USAID/India

Country Development Cooperation Strategy 2012 -2016

Innovate. Partner. Go Global.

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The U.S. Agency for International Development's (USAID) five-year Country Development Cooperation Strategy (CDCS) acknowledges India's growing economy, rising geopolitical status, and remaining development challenges, while simultaneously building on USAID's comparative advantage and long relationship with the country of India. The CDCS reflects a total recasting of the USAID-India relationship from a traditional donor-recipient relationship to a peer-to-peer partnership for addressing Indian and global development challenges. Given India's growing financial and human resources, USAID's comparative advantage is not its dollars; it is as a convener, accelerator, and broker. USAID can leverage a range of resources – partnerships, skills, expertise, and technologies – to identify, test, and scale innovations that sustainably advance economic development in India; and that have strong potential for development impact in other countries.

Strategic Rationale

As a rising economy, India has enjoyed growth rates approaching eight percent over the last decade, and possesses a large and increasingly skilled labor force. However, India still faces a wide range of development challenges. It is home to the world's largest concentration of poor people and ranks 134 of 187 countries in the 2011 Global Human Development Report. Moreover, with India's population on course to reach two billion people in 2070, India is facing food, energy, and other natural resource constraints on a grand scale.

However, India is recognized as a place where the public and private sectors are generating innovative and effective solutions to these development challenges. India has a blend of increasing supplies of financial capital, expanding technological prowess, a dynamic private sector, a large number of non-profit organizations committed to grassroots efforts, and entrepreneurial talent across many income strata. These qualities open vast opportunities for public and private players at all levels to devise solutions that generate social benefits and commercially viable products, technologies, and services uniquely suited to those with limited means.

Over the next five years, USAID will fully transition to a new strategic approach, a shift that is already underway. While continuing to provide targeted assistance to strengthen the systems needed to achieve sustainable results in health and climate change, USAID will reduce its emphasis on traditional approaches to funding grants and contracts, particularly the provision of technical assistance through large, multi-year mechanisms. It will increasingly adopt methods focused on innovation and partnerships: more directly engaging local partners; leveraging co-financing instead of USAID fully funding agreements on its own; and developing platforms and alliances to generate development outcomes that encompass multiple organizations. This means that USAID staff will spend less time managing contracts and grants, and will instead spend more time building networks with local partners, conducting outreach, and connecting with Indian innovators to understand trends with the potential for significant Indian and global impact.

The Mission uses an overarching goal and beneath it two sub-goals to represent a reduction in emphasis on traditional approaches of funding grants and contracts. USAID/India's overarching goal for the strategy period is **USAID-India partnership transformed to increasingly contribute to global efforts to solve worldwide development challenges**. The goal will be achieved through the following two sub-goals and four Development Objectives (DOs):

Sub-Goal 1: Indian systems strengthened in priority sectors
- **DO 1:** Increase the capacity of India's health system to improve the health of vulnerable populations in India.
- **DO 2:** Accelerate India's transition to a low emissions economy.

Sub-Goal 2: Indian innovations accelerate development outcomes in India and globally
- **DO 3:**   Development innovations impact people's lives at the base of the pyramid (BOP) in a range of sectors in India.
- **DO 4:** Innovations proven in India increasingly adopted in other countries

Sub-goal 2 will receive an increasing share of resources over the life of the strategy while sub-goal 1 will slowly be phased out over the course of the strategy. It must be noted, though, that both sub-goal results are aimed at supporting development outcomes, including those related to Agency Presidential Initiatives.

<u>Priority Sectors</u>

USAID will work in the following priority sectors: health, climate change, food security, and education. These sectors reflect the Agency's Presidential Initiatives and correspond to initial priorities identified in India's Twelfth Five Year Plan 2012-2017 (currently under development) – especially the Plan's emphasis on prioritizing increased agricultural productivity, improved health and education outcomes, and environmental sustainability.

In health, USAID will continue strengthening multiple components of the health system in India. This will increase the probability of success when supporting important innovations and promote further progress in addressing critical health challenges such as polio eradication, control of multi-drug resistant tuberculosis, and reduction in child mortality. For climate change, India is the world's third largest carbon emitter after the United States and China, and USAID will support India's efforts to reduce the carbon intensity of its economy, accelerating India's transition to a low carbon economy. In food security, USAID/India's revitalized food security program will bring advances in agriculture to underserved areas of India (particularly in heavily-populated eastern India) while preserving agricultural productivity gains achieved in recent decades that are threatened by climate change and population pressure. USAID/India will emphasize sharing proven agriculture innovations with FTF focus countries in Africa, especially Kenya, Liberia, and Malawi. In the education sector, USAID/India will focus on supporting innovative approaches for improving early grade reading in more affordable, effective, and sustainable ways.

Abbreviations and Acronyms

AIDS	Acquired Immune Deficiency Syndrome
BEE	Bureau of Energy Efficiency
BOP	Base of the Pyramid
BRICS	Brazil, Russia, India, China, and South Africa
CCDS	Climate Change and Development Strategy
CDC	Center for Disease Control and Prevention
CDCS	Country Development Cooperation Strategy
CII	Center for Accelerating Innovation and Impact
CIP	Center for Innovations and Partnership
CO2	Carbon Dioxide
CSR	Corporate Social Responsibility
DFID	Department of International Development
DIV	Development Innovation Ventures
DO	Development Objective
DOE	U.S. Department of Energy
DOS	U.S. State Department
EAG	Empowered Action Group
ECP	Energy Cooperation Program
FICCI	Federation of Indian Chambers of Commerce and Industry
FTF	Feed the Future
FY	Fiscal Year
GCC(I)	Global Climate Change (Initiative)
GDP	Gross Domestic Product
GHG	Green House Gas
GHI	Global Health Initiative
GHP	Global Health Program
GII	Global Innovations Index
GOI	Government of India
HIV	Human Immunodeficiency Virus
HNWI	High Net Worth Individuals
HO	Health Office
HPP	Health Partnership Program
HRH	Human Resources for Health
ICRISAT	International Crops Research Institute for Semi-Arid Tropics
I(C)T	Information (Communications) Technology
IMF	International Monetary Fund
IR	Intermediate Results
MDGs	Millennium Developmental Goals
MDR	Multi-drug Resistant
MEL	Monitoring, Evaluating, and Learning
MNC	Multinational Corporation
MOEF	Ministry of Environment and Forest
MOHFW	Ministry of Health and Family Welfare
MOP	Ministry of Power

MOU	Memorandum of Understanding
MW(h)	Megawatt (hours)
NACO	National AIDS Control Organization
NACP	National AIDS Control Program
NAPCC	National Action Plan on Climate Change
NGO	Non-Government Organizations
NIC	National Innovation Council
PACE-D	Partnership to Advance Clean Energy Deployment
PACE-R	Partnership to Advance Clean Energy Research
PE	Private Equity
PEER	Partnership for Enhanced Engagement in Research
PEPFAR	The President's Emergency Plan for AIDS Relief
PMTCT	Prevention of Mother to Child Transmission
PPP	Public-Private Partnership; Purchasing Power Parity
R&D	Research and Development
RCT	Randomized Control Trial
REDD	Reduce Emissions from Deforestation and Forest Degradation
RF	Results Framework
RNTCP	Revised National TB Control Program
SDA	State Development Agencies
SHARE	South-to-South HIV/AIDS Resource Exchange
TA	Technical Assistance
TB	Tuberculosis
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USFS	U.S. Forest Service
USG	United States Government
VC	Venture Capital
WHO	World Health Organization

I. USAID/India's Strategic Approach

Introduction

Over the past two decades, India's rise has been one of the defining forces in geopolitics and the global economy. Since 1991, India has experienced accelerated economic growth rates – often approaching 10 percent – and has become a leading BRICS[1] country with the world's fourth largest economy in purchasing power parity terms.[2] India's impressive growth has spurred progress on the Millennium Development Goals (MDGs) and has helped lift millions of Indians out of poverty – according to World Bank figures, in 1981 42 percent of India's population lived on less than one dollar per person per day; by 2005 it was 24 percent.

