (FY10)<br>▪ State Health Projects<br>▪ National AIDS Control Program (FY08)<br><br>**AAA**<br>• Preparation of State Statistical Master plans NLTA (State Cap TF)<br>• Poverty Assessment<br>• Poverty and Social Exclusion Report<br>• Poverty Mapping Note (methodology | • Analytical work on poverty and inclusion from an external source such as WB can contribute to the national debate, for example on the national poverty line.<br>• Further work is needed to better understand the poverty, gender, and social impacts of India's recent growth path (and recent trends on child sex ratios and female labor force participation), as well as the implications of planned policies in key sectors (e.g., land, mining) and states (e.g. Orissa). |

[15] This and a few other outcomes were deleted when the CAS Progress Report was prepared, as part of an effort to focus the results matrix only on the key outcomes. Sharing of lessons across projects takes place regularly.

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| | local government projects (e.g. innovations to improve health services for tribal population in Karnataka, Rajasthan and Tamil Nadu)<br>▪ Studies on social exclusion, stigma and discrimination affecting specific high-risk/vulnerable groups including sexual minorities, tribal's, migrants, and women carried out under the AIDS project (NACP III). Project ensured formulation of a policy on greater participation of people living with HIV/AIDS (GIPA) in implementation. Implementation of tribal action plans supported by Rajasthan and Karnataka health projects.<br>▪ Social assessments carried out for all operations | piloted and adopted by GoI)<br>• Moving Out of Poverty Report<br>• Orissa Poverty and Social Impact Assessment<br>• Gender Assessments for Haryana State Road Project, SUTP and MUTP<br>• Gender Development Report (FY14)<br>• Tribal Health Innovations in State Health Projects Innovation Note | • Analysis of governance institutions in tribal areas is important to understand policy impacts and mitigation measures. |
| **B. Removing Structural Constraints to Growth (RATING: ACHIEVED)** | | | |
| ***B. 1- Bridging the infrastructure gap*** | | | |
| **Expanding and improving the quality of infrastructure service delivery, including through PPPs.**<br><br>**Strengthened institutional capacities in the power sector, with deployment of innovative PPP business models**<br><br>➢ Improvements in the level and quality of provision of infrastructure services:<br>○ Improved asset management practices, including improved planning and budgeting of maintenance, adoption of commercial practices in maintenance, and greater road safety for national highways, state roads in | • Infrastructure extended though Bank-supported projects in roads, railways, power and urban.<br>• Asset management systems strengthened through the introduction of innovative contracting structures for better maintenance of assets (medium- to long-term performance-based contracts in AP , Punjab, and Karnataka)<br>• Greater emphasis on provision of funds for capital expenditures and maintenance of critical highway and rural road assets<br>• Institutions strengthened: strategic planning and budgeting, financial accountability, governance for road systems, transmission, urban transport, water<br>• Road safety as a central and integral part of projects, e.g., TNRSP, KSTP, APSHP, KSHIP II and introduction of safe, greener pilots in | **Portfolio and Lending:**<br>**Road Transport**<br>▪ Lucknow-Muzaffarpur Ntl Hwys (FY05)<br>▪ NHAI TA Loan (FY11)<br>▪ Kerala State Transport (FY02)<br>▪ Mizoram State Roads (FY02)<br>▪ UP Roads (FY03)<br>▪ Tamil Nadu Roads (FY04) & AF (FY10)<br>▪ Punjab State Roads (FY07)<br>▪ HP State Roads (FY07) and AF (FY12)<br>▪ Orissa Roads (FY09)<br>▪ Andhra Pradesh Roads (FY09)<br>▪ Karnataka State Highways (FY11)<br>▪ Assam State Roads (FY12)<br>**Urban Transport**<br>▪ Sustainable Urban Transport Project (FY10)<br>▪ GEF- Sustainable Urban Transport Project (FY10)<br>▪ Mumbai Urban Transport (FY02) | ▪ Demand from counterpart governments to support improvements in the level and quality of infrastructure services–through harnessing private sector efficiencies and investments–is expected to continue to be very strong. Bank lending and advisory support will need to keep up with these increasing demands.<br><br>**Transport**<br>▪ One of the key lessons from the current CAS period is the importance of close working relationship with the clients and structuring solutions that effectively addresses the plans and priorities of the client governments. Key priorities will be: (i) meeting the transport demand generated by GDP growth; (ii) development of medium- and long-term |

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| states covered by Bank projects<br><br>➢ Increased share of railways in transport on the Eastern Corridor<br>➢ Improved access to clean and affordable urban transport systems in cities covered by Bank projects<br>➢ Improved availability of power supply<br>➢ Strengthened institutions in electricity service delivery as measured by additional transmission and transformation capacity<br>➢ Increase in the number of states and sectors wherein PPPs emerge as an integral part of the governments' planning and strategy for delivering infrastructure services<br>➢ Established PPP model for sustainable delivery of electricity services in various segments of the power sector – transmission, distribution, energy efficiency and distributed generation. | KSHIP, KSTP, LMNHP.<br>• Engagement in hydropower introducing good practices in technical, environment, social, contract management and communication aspects of project development<br>• Strengthened institutions in electricity service delivery as measured by additional transmission capacity ( target: 13,553 ckm s achieved: 18,456 ckm till Jan 2012) and additional transformation capacity (target: 8,478 MVA \| achieved: 22,613 MVA till Jan 2012)<br>• The investments in transmission strengthening through Powergrid projects and other state projects are crucial for supporting electricity service delivery to the households connected.<br>• The long-term partnership between the Bank and POWERGRID has not only contributed to the improvement in technical standards and implementation of state-of-the-art technology but also supported POWERGRID in its institutional strengthening through safeguards and fiduciary dialog, enabling it to become one of the globally recognized transmission utilities in the world.<br>• Strong capacity building support initiated in urban transport planning and implementation at the national, state and city level through GEF Grant facility for preparation of Toolkits and Guidelines, assistance with reform implementation, and launch of training programs. Introduction of best practice sustainable urban transport solutions including Bus Rapid Transit Systems, Intelligent Transport Systems, Non motorized transport etc. with demonstration potential in | ▪ MUTP 2 (FY10)<br>**Railways**<br>▪ Mumbai Urban Transport (FY02)<br>▪ MUTP 2 (FY10)<br>▪ Eastern Dedicated Freight Corridor I (FY11)<br>**Power**<br>▪ POWERGRID III. IV, V (FY01, FY04, FY10)<br>▪ Maharashtra State Transmission Company IFC Sub-National Loan (FY10)<br>▪ Rampur Hydropower (FY08)<br>▪ Coal-Fired Rehabilitation Project (FY09)<br>▪ Haryana Power System Improvement (FY10)<br>▪ Vishnugad Pipalkoti Hydro (FY11)<br><br>**Urban**<br>▪ Karnataka Municipal Reform (FY06)<br>▪ Tamil Nadu Urban III (FY06)<br>▪ Andhra Pradesh Municipal Devt (FY10)<br>▪ Capacity Building for Urban Development (FY12)<br><br>**Infra Financing**<br>▪ IIFCL (FY10)<br><br>**AAA**<br>**Transport**<br>▪ National Transport Development Policy Committee NLTA<br>▪ Construction Industry Study<br>▪ Review of Highway Agencies in South Asia<br>▪ Tamil Nadu Road Safety System Innovation Note<br>▪ AusAid TA for Preparation and Implementation of the Sustainable Urban Transport Program<br>**Power**<br>▪ Restructuring Exp of West Bengal Power | financing and investment strategy, covering higher generation of internal resources and increased private sector participation in financing infrastructure and providing transport services; (iii) ensuring transport development is spatially balanced; (iv) technology up gradation; (v) higher maintenance standards; (vi) increased efficiency through greater competition where possible; (vii) higher emphasis on safety, energy efficiency, environmental conservation and social impacts; and (ix) development of a better inter-modal mix.<br><br>**Energy**<br>▪ Key current challenges are supply expansion, the financial sustainability of distribution companies and measurement, monitoring and subsidy delivery in agricultural power supply. These challenges will be addressed through a combination of AAA, TA and investment activities.<br>▪ Energy efficient investments are critical in a rapidly expanding country like India with low urbanization, since significant new construction will occur in the country in the next few decades. To prevent lock-in of emissions growth from new infrastructure that will be built in the coming decade, the Bank's support would come in the form of innovative financial instruments, technical assistance and facilitation of collaboration between industries, academia and the regulatory bodies. This support should cover the |

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| | SUTP cities ongoing.<br>• Capacity for PPPs strengthened at the center through NLTA support to the PPP Cell of DEA (Infrastructure) and in the states through IFC advisory services (i) advisory assistance to Gujarat government in introducing PPP in solar rooftop based power generation; (ii) TA for hospitals in Andhra Pradesh; (iii) Irrigation in Rajasthan; (iv)investment in private water infrastructure company in Madhya Pradesh; waste management and street lighting in Odhisha, roads and health services in Andhra Pradesh; ports in Kerala.<br>• IFC transaction advisory services in PPP projects provided improved access to infrastructure services for 3.2 million people so far.<br>▪ Improvement in urban services achieved as part of ongoing urban development projects. About 48,000 HH provided with new sewerage connections and 889 km of city roads rehabilitated<br>▪ Ongoing urban development projects have provided capacity building/training support, helped improve financial sustainability and pilot innovative PPP/contractual practices: (i) Over 30,900 urban officials/city elected representatives have been trained; (ii) In TN, about 24 ULBs are constructing Sewerage Treatment Plants using Design-Build-Operate-Transfer (DBOT) contracts and participating ULBs/TNUDF have also leveraged US$35 million in market sources of financing | NLTA<br>▪ Coal Fired Generation Study<br>▪ Org Trans & PPPs in MH Transmission<br>▪ Indian Power Sector Diagnostic Report (FY13)<br>▪ Rural Feeder Load Segregation Study<br><br>**Urban**<br>▪ High Powered Expert Committee on Urban Development NLTA<br>▪ Municipal Borrowing Report<br>▪ Mumbai Urban Business Plan<br>▪ Urbanization Review<br><br>**PPPs**<br>▪ Review of Experience with PPPs (FY13)<br>▪ NLTA on PPPs to DEA, Railways, and various states (covering highways and state roads, railways)<br>▪ Maharashtra PPP Management NLTA<br>▪ Land Acquisition, Resettlement and Rehabilitation NLTA<br>▪ Facilitating PPPs for Urban Infrastructure Study<br>▪ Private Sector Participation in Solid Waste Management<br><br>**Cross-cutting**<br>▪ Project Implementation Constraints in Lagging States NLTA<br>▪ Bihar Enterprise Regulation NLTA<br><br>**RE TFs**<br>▪ Bihar Road Construction Dept TA (FY13)<br>▪ Assam Computerization TA (DFID) (FY13)<br><br>**WBI**<br>▪ Knowledge exchanges on PPPs, training | several sectors of the Indian economy, with customized solutions for each sector's needs.<br>▪ Innovative PPP approaches in T&D need to be further explored, to leverage private capital in infrastructure.<br>▪ It will be crucial to leverage the World Bank's value proposition in organizational scale-up to manage multi-fold increases in volume of power handled by the state utilities.<br>▪ Working with GoI and the states towards development of technically-, environmentally-, and socially-sustainable hydropower projects by incorporating international good practices through capacity-building of institutions and developers engaged in this area will be emphasized.<br>▪ A two decade long partnership with POWERGRID demonstrates that the programmatic approach for sector investments that are structurally linked could be used as an effective assistance instrument while benefitting from lessons and achievement of each project.<br>**PPPs**<br>▪ On PPPs, at the policy level the focus of WBG support should continue to be on strengthening policy, legal, regulatory and enabling institutions. This, in turn, would include supporting client governments' efforts to: (i) build internal WBG capacities for better identification, structuring, appraisal, procurement and monitoring of PPP projects and programs (delivered through cross-sectoral PPP facilitation |

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| | | program, and workshops on emerging issues for scaling up PPPs. Inputs for GOI's National PPP Capacity Development Program.<br>▪ Centre of excellence for Urban Transport<br>▪ training and capacity building support for solid waste management in cities, peer-to-peer experience exchange under government-supported PEARL Network<br><br>**IFC**<br>▪ Investments in private infrastructure projects across water and transport sub-sectors<br>▪ Support to oil/gas projects upstream and comprehensive sustainable resource development support including community development/outreach/linkage programs<br>**IFC Advisory**<br>▪ South Asia Infrastructure Facility to Support for transaction advisory services for highways on PPP basis in TN AP and Orissa (b) Strategic Options Study and Road Sector Financing and Road Fund structuring and operationalization (Karnataka, Gujarat)<br>▪ Transaction advisory assistance to governments to structure specific PPP projects<br>▪ IFC's investment climate programs on streamlining government to business services and facilitating private sector investment in LIS.<br>▪ Study on Market for affordable housing finance, developing toolkits and partnering with housing finance and microfinance companies for improved access.<br>▪ Advisory assistance for building secured transaction registry for enabling greater reach of SME and housing finance. | units at the central and state level); and (ii) enhance the availability/flow of equity and debt finance for PPP projects. While WBG is expected to and would continue to the rapid growth of PPPs, both WBG and GoI are also keen to review the PPP experience to date with a focus on getting a better understanding of what has worked, why and the apparent and latent risks, if any, and draw lessons for the future.<br>▪ At the sector level it will be important to enhance the WBG's capabilities to: (i) better identify PPP opportunities; (ii) identify appropriate instruments to support the preparation and implementation of PPPs. The Bank will need to pay particular attention to the challenge of tailoring social, environmental and procurement safeguards to PPPs.<br>▪ Support for knowledge exchange with other countries with large PPP programs would be continued, focusing on emerging issues, i.e. post-contract management, monitoring results, governance and transparency in PPP contracts, value for money etc., and new sectors such as urban health and education.<br>▪ Financial reporting at the aggregate level (including on contingent liabilities) and enhanced oversight of PPPs by accountability institutions in regard to use of public funds (like CAG, CVC, PAC) would also need attention. |

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| ***Deleted:*** Improving the investment climate[16] | | | |
| ***B. 2 Addressing skill shortages*** | | | |
| **Deepen understanding of opportunities and challenges of skills development and help fill skill shortages in the public sector**<br><br>**Increase number, employment and earnings of skilled workers for more inclusive growth**<br><br>➢ Pilot at least 2 Sector Skills Councils created among 21 high growth sectors.<br>➢ Percentage of participants that found WBI training programs in the health sector useful. (Baseline: 87-90%)<br>➢ Increase in proportion of students in ITIs supported by Bank projects who:<br>▪ graduate with National Council of Vocational Training certificate (baseline: 61%; target: 73%)<br>▪ find employment within one year of completion (baseline: 32%; target: 50%)<br>▪ experience an increase in real monthly earnings if employed (baseline: INR 2,421 (2006); target: INR 3,206) | ▪ 2 Sector Skills Councils created under the Vocational Training and Education project<br>▪ Preliminary findings from a national tracer study commissioned to assess improvement in employment rates and monthly earnings is as follows- 57% and 73% of the pass-outs from project ITIs exit from the CTS system (BBBT course and AM course) with a NCVT certificate, 60% of project ITI pass-outs find employment within one year of finishing training and real monthly earnings of employed pass-outs from project ITIs is INR 5330, measured one year after completing training.<br>▪ The share of engineering colleges that became autonomous under TEQIP increased from 42% in 2008-09 to 60% in 2011-12.<br>▪ The share of TEQIP-supported institutions from states lagging in technical education increased from 14% in 2008-09 to 31% in 2011-12. | **Portfolio and Lending:**<br>▪ Tech/Eng Quality Improvement (FY03) and Tech Engr Educ Quality Imp II (FY10)<br>▪ Vocational Training (FY07)<br><br>**AAA**<br>▪ TVET reform in West Bengal NLTA (FY13)<br>▪ National Vocational Qualification Framework NLTA<br>▪ Skills and Employability NLTA (FY13)<br><br>**IFC**<br>▪ Investments in competitive, labor-intensive, employment-generating industries<br><br>**IFC Advisory Services**<br>▪ Capacity building to SEWA Barefoot managers school and Business Management skills for SMEs through 'Business Edge'<br>▪ New higher education strategy for Madhya Pradesh Gujarat University PPP; Linkages projects | • Providing skills that are in demand and ensure trainees find jobs requires greater autonomy by vocational and training institutes and higher education institutions and stronger linkages with the private sector.<br>• Livelihoods projects successfully piloted skills training and job fairs in rural areas.<br>• The political economy of reforms in skills provision is difficult, as there are many government agencies involved and strong vested interests. |
| ***B. 3 Expanding agricultural productivity*** | | | |
| **Acceleration in agricultural productivity and in long-term agricultural growth in areas covered by Bank-supported projects**<br><br>**Increased productivity of irrigation water** | • Yield increases vary; but increases of 35- 50% have been measured due to (i) better rainwater harvesting associated with watershed and water tank management (ii) improved irrigation water deliveries (iii) involvement of | **Portfolio and lending**<br>**Agriculture/Watershed**<br>• Karnataka Watershed (FY01)<br>• AP Community Forestry (FY03)<br>• Uttaranchal Watershed (FY04) | • It is important to develop end-to-end solutions from water resources to production to marketing and support value chain development in collaboration |

[16] This is not an outcome that we can attribute to Bank interventions and no relevant/ corresponding indicators were included.

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| **in selected irrigation schemes, in at least three states.**<br><br>➢ Improved yields, greater diversification, higher farm incomes in areas covered by Bank-supported agricultural competitiveness and irrigation projects (at least 20% increase in average crop yields per unit of water received in irrigation schemes after completion of rehabilitation and modernization works)<br>➢ Increase in private sector participation in dairy and food processing sectors and in number of farmers who have formal/informal affiliations with corporates for sourcing of produce/ outgrower arrangements | water users groups in the distribution of irrigation water for efficient and productive use of water and required number of irrigations for crops per season<br>• Significant yield increases observed through conversion of the infertile sodic soils available to marginal and smallholder farmers.<br>• Crop diversification from rice to higher-value crops has been observed in areas where irrigation system rehabilitation has been completed and marketing opportunities created Agriculture Competitiveness Project in Assam).<br>• Improved rain fed agriculture & watershed management introduced (Himachal Pradesh, Karnataka and Uttarakhand Watershed Development Projects)<br>• Farmer-to-market approaches under a series of agricultural competitiveness projects were launched in Assam, Maharashtra and Orissa.<br>• Low-input, low-risk agricultural practices have been promoted with marginal and smallholder farmers across all rural livelihood projects.<br>• 180 research consortia involving private R&D efforts were created under the National Agricultural Innovation Project.<br>• Reengagement at a national scale in supporting further development of the dairy sector through the National Dairy Support Project<br>▪ IFC's advisory services intervention helped enhance productivity of sugarcane farmers in central Uttar Pradesh from 45 tonnes per hectare in 2009 to 54 in 2010. | • Assam Ag Competitiveness (FY05)<br>• Mid-Himalayan (HP) Watersheds (FY06)<br>• National Ag Innovation (FY06)<br>• UP Sodic Lands III (FY09)<br>• Maharashtra Agricultural Competitiveness (FY11)<br>• Rajasthan Ag Competitiveness (FY12)<br>**Irrigation and Water**<br>• Rajasthan Water Sector (FY02) and AF (FY10)<br>• UP Water Sector Restructuring (FY02)<br>• Karnataka Tanks (FY02)<br>• Maharashtra Water Sector (FY05)<br>• MP Water Sector Restructuring (FY05)<br>• Tamil Nadu Irrigated Agri (FY07)<br>• AP Community Tank Management (FY07)<br>• Orissa Community Tank Mgmt (FY08)<br>• AP Water Sector Improvement (FY09)<br>• WB Minor Irrigation Project (FY12)<br>**Dairy**<br>• National Dairy Project (FY12)<br><br>**AAA**<br>• Livestock Sector Report<br>• Enhancing Agricultural Productivity Report (FY13)<br>• Land Records Modernization NLTA (FY13)<br>• Karnataka Watershed Innovation Note<br>• Assam Agricultural Competitiveness Innovation Note<br><br>**IFC**<br>• Financing for private sector players in dairy/oilseeds/sugar/poultry/tea/irrigation sectors and for projects to improve fertilizers and pesticides | with private sector agribusiness enterprises.<br>• Key future challenges require less physical investments and more institutional capacity (for example to better manage national programs such as on watershed management).<br>• Scaling up approaches demonstrated in Bank-supported projects into self-funded stand-alone state or national programs remains a challenge.<br>• AAA has been a challenge as many key agriculture policy issues (trade, MSP, marketing, water and power tariffs) involve difficult political choices. |

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| | | **IFC Advisory Services**<br>• Sugarcane and dairy productivity improvement<br>• Introducing traceability systems in the agricultural supply chain<br>• Improving access to agri finance through cooperatives.<br>• Training and capacity building of onion and mango farmers in Maharashtra on better compliance to Good Agriculture Practices (GAP) standards, customized to the Indian context<br>• Projects in Assam, Orissa and Vidarbha region of Maharashtra to help farmers diversify to supplement farm incomes | |
| **C. Supporting Sound Macro and Financial Management and Structural Reforms (RATING: ACHIEVED)** | | | |
| ***C. 1 Macro management and structural reforms*** | | | |
| **Improved macroeconomic management in DPL states**<br><br>**Informed public discussion and debate on next stages of structural reform, especially in the lagging states**<br><br>➢ Continuing improvements in meeting Fiscal Responsibility Budget Management (FRBM) targets in DPL states (targets: zero revenue deficits and overall fiscal deficits not to exceed 3% of GSDP)<br>➢ Medium-term fiscal planning tools implemented in at least four DPL states | • India weathered the Global Financial Crisis relatively well, in part because of adequate supportive monetary and fiscal policies. Growth recovered to trend in FY2009-10 and FY2010-11, but slowed in FY2011-12. The fiscal deficit increased and FRBM targets relaxed.<br>• Original targets of FRBM were met in Bihar and Orissa, but there were slippages in HP and AP due to slower growth, lower tax in-take as a result of the crisis and the 6th Pay Commission wage revision. AP met revised fiscal deficit target of 4% of GSDP recommended by GoI for 2008-09 and 2009-10. Revenue deficit eliminated in AP, Bihar, and Orissa but not in HP.<br>• Most states enacted Fiscal Responsibility Legislations during the CAS period.<br>• Medium-term fiscal planning tools not yet | **Portfolio and Lending**<br>• AP DPL III (FY07)<br>• Bihar DPL (FY08)<br>• HP DPL (FY08)<br>• Orissa DPL III (dropped), Bihar DPL II (dropped), HP DPL II under preparation<br><br>**AAA**<br>• Global Financial Crisis Report<br>• Quarterly India Economic Updates<br>• 13th FC Notes and Assessment<br>• Uttarakhand Economic Report<br>• Bihar Public Expenditure Management NLTA<br>• Capacity Building NLTA in Bihar and Orissa (FY13)<br>• Diagnostic work by NIPFP on public financial management and India PEFA self-assessment report by NIPFP<br>• Stern Workshops 2010 and 2011 | ▪ The crisis and 13 Finance Commission transfers changed considerably the fiscal sitution of several LISs.<br>▪ PFM issues in LISs often require long-term capacity building, which should complement policy reforms under DPLs. So it is important to engage in LISs over the long term with a variety of instruments.<br>▪ States are keen to see greater analytical work on PFM issues to help implement their own public sector reform strategies. Integrated PFM support at state level covering both upstream (budget formulation, allocative efficiency) and downstream (budget execution, monitoring and oversight is effective.<br>▪ Demonstration effects from successful state efforts provide positive impetus to the pace of reforms. |

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| | embedded in budget. 13th Finance Commission recommended integration of Medium-Term Fiscal Policy projections in budget, requiring states to project cost of current/new policies. Most states now have computerized treasuries, enabling better expenditure monitoring, control and management. | • Growth and Inclusion Workshop 2012<br>• Visiting Scholars Program<br><br>**RE TFs**<br>• IDF Grants for PFM capacity building to Rajasthan, Andhra Pradesh, Karnataka | ▪ NIPFP's PEFA-type assessment led to conclusions owned by country authorities and constitutes a model of collaborative AAA. |
| ***C. 2 Financial Sector and Capital Markets*** | | | |
| **Financing (especially long-term) for infrastructure investment expanded in the aftermath of the 2008 global financial crisis, as needed to counter the cyclical downturn**<br><br>**Bridging financing gaps caused by the global financial crisis**<br><br>➢ WB infrastructure commitments increased over trend level (baseline: US$ 2.14 billion over previous CAS period (FY05-08) and IFC long-term finance and equity commitments increased (baseline: US$704 in FY08; US$305 in FY08)<br>➢ Increase in the amount of local currency private capital (including long-term debt and equity) invested in infrastructure projects | ▪ The Indian financial system proved resilient during the Global Financial Crisis. Public sector banks benefited from a capital infusion from the government and were able to support credit growth.<br>▪ Long-term financing in FY09-10 increased by 46% (4 billion in FY09-10), of which US$2.2 billion was in response to financial crisis (IIFCL and Powergrid).<br>▪ During FY09-10, IFC provided over US$1 billion in India in the form of long-term debt (US$426 million in FY09 and US$654 million (including US$667 billion for mobilization) in FY10. IFC invested US$452 million in equity and quasi-equity in FY09, and US$121 million in FY10. | **Portfolio and Lending**<br>▪ Banking Sector Loan (FY10)<br>▪ IIFCL (FY10)<br>▪ Powergrid V (FY10)<br>▪ Capital Market TA (dropped)<br><br>**AAA**<br>▪ Umbrella Capital Markets NLTA<br>▪ Financial Sector Assessment Program (FY13)<br><br>**RE TFs:**<br>▪ IIFCL (IDF, PPIAF, and DFID TF)<br><br>**IFC**<br>▪ Direct equity support in strategic banks and long-term finance institutions which are leading in infra finance; short-term trade finance and liquidity support to banks<br>▪ IFC investments in private equity funds with a specific focus on SME, Infrastructure and Climate Change<br>▪ Support private sector investments in water, urban, power, renewable, and transport<br>**IFC Advisory Services**<br>▪ Assisting SEBI / NISM in improving corporate governance practices and | ▪ The pre-emptive and market-signaling response to the crisis facilitated by BSSL was effective in strengthening the banking system. Further banking system strengthening initiatives would need to combine reforms, institution building and capital.<br><br>▪ The Government estimates that under the 12th Five-Year Plan $1 trillion will be needed to bridge India's infrastructure gap. Financing, including from external sources, and capacity need to be mobilized on a large scale and the WBG can play an important catalytic role.<br><br>▪ Given the massive infrastructure funding needs of India, constraints on availability of longer-term funding from the banking sector and the desire of GoI to bring in new sources of long-term domestic and foreign institutional investor money, the IIFCL project objective of providing long-term financing for infrastructure PPPs is highly relevant. But the project has not been able to disburse due various issues. The key challenge that needs to be addressed for FILs is balancing the requirements of |

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| | | developing securities market<br>▪ IFC's US$1m annual contribution to South Asia Infrastructure Facility- a funding vehicle for implementation of PPP vehicles | eligibility as applied for traditional infrastructure projects to more later-stage financial sector interventions for financing infrastructure PPPs while addressing reputational risks.<br><br>▪ The WB approach to financing infrastructure PPPs is being reviewed. Efforts are ongoing to: (i) build on the experience of financial intermediation projects for infrastructure PPPs, (ii) further harmonize MDB policies supporting PPP financing particularly on issues related to procurement, and (iii) support setting up mechanisms to mobilize local currency financing through infrastructure debt funds, co-financing, leveraging and innovative financial solutions involving guarantees.<br><br>▪ A TA project on capital markets as dropped after three years of preparation, supported by a PPF. A key constraint observed in implementing the PPF was the limited flexibility and speed that a TA loan provides to the Bank and client teams on knowledge-based services. More responsive, less process-intensive and flexibile, but sufficiently large funding mechanisms should be explored to provide the knowledge services that India requests (for example on financial market development and financial inclusion). The Global Knowledge Platforms may provide an example. |

| CPS Objective 2: PROMOTING SUSTAINABLE DEVELOPMENT | | | (RATING:PARTIALLY ACHIEVED ) |
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| **A. Improving Water Resources Management (RATING: PARTIALLY ACHIEVED)** | | | |
| **Strengthened water resources management (WRM) including quantity and quality and development at national, inter-state, state and local levels**<br>➢ Support capacity building in key states for WRM, including resource regulation and allocation, and multi-purpose infrastructure development and management<br>➢ Support capacity building in the central government to address national and inter-jurisdictional WRM<br>➢ Improved stakeholder participation in water management (e.g. water user associations)<br>➢ Modernization/rehabilitation of traditional water bodies (tanks)<br>➢ Improved tools for planning and management of water resources (information, analysis, stakeholder participation)<br>➢ Evidence of inter-jurisdictional management, including workshops, pilot projects and basin agencies<br>➢ Mobilization of private capital into the sector | ▪ In the states of Maharashtra, Andhra Pradesh and Uttar Pradesh, Water Resources Regulatory Authorities are being established, and the process is ongoing in Rajasthan. In addition, Maharashtra is also in the process of establishing river basin agencies for multi-sectoral water resources planning and development in a basin context.<br>▪ Legally empowered water users organizations (WUOs) to promote stake holders participation in irrigation system management have been established in Bank-financed irrigation sector projects. For example: (i) in Maharashtra Water Sector Improvement project about 1673 WUOs in 236 irrigation schemes, (ii) in AP Water Sector Improvement Project about 754 WUOs in Nagarajuna Sagar Scheme and (iii) in Rajasthan water sector restructuring project about 573 WUOs in 87 irrigation schemes are involved in irrigation water distribution, collection of water charges and O&M.<br>▪ Hydrological data have been placed in the public domain, and data processing and analysis are ongoing<br>▪ IFC's long tenor debt to private company for distributed water services through its retail outlets spread across approximately 175 villages in Andhra Pradesh<br>▪ IFC's financing and TA to a private water infrastructure company, to develop first-of-their-kind water projects in two midsize Indian towns in Madhya Pradesh<br>▪ | **Portfolio and Lending**<br>• Rajasthan Water Sector (FY02) and AF (FY10)<br>• UP Water Sector Restructuring (FY02)<br>• Karnataka Tanks (FY02)<br>• MP Water Sector Restructuring (FY05)<br>• Tamil Nadu Irrigation Agri (FY07)<br>• AP Community Tank Management (FY07)<br>• Orissa Community Tank Mgmt (FY08)<br>• AP Water Sector Improvement (FY09)<br>• WB Minor Irrigation Project (FY12)<br><br>**AAA**<br>• Groundwater Report<br>• Capacity Development for Integrated WRM for MoWR NLTA (FY13)<br><br>**IFC Advisory Services**<br>▪ Options study to consider PPP options in the irrigation sector in Maharashtra<br>▪ Strategic PPP projects are being identified and designed with community consultations as a core component.<br>▪ Engaging with different operators/ aggregators like private vendor water kiosk operators, technology providers, MFIs, and decentralized piped systems operators to develop and deliver effective solutions to communities<br>▪ Developing a comprehensive programme to improve the water use efficiency in agriculture. | • Further support is needed to improve irrigation infrastructure, supply of irrigation water to water users, and effective involvement of legally empowered water users organizations in irrigation water distribution and O&M of irrigation systems.<br>• The ongoing reform initiatives under the Bank financed projects need to be continued and further strengthened, in particular with respect to strengthening the capacity of the institution of the WUOs.<br>• Given the centrality of institutions for improved water management, more investments in capacity building and less in physical infrastructure may be considered.<br>• PPP approaches for irrigated agriculture will need to be further exxplored. |
| **Strengthened regional cooperation on** | | **AAA** | • Economic and hydrological basin models |

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| **water**<br>➢ Active dialogue and collaborative research across riparian countries in shared river basins<br>➢ Improved public knowledge base on economic and hydrologic dynamics of shared river basins<br>➢ Ganges Basin regional flood management information system developed<br>➢ Regional investment supported in response to riparian requests | ▪ The "Abu Dhabi Dialogue" on regional water cooperation brings together the seven riparian countries of the rivers of the Greater Himalayas. A small grants program for collaborative research has been launched.<br>▪ Economic and hydrological models of the Ganges River basin have been developed. | • Ganges Basin Strategic Assessment | can be a very useful tool to assess policy and investments on the basis of available evidence.<br>• Further study and other activities to strengthen regional hydromet and forecasting systems would be desirable and would help expand knowledge and cooperation. |
| **B. Reducing the Burden of Environmental Degradation (RATING: ACHIEVED)** | | | |
| ***B. 1 Clean technology and energy efficiency*** | | | |
| **Enhanced efficiency in power sector in select states**<br><br>➢ Reduction in power transmission losses, using cutting-edge technology as measured against business as usual | • The Low Carbon Development highlighted the potential gains in energy generation from energy efficiency investments in several sectors including power, industry, residential and non-residential buildings<br>• The Bank was successful in improving efficiency (i) through the provision of subsidies in the Chiller Energy Efficiency Project and (ii) through incentivizing financial intermediaries in the Financing of Energy Efficiency in Micro, Small and Medium Enterprises (iii) and direct investments in the Coal Rehabilitation Project, all financed by the GEF. Lessons learned will be widely distributed<br>• A PPP-based Strategic Alliance model developed and implemented for Maharashtra State Electricity Transmission Company Ltd (MSETCL)<br>• IFC investments in solar lanterns and efficient cook stores with SEWA ($5million)<br>• 65 percent of IFC's power sector investment (US$201 million) during FY09 to FY12 (till date) in renewable projects | **Portfolio and Lending**<br>▪ Maharashtra State Transmission Company IFC Sub-National Loan (FY10)<br>▪ Rampur Hydropower (FY08)<br>▪ Coal-Fired Rehabilitation Project (FY09)<br>▪ Haryana Power System Improvement (FY10)<br>▪ Vishnugad Pipalkoti Hydro (FY11)<br>**AAA**<br>• Maharashtra State Transmission Company on Organizational Transformation NLTA<br>• Coal-Fired Generation Report<br>• Renewable Energy Investment Climate Report<br>**RE TFs**<br>• Scaling up deployment of RE technologies for promoting innovative business models targeted in the low-access states of Bihar, West Bengal and Uttar Pradesh (DFID) (FY13)<br><br>**IFC**<br>• Development of private sector renewable energy, grid solar power projects; Cleaner | • Importance of marketing and awareness building efforts for success of energy efficiency investments. Technical assistance for implementation support and capacity building is also crucial for a project's success. The assistance needs to be well planned and sustained, in order to create a momentum in the client's agencies. |

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| | | Production Assessments and Sustainable Energy Market Development projects; early stage clean tech investments, off grid renewable, water, carbon finance and green buildings<br>**IFC Advisory Services**<br>• Support for efficiency improvements in energy and water sector through audits and programs, new initiatives in waste-to-energy, water, solar offgrid and solar rooftops being developed | |
| **Increased investments in low-carbon growth using domestic and concessional sources of funding**<br>➢ Contribution of WB portfolio to increased investments in low-carbon growth over trend line (FY05-08)<br>➢ Reduction in $CO_2$ emissions/kwh (tons of $CO_2$)<br>➢ % of portfolio with climate change co-benefits<br>➢ Megawatts of grid-connected solar power generation facilitated through pilot projects (baseline: zero; target: 1,000 MW) | • In FY11, 35% of the portfolio had GHG mitigation co-benefits, up from 10% in FY09<br>• IFC's climate friendly investments increased from $125 million in FY09 to $155million in FY11.<br>• CTF: India's Investment Plan endorsed by the Clean Technology Fund Trust Fund Committee in May 2012.<br><br>• Carbon Finance: CO2 emissions: Targeted reduction of 600,000 tons of CO2 achieved (Karnataka Wind Power, Fal-G Bricks, others).<br>• Expected GHG emission avoided by IFC's investments increased from 0.4 million tCO2e per year in FY09 to 2 million tCO2e per year in FY11<br>• Four GEF projects are expected to reduce 12 Mt over their lifetime.[17]<br>• WB NLTA supported the National Solar Power Mission.<br>• IFC advisory and pilot projects facilitated installation of 45.5MW as of July 2011<br>• Two pilots on carbon foot printing were | **Portfolio and Lending**<br>▪ Rampur Hydro power project (FY08)<br>• Energy efficiency in SMEs (GEF FY10)<br>▪ Carbon Finance projects: BBMB Hydro, Power Rehab Carbon Offset (FY10), Karnataka Wind, Fal-G Bricks<br>**AAA**<br>• Low-Carbon Growth Study<br>▪ Unleashing the Potential of Renewable Energy in India Report<br>▪ Solar Power NLTA (ESMAP) (FY13)<br>▪ NLTA to MoF on Climate Change<br>▪ NLTA on the CIF Action Plan<br><br>**IFC**<br>▪ Development of IFC's climate risk measurement tools; South Asia piloted IDG6 (GHG avoidance) in FY11 and FY12 before rolling out to other regions<br>▪ Successfully deployed value-add products like carbon finance, cleaner production, cleantech and concessional finance<br>**IFC Advisory Services** | • New and additional sources of concessional finance including CTF, GEF and carbon finance are helpful to promote investments in lower carbon growth.<br>• Increasingly, investments in various sectors also consider lower carbon growth objectives to lower energy consumption and diversify energy mix, without additional sources of concessional finance: e.g. the Dedicated Freight Corridor Project is 55 % more efficient in transporting goods than the baseline scenario (road freight); investments in hydro contribute to improving energy mix and lower GHG emissions. |

[17] Coal-Fired Generation, Chiller Energy Efficiency, Financing Energy Efficiency at SMEs and Sustainable Urban Transport

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| | conducted, indicating that the Dedicated Freight Corridor would result in 2.25 times less GHG emissions by 2030 for freight than baseline and the AP Community Forestry Project has an incremental mitigation potential per hectare per year ranging from 14 to 26 CO2 by 2030.<br>• IFC debt investment of US$195 million through dedicated climate change facilities to one large bank and two specialized infrastructure finance companies<br>• IFC equity investments and risk sharing of US$5 million to promote financial intermediaries and projects focused on climate change including at BoP<br>• IFC mobilized investments worth US$130 million from other private investors during FY09-11 | • Facilitating improved access to sustainable and renewable energy resources by helping banks and microfinance institutions develop suitable financial products.<br>• Two advisory projects ongoing in sustainable energy finance (SF Manveeya and SEF Microfinance KM). | |
| **C. Environmental Management and Resilience to Climate Change and Disasters (RATING: ACHIEVED )** | | | |
| **Enhanced investments in environmental management, addressing key environmental issues related to large-scale infrastructure development, hazardous waste management, coastal zone management, ozone-depleting substances, biomass-based rural electrification and integration of sustainability in project design**<br><br>**Enhanced capacity of central government and states to manage environmental degradation**<br><br>➢ Introduce new investments and business models in environmental management (Baseline: 0; target: 7) | • 32 pilots (25 on integrated coastal zone management and 7 on industrial pollution management) introduce new investments and business models in environmental management<br>• Workshops and dissemination activities held for three knowledge products on issues related to environmental degradation<br>▪ Remediation plans to address legacy contaminated sites under preparation for four sites in two states (Andhra Pradesh and West Bengal)<br>▪ The Environmental Challenges of Rapid Growth estimates the cost of environmental degradation to be in the order of 6.6 % of GDP (2009) | **Portfolio and Lending**<br>• ODS III (CFC Production Sector Closure FY01)<br>• ODS IV (CTC Sector Phase-out FY05)<br>• Capacity Building for Industrial Pollution Management (FY10)<br>• Integrated Coastal Zone Management (FY10)<br>• Ganga River Basin Management (FY11)<br>• Sustainable land and eco-systems management (GEF) (FY11)<br><br>**AAA**<br>• Sundarbans Biodiversity and Development Report<br>• Environmental Challenges of Rapid Growth Studies<br>• Bioengineering in Mizoram Roads Project Innovation Note | |

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| **Increased investments in climate-resilient infrastructure and livelihoods using domestic and concessional sources of funding**<br><br>***Deleted:*** *Enhanced knowledge of sectoral vulnerabilities to climate change and possible adaptation measures*[18] | • In FY11, 31% of the portfolio had adaptation co-benefits, up from 0% in FY09<br>• Indian policymakers are already incorporating issues of climate variability and climate change in development, and showing significant innovation; examples include: the mapping of a hazard line and integrated planning approach of the India Coastal Zone Management Project, the community based approaches of Watershed Management Projects and National Rural Livelihoods Mission Project, and strengthening disaster management preparedness | **Portfolio and Lending**<br>• Mainstreamed climate change adaptation in Rajasthan Rural Livelihoods (FY11) Rajasthan Agriculture Competitiveness Projects (FY12) and NRLM (FY12)<br><br>**AAA**<br>• AP Drought Adaptation Initiative NLTA<br>• Adaptation and Climate Change Vulnerability of Kolkata Report | • The livelihoods of the poorest communities are most vulnerable to climate change impacts and adaptation strategies for the poorest need to be incorporated in project design and implementation. |
| **Strengthen policy, institutional, technical, and financial capacity for managing natural disaster risks at central and state level**<br>➢ Increased investments in assets maintained and new infrastructure built to improve productivity and reduce vulnerability to hydrologic extremes | • 25,000 houses completed under ETRP and 100,000 (under construction) through BKFRP<br>• 300 multi-purpose cyclone shelters (under construction) through NCRMP<br>• 90 bridges (under construction) through BKFRP and NCRMP<br>• Approx. 500 km of access and evacuation roads (under construction) through BKFRP and NCRMP)<br>• 15 on-line courses on Disaster Risk management through Capacity Building NLTA | **Portfolio and Lending**<br>• Emergency Tsunami (FY05)<br>• National Cyclone Risk Mitigation (FY10)<br>• Bihar Kosi Flood Recovery Project (FY11) and Bihar Kosi II (FY13)<br><br>**AAA**<br>▪ Capacity Building for Disater Risk Reduction NLTA (GFDRR)<br>▪ Disaster Risk Mitigation NLTA (GFDRR)<br>▪ Bihar Immediate Relief NLTA (GFDRR)<br><br>**RE TFs**<br>▪ Bihar Flood Management Information (DFID) (FY13)<br><br>**WBI**<br>• NIDM capacity building on disaster risk management issues | • One of the most important aspects of disaster risk reduction in coastal areas is multi hazard resistant housing. Creation of emergency shelters, evacuation routes and early warning are key to disaster reduction. This needs to be coupled with community based disaster risk management where communities are empowered and trained in risk assessment and response mechanisms.<br>• Multi sector DRM risk reduction or disaster response projects are complex and difficult to manage. Need intense capacity building in implementing agencies therefore creation and capacity building of specialized agencies such as state disaster management agency is important.<br>• Better integration of DRM and CC Adaptation projects<br>• Introduction of "zero-cost" contingent emergency response financing component |

[18] "Enhanced knowledge" is difficult to measure.

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| | | | into all infrastructure projects |
| **CPS Objective III. INCREASING THE EFFECTIVENESS OF SERVICE DELIVERY (RATING: ACHIEVED PARTIALLY ACHIEVED NOT ACHIEVED)** | | | |
| **A. Enhancing development effectiveness -- Across sectors (RATING: ACHIEVED)** | | | |
| **Strengthening accountability institutions and mechanisms at the union, state and local levels (e-governance, citizens' oversight, citizens' scorecards, fiduciary controls on financial management and procurement (e-procurement))**<br><br>**Strengthened citizens' partnerships with government for improved service delivery**<br><br>➢ Strengthened fiduciary mechanisms (financial management, procurement and vigilance)<br>➢ Mainstreamed social accountability mechanisms (e-government, public information, disclosure compliance with RTI, social audits, grievance redressal, decentralization)<br><br>➢ Increased involvement of citizens and CSOs in tracking service delivery through social accountability mechanisms in Bank-supported projects<br>➢ Increase in number of social audits conducted in at least one state<br>➢ Increased availability, dissemination and use of public information in Bank-supported projects<br><br>***Deleted: Enhanced public financial accountability and public service delivery in*** | ▪ Continuous FM implementation support and capacity building resulting in lower FM risk levels across portfolio during the CAS period. CGFA approach in SOE-related operations resulting in several improvements. Innovations in projects: framework approach to assessment of FM arrangements across multiple states in NRLM; innovative design of fund flows in National Ganga project.<br>▪ Improved quality and timeliness of audits in 75% of WB-financed projects. Enhanced TORs with CAG on audit of WB-financed projects adopted and disseminated across India<br>▪ Public procurement reforms: draft bill in AP and HP; piloting of e-procurement through state DPLs in AP, Bihar and Orissa; discussion of draft Public Procurement Bill.<br><br>▪ Better governance of State-owned enterprises (SOEs), with a focus on better internal controls and improvement in governance arrangements.<br><br>▪ Policy and institutional framework for implementing national e-governance plan (NeGP) introduced; enactment of Electronic Service Delivery Act (ESDA)<br><br>▪ Enhanced discretionary and performance-based fiscal resources for local governments to incentivize improvements in service delivery, transparency and accountability.<br>▪ Computerized municipal operations (i.e. | **Portfolio and Lending**<br>▪ Fiduciary engagements in all projects<br>▪ State-level DPLs<br>▪ e-Delivery of Public Services DPL I (FY11)<br>▪ Decentralization projects: Karnataka Pachayat Strengthening (FY06), West Bengal PRI (FY10), Kerala Local Government Service Delivery (FY11), Bihar Panchayat Strengthening (FY13).<br>▪ Municipal reform projects: Karnataka Municipal Reform (FY06), Tamil Nadu Urban III (FY06)<br><br>**AAA**<br>▪ Strengthening Institutions for Service Delivery Report<br>▪ Corporate Governance for SOEs Report<br>▪ PFM Performance Measurement Framework NLTA<br>▪ Accrual Accounting Pilots NLTA<br>▪ Enhancing Local-Level Accountability NLTA<br><br>**WBI**<br>• WBI supporting development of Associated Network of Social Accountability (ANSA) to facilitate mainstreaming and knowledge exchange on SA across the region. | • Governance and Accountability Action Plans (GAAP) for all new projects have helped mainstream the governance agenda and accountability mechanisms in operations. The strengthening of Bank fiduciary controls has helped mitigate risks of fraud and corruption in Bank operations.<br>• Going forward, the governance agenda should be increasingly pursued as a development objective (promoting institutional effectiveness for the implementation of development programs, building on the country's own governance framework) and not exclusively as a fiduciary requirement (mitigating risks of fraud and corruption in Bank projects). Policy dialogue should now focus on country systems. Lessons from India on accountability institutions and mechanisms are relevant for other countries in the region and elsewhere.<br>• Enhanced responsiveness of established accountability mechanisms leads to improved levels of client satisfaction and quality of governance.<br>• Capacity building and sensitization of government agencies helps achieve good governance and meet the expectations of citizens.<br>• Sustained engagement is critical in supporting institutional building and better service delivery systems in urban |

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| ***selected states*** and ***Expanded e-government services in DPL states*** [19] | websites, online citizen grievance redressal systems, etc.) operational in all 149 Urban Local Bodies (ULBs) in TN under TNUDP-III; similar ULB E-governance initiatives completed for about 160 ULBs in Karnataka under KMRP.<br>▪ Successful roll out of accrual-based accounting in ULBs under Karnataka Municipal Reform Project<br><br>▪ RTI being operationalized across Bank-supported projects. RTI award granted to Uttarakhand RWSS Project for good governance and accountability.<br><br>▪ Social accountability mechanisms mainstreamed in all projects through Governance and Accountability Action Plans (GAAP).<br>▪ 12 pilots on strengthening social accountability, third party monitoring and capacity development of NGOs are being supported by ANSA in India. Two ANSA Community of Practice (COPs) are anchored in India on Tools and RTI.<br>▪ Citizens' help desks in hospitals supported by Rajasthan and Karnataka health projects.<br><br>▪ Independent Grievance Redress mechanisms and monitoring panels/Ombudsman established in high-risk projects involving significant resettlement activities such as MUTP and DFC.<br><br>▪ Engagement with country law enforcement | | and rural local governments. Capacity building of local government needs to go beyond generic management capacity and focus on building capacity in delivering development results. e-governance components should continue to be an important part of local government development projects.<br>• Improving corporate governance and financial accountability in SOEs is useful not only for existing enterprises (which still dominate many sectors) but also for new public entities created for projects and program management at central and state levels. |

[19] Three original outcomes merged into one overall outcome.

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| | and anti-corruption agencies on strengthening of vigilance functions in Bank-funded projects | | |
| **Strengthened land acquisition, resettlement and rehabilitation (LARR) systems and capacity at the level of GoI and selected states following the National Resettlement and Rehabilitation Policy (NRRP) 2007**<br><br>National Level<br>➢ Consistency between LARR rules at central and state levels<br>➢ LARR monitoring system and capacity at central and state levels<br><br>State level<br>Gujarat & Himachal Pradesh:<br>➢ State policy reflecting NRRP 2007 introduced across sectors<br>➢ Institutional arrangements, implementation guidelines, and capacity exist for management of LARR<br>Andhra Pradesh:<br>➢ Two AP-financed projects with Bank advice incorporate improved management of LARR | • LARR Bill 2011 submitted to Parliament. Capacity building and implementation at national level awaiting passage. Inputs have been provided at various stages.<br>• State-level engagement in AP, Gujarat and HP (studies, e tools , training). Supported GoAP in establishing R&R Commissioner's Office; helped create regular budget head for LA/R&R activities; created R&R Society to implement R&R programs; e-tool developed for monitoring.<br>• Successful implementation of major RR components in MUTP (100,000 people resettled), innovative LA procures in road projects; benefit sharing arrangements developed for hydro projects. | **Portfolio and Lending**<br>• LARR components in projects<br><br>**AAA**<br>• Land Acquisition, Resettlement and Rehabilitation NLTA<br>• Urban Land Acquisition--Good Practices NLTA<br>• Doing Business--Management of Industrial Land Note<br>• Mumbai Urban Transport Project R&R Innovation Note | Reform of laws and regulations on LARR is a complex and highly political process. Facilitating knowledge exchange, including sharing international best practices, will help inform public debate and policy formulation.<br><br>LARR issues pose important challenges to project implementation and strong readiness filters on this help strengthen preparation and speed up implementation. |
| **Enhancing development effectiveness – Education (RATING: ACHIEVED)** | | | |
| **Help GoI achieve universal elementary education of satisfactory quality**<br><br>➢ Number of out-of-school children (baseline: 13 million in 2005)<br>➢ Enrollment shares of girls (baseline 47.8% in 2005-06 for primary and 46% for upper primary; target: 48%), | ▪ Enrollment shares in public elementary education of girls (48.44% in FY10/11), SC and ST children equal their shares in the population<br>▪ Retention rate has increased to 73.4% in FY10/11<br>▪ Transition rate from primary to upper primary has remained stagnant (85.2% in FY10/11) | **Portfolio and Lending**<br>▪ SSA II (FY 08) and AF (FY11)<br><br>**AAA**<br>▪ Impact evaluations of Integrated Child Development program, Teacher accountability mechanisms, and AP Education Initiatives | • SWAp approach enables a holistic approach to the sector and leverages systemic change. Engagement with a national Centrally Sponsored Scheme (CSS) builds strong government systems.<br>• CSS support needs to be complemented by engagement of the DPs at the State level. |

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| ➢ Increase in retention rate at primary level (baseline 71% in FY05/06)<br>➢ Increase in transition rate from primary to upper primary (baseline: 83% in FY05/06; target 89% in 2012)<br>➢ Improvement in quality of education (improved level of achievement relative to 2007 baseline in language and mathematics of the 2007/8 cohort by the time they reach grade 3 in 2010) | ▪ 2-3% increase in primary school achievements across grades observed from first to second round of national achievement test. Third round completed in 2011, and analysis done with improved and more sophisticated Item Response Theory techniques. Using old classical theory analysis, in grade V, Math and EVS scores improved in 24 states out of 35 and Language scores in 14 states. | ▪ Public-Private Education Study<br>▪ Teachers Education NLTA (FY13)<br>▪ Foundation for Corporate Social Responsibility (FY13) | • Bringing other CSSs together adds to sector coherence, either formally under one umbrella scheme (as in SSA) or through additional engagements by the Bank (as in teacher education).<br>• Important to have a good-quality results monitoring matrix with strong focus on final outcomes (even if disbursements are not linked to it) and robust M&E system to collect periodic data and to initiate research and evaluation which helps not only for monitoring, and mid-course correction.<br>• Private sector is a major provider and hence need to help states work with private providers and set up robust frameworks. |
| **Support GoI's effort to improve access, equity and quality of secondary education.**<br>➢ Lower secondary GER increases (baseline: 52% in FY05/06; target: 65% by 2015) | ▪ Too early to assess results to WB-supported secondary education project<br>▪ Two Indian States participated in OECD's Programme for International Student Assessment (PISA)for the first time, thus establishing a baseline | **Portfolio and Lending**<br>▪ Secondary Education Project (FY12)<br>**AAA**<br>▪ Secondary Education Report<br>**IFC Advisory Services**<br>▪ PPP in a medical college in Shillong and University of Gujarat; Linkages projects | |
| **B. Enhancing development effectiveness -- Health and Nutrition (RATING: ACHIEVED)** | | | |
| **Enhanced coverage, quality and equity in the delivery of essential health services in programs/ states supported by the WB**<br><br>**Improved monitoring and impact evaluation of health interventions**<br><br>**Strengthened accountability for resource allocation and use.**<br><br>**Improved performance of local fiduciary** | ▪ Improvements in most of the outcomes (DLHS-3 survey in 2007-08 and the Coverage Evaluation Survey 2009). Deliveries conducted by skilled birth attendants have increased from 48% (DLHS-2) to 52.6% (DLHS-3) to 76.2% in 2009 (CES-2009); full immunization of children has improved from 45.9% (DLHS-2) to 54.1% (DLHS-3) to 61% (CES-2009). Improvements are seen in 8 lagging EAG states, vulnerable groups and the poorest.<br>▪ MMR in India has declined from 301 (2002) to | **Portfolio and Lending**<br>State Health Projects<br>▪ UP/Uttaranchal Health (FY00)<br>▪ Rajasthan Health (FY04)<br>▪ Tamil Nadu Health (FY05) and AF (FY09)<br>▪ Karnataka Health (FY07) and AF (FY12)<br>▪ UP Health II (FY12)<br>Central Programs<br>▪ Disease Surveillance (FY05) and National Vector Borne Diseases Control (FY09)<br>▪ Reproductive & Child Health II (FY07) | • Increased funding will need to translate into greater access to health care and more effective delivery of health services.<br><br>• To address these, the Bank's health portfolio is increasingly oriented to strengthening systems (planning, human resource management, results-based financing, monitoring, supply chain management, quality enhancement, contracting, PPPs) as a means to create an |

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| **systems, including supply chain management**<br><br>▪ At least 80% of household vaccinated against polio<br>▪ 50 districts in WB projects with ACT available covered under WB project (Baseline: 0% in 2008; target: 100%).<br>▪ Quality assurance systems for HIV test kits TB and Integrated Disease Surveillance Programs<br>▪ Quality assessment and accreditation system for primary care developed and piloted<br>▪ Impact evaluations performed on policy relevant interventions supported by WB<br>▪ PPP in service delivery established in partnership with IFC and under one state in WB project.<br>▪ Establish institutional arrangements to support PPPs in two states.<br>▪ Agency for undertaking decentralized procurement, applying assessment tool developed by Bank.<br>▪ Performance-based financing mechanism with districts, municipalities, or municipal corporations, linking service indicators to funding in at least in a state. | 212 (2008). In the 8 EAG states and Assam, MMR has declined from 438 (2002) to 308 (2008). IMR in India has declined from 58 (2004) to 50 (2009) and in the 8 EAG states IMR has declined from 68 (2004) to 59 (2009).<br>▪ During the 2010-11 national and sub-national immunization days more than 80% of households with eligible children in 100% of high-risk districts were vaccinated against polio. There has been no case of polio since January 2011.<br>▪ ACTs are now available in more 75% of the PHCs in the WB project supported districts. TB indicators: National targets have been reached (exceeding 70% case detection and 85% treatment success). In 139 low-income districts, the TB cure rate is 88%.<br>▪ The National AIDS program has reached to date about 81% of female sex workers (FSW), 66% of men having sex with men (MSM) and 71% of injecting drug users (IDU), with targeted interventions.<br>▪ By January 2012, IDSP achieved 95% average weekly reporting from districts in the web portal-based reporting system for the nine Bank-supported states.<br>▪ The National Accreditation Board for Hospitals and Healthcare Organizations (NABH) prepared a draft accreditation system for primary care and is implementing a new multi-stage accreditation system allowing progressive achievements on quality. The Bank is supporting a multi-stakeholder group working on this front. Quality assurance and accreditation are also being supported by the Karnataka health project.<br>▪ Impact Assessment *of Targeted Interventions* | ▪ Tuberculosis II (FY07) and AF (FY12)<br>▪ Third National HIV/AIDS Control (FY07)<br><br>**AAA**<br>• Health Policy Notes<br>• Data Quality and Utilization in Health Note<br>• Human Resource Needs in Health Notes<br>• Service Delivery and Public Spending in Health Notes (FY13)<br>▪ Govt-sponsored Health Insurance Schemes<br>• Contribution to development of National Strategic Plan for TB control 2012-17<br>• Impact Evaluation of Malaria Control Interventions<br>• Karnataka Health Insurance Impact Evaluation (FY14)<br>• Decentralization of Health Expenditures in West Bengal Note<br>• Certification System for Health Procurement Note<br>• Pharma Market Survey<br><br>**WBI**<br>▪ Series of training events on issues of health sector reforms, human resources for health, quality of care, and PPPs.<br>▪ Training to 120 journalists on responsible reporting on HIV and other health and social issues, with support from NACO.<br>**IFC**<br>• IFC's healthcare investments supported expansion of hospital chains, standalone hospitals. IFC also focused in niche areas like medical instruments & devices, vaccines, biotechnology related products and generic drug manufacture | effective institutional environment for improving service delivery. Progress indicators for the next CPS period should focus on the technical and reform aspects of Bank lending and AAA, and move away from national and state-level outcomes (e.g. mortality) and service utilization indicators that are determined by broader government systems and spending. |

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| | *for the Prevention of HIV in India*, evaluations of Chiranjeevi Program (Gujarat), maternal voucher scheme (Thaya Bhagya) and health insurance scheme (Karnataka) ongoing; malaria program evaluation completed.<br>▪ 42 contracts with NGOs for public health activities and 61 mobile health clinics contracted out to NGOs in Karnataka.<br>▪ IFC PPP successfully closed the Andhra Pradesh Diagnostic Facilities project in FY11 and services have been operational at the four diagnostic center. AP diagnostic service PPP fully implemented in the state medical college by IFC.<br>▪ IFC PPP team support to Meghalaya in the PPP-based development of a 100-seat medical college and 500-bed teaching hospital.<br>▪ Cumulative of 6.3million patients reached by way of IFC's investments during FY09 to FY11<br>▪ Assessment tool for health procurement agency developed, piloted, and shared with counterparts. Survey of pharmaceutical markets conducted to understand competition in procurement. | **IFC Advisory Services**<br>• Support to state and central governments on design and implementation of PPP projects (Health Care Project in 2nd Tier Cities and Villages and AIDS advisory for private sector corporations).<br>• IFC PPP advising the Government of Andhra Pradesh on a second, and associated, project – Andhra Pradesh Diagnostic Facilities II.<br>• Healthy pipeline of health sector PPP mandates in Jharkhand and Bihar<br>• IFC launched a Health in India initiative, including a mapping of health services in low income states to identify areas of intervention and support.<br>• Advising Bihar state government on building electronic payments systems for improving efficiency and effectiveness in health care provision (government to person (G2P) payments project). | |
| **Reformed and strengthened national ICDS program that prioritizes evidence-based nutrition**<br>**Effective multi-sectoral nutrition service delivery models tested for subsequent scale-up.**<br>**Local government (Panchayats) facilitate improved nutrition service delivery and utilization in districts of Bihar** | ▪ The reform of ICDS is under discussion within government. Dialogue informed through project preparation and analytical work.<br>▪ Various pilots on service delivery mechanisms to improve nutrition implemented under rural livelihoods projects<br>▪ Linkages with local government institutions explored in Bihar. | **Portfolio and lending**<br>▪ ICDS Systems Strengthening and Nutrition Improvement Project (ISSNIP) (FY13)<br>▪ Bihar Panchayat Strengthening Project (FY13)<br>▪ AP Rural Poverty Reduction Project AF (FY11) and other rural livelihoods projects<br><br>**AAA**<br>▪ Repositioning Nutrition NLTA<br>▪ Institutional Arrangements for Nutrition Report (FY13)<br>▪ SAFANSI TF activities linked to NRLM, Bihar | ▪ The urgency of focusing on reducing malnutrition has been recognized at the highest levels of government, but translating this into program reform and successful implementation is a challenge.<br><br>▪ Bank support has focused on both the large government program for nutrition, ICDS, and alternative institutional and service delivery mechanisms.<br><br>▪ Analytical work on the contribution of various multisectoral factors to |

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| | | Panchayats, and social protection schemes in urban areas (FY13)<br>▪ Poverty Update Knowledge Note (FY13)<br>▪ AP Nutrition Innovation Note | malnutrition (environmental, health, and child care factors) could help prioritize interventions. |
| **C. Enhancing development effectiveness -- Social Protection (RATING: ACHIEVED)** | | | |
| **Improved impact of social protection programs and services for the poor, assisting them to cope with extreme/chronic poverty and manage the impacts of household shocks on their welfare**<br>➢ Baseline: 5,000 BPL households covered by health insurance in 2008; target: 16.5 million in 2012 | ▪ 69% increase in the coverage of RSBY (health insurance schemes) to 16 million Below Poverty Line households in 26 states<br>▪ Extensive analytical work and project preparation to strengthen design, targeting, and implementation of social programs at the center and in Bihar | **Portfolio and lending**<br>▪ RSBY (dropped)<br>▪ Social Security in Bihar (FY13)<br><br>**AAA**<br>▪ Social Protection Report<br>▪ Social Security for the Unorganized Sector NLTA<br>▪ Social Protection programmatic NLTA<br>▪ IE Health Insurance in Karnataka<br>▪ National Rural Employment Guarantee Scheme Impact Evaluation in Bihar (Report)<br>▪ Unique identification Scheme NLTA<br>▪ Social Pensions NLTA (FY14)<br>▪ Urban Social Protection Report (FY13) | ▪ Evidence on targeting and implementation performance helps inform discussions on the design and reform of schemes<br>▪ Reforms linked to use of ICT hold promise to reduce leakage and improve targeting<br>▪ Long-term engagement through different instruments makes it possible to help implement reforms (as in Bihar) |
| **D. Enhancing development effectiveness -- Urban Services (RATING: PARTIALLY ACHIEVED)** | | | |
| **Help develop appropriate approaches to land market reform that can be replicated**<br>➢ Effective approach piloted in at least one city (possibly Mumbai, Delhi, or a city in Gujarat) and documented | ▪ In 2008, AP repealed the Urban Land Ceiling Act, which helped improve functioning of land markets in major urban areas of AP, including Hyderabad.<br>▪ On-going urban development projects have also provided capacity building / training support, helped improve financial sustainability and pilot innovative PPP / contractual practices: (i) Over 30,900 urban officials / city elected representatives have been provided training; (ii) In TN, about 24 ULBs are constructing Sewerage Treatment Plants using Design-Build-Operate-Transfer (DBOT) contracts and participating ULBs / TNUDF have also leveraged US$ 35 million market sources of financing. Discussion of | **Portfolio and Lending**<br>▪ Andhra Pradesh Municipal Devt (FY10)<br>▪ Cap Bldg for Urban Development (FY11)<br><br>**AAA**<br>▪ India Urbanization Review<br>▪ Support to Mumbai Transformation Support Unit – Completion of Phase II (NLTA)<br>▪ Unlocking Land Values NLTA (PPIAF) (FY13)<br><br>**WBI**<br>▪ Partnership with urban capacity building institutes (ASCI, YASHDA), including training and exchange program. | ▪ Land market reform is a complex and highly political process. Good analytical work can help inform the policy and institutional debate.<br>▪ A portfolio of state-level urban services improvement projects with clear strategies for the constitution of professional and accountable service providers / capable institutions / PPPs / innovative contractual arrangements can help improve services over the long term and learn lessons across states. |

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| | pilots to resume in FY11. | | |
| **E. Enhancing development effectiveness -- Water Supply and Sanitation (RATING: PARTIALLY ACHIEVED)** | | | |
| **Increased access to improved and sustainable drinking water and sanitation services in rural areas**<br><br>**Improved water supply and sanitation services in urban and peri-urban areas**<br><br>*Rural Water Supply and Sanitation*<br>▪ Number of Gram Panchayats (GP) involved in RWSS delivery<br>▪ Number of households with access to improved drinking water and sanitation<br>▪ 100% Operations and Maintenance cost recovery under Bank-sponsored projects<br><br>*Urban Water Supply and Sanitation*<br>▪ Number of Urban Local Bodies responsible for delivery of Water and Sanitation Services<br>▪ Access to improved water supply and sanitation services<br>▪ Aat least one contractual arrangement between ULBs and public and private service providers | In the RWSS Bank-financed projects in the states of Maharashtra, Karnataka, Uttarakhand and Punjab the following results have been achieved:<br>▪ About 4,892 GPs involved in RWSS delivery<br>▪ About 2 million households with access to improved drinking water and sanitation, i.e. 90% of the target<br>▪ 12,020 habitations with 100% Operations and Maintenance (OM) cost recovery, i.e. 90% of the target (except Karnataka)<br>▪ 2 million households with improved sanitation ( 95% of the target)<br>▪ Significant improvement in decentralized service delivery responsibilities<br><br>Improvement in urban services achieved as part of on-going urban development projects:<br>▪ About 272,000 households (HH) covered with improved water supply services; 48,000 HH provided with new sewerage connections<br>▪ With private sector participation, the UWSS Karnataka project is delivering 24/7 water supply to approximately 180,000 people with improved O&M cost recovery in 3 city neighborhoods in Karnataka.<br>▪ Under Ganga project, wastewater (both municipal and industrial) and solid waste treatment infrastructure will be created and the institutions responsible strengthened<br>▪ IFC financing and TA to a private water infrastructure company was provided to develop innovative water projects in two midsize towns, one in Madhya Pradesh and other in Maharashtra | **Portfolio and lending**<br>▪ Rural Water Supply and Sanitation: Kerala (FY01 and FY12); Karnataka (FY02) and AF (FY08); Maharashtra (FY04 and FY13); Punjab (FY07); Uttaranchal (FY07); AP (FY10)<br>▪ Karnataka Urban Water (F07)<br>▪ National Ganga River Basin Authority (NGRBA) (FY11)<br><br>**AAA**<br>▪ Urban Water Reform Strategies<br>▪ A review of 20 Years of Engagement in RWSS<br><br>**WSP**<br>▪ Economics of Sanitation<br>▪ Scaling Up Rural Sanitation Evaluation<br><br>**IFC**<br>▪ PPP project development in urban water and solid waste management sectors. Financing for innovative water delivery business models such as micro utilities<br>▪ IFC PPP is replicating its first successfully closed Sold Waste Management project in Bhubaneswar. Project is expected to reach closure in FY13.<br>▪ Two BOT Projects in the urban water supply area financed by IFC in FY11 – Khandwa Water Supply Project and Kolhapur Sewage Treatment Plant. Project implementation underway. | ▪ Three generations of World Bank-assisted RWSS projects over twenty years developed structured processes and procedures to decentralize service delivery systems, thereby making PRIs and communities responsible for planning, designing, implementing and maintaining schemes. Community-led procurement can reduce the capital costs of the schemes significantly, while community management can enhance sustainability. The community-managed, demand-responsive approach, integrated into the responsibilities of the PRIs, has proven successful and has been received in GoI guidelines.<br><br>▪ Large single- and multi-village water supply systems are difficult to operate and maintain solely by community groups. Generally, these types of water supply systems require a small utility to operate and maintain them properly, complemented by a separate oversight group to supervise the operator and to plan future expansion.<br><br>▪ Investments in urban WSS need to be accompanied by governance actions to enhance autonomy and accountability of service providers, improve incentives and support professionalization.<br><br>▪ 24/7 water supply continuity in urban areas can be achieved, but not without |

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| | | | significant change in the current governance arrangements.<br><br>▪ Improved contractual frameworks along with Central Government grants have helped attract private interest in challenging sectors such as water supply and sanitation. Until commercial tariffs are allowed Government grants will continue to be needed;<br>▪ Government monitoring and fulfillment of contractual conditions are essential for success of these PPP projects. Enhancing WSS capital efficiency is a priority to maximize use of investment funds, given the significant investment requirements. |

## Annex 2: Planned Lending Program and Actual Deliveries (FY09-12)

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| FY09 | SME (additional financing) | 200 | | - | Actual | 400 | | |
| | Infrastructure (PPP) IIFCL | 595 | 5 | - | Forwarded to FY10 | | | |
| | Vector-borne Disease Control (under IDA XIV) | - | 521 | - | Actual | | 521 | |
| | Orissa Community Tank Management | 56 | 56 | - | Actual | 56 | 56 | |
| | Orissa Rural Livelihoods (under IDA XIV) | - | 82 | - | Actual | | 82 | |
| | Madhya Pradesh Livelihood II | - | 180 | - | Actual | | 100 | |
| | National Agriculture Innovations GEF (AF) | - | - | 10 | Forwarded to FY10 | | | |
| | Uttarakhand Decentralization Watershed (AF) | - | - | 7 | Forwarded to FY10 | | | |
| | Maharashtra Agric Competitiveness | | | - | Forwarded to FY11 | | | |
| | Power Systems Dev IV (Additional Financing) | 400 | - | - | Actual | 400 | | |
| | Coal Fired Power Station Rehab | 118 | - | 46 | Actual | 180 | | 45 |
| | Medium Sized Project Institutional Coordination GEF | - | - | 1 | Actual | | | 1 |
| | Chiller Efficiency GEF | - | - | 6 | Actual | | | 6 |
| | JNNURM TA - Cap Bldg for ULBs & Urban PA | - | | - | Forwarded to FY12 | | | |
| | Rural Roads II | | | - | Forwarded to FY11 | | | |
| | Orissa State Roads | 250 | - | - | Actual | 250 | | |
| | | | | | **Advanced from FY10** | | | |
| | | | | | UP Sodic III | | 197 | |
| | **Subtotal** | **1,619** | **844** | **70** | **Subtotal** | **1,286** | **956** | **52** |
| FY10 | Bihar DPL II | 125 | 125 | - | Dropped | | | |
| | Orissa DPL III | | | - | Forwarded to FY11/12 & then Dropped | | | |
| | Capital Markets & Pension Reform I | | - | - | Forwarded to FY11/12 & then Dropped | | | |
| | Tech Eng Education Quality Improvement II | - | 300 | - | Actual | | 300 | |
| | Andhra Pradesh Water Sector Improvement | 435 | - | - | Actual | 451 | | |
| | UP Sodic Lands Reclamation III | - | 200 | - | Approved in FY09 | | | |
| | Haryana State Power | 400 | - | - | Actual | 330 | | |

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | Vishnugad Pipalkoti Hydroelectric | | - | - | Forwarded to FY11 | | | |
| | Financing Energy Efficiency in SMEs | - | - | 17 | Actual | | | 11 |
| | Railways Freight Corridor | | - | - | Forwarded to FY11 | | | |
| | Mumbai Suburban Rail (MUPT II) | 500 | - | - | Actual | 430 | | |
| | Sustainable Urban Transport | 200 | - | 20 | Actual | 105 | | 20 |
| | | | | | **Slipped from FY 09** | | | |
| | | | | | India Infra Finance Co Ltd Project | 1195 | | |
| | | | | | National Agric Innov GEF SLEM | | | 7 |
| | | | | | Uttarakhand Wtrshed GEF SLEM | | | 7 |
| | | | | | **Additional Projects** | | | |
| | | | | | Dam Rehabilitation & Improvement | 175 | 175 | |
| | | | | | West Bengal PRI | | 200 | |
| | | | | | Power Grid V | 1000 | | |
| | | | | | National Cyclone Risk Mitigation | | 255 | |
| | | | | | CBldg for Indus Poll Mgt | 25 | 39 | |
| | | | | | Integrated Coastal Zone Mgmt | | 222 | |
| | | | | | Microfinance-Scaling Up | 200 | 100 | |
| | | | | | Banking Sector Loan | 2000 | | |
| | | | | | Statistical Strengthening Loan | 107 | | |
| | | | | | AP Rural Water Supply & Sanitation | | 150 | |
| | | | | | AP State Roads | 320 | | |
| | | | | | AP Municipal Reforms | 300 | | |
| | | | | | SSA II(Additional Financing) | | 750 | |
| | | | | | Rajasthan Water (Additional Financing) | | 19 | |
| | | | | | Tamil Nadu Health(Additional Financing ) | | 118 | |
| | | | | | Tamil Nadu Roads (Additional Financing ) | 51 | | |
| | | | | | AP Rural Poverty Red (Add Financing) | | 100 | |
| | | | | | Karnataka RWSS (Additional Financing ) | | 150 | |
| | **Sub total** | | | **37** | | **6,689** | **2,578** | **45** |

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | | 1,660 | 625 | | | | | |
| | **Subtotal: CAS Plans for FY09-10** | **3,279** | **1,469** | **107** | **Subtotal: FY09-10 Actual** | **7,975** | **3,534** | **97** |
| **PROGRESS REPORT PLANS for FY11-12 (as of December 2010)** | | | | | **STATUS** | | | |
| **CAS Progress Report did not distinguish projects between FY 11 and FY12** | | | | | | | | |
| | Kosi River Reconstruction I | | 220 | | Actual (FY11) | | 220 | |
| | Vishnugad Pipalkoti Hydro-electric | 616 | | | Actual (FY11) | 648 | | |
| | Luhri Hydro-electric | 650 | | | Forwarded to FY14 | | | |
| | Eastern Dedicated Freight Corridor | 900 | | | Actual (FY11) | 975 | | |
| | National Highways Inter-connectivity | 1,000 | | | Forwarded to FY13 | | | |
| | TA for National Highway Authority of India | 45 | | | Actual (FY11) | 45 | | |
| | Rural Roads II | | 1,500 | | Actual (FY11) | 500 | 1000 | |
| | Mizoram Roads Add'l Financing II | | 13 | | Actual (FY11) | | 13 | |
| | Karnataka State Highways | 300 | | | Actual (FY11) | 350 | | |
| | Assam State Roads | 200 | | | Actual (FY12) | 320 | | |
| | Capacity Bldg for Urban Development TA | | 60 | | Actual (FY12) | | 60 | |
| | National Urban Support | 1,000 | | | Dropped | | | |
| | Gujarat Urban | 130 | | | Dropped | | | |
| | West Bengal Secondary Cities | 300 | | | Forwarded to FY14 | | | |
| | Maharashtra Agric Competitiveness | | 100 | | Actual (FY11) | | 100 | |
| | Rajasthan Agriculture | | 100 | | Actual (FY12) | | 109 | |
| | National Dairy Program | 400 | 600 | | Actual (FY12) | | 352 | |
| | TN Empowerment Add'l Fin | | 154 | | Actual (FY11) | | 154 | |
| | National Rural Livelihoods | | 1,000 | | Actual (FY12) | | 1000 | |
| | Northeast Livelihoods | | 120 | | Actual (FY12) | | 130 | |
| | Rajasthan Livelihood | | 150 | | Actual (FY11) | | 163 | |
| | Karnataka Watersheds II | | 80 | | Forwarded to FY13 | | | |
| | Ganga River Basin Authority | | 1,000 | | Actual (FY11) | 801 | 199 | |

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | West Bengal Minor Irrigation | 125 | 125 | | Actual (FY12) | 125 | 125 | |
| | UP Water Sector II | | 645 | | Forwarded to FY13 | | | |
| | Kerala Rural Water Supply | | 190 | | Actual (FY12) | | 155 | |
| | Rajasthan Water | | 180 | | Forwarded to FY14 | | | |
| | Secondary Education | | 600 | | Actual (FY12) | | 500 | |
| | UP Health II | | 85 | | Actual (FY12) | | 152 | |
| | National Nutrition APL | | 100 | | Forwarded to FY13 | | | |
| | Social Security for Unorganized Sector | | 20 | | Dropped | | | |
| | Capital Markets & Pension Reform TA | 18 | | | Dropped | | | |
| | Low-Income Housing | 125 | 375 | | Forwarded to FY13 | | | |
| | Banking Sector Support II | 1,200 | | | Dropped | | | |
| | Kerala Panchayati Raj Institutional Support | | 200 | | Actual (FY11) | | 200 | |
| | Bihar Panchayati Raj Institutional Support | | 120 | | Forwarded to FY13 | | | |
| | E-Delivery of Public Services | 150 | | | Actual (FY11) | 150 | | |
| | Orissa DPL III | 200 | 100 | | Dropped | | | |
| | | | | | **Additional Projects in FY 11** | | | |
| | | | | | Biodiversity Consv. & Rural Livelihood | | 15 | 8 |
| | | | | | Uttarakhand Watershed (AF) | | 8 | |
| | | | | | **Additional Projects in FY 12** | | | |
| | | | | | Assam Ag comp (Additional Financing) | | 50 | |
| | | | | | Bihar Rural Livelihoods (Additional Financing) | | 100 | |
| | **Subtotal: FY11-12 CAS Progress Report Plans** | **7,359** | **7,837** | **-** | **Subtotal: FY11-12 Actual** | **4,414<br>3,914** | **4,712<br>4,805** | **8** |
| | **TOTAL (FY09-12 CAS/CAS PR Plans)[20]** | **10,638** | **9,306** | **107** | **TOTAL (FY09-12 Actual)** | **11238<br>9<br>11,889** | **8,243<br>8,339** | **105** |

[20] As of March 2012

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | SME (additional financing) | 200 | | - | Actual | 400 | | |
| | Infrastructure (PPP) IIFCL | 595 | 5 | - | Forwarded to FY10 | | | |
| | Vector-borne Disease Control (under IDA XIV) | - | 521 | - | Actual | | 521 | |
| | Orissa Community Tank Management | 56 | 56 | - | Actual | 56 | 56 | |
| | Orissa Rural Livelihoods (under IDA XIV) | - | 82 | - | Actual | | 82 | |
| | Madhya Pradesh Livelihood II | - | 180 | - | Actual | | 100 | |
| | National Agriculture Innovations GEF (AF) | - | - | 10 | Forwarded to FY10 | | | |
| | Uttarakhand Decentralization Watershed (AF) | - | - | 7 | Forwarded to FY10 | | | |
| | Maharashtra Agric Competitiveness | | | - | Forwarded to FY11 | | | |
| | Power Systems Dev IV (Additional Financing) | 400 | - | - | Actual | 400 | | |
| | Coal Fired Power Station Rehab | 118 | - | 46 | Actual | 180 | | 45 |
| | Medium Sized Project Institutional Coordination GEF | - | - | 1 | Actual | | | 1 |
| | Chiller Efficiency GEF | - | - | 6 | Actual | | | 6 |
| | JNNURM TA - Cap Bldg for ULBs & Urban PA | - | | - | Forwarded to FY12 | | | |
| | Rural Roads II | | | - | Forwarded to FY11 | | | |
| | Orissa State Roads | 250 | - | - | Actual | 250 | | |
| | | | | | **Advanced from FY10** | | | |
| | | | | | UP Sodic III | | 197 | |
| **FY09** | **Subtotal** | **1,619** | **844** | **70** | **Subtotal** | **1286** | **956** | **52** |
| | Bihar DPL II | 125 | 125 | - | Dropped | | | |
| | Orissa DPL III | | | - | Forwarded to FY11/12 & then Dropped | | | |
| | Capital Markets & Pension Reform I | | - | - | Forwarded to FY11/12 & then Dropped | | | |
| | Tech Eng Education Quality Improvement II | - | 300 | - | Actual | | 300 | |
| | Andhra Pradesh Water Sector Improvement | 435 | - | - | Actual | 451 | | |
| | UP Sodic Lands Reclamation III | - | 200 | - | Approved in FY09 | | | |
| | Haryana State Power | 400 | - | - | Actual | 330 | | |
| | Vishnugad Pipalkoti Hydroelectric | | - | - | Forwarded to FY11 | | | |
| **FY10** | Financing Energy Efficiency in SMEs | - | - | 17 | Actual | | | 11 |

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | Railways Freight Corridor | | - | - | Forwarded to FY11 | | | |
| | Mumbai Suburban Rail (MUPT II) | 500 | - | - | Actual | 430 | | |
| | Sustainable Urban Transport | 200 | - | 20 | Actual | 105 | | 20 |
| | | | | | **Slipped from FY 09** | | | |
| | | | | | India Infra Finance Co Ltd Project | 1195 | | |
| | | | | | National Agric Innov GEF SLEM | | | 7 |
| | | | | | Uttarakhand Wtrshed GEF SLEM | | | 7 |
| | | | | | **Additional Projects** | | | |
| | | | | | Dam Rehabilitation & Improvement | 175 | 175 | |
| | | | | | West Bengal PRI | | 200 | |
| | | | | | Power Grid V | 1000 | | |
| | | | | | National Cyclone Risk Mitigation | | 255 | |
| | | | | | CBldg for Indus Poll Mgt | 25 | 39 | |
| | | | | | Integrated Coastal Zone Mgmt | | 222 | |
| | | | | | Microfinance-Scaling Up | 200 | 100 | |
| | | | | | Banking Sector Loan | 2000 | | |
| | | | | | Statistical Strengthening Loan | 107 | | |
| | | | | | AP Rural Water Supply & Sanitation | | 150 | |
| | | | | | AP State Roads | 320 | | |
| | | | | | AP Municipal Reforms | 300 | | |
| | | | | | SSA II(Additional Financing) | | 750 | |
| | | | | | Rajasthan Water (Additional Financing) | | 19 | |
| | | | | | Tamil Nadu Health(Additional Financing ) | | 118 | |
| | | | | | Tamil Nadu Roads (Additional Financing ) | 51 | | |
| | | | | | AP Rural Poverty Red (Add Financing) | | 100 | |
| | | | | | Karnataka RWSS (Additional Financing ) | | 150 | |
| | **Sub total** | **1,660** | **625** | **37** | | **6,689** | **2,578** | **45** |
| | **Subtotal: CAS Plans for FY09-10** | | | **107** | **Subtotal: FY09-10 Actual** | **7,975** | | |

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | | 3,279 | 1,469 | | | | 3,534 | 97 |
| PROGRESS REPORT PLANS for FY11-12 (as of December 2010) | | | | | STATUS | | | |
| CAS Progress Report did not distinguish projects between FY 11 and FY12 | | | | | | | | |
| | Kosi River Reconstruction I | | 220 | | Actual (FY11) | | 220 | |
| | Vishnugad Pipalkoti Hydro-electric | 616 | | | Actual (FY11) | 648 | | |
| | Luhri Hydro-electric | 650 | | | Forwarded to FY14 | | | |
| | Eastern Dedicated Freight Corridor | 900 | | | Actual (FY11) | 975 | | |
| | National Highways Inter-connectivity | 1,000 | | | Forwarded to FY13 | | | |
| | TA for National Highway Authority of India | 45 | | | Actual (FY11) | 45 | | |
| | Rural Roads II | | 1,500 | | Actual (FY11) | 500 | 1000 | |
| | Mizoram Roads Add'l Financing II | | 13 | | Actual (FY11) | | 13 | |
| | Karnataka State Highways | 300 | | | Actual (FY11) | 350 | | |
| | Assam State Roads | 200 | | | Actual (FY12) | 320 | | |
| | Capacity Bldg for Urban Development TA | | 60 | | Actual (FY12) | | 60 | |
| | National Urban Support | 1,000 | | | Dropped | | | |
| | Gujarat Urban | 130 | | | Dropped | | | |
| | West Bengal Secondary Cities | 300 | | | Forwarded to FY14 | | | |
| | Maharashtra Agric Competitiveness | | 100 | | Actual (FY11) | | 100 | |
| | Rajasthan Agriculture | | 100 | | Actual (FY12) | | 109 | |
| | National Dairy Program | 400 | 600 | | Actual (FY12) | | 352 | |
| | TN Empowerment Add'l Fin | | 154 | | Actual (FY11) | | 154 | |
| | National Rural Livelihoods | | 1,000 | | Actual (FY12) | | 1000 | |
| | Northeast Livelihoods | | 120 | | Actual (FY12) | | 130 | |
| | Rajasthan Livelihood | | 150 | | Actual (FY11) | | 163 | |
| | Karnataka Watersheds II | | 80 | | Forwarded to FY13 | | | |
| | Ganga River Basin Authority | | 1,000 | | Actual (FY11) | 801 | 199 | |
| | West Bengal Minor Irrigation | 125 | 125 | | Actual (FY12) | 125 | 125 | |
| | UP Water Sector II | | 645 | | Forwarded to FY13 | | | |
| | Kerala Rural Water Supply | | 190 | | Actual (FY12) | | 155 | |

| CAS Plans for FY09-10 (as of November14, 2008) | | | | | STATUS | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Project | US ($millions) | | | | US ($millions) | | |
| | | IBRD | IDA | Other | | IBRD | IDA | Other |
| | Rajasthan Water | | 180 | | Forwarded to FY14 | | | |
| | Secondary Education | | 600 | | Actual (FY12) | | 500 | |
| | UP Health II | | 85 | | Actual (FY12) | | 152 | |
| | National Nutrition APL | | 100 | | Forwarded to FY13 | | | |
| | Social Security for Unorganized Sector | | 20 | | Dropped | | | |
| | Capital Markets & Pension Reform TA | 18 | | | Dropped | | | |
| | Low-Income Housing | 125 | 375 | | Forwarded to FY13 | | | |
| | Banking Sector Support II | 1,200 | | | Dropped | | | |
| | Kerala Panchayati Raj Institutional Support | | 200 | | Actual (FY11) | | 200 | |
| | Bihar Panchayati Raj Institutional Support | | 120 | | Forwarded to FY13 | | | |
| | E-Delivery of Public Services | 150 | | | Actual (FY11) | 150 | | |
| | Orissa DPL III | 200 | 100 | | Dropped | | | |
| | | | | | **Additional Projects in FY 11** | | | |
| | | | | | Biodiversity Consv. & Rural Livelihood | | 15 | 8 |
| | | | | | Uttarakhand Watershed (AF) | | 8 | |
| | | | | | **Additional Projects in FY 12** | | | |
| | | | | | Assam Ag comp (Additional Financing) | | 50 | |
| | | | | | Bihar Rural Livelihoods (Additional Financing) | | 100 | |
| | **Subtotal: FY11-12 CAS Progress Report Plans** | **7,359** | **7,837** | **-** | **Subtotal: FY11-12 Actual** | **3,914** | **4,805** | **8** |
| | **TOTAL (FY09-12 CAS/CAS PR Plans)[21]** | **10,638** | **9,306** | **107** | **TOTAL (FY09-12 Actual)** | **11,889** | **8,339** | **105** |

[21] As of November 2012

**Annex 3. Planned Non lending Services and Actual Deliveries (FY 09-12)**

| CAS Plans (November14, 2008) | | | |
|---|---|---|---|
| **Fiscal Year** | **Type** | **Name of the Activity** | **Status** |
| **FY 09** | NLTA | Social Security for Unorganized Sector | Completed (FY10) |
| | NLTA | Social Protection Programmatic AAA | Completed (FY11) |
| | Policy Note | Quarterly Macro-Financial Update | Completed (FY09) |
| | Policy Note | Tracking Results for Better Performance of India's Health Sector (TF Stat. Cap. Build.) | Completed (FY09) |
| | Policy Note | Developing Certification System for Health Procurement | Completed (FY09) |
| | Policy Note | Programmatic Poverty Assessment | Completed (FY10) |
| | Policy Note | Poverty Mapping | Completed (FY10) |
| | Policy Note | Doing Business Initiatives (ICA follow-up, DB Indicators, manufacturing, competition) | Completed (FY11) |
| | Report | Groundwater | Completed (FY09) |
| | Report | Low-Carbon Growth | Completed (FY10) |
| | Report | Social Dimensions of Urbanization | Completed (FY11) |
| | Report | MP-Pilot on Integrated Child Development (EPDF TF) | Completed (FY12) |
| | Report | Teacher Accountability Study (EPDF TF) | Completed (FY12) |
| | | | **Additional Products Completed in FY 09** |
| | NLTA | | Bihar Enterprise Regulation |
| | NLTA | | Bihar Public Expenditure Management |
| | NLTA | | Modification of Procurement Documents |
| | NLTA | | PFM Performance Measurement Framework |
| | NLTA | | Restructuring Exp of West Bengal Power |
| | NLTA | | Umbrella Capital Markets |
| | NLTA | | Urban Land Acquisition--Good Practices |
| | Policy Note | | On Demand Policy Notes—Thirteen Finance Commission |
| | Policy Note | | Public-Private Education |
| | Report | | Coal Fired Generation |
| | Report | | Corporate Governance for State-Owned Enterprises |
| | Report | | Livestock Sector |
| | Report | | Moving Out of Poverty |
| **FY10** | NLTA | TA for Low-Income States | Completed (FY10) |
| | NLTA | Strengthening the PPP framework | Completed (FY11) |
| | NLTA | Adaptation in the Sundarbans | Completed (FY12) |
| | NLTA | Orissa Institutionalizing PSIA Capacity | Completed (FY12) |

| | | | |
|---|---|---|---|
| | NLTA | Land Acquisition, Resettlement and Rehabilitation (LA/R&R) | Completed (FY12) |
| | NLTA | HR Capacity for Effective Health System | Completed (FY12) |
| | NLTA | AP State Education Strategy (DFID TF) | Completed (FY12) |
| | NLTA | Skills | Ongoing (Expected FY13) |
| | Policy Note | Quarterly Macro-Financial Update | Completed (FY10) |
| | Policy Note | Strengthening Institutions for Service Delivery | Completed (FY10) |
| | Report | Poverty & Social Exclusion | Completed (FY11) |
| | Report | Capacity building in hydro, renewable | Completed (FY11) |
| | Report | Environmental Challenges of India's Rapid Growth | Completed (FY12) |
| | Report | Impact Evaluation of Rural Credit Cooperatives | Completed (FY12) |
| | Report | Rural Employment Guarantee Scheme Evaluation | Completed (FY12) |
| | | Development Policy Review | Dropped |
| | | Irrigation and Drainage Sector Review | Dropped |
| | | | **Additional Products Completed in FY 10** |
| | NLTA | | Accrual Accounting Pilots |
| | NLTA | | AP Drought Adaptation Initiative |
| | NLTA | | Deepening Outreach of Financial Services |
| | NLTA | | High Powered Expert Committee on Urban Infrastructure |
| | NLTA | | Repositioning Nutrition |
| | NLTA | | Village Energy Security Program |
| | Policy Note | | Human Resource Capacity Needs for Effective Health System |
| | Policy Note | | Study on Remittances |
| | Policy Note | | West Bengal Health Decentralization |
| | Report | | Climate Change & Coastal Adaptation-Kolkata |
| | Report | | Global financial crisis |
| | Report | | Pharma Market Survey |
| **PROGRESS REPORT PLANS (December 2010)** | | | |
| | | **CAS and the CAS Progress report did not specify AAA program for FY11-12** | |
| **FY11** | | | **Products Completed in FY 11** |
| | NLTA | | Economic Policy Network-Stern Workshop 2010 |
| | NLTA | | State Economy/Fiscal Work(FC13 Analysis) |
| | NLTA | | Preparation of Stat Master Plans |
| | NLTA | | Urban Water Reform Strategies |
| | NLTA | | Org Trans & PPPs in Maharashtra Transmission |
| | NLTA | | Ministry of Finance Climate Change |
| | NLTA | | Enhancing Local-Level Accountability |
| | NLTA | | Mumbai Urban Business Plan |
| | NLTA | | Municipal Borrowing |

| | | | |
|---|---|---|---|
| | NLTA | | Maharashtra PPP |
| | NLTA | | Distributed Generation Study |
| | Policy Note | | Govt Sponsored Health Insurance Schemes |
| | Report | | Uttarakhand Econ Report |
| | | | **Products Completed in FY 12** |
| FY12 | NLTA | | Bihar Immediate Relief |
| | NLTA | | Disaster Risk Mitigation |
| | NLTA | | Capacity Building in Disaster Risk |
| | NLTA | | Urban Institutional Strengthening |
| | NLTA | | Constraints to Project Preparation and Implementation |
| | NLTA | | Consultations on Human Development |
| | NLTA | | Waste Watershed Management |
| | NLTA | | Ports & Airports |
| | NLTA | | Strengthening School Policy Workshop |
| | NLTA | | Facilitating PPPs for Urban Development |
| | NLTA | | Climate Investment Fund |
| | NLTA | | Visiting Fellows Program |
| | NLTA | | Transport Policies & Reforms Activities |
| | Report | | Urbanization Review |
| | Report | | Bihar Growth Assessment |
| | Report | | Impact Evaluation on Health Insurance |
| | TE | | Inclusive Cities Workshop |

## Annex 4 : Portfolio Management (FY09-12)

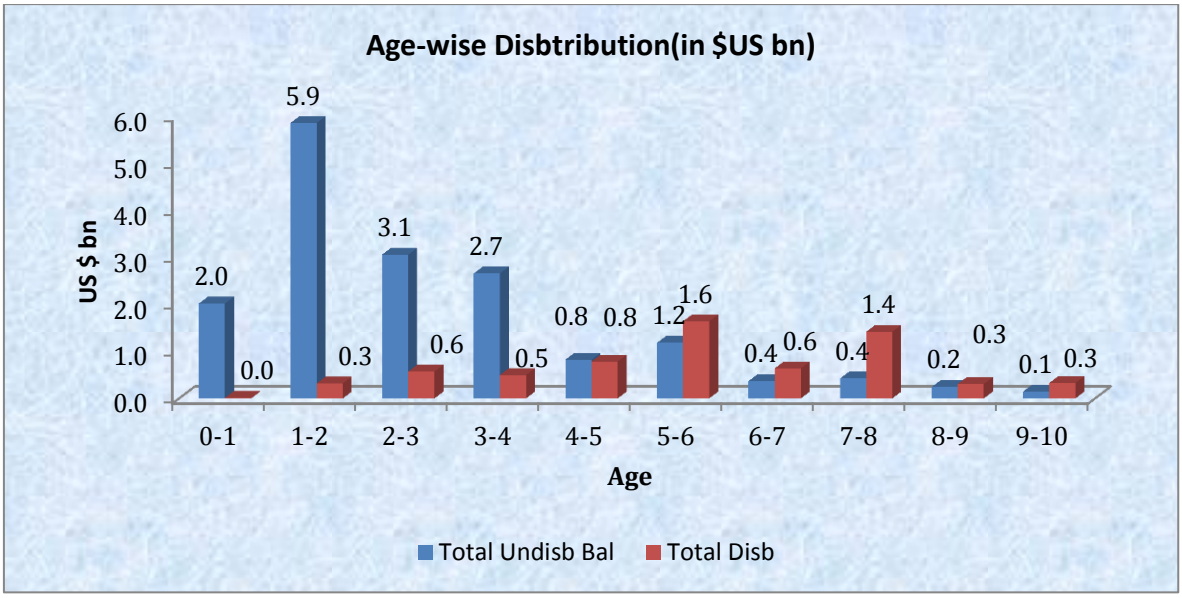
**Portfolio status:**

1. From the FY08 baseline of around $14 billion, total commitments in the India portfolio have been on the rise – to $15 billion in FY09, $21 billion in FY10, peaking at close to $26 billion in FY11 and stabilizing at $23.5 billion in FY12. During the same period, the number of projects in the portfolio has also increased from 60 projects in FY08 to 78 at end-October 2012. Overall, around $20 billion worth new commitments have been added to the portfolio since FY09.

2. The bulk of new lending was for infrastructure development, with total lending commitments in the portfolio increasing from around $6 billion in FY08 to $9.7 billion at end-October 2012. At $5.4 billion each (or 23% of the portfolio), Agriculture & Rural Development and Transport hold the lion's share, followed by Energy (15%), Finance & Private Development (11%), Urban (10%), Health (5%) & Education (5%). Forty percent of the portfolio supports centrally-sponsored schemes, public undertakings, and financial intermediaries.

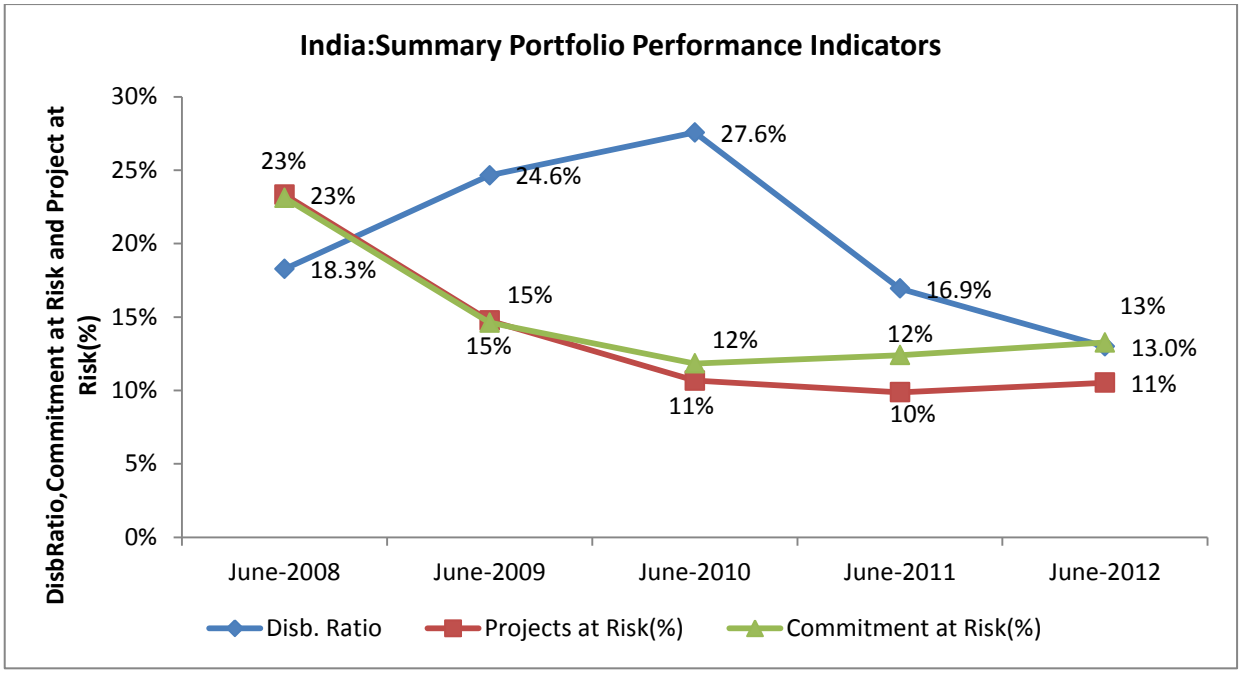
3. Portfolio riskiness has steadily decreased from 23% in FY08 to 15% in FY09 to around 11% now. On the other hand, the disbursement ratio[22] went up from 18.3% in FY08 to 24.8% in FY09, peaking at a historic high of 27.6% in FY10, before dropping to 16.9% in FY11 and dipping to 13% in FY12. Slow disbursement was a particular cause of concern in the Irrigation, Health and Urban Development subsectors; and in Tamil Nadu, Andhra Pradesh, and Karnataka among major borrowing States. To a large extent, this dynamic reflects the entry into the portfolio of a number of large projects for which disbursements have been low in the first two years of implementation, while procurement and other project-related organizational actions are carried out.

4. As of end FY12, Bank's portfolio of $23.5 billion presents a relatively limited level of risk. The portfolio is young with an average age of 3.6 years and the undisbursed amount constitutes around 70% at this time. The distribution of projects age wise and the summary disbursement performance is illustrated below. This shows that around $11 billion funds have to be disbursed by projects that are less than 3 years old.




5. The portfolio performance during the FY08-12 period (up to June 2012) is shown below:

[22] The ratio of amount disbursed in a year over the undisbursed balance at the beginning of the year.




**Portfolio Management Improvement:** Measures were introduced during the CAS period to effectively monitor and manage the portfolio:

6. Regular tripartite portfolio reviews involving the Bank, the Government of India (Department of Economic Affairs (DEA)) and Implementing Agencies were organized more systematically in order to review each project at least once a year, and more frequently to review projects that disburse slowly or have several risks flags. The objective was to strengthen portfolio performance and thereby enhance the development impact of Bank-assisted projects through: (a) learning from implementation experience to improve both the implementation of the existing portfolio and the quality of projects entering the portfolio; (b) reinforcing borrower ownership of Bank-financed projects; (c) promoting cross learning; and (d) ensuring the continued relevance of projects in the portfolio for sector strategies. This system of tripartite reviews has evolved to also include reviews for states, cluster of sectors or ministries (PRIs, Agriculture, Rural Development, Finance) and review of AAAs. Some reviews have included sessions to foster cross-learning on specific issues (e.g. local governance, infrastructure, and infrastructure finance). Of late, efforts have been made to encourage participation of ADB or IFC to facilitate synergies between the MDBs. Moving forward, there will be an endeavor to better integrate AAA reviews with these portfolio reviews.

7. To facilitate cross-learning between government agencies and projects, innovations and good practices have been identified during the portfolio reviews, and several innovation notes have been prepared jointly by the client and task teams.

8. The DIR triggered specific efforts to improve governance within project implementing agencies and prevention of Fraud & Corruption. Governance & Accountability Action Plans (GAAP) and Operational Risks Assessment Frameworks (ORAF) were mainstreamed for each project, and a Governance Adviser was posted in Delhi for India portfolio. COSO workshops were also used to help address risks in specific complex or risky setups.

9. There has been an active engagement with India towards modernizing World Bank procurement practice: e-procurement has been initiated in several projects or agencies; new procurement methods have been piloted (annuity contract for civil works)

10. A management tool has been developed to assist monitoring the progress of the portfolio, taking into account its large size and complex structure. Other management systems have been put in place to monitor the response time of the Bank team, and this effort should be pursued and strengthened going forward.

11. Successful implementation of projects in the context of a highly democratized country with an active civil society requires a great deal of dialogue with civil society organizations and appropriate communication through media. Consultations have been organized, and communication specialists have been associated with preparation and supervision of selected projects.

12. The quality of the portfolio is also dependent upon the quality of the project preparation. Country Sectors Coordinators, primarily posted in Delhi, and hence in closer contact with the Borrower, have taken a more active role. The systematization of CMU-CSC reviews for proposed projects soon after having received DEA's request has facilitated this. The CMU-CSC Meetings also discuss selected projects as required, specifically those requesting an extension and/or Additional Financing.

13. During this CAS period, the Bank and GOI prepared and launched several large transformational projects. The programmatic approach followed for them led to a slow rate of disbursement (Ganga, PMGSY). Multi-state projects have also proven to be difficult to implement (SUTP, Coal Rehabilitation). The long preparation time required by certain innovative and complex projects, particularly infrastructure ones, has challenged the application of the readiness filters, leading also to slow start of implementation. Moving ahead there is a need to consider the appropriate balance between the ambition of the developmental challenge that the project wants to address and the readiness of the institution to implement it.

# Annex 3

## India's Progress towards the Millennium Development Goals[1]

**India has or is on track to achieve some of the Millennium Development Goals (MDGs) by 2015.** Extreme poverty—the proportion of people living on less than $1.25 a day—has been halved (MDG1) to under 30 percent, and halve the number of people without sustainable access to safe drinking water (MDG7). In addition, 96 percent of Indian school children—boys and girls alike—will complete a full course of primary education (MDG2) and India will likely eliminating gender disparity in primary and secondary education (MDG3).

**At least three MDGs are off track in India.** Although much progress has been made since 1990, under-five and infant mortality rates remain high. According to 2010 data, 63 children under age five out of 1,000 and 48 infants out of 1,000 live births die. Although both rates have been halved, it is unlikely that India will meet the target of reducing them by two-thirds. Reducing the target on maternal mortality (MDG5) by three-fourths is also likely to be missed, even though it has decreased from 570 out of 100,000 live births in 1990 to 230 in 2010. Although India has almost doubled the share of the population with access to improved sanitation facilities (MDG7)—from 18 percent in 1990 to 34 percent in 2010, it is unlikely to achieve the target of halving it by 2015 (table 1).

**Table 1: India's Performance on MDGs**

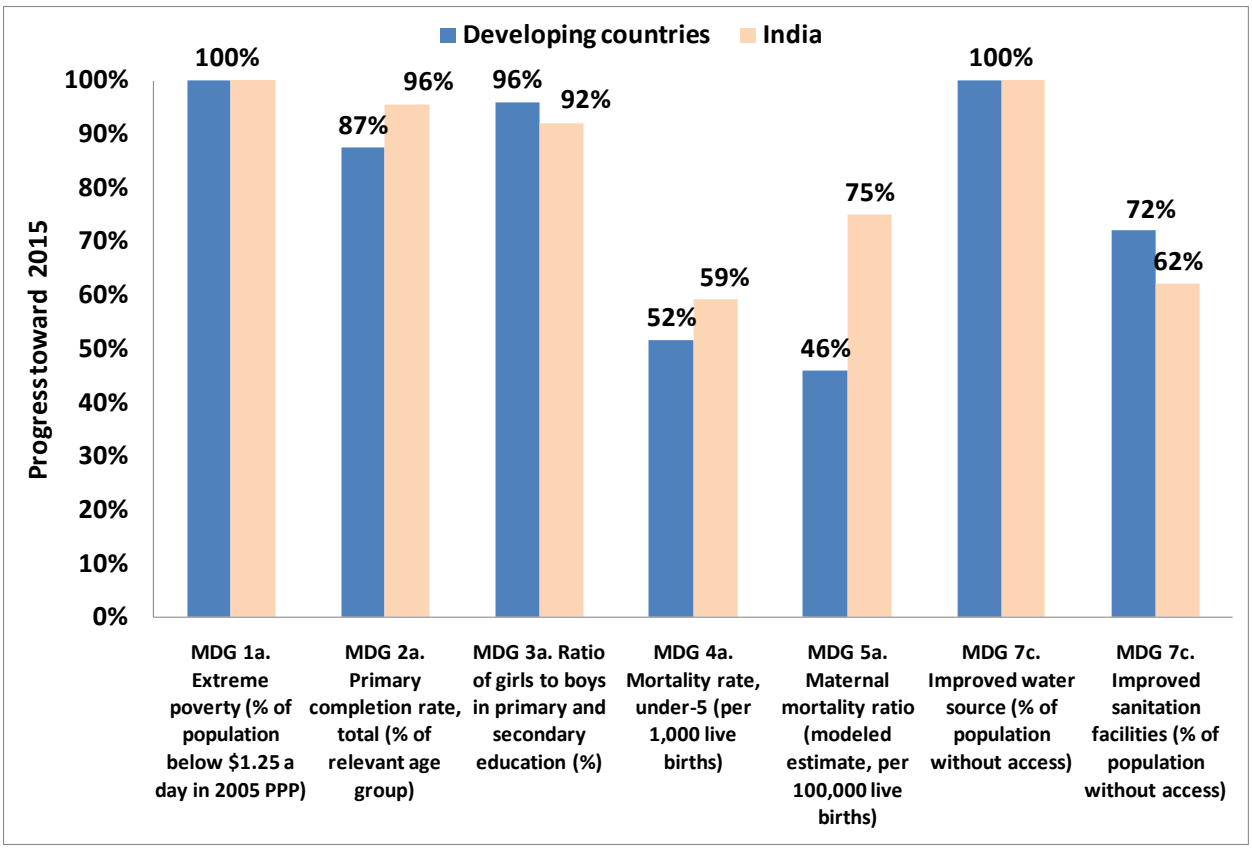
| MDG | Performance |
|---|---|
| 1 Extreme poverty | Achieved |
| 2 Primary education completion rate | On track |
| 3 Gender parity in primary and secondary education | On track |
| 4 Child mortality | Off track |
| 5 Maternal mortality | Off track |
| 7a Access to improved water source | Achieved |
| 7b Access to improved sanitation facilities | Off track |

*Source:* World Bank staff calculations based on data from the World Development Indicators database.

**From a global perspective and for most MDGs, India is making more progress than the rest of the developing world (figure 1).** For primary education completion, India has already achieved 96 percent of the required target, whereas developing countries, as a group, have achieved 87 percent. This is also the case for health-related MDGs, even though more progress is needed, and particularly relevant for maternal mortality. Recent estimates indicate that although the country may not reduce by three-quarters the maternal mortality ratio between 1990 and 2015, it has already achieved 75 percent of the target, far above the 46 percent reduction observed in developing countries as a whole. Increased efforts are nonetheless required in terms of access to improved sanitation facilities, where progress is significantly lower (62 percent of the target) than the 72 percent achieved in the rest of the developing world.

**Figure 1: India's MDG performance in the global context**

[1] Based on *Global Monitoring Report 2012: Food Prices, Nutrition, and the Millennium Development Goals.*



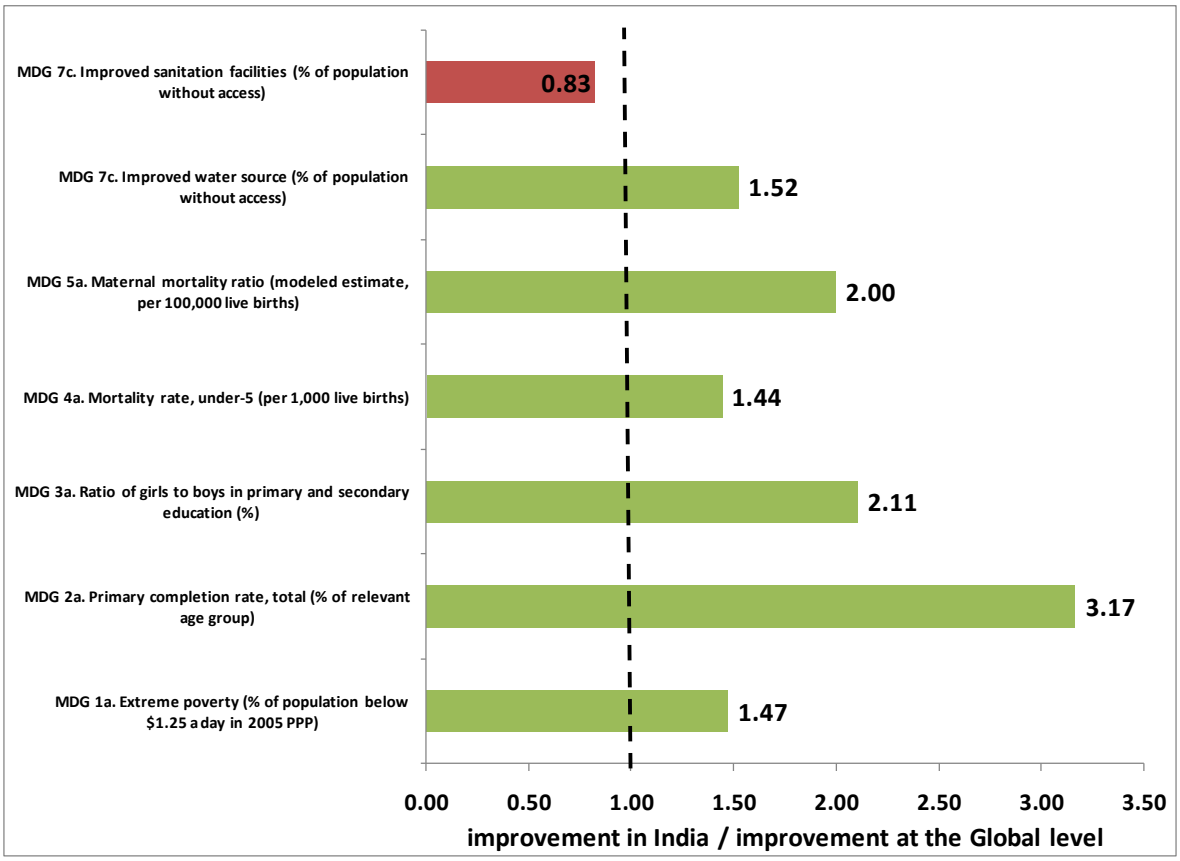

*Note:* a value of 100% means that respective MDG has been reached. Values denote present progress as illustrated by most recent available data: Extreme poverty-Global: 2010, India: 2008; Primary completion rate-Global: 2009, India: 2008; Ratio of girls to boys in primary and secondary-Global: 2009, India: 2007; Mortality rate, under 5-2010, Global: 2010, India: 2009; Maternal mortality ratio-2010; Improved water source-2010; Improved sanitation facilities-Global: 2008, India: 2010.
*Source:* World Bank staff calculations based on data from the World Development Indicators database.

**India's contribution to meeting global MDGs is significant, especially for MDGs that are furthest away from meeting global targets (table 2).** India's contribution to lowering the maternal mortality ratio (MDG5) was 33 percent between 2005-2010 while for the mortality rate of children under five (MDG4) it was 28 percent. For Improved Sanitation (MDG7), not only does India still have a way to go (currently at 62 percent of the target), but progress is much slower as shown by the ratio of India's performance relative to global performance (83 percent). (figure 2) For many other MDGs, India was one of the leaders. For example, India's primary education completion rate improved by more than 3 times with respect to all developing countries between 1990 and 2009. Given India's track record and its continued and focused attention to addressing the MDG challenge, India has the potential to contribute even more to global targets. Without India making further and faster progress in on child and maternal mortality and sanitation, global MDGs are unlikely to be achieved.

**Table 2: India's contribution to improvement in selected MDGs, 2005-2010 (%)**

| | Access to Sanitation | Access to Water | Maternal Mortality | Infant Mortality | Under-5 Mortality |
|---|---|---|---|---|---|
| India | 15% | 46% | 33% | 32% | 28% |
| **South Asia excluding India** | 17% | 7% | 12% | 13% | 10% |
| **East Asia & Pacific** | 52% | 16% | 8% | 18% | 19% |
| **Middle East & North Africa** | 6% | 4% | 2% | 3% | 3% |
| **Latin America & Caribbean** | 2% | 4% | 2% | 7% | 4% |
| **Sub-Saharan Africa** | 12% | 29% | 43% | 25% | 35% |
| **Europe & Central Asia** | -5% | -7% | 0% | 2% | 2% |
| Total Improvement | 100% | 100% | 100% | 100% | 100% |

**Figure 2: Improvement in MDG indicators relative to global performance, 1990-2009**




Note: Chart depicts the ratio of absolute regional improvement to global improvement by MDG. Improvement is measured as the difference between latest available value (see note figure 1) and starting value circa 1990.
*Source*: World Bank staff calculations based on data from the World Development Indicators database.

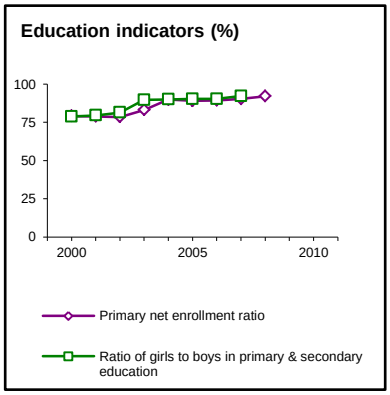
# Millennium Development Goals

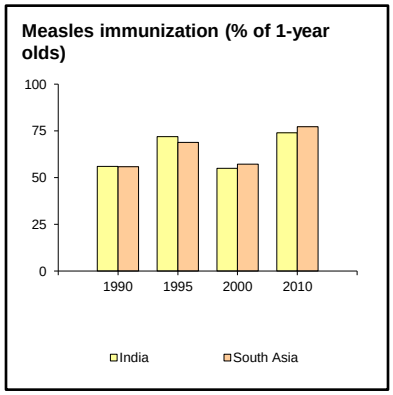
*India*

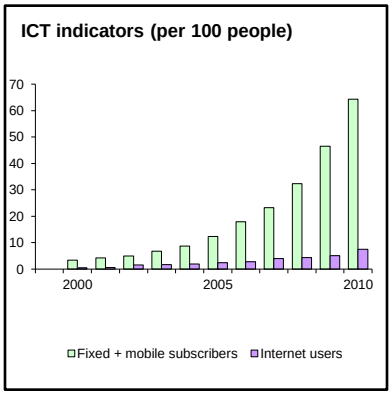
*With selected targets to achieve between 1990 and 2015*

*(estimate closest to date shown, +/- 2 years)*

| | India | | | |
|---|---|---|---|---|
| **Goal 1: halve the rates for extreme poverty and malnutrition** | **1990** | **1995** | **2000** | **2010** |
| Poverty headcount ratio at $1.25 a day (PPP, % of population) | *53.6* | *49.4* | .. | 32.7 |
| Poverty headcount ratio at national poverty line (% of population) | .. | *45.3* | .. | *37.2* |
| Share of income or consumption to the poorest qunitile (%) | *8.8* | *9.1* | .. | *8.6* |
| Prevalence of malnutrition (% of children under 5) | 59.5 | *41.1* | *44.4* | *43.5* |
| **Goal 2: ensure that children are able to complete primary schooling** | | | | |
| Primary school enrollment (net, %) | .. | .. | 79 | *92* |
| Primary completion rate (% of relevant age group) | *64* | 74 | 71 | *96* |
| Secondary school enrollment (gross, %) | *37* | 46 | 45 | *60* |
| Youth literacy rate (% of people ages 15-24) | *62* | .. | *76* | *81* |
| **Goal 3: eliminate gender disparity in education and empower women** | | | | |
| Ratio of girls to boys in primary and secondary education (%) | *68* | 75 | 79 | *92* |
| Women employed in the nonagricultural sector (% of nonagricultural employment) | 13 | 14 | 17 | *18* |
| Proportion of seats held by women in national parliament (%) | 5 | *7* | 9 | 11 |
| **Goal 4: reduce under-5 mortality by two-thirds** | | | | |
| Under-5 mortality rate (per 1,000) | 115 | 100 | 86 | 63 |
| Infant mortality rate (per 1,000 live births) | 81 | 72 | 63 | 48 |
| Measles immunization (proportion of one-year olds immunized, %) | 56 | 72 | 55 | 74 |
| **Goal 5: reduce maternal mortality by three-fourths** | | | | |
| Maternal mortality ratio (modeled estimate, per 100,000 live births) | 570 | 470 | 390 | *230* |
| Births attended by skilled health staff (% of total) | .. | *34* | 43 | *53* |
| Contraceptive prevalence (% of women ages 15-49) | *45* | *41* | 47 | *54* |
| **Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases** | | | | |
| Prevalence of HIV (% of population ages 15-49) | 0.1 | 0.3 | 0.4 | *0.3* |
| Incidence of tuberculosis (per 100,000 people) | 216 | 216 | 216 | 185 |
| Tuberculosis case detection rate (%, all forms) | 80 | 58 | 49 | 59 |
| **Goal 7: halve the proportion of people without sustainable access to basic needs** | | | | |
| Access to an improved water source (% of population) | 69 | 75 | 81 | 92 |
| Access to improved sanitation facilities (% of population) | 18 | 21 | 25 | 34 |
| Forest area (% of total land area) | 21.5 | .. | 22.0 | 23.0 |
| Terrestrial protected areas (% of land area) | 4.7 | 4.9 | 5.0 | 5.0 |
| CO2 emissions (metric tons per capita) | 0.8 | 1.0 | 1.1 | *1.5* |
| GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent) | 3.3 | 3.5 | 3.9 | *5.1* |
| **Goal 8: develop a global partnership for development** | | | | |
| Telephone mainlines (per 100 people) | 0.6 | 1.2 | 3.1 | 2.9 |
| Mobile phone subscribers (per 100 people) | 0.0 | 0.0 | 0.3 | 61.4 |
| Internet users (per 100 people) | 0.0 | 0.0 | 0.5 | 7.5 |
| Computer users (per 100 people) | .. | .. | .. | .. |




Note: Figures in italics are for years other than those specified. .. indicates data are not available. Development Economics, Development Data Group (DECDG).

**Annex 4**

## Poverty in India

India has made significant progress in reducing absolute poverty in the last two decades: it has already achieved MDG1 in halving the proportion of people whose income is less than $1.25 a day, to under 30 percent. The percentage of people living below Government of India's official poverty line has declined from 45 percent in the early 1990s to 30 percent in 2009-10 (table 1).[1] Most notably rural poverty has decreased by 16.3 percentage points. Given that India is predominantly rural, however, a huge concentration of the poor people (four out of every five) still live in rural areas.

The pace of poverty reduction picked up significantly in the latter half of the 2000s, reflecting faster economic growth and greater inclusiveness of growth during this period. The poverty rate declined by 1.5 percentage points a year between 2004-05 and 2009-10, relative to 0.8 percentage points a year in the previous two decades. Shared prosperity – defined as the growth rate of the bottom 40 percent of the population – improved, with the gap between growth rates of the less well-off and average growth narrowing considerably between 2005 and 2010.

However, comparisons with other fast growing countries such as China, Vietnam and Thailand suggest that India is not reaping comparable benefits for its poor from growth. Even with recent improvements, at the $2 a day poverty line, the pace of poverty reduction is still about 2 percentage points per year below what a model based on international cross-country regressions would predict for India.[2]

But poverty remains widespread. With population growth, it has proved difficult to reduce the number of poor at a rapid pace; 400 million people still live in poverty.[3] India and poverty in India remain predominantly rural: nearly four out of every five poor persons live in rural areas. Wide disparity in poverty rates across the states is a key feature of poverty in India. For example, poverty reduction in some of the poorest—and most populous States—has been slow. Each of the seven of the low-income states[4] have poverty rates that are two to three times higher than those of the more advanced States. Accelerating progress in the poorest states is important as they are the states where fertility rates are particularly high. Higher-income States also have pockets of extreme poverty; Karnataka's per capita income, for example, varies nearly five-fold across districts.

**Table 1. All-India Poverty Rates**

| | Rural | Urban | Total |
|---|---|---|---|
| 1993-94 | 50.1 | 31.8 | 45.3 |
| 2004-05 | 41.8 | 25.7 | 37.2 |
| 2009-10 | 33.8 | 20.9 | 29.8 |

*Source*: Government of India, 2012

[1] India revised its poverty line upwards in real terms in 2011 based on recommendations of the Tendulkar Committee. Results reported in this annex are based on the revised official poverty lines, or based on the World Bank's international ($1.25 per day and $2 per day) lines.

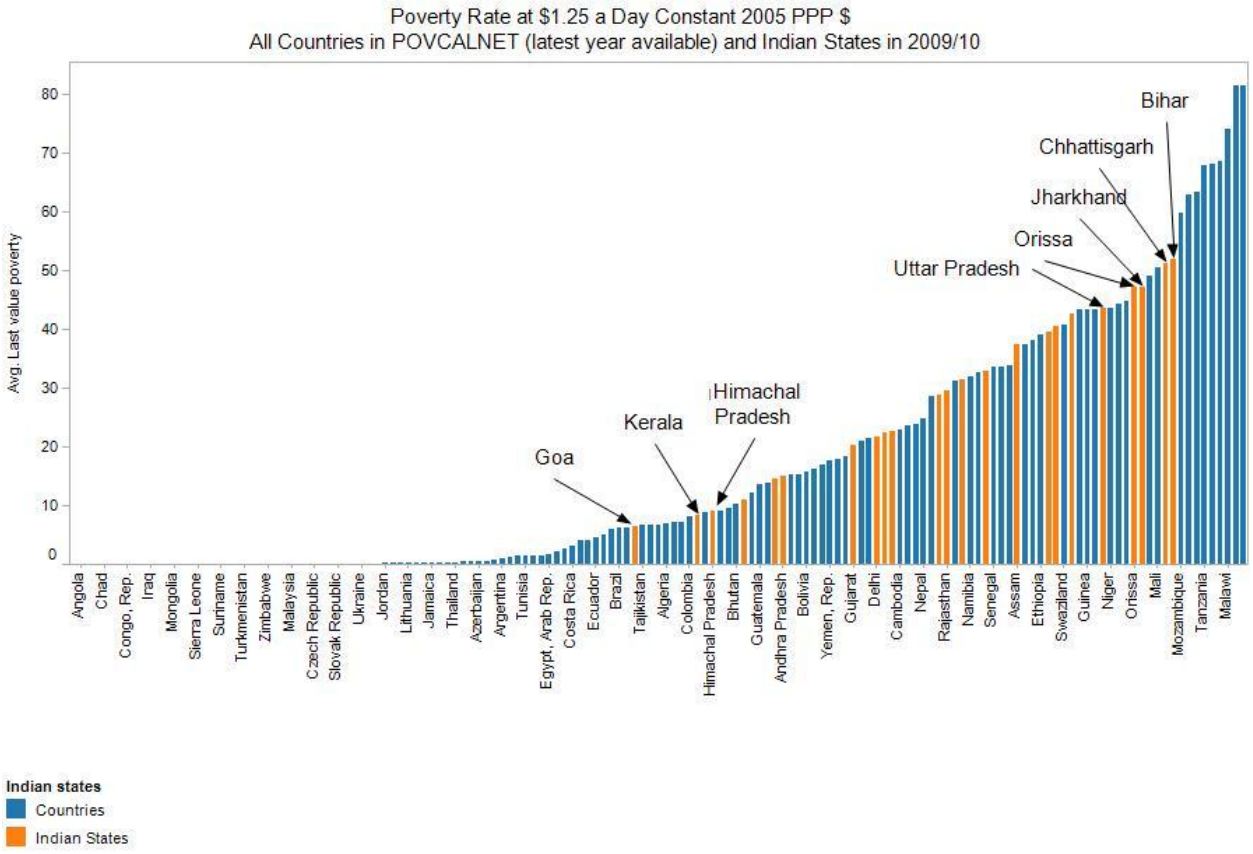
[2] A large and (until recently) growing gap between mean consumption per person from the National Sample Surveys (NSS) and the private consumption component of the National Accounts Statistics (NAS) confound efforts to provide a definitive assessment of the responsiveness of poverty reduction to growth in India.

[3] World Bank estimate of people living on US$1.25 or less per day.

[4] Rajasthan, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, and Uttar Pradesh.

Given such intra-India disparities, an obvious but important fact is that where people live is important: location-specific features are important parts of the overall experience of poverty. States matter. India's states are so different in their poverty levels that they range from the best in the developing world to the worst. As shown in figure 1, India's poorest states have poverty rates that are at the high end of the distribution of all countries, while the poverty rates of Goa and Himachal Pradesh are considerably better – towards the low end of the distribution. When urban and rural rates are analyzed, the contrast between the low and high poverty areas is even more striking.

**Figure 1: Poverty rates in Indian States span a wide range of the distribution across all countries**




India's high growth in the last decade has not benefited everyone uniformly. India's consumption inequality as measured by the Gini coefficient is 0.37. Inequality is on the rise, with widening disparities between urban and rural areas. Further, income inequality does not reflect the depth and range of social inequities. Structural inequalities by gender, caste, and tribe persist, and indicators of poverty and human development for these groups lag behind those of the general population. Poverty rates are especially high among Scheduled Tribes (46.1 percent), and Scheduled Castes (40.8 percent) in 2009-10. Female disadvantage in India continues, despite high rates of growth, and women die both in infancy and in motherhood, with poorer outcomes for women from scheduled castes and tribes. Economic and social outcomes for women are underpinned by low levels of security within and outside their home. Caste remains a potent indicator of labor market outcomes and social status, but positive signs of dynamism are also appearing within the caste hierarchy. Indicators that India's educational expansion is leaving scheduled tribes behind, especially at the secondary school and higher levels, are worrying. Scheduled

tribes have shown the least improvement in intergenerational mobility in education and also display the worst indicators of child nutrition and mortality.

Lifting people out of poverty is not enough. Even above the threshold for the World Bank Group's indicator of shared prosperity (defined as consumption growth of the bottom 40 percent of the population), a large number of people have consumption levels that are precariously close to the poverty line. These "vulnerable" people live between one and two official poverty lines.[5] In 2009-10, half of India's people (51 percent) lived on consumption levels in this vulnerability band. Minor shocks—illness, poor weather and poor crop yields, indebtedness, high inflation—can easily push them below the poverty line. Although the number of poor has been declining, the number of vulnerable people has steadily risen to 600 million people. The end goal is to reduce extreme poverty and reduce vulnerability: the number of people that are not poor, socially included and reasonably secure.

[5] The official poverty line for India is set at the equivalent of US$1.17 per person per day in PPP terms. For the purposes of the India CPS, the vulnerable are defined as those living between one and two poverty lines. This choice is based on two independent but coincident local criteria. The National Commission for Enterprises in the Unorganized Sector classifies all population groups in five categories, and those between one and two poverty lines are considered "vulnerable". The threshold to pay personal income tax is such that a family of five, with one taxpayer, would also be close to two poverty lines.

**Annex 5**

**IFC Indicative Non-Lending Activites**

| Business Line | No of projects | Funds Managed by IFC ($ mn) |
|---|---|---|
| Access to Finance | 31 | 21 |
| Sustainable Business Advisory | 12 | 16 |
| Investment Climate | 3 | 6 |
| Public Private Partnerships* | 17 | 8 |
| **Total Non Lending Activities** | **63** | **52** |

| Project Name | Project Description | Expected End Date |
|---|---|---|
| | **Access to Finance** | |
| Microfinance Knowledge Management | Project focusing on: (i) LIS focus to expand access to finance; (ii) Microfinance (MF) product diversification beyond microdebt; (iii) e-payments linked to bank and MFI accounts; (iv) sustainable energy finance linked to MF; (v) micro insurance | FY13 |
| E-Banking South Asia Link to Global Initiatives | Working towards improving access to banking services for low-income households by using innovative business models for payments services | FY13 |
| Belstar Investment and Finance Private Limited | Phase I: Working to determine how Hand-in-Hand (HiH), an NGO working with SHGs in S.India, can successfully promote a commercially run microfinance institution.<br>Phase II: Provide assistance to Belstar to strengthen operations and monitoring systems | FY13 |
| Intellecash Micro Finance | Support start-up MFIs to establish and grow their operations in underserved areas and LIS through the Intellecash Network Program franchising model. | FY13 |
| Capacity Building of Utkarsh | To support Utkarsh to develop and grow its operations through improved product diversification, development of sound internal systems and processes, and the introduction of a Social Performance Management System | FY13 |
| India SME Banking Knowledge Management | To design an SME Banking program through gathering of market information, holding discussions with internal and external stakeholders, and conducting studies and workshops | FY13 |
| Microfinance Risk Management India | To contribute to strengthening risk management systems and practices in the MF sector in India by providing a framework for risk assessment | FY14 |
| Technical Assistance to FINO Phase II | To enhance the access to financial services of low income population through technology platform, by supporting FINO to scale up and become sustainable. | FY14 |
| Sustainable Energy Finance - Micro Energy Credits | To provide technical assistance to Regional Rural Banks for developing a clean energy lending portfolio and serve the demonstration effect of successful clean energy interventions for low income population. | FY14 |
| Capacity Building of Ananya | To support Ananya to expand outreach, build capacity and diversify the product base offered to lower income population | FY14 |

| | | |
|---|---|---|
| Microfinance Credit Reporting Phase II | To take forward and build upon the achievements of Phase I by including outreach to MFIs currently not members of CIB and enabling them to integrate with CIBs. The project design also incorporates awareness raising of end borrowers as well as a study of the impact of credit bureaus on MFI borrowers' behaviour and dissemination of results. | FY14 |
| Sustainable Energy Finance - Dia Vikas | To build the capacity of MFIs to undertake sustainable finance in a way that helps them manage their own risks and contribute to climate mitigation. | FY14 |
| Sustainable Finance - Maanaveeya | | FY15 |
| Responsible Finance Sectoral | To contribute to strengthening of the MF sector in India by promoting initiatives aimed at bringing greater customer centricity to the sector, and raising awareness among decision makers to better address the issues facing the sector. | FY15 |
| SEWA Livelihood Finance | To assist SEWA in launching a Livelihood Finance Business by evaluating the feasibility, preparing the business plan and providing handholding support. | FY15 |
| Technical Assistance to Swadhaar | To enhance access to finance for the urban population by supporting SFPL through TA jointly with Accion International. | FY15 |
| Axis Bank Alternative Delivery Channels | To enhance the access to financial services for low income population in India (such as migrants), using alternative delivery channels. The project will use remittance as an entry product to increase access to other banking services using this channel. It will support Axis Bank to pilot a new agent banking channel to prove the commercial viability of this model and help them scale it up. | FY15 |
| Aadhar Responsible Finance | To support the partner organisation in launching new housing finance products, capacity building and development of sound internal systems and processes and introduction of a Responsible Finance framework. | FY15 |
| Equitas Housing Microfinance | | FY15 |
| Janalakshmi Financial Services | | FY15 |
| Health Payment | To launch an automated G2P payment system in Bihar, linking payments made to health workers and program participants to bank accounts | FY15 |
| The Andhra Pradesh State Coooperative Bank | To assist AP Coop Bank to reach an expanded customer base of farmers, to build an expanded product base of both credit and non-credit offerings, to improve its overall systems and to engage in responsible finance practices | FY15 |
| Ujjivan Microfinance | To support Ujjivan in launching new products and scale-up of operations, reducing operating costs through process improvements and incorporating Responsible Finance principles in operations. | FY15 |
| Equitas Microfinance | To support Equitas in scaling up its operations in under-banked areas and LIS, and incorporating Responsible Finance principles in their operations. | FY15 |
| MicroInsurance - VimoSEWA | To develop a new microinsurance product for Self Help Groups (SHGs) to be piloted among selected financial institutions. | FY15 |
| Responsible Finance Accion | To assist the MF sector in India to refocus on a client- centric approach by organizing responsible finance programs at client, institutional, and sectoral levels leveraging on existing industry, lender and investor, and | FY16 |
| Sustainable Energy Finance - Grassroots Trading Network | To build capacity of GTN to undertake sustainable finance in a way that helps it to manage risk and contribute to climate change mitigation. | FY16 |

| | | |
|---|---|---|
| Housing Regional | To conduct market assesment, develop tools for capacity building, raise stakeholder awareness and pilot innovative business models in the mortgage and housing markets across SA | FY16 |
| Grameen Koota Housing Microfinance | To assist Grameen Koota in introduction of new products, capacity building to scale up and development of Responsible Finance Management Framework. | FY16 |
| Technical Assistance to Collateral Registry in India | To increase access to credit for MSMEs in India by providing support to CERSAI in developing a sustainable business model and expanding its remit to include movables. | FY15 |
| Arohan Pensions | To support Arohan, an MFI working in West Bengal, Bihar and Assam to offer pension product to the low income segments by leveraging their brand and branch network. | FY16 |
| **Investment Climate** | | |
| India Rajasthan Investment Climate Reform | To assist the Government of Rajasthan (GoR) in increasing the level of private investments in the State through (i) proactive investor targetting and investment generation, including increased investments by IFC; and (ii) improving its business environment with a focus on easing the the regulatory and non-regulatory constraints | FY13 |
| Bihar Tax Simplification Program | To increase regulatory compliance by reducing compliance costs and increased formalization of businesses in Bihar. | FY13 |
| Buddhist Circuit Tourism: Facilitating Growth Corridors in UP and Bihar | A two-phase project that aims to facilitate the upgrading of tourism services in the Buddhist Circuit | FY15 |
| **Sustainable Business Advisory** | | |
| Green Power for Telecom | To facilitate two mobile operators / telecom tower companies / energy service providers to implement two viable business models (pilot projects) using RE / hybrid to reduce GHG emissions and increase RE. | FY13 |
| CTI TurboTech | To catalyze growth in TurboTech by increasing the Company's manufacturing capabilities and address the market barrier of access to financing for early-stage cleantech companies. | FY13 |
| Agribusiness - APPL | To scale-up dairy and aquaculture in APPL's tea estates and its surrounding areas and to strengthen the supply chain and market linkage for dairy, aquaculture and other agro-produce. | FY13 |
| 2011 India Development Marketplace | To monitor and document the evolution of the 13 winning social entrepreneur and to oversee the management of a grant pool and award a portion to each of the 13 social enterprises that want to scale or replicate their inclusive business models in the states of Bihar, Orissa, and Rajasthan | FY13 |
| Tata Water Sustainability Program | To support 11 Tata facilities in developing a set of detailed water response strategies and build awareness within the broader community for water sustainability and water footprinting | FY14 |
| Cleaner Production Technical Advisory Services | To support CP assessments with IFC pipeline and portfolio clients and specifically target large energy intensive companies, to reduce manufacturing costs and potentially lead to additional CP related investments. | FY14 |
| SME Management Solutions India | To scale up the Business Edge model in India by customizing for the local market and building capacity of local service providers to deliver Business Edge | FY14 |
| India Farm Forestry Advisory Program Phase II | To increase tangible benefits from sustainable forestry and productive land use to rural landowners | FY14 |

| | | |
|---|---|---|
| Lighting India | To focus on addressing systemic market failures in the off-grid renewable energy market in India by working at the company/sector level with the objective to provide renewable energy lighting access. LI will seek to replicate the Lighting Africa program. | FY15 |
| South Asia Farmer Training/GAP | To facilitate development/application of farmer training tools and techniques and uptake of improved good agricultural practices (GAP) | FY15 |
| India Sugar Advisory | To design, implement and scale-up pilot projects (which can be taken to scale) with leading sugar mills in India. These pilot projects will focus on sustainable sugarcane and work predominantly with small and marginal landholders | FY15 |
| India E-Waste Advisory | To demonstrate a sustainable business model of integrating and formalizing the informal sector players in the E-waste supply chain of Attero. | FY16 |
| **PPP** | | |
| Gujarat University PPP | The PPP business line provides assistance to governments in structuring and implementing public-private partnerships (PPPs) to improve infrastructure and public services, with the benefit of private-sector expertise, management, and finance. We are currently advising various state government on the following projects across sectors: | FY13 |
| Universal Health Insurance, Meghalaya Project 1 | | FY13 |
| Shillong Medical College & Teaching Hospital PPP | | FY13 |
| Kerala Port, Vizhinjam | | FY13 |
| Chennai Metro | | FY13 |
| Vadodra Rooftop Solar | | FY13 |
| Orissa SWM PPP - Berhampur | | FY13 |
| Surat Rooftop Solar | | FY13 |
| Rajkot Rooftop Solar | | FY13 |
| Mehsana Rooftop Solar | | FY13 |
| Bhavnagar Rooftop Solar | | FY13 |
| FCI Silos | | FY14 |
| Jharkhand Diagnostics | | FY14 |
| Rajasthan Public Street Lighting | | FY14 |
| Bhubaneswar Public Street Lighting | | FY14 |

* For PPP, currently 15 projects but two of the projects (Jharkhand diagnostics and FCI Silos) are split into two projects each making the total project count as 17.

**Annex 6**

**Overview of Main Trust Funds Activities**

Trust Funds are a diverse instrument used mainly for two purposes: (a) to implement global conventions and support global partnerships/global public goods, and (b) to support activities in country programs that implement country, regional, and sector priorities.

***Global Partnership Trust Funds:*** Trust Funds in support of global partnerships/public goods with significant activities in India are mostly focused on the environment, and include the following programs:[1]

- The Ozone Trust Fund, which assists countries in phasing out Ozone Depleting Substances as agreed under the Montreal Protocol for the Protection of the Ozone Layer, with funding from the Multilateral Fund of the Montreal Protocol;
- The Global Environmental Facility, which provides funding for projects that improve the global environment;
- The Carbon Finance Program, which uses money contributed by governments and companies in OECD countries to purchase project-based greenhouse gas emission reductions in developing countries, within the framework of the Kyoto Protocol's Clean Development Mechanism (CDM);
- IDA grants, which help low-income countries to restore or maintain their external debt sustainability; while India is not eligible for IDA grants, one such grant was approved in the aftermath of the Indian Ocean Tsunami.

These Trust Funds often complement IBRD/IDA project funding and are normally executed by recipient agencies.[2] Disbursements over the last CAS period were $41.7 million (equivalent to 0.4 percent of IBRD/IDA disbursements over the period) (see table 1).

**Table 1: Global Partnership Trust Funds in India, FY2009-12**

| **Trust Fund** | **Disbursements** (US$, mn)* |
|---|---|
| Ozone Trust Fund | 22,425,798 |
| Global Environmental Facility | 13,632,004 |
| Carbon Finance | 3,327,801 |
| IDA Grant--Tsunami | 2,300,000 |
| ***Total*** | **41,685,604** |

* FY12 data up to April 2012.

In some respects the use of funds from global programs in India is different than that in other countries. For example, the Ozone Depletion Program is larger in East Asian countries, and Carbon Finance is significantly larger in China.[3]

[1] This note covers only trust funds administered by the World Bank. The World Bank also operates as the Trustee for other global institutions such as the Global Fund for AIDS, Tuberculosis, and Malaria (GFATM), but these are not covered here, although the GFATM has disbursed $788 million in India since its inception in 2003.

[2] Both Ozone and Carbon Finance projects are often free-standing—not linked to a World Bank-supported project.

Looking forward, while some programs such as Ozone are phasing out, others are expected to play an increasingly important role. Most notably, the Clean Technology Fund (CTF) Trust Fund Committee agreed in May 2012 to provide an initial allocation of around $263 million to India to fund its Climate Investment Plan. Lending constraints in the next four years call for the leveraging of significantly higher amounts of trust resources, including through global partnerships. Phase II of the Himachal Pradesh Green Growth Development Policy Loan is expected to be financed by the CTF.

***Country, Region, and Sector Trust Funds:*** Trust funds also support activities in country programs that help implement country, regional, and sector priorities. During FY2009-12, 51 such TF programs[4] were active in India, of which the 15 largest accounted for more than 80 percent of total disbursements ($44.8 million) (see table 2). In all 394 activities were funded in India, with an average disbursed amount of about $100,000. More than two-thirds ($32.6 million out of $44.8 million) of the activities were World Bank executed. The remainder ($12.2 million) was recipient-executed.

**Table 2: Country, region, sector Trust Funds, FY2009-12**

| Program | Name | Total | Cum share (%) | No. Activities | Ave. size |
|---|---|---|---|---|---|
| DFIDIN | DFID India III | 7,326,037 | 16 | 33 | 222,001 |
| INFGRW | AusAid Infra | 4,578,265 | 27 | 29 | 157,871 |
| PHRD | PHRD | 3,195,235 | 34 | 20 | 159,762 |
| PPIAF | PPIAF | 3,152,994 | 41 | 30 | 105,100 |
| SPTF | DFID TF II | 2,867,551 | 47 | 37 | 77,501 |
| JSDF | JSDF | 2,549,884 | 53 | 8 | 318,736 |
| ESMAP | ESMAP | 2,254,167 | 58 | 13 | 173,398 |
| TFESSD | TFESSD | 2,055,138 | 62 | 19 | 108,165 |
| FTIE | Education for All | 1,802,713 | 66 | 8 | 225,339 |
| CITIES | Cities Alliance | 1,419,605 | 70 | 13 | 109,200 |
| GPOBA | GPOBA | 1,411,650 | 73 | 7 | 201,664 |
| FS-SP | Swedish Social Development | 1,326,520 | 76 | 10 | 132,652 |
| SA-DSD | South Asia Decentralization | 1,063,634 | 78 | 24 | 44,318 |
| GFDRR | GFDRR | 1,021,023 | 80 | 9 | 113,447 |
| BNPPRF | BNPPRF | 1,019,145 | 83 | 16 | 63,697 |
| OTHER | Other TFs | 7,832,515 | 100 | 118 | 66,377 |
| | **Total** | **44,876,076** | | **394** | |

Some trust funds are only or primarily recipient-executed (Policy and Human Resource Development (PHRD), Japan Social Development Fund (JSDF), Cities Alliance, the Development Marketplace, Institutional Development Fund (IDF), Consultative Group to Assist the Poorest (CGAP), the Statistical Capacity Building Trust Fund, and Independent Evaluation Group's CLEAR initiative). In cases, where World Bank-executed funds are provided alongside recipient-executed funds, the former supports supervision and implementation activities of recipient agencies. Certain trust fund programs can be executed by the Bank or by the Recipient depending on the objective of the activity. This is the case for (DFID, Output-Based Partnership, Public Private Infrastructure Advisory Facility (PPIAF), Global Facility for Disaster Reduction and Recovery (GFDRR), and South Asia Food and Nutrition Security

[3] For example, over FY2010 to the first half of FY2012, the Carbon Fund disbursed $408 million, GEF $96 million, and Ozone $28 million in China.

[4] All programs excluding the Water and Sanitation Program and global programs such as Ozone Trust Fund, GEFIA, Carbon Finance Program, CDCFTA, and TRF

Initiative (SAFANSI) (see table 4). All Recipient-executed trust funds require approval by the Government of India.

**Table 3: Trust Funds with recipient-executed activities, FY2009-12 (US$)**

| Trust Fund | Recipient-executed Disbursement | Bank-executed Disbursement | Total Disbursement | Share RE/Total Disbursement (%) | Type |
|---|---|---|---|---|---|
| PHRD | 2,927,082 | 268,153 | 3,195,234 | 92 | Mostly RE |
| JSDF | 2,403,691 | 146,192 | 2,549,884 | 94 | Mostly RE |
| Cities Alliance | 1,202,933 | 216,672 | 1,419,605 | 85 | Mostly RE |
| DFID TF II | 1,188,859 | 1,678,691 | 2,867,551 | 41 | Both |
| DFID TF III | 1,043,294 | 6,282,743 | 7,326,037 | 14 | Both |
| GPOBA | 977,663 | 433,987 | 1,411,650 | 69 | Both |
| Dev. Marketplace | 586,491 | 0 | 586,491 | 100 | Only RE |
| IDF | 463,561 | 0 | 463,561 | 100 | Only RE |
| CGAP-T | 333,639 | 44,840 | 378,479 | 88 | Mostly RE |
| PPIAF | 317,078 | 2,835,916 | 3,152,994 | 10 | Both |
| StatCap | 307,313 | 0 | 307,313 | 100 | Only RE |
| GFDRR | 234,610 | 786,413 | 1,021,023 | 23 | Both |
| SAFANSI | 200,000 | 23,636 | 223,636 | 89 | Both |
| IEG's CLEAR Init. | 54,304 | 0 | 54,304 | 100 | Only RE |

All other trust fund programs are only World Bank-executed (see table 4 for the 11 largest). These trust funds are linked to activities in the India program, which have been requested by the Government of India (as are projects under preparation or implementation and knowledge activities), and are in line with the country strategy, South Asia Regional (SAR) Strategy, and sectoral priorities that are endorsed by the Board of Executive Directors. For example, the SAR strategy stresses the importance of reducing malnutrition in the region; accordingly, a large the South Asia Food and Nutrition Security Initiative or SAFANSI trust fund has been mobilized with contributions from DFID and other donors to support initiatives to reduce malnutrition.

**Table 4: World Bank-executed (BE) trust funds cumulative disbursements above $500,000, FY2009-12**

| Program | Name | BE Disbursements |
|---|---|---|
| INFGRW | AusAid Infrastructure | 4,578,265 |
| ESMAP | ESMAP | 2,254,167 |
| TFESSD | TFESSD | 2,055,138 |
| FTIE | Education for All | 1,802,713 |
| FS-SP | Swedish Social Development | 1,326,520 |
| SA-DSD | South Asia Decentralization | 1,063,634 |
| BNPPRF | BNPPRF | 1,019,145 |
| WPP | Water Partnership Program | 756,951 |
| SIEF | Spanish IE TF | 753,097 |
| SAWI | SAWI | 584,387 |
| GENTF | Gender TF | 520,827 |

Another way to look at trust fund programs is by the level at which they are managed: country, region (South Asia), sectoral anchors or global. Trust funds managed at the level of the country program (the second and third DFID Trust Funds, for example) disbursed about a fourth of the total; regionally-managed trust funds, another fourth ; and sector/global ones accounted for the remainder.[5]

**Table 5: Trust Funds by Level of Management, FY2009-12 (US$)**

| Level of management | Disbursement | Disbursement Share (%) |
|---|---|---|
| Country | 10,193,588 | 23 |
| Region | 10,345,827 | 23 |
| Sector or global | 24,390,127 | 54 |
| Total | 44,876,076 | 100 |

Over time, the World Bank, donors, and recipients have striven to manage trust funds in a more strategic and less fragmented way, with the 2009 Trust Fund Reform representing an important step forward in this direction. For the trust funds managed by the India program, the DFID-World Bank Partnership Trust Funds for India II and III, a tripartite structure in which the Government of India (Department of Economic Affairs), DFID, and the World Bank jointly endorse activities has been put in place to ensure greater client ownership. For trust funds managed at the regional or sectoral level, government approval is needed for all recipient-executed activities, in line with Government of India procedures.

***Other Trust Funds:*** In addition to the two categories of TFs discussed so far, both the Water and Sanitation Program (WSP) and IFC manage large trust fund resources. WSP-managed trust funds disbursed $12.3 million and IFC-managed trust funds disbursed $31.8 million over FY2009-12. IFC mobilized significant amounts of trust fund resources for its advisory services, from less than $1 million in FY2008 to $9.5 million in FY2011.

***The Government of India as a Trust Fund Donor:*** An important development over the past CAS period has been India's increasing role as a donor in various trust funds. India is now a member of ten trust funds and contributes to six of them (the Afghanistan Reconstruction Trust Fund, Africa Cooperation Building, Avian and Human Influenza, GEF, GFATM, South-South Experience Exchange Facility (SSEEF), Cultural Heritage) and the Government of India envisages contributing to a few additional ones. India is a contributor and provider of experience to the SEETF, and SEETF resources will continue to be mobilized to foster experience sharing regionally and beyond on various development issues including decentralization and delivery of public services.

***Government of India's Concerns on Trust Funds:*** The Government of India has taken a strategic stance on trust funds as a whole and expressed a major concern about the overall increase of trust fund funding in World Bank Group activities, stating that trust fund donors' contributions do not have any leveraging impact financially, contrary to what would happen if the same funds were provided as IBRD or IFC capital increase.

[5] Excluding WSP $12,300,658 and Global Partnerships (OTF, GEFIA, Carbon, CDCFTA, and TRF)

Annex 7

# INDIA

## COUNTRY FINANCING PARAMETERS

Date: March 24, 2005

The country financing parameters for India set out below have been approved by the Regional Vice President, South Asia Region and are being posted on the Bank's internal website. These parameters would be applied within the overall framework of the Bank's Country Assistance Strategy for FY05-08 (see *India: Country Assistance Strategy*, R2004-0170/3, IDA/R-2004-0208/3, September 17, 2004).

| Item | Parameter | Remarks/Explanation |
|---|---|---|
| ***Cost sharing.*** Limit on the proportion of individual project costs that the Bank may finance | Up to 100% | Cost sharing arrangements in individual projects would be managed to stay within the aggregate lending envelope; the Bank's overall financing share is not expected to change significantly. The Bank's financing percentage in each project may vary from project to project, depending upon project type, sector etc. Some level of counterpart financing however is expected to continue in many projects. The Bank may selectively finance 100% of project costs e.g., social sector projects and projects in poor and remote areas. In individual projects, cost sharing arrangements would take into consideration the characteristics of the project and sector-specific aspects (e.g., based on the CAS 'guidelines for Bank lending in key sectors') In national-level projects, where the Bank's envisages cofinancing with other development partners under common arrangements, including sector-wide approaches, the Bank's financing share is expected to be relatively low. |
| ***Recurrent cost financing***. Any limits that would apply to the overall amount of recurrent expenditures that the Bank may finance | No country level limit on recurrent cost financing. | In determining Bank financing of recurrent costs in individual projects the Bank will take into account sustainability issues at the sector and project levels including sustainability of the project / program achievements/outcomes, and implied future budgetary outlays. Sector-specific considerations (e.g., based on the CAS 'guidelines for Bank lending in key sectors') would also be taken into account. |
| ***Local cost financing.*** Are the requirements for Bank financing of local expenditures met, namely that: (i) financing requirements for the country's development program would exceed the public sector's own resources (e.g., from taxation and other revenues) and expected domestic borrowing; and (ii) the financing of foreign expenditures alone would not enable the Bank to assist in the financing of individual projects | Yes. | India meets the criteria for Bank's financing of local costs. Therefore, the Bank may finance local and foreign costs in any proportion as needed in individual projects. |
| ***Taxes and duties.*** Are there any taxes and duties that the Bank would not finance? | No. | Current levels of taxes and duties are reasonable. At the project level , the Bank would consider whether taxes and duties constitute an excessively high share of project costs |

Annex 8

**Government of India Project Screening Criteria**[1]

In 2011, the Department of Economic Affairs, as the nodal agency for posing projects to the World Bank, Asian Development Bank (ADB), and International Fund for Agricultural Development, has decided to institute a new set of screening principles to govern the selection of projects to be posed to these agencies. The goal of instituting this screening criteria is to maximize access and leverage of Multilateral Financial Institution/Multilateral Development Banks' (MDBs) knowledge base, international experience and familiarity with best practices, making the best use of limited external resources available. This selection criteria will form the main approach for accessing assistance from the World Bank, ADB and the IFAD.

Central to this new approach are two principles: 1) size of external assistance will be up-to a maximum of US$500 million from MDBs for any project inclusive of any technical assistance for project preparation and 2). Overall portfolio will be progressively re-balanced towards State Projects and amongst the States towards the lagging and the special category States.

**Systemic or transformational impact**

1. Does the proposal have elements of sustainable systems re-engineering and or sustainable process re-engineering which would lead to improved systems, business processes or delivery mechanisms?
2. Does the proposal involve capacity and institution building that can foster better outcomes on a long-term sustainable basis?
3. Does the proposal have focus on service delivery/improvement (rather than only asset creation) in a sustainable manner - which otherwise has not been the norm in the projects implemented in the sector – e.g. focus on levels of reduction of water loss, focus on number of hours power/water is available per day, reduction in waterborne disease?
4. Does the proposal bring together otherwise disparate attempts/ schemes to one synergetic platform which has not been possible hitherto (e.g. nutrition, gender issues, livelihoods)?
5. Does the proposal seek to create additional choice for the citizens to access required service/entitlements?
6. Does the proposal involve energy efficiency and environmental benefits without making the project/ outcomes expensive?
7. Are knowledge transfer, technology transfer and best practices transfer from international experience envisaged with adequate Jong term engagement for ensuring sustainability in Indian context?
8. Does the proposal have institutional improvement measures: e.g. (a) Accounting Reforms (moving from single entry cash based accounting system to double entry accrual system of accounting (b) Ring fencing of finances/activities including corporatisation wherever needed c) creation and implementation of appropriate revenue models e.g. tariff reforms or alternative revenue structuring.
9. Does the proposal address issues of real sector reforms e.g. Development of sectoral policies, development of institutional structures, setting up of regulatory framework/ regulators?

[1] Based on Government of India circular (F.No. 3/2/2010-FB.II), issued on September 1, 2011, outlining a country-led screening criteria for projects posed to the World Bank, ADB and IFAD.

10. Does the proposal have elements that are transformational in nature – which if implemented could transform the way systems function or the way delivery of services are done?

**Innovations and piloting of new approaches**

1. Does the proposal have innovative elements and new approaches that have not been tried in the sector and have reasonable chance of changing for the better the way things are done in the sector and have some chance of scalable replication?
2. Does the proposal look at financial sustainability and O&M related issues which otherwise has not been the norm in the sector?

**Innovations in financing and leveraging**

1. Does the proposal use different/ innovative financing products /modalities?
2. Does the proposal involve co-financing from other financing agencies?
3. Does the proposal catalyze private sector financing in different ways and especially to create leverage?
4. Does the proposal involve CDM and accrual of carbon credits as natural by-product of core development projects which can be a way of financing the project?

## Annex 9

## Consultations Held to Inform the Preparation of the CPS

## World Bank FY2011 Client Survey for India

*Background*. In order to develop more effective strategies for its work in the country, the World Bank in India conducted a stakeholder perception survey in May–June 2012 to gauge how its work was perceived. The survey covered a wide range of questions about India's development priorities, perceptions about the Bank in India, the Bank's perceived strengths and weaknesses, the relevance and quality of its research and knowledge, the ease of access and usefulness of its information, and its future role in the country.

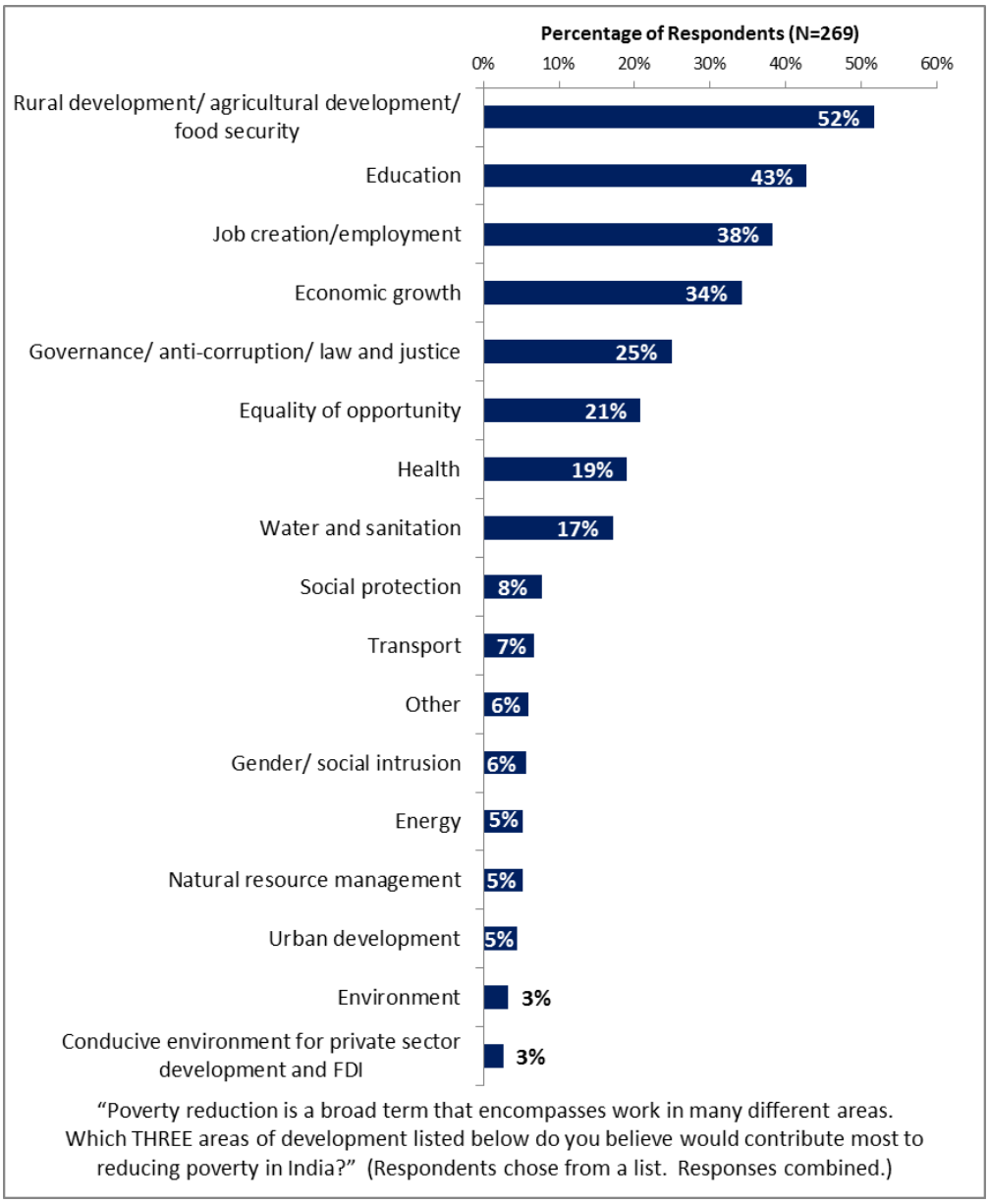
*Process*. The survey was conducted by the market research firm AC Nielson through mailed and online questionnaires, as well as face-to-face interviews. It covered a fair mix of think tanks, central and state government bodies, development agencies, civil society, media, the private sector, and project beneficiaries. About half of the respondents worked professionally with the World Bank. The survey covered the states of Andhra Pradesh, Assam, Bihar, and Himachal Pradesh, as well as the cities of Delhi and Mumbai.

*Results*. Most stakeholders expressed confidence about the World Bank Group's effectiveness and felt the institution had the financing, knowledge, and skills to help India solve complex development challenges. Better development results could be achieved if the WBG increased its collaboration with local governments, academia, think tanks, and research institutes in India. Going forward, respondents felt the World Bank had a significant role to play in the country; that value would be greater, however, if its experts improved their knowledge of India's specific challenges, reduced the complexity of obtaining financing, and offered more innovative knowledge products.

*Areas of focus*. Stakeholders were of the opinion that rural development, agricultural development, and food security were the most important areas for reducing poverty (tables A9.1 and A9.2). Education, job creation, and economic growth were also believed to be critically important. Rural development, governance, and energy were seen to be the key drivers of economic growth, and stakeholders wanted the WBG to remain engaged in these areas. On the global development agenda, respondents wanted the WBG to engage on issues related to climate change, communicable diseases, international financial systems, and trade. Areas for future research included rural and agricultural development, food security, education, poverty reduction, governance and water and sanitation.

*Value to clients.* Financing, particularly investment lending, was considered the Bank's most effective instrument in support of the development agenda (table A9.3). This was followed by the Bank's technical assistance and advice and its ability to strengthen institutions. Bank research was perceived to be relevant and accessible. However, there were some concerns about the extent of the Bank's inclusiveness and openness, the accessibility of its staff, and its linkages to non-Bank expertise (table A9.3). Selective concerns were expressed about the Bank's effectiveness in governance, job creation, and natural resource management.

**Table A9.1. What would contribute most to reducing poverty?**




"Poverty reduction is a broad term that encompasses work in many different areas. Which THREE areas of development listed below do you believe would contribute most to reducing poverty in India?" (Respondents chose from a list. Responses combined.)

**Table A9.2. Where should the World Bank focus its resources?**

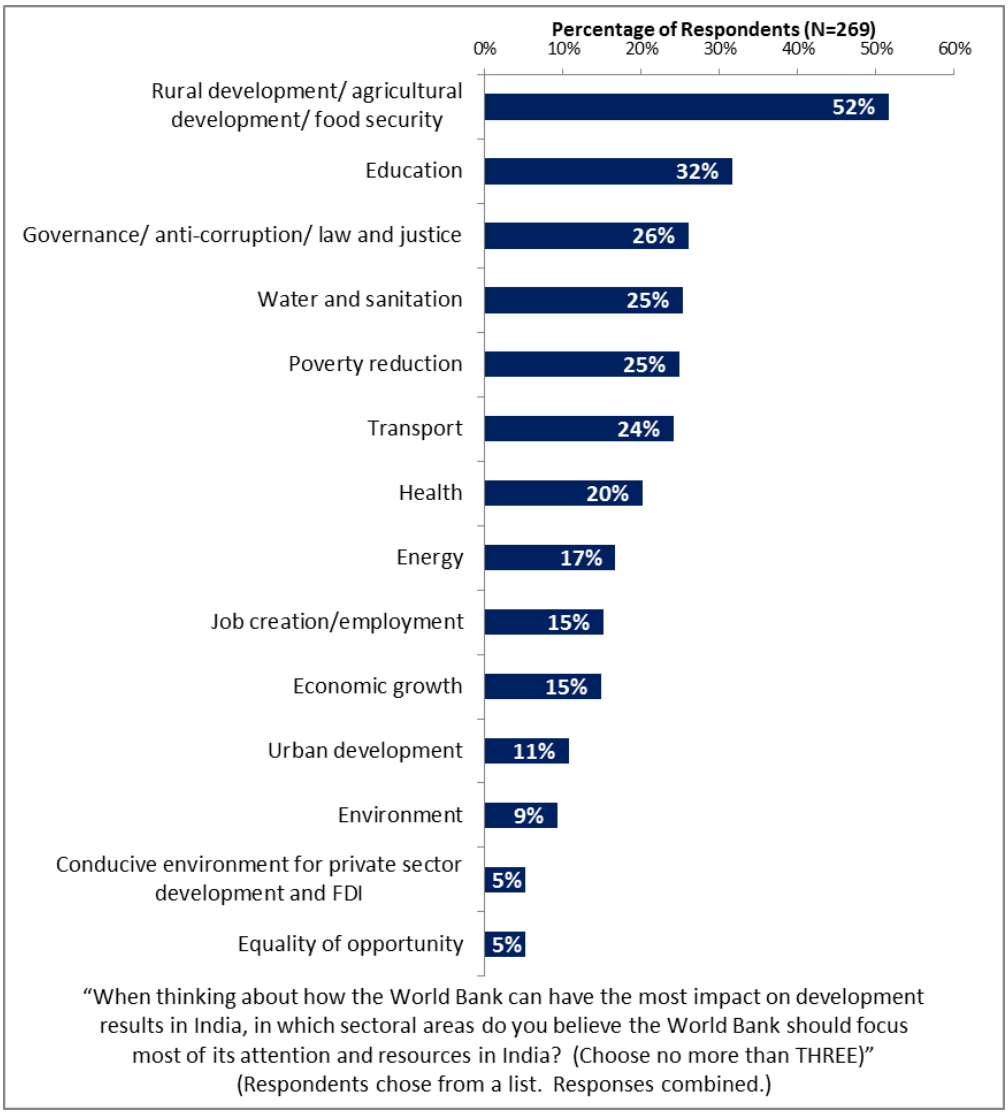
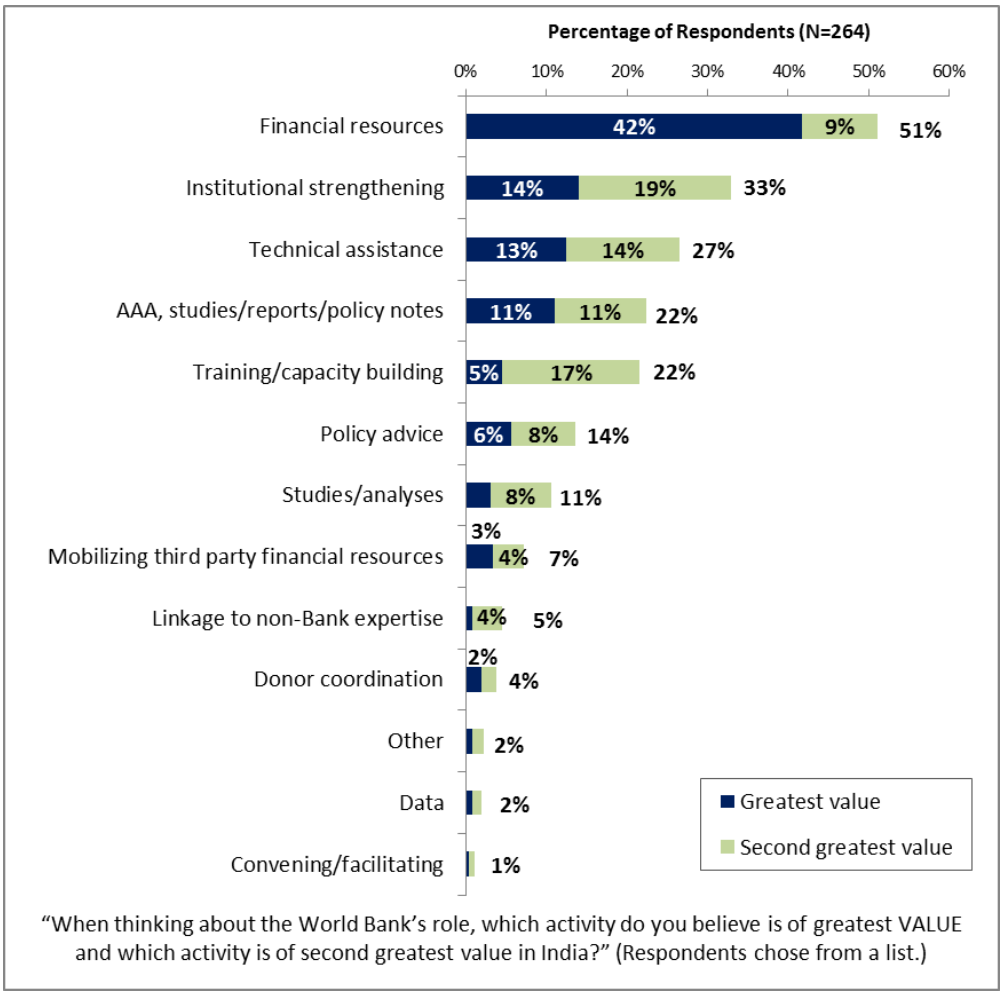
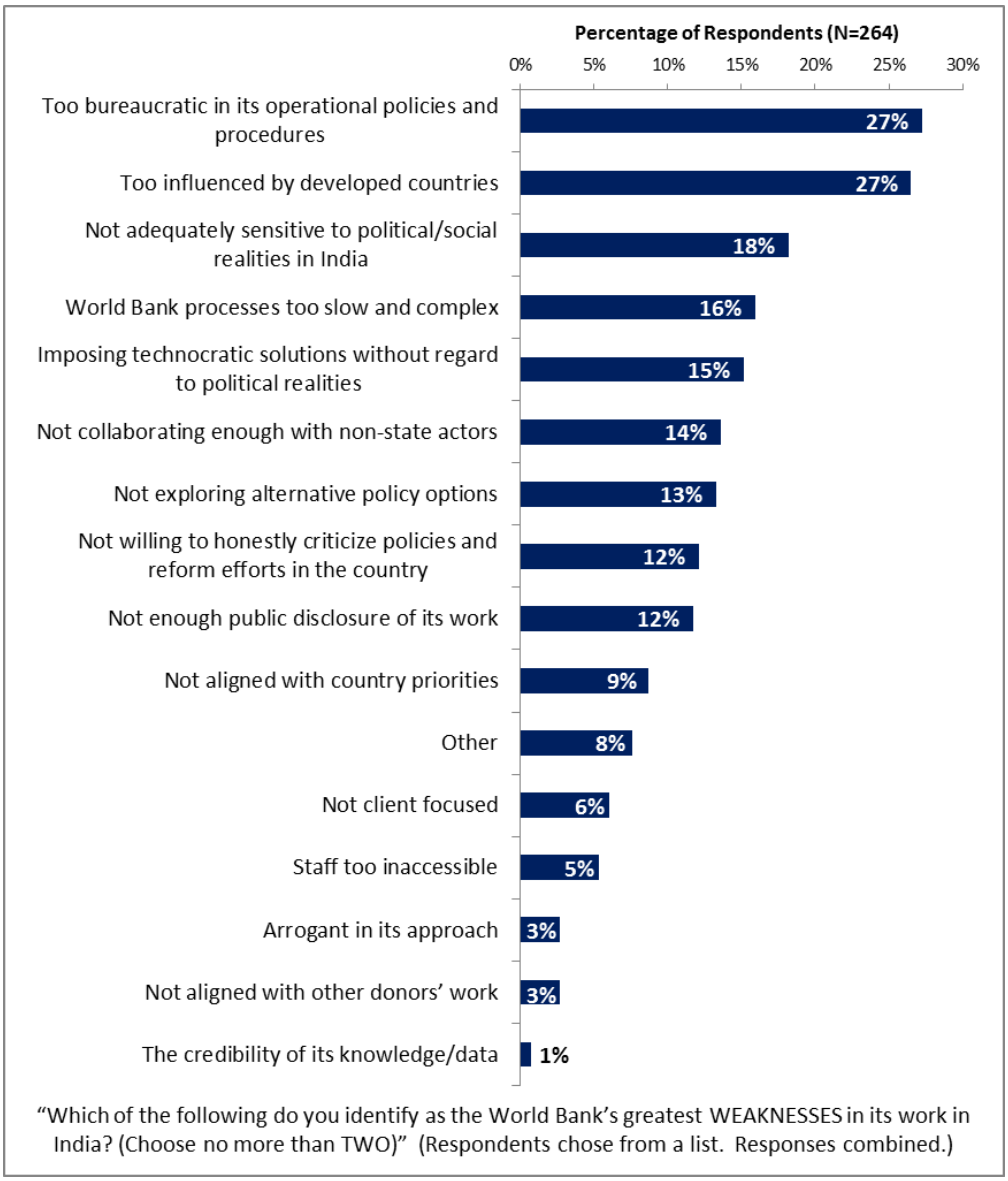


**Table A9.3. What is the greatest value of the Bank?**




*Note:* In the previous FY2004 country survey, more than two-thirds (68%) of all respondents indicated that providing loans to finance development projects was the greatest value of the Bank.

**Table A9.4. What is the Bank's greatest weakness?**




Note: Respondents in the previous country survey (FY2004) indicated that the Bank's greatest weaknesses were imposing technocratic solutions without regard to political realities (24%), not considering alternative policy options (21%), and being too bureaucratic in its operational policies and procedures (20%).

### *World Bank Group CPS multistakeholder consultations*

In the summer of 2012, the Bank team held multistakeholder consultations to identify priorities for the new CPS. Consultations were held with a broad range of stakeholders to tap their experience and knowledge and hear their ideas about how the Bank could help India meet its long-standing development agenda as well as the new challenges thrown up by unprecedented economic growth and the recent slowdown.

*Process*. In mid-May 2012, a draft concept note was prepared by the WBG, outlining initial thoughts on its strategy for 2013–16. This was followed by discussions with the Ministry of Finance and line ministries to assess the central government's views on India's challenges and to identify key areas where the WBG assistance could have the greatest impact. To capture the diversity of development challenges facing India today and the views of state governments, further consultations were held with officials in four states: Assam, Chhattisgarh, Karnataka, and Uttar Pradesh.

These early consultations were accompanied by parallel consultations with civil society organizations in the state capitals of Assam, Chhattisgarh, Karnataka, and Uttar Pradesh, as well as in Delhi and Mumbai. Ahead of the consultations, all participants received a presentation in both English and Hindi that spelled out the main thrusts of the previous CPS, opportunities and challenges both within and outside India, and India's own future direction as articulated in the approach paper to the 12th Five Year Plan. This was followed by a paper presenting the WBG's initial thoughts on its new strategy, based on early deliberations.

Participants were asked to express their views candidly on what they felt should be the development priorities for India (and their state), and whether the CPS captured those priorities. They were also asked what role they envisaged for the WBG in support of those priorities, in which sectors that support would be most effective, and what form the support should take (finance, knowledge, experience sharing, and so on). After feedback from the Bangalore consultations, a section was added on the lessons learned from earlier Bank projects.

To reach a much wider audience, the details of the discussions were shared on the Bank's external website, with comments and suggestions invited from the public at large.

*Results*. Despite the diversity of development challenges raised during the consultations, participants identified a few key areas where the WBG could play a catalytic role:

#### *Agriculture*

Agriculture was repeatedly identified as an overarching concern, given the importance of food security for the country and the fact that the majority of India's rural poor depend on agriculture for at least a portion of their income. Participants strongly felt that the WBG could help increase agricultural productivity by supporting the development of agriculture-related infrastructure and services. Ideas included support for low-cost irrigation, improved access to credit, the provision of adequate warehousing and storage facilities, bringing the benefits of research to farmers, upgrading technological interventions, providing crop insurance, developing village roads, and building primary-level processing and marketing capacity at the grass roots. The improvement of livestock, particularly for dairy farming, was also seen as important. Participants felt that the creation of one-stop facilities for farmers should be a priority. Other matters of perceived importance were the proper management of the country's water resources and strengthening agriculture's resilience to climate change.

### *Health*

Health and malnutrition were also high priorities. Participants pointed out that only a small percentage of the population had access to formal health care. Public sector services were beset with poor management and leakages, and some 80 percent of health spending occurred in the private sector. An average family spent more on health care than on education, with the high cost of treatment often leading to impoverishment. The sector faced a critical shortage of human resources, especially in rural areas, making it necessary to train local people as paramedics. Some participants suggested that a public-private-partnership model in health care could be promoted, with targeted subsidy for the poor. The World Bank could help in providing technical and managerial assistance to the sector, along with capacity building at various levels. Bank support could also be expanded to include the promotion of preventive and alternative medical systems.

### *Education and skills*

Education was another area of concern. Participants highlighted the poor quality of elementary education, which laid a weak academic foundation that made it difficult for students to cope at higher levels, with direct effects on the quality of human resources. Moreover, the emphasis on enrolment numbers created an erroneous impression of universal schooling. Several speakers emphasized the need for meaningful skills training for youth to enable them to set up microenterprises and small businesses, thereby slowing the migration of rural youth to urban areas. There was also a perceived need to increase the number of seats available in institutions providing technical and vocational education, and increase resources allocated to such institutions.

### *Urbanization*

Discussions also focused on the challenges created by India's rapid urbanization. It was observed that $1 trillion would be needed for urban development over the next two decades to meet the needs of India's rapidly urbanizing population. However, it was also suggested that allocations should go primarily to local governments, and that transparency in public expenditures should be strengthened. Some participants recommended that the WBG support the planned development of the rapidly growing second- and third-tier cities, especially by providing technological and scientific solutions for public transportation, waste disposal, and other urban problems. Several participants expressed apprehension that rapid urbanization, especially through rural-urban migration, was creating pockets of urban poverty that were likely to deepen unless the skills of rural migrants were developed to improve their employability. Facilities in rural areas also needed to be improved to halt migration to urban centers.

### *Governance*

The importance of good governance was repeatedly emphasized, particularly the need to tackle corruption. It was felt that improving governance should be a focus area of the Bank's new strategy. Participants expressed the need for greater transparency and disclosure regarding the use of public funds and the outcomes of publicly funded programs. They also cited a need for independent monitoring at the block, district, and state levels. The Bank, they said, could provide technical assistance and expertise in this area. To support decentralized planning, participants saw it as important to strengthen grassroots institutions (*Panchayati Raj* institutions, or PRIs) and to build their capacity by sharing examples of successful community-driven projects, the more because the PRIs provided the only institutional encouragement to women's political empowerment in the country. Convergence of government programs was also needed through greater interministerial and interdepartmental coordination. Several speakers pointed out the need to develop a current database of critical indicators—such as population, maternal health, education, location of resources, and so on—to improve development planning at the grass roots and to allocate resources wisely.

### *Environment*

Participants highlighted the environmental cost of high growth as manifested in rampant water, air and soil pollution. It was emphasized that development programs should factor in environmental sustainability to ensure holistic development in addition to the creation of wealth creation and the stimulation of economic growth. It was also suggested that the Bank help the government to come up with a climate-change response for the medium and long terms.

### *Infrastructure*

Discussions also centered on the need for strengthening infrastructure, particularly transport, communications, and power. Several participants felt that growth in sectors such as water, energy, roads and rail was needed if the manufacturing sector was to develop to its full potential.

### *Small business*

Several participants said that the informal sector needed to be recognized as the biggest trigger for growth as it generated far more employment than the formal sector. However, productivity in small and medium-size enterprises (SMEs) needed to be improved and such enterprises integrated with markets across the country. Given the sector's enormous potential, it was suggested that SMEs (including microenterprises) should be served by dedicated financial institutions that provided expertise together with financial support. It was observed that the World Bank could act as a catalyst and counselor for this sector; moreover, deeper research on the sector's considerable untapped potential was needed.

Regional imbalances and the unique characteristics of some of India's regions were also discussed. For instance, in the northeast, development projects needed to take into account the region's unique ecological characteristics, and more research was required to understand the richness of the resource base. The World Bank could play an important role in Assam by supporting small farmers; strengthening transportation (including river transportation on the Brahmaputra), communications, and power; and expanding microfinance and vocational training. In Chhattisgarh, while highlighting the difficulties of working in Maoist-dominated areas, participants pointed to the plight of farmers and forest-dependent people and the need to improve primary health care and education, upgrade the delivery of government programs, and ensure the judicious use the state's natural resources.

### *Other areas of focus*

Children, the disabled, the elderly, and agri-business were identified as sectors that required specific mention in the strategy. It was mentioned that senior citizens—whose number is expected to rise to about 340 million by 2050 according to a United Nations estimate—required special focus as they were excluded from most development programs. Further, in many rural areas, young people were migrating to urban centers, leaving their elders behind to fend for themselves without a support system. In the absence of a clear agenda to address this issue seriously, a major problem was bound to appear.

## CAS Formulation and Consultation Process

A more detailed version of the CPS consultation process, with the names of participants, details of discussions, and other information, is available on the World Bank's India website: http://www.worldbank.org/en/country/india.

## Annex 10

### The Indian Statistical System

India has been a pioneer in the collection and use of statistics for national development and has one of the largest and most complex statistical systems in the world. The complexity derives from the size of the economy and the population, the great variety of economic activities and social conditions, the variability in natural endowments and environmental conditions and the constitutional structure of a federal state. While national statistics are the responsibility of the central government, state and local governments have formal responsibility for the collection of the basic data which make up the national estimates.

The Indian Statistical System (ISS) is the responsibility of the Ministry of Statistics and Programme Implementation (MOSPI). The Statistics Wing of the Ministry – also called the National Statistical Office (NSO – includes the Central Statistics Office (CSO), responsible for the compilation of national statistics and statistical standards, the National Sample Survey Office, responsible for sample surveys throughout India, and the Computer Center. At the Center statistical work is also carried out in a number of ministries coordinated by the CSO. At the state level and below, statistical activities are the responsibility of state governments and most states have a department of Economics or Statistics, or its equivalent, to coordinate activities. Statistical activities also take place in districts and panchayats (local levels). To oversee and promote coordination of the ISS, in 2005 the Government set up a permanent National Statistical Commission (NSC). The NSC works to promote coordination, improve standards and to ensure that the ISS as a whole meets the needs of the nation to support economic, social and environmental development.

***A strong history of statistical development:*** Significant development of the ISS and its related institutions took place in the first decades after Independence. The Indian Statistical Institute, for example, was responsible for the development of many of the statistical procedures and techniques that are widely used today throughout the world. The National Sample Survey, which is now in its 68th round, has collected and disseminated an enormous amount of extremely valuable data about the economic activity and social conditions of households throughout the country. It represents the pre-eminent source of data for micro-economic research in India and a very important resource for historical analysis.

In many respects, the Indian statistical system in 2012 is sophisticated and well-resourced. For example, India was one of the first subscribers to the IMF's Special Data Dissemination Standard (SDDS) and has been in compliance with the standard since 1996[1]. The most recent IMF Article IV staff report states that "Macroeconomic statistics are adequate for surveillance, but weaknesses remain in the timeliness and coverage of certain statistical series. India has an elaborate system for compiling economic and financial statistics and produces a vast quantity of data covering most sectors of the economy."[2] The World Bank's Bulletin Board on Statistical Capacity (BBSC)[3], indicates that the Statistical Capacity Indicator for India is significantly higher than for other IDA countries and for other countries in the South Asia region. At the national level, the statistical system is able to call upon a cadre of highly skilled and experienced statisticians and there is an extensive education and training system in place to replace those who leave.

***The statistical system under pressure:*** Despite significant progress, by the end of the twentieth century, the Indian statistical system as a whole was under considerable pressure. As demand for statistics increased generally and as new concerns and problems led to demands for new data. To a large extent, however, both overall coverage and the quality of data also declined as financial resources were limited

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[1] http://dsbb.imf.org/images/pdfs/AnnualReports/2010/IND_SDDS_AR2010.pdf
[2] http://www.imf.org/external/pubs/ft/scr/2011/cr1150.pdf
[3] http://go.worldbank.org/QVSQM1R6V0

under general fiscal pressures and as Government policies turned away from central planning towards greater private sector involvement in national development. By the time of the Millennium there was widespread concern that the system had been increasingly unable to respond as economic reforms, deregulating private investment, and promoting the market economy kicked in and as more powers were devolved to the states. To help understand the problems, in 2000 the Government set up a National Statistical Commission (NSC), to carry out a comprehensive examination of the statistical system and to make recommendations on how it could be improved.

The 2001 NSC report identified a number of deficiencies in administrative statistics as well as censuses and surveys, including: a) gaps in the availability of needed information; b) delays in the publication of results; c) large and frequent revisions of published results; d) gross discrepancies between official statistics from different sources; and e) lack of transparency in statistical operations. At the same time, quality assurance processes were ineffective and significant sets of data especially at the state level were judged to be of poor quality. The report also noted the absence of effective coordination to promote efficient production of comparable statistics, inadequate technical knowledge of staff, inadequate numbers of statistical staff in place and inadequate information and communications technology and physical infrastructure. In addition, it was found that variations in the capacities of state Statistical Bureaus had had a major effect on the quality and consistency of state and national statistics.

***The World Bank's involvement in statistics in India:*** The World Bank has been in a dialogue with the Government on statistics for more than fifteen years. This engagement has been based on three arguments. First, it supports a program of reform which the Government of India itself has identified as a priority. The importance of good statistics to provide the evidence base for socio-economic development has long been recognized in India. An efficient and effective national statistical system in India is seen as a core function of Government at all levels and an integral component of the accountability and transparency framework. Second, good statistics are an integral part of the development results agenda and support development efforts at all levels and in all sectors. Third, an efficient and effective statistical system is essential not only for the proper operation of government at all levels but also for the World Bank Group's own lending and non-lending operations in India.

World Bank support to statistics was initiated in 1996, and a draft project was prepared in 1999, but it did not proceed until after the NSC issued its report. The engagement was re-started in 2005 with a number of technical studies, including an assessment of the requirements to strengthen state statistical systems. In 2010, Statistical Strengthening Loan for India (a development policy loan for $107 million) was approved by the Board. It supported a program of reform and capacity strengthening that the Government had initiated in 2006, largely in response to the recommendations of the 2001 NSC Report. In particular, the Government established a centrally sponsored scheme to support a process of reform and statistical capacity building in the 35 States and Union Territories. Under this scheme states undertook to invest in their statistical systems in line with the needs for both national and state level statistics, setting their own priorities and timetable for reform. In return, the centre provided grants, training and technical support.

***What has been achieved?*** Although the Loan closed in 2011, the process of reform and capacity building continues. The centrally sponsored statistical strengthening scheme, which was set up under the 11$^{th}$ Plan will continue through the 12$^{th}$ Plan and possibly beyond. Thirty-three out of 35 States have signed up to participate in the scheme, nine states have completed their strategic plans, and most are now implementing the reforms and building capacity. A monitoring system has been established and progress reports are produced regularly. After a slow start, progress is now picking up and MOSPI anticipates that significant additional funds will be needed in the 12$^{th}$ Plan beyond the initial allocation. Building on lessons learned from the Statistical Strengthening Loan, the World Bank will explore options for further engagement under the new CPS. An important part of the engagement for the Government was to gain access to experience and knowledge of statistical capacity building programs and good practice

elsewhere. It is clear that success requires careful and sustained follow up of the reform and capacity building process, and that all states would benefit from additional technical assistance and capacity building efforts both to prepare strategic plans, and, more importantly, implement them.

# India at a glance

Annex A2
2/5/2013
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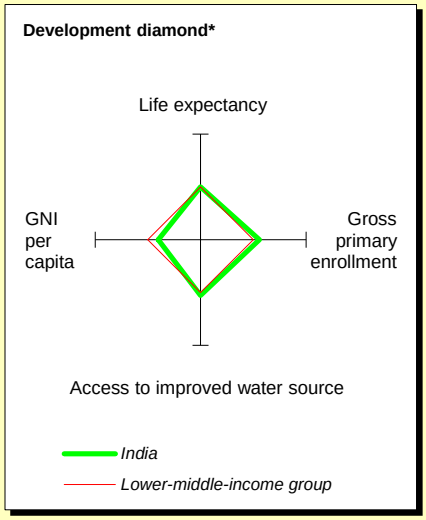
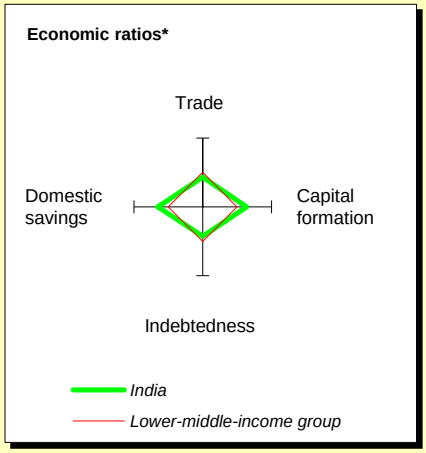
| POVERTY and SOCIAL | India | South Asia | Lower-middle-income |
|---|---|---|---|
| **2011** | | | |
| Population, mid-year *(millions)* | 1,241.5 | 1,657 | 2,533 |
| GNI per capita *(Atlas method, US$)* | 1,410 | 1,299 | 1,760 |
| GNI *(Atlas method, US$ billions)* | 1,746.5 | 2,151 | 4,458 |
| **Average annual growth, 2005-11** | | | |
| Population *(%)* | 1.4 | 1.5 | 1.5 |
| Labor force *(%)* | 0.2 | 1.1 | 1.4 |
| **Most recent estimate (latest year available, 2005-11)** | | | |
| Poverty *(% of population below national poverty line)* | 30 | .. | .. |
| Urban population *(% of total population)* | 31 | 31 | 39 |
| Life expectancy at birth *(years)* | 65 | 65 | 66 |
| Infant mortality *(per 1,000 live births)* | 47 | 48 | 46 |
| Child malnutrition *(% of children under 5)* | 44 | 33 | 24 |
| Access to an improved water source *(% of population)* | 92 | 90 | 87 |
| Literacy *(% of population age 15+)* | 63 | 62 | 71 |
| Gross primary enrollment *(% of school-age population)* | 116 | 106 | 104 |
| Male | 116 | 107 | 106 |
| Female | 116 | 105 | 102 |




**KEY ECONOMIC RATIOS and LONG-TERM TRENDS**

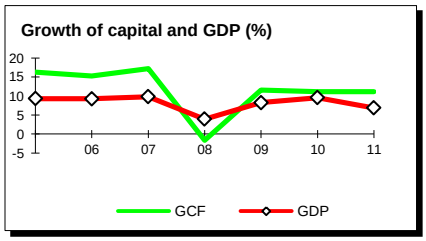
| | 1991 | 2001 | 2010 | 2011 |
|---|---|---|---|---|
| GDP *(US$ billions)* | 274.8 | 492.4 | 1,684.3 | 1,848.0 |
| Gross capital formation/GDP | 22.5 | 25.7 | 35.8 | 36.6 |
| Exports of goods and services/GDP | 8.3 | 12.4 | 22.8 | 24.6 |
| Gross domestic savings/GDP | 22.5 | 24.2 | 31.7 | 31.1 |
| Gross national savings/GDP | .. | .. | .. | .. |
| Current account balance/GDP | -0.4 | 0.7 | -2.7 | -4.2 |
| Interest payments/GDP | 1.7 | 0.9 | 0.3 | 0.4 |
| Total debt/GDP | 31.6 | 20.2 | 17.2 | 18.1 |
| Total debt service/exports | 33.4 | 18.0 | 6.3 | 7.1 |
| Present value of debt/GDP | .. | .. | .. | 15.3 |
| Present value of debt/exports | .. | .. | .. | 68.7 |

| | 1991-01 | 2001-11 | 2010 | 2011 | 2011-15 |
|---|---|---|---|---|---|
| *(average annual growth)* | | | | | |
| GDP | 6.2 | 7.9 | 9.6 | 6.9 | 7.0 |
| GDP per capita | 4.2 | 6.4 | 8.0 | 5.4 | 5.6 |
| Exports of goods and services | 12.3 | 15.1 | 22.7 | 15.3 | 21.8 |




**STRUCTURE of the ECONOMY**

| | 1991 | 2001 | 2010 | 2011 |
|---|---|---|---|---|
| *(% of GDP)* | | | | |
| Agriculture | 29.4 | 23.0 | 17.7 | 17.2 |
| Industry | 25.4 | 25.2 | 27.1 | 26.4 |
| Manufacturing | 15.2 | 14.7 | 14.5 | 13.9 |
| Services | 45.2 | 51.8 | 55.1 | 56.4 |
| Household final consumption expenditure | 65.9 | 63.4 | 56.5 | 57.2 |
| General gov't final consumption expenditure | 11.6 | 12.4 | 11.9 | 11.7 |
| Imports of goods and services | 8.3 | 13.2 | 26.9 | 29.8 |



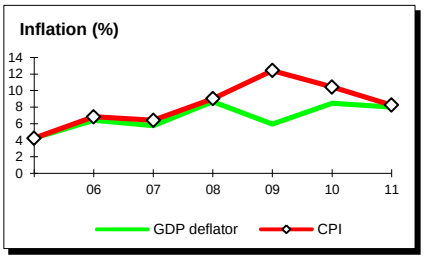

| | 1991-01 | 2001-11 | 2010 | 2011 |
|---|---|---|---|---|
| *(average annual growth)* | | | | |
| Agriculture | 3.3 | 3.2 | 7.0 | 2.8 |
| Industry | 6.2 | 8.4 | 7.2 | 3.4 |
| Manufacturing | 6.9 | 8.6 | 7.6 | 2.5 |
| Services | 8.0 | 9.6 | 9.3 | 8.9 |
| Household final consumption expenditure | 5.9 | 6.4 | 7.0 | 7.5 |
| General gov't final consumption expenditure | 6.9 | 7.3 | 7.8 | 5.1 |
| Gross capital formation | 8.0 | 13.2 | 11.1 | 11.1 |
| Imports of goods and services | 13.5 | 16.9 | 15.6 | 18.5 |


Note: 2011 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

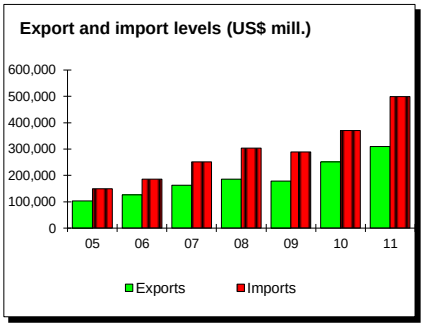
## PRICES and GOVERNMENT FINANCE

| | 1991 | 2001 | 2010 | 2011 |
|---|---|---|---|---|
| ***Domestic prices*** | | | | |
| *(% change)* | | | | |
| Consumer prices | 13.5 | 4.3 | 10.4 | 8.2 |
| Implicit GDP deflator | 13.8 | 3.2 | 8.5 | 8.0 |
| ***Government finance*** | | | | |
| *(% of GDP, includes current grants)* | | | | |
| Current revenue | 18.6 | 16.2 | 20.2 | 18.7 |
| Current budget balance | -5.4 | -6.9 | -4.1 | -4.8 |
| Overall surplus/deficit | -8.6 | -9.7 | -7.9 | -8.3 |



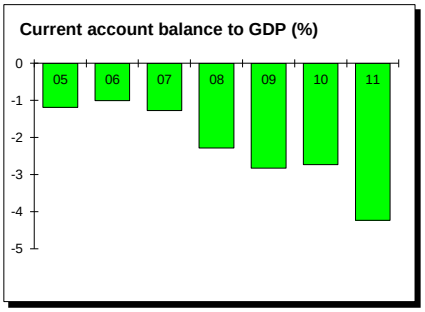

## TRADE

| | 1991 | 2001 | 2010 | 2011 |
|---|---|---|---|---|
| *(US$ millions)* | | | | |
| Total exports (fob) | 17,865 | 43,827 | 251,136 | 309,843 |
| Tea | 492 | 361 | 691 | 853 |
| Iron | 135 | 230 | 639 | 789 |
| Manufactures | 13,148 | 33,370 | 168,098 | 207,393 |
| Total imports (cif) | 19,411 | 51,413 | 369,769 | 499,533 |
| Food | .. | .. | .. | .. |
| Fuel and energy | 5,325 | 14,000 | 106,068 | 143,291 |
| Capital goods | 4,233 | 9,882 | 71,627 | 96,763 |
| Export price index *(2000=100)* | .. | .. | .. | .. |
| Import price index *(2000=100)* | .. | .. | .. | .. |
| Terms of trade *(2000=100)* | .. | .. | .. | .. |



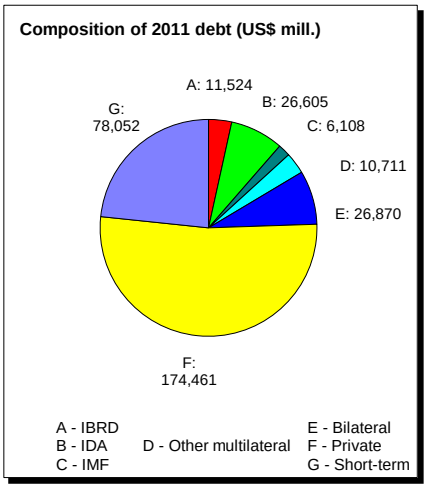

## BALANCE of PAYMENTS

| | 1991 | 2001 | 2010 | 2011 |
|---|---|---|---|---|
| *(US$ millions)* | | | | |
| Exports of goods and services | 23,288 | 61,843 | 382,280 | 450,777 |
| Imports of goods and services | 24,879 | 70,093 | 464,054 | 576,439 |
| Resource balance | -1,591 | -8,250 | -81,775 | -125,662 |
| Net income | -3,830 | -4,206 | -17,308 | -15,987 |
| Net current transfers | 4,243 | 15,856 | 53,140 | 63,494 |
| Current account balance | -1,178 | 3,400 | -45,958 | -78,180 |
| Financing items (net) | 4,563 | 8,551 | 59,008 | 65,349 |
| Changes in net reserves | -3,385 | -11,951 | -13,050 | 12,831 |
| ***Memo:*** | | | | |
| Reserves including gold *(US$ millions)* | 9,220 | 54,106 | 396,666 | 414,136 |
| Conversion rate *(DEC, local/US$)* | 24.5 | 47.7 | 45.6 | 47.9 |




## EXTERNAL DEBT and RESOURCE FLOWS

| | 1991 | 2001 | 2010 | 2011 |
|---|---|---|---|---|
| *(US$ millions)* | | | | |
| Total debt outstanding and disbursed | 86,864 | 99,499 | 290,351 | 334,331 |
| IBRD | 8,459 | 7,009 | 11,180 | 11,524 |
| IDA | 14,203 | 19,458 | 25,888 | 26,605 |
| Total debt service | 7,858 | 11,770 | 24,407 | 29,177 |
| IBRD | 1,170 | 1,091 | 625 | 740 |
| IDA | 242 | 570 | 1,024 | 1,101 |
| Composition of net resource flows | | | | |
| Official grants | 565 | 557 | 1,007 | .. |
| Official creditors | 2,897 | 363 | 5,400 | 2,631 |
| Private creditors | 1,476 | -1,444 | 18,989 | 17,958 |
| Foreign direct investment (net inflows) | 74 | 5,472 | 26,502 | 32,190 |
| Portfolio equity (net inflows) | 5 | 2,950 | 30,442 | -4,137 |
| World Bank program | | | | |
| Commitments | 2,861 | 2,582 | 4,348 | 7,144 |
| Disbursements | 2,184 | 1,997 | 4,401 | 2,683 |
| Principal repayments | 669 | 1,152 | 1,374 | 1,534 |
| Net flows | 1,515 | 845 | 3,027 | 1,149 |
| Interest payments | 744 | 508 | 275 | 308 |
| Net transfers | 772 | 337 | 2,752 | 841 |



**Annex B2**

## INDIA - Selected Indicators* of Bank Portfolio Performance and Management

**As Of Date 1/24/2013**

| Indicator | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| ***Portfolio Assessment*** | | | | |
| Number of Projects Under Implementation [a] | 75 | 81 | 76 | 77 |
| Average Implementation Period (years) [b] | 3.7 | 3.9 | 3.8 | 4.2 |
| Percent of Problem Projects by Number [a, c] | 9.3 | 8.6 | 7.9 | 19.5 |
| Percent of Problem Projects by Amount [a, c] | 11.2 | 12.0 | 12.1 | 27.2 |
| Percent of Projects at Risk by Number [a, d] | 10.7 | 9.9 | 10.5 | 20.8 |
| Percent of Projects at Risk by Amount [a, d] | 11.8 | 12.4 | 13.4 | 29.8 |
| Disbursement Ratio (%) [e] | 27.5 | 16.9 | 13.0 | 4.3 |
| ***Portfolio Management*** | | | | |
| CPPR during the year (yes/no) | yes | yes | yes | yes |
| Supervision Resources (total US$ thousand) | 14,390 | 12,199 | 16,243 | 14,318 |
| Average Supervision (US$ thousand/project) | 192 | 151 | 214 | 186 |

| Memorandum Item | Since FY 80 | Last Five FYs |
|---|---|---|
| Proj Eval by OED by Number | 350 | 19 |
| Proj Eval by OED by Amt (US$ millions) | 49,161 | 5,359 |
| % of OED Projects Rated U or HU by Number | 25.8 | 15.8 |
| % of OED Projects Rated U or HU by Amt | 23.2 | 11.4 |

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

## CAS Annex B3A - IBRD/IDA Program Summary: INDIA

**As of March 31, 2013**

| *Fiscal Year* | *Project Name* | *IBRD US$ M* | *IDA a/ US$ M* | *GEF/MP/CTF US$ M* | *TOTAL US $ M* |
|---|---|---|---|---|---|
| | **INTEGRATION** | | | | |
| **2013** | Himachal Pradesh State Roads - Additional Financing b/ | 61.7 | | | 61.7 |
| | Kerala Transport II | 216.0 | | | 216.0 |
| **2014** | National Highways Interconnectivity | 500.0 | | | 500.0 |
| | Gujarat Highways II | 350.0 | | | 350.0 |
| | Eastern Dedicated Freight Corridor II | 1,200.0 | | | 1,200.0 |
| | Northeast Power Transmission I | 425.0 | | | 425.0 |
| **2015** | Tamil Nadu Roads II | 300.0 | | | 300.0 |
| | Implementing Perform, Achieve, Trade - CTF | 50.0 | | 50.0 | 100.0 |
| | AP Rural Roads | 120.0 | | | 120.0 |
| | Eastern Dedicated Freight Corridor III | 525.0 | | | 525.0 |
| | Northeast Power Transmission II | 500.0 | | | 500.0 |
| | Rajasthan Road Sector Modernization | | 325.0 | | 325.0 |
| | Luhri Hydro | 650.0 | | | 650.0 |
| **Sub-total by engagement area** | | **4,897.7** | **325.0** | **50.0** | **5,272.7** |
| | **TRANSFORMATION** | | | | |
| **2013** | Karnataka Watersheds II b/ | | 60.0 | | 60.0 |
| | HP Mid-Himalayan Watersheds - Additional Financing b/ | | 37.0 | | 37.0 |
| | Himachal Pradesh DPL Green Growth b/ | 100.0 | | | 100.0 |
| | Super Efficient Equipment Program for Egy Effcy - CTF | | | 50.0 | 50.0 |
| | Maharashtra Rural Water and Sanitation III | | 290.0 | | 290.0 |
| | Uttar Pradesh Water Sector Restructuring II | | 300.0 | | 300.0 |
| | Rural Water Supply and Sanitation for Low-income States | | 500.0 | | 500.0 |
| **2014** | Karnataka Urban Water Modernization | 190.0 | | | 190.0 |
| | Uttarakhand Watersheds II | | 100.0 | | 100.0 |
| | Partial Risk Sharing Facility in Energy Efficiency - CTF | | | 25.0 | 25.0 |
| | Efficient and Sustainable City Bus Services - GEF | | | 10.1 | 10.1 |
| | Facility for Low Carbon Technology Deployment - GEF | | | 10.0 | 10.0 |
| | Himachal Pradesh DPL II Green Growth - CTF | | | 100.0 | 100.0 |
| | Sustainable Livelihoods & Adaptation to Climate Change - GEF | | | 8.8 | 8.8 |
| **2015** | Informal Settlements Improvement Project | 500.0 | | | |
| | Neeranchal National Watersheds | | 245.0 | | 245.0 |
| **Sub-total by engagement area** | | **790.0** | **1,287.0** | **203.9** | **2,280.9** |
| | **INCLUSION** | | | | - |
| **2013** | ICDS System Strengthening & Nutrition Improvement b/ | | 106.0 | | 106.0 |
| | Karnataka Health Systems - Additional Financing b/ | | 70.0 | | 70.0 |
| | Bihar Panchayati Raj Institutions b/ | | 84.0 | | 84.0 |
| | HIV AIDS IV | | 255.0 | | 255.0 |
| | Bihar Social Protection | | 70.0 | | 70.0 |
| | Low-Income Housing | | 100.0 | | 100.0 |
| | Tamil Nadu & Puducherri Disaster Risk Reduction | | 202.5 | | 202.5 |
| **2014** | AP Rural Inclusive Growth | | 150.0 | | 150.0 |
| | Teacher Training in Bihar | | 200.0 | | 200.0 |
| | SSA (Elementary Education) IIII | | 400.0 | | 400.0 |
| | Bihar Flood Rehabilitation APL II | | 250.0 | | 250.0 |
| **2015** | ICDS System Strengthening & Nutrition APL II | | 344.0 | | 344.0 |
| | National Cyclone Risk Mitigation APL II | | 250.0 | | |
| | Kerala Health Systems | | 40.0 | | |
| | Bihar Flood Rehabilitation APL III | | 250.0 | | 250.0 |
| **Sub-total by engagement area** | | | **2,771.5** | | **2,771.5** |
| **Total by FY** | | | | | |
| **2013** | | **377.7** | **2,074.50** | **50.0** | 2,502.2 |
| **2014** | | **2,665.0** | **1,100.0** | **153.9** | 3,918.9 |
| **2015 c/** | | **2,645.0** | **1,454.0** | **50.0** | 4,149.0 |

a/$2.73 billion IDA16 committed in FY12

b/approved

c/project preparation underway; assumes transitional IDA17 financing

**Annex B3B**

## India: IFC Investment Operations Program

| | 2010 | 2011 | 2012 | 2013* |
|---|---|---|---|---|
| **Original Commitments (US$m)** | | | | |
| IFC and Participants | 1130 | 421 | 789 | 653 |
| IFC's Own Accounts only | 806 | 401 | 789 | 468 |
| **Original Commitments by Sector (%)- IFC Accounts only** | | | | |
| AGRICULTURE AND FORESTRY | 2 | 0 | 0 | 13 |
| CHEMICALS | 4 | 10 | 15 | 11 |
| COLLECTIVE INVESTMENT VEHICLES | 2 | 6 | 15 | 4 |
| EDUCATION SERVICES | | | 7 | |
| ELECTRIC POWER | 14 | 14 | 8 | 35 |
| FINANCE & INSURANCE | 25 | 55 | 31 | 26 |
| FOOD & BEVERAGES | | 0 | 2 | |
| HEALTH CARE | | | 7 | |
| INDUSTRIAL & CONSUMER PRODUCTS | 4 | 9 | 4 | 9 |
| NONMETALLIC MINERAL PRODUCT MANUFACTURING | 9 | | 0 | |
| OIL, GAS AND MINING | 31 | 0 | 0 | 0 |
| PLASTICS & RUBBER | 4 | | 8 | 2 |
| PRIMARY METALS | 3 | 0 | 0 | 0 |
| PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES | 0 | | 0 | |
| TEXTILES, APPAREL & LEATHER | 0 | | 0 | |
| TRANSPORTATION AND WAREHOUSING | 1 | 3 | 2 | 0 |
| UTILITIES | 0 | 2 | 0 | 0 |
| **Total** | 100 | 100 | 100 | 100 |
| **Original Commitments by Investment Instrument (%) - IFC Accounts only** | | | | |
| Equity | 15 | 36 | 34 | 10 |
| Guarantee | 1 | 0 | 9 | 4 |
| Loan | 83 | 58 | 47 | 62 |
| Quasi equity | 0 | | 0 | 0 |
| Quasi loan | 1 | 6 | 11 | 25 |
| **Total** | 100 | 100 | 100 | 100 |

* Data as of Jan 17, 2013

## CPS Annex B4 - Summary of World Bank Knowledge Services - India

As of January 23, 2013

| Product Name | Product | Completion FY | Cost (US$000) | Audience [a] | Objective [b] |
|---|---|---|---|---|---|
| **INTEGRATION** | | | | | |
| ***Recent completions (FY12-13)*** | | | | | |
| *Macro Brief* | ESW | *2012* | *172* | *G* | *KG* |
| *Policy Brief on Indian Power Sector* | ESW | *2013* | *12* | *G* | *PS* |
| *Orissa: Institutionalizing PSIA Capacity* | TA | *2012* | *138* | *G* | *PS* |
| *Issues in Employment: Global & Country Perspectives* | TA | *2012* | *408* | *G* | *KG, PD* |
| *Review of Regulatory Framework: Ports & Airports* | TA | *2012* | *65* | *G* | *PS* |
| *Visiting Scholars Program* | TA | *2012* | *89* | *B, G* | *KG* |
| *Manufacturing Plan Implementation* | TA | *2013* | *45* | *G* | *PS* |
| ***Underway (FY 13-14)*** | | | | | |
| *Bihar Growth Assessment* | ESW | *2013* | | *G* | *KG* |
| *Financial Sector Assessment: Supplementary Studies* | ESW | *2013* | | *G* | *KG* |
| *Experience with PPPs in Infrastructure* | ESW | *2013* | | *G* | *KG* |
| *Policy Notes on Power* | ESW | *2013* | | *G* | *KG, PS* |
| *India Economic Update* | ESW | *2013* | | *G* | *KG, PD* |
| *Skills Development* | ESW | *2014* | | *G* | *KG* |
| *States Report* | ESW | *2014* | | *G* | *KG* |
| *Options Study for Growth on Eastern Dedicated Freight Corridor* | ESW | *2014* | | *G* | *KG* |
| *Growth, Inclusion & Competitiveness* | ESW | *2014* | | *G* | *KG* |
| *Mobilizing Financing for Infrastructure PPPs* | ESW | *2014* | | *G* | *PS* |
| *Manufacturing Plan Implementation II* | TA | *2013* | | *G* | *PS* |
| *Solar Power: Renewable Energy Market Transformation Initiative* | TA | *2014* | | *G* | *PS* |
| *Transport Policies & Reform Activities* | TA | *2014* | | *G* | *PS* |
| *Orissa Mining & Inclusive Growth* | TA | *2014* | | *G* | *PS* |
| *Partnership for Market Readiness in Renewable Energy* | TA | *2014* | | *D* | *PS* |
| *Financial Sector Assessment Follow-up: RBI Banking SPN* | TA | *2015* | | *G* | *PS* |
| **TRANSFORMATION** | | | | | |
| ***Recent completions (FY12-13)*** | | | | | |
| *PPP Options Study for Waste Water Management* | TA | *2012* | *73* | *G* | *KG* |
| *Urbanization Review* | ESW | *2012* | *241* | *G* | *KG* |
| *Evaluation of National Rural Employment Guarantee Program* | ESW | *2012* | *239* | *G* | *KG* |
| *Urban Institutional Strengthening & Capacity Building* | TA | *2012* | *92* | *G* | *PS* |
| *Strengthening Institutions for Mgmt of Land Acquisition and R&R* | TA | *2012* | *1178* | *G* | *PS* |
| *Facilitating PPPs for Urban Infrastructure Development* | TA | *2012* | *62* | *G* | *PS* |
| *Impact Evaluation of Rural Credit Cooperatives Project* | Impact Eval | *2013* | *350* | *G* | *KG* |
| ***Underway (FY 13-14)*** | | | | | |
| *Social Dimensions of Urbanization* | ESW | *2013* | | *G* | *KG* |
| *Enhancing Agricultural Productivity: Policy & Investment Priorities* | ESW | *2013* | | *G* | *KG* |
| *Rural Road Development - Benefits Impact of PMGSY Project* | ESW | *2014* | | *G* | *KG* |
| *National Land Records Modernization Implementation Support* | TA | *2014* | | *G* | *PS* |
| *Inclusive Heritage-Based City Development Planning* | TA | *2014* | | *G* | *PS* |
| *Food Security in Tribal & Conflict-affected Areas* | TA | *2014* | | *G* | *PS* |
| *Cap Dev for Integrated Water Resources Development & Mgmt* | TA | *2015* | | *G* | *PS* |
| **INCLUSION** | | | | | |
| ***Recent completions (FY12-13)*** | | | | | |
| *Madhya Pradesh Pilot on Integrated Child Development* | Impact Eval | *2012* | *569* | *G* | *KG* |
| *Teacher Accountability & School Outcomes* | Impact Eval | *2012* | *1011* | *G* | *KG* |
| *Health Insurance System of India* | Impact Eval | *2012* | *142* | *G* | *KG* |
| *Financial Literacy & Education* | Impact Eval | *2013* | *478* | *G* | *KG* |
| *Sundarbans Climate Change Mitigation & Disaster Risk Mgmt* | TA | *2012* | *1765* | *G* | *KG* |
| *Implementation Support for India Disaster Risk Mitigation Program* | TA | *2012* | *204* | *G* | *PS* |
| *Bihar: Immediate Relief Support & Disaster Risk Management* | TA | *2012* | *297* | *G* | *PS* |
| *Capacity Building in Disaster Risk Reduction (GFDRR)* | TA | *2012* | *286* | *G* | *PS* |
| *Consultations on Human Development* | TA | *2012* | *242* | *B* | *PD* |
| *Health Policy Notes & Client Engagement* | TA | *2012* | *628* | *G* | *KG* |
| *Growth & Inclusion Workshop* | TA | *2013* | *121* | *G* | *PD* |

## CPS Annex B4 - Summary of World Bank Knowledge Services - India

**As of January 23, 2013**

| *Product Name* | *Product* | *Completion FY* | *Cost (US$000)* | *Audience* [a] | *Objective* [b] |
|---|---|---|---|---|---|
| **Underway (FY 13-14)** | | | | | |
| *Human Resources for More Effective Health Systems* | ESW | *2013* | | *G* | *KG* |
| *Service Delivery & Public Spending in Health* | ESW | *2013* | | *G* | *KG* |
| *Institutional Arrangements for Nutrition* | ESW | *2013* | | *G* | *PS* |
| *Madhya Pradesh Higher Education* | ESW | *2014* | | *G* | *KG* |
| *Andhra Pradesh: Teacher Accountability & Student Achievement* | Impact Eval | *2013* | | *G* | *KG* |
| *Andhra Pradesh: Rural Poverty Impact Evaluation* | Impact Eval | *2014* | | *G* | *KG* |
| *Karnataka Results-based Financing Hospital Care* | Impact Eval | *2014* | | *G* | *KG* |
| *Strengthening Implementation of Rural Livelihoods Programs* | TA | *2013* | | *G* | *PS* |
| *Improving Technical & Vocational Education & Training in West Bengal* | TA | *2013* | | *G* | *PS* |
| *Improving Social Inclusion in India's Health Ins Scheme for the Poor* | TA | *2014* | | *G* | *PS* |
| *Teacher Education & Professional Devmt -Int'l Best Practices* | TA | *2014* | | *G* | *PS* |
| *National Unique Identification System* | TA | *2014* | | *G* | *PS* |
| *Multi-sectoral Nutrition Action in Bihar* | TA | *2014* | | *G* | *PS* |
| *Community Food & Nutrition Security Initiatives in High-Poverty States* | TA | *2014* | | *G* | *PS* |
| *Bihar Kosi Flood Recovery & Climate Adaptation Program* | TA | *2014* | | *G* | *PS* |
| *Social Pensions for Ministry of Rural Development* | TA | *2014* | | *G* | *PS* |
| *Foundation for Corporate Social Responsibility* | TA | *2014* | | *G* | *PS* |
| *Higher Education* | TA | *2014* | | *G* | *KG* |
| *Strengthening Institutional Capacity of RSBY* | TA | *2015* | | *G* | *PS* |
| *Social Observatory for Rural Food & Nutrition Security in NRLM* | TA | *2015* | | *G* | *KG, PS* |
| **ENVIROMENTAL SUSTAINABILITY** | | | | | |
| ***Recent completions (FY12-13)*** | | | | | |
| *Environmental Challenges of India's Rapid Growth* | ESW | *2012* | *446* | *G* | *KG* |
| *Climate Investment Plan* | TA | *2012* | *55* | *G, D* | *PS* |
| **GOVERNANCE** | | | | | |
| ***Recent completions (FY12-13)*** | | | | | |
| *Constraints to Project Preparation & Implementation* | TA | *2012* | *327* | *G* | *PS* |
| ***Underway (FY 13-14)*** | | | | | |
| *Introduction of e-tools in Mgmt of Construction Projects* | ESW | *2013* | | *G* | *PS* |
| *Procurement Capacity Building* | TA | *2013* | | *G* | *PS* |
| *Chattisgarh Capacity Building Program* | TA | *2014* | | *G* | *PS* |
| *Bihar Capacity Building Program* | TA | *2014* | | *G* | *PS* |
| *Karnataka Performance Management* | TA | *2014* | | *G* | *PS* |
| *E-Governance in the Northeast* | TA | *2014* | | *G* | *PS* |
| *Karnataka PFM Reform Action Plan* | TA | *2014* | | *G* | *KG* |
| *Support for Performance Management Initiatives* | TA | *2014* | | *G* | *PS* |
| *Uttar Pradesh Capacity Building* | TA | *2015* | | *G* | *PS* |
| *Jharkhand Capacity Building* | TA | *2015* | | *G* | *PS* |
| **GENDER** | | | | | |
| **Underway (FY 13-14)** | | | | | |
| *Gender and Development* | ESW | *2014* | | *G* | *KG* |

a. Government, Donor, Bank.
b. Knowledge Generation, Public Debate, Problem-Solving.

# India Social Indicators

| | Latest single year | | | Same region/income group | |
|---|---|---|---|---|---|
| | 1980-85 | 1990-95 | 2004-10 | South Asia | Lower-middle-income |
| **POPULATION** | | | | | |
| Total population, mid-year (millions) | 784.5 | 964.5 | 1,224.6 | 1,633.1 | 2,518.7 |
| Growth rate (% annual average for period) | 2.3 | 2.0 | 1.4 | 1.5 | 1.6 |
| Urban population (% of population) | 24.3 | 26.6 | 30.1 | 30.1 | 39.4 |
| Total fertility rate (births per woman) | 4.3 | 3.5 | 2.6 | 2.7 | 2.9 |
| **POVERTY** | | | | | |
| *(% of population)* | | | | | |
| National headcount index | .. | 45.3 | 37.2 | | |
| Urban headcount index | .. | 31.8 | 25.7 | | |
| Rural headcount index | .. | 50.1 | 41.8 | | |
| **INCOME** | | | | | |
| GNI per capita (US$) | 290 | 360 | 1,270 | 1,176 | 1,623 |
| Consumer price index (2005=100) | 24 | 57 | 152 | 148 | 140 |
| **INCOME/CONSUMPTION DISTRIBUTION** | | | | | |
| Gini index | 31.1 | 30.8 | 33.4 | | |
| Lowest quintile (% of income or consumption) | 8.7 | 9.1 | 8.6 | | |
| Highest quintile (% of income or consumption) | 40.1 | 40.1 | 42.4 | | |
| **SOCIAL INDICATORS** | | | | | |
| **Public expenditure** | | | | | |
| Health (% of GDP) | .. | 1.2 | 1.4 | 1.3 | 1.7 |
| Education (% of GDP) | 3.2 | .. | 3.1 | 2.5 | 4.0 |
| **Net primary school enrollment rate** | | | | | |
| *(% of age group)* | | | | | |
| Total | .. | .. | 92 | 86 | 85 |
| Male | .. | .. | 92 | 89 | 87 |
| Female | .. | .. | 89 | 84 | 83 |
| **Access to an improved water source** | | | | | |
| *(% of population)* | | | | | |
| Total | .. | 75 | 92 | 90 | 87 |
| Urban | .. | 90 | 97 | 95 | 93 |
| Rural | .. | 70 | 90 | 88 | 83 |
| **Immunization rate** | | | | | |
| *(% of children ages 12-23 months)* | | | | | |
| Measles | 1 | 72 | 74 | 77 | 80 |
| DPT | 18 | 71 | 72 | 76 | 79 |
| Child malnutrition (% under 5 years) | .. | 51 | 44 | 33 | 25 |
| **Life expectancy at birth** | | | | | |
| *(years)* | | | | | |
| Total | 57 | 60 | 65 | 65 | 65 |
| Male | 57 | 59 | 64 | 64 | 64 |
| Female | 57 | 61 | 67 | 67 | 67 |
| **Mortality** | | | | | |
| Infant (per 1,000 live births) | 91 | 72 | 48 | 52 | 50 |
| Under 5 (per 1,000) | 130 | 100 | 63 | 67 | 69 |
| Adult (15-59) | | | | | |
| Male (per 1,000 population) | 261 | 236 | 253 | 239 | 244 |
| Female (per 1,000 population) | 279 | 241 | 168 | 166 | 175 |
| Maternal (modeled, per 100,000 live births) | .. | 470 | 230 | 290 | 300 |
| Births attended by skilled health staff (%) | .. | 34 | 53 | 48 | 57 |

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

World Development Indicators database, World Bank - 17 April 2012.

# India - Key Economic Indicators

| Indicator | Actual 2007 | Actual 2008 | Actual 2009 | Estimate 2010 | Estimate 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **National accounts (as % of GDP)** | | | | | | | | | |
| Gross domestic product[a] | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Agriculture | 18 | 18 | 18 | 18 | 17 | 17 | 16 | 15 | 15 |
| Industry | 29 | 28 | 28 | 27 | 26 | 25 | 25 | 25 | 25 |
| Services | 53 | 54 | 55 | 55 | 56 | 58 | 59 | 60 | 60 |
| Total Consumption | 66 | 70 | 69 | 68 | 69 | 77 | 73 | 72 | 73 |
| Gross domestic fixed investment | 33 | 32 | 32 | 30 | 30 | 27 | 30 | 30 | 29 |
| Government investment | 8 | 9 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Private investment | 25 | 24 | 23 | 22 | 22 | 19 | 22 | 22 | 21 |
| Exports (GNFS)[b] | 20 | 24 | 20 | 23 | 25 | 27 | 31 | 36 | 41 |
| Imports (GNFS) | 24 | 29 | 26 | 27 | 30 | 34 | 37 | 41 | 46 |
| Gross domestic savings | 34 | 30 | 31 | 32 | 31 | 23 | 27 | 28 | 27 |
| Gross national savings[c] | 37 | 34 | 34 | 34 | 33 | 26 | 29 | 30 | 29 |
| *Memorandum items* | | | | | | | | | |
| Gross domestic product (US$ million at current prices) | 1238700 | 1224097 | 1361057 | 1684324 | 1847982 | 1967881 | 2113579 | 2295980 | 2475905 |
| GNI per capita (US$, Atlas method) | 960 | 1030 | 1160 | 1280 | 1410 | 1540 | 1660 | 1770 | 1890 |
| Real annual growth rates (%, calculated from 93 prices) | | | | | | | | | |
| Gross domestic product at market prices | 9.8 | 3.9 | 8.2 | 9.6 | 6.9 | 5.1 | 6.4 | 7.1 | 7.3 |
| Gross Domestic Income | 9.8 | 5.3 | 7.7 | 10.0 | 7.1 | 2.8 | 5.4 | 6.0 | 6.7 |
| Real annual per capita growth rates (%, calculated from 93 prices) | | | | | | | | | |
| Gross domestic product at market prices | 8.2 | 2.4 | 6.7 | 8.0 | 5.4 | 3.7 | 4.9 | 5.6 | 5.8 |
| Total consumption | 5.7 | 9.6 | 4.8 | 5.7 | 7.5 | 20.0 | -6.3 | 0.9 | 7.5 |
| Private consumption | 5.3 | 9.7 | 3.3 | 5.6 | 8.3 | 19.6 | -7.1 | 0.1 | 7.9 |
| **Balance of Payments (US$ millions)** | | | | | | | | | |
| Exports (GNFS)[b] | 256504 | 294964 | 277991 | 382280 | 450777 | 529513 | 659244 | 822528 | 1012629 |
| Merchandise FOB | 166162 | 189001 | 182262 | 250627 | 309843 | 369430 | 458868 | 580173 | 723648 |
| Imports (GNFS)[b] | 309119 | 360568 | 360181 | 464054 | 576439 | 670761 | 787609 | 942151 | 1127393 |
| Merchandise FOB | 257629 | 308520 | 300644 | 381061 | 499533 | 586140 | 693201 | 837620 | 1008240 |
| Resource balance | -52615 | -65604 | -82190 | -81775 | -125662 | -141247 | -128366 | -119624 | -114764 |
| Net current transfers | 41945 | 44799 | 52045 | 53140 | 63494 | 70275 | 65674 | 70810 | 76008 |
| Current account balance | -15737 | -27914 | -38435 | -45958 | -78180 | -87279 | -79974 | -69623 | -63409 |
| Net private foreign direct investment | 15893 | 22372 | 17966 | 9360 | 22061 | 20000 | 26500 | 40000 | 40000 |
| Long-term loans (net) | 24724 | 10303 | 5792 | 17145 | 11592 | 7245 | 18423 | 19437 | -2608 |
| Official | 2272 | 2896 | 3039 | 5400 | 2631 | 6631 | 6254 | 5656 | 1348 |
| Private | 22452 | 7407 | 2753 | 11746 | 8961 | 614 | 12168 | 13781 | -3955 |
| Other capital (net, incl. errors & ommissions) | 67284 | -24840 | 28118 | 32503 | 31696 | 49689 | 49936 | 59989 | 61495 |
| Change in reserves[d] | -92164 | 20079 | -13441 | -13050 | 12831 | 10345 | -14885 | -49802 | -35479 |
| *Memorandum items* | | | | | | | | | |
| Resource balance (% of GDP) | -4.2 | -5.4 | -6.0 | -4.9 | -6.8 | -7.2 | -6.1 | -5.2 | -4.6 |
| Real annual growth rates ( YR93 prices) | | | | | | | | | |
| Merchandise exports (FOB) | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Primary | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Manufactures | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Merchandise imports (CIF) | .. | .. | .. | .. | .. | .. | .. | .. | .. |

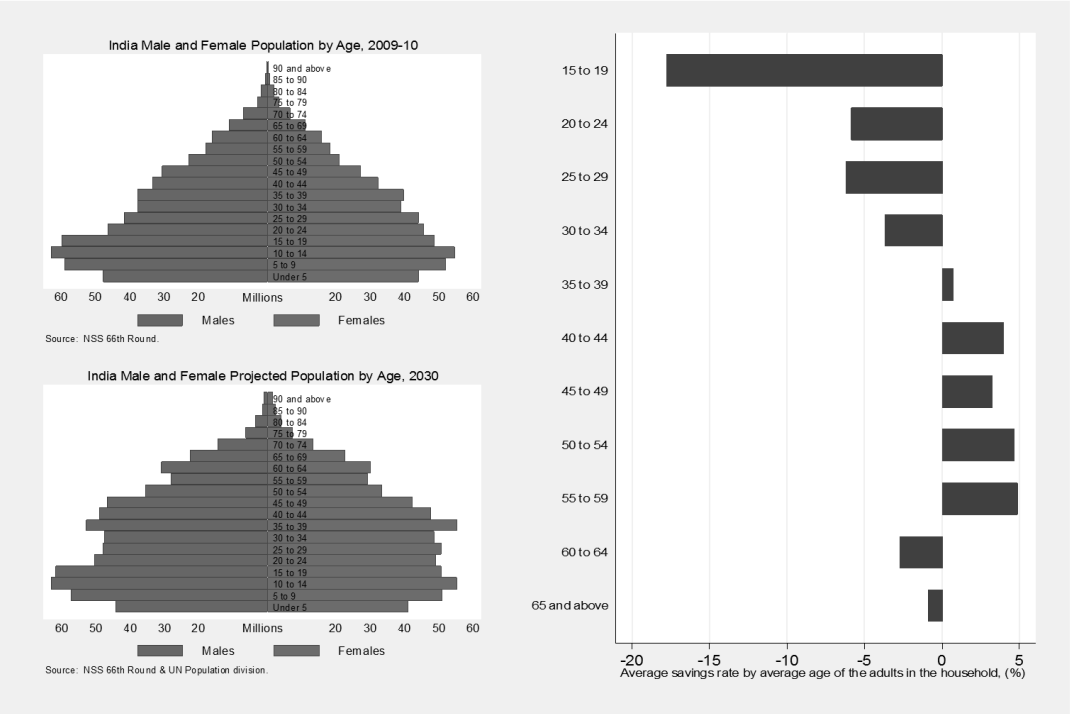
*(Continued)*

## India - Key Economic Indicators *(Continued)*

| Indicator | Actual 2007 | Actual 2008 | Actual 2009 | Estimate 2010 | Estimate 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Public finance (as % of GDP at market prices)[e]** | | | | | | | | | |
| Current revenues | 21.0 | 19.4 | 18.3 | 18.9 | 18.7 | 18.7 | 19.0 | 19.2 | 19.2 |
| Current expenditures | 21.2 | 23.8 | 24.2 | 24.4 | 23.5 | 23.8 | 22.8 | 22.4 | 22.2 |
| Current account surplus (+) or deficit (-) | -0.2 | -4.4 | -6.0 | -5.5 | -4.8 | -5.1 | -3.7 | -3.2 | -3.0 |
| Capital expenditure | 4.8 | 4.0 | 3.9 | 3.8 | 3.5 | 3.6 | 3.8 | 3.9 | 3.9 |
| Foreign financing | .. | .. | .. | .. | .. | 0.1 | 0.1 | 0.1 | 0.1 |
| **Monetary indicators** | | | | | | | | | |
| M2/GDP | 23.3 | 22.5 | 23.1 | 21.4 | 19.6 | 19.6 | 20.0 | 20.0 | 20.0 |
| Growth of M2 (%) | 19.3 | 8.9 | 18.2 | 10.0 | 5.8 | 12.9 | 15.9 | 14.1 | 13.7 |
| Private sector credit growth / total credit growth (%) | 86.2 | 53.6 | 54.9 | 70.3 | 65.2 | 57.9 | 57.3 | 50.2 | 66.4 |
| **Price indices( YR93 =100)** | | | | | | | | | |
| Merchandise export price index | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Merchandise import price index | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Merchandise terms of trade index | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Real exchange rate (US$/LCU)[f] | 108.5 | 97.8 | 94.7 | 102.0 | 99.1 | 102.5 | 102.2 | 101.8 | 101.8 |
| Real interest rates | | | | | | | | | |
| Consumer price index (% change) | 6.4 | 9.0 | 12.4 | 10.4 | 8.2 | 7.4 | 7.0 | 6.5 | 6.0 |
| GDP deflator (% change) | 5.8 | 8.7 | 6.0 | 8.5 | 8.0 | 7.4 | 7.0 | 6.5 | 6.0 |

a. GDP at factor cost
b. "GNFS" denotes "goods and nonfactor services."
c. Includes net unrequited transfers excluding official capital grants.
d. Includes use of IMF resources.
e. Consolidated central government.
f. "LCU" denotes "local currency units." An increase in US$/LCU denotes appreciation.

### Figure B6.1: INDIA's Demographic Transition



Annex B7

# India - Key Exposure Indicators

| Indicator | Actual | | | Estimated | | | Projected | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Total debt outstanding and disbursed (TDO) (US$m)[a] | 204005 | 227043 | 256229 | 290351 | 334331 | 370576 | 401250 | 431936 | 439329 |
| Net disbursements (US$m)[a] | 83365 | 41064 | 29587 | 56064 | 55916 | 16745 | 30673 | 30687 | 7392 |
| Total debt service (TDS) (US$m)[a] | 7307 | 7287 | 5532 | 5392 | 7039 | 39013 | 43689 | 53912 | 62034 |
| Debt and debt service indicators (%) | | | | | | | | | |
| TDO/XGS[b] | .. | .. | 80.2 | 69.3 | 67.9 | 64.4 | 56.4 | 49.0 | 40.7 |
| TDO/GDP | 16.5 | 18.5 | 18.8 | 17.2 | 18.1 | 18.6 | 18.6 | 18.5 | 17.4 |
| TDS/XGS | .. | .. | 1.7 | 1.3 | 1.4 | 6.8 | 6.1 | 6.1 | 5.8 |
| Concessional/TDO | 21.8 | 20.8 | 18.8 | 17.4 | 15.6 | 14.8 | 14.0 | 12.9 | 12.2 |
| IBRD exposure indicators (%) | | | | | | | | | |
| IBRD DS/public DS | 6.8 | 4.7 | 10.0 | 10.0 | 9.3 | 6.8 | 8.0 | 7.9 | 12.2 |
| Preferred creditor DS/public DS (%)[c] | 19.5 | 14.0 | 30.7 | 32.7 | 28.7 | 26.1 | 29.5 | 28.1 | 40.0 |
| IBRD DS/XGS | .. | .. | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |
| IBRD TDO (US$m)[d] | 6404 | 7187 | 7868 | 10755 | 11386 | 11654 | 12370 | 13560 | 15246 |
| Of which present value of guarantees (US$m) | | | | | | | | | |
| Share of IBRD portfolio (%) | 5 | 6 | 7 | 10 | 11 | 14 | 18 | 23 | 23 |
| IDA TDO (US$m)[d] | 25319 | 25365 | 26050 | 25888 | 26605 | 26584 | 26907 | 27076 | 27083 |
| IFC (US$m) | | | | | | | | | |
| Loans | | | | | | | | | |
| Equity and quasi-equity /c | | | | | | | | | |
| MIGA | | | | | | | | | |
| MIGA guarantees (US$m) | .. | .. | .. | .. | .. | .. | .. | .. | .. |

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

**INDIA - Operations Portfolio (IBRD/IDA and Grants)**

**As Of Date 1/24/2013**

| Closed Projects | 470 |
|---|---|

**IBRD/IDA** *

| | |
|---|---|
| Total Disbursed (Active) | 6,957.0 |
| of which has been repaid | 230.6 |
| Total Disbursed (Closed) | 16,588.1 |
| of which has been repaid | 15,354.1 |
| Total Disbursed (Active + Closed) | 23,545.1 |
| of which has been repaid | 15,584.7 |
| Total Undisbursed (Active) | 16,179.8 |
| Total Undisbursed (Closed) | 61.5 |
| Total Undisbursed (Active + Closed) | 16,241.3 |

**Active Projects**

| Project ID | Project Name | Last PSR Supervision Rating: Development Objectives | Last PSR Supervision Rating: Implementation Progress | Fiscal Year | Original Amount in US$ Millions: IBRD | IDA | GRANT | Cancel. | Undisb. | Difference Between Expected and Actual Disbursements [a]: Orig. | Frm Rev'd |
|---|---|---|---|---|---|---|---|---|---|---|---|
| P102771 | IN: IIFCL - India Infras Finan | U | MU | 2010 | 1,195 | | | | 1,172 | 813 | |
| P101650 | IN: A. P. RWSS | S | MU | 2010 | | 150 | | | 130 | 77 | |
| P100789 | IN: AP Community Tank Mar | S | MS | 2007 | 95 | 95 | | | 93 | 90 | -3 |
| P071250 | IN: AP Municipal Developme | S | MS | 2010 | 300 | | | | 276 | 62 | |
| P096021 | IN: AP Road Sector Project | S | MU | 2010 | 320 | | | | 257 | 101 | -1 |
| P100954 | IN: AP Water Sector Improve | S | S | 2010 | 451 | | | | 354 | 5 | |
| P084792 | IN: Assam Agric Competitive | S | S | 2005 | | 204 | | | 68 | 11 | -9 |
| P096018 | IN: Assam State Roads Proje | S | S | 2012 | 320 | | | | 320 | 12 | |
| P122096 | IN: Bihar Kosi Flood Recove | MS | MU | 2011 | | 220 | | | 194 | 53 | |
| P102627 | IN: Bihar PRI | MS | MS | 2013 | | 84 | | | 86 | 1 | |
| P090764 | IN: Bihar Rural Livelihoods F | S | S | 2007 | | 163 | | | 98 | -58 | 7 |
| P088520 | IN: Biodiver Cons & Rural Li | S | MS | 2011 | | 15 | | | 14 | 1 | |
| P088598 | IN: Biodiver Cons & Rural Li | S | MS | 2011 | | | 8 | | 7 | 1 | |
| P091031 | IN: CBldg for Indus Poll Mgt | S | S | 2010 | 25 | 39 | | | 58 | 8 | |
| P099979 | IN: CBldg for Urban Develop | MS | MS | 2012 | | 60 | | | 57 | 3 | |
| P100584 | IN: Chiller Effcy-GEF | # | MS | 2009 | | | 6 | | 5 | | 4 |
| P102790 | IN: Chiller Energy Efficiency | MS | MS | 2009 | | | 1 | | 1 | | |
| P100531 | IN: Coal-Fired Generation Re | MS | MU | 2009 | | | 45 | | 45 | 32 | |
| P100101 | IN: Coal-Fired Generation Re | MS | MU | 2009 | 180 | | | | 180 | 120 | |
| P089985 | IN: Dam Rehabilitation & Imp | S | S | 2010 | 175 | 175 | | | 347 | 95 | 15 |
| P114338 | IN: Eastern Dedicated Freigh | S | MS | 2011 | 975 | | | | 972 | 127 | |
| P100530 | IN: Egy Effcy at SMEs | S | MS | 2010 | | | 11 | | 11 | 7 | |
| P110051 | IN: Haryana Power System I | S | MS | 2010 | 330 | | | | 215 | 202 | -115 |
| P096019 | IN: HP State Roads Project | MS | MS | 2007 | 282 | | | | 132 | 70 | |
| P084632 | IN: Hydrology II | MS | MS | 2005 | 105 | | | | 43 | 43 | 43 |
| P121731 | IN: ICDS Syst Strength & Nu | # | # | 2013 | | 106 | | | 102 | | |
| P097985 | IN: Integrated Coastal Zone I | S | MS | 2010 | | 222 | | | 196 | 57 | 37 |
| P079675 | IN: Karn Municipal Reform | S | MS | 2006 | 216 | | | | 97 | 97 | 23 |
| P122486 | IN: Karn Wtrshed II | S | S | 2013 | | 60 | | | 60 | 0 | |
| P071160 | IN: Karnataka Health System | S | S | 2007 | | 212 | | | 98 | 15 | 6 |
| P078832 | IN: Karnataka Panchayats Sl | MS | MS | 2006 | | 120 | | | 14 | -9 | |
| P050653 | IN: KARNATAKA RWSS II | S | MS | 2002 | | 302 | | 17 | 96 | -67 | 50 |
| P121774 | IN: Kerala RWSSP II | S | MS | 2012 | | 155 | | | 151 | 1 | |
| P073370 | IN: Madhya Pradesh Water S | S | S | 2005 | 394 | | | 7 | 175 | 181 | 11 |
| P084790 | IN: MAHAR WSIP | MS | S | 2005 | 325 | | | | 61 | 61 | -6 |
| P120836 | IN: Maharashtra Agric. Comp | S | S | 2011 | | 100 | | | 90 | -5 | |
| P119043 | IN: Microf-Scaling Up Sustnb | S | S | 2010 | 200 | 100 | | | 167 | 59 | |
| P093720 | IN: Mid-Himalayan (HP) Wat | S | S | 2006 | | 97 | | | 45 | 4 | |
| P102331 | IN: MPDPIP-II | S | S | 2009 | | 100 | | | 48 | 32 | |
| P113028 | IN: Mumbai Urban Transport | S | MS | 2010 | 430 | | | | 375 | 116 | |
| P092735 | IN: NAIP | S | MS | 2006 | | 200 | | | 56 | 39 | 16 |
| P112060 | IN: National Agricultural Inno | S | MS | 2010 | | | 7 | | 4 | | 2 |

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

**INDIA - Operations Portfolio (IBRD/IDA and Grants)**

**As Of Date 1/24/2013**

| **Closed Projects** | **470** |
|---|---|
| **IBRD/IDA** * | |
| Total Disbursed (Active) | 6,957.0 |
| of which has been repaid | 230.6 |
| Total Disbursed (Closed) | 16,588.1 |
| of which has been repaid | 15,354.1 |
| Total Disbursed (Active + Closed) | 23,545.1 |
| of which has been repaid | 15,584.7 |
| Total Undisbursed (Active) | 16,179.8 |
| Total Undisbursed (Closed) | 61.5 |
| Total Undisbursed (Active + Closed) | 16,241.3 |

**Active Projects**

| Project ID | Project Name | Last PSR Supervision Rating: Development Objectives | Last PSR Supervision Rating: Implementation Progress | Fiscal Year | Original Amount in US$ Millions: IBRD | IDA | GRANT | Cancel. | Undisb. | Difference Between Expected and Actual Disbursements [a]: Orig. | Frm Rev'd |
|---|---|---|---|---|---|---|---|---|---|---|---|
| P119085 | IN: National Ganga River Ba | MU | MU | 2011 | 801 | 199 | | | 943 | 20 | |
| P104164 | IN: National Rural Livelihood | MS | MS | 2012 | | 1,000 | | | 959 | 203 | |
| P121515 | IN: NHAI Technical Assistan | MU | MU | 2011 | 45 | | | | 40 | 16 | |
| P102330 | IN: North East Rural Livelih | MS | MU | 2012 | | 130 | | | 124 | 3 | |
| P094360 | IN: Ntnl VBD Control&Polio E | MS | MS | 2009 | | 521 | | 160 | 124 | 247 | |
| P085345 | IN: ODS IV-CTC Sector Pha | HS | MS | 2005 | | | 53 | | 14 | 3 | |
| P093478 | IN: Orissa Rural Livelihoods | MS | U | 2009 | | 82 | | | 61 | 50 | |
| P096023 | IN: Orissa State Roads | MU | MU | 2009 | 250 | | | | 222 | 147 | |
| P124639 | IN: PMGSY Rural Roads Pro | MS | MU | 2011 | 500 | 1,000 | | | 1,341 | 349 | |
| P101653 | IN: Power System Developm | HS | S | 2008 | 1,000 | | | | 138 | -262 | 137 |
| P115566 | IN: POWERGRID V | S | MS | 2010 | 1,000 | | | | 727 | 235 | |
| P090592 | IN: Punjab Rural Water Supp | MS | MS | 2007 | | 154 | | 0 | 79 | 65 | 19 |
| P090585 | IN: Punjab State Road Secto | MS | MS | 2007 | 250 | | | | 105 | 105 | 2 |
| P040610 | IN: RAJ WSRP | MS | S | 2002 | | 159 | | 26 | 37 | 5 | -4 |
| P124614 | IN: Rajasthan ACP | S | S | 2012 | | 109 | | | 107 | 2 | |
| P102329 | IN: Rajasthan Rural Livelihoo | MS | MS | 2011 | | 163 | | | 150 | 4 | |
| P095114 | IN: Rampur Hydropower Proj | MS | MU | 2008 | 400 | | | | 82 | 65 | -7 |
| P118445 | IN: Secondary Education Pro | S | S | 2012 | | 500 | | | 497 | 8 | |
| P086518 | IN: SME Financing & Develo | S | MS | 2005 | 520 | | | | 20 | -380 | 20 |
| P102768 | IN: Stren India's Rural Credit | MS | MS | 2007 | 300 | 300 | | | 164 | 163 | |
| P110371 | IN: Sustainable Urban Trans | S | MU | 2010 | 105 | | | | 87 | 68 | |
| P100589 | IN: Sustainable Urban Trans | S | MU | 2010 | | | 20 | | 17 | | |
| P102549 | IN: Tech Engr Educ Qual Im | S | S | 2010 | | 300 | | | 235 | 115 | |
| P079708 | IN: TN Empwr & Pov Reduct | S | S | 2006 | | 274 | | | 130 | -31 | 58 |
| P075058 | IN: TN Health Systems | S | S | 2005 | | 229 | | 20 | 53 | -49 | 20 |
| P090768 | IN: TN IAM WARM | S | MS | 2007 | 335 | 150 | | | 237 | 209 | |
| P083780 | IN: TN Urban III | S | MS | 2006 | 300 | | | 1 | 56 | 57 | 34 |
| P100304 | IN: UP Health Sys Strengthe | S | S | 2012 | | 152 | | | 137 | 18 | |
| P112033 | IN: UP Sodic III | S | MS | 2009 | | 197 | | | 144 | 9 | |
| P083187 | IN: Uttarakhand RWSS Proje | S | S | 2007 | | 120 | | | 41 | 32 | 8 |
| P112061 | IN: Uttarakhand Watershed I | S | S | 2010 | | | 7 | | 1 | | |
| P096124 | IN: Vishnugad Pipalkoti HEP | MS | U | 2011 | 648 | | | | 646 | -2 | |
| P099047 | IN: Vocational Training | MS | S | 2007 | | 280 | | | 136 | 107 | |
| P105311 | IN: WB Minor Irrigation Proje | S | S | 2012 | 125 | 125 | | | 244 | 4 | |
| P105990 | IN: West Bengal PRI | S | S | 2010 | | 200 | | | 134 | -12 | |
| P107649 | IN:Karnataka State Highway | S | MS | 2011 | 350 | | | | 323 | 47 | |
| P102624 | IN:Kerala Local Govt. & Serv | S | MS | 2011 | | 200 | | | 133 | 3 | |
| P092217 | IN:National Cyclone Risk Mit | S | MS | 2010 | | 255 | | | 225 | 125 | |
| P100735 | IN:Orissa Community Tank M | MU | MU | 2009 | 56 | 56 | | 35 | 65 | 53 | 17 |
| P107648 | National Dairy Support Proje | S | S | 2012 | | 352 | | | 336 | 7 | |
| **Overall Result** | | | | | **13,302** | **10,185** | **160** | **265** | **16,285** | **4,267** | **385** |

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

**B8B (IFC) for India**

**India**
**Committed and Disbursed Outstanding Investment Portfolio**
**As of 12/31/2012**
**(In USD Millions)**

| | | Committed | | | | | Disbursed Outstanding | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY Approval | Company | Loan | Equity | **Quasi Equity | *GT/RM | Partici pant | Loan | Equity | **Quasi Equity | *GT/RM | Partici pant |
| 2007 | ABC Coffee | 5 | 4 | 0 | 0 | 0 | 5 | 4 | 0 | 0 | 0 |
| 2005/ 2008/ 2009 | ADPCL | 52 | 12 | 0 | 0 | 0 | 52 | 12 | 0 | 0 | 0 |
| 2006/ 2009/ 2012 | AHEL | 63 | 25 | 0 | 0 | 0 | 63 | 25 | 0 | 0 | 0 |
| 2005 | AP Paper Mills | 9 | 0 | 0 | 0 | 0 | 9 | 0 | 0 | 0 | 0 |
| 2005 | APIDC Biotech | 0 | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2009 | APPL | 0 | 6 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2012/ 2013 | ATC India | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2013 | ATG BV | 0 | 10 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 0 |
| 2003/ 2005/ 2010/ 2011 | ATL | 30 | 0 | 0 | 0 | 20 | 30 | 0 | 0 | 0 | 20 |
| 2010/ 2012/ 2013 | AU Financiers | 0 | 22 | 0 | 0 | 0 | 0 | 22 | 0 | 0 | 0 |
| 2010 | Aadhar | 0 | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |
| 2007/ 2009 | Aavishkaar | 0 | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2010/ 2013 | AavishkaarFundII | 0 | 6 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2011 | Aavishkaar MSME | 0 | 15 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2008 | Aloe 2 | 0 | 17 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 |
| 2008 | Ambit Pragma | 0 | 12 | 0 | 0 | 0 | 0 | 11 | 0 | 0 | 0 |
| 2012 | Ambit Pragma II | 0 | 20 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2008/ 2012 | Angel Global | 0 | 18 | 0 | 0 | 0 | 0 | 18 | 0 | 0 | 0 |
| 2010/ 2012 | Applied Solar | 8 | 6 | 0 | 0 | 0 | 5 | 6 | 0 | 0 | 0 |
| 2011 | Attero Recycling | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 4 | 0 | 0 |
| 2006/ 2010/ 2011 | Atul Ltd | 23 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 | 0 |
| 2010 | Auro Mira Energy | 0 | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |
| 2008 | Avigo Fund II | 0 | 9 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 |
| 2009 | Avigo Fund III | 0 | 20 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 |
| 2012 | Axis Bank | 70 | 0 | 0 | 0 | 0 | 70 | 0 | 0 | 0 | 0 |
| 2010/ 2013 | Azure Power | 0 | 5 | 7 | 0 | 0 | 0 | 5 | 7 | 0 | 0 |
| 2007 | BHSIL | 28 | 0 | 17 | 0 | 32 | 28 | 0 | 17 | 0 | 32 |
| 2001/ 2004 | BILT | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2003/ 2007 | Balrampur | 18 | 0 | 0 | 0 | 0 | 18 | 0 | 0 | 0 | 0 |
| 2011 | Bandhan | 0 | 24 | 0 | 0 | 0 | 0 | 24 | 0 | 0 | 0 |
| 2012 | Banyan Tree II | 0 | 25 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2001 | Basix Ltd. | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2010 | Belstar | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2005 | Bharat Biotech | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 |
| 2010/ 2012 | Bhilwara Energy | 0 | 19 | 0 | 0 | 0 | 0 | 19 | 0 | 0 | 0 |
| 2012 | Bhilwara Wind | 13 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 0 |
| 1985/ 1990/ 1991/ 1993 | Bihar Sponge | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 |
| 2001/ 2006/ 2007/ 2008/ 201 | CCIL | 6 | 6 | 0 | 1 | 2 | 6 | 3 | 0 | 0 | 2 |
| 2008 | CGPL Ultra Mega | 447 | 0 | 0 | 0 | 0 | 344 | 0 | 0 | 0 | 0 |
| 2003/ 2005/ 2012 | COSMO | 10 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 |
| 2013 | CapAleph | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2010/ 2011 | Chola | 0 | 25 | 0 | 0 | 0 | 0 | 25 | 0 | 0 | 0 |
| 2009 | Connectiva | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2010/ 2012 | Craftsman | 0 | 13 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 |
| 2003/ 2004 | DQEL | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2005/ 2006/ 2009 | DSCL | 59 | 0 | 0 | 7 | 0 | 59 | 0 | 0 | 0 | 0 |
| | Dhunseri India | 0 | 5 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2009 | Dishman | 13 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 | 0 |
| 2012 | Dunar Foods | 0 | 14 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 |
| 2013 | Ecolibrium | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | Educomp | 30 | 14 | 10 | 0 | 0 | 30 | 14 | 10 | 0 | 0 |
| 2007 | Electrotherm | 13 | 0 | 10 | 0 | 0 | 13 | 0 | 10 | 0 | 0 |
| 2012 | Equitas | 0 | 16 | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 |
| 2009/ 2010/ 2011 | Exim India | 150 | 0 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 0 |
| 2007/ 2010 | FINO | 0 | 1 | 5 | 0 | 0 | 0 | 1 | 5 | 0 | 0 |
| 2006/ 2008/ 2010/ 2011/ 201 | Federal Bank | 0 | 23 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 |
| 2008/ 2013 | Finechem | 16 | 13 | 0 | 0 | 0 | 16 | 12 | 0 | 0 | 0 |
| 2012 | Flareum | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | Forum Synergies | 0 | 15 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2007/ 2008 | GSPL | 49 | 13 | 0 | 0 | 0 | 49 | 13 | 0 | 0 | 0 |
| 2011 | Gamesa India | 15 | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 0 |
| 1994/ 1999/ 2000/ 2001 | Global Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2007/ 2009/ 2012 | Granules | 17 | 1 | 0 | 0 | 0 | 17 | 1 | 0 | 0 | 0 |
| 2013 | Green Infra 20MW | 8 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 |
| 2013 | Green Infra 5MW | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| 2007 | HDFC Bank | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 100 | 0 | 0 |
| 2009 | HIKAL | 13 | 7 | 0 | 0 | 0 | 13 | 4 | 0 | 0 | 0 |
| 2008 | HNGFG | 6 | 4 | 0 | 0 | 0 | 6 | 3 | 0 | 0 | 0 |
| 2009/ 2011 | Himadri | 11 | 0 | 7 | 22 | 0 | 6 | 0 | 7 | 0 | 0 |
| 2010/ 2011 | Husk Power | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2007 | ICICI Bank | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 150 | 0 | 0 |
| 2011 | ICM-INDIA | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1998/ 2005/ 2006/ 2010 | IDFC | 79 | 3 | 0 | 0 | 0 | 79 | 3 | 0 | 0 | 0 |
| 2006 | IHDC | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 |
| | IHDC - Ascent | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| 2012 | IMGC | 0 | 5 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2008 | Idea Cellular | 98 | 0 | 0 | 0 | 0 | 98 | 0 | 0 | 0 | 0 |
| 2013 | Inabensa Bharat | 14 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | Indecomm | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2008/ 2013 | India Infr. Fund | 0 | 46 | 0 | 0 | 0 | 0 | 27 | 0 | 0 | 0 |
| 2009 | India Agri Fund | 0 | 19 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 |
| 2012/ 2013 | Infuse Capital | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2013 | Inox Rajasthan | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006/ 2009 | JK Paper | 10 | 2 | 0 | 0 | 0 | 10 | 2 | 0 | 0 | 0 |
| 2013 | JMT Auto | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2008/ 2009/ 2010/ 2013 | Jain Irrigation | 55 | 19 | 40 | 0 | 65 | 55 | 18 | 40 | 0 | 65 |
| 2007/ 2010 | KCIL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005/ 2006 | KPIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2011 | Kaizen | 0 | 10 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| 2010 | Kalyani Gerdau | 25 | 0 | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 0 |
| 2012/ 2013 | Kalkitech | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2008 | Kamani Oil | 0 | 5 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 |
| 2005/ 2007/ 2010/ 2011/ 201 | Kotak Mahindr... | 0 | 0 | 45 | 17 | 0 | 0 | 0 | 45 | 17 | 0 |
| 2006 | LGB | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | LGB FORGE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | Laxmi Organic | 10 | 9 | 0 | 0 | 0 | 10 | 9 | 0 | 0 | 0 |
| 2006/ 2008 | Lok Fund | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2011/ 2012 | Lok Capital II | 0 | 13 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |
| 1990/ 1993/ 1995 | M&M | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2007 | MBPV | 18 | 0 | 0 | 0 | 0 | 18 | 0 | 0 | 0 | 0 |
| 2010 | MSETCL | 45 | 0 | 0 | 0 | 0 | 45 | 0 | 0 | 0 | 0 |
| 2007 | MSPL | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 |
| 2009 | Macq-SBI Int F | 0 | 149 | 0 | 0 | 0 | 0 | 96 | 0 | 0 | 0 |
| 2009 | Macquarie IM | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2011 | MagmaFincorp | 0 | 23 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 |
| 2012 | Mahindra Solar 1 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2004/ 2007 | Max Healthcare | 0 | 5 | 31 | 0 | 0 | 0 | 5 | 31 | 0 | 0 |
| 2009 | Max India Ltd | 0 | 28 | 0 | 0 | 0 | 0 | 28 | 0 | 0 | 0 |
| 2009 | Midas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2009 | Modern Dairies | 0 | 6 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 |
| 1996/ 1997/ 1999/ 2000 | Moser Baer | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2011 | NCMSL | 0 | 6 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 |
| 1993/ 1996/ 1997/ 1998 | NICCO-UCO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | NSL Power | 0 | 16 | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 |
| 2012 | Nereus Capital | 0 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2007 | OCL | 23 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 | 0 |
| 2007/ 2009 | Ocean Sparkle | 11 | 9 | 0 | 0 | 0 | 11 | 9 | 0 | 0 | 0 |
| 2007 | Ocimum | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| 2011/ 2013 | PTC Financial | 80 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | 0 |
| 2012 | Paradeep Phosp | 50 | 0 | 0 | 0 | 0 | 20 | 0 | 0 | 0 | 0 |
| 2006 | Peepul CapFnd II | 0 | 15 | 0 | 0 | 0 | 0 | 14 | 0 | 0 | 0 |
| 2007/ 2010 | Petronet | 42 | 0 | 0 | 0 | 150 | 42 | 0 | 0 | 0 | 150 |
| 2011/ 2012 | Piaggio India | 37 | 0 | 0 | 0 | 0 | 37 | 0 | 0 | 0 | 0 |
| 2009 | Polycab | 0 | 19 | 31 | 0 | 0 | 0 | 19 | 31 | 0 | 0 |
| 2004 | Powerlinks | 33 | 0 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 0 |
| 2013 | Power Grid | 100 | 0 | 0 | 0 | 120 | 100 | 0 | 0 | 0 | 120 |
| 2012 | Pragati Fund | 0 | 20 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2008 | Punj Lloyd | 18 | 0 | 0 | 0 | 0 | 18 | 0 | 0 | 0 | 0 |
| 2008 | Punj Upstream | 23 | 3 | 0 | 0 | 0 | 10 | 3 | 0 | 0 | 0 |
| 2013 | RK Forgings | 14 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rabo Equity Mgt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1996/ 1998/ 2005 | Rain Calcining | 0 | 0 | 0 | 47 | 0 | 0 | 0 | 0 | 8 | 0 |
| 2013 | Religare | 0 | 0 | 74 | 0 | 0 | 0 | 0 | 74 | 0 | 0 |
| 2012/ 2013 | Rhodia Inc. | 25 | 0 | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 0 |
| 2008 | Rockland | 0 | 14 | 0 | 0 | 0 | 0 | 9 | 0 | 0 | 0 |
| 2011 | SAFAL (Jain NBFC | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | SAME DEUTZ India | 13 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| 2009 | SBI - Macq DM | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2012 | SEWA | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | SPSL | 9 | 0 | 0 | 0 | 0 | 9 | 0 | 0 | 0 | 0 |
| 2012 | SRLL | 0 | 25 | 0 | 0 | 0 | 0 | 21 | 0 | 0 | 0 |
| 2008 | Samara Capital | 0 | 10 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 |
| 2008 | Samson Maritime | 18 | 4 | 0 | 0 | 0 | 18 | 4 | 0 | 0 | 0 |
| 1996 | Sara Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005 | SeaLion | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| 2011/ 2012 | Shalivahana | 0 | 5 | 0 | 14 | 0 | 0 | 5 | 0 | 0 | 0 |
| 2010/ 2012 | Snowman | 5 | 5 | 0 | 0 | 0 | 3 | 5 | 0 | 0 | 0 |
| 2008/ 2010 | Soktas India | 8 | 2 | 0 | 0 | 0 | 8 | 1 | 0 | 0 | 0 |
| 2007 | Suguna | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 7 | 0 | 0 |
| 2010/ 2012 | Suvidhaa | 0 | 7 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |
| 2012 | Tata Cleantech | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2011/ 2012 | Techno Wind | 29 | 4 | 0 | 0 | 0 | 29 | 4 | 0 | 0 | 0 |
| 2012 | Ujjivan | 0 | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 |
| 2010/ 2011/ 2012 | Utkarsh | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 2008/ 2010 | VPF | 0 | 15 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 0 |
| 2009/ 2010 | VW-India | 79 | 0 | 0 | 0 | 99 | 79 | 0 | 0 | 0 | 99 |
| 2010 | VicatSagar | 75 | 0 | 0 | 0 | 73 | 75 | 0 | 0 | 0 | 73 |
| 2011 | Vinati | 10 | 0 | 5 | 0 | 0 | 10 | 0 | 5 | 0 | 0 |
| 2011 | Visakha Terminal | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2011 | Vishwa Infra | 3 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| 2011 | Vishwa Utilities | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| 2011 | Vivimed | 13 | 0 | 8 | 0 | 0 | 13 | 0 | 8 | 0 | 0 |
| 2012 | Vortex | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2007 | WCPM | 33 | 0 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 0 |
| 2010 | WEG S.A. | 22 | 0 | 0 | 0 | 0 | 22 | 0 | 0 | 0 | 0 |
| 2009/ 2010 | WHI India | 9 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 |
| 1998 | WIV | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1998/ 2000 | Walden-Mgt India | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2012 | YES BANK LTD | 0 | 0 | 75 | 0 | 0 | 0 | 0 | 75 | 0 | 0 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | Zephyr India II | 0 | 9 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 |
| 2012 | Zephyr India III | 0 | 15 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | **Total Portfolio:** | **2,460** | **1,083** | **631** | **109** | **561** | **2,099** | **781** | **630** | **25** | **561** |

* Denotes Guarantee and Risk Management Products.
** Quasi Equity includes both loan and equity types.