

FY 05-08 Country Strategy Outcomes Matrix

I: Improving Government Effectiveness

India's Development Agenda		World Bank CAS Program	
Long Term GOJ-MDG Goals	Selected Issues and Obstacles	CAS Period Outcomes to be directly influenced by the Bank	Portfolio/Other Assistance and Support
Strengthening Fiscal Management and Reallocating Public Resources to Priority Areas for the Poor			
<p>Progressively reduce the primary deficit at the Center and in states</p> <ul style="list-style-type: none"> The need to finance fiscal deficits since the mid-1990s (about 10% of GDP) has preempted private investment and is not conducive to long-run growth and poverty reduction Fiscal imbalances in the states account for about 40 percent of the general government fiscal deficit. While some states have made good progress, there is so far little improvement in aggregate fiscal adjustment Poor composition of public expenditures, with wages, pensions, interest and subsidies crowding out capital spending and maintenance, and leading to slow growth in social sector spending Duplication of services provided by the private sector Large claim on government resources for power have been a major reason for high state government deficits (see outcome III.1) 	<p>1.1. Improved fiscal position and public expenditure management in at least 4 states, e.g.:</p> <ul style="list-style-type: none"> increased tax collection for states improved resource mobilization in urban local governments improved public expenditure management measures and modernization of financial mgt. systems improved financing of civil service pensions <p>1.2. Improved composition of public expenditure in support of growth and poverty reduction in at least 4 states, e.g.:</p> <ul style="list-style-type: none"> reduced share of spending on wages, pensions and interest payments increased investment and funding of O&M for priority social, infrastructure and agricultural programs 	<p>New Lending: State SALs; most investment lending, including for urban development, power and irrigation.</p> <p>AAA: Advisory support on comprehensive reform offered to largest, poorest states; national, state and local financial accountability assessments and NLTA; pension advisory work to underpin SALs</p> <p>WBI support - Capacity building for fiscal management, especially in Orissa, UP, Bihar and Jharkhand</p> <p>Partners: DFID, ADB</p>	<ul style="list-style-type: none"> Lending within the framework of a Medium Term Fiscal Reform Program for the state In power, continuing payment discipline for state power purchases In irrigation, adopting a strategy for financial sustainability of service delivery In urban, lending dependent on financial capacity of ULBs to make critical investments and sustain operations and maintenance
Improving Governance and Service Delivery			
<p>Improved effectiveness of government and basic service delivery in key sectors</p> <ul style="list-style-type: none"> Weak delivery of basic services and infrastructure (see outcome III.1 - III.4) Inefficiency and lack of accountability of state government agencies in implementing government programs 	<p>1.3. Improved accountability, efficiency and transparency of government operations in at least 4 states, e.g.:</p> <ul style="list-style-type: none"> increased implementation of citizen report cards and right to information laws/orders 	<p>Ongoing: Rural livelihood projects in MP, AP, Chhattisgarh and Rajasthan</p> <p>New Lending: State SALs; state rural service delivery and livelihood projects; E-governance</p>	<ul style="list-style-type: none"> All investment lending uses an approach that is at least supportive of fiscal and administrative decentralization Satisfactory implementation of steps to improve portfolio performance in the state or sector

¹ These represent some of the key guidelines for new lending associated with the CAS outcomes. They will be considered in concert with additional guidelines detailed in Annex 5.

Annex 4 (continued)

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<p>Poor and vulnerable have access to core services, with particular attention to rural areas and programs in health, education and social safety nets</p>	<ul style="list-style-type: none"> ◆ Uneven productivity of the civil service and cases of corruption ◆ Administrative fragmentation ◆ Decentralization ineffective because local bodies (urban and rural) have not been able to reach their potential as effective instruments of development. Either they have inadequate resources, or insufficient powers, over functions and staff. 	<ul style="list-style-type: none"> ◆ information on public finances readily accessible by the general public ◆ improved administration of public procurement (at the Center and in at least 3 states) ◆ improved performance of environmental institutions (in at least 2 states) <p>I.4. Improved accountability to the rural poor, women and other vulnerable groups in at least 4 states (see II.1)</p>	<p>AAA: Rural Service Delivery; knowledge support on decentralization agenda</p> <p>Partners: DFID, ADB, IFAD, GTZ, KfW, UNDP; local NGOs, the private sector</p> <p>WBI: Local government capacity building</p> <p>Select Guidelines for New Bank Lending</p> <ul style="list-style-type: none"> ◆ Adequate sector governance backed by commitment at the state or central level ◆ For rural service delivery, support role of local governments to provide services and basic infrastructure to constituents
II: Investing in People and Empowering Communities			
Fostering Empowerment and Rural Livelihoods			
<p>Improved welfare of poor and vulnerable communities, and enhanced rural livelihoods</p>	<ul style="list-style-type: none"> ◆ The poor are not empowered to contribute to shaping public programs that could improve their livelihoods and well-being. ◆ Limited access to basic services and infrastructure reduces the income generating opportunities of the rural poor ◆ Millions of India's poor depend on forested areas for fuelwood and for their livelihoods ◆ High concentration of India's poor are in rainfed areas, pointing to need for better watershed management (see III.2) 	<p>II.1. Rural poor are empowered to identify their core needs and take necessary action through community institutions in at least 5 states, e.g:</p> <ul style="list-style-type: none"> ◆ Increased community participation, especially women, in natural resources management (watersheds, sodic lands and forestry) ◆ Improved access to assets and finance for the rural poor ◆ improved livelihood opportunities for rural poor ◆ improved rights of women over land based resources ◆ increased information on livelihood options 	<p>Ongoing: AP, MP, Rajasthan DPIP; Chattisgarh DPRP; AP, Kerala, UP forestry projects</p> <p>New Lending: state rural livelihood projects, state forestry and watershed projects, other investment operations using a CDD approach,</p> <p>AAA: Rural Service Delivery, State Forest Sector, forestry pilots using grant or trust fund resources, Watersheds and Local Institutions</p> <p>For all rural livelihoods, state commitment to:</p> <ul style="list-style-type: none"> ◆ CDD approach; ◆ targeting for reaching the poorest; ◆ credible poverty M&E system ◆ In forestry, focus on sustainable improvement of incomes and welfare of poor communities, including through (but not limited to) sustainable use and marketing of natural resources and appropriate conferral of rights

Annex 4 (continued)

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			<p>IFC: Sustainable commercial forestry and wood using industries</p> <p>Partners: DFID, IFAD, GTZ, KfW, UNDP; local NGOs, the private sector</p>
			<p>In watersheds, reconcile the need for collective action by resource users with the need to address a higher level of environmental externalities through appropriate institutional mechanisms and participation of all stakeholders (local government, civil society, line agencies)</p>
Educational Attainment for All			
<p>All children in primary school by 2003 and completing 5 years of schooling by 2007</p> <p>Increase in literacy rates from 65% to 75% within the Plan period</p> <p>Reduction in gender gaps in literacy by at least 50% by 2007</p>	<ul style="list-style-type: none"> ♦ Girls from the SC/ST populations and children with disabilities have less access to all levels of education with lower completion rates and transition rates to the next cycle ♦ Widespread teacher vacancies and teacher absenteeism ♦ Inadequate teaching and learning materials ♦ High dropout rates at all levels ♦ Uneven learning achievements ♦ Growing levels of primary enrollments and completion will put pressure on secondary and vocational education ♦ A larger pool of workers with secondary and higher education is needed to compete globally 	<p>II.2. Improved quality of elementary educational system in states receiving Bank support, as measured by:</p> <ul style="list-style-type: none"> ♦ universal enrollment of children, particularly girls and SC/ST, in either regular or alternative schools in grades 1-5 ♦ satisfactory level of achievement in language and mathematics of the 2004 cohort by the time they reach Grade 3 in 2007 ♦ increased primary completion rates ♦ reductions in out of school children (across India) 	<p>Ongoing: SSA</p> <p>New Lending: Follow-on support to SSA; Vocational and technical education.</p> <p>AAA: Secondary education and vocational training; Aligning the educational system with the knowledge economy</p> <p>WBI: Knowledge Economy Assessment</p> <p>Partners: DFID, EC.</p> <p>KfW, GTZ support technical education programs and export promotion</p>
			<ul style="list-style-type: none"> ♦ An explicit commitment to fund/support SSA programs and goals; ♦ Move towards decentralized planning and service delivery; ♦ A financing plan linked to outcomes; ♦ A focus on inter-district variations in educational performance and additional support given to weaker districts in the state; ♦ Monitoring and evaluation systems in place for understanding and analyzing outcomes; ♦ Recognition of the ability of the private sector to assist government in developing education in the state.

Annex 4 (continued)

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Long Term GOI-MDG Goals	Selected Issues and Obstacles	CAS Period Outcomes to be directly influenced by the Bank	Portfolio/Other Assistance and Support
Reducing the health risks of the poor			
<p>Reduce infant mortality rate to 30 out of 1000 live births</p> <p>Reduce maternal mortality rate to 100 out of 100,000</p>	<ul style="list-style-type: none"> Need to break new ground in forging public-private partnerships, reorienting health facilities to ensure service for the poor and reduce the vulnerability of the poor through creation of health insurance schemes Need for accessible and good quality health care facilities for safe deliveries, care for acute respiratory infections and diarrhea in young children and effective health and nutrition promotion. Complementary interventions are important outside of health sector (II.4) 	<p>II.3. In states receiving Bank support, improved quality of the health sector as a whole (public and private) as measured by increases in:</p> <ul style="list-style-type: none"> proportion of births attended by skilled providers increased to >60% from 52% proportion of children under 6 months who are exclusively breastfed increased to >25% from 20% proportion of children with diarrhea in the past 2 weeks who received ORT increased to >60% from 48% see also II.4 and II.5 	<p>Select Guidelines for New Bank Lending</p> <ul style="list-style-type: none"> Focus on HNP outcomes specified as goals, with specific provision for their measurement; Consider the whole health system, both public and private sectors, and the ways in which both can contribute to achieving priority health outcomes.; Orient the role of the public sector to improve priority health outcomes, with more emphasis on oversight and stewardship of the sector as a whole
<p>Reduce negative health indicators due to water-borne disease and indoor air pollution</p> <p>Reduction in mortality on account of water-borne diseases by 50% by 2010</p> <p>Reduction in the incidence of diarrhea and ARI among children under 5</p>	<ul style="list-style-type: none"> Environmental risks to health come from lack of access to safe water and sanitation Sustainability of water supply and sanitation is a major challenge - which is best addressed by involving communities in the design, construction and operation of schemes, including through their contribution to capital costs and their full financing of operational costs Health risk also arising from cooking with traditional biomass fuels and indoor air pollution 	<p>II.4. Improved access to sustainable water and sanitation services</p> <ul style="list-style-type: none"> Rural: increased rural access to improved and sustainable drinking water and sanitation services in at least 4 states water supply and sanitation services in urban and peri-urban areas are improved in at least one state and one megacity (see also III.4) 	<ul style="list-style-type: none"> In rural, investment lending for states that adopt a statewide and sector wide approach which incorporates reforms for all new schemes in the state, irrespective of source of financing In urban, demonstrated commitment to reforming the UWSS sector by publishing a "UWSS Sector Vision" after consulting with key stakeholders
		<p>Ongoing: Rajasthan and other state health systems projects</p> <p>New Lending: State health system projects in several new states</p> <p>IFC: Investments and TA for private health care and ancillary service providers</p> <p>Partners: USAID, WHO, EC, KfW, DFID</p>	<p>Ongoing: Maharashtra RWSS; Karnataka Urban Water Supply; and Biosafety</p> <p>New Lending: RWSS and UWSS lending to states; possible lending to the Center for national RWSS programs</p> <p>AAA: Environmental impacts of improved RWSS; advisory services from Water and Sanitation Program</p> <p>Partners: local governments and communities, NGOs</p>

Annex 4 (continued)

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Controlling Infectious Disease			
<p>Leprosy is eliminated by 2005</p> <p>Polio is eradicated (no new cases)</p> <p>TB cure rates for 'DOTS' >85% (currently above 80%)</p>	<ul style="list-style-type: none"> ◆ The poor are affected disproportionately by infectious diseases ◆ India's poor receive most of their care from the private/informal sector, which is unregulated and generally ill-equipped to respond to infectious disease ◆ Central programs continue to be operated in a 'vertical' manner and need to be integrated into state health systems to be more effective and avoid fragmentation / duplication ◆ Routine immunization is stagnant or declining in some states 	<p>II.5. Infectious disease control program is well monitored and maintained, as indicated by:</p> <ul style="list-style-type: none"> ◆ leprosy is controlled as public health problem ◆ polio is eradicated (no new cases) ◆ proportion of children immunized against measles by 12 months of age from 42% to >65% ◆ for TB, 'DOTS' is available in at least 80% of the country through public and private providers (currently at 70%, service statistics) ◆ see also II.3 	<p>Ongoing: Immunization Strengthening project; Support for Polio Eradication campaign; Reproductive and Child Health (RCH); Local Fund Agent for TB grant from Global Fund</p> <p>New Lending: Disease surveillance, RCH II, Tuberculosis II</p> <p>IFC: investments in pharmaceutical and biotech companies</p> <p>Partners: UN Agencies, USAID, WHO, EC, DFID</p>
<p>Achieve zero level growth in prevalence rates of HIV/AIDS (i.e., 1%)</p> <p>HIV/AIDS condom use among high risk groups >55% (currently at 50%)</p>	<ul style="list-style-type: none"> ◆ HIV/AIDS epidemic is spreading in India. GoI estimates that about 4.5 million individuals were infected with HIV in 2003 ◆ HIV is spread primarily through sex, accounting for 84% of reported AIDS cases in India. Major contributing factors are male mobility is high, paying for sex is common and condom use is low ◆ The high level of stigma attached to the disease, and to some of the groups engaging in high-risk behavior, further complicates efforts to reach these populations and to tackle the epidemic 	<p>II.6. Improved effectiveness, efficiency and quality of the national HIV/AIDS control program as measured by:</p> <ul style="list-style-type: none"> ◆ GoI reviews and updates its strategy to combat the epidemic and strengthens management of NACO/SACS ◆ effective implementation of this strategy ◆ increased knowledge about HIV/AIDS in India ◆ increased condom use among high risk groups ◆ full analysis of issues related to India's provision of anti-retroviral therapy 	<p>Ongoing: AIDS II; aspects of transport sector and rural livelihood projects</p> <p>New Lending: AIDS III and components/aspects of projects across the portfolio</p> <p>AAA: Long term Economic Impact of HIV/AIDS; Optimizing resource allocation for interventions</p> <p>IFC: Work with business associations on HIV/AIDS</p>
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	<ul style="list-style-type: none"> Response is categorized by increasing number of large donors with differing priorities 		<p>WBI: Capacity building primarily for HIV/AIDs prevention</p> <p>Partners: UN Agencies, USAID, WHO, EC, DFID, the private sector, NGOs and other institutions such as the Gates Foundation</p>	Select Guidelines for New Bank Lending
III: Promoting Private Sector-Led Growth				
<i>Provision of Adequate Infrastructure</i>				
<p>Increase in GDP from industrial growth from 6.5% p.a. to 8% p.a. in the next decade</p> <p>Increase in the growth of GDP from services from 8% p.a. in the last decade to 9% p.a. over the next 10 years</p> <p>Providing gainful and high-quality employment to at least the addition to the labor force over the Tenth Plan period</p>	<ul style="list-style-type: none"> Much of the population remains unconnected to the public power system, and those who are connected often receive infrequent and unreliable service, making power supply a brake on private sector development and economic growth. Operating performance of state energy systems are well below commercial standards. Tariffs are seriously distorted with an unsustainably high degree of cross subsidy, and on average do not come close to covering the costs of service provision. Low tariffs do not, however, benefit most of the poor who largely lack access, especially in rural areas. 	<p>III.1. Improved commercial operation and financial viability of the energy sector in Bank-assisted states as measured by:</p> <ul style="list-style-type: none"> tariffs that cover the cost of service provision improvement in the reliability of services decrease in the loss of output by firms from power outages decrease in the blended real cost of power for firms operating performance of power system meets commercial standards reduction in non technical system losses sustainable electricity access of acceptable quality for 300,000 new rural household connections 	<p>Ongoing: state power sector operations</p> <p>New Lending: Central reforms in powergrid for national transmission generation; Rural Energy Access; state power sector lending and SALs</p> <p>AAA: advisory support to states along different stages of reform process</p> <p>IFC: generation capacity</p> <p>Partners: ADB, JBIC, DFID, USAID, KfW, GTZ</p>	

Annex 4 (continued)

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<p>Sustainable domestic, industrial and irrigation water supply</p> <p>All major polluted rivers are cleaned by 2007 and other notified stretches by 2012</p>	<ul style="list-style-type: none"> ◆ Absence of appropriate policy, regulatory and institutional framework at state level to ensure efficient, sustainable, and equitable allocation of water resources ◆ Few mechanisms for ensuring that water is allocated to the highest-value uses and that reallocation can take place as societal needs change ◆ Few incentives for using water efficiently, and for internalizing the environmental costs of inefficient use. ◆ Demands are already outstripping supply, with resulting serious impacts on stream flow and aquatic ecosystems, and, most strikingly, on groundwater ◆ Provision of reliable water supply greatly benefits the poor 	<p>III.2. Improved inter-sectoral allocation and management of national and state water resources:</p> <ul style="list-style-type: none"> ◆ Implementation of state water policy and rules on inter-sectoral water allocation ◆ functioning, effective state agencies to implement water policy (measures will depend on the state agencies and their issues) 	<p>Select Guidelines for New Bank Lending</p> <ul style="list-style-type: none"> ◆ Upront commitment to unbundling water resource management from existing Irrigation and Drainage institutions ◆ Analysis of issues/options in the productivity of water and developing a prioritized investment program on appraisal of options (on economic, financial, environmental, social and technical aspects)
<p>Increase in GDP from industrial growth from 6.5% p.a. to 8% p.a. in the next decade</p> <p>Increase in the growth of GDP from services from 8% p.a. in the last decade to 9% p.a. over the next 10 years</p> <p>Providing gainful and high-quality employment to at least the addition to the labor force over the Tenth Plan period</p>	<ul style="list-style-type: none"> ◆ No inter-state expressways linking the major economic centers, and only 3,000 kms of four-lane highways ◆ Poor riding quality and congestion result in truck and bus speeds on Indian highways that average 30-40 kms an hour ◆ Public urban transport has fragmented responsibilities, weak fiscal and implementation capacities and complex safeguards ◆ Insufficient financing available for national highways ◆ Increased competition from road transport threaten railways and there are growing concerns about railway operating losses and safety ◆ India lags the world in port system management 	<p>III.3. Reduced cost of production transport for industrial users and improved safety:</p> <ul style="list-style-type: none"> ◆ reduced cost of transport of products (rail, road, ports) for industrial users in states with highway programs ◆ increase in percentage of national and state highways in fair or better condition through capacity investment and better maintenance ◆ enhanced safety figures for railways 	<p>Ongoing: Extensive support for State highways Allahabad Bypass National Highways Development Project</p> <p>New Lending: PPP National Network; pilots incorporated into operations to support broader municipal reforms; railways modernization and investment</p> <p>AAA: Expressway system, Analysis of Port operations and logistics companies</p> <p>IFC: Private road construction and maintenance contracts</p>

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<p>Increase in the contribution of urban areas to growth and poverty reduction</p>	<ul style="list-style-type: none"> ♦ Severe infrastructure bottlenecks, service deficiencies, poor local governance and distortions in land and factor markets ♦ Over half of GDP is produced in urban areas ♦ High risk sub-sector with fragmented responsibilities, weak fiscal and implementation capacities of local bodies, complex safeguard issues 	<p>III.4 Urban governments receive sufficient support from Center.</p> <ul style="list-style-type: none"> ♦ weaker states meet conditions of incentive schemes ♦ urban service delivery improvement 	<p>Ongoing: Urban development / municipal services projects at the state level</p> <p>New Lending: State lending to support the urban reform agenda; at the Center, urban reform incentive fund; slum sanitation</p> <p>AAA: Public-private options for service delivery and barriers to PPP; reviewing subsidies in the urban sector; Water and Sanitation MDG Action Plan; monitoring and evaluation of UWSS</p> <p>IFC: possible provision of municipal financing to support urban infrastructure investments</p> <p>WBI: capacity building for municipal reform</p> <p>Partners: KfW</p>	<ul style="list-style-type: none"> ♦ investment lending to states that are committed to creating a better enabling environment for cities and urban service providers ♦ lending to megacities would be in key sub-sector reforms, with selection of cities and sub-sectors driven by demand

Annex 4 (continued)

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<p>Accelerating Rural Growth</p> <p>Sustained agricultural growth of 4% per year</p> <p>Increase in productivity and diversification to higher value products, including crops, livestock and fisheries</p>	<ul style="list-style-type: none"> ◆ Limited access of small-scale farmers to improved technology and innovation relevant to small scale farmers ◆ Weak land rights limit ability of poor to make farm and non-farm investment ◆ Federal government agricultural policies (eg fertilizer and foodgrain subsidies) favor large farms, distort farming decisions discouraging diversification and cause land and water degradation ◆ Inadequate allocation and prioritization of public resources for agricultural research (see 1.1- 1.4) 	<p>III.5. Increased productivity and diversification at the farm level in at least 3 states, as measured by:</p> <ul style="list-style-type: none"> ◆ use of improved agricultural and water technologies transferred to farmers through state extension services ◆ improved land rights ◆ improved flow of information to farmers ◆ farmers diversifying to higher value crops 	<p>Ongoing: NATP, UP DASP and irrigation</p> <p>New Lending: NATP2, Assam Ag. Competitiveness, Maharashtra Water Sector Improvement Project and 3 state water projects, state land administration and rural livelihood</p> <p>AAA: Food Marketing, Rural Non-Farm, Land Policy and Administration</p> <p>IFC: financing and TA to companies in agriculture, agro-processing and agricultural input supply</p> <p>Partners: DFID, NGOs, the private sector, KfW</p>	<p>State commitment to:</p> <ul style="list-style-type: none"> ◆ Client-driven, decentralized public extension systems ◆ promote public-private partnerships and private sector participation <p>IFC will give priority to projects that:</p> <ul style="list-style-type: none"> ◆ improve efficient of food supply chains ◆ have a broader development impact by providing quality inputs and services or integrating local farmers into commercial supply chains ◆ introduce resource saving technologies
<p>Increased efficiency of irrigation systems</p>	<ul style="list-style-type: none"> ◆ Inadequate management, maintenance, and farmer participation in water management in irrigation systems ◆ productivity gains are falling and there are major environmental problems due to inefficient use of water, with groundwater mining an especially troubling reality ◆ The poor are usually located in rainfed, upland and remote areas, subject to high rainfall variability and serious soil erosion environment 	<p>III.6. Increased productivity of irrigation water (in at least 3 states), e.g.:</p> <ul style="list-style-type: none"> ◆ increased efficiency of water delivery to farms and improved drainage, ◆ increased cropping intensity per unit of water ◆ increased participatory management and cost recovery ◆ decrease in soil degradation 	<p>Ongoing: Irrigation: Uttar Pradesh, Andhra Pradesh, Rajasthan, Tamil Nadu, Orissa Karnataka Tanks, Hydrology II</p> <p>Watershed: Watershed Management Hills, watershed</p> <p>New Lending: State water/irrigation projects; State rural livelihood projects</p> <p>AAA: Watersheds and local institutions</p>	<p>Irrigation</p> <p>State commitment to:</p> <ul style="list-style-type: none"> ◆ establish the policy and institutional framework to unbundle water resource management from irrigation service delivery within a river basin framework, ◆ reform and modernization of I&D agency to integrate participation of farmers in irrigation management, increase efficiency, and foster cost recovery

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Increased competition in state, town, and village agricultural markets as measured by wider range of commodities freely traded	<ul style="list-style-type: none"> ♦ Poor connectivity to markets (see above) ♦ Distortion of market signals due to subsidies on inputs and commodity prices ♦ Poor connectivity of rural population to competitive commodity and labor markets ♦ Lack of access to power in rural areas (see II.1) - Where service is available, supply is unreliable and poor in quality, imposing additional costs on households ♦ High transactions cost facing small scale farmers in input and output markets. - only 40% of rural villages are connected to market centers ♦ Lack of farm and off farm employment opportunities 	<p>III.7. Improved efficiency of output and factor markets in at least 4 states as measured by:</p> <ul style="list-style-type: none"> ♦ deregulation of domestic commodity markets ♦ Increased number of community and farmer groups organized to source inputs and market outputs ♦ improved O&M of core state highways and rural roads at the state level ♦ improved rural road connectivity in the most poorly connected districts 	<p>Ongoing: UP DASP, AP DPIP, NATP</p> <p>New Lending: State Agric. Competitiveness Projects, State Rural Livelihood projects; Rural Roads projects</p> <p>AAA: Food Marketing, Rural Non-farm</p> <p>IFC:</p> <p>Partners: ADB, NGOs, the private sector</p>	<ul style="list-style-type: none"> ♦ Promote farmers organizations and link to multiple sources of information and opportunities ♦ Commitment by the State(s) to ranking road expenditure priorities and adopting sound multi-year maintenance program for State highways ♦ Application by the State(s) of appropriate rural road design standards, and prioritization of core network
	<ul style="list-style-type: none"> ♦ Critical sectors sectors, such as small and medium enterprises (SMEs) and rural micro enterprises face serious difficulties in accessing adequate finance of the necessary tenor at competitive terms 	<p>III.8. SMEs and rural sector participants access financial services at competitive terms</p> <ul style="list-style-type: none"> ♦ increase in loans to SMEs 	<p>New Lending: Access to rural finance; SME financing</p> <p>AAA: Broader investment climate issues for SMEs</p> <p>IFC: TA and investments in SMEs</p>	

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<i>Fostering the Competitive Economy</i>			
<p>Improved growth of the SME sector</p> <p>Increased number of SMEs moving from small to medium size enterprises</p> <p>Increase in foreign and domestic investment in the private sector</p> <p>Providing gainful and high-quality employment to at least the addition to the labor force over the Tenth Plan period</p>	<ul style="list-style-type: none"> ♦ government interference in business entry and operations increases the cost to business ♦ market distortions arising from policies on tariffs and domestic taxes, ♦ product market distortions arising from industrial policy, particularly related to small enterprises, impediments to the functioning of land and labor markets; ♦ financial sector inefficiencies which reduce access to capital, especially for SMEs; (see outcome III.8 above) ♦ dominance of state-owned enterprises ♦ Infrastructure bottlenecks (see III.1) ♦ Need for consensus on key reforms such as trade and tariff reforms, FDI regulations, improving corporate restructuring and bankruptcy procedures, SOE reform, and competition policy ♦ endemic financial sector inefficiencies, rooted in government domination of the financial sector and policies that have distorted banks' risk-return signals ♦ Financial sector has not been able to efficiently allocate resources to the private sector 	<p>III.9. Reduction in the cost of doing business in at least 4 states as measured by (depending on the conditions existing in the states)</p> <ul style="list-style-type: none"> ♦ reduced time spent by firm managers on government inspections ♦ reduced cost for exiting firms due to new bankruptcy framework ♦ lower costs for hiring and firing workers and transferring land ♦ reduced time for customs clearance <p>III.10. Efficient resource mobilization and allocation towards productive sectors, while maintaining systemic stability</p>	<p>New Lending: state SALS</p> <p>AAA: continuing analysis of investment climate issues to underpin SALS</p> <p>IFC: investments, TA and guarantees</p> <p>WBI: capacity building for improving the investment climate, especially in Orissa, Bihar, Jharkhand and UP</p> <p>Partners: GTZ, KfW</p> <p>AAA: Knowledge resources for financial regulation, supervision</p> <p>IFC: TA and investments in private financial institutions</p>
		Select Guidelines for New Bank Lending	