During this same time period, India has emerged as an increasingly important and influential global actor and South Asia's dominant regional power. It is an active player in the Group of 8, the Group of 20, and a frontline leader of the Group of 77 developing countries within the UN. With respect to American foreign policy, India has been recognized as an "indispensable partner" of the United States, a country central to U.S. interests in South Asia, and a key ally in the U.S. Pacific strategy.

These statistics about India's rise tell only half of the story, though. In reality, there are two Indias and much of the country's population faces significant challenges in the areas of education, access to primary health care, basic infrastructure, nutrition and agricultural production, energy supply, environmental degradation, and systemic gender inequalities.

As India's economy and geopolitical status rise, the country will need to harness the dynamism of its economy and the entrepreneurial spirit of its population in an effort that is commensurate with the scope of these development challenges. India has the capacity and an exciting opportunity to capitalize on all of its strengths to tackle its biggest challenges, while simultaneously serving as a laboratory and hub for development solutions that can be applied worldwide. USAID/India is in a unique position to play a supportive role in that process.

Overview of USAID/India Strategic Vision

This five-year strategy signals the next phase of the U.S.-India development cooperation relationship, and continues a transformation of the way USAID does business in India. To tackle this country's remaining development challenges, USAID must work in partnership with India to harness its growing economy and rising geopolitical status, while capitalizing on the Agency's comparative advantages and long relationship with the country of India. By convening and leveraging the resources and expertise of India's diverse landscape of non-traditional actors, USAID/India can effectively adopt a whole-of-market approach necessary to identify, test, and

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[1] BRICS refers to Brazil, Russia, India, China, and South Africa, countries which are deemed to be at similar stages of newly advanced economic development. Since the coining of the term in 2001, the term BRICS has been used to refer to additional countries in advanced stages of economic growth, including Indonesia, Mexico, Nigeria, and Turkey.
[2] *World Economic Outlook Database* (2011). International Monetary Fund (IMF). http://www.imf.org/external/pubs/ft/weo/2012/02/weodata/index.aspx. Accessed October 29, 2012.

scale innovations with the potential to have a "game changing" impact on health, education, climate change, energy, and food insecurity in India as well as worldwide.

Under the strategy, USAID/India will be defined less by the impact of its dollars, and more by the power of its ideas. A 2010 partnership assessment noted that "the true partnership value of USAID/India is its [ability] to convene key stakeholders, tap into its network of experts, and strengthen the implementation of a project through its problem-solving skills." The CDCS strategy attempts to maximize this strength.

The CDCS strategy encompasses a dual set of objectives. First, it will address some of the primary needs of base of the pyramid (BOP) populations in India, where approximately 800 million people live on less than $2.00 per day (PPP). USAID will collaborate with Indian organizations to seek out, test, and apply cost-effective, sustainable, evidence-based development solutions and innovations to meet development challenges in India, advancing new ways of working with the Indian public and private sectors. Second, USAID will support and catalyze the global diffusion of development solutions proven in India, sharing these in order to accelerate development outcomes in other countries. To support and catalyze this diffusion, USAID will utilize and rely on its bureaus in Washington, its network of operating units worldwide, and many other entities, including international organizations, universities, international and Indian foundations, private sector companies and associations, and non-governmental organizations (NGOs) and civil society.

Five years from now, the USAID/India Mission will look and function differently than a traditional USAID mission. To carry out the strategy, the Mission will accelerate its shift towards a more agile and flexible team of technical experts that will influence policy, conduct extensive outreach in India's innovation ecosystem, and establish a range of creative partnership platforms, alliances, and mechanisms to support Indian development innovations and their diffusion to other countries. At the same time, USAID/India will rely less on traditional grants and contracts. Instead, it will employ a range of creative platforms and mechanisms aimed at creating non-traditional partnerships and alliances that leverage resources and experiences to identify, test, scale, and diffuse development innovations proven in India. By the end of the strategy period, while many innovations will be in various stages of development, several will have gone to scale and will have been actively shared outside of India. Furthermore, these scaled innovations will be delivering evidence-based results against some of India's and the world's greatest development challenges.

Beyond the five year scope of the strategy, USAID/India envisions an even greater shift in its role in India. The impact and success of the Mission will be measured by its power to convene, to support a vast ecosystem of resources and ideas for a common purpose, and to accelerate the achievement of development outcomes in a way that a single entity acting alone is unable to accomplish. Further, it will serve as a satellite outpost for the Agency as a whole, acting as a testing ground for innovations that will first be proven in India and then shared through the Mission's network of partners and USAID operating units worldwide to achieve impact against global development challenges.

> ***Innovation*** refers to novel business or organizational models; operational or production processes; or products or services that lead to substantial improvements in executing against development challenges. Innovations help produce development outcomes more *effectively*, more *cheaply*, that reach *more beneficiaries*, in a *shorter period of time*, and *more sustainably*.

In many ways, USAID/India is already on its way to realizing this vision. The Mission is building the kinds of alliances and platforms with non-traditional partners that will be critical to realizing the goals of the strategy. The Millennium Alliance, established during Administrator Shah's December 2011 trip to India, is an inclusive platform bringing together social impact funds, venture capitalists, corporate foundations, early investors, donors, and others to support and scale innovative solutions to development challenges that affect BOP populations in India. Plans are already underway to create other innovation platforms and alliances to tackle pressing issues in health, clean energy, and education.

The Mission is also conducting regional and global outreach that will serve as models for facilitating the diffusion of innovations proven in India worldwide for global impact. In Afghanistan, USAID/India is part of a regional integration effort with USAID Missions in the Central Asian Republics, Afghanistan, and Pakistan, with the goal of supporting a more stable, internationally-reliable, and connected Afghanistan. This regional work in South and Central Asia falls under the broader Almaty Consensus, which Secretary Clinton announced in 2011, that aims to support a network of economic and transit connections and a hub for global commerce throughout the region. In addition, there are efforts underway to bring Indian development innovations to African countries. In line with the announcement by President Obama and Prime Minister Manmohan Singh in November 2010 for the Partnership for an Evergreen Revolution, USAID/India will work with Kenya, Liberia, and Malawi to train people from these countries at Indian agricultural institutions. The USAID/India Health Office is also involved in bringing best practices in HIV/AIDS programs from India to various African countries through its South-to-South HIV/AIDS Resource Exchange (SHARE) program.

> ***Innovation Platform:*** A network of partners working on a common theme and using knowledge in ways it has not been used before to generate goods and services for the benefit of the poor.

Why Innovations and Partnerships for Development Impact?

USAID/India recognizes that there is an imperative to shift its strategic approach. This strategy suggests that a new approach that catalyzes new processes, business models, technologies, and non-traditional partners can change the impact trajectory at an 'exponential' instead of a 'linear' rate in order to address India's great development challenges.

Innovative development methods and new forms of partnership are central tools for attaining these objectives. Innovation refers to novel business or organizational models; operational or production processes; or products or services that lead to substantial improvements in executing against development challenges. Innovations help produce development outcomes more effectively, more cheaply, that reach more beneficiaries, and in a shorter period of time. New

forms of partnership refers to employing a range of creative platforms and alliances which bring together diverse organizations, enabling these organizations to leverage one another's resources for identifying and scaling up innovative solutions to development challenges.

The following equation encapsulates the strategic approach:

INNOVATION + CAPITAL + LOCAL PARTNERSHIPS = DEVELOPMENT RESULTS

This formula reflects USAID Administrator Dr. Rajiv Shah's vision for the future of development and USAID's work: "Development is full of competing priorities, but only a few represent significant opportunities to have the greatest impact at the lowest cost. Innovation, partnership, and the inspiration born of local solutions hold the key to achieving unprecedented gains in human health, prosperity, and dignity."[3]

Strategic Rationale and Development Hypothesis

India as a Development Innovations Laboratory and Emerging Hub

Nurtured by the expanding dynamism of India's economy and its entrepreneurial private sector, the evidence for India as a development innovations lab and emerging hub is growing. For example, India is adding over 15 million mobile telephone subscribers every month; this change has helped to spur a plethora of start-ups and new investments in mobile phone technologies to deliver services to low-income populations throughout India, many of which aim to take advantage of the sheer size of the Indian market and associated economies of scale.[4] Other innovation trends highlight this evolution in India:

- In 2010, while total applications under the International Patent Cooperation Treaty rose 5.7 percent, those originating in India increased by 36.6 percent.[5]
- Between 1995 and 2005, Indians founded more engineering and technology companies in the U.S. than immigrants from Britain, China, Taiwan, and Japan combined.[6]
- India produces more patents per dollar of research and development (R&D) money spent than China, and more scientific publications per dollar of R&D money spent than the U.S.[7]
- There are about 750 R&D subsidiaries of multi-national corporations (MNCs) in India, illustrating the faith that international businesses have in India's capacity for developing

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[3] Rajiv Shah. "Bending the Curve of Development". USAID Frontiers in Development. http://dcl1uzhiqmvrn.cloudfront.net/sites/default/files/usaid-files/USAID_eBook.pdf
[4] Singh, et al.
[5] Kumar, Nirmalya, and Phanish Puranam. *Inside India-The Emerging Innovation Challenge to the West*. Harvard Business Review Press, 2011.
[6] Vivek Wadhwa, Gary Gereffi, Ben Rissing and Ryan Ong. "Seeing Through Preconceptions: A Deeper Look at China and India." *Issues Online in Science and Technology*. Spring 2007. http://www.issues.org/23.3/wadhwa.html
[7] Bound, Kirsten and Ian Thornton. *Our Frugal Future: Lessons from India's Innovation System*. NESTA, 2012.

innovative ideas; a recent study revealed that nearly half of the world's largest R&D spenders have centers in India, including Microsoft, IBM, Oracle, Adobe, and Intel.[8]

- The GOI recently declared 2011-2020 to be the 'Decade of Innovation' in India, and is establishing a planned public-private US$1 billion Indian Inclusive Innovation Fund.

Since India needs to address resource scarcities (e.g. water, food, etc.) as well as environmental and social constraints on a grand scale, it has emerged as a unique source of development innovations that result in no-frills, good quality, functional products that are affordable to the customer with modest means (*affordable innovations*). Likewise, it is a source of innovations that introduce novel business models, processes, and service delivery methods for deploying new ideas or products at scale in traditionally hard-to-reach markets and populations. The European business school INSEAD's 2011 Global Innovation Index highlighted India's special standing as a hub for *frugal innovations* as well as a potential center for *reverse* innovations – when an innovation is developed first in the developing world, then deployed in mature markets.[9]

India's Vast Partnership Landscape

India has a growing landscape of actors with the capability and motivation to develop and support affordable innovations for BOP populations. This diverse group includes: an emerging network of high net worth individuals (HNWIs), philanthropists, charitable foundations, and social entrepreneurs; a public sector that is heavily invested in poverty-reduction activities; a large diaspora; and active grass-roots NGOs. These people and entities are increasingly devoting resources to this purpose:

> *"India faces scarcity on a grand scale across the board: from water and food to oil and gas and to primary education and basic health care. Because of its inherent environmental and social constraints, India is a place where the need to get more value for less cost has been felt for a long time." INSEAD 2011 Global Innovation Index*

- India has one of world's largest groups of HNWIs – 48 billionaires and 190,000 millionaires. Giving by HNWIs tripled between 2006 and 2010, reaching US$5-6 billion, while philanthropic commitments from India's top 10 private foundations added up to US$2.5 billion in 2010.[10]
- Total central and state government development sector spending more than tripled from $36 billion in India's 10th Five Year Plan (2002-2007) to approximately $122 billion in its 11th Five Year Plan (2007-2012).
- India currently has more than 3.3 million NGOs. Between 2006 and 2009, the number of NGOs grew at an average rate of 10 percent and, even during the financial crisis, donations to non-profit organizations increased.[11]

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[8] Kannan, Shilpa. 2012. *R&D gives India its big boost in the tech world.* http://www.bbc.co.uk/news/business-18330837?print=true.

[9] Singh, et al.

[10] The US $5-6 billion is for foreign funds, corporates and individuals. The US $2.5 billion is from foundations and trusts.

[11] Bain & Company (2011). *India Philanthropy Report 2011*.

- About two percent of India's population lives abroad and India is the world's top recipient of remittances, taking in an estimated U.S. $58 billion in 2011. The Indian diaspora's charitable giving is on the rise.

Opportunities for Indian Development Innovations to Have Global Impact

India is emerging as a leader in development innovations that are appropriate for the needs of other developing countries. Recent examples of this rising phenomenon include:

- DLite Solar Lanterns are affordable solar lights developed for off-grid households which were originally commercialized in India and are now being scaled in Kenya via the Acumen Fund;[12]
- The NGO Digital Green's innovative approach to utilizing videos of farmers demonstrating best agricultural practices is currently being transferred to Africa via Britain's Department for International Development (DFID);[13]
- India's anti-corruption website IPaidaBribe.com has been diffused to Kenya with the support of the Omidyar Network, a leading social venture capital firm;[14] and
- The Indian NGO Pratham Foundation's approach to improving early grade reading is being replicated globally.[15]

Moving forward, developing countries, aid donors, and private sector investors will need to harness the solutions coming from developing economies to tackle global development problems. USAID/India is uniquely poised to help share development innovations proven in India to meet global development challenges. It has a long history of relationship building in India and a network of 80 missions worldwide. Its enhanced focus on partnerships encompasses working directly with local organizations, as well as collaborating with the many U.S. Government (USG) agencies that have Indian and global connections and expertise. Capitalizing on the combination of local and USG "whole of government" resources can help USAID and its USG partners address common development challenges more effectively and efficiently.

Development Hypothesis

The USAID/India *development hypothesis* is as follows:

> By availing novel approaches, products, and/or systems, combining these with Indian financial and intellectual capital, and partnering directly with and under the leadership of Indian organizations, USAID can deliver development results faster, cheaper, more effectively, with broader impact, and more sustainably. This strategic approach will support Indian organizations and alliances to identify, test, and scale-up opportunities for solving development issues in India as well as in other countries. As a result, the USAID-India partnership will transform to increasingly share in efforts to solve Indian and global development challenges.
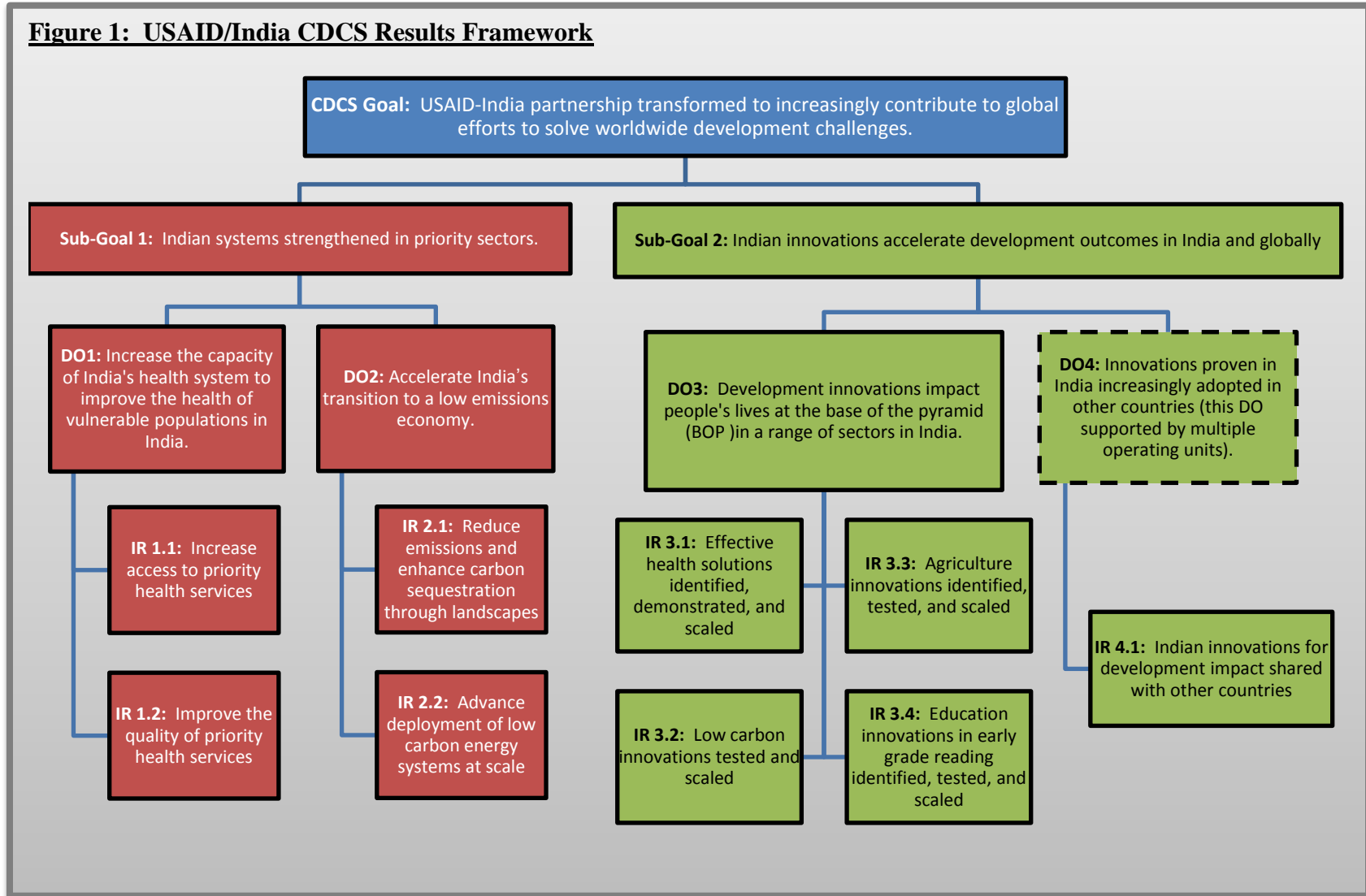
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[12] http://www.acumenfund.org/investment/d.light-design.html.
[13] http://digitalgreen.org/.
[14] http://ipaidabribe.or.ke/.
[15] http://www.pratham.org/ and http://www.pratham.org/NewsDetails.aspx?newsID=70.

II. USAID/India CDCS Results Framework

Figure 1: USAID/India CDCS Results Framework

CDCS Goal: USAID-India partnership transformed to increasingly contribute to global efforts to solve worldwide development challenges.

Sub-Goal 1: Indian systems strengthened in priority sectors.

Sub-Goal 2: Indian innovations accelerate development outcomes in India and globally

DO1: Increase the capacity of India's health system to improve the health of vulnerable populations in India.

DO2: Accelerate India's transition to a low emissions economy.

DO3: Development innovations impact people's lives at the base of the pyramid (BOP) in a range of sectors in India.

DO4: Innovations proven in India increasingly adopted in other countries (this DO supported by multiple operating units).

IR 1.1: Increase access to priority health services

IR 2.1: Reduce emissions and enhance carbon sequestration through landscapes

IR 3.1: Effective health solutions identified, demonstrated, and scaled

IR 3.3: Agriculture innovations identified, tested, and scaled

IR 4.1: Indian innovations for development impact shared with other countries

IR 1.2: Improve the quality of priority health services

IR 2.2: Advance deployment of low carbon energy systems at scale

IR 3.2: Low carbon innovations tested and scaled

IR 3.4: Education innovations in early grade reading identified, tested, and scaled

Results Framework Overview

Underlying the Results Framework (RF), illustrated in Figure 1, is the fact that USAID/India is undergoing a major transition, fashioning new multi-stakeholder alliances and networks across all sectors and supporting global outreach of India's proven development innovations. At the same time, it is continuing to strengthen India's multi-billion dollar health and clean energy systems through targeted technical assistance (TA). This transition will be complete in five years as the Mission significantly reduces its support for TA and focuses most of its efforts on partnerships, development innovations, and global outreach.

The RF uses color-coded results to illustrate the transition. The red boxes indicate activities aimed at achieving priority development outcomes using more traditional mechanisms, such as TA, that focus on strengthening systems in health and clean energy. These activities will apply both international and Indian best practices to generate results in India. Due to the magnitude of India's population and the size of its economy, achieving results in India contributes directly to broader development objectives such as the MDGs and the mitigation of global climate change.

The green boxes highlight the new innovation-focused approaches to accomplishing development impact in priority areas. Activities under these approaches will use the formula (described above) of innovation, capital, and new forms of partnership to deliver results and address Indian and global development challenges.

The 'green' side of the RF will receive an increasing share of resources over the life of the strategy while the red side will be slowly and significantly reduced over the course of the strategy. The color-coding is intended to highlight a wholesale shift in approach, not a shift in sector emphasis.

The Center for Innovations and Partnerships

To facilitate the smooth and complete transition to innovation and partnership-focused approaches, USAID/India has established a Center for Innovations and Partnerships (CIP) within the Mission. The CIP will promote Indian development innovations through partnerships and their global diffusion, including:

- Serving as a think-tank to perform technical analyses which inform innovation work in India and globally;
- Developing a robust strategy for engaging local and global partners;
- Reaching out to Indian innovators, new institutional partners, and Indian diaspora communities;
- Advising senior management, technical offices, and leadership and staff in USAID operating units;
- Sharing information via websites, social media, printed media, and conferences; and
- Evaluating the overall strategic approach to determine the need for just-in-time adjustments and to develop lessons learned for USAID's work in India and worldwide.

III. CDCS Goal

The Mission uses an overarching goal and beneath it two sub-goals to represent the distinction in our two approaches and the new emphasis on supporting Indian development innovations. The Mission's efforts to show impact under the CDCS Goal and sub-Goals will be continuously assessed both qualitatively and quantitatively. Specific indicators, as well as the analytical and research methodologies for measuring such indicators, will be further developed and finalized by the end of year three of the CDCS strategy. Additional information regarding the Mission's plan to measure the impact of the strategy is provided in the 'Monitoring, Evaluation, and Learning' section of the CDCS.

The overarching goal is as follows:

CDCS Goal: USAID-India partnership transformed to increasingly contribute to global efforts to solve worldwide development challenges.

The overarching goal illustrates the emerging consensus that USAID requires a new approach for working with emerging economies, exemplified by the BRICS. The transformation of USAID/India's partnership with India will be measured based on an increase in Indian proven innovations devoted to tackling global development challenges as well as the growth of Indian- and U.S.-supported efforts to solve development challenges outside of India.

Two sub-goals will support the overarching Goal:

Sub-Goal 1: Indian systems strengthened in priority sectors.

Results achieved under sub-goal 1 will build sustainable Indian systems and mechanisms to realize outcomes in the priority sectors of health and global climate change beyond the five year CDCS period. The success of sub-goal 1 will be based on the effectiveness of Indian systems to achieve results in health and climate change.

Sub-Goal 2: Indian innovations accelerate development outcomes in India and globally.

Results under sub-goal 2 will revolve around Indian-led platforms and alliances that identify, test, and scale innovations in India to achieve outcomes in priority sectors. At the same time, proven innovations will be shared outside of India for adoption in other countries. Sub-goal 2 will be based on India's emergence as an innovations laboratory and hub that produces development solutions which generate significant improvements in the lives of BOP populations in India and in other developing countries.

Four Development Objectives (DOs) contribute to achieving these two sub-goals and the overarching goal. Two of these DOs (DO 1 and DO 2) use more traditional USAID approaches to system strengthening. The other two DOs focus on innovations and broad partnerships to achieve development outcomes in India and globally.

- **DO 1:** Increase the capacity of India's health system to improve the health of vulnerable populations in India.
- **DO 2:** Accelerate India's transition to a low emissions economy.
- **DO 3:** Development innovations impact people's lives at the base of the pyramid (BOP) in a range of sectors in India.
- **DO 4:** Innovations proven in India increasingly adopted in other countries.[16]

Assumptions

1) India is, and will continue to expand as, a development innovations laboratory and emerging hub;
2) Indian development innovations for the BOP can be efficiently and cost-effectively adapted to meet the specific needs of other countries;
3) The growing Indian middle class will help to drive innovation writ large in India through consumer demand, rising expectations, and increased educational attainment;
4) With 48 billionaires and 190,000 millionaires in India[17], along with some 40 new India-based social impact investment funds, there are ample private sector resources to finance the replication or scale of proven market-based, development innovation solutions in India and potentially globally, and that they will bring these resources to the table;
5) In line with Implementation and Procurement Reform under USAID Forward,[18] Indian public and private entities have the capacity to deliver cost-effective development outcomes and impact to vulnerable populations;
6) India's trade links, economic agreements, and large diaspora community will facilitate the sharing of affordable, market-based solutions globally; and
7) USAID's 80 missions will contribute to the sharing of Indian innovations globally.

IV. Development Objective 1: Health

Development Objective 1: Increase the capacity of India's health system to improve the health of vulnerable populations in India.

Rationale for the DO

This DO is supported by the need for strong health systems in multiple areas – service delivery, human resources, supply chain management, and strategic information – which will, in turn, help innovations to take root and health conditions to be improved. Achieving this objective will be critical to reducing mortality and morbidity in target populations, and thus improving the health of vulnerable populations in India. Health is slated to be a priority focus of the Twelfth Five Year Plan,[19] which adds new areas of investments like urban health and non-communicable

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[16] Multiple operating units support this DO.

[17] Luisa Kroll. "Record Number of Millionaires". Forbes Online. 31 May 2011. http://www.forbes.com/sites/luisakroll/2011/05/31/record-number-of-millionaires/

[18] Launched in 2010, USAID Forward is an effort to make the Agency more effective by changing the way we partner with others, embracing a spirit of innovation and strengthening the results of our work, saving money and reducing the need for U.S. assistance over time. http://www.usaid.gov/results-and-data/progress-data/usaid-forward.

[19] http://planningcommission.nic.in/aboutus/committee/strgrp12/str_health0203.pdf.

diseases, apart from the traditional focus on rural health, maternal and child health, and communicable diseases. With leaders such as the Prime Minister and others underscoring its priority to the GOI, the DO builds on decades of USAID/India work and multiple long-running, bilateral agreements with the GOI and the Ministry of Health and Family Welfare (MOHFW). The DO is a major avenue through which the USG will build on India's commitments at the June 2012 Child Survival Call to Action and advance progress toward its targets, as well as those of the MDGs. The modeling exercise that preceded the Call to Action, which determined the child survival interventions that would provide maximum impact in terms of reducing child mortality, has laid the groundwork for USAID to work hand-in-hand with the GOI as India gears up to achieve the 2035 targets.

India presents many opportunities in the health sector. The economic momentum of India's recent growth, plus the positive trends in its health ecosystem, makes it ripe for USG investments in health systems strengthening. Furthermore, the country has the resources – economic and human – to scale up programs nationwide.

Under the CDCS, it will be clearly communicated to the GOI that USAID technical collaboration and assistance for systems strengthening under DO 1 will be significantly reduced over the course of the strategy period 2012-2017. One objective of USAID's activities under DO 1 will be to assist the GOI to establish a mechanism or system to enable it to obtain technical expertise – whether national or international – with its own resources. All technical collaboration will focus on supporting the GOI by building capacity for fully autonomous, effective operation of relevant system components.

Description of the DO

The DO recognizes the need to continue strengthening multiple components of the health system in India in order to ensure achievement of Indian priorities and the goal of the CDCS. Strong systems are required in order for India to carry out effective, routine health operations and to achieve planned health objectives for its population, as reflected in the country's Twelfth Five Year Plan.

DO 1 will support the CDCS Goal by strengthening the health system, for both public and private sector services, in critical areas that will allow required improvements in program quality and access to be achieved, thus advancing sustainable, effective systems to support the CDCS Goal. USAID's efforts will catalyze and complement ongoing GOI and other development partner activities related to these results. Given that much of the programming for DO 1 will be under the USAID-GOI Health Partnership Program Agreement, activities will respond to GOI requests for collaboration to support national programs (such as the National Rural Health Mission and the NACP) and build on USAID's comparative advantage.

The two IRs, as explained below, are complementary and one cannot be effective without the other: improved quality without increased access will leave millions of Indians without services, vulnerable to disease or disability, and will make it difficult for India to achieve sustainable development. Increased access without improved quality, given the deficiencies in service quality and management systems that currently exist, would result in a continuation of low

quality services, a slowing of gains in addressing critical health issues, and perhaps even a total failure to address certain problems.

Description of the IRs

The IRs consolidate the multiple dimensions of capacity building required to support increased system capacity to effectively address priority health problems. The IRs will support the GOI's efforts to increase quality service delivery in India's population, a key goal given the huge number of people currently living in poverty, most in rural areas and urban slums. Program focus will be in the Empowered Action Group (EAG) states – the eight northern and eastern states where the disparity between states is most marked – seeking to increase health and well-being for these highly vulnerable BOP populations. Specific state(s) and high-need districts with high levels of preventable child deaths will be selected in coordination with the GOI, and activities will focus on addressing barriers to effective services, both in terms of access (IR 1.1) and quality (IR 1.2). A particular focus on child survival services, broadly conceived as per the Call to Action, will allow USAID to concentrate on major causes of under-five mortality, such as diarrheal disease and respiratory infections, while also addressing determinants of mortality, such as birth spacing, antenatal and early-child nutrition, and prevention of mother-to-child transmission of HIV.

IR 1.1: Increase access to priority health services

Increasing access to health services for India's vulnerable populations spread across rural areas, tribal pockets, and urban slums – including those currently outside the realm of effective service provision for reasons related to economics, gender and social inclusion, notably females across the life cycle – is required if USAID is to support India in providing services to its huge marginalized and underserved population. Private and public sector capacity to increase access will be strengthened, including partnerships between the public and private sectors, civil society and other stakeholders such as international organizations and foundations, as well as by market-based partnerships between the commercial sector and other private sector actors, all supporting efforts to increase access. Specific efforts to increase access to critical child survival services, in support of the Call to Action, may include extending highly effective polio immunization micro-planning to broader child immunization programs, as well as efforts to expand the basket of contraceptive choices to include intermediate-term methods such as implants and injectables.

IR 1.2: Improve the quality of priority health services
Increased access alone, however, is not sufficient to ensure improvements in health status. Services must be of adequate quality in order to provide services capable of positively affecting health outcomes. Quality improvement efforts will be focused in various spheres including, but not limited to, human resource management, service delivery, overall program management, strategic information, supply chain management, and integration of services. Selected interventions will target strategic bottlenecks to improve quality, particularly those which impact child survival. Examples include improved service delivery in the areas of diarrheal disease prevention and treatment, respiratory disease, and post-partum family planning, where USAID will build on current programs and initiate new activities. Promotion of increased use of oral rehydration solution and zinc for treatment of diarrheal disease, with demand, supply, and quality

interventions, is one example of a potential intervention in support of the Child Survival Call to Action.

Assumptions and Risks

Assumptions:
- System strengthening for critical components of India's health system will increase GOI and state government capacity to implement effective health programs.
- The MOHFW, National AIDS Control Organization (NACO), and relevant state governments, will provide the necessary resources to scale up effective interventions supported by USAID, including adequate staff to effectively implement these, thus enabling USAID to strengthen India's health system and contribute to major health improvements through targeted inputs.
- Funding at expected levels will be received for the life of the CDCS.

Risks Associated with DO Achievement:
- Though significant progress can be made to achieve fully effective functionality of the Indian public sector health system, even with targeted systems strengthening, increased access and quality of services are continuous medium- to long-term goals.

How Assumptions and Risks will be Mitigated and/or Assessed Periodically:
- System strengthening approaches and interventions will be carefully evaluated to verify their effectiveness, with strong baseline information available based on years of partnership, or developed if not available.
- Components of the Indian health care system which require additional support beyond the five-year CDCS period will be identified and necessary support detailed in Year 4 of the strategy, with results to be shared with the GOI and relevant states in order that they might address these needs internally.

V. Development Objective 2: Climate Change

Development Objective 2: Accelerate India's transition to a low emissions economy.

Rationale for the DO

The U.S. President's 2010 National Security Strategy describes the "real, urgent, and severe" danger of climate change. As the world's third largest carbon emitter after the United States and China, India is a top priority for the Global Climate Change Initiative (GCCI). Support for India's efforts to reduce the carbon intensity of its economy will help lower the nation's future, business-as-usual emissions trajectory. Such an outcome would have significant global impact, and extend well beyond the Indian subcontinent.

Much of the infrastructure and physical development that will both drive and result from India's rapidly growing economy over the coming decades is currently being planned, and has yet to be constructed. The next five years, therefore, offer an incredible window of opportunity for the

U.S. to support India's National Action Plan on Climate Change (NAPCC). Implementing NAPCC would help India move towards its target of reducing the carbon intensity of its economy by 20-25 percent by the year 2020. The GOI's Twelfth Five Year Plan 2012-2017, which is currently under development, is expected to substantially increase GOI investment in 'green development.' This increased investment will create massive new demand within India's already vibrant market for innovations to support climate mitigation. The Indian market is also fertile ground for new partnerships between Indian and U.S. entrepreneurs, which USAID can support to achieve substantial climate change outcomes.

DO 2 directly supports the priority sectors of clean energy and sustainable landscapes (forestry) under India's NAPCC. Energy is a priority not only because it is key to India's economic growth, but also because the sector accounts for as much as 58 percent of India's GHG emissions. These emissions are projected to grow exponentially over the coming decades to meet increasing energy demand. The forestry sector supports over 200 million rural people who depend on forests for their livelihoods. Improving forest management will reduce emissions and enhance sequestration through landscapes – considered to be among the most cost-effective ways to address climate change. At the same time, improved landscape management generates co-benefits such as biodiversity conservation, enhances livelihoods, and helps ecosystems and communities adapt to climate change.

Description of the DO

DO 2 directly advances the mitigation objective of USAID's agency-wide Climate Change and Development Strategy (CCDS) (2012-2016), in partnership with one of the world's largest sources of greenhouse gas emissions.[20] The DO addresses the need to strengthen components of a variety of clean energy and forestry systems in India, in order to achieve Indian priorities and the overarching goal of the CDCS. An effective enabling environment – including improved policies and human and institutional capacities – is required to deliver these solutions at the national and state levels to achieve India's climate mitigation goals under NAPCC. It is also necessary to make significant progress in the climate mitigation areas that the GOI currently prioritizes for India's Twelfth Five Year Plan.[21] As such, DO 2 activities will include partnering with the GOI's Planning Commission to conduct workshops, hold conferences, and build capacity in support of national low-carbon growth efforts.

Description of the IRs

DO 2 will support sub-goal 1 of the CDCS – "Indian systems strengthened in priority sectors" – in large part through TA and capacity building. USAID/India also expects to capitalize on new and non-traditional partnerships, including those that involve the private sector, multinational and domestic corporations, and domestic trusts and foundations, to identify low carbon innovations to solve global challenges. IR 3.2 below describes these partnerships and innovations in more detail.

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[20] Released in January 2012.
[21] Climate Change and 12th Five Year Plan: Report of Sub-Group on Climate Change. Government of India Planning Commission. October, 2011.
http://planningcommission.gov.in/aboutus/committee/wrkgrp12/enf/wgsub_climate.pdf.

DO 2's intermediate results will accelerate India's transition to a low emissions economy by deploying and scaling:

(a) Reduce Emissions from Deforestation and Forest Degradation (REDD+) activities to enhance carbon sequestration and reduce GHG emissions (sustainable landscapes); and

(b) Energy efficiency and renewable energy technologies to mitigate GHG emissions (clean energy).

IR 2.1: Reduce emissions and enhance carbon sequestration through landscapes.

The *sustainable landscapes* intermediate result (IR 2.1) will reduce GHG emissions from landscapes, as well as increase the capture of GHGs from the atmosphere by sequestering them in ecosystems – primarily forested landscapes. Collaborating with the GOI's MOEF, the sustainable landscapes program aims at facilitating an enabling environment, addressing sectoral barriers, and strengthening capacity for India to implement activities related to REDD+. To that end, the program will focus on developing and deploying scientific tools and methods for:

1. Improved ecosystem management: This entails developing silviculture tools and management techniques that promote carbon sequestration while, at the same time, optimizing ecological (e.g. water filtration, conservation) and livelihood benefits.
2. Carbon inventory and monitoring: Under this task, methodologies for estimating carbon content of different forest types would be developed, including software models that convert remote sensing data into carbon estimates. Another important aspect includes strengthening the national GHG inventory data management systems related to forests.
3. Social and economic incentives for improved forest management: This task would explore innovative practices to encourage forest conservation and management by various stakeholders. The program would also identify incentive mechanisms that integrate carbon strategies with broader livelihood strategies.

The capacities of various national and state level research institutes (such as the Forest Survey of India, as well as various Indian Council of Forestry Research and Education institutions), state forest departments, and communities will be enhanced to accomplish each task. Targeted landscapes under the program will have the potential to reduce emissions and increase sequestration. This would also generate co-benefits such as biodiversity conservation, enhancing livelihoods, and helping ecosystems and communities adapt to climate change.

IR 2.2: Advance deployment of low carbon energy systems at scale.

The *clean energy* Intermediate Result (IR 2.2) will help India avoid GHG emissions by supporting interventions in the energy sector through large scale deployment of renewable energy and energy efficient technologies/systems. Accelerating the deployment of renewable energy will displace traditional, carbon-intensive power generation from coal. Scaling up energy efficiency practices has the potential to reduce energy costs significantly and support expansion of the national grid to un-served parts of India.

The program will adopt a four pronged strategy to strengthen the systems necessary to accelerate clean energy deployment in the country. It will focus on:

1. Institutional development and strengthening policy and regulatory framework: The program will strengthen the national and state levels institution such as Bureau of Energy Efficiency (BEE), Energy Efficiency Services Ltd, State energy agencies, develop fiscal/financial incentives, and address barriers to clean energy deployment. Further, it would promote and catalyze partnerships between regulators, private sector entities, academic and research institutions, and their U.S. counterparts.
2. Increasing access to finance: The program will facilitate the development and implementation of new and innovative financial instruments (such as soft refinance facilities and partial risk guarantee) and business models (such as the Renewable Energy Service Companies) to make financing more readily available for clean energy technologies/solutions. The program would also improve access to energy in rural areas for the BOP through a microfinance program focused on renewable energy based off-grid systems. Since access to finance is one of the most difficult obstacles female entrepreneurs face in India, these activities to make financial instruments more readily available will contribute significantly to female empowerment.[22]
3. Building institutional and human capacity: The program will support the GOI in its plan to build a cadre of trained technicians and engineers for deploying clean energy solutions. This will be accomplished by developing curricula (e.g. for new technologies like smart grids) and training programs.
4. Deployment of market driven clean energy technologies: The program will increase the market penetration of transformative technologies through demonstrations and pilot programs. Demonstrating technologies such as smart grids, net zero energy buildings, waste heat utilization, etc. and supporting pilots on renewable energy based off-grid and micro grids will help deploy clean energy technologies at scale.

Assumptions and Risks

Assumptions:
- System strengthening for critical components of India's clean energy and forestry sectors will build local capacity to implement more effective climate mitigation programs, beyond the life of USAID programs.
- USAID will successfully leverage and influence substantial resources (private and public), which are many orders of magnitude greater than USAID/India's budget.

Risks Associated with DO Achievement:
- In terms of GHG reductions, the limited ability to attribute visible and tangible results in the early years may result in closer scrutiny of the program.

How Assumptions and Risks will be Mitigated and/or Assessed Periodically:
- On-going GOI-USG Strategic Dialogue on climate change, especially related to the PACE program;
- Close monitoring to detect failures early and set new courses;

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[22] ICRW Connectivity Report 38.

- Support for USAID-GOI Steering Committees to 'take stock' of progress and make timely adjustments;
- Interim evaluations;
- Regular interagency meetings to monitor contributions by USG partners; and
- Coordination with other donors to synergize and avoid overlaps.

VI. Development Objective 3: Impact of Development Innovations in India in a Range of Sectors

Development Objective 3: Development innovations impact people's lives at the base of the pyramid (BOP) in a range of sectors in India.

<u>**Rationale for the DO**</u>

As has been noted earlier, India's social progress has lagged substantially behind its economic growth. Natural resource scarcities, a growing population, and escalating demands for improvements in the delivery of basic services will require India to deliver development results faster, cheaper, more effectively, with broader impact, and more sustainably. India is emerging as a source for the kinds of innovations that can help it achieve such dramatic development results. It has become a home for so-called "frugal innovations" that produce novel, no-frills, quality products for those with modest means, as well as a proving ground for innovative business models and service delivery methods that deploy new ideas or products in hard-to-reach markets. It has also been recognized as a center for "reverse innovations" that are first proven in India and then deployed in the developed world, while simultaneously becoming an R&D center for some of the world's leading MNCs. India's progress as a laboratory and emerging hub for innovations, particularly those that target the BOP, is helping Indian institutions address India's development problems.

An expanding array of organizations from the private, public, and development partner realms recognize this change in the Indian landscape. They see the potential it holds for generating effective and sustainable solutions to development challenges that India has faced for decades. This diverse and fertile landscape offers financial resources, grassroots-level expertise, last-mile connectivity with populations at the BOP, and an opportunity for USAID to take a 'whole of market' approach to supporting development innovations proven in India for global application.

The growing level of resources – funding, technology, and intellect – devoted to taking advantage of this opportunity is tangible. From approximately 2006-2010, public sector spending on development tripled from $36 billion to $122 billion. Charitable giving by India's HNWIs and philanthropic organizations has grown notably in recent years. During the same period, India's NGOs grew in number at an average rate of 10 percent annually. Indians are also increasingly investing specifically in development innovations. The GOI's planned India Inclusive Innovation Fund – a proposed $1 billion fund aimed at catalyzing and investing in innovative solutions for the BOP – expects to raise more than 80 percent of the fund's capital from the private sector. India is also well-represented in USAID's global competitive processes for development innovations. Thirty percent of the first round of USAID's DIV grants awarded

went to programs in India, and there has been exceptionally strong demand for Indian participation and partnerships in Grand Challenges aimed at saving lives at birth, powering agriculture, and early grade reading. Moreover, the willingness of major international firms to invest in R&D in India and the interest among the country's highly educated diaspora communities[23] in addressing India's challenges augment the already prospering environment for development innovations.

Description of the DO

DO 3 seeks to harness India's development innovations laboratory and hub – along with the growing resources and expertise among local Indian institutions and partners in the private, public, and non-profit sectors – to develop and scale development innovations that can benefit the lives of Indians living at the BOP. In essence, DO 3 activities will capitalize on USAID as a convener, accelerator, and broker of development innovations to create multi-stakeholder alliances. These alliances will leverage opportunities, resources, skills, expertise, and technologies within India's emerging and dynamic development innovations space. Such alliances will also create opportunities for a range of actors from the public, private, non-profit, and academic sectors to forge new connections. In developing the above-described innovation alliances, USAID will capitalize on its experience with development innovations, including lessons learned from the DIV program, Grand Challenges, and the Millennium Alliance (the Indian version of the DIV program), to support its efforts under DO 3. USAID/India will also utilize "open innovation" techniques to catalyze innovations for scale and to achieve substantial development outcomes. One proven technique it will pursue is the use of prizes; recent studies have assessed the effectiveness of innovation prizes.

In order to ensure that the Mission takes advantage of all state-of-the-art approaches for promoting innovation, the CIP (discussed above) will work with technical staff to stay abreast of advances in methodologies for supporting development innovations. Several organizations in the development field, including USAID, are pioneering a range of approaches to identify, test, scale, and diffuse innovation for development impact, including introducing innovative business models, innovations in the grant making process, and financial innovations. The Mission has already begun to advance this research and its CDCS process has included efforts to identify and study cutting edge methods for promoting development innovation.

USAID/India also recognizes that, by its very nature, innovation includes inherent risks and, as such, has designed mechanisms to make sure that Agency resources are effectively targeted. The strategy will include a dynamic plan for learning and adapting to ensure that innovations are continuously assessed and programs adjusted to yield desired outcomes; this system will be particularly important under DO 3 activities. This learning system will include: introducing an array of state-of-the-art evaluation practices, such as random control trials (RCT); conducting strategic impact evaluations on key innovations; and assessing the potential for scaling activities. The newly-established CIP will play an important role in this process. This overall approach will

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[23] There are 3.2 million Indian-Americans living in the US. Seven-in-ten Indian-American adults ages 25 and older have a college degree, compared with about half of Americans of Korean, Chinese, Filipino and Japanese ancestry, and about a quarter of Vietnamese Americans. http://www.pewsocialtrends.org/2012/06/19/the-rise-of-asian-americans/.

transform the Mission into an organization that can take calculated risks, acknowledge and learn from its successes and failures, and is open, responsive, and flexible to making the changes needed for supported development innovations to have the greatest impact (additional information regarding this approach is available in the 'Monitoring, Evaluation, and Learning' section of the CDCS).

DO 3 will directly complement efforts under DO 4, which will support the sharing of proven Indian development innovations with third countries.

Description of the IRs

IR 3.1: Effective health solutions identified, demonstrated, and scaled.

The Health IR will identify and demonstrate potentially transformative, high impact innovations that can accelerate the achievement of health outcomes, increasing their quality, reducing their cost, increasing access to critical health services, and/or providing the targeted intervention(s) in a more sustained manner. These innovations may be initiated and fully developed in India; they may also be initiated elsewhere, but show major potential to be refined in the Indian setting, and then shared globally based on the Indian experience. Innovations which are proven but not yet effectively deployed, refined, or scaled up, which have potentially exponential impact on the health of vulnerable populations, and which have substantial potential to be deployed on a global level, may also be supported under the IR 3.1. India has a fertile environment for health innovation, and the combination of intellectual and financial resources existing at present, coupled with the social consciousness that is widespread at all levels in the country, bodes well for the development and scale-up of new, highly effective processes and products.

National and state level scale-up, in all cases, will be achieved through use of local GOI or private sector resources. In the Indian context, to demonstrate proof of concept or the merit of broader scale-up, demonstration at block (sub-district) or district level is frequently a prerequisite. An innovative approach or model should be demonstrated and replicable at this scale to generate the buy-in required for greater scale-up with GOI or other resources.

IR 3.1 will support innovations in private and public sector entities, as well as in civil society. New and existing mechanisms for this purpose, including innovation alliances and platforms, will be utilized. Partnerships with multiple organizations, which will feature the commitment of financial resources as well as matching and leveraging arrangements, will be emphasized. There will be close collaboration with the Mission's CIP and the Bureau of Global Health's Center for Accelerating Innovation and Impact (CII), in order to take advantage of their expertise and networking skills to both build internal capacity and achieve results.

IR 3.1 will support DO 3 by identifying, refining and scaling up innovative health solutions to a range of critical health problems. These solutions, including state-of-the-art proven approaches and innovations resulting in increased impact and efficiency, will increase program impact in problematic areas such as under-nutrition in children and females of reproductive age, Multi-Drug-Resistant Tuberculosis (MDR-TB), adequate supply and distribution of human resources for health (HRH), access to and use of enhanced approaches for Prevention of Mother to Child

Transmission (PMTCT), and others to be defined in conjunction with public sector, private sector and civil society stakeholders, including other donors. The IR will support the transformation of the India-USAID partnership from a traditional donor-recipient relationship to a true partnership, with a strong interdependent dynamic between the complementary inputs from USAID and India, ultimately resulting in global impact under DO 4 activities.

IR 3.2: Low carbon innovations tested and scaled.

This IR will promote innovation to support the GOI's objective to transition to low emissions, sustainable development. This IR will focus on both clean energy and sustainable landscapes, and complement the traditional role of providing technical assistance to these sectors under DO 2.

India's energy sector is going through a phase of transformation, where it has to scale energy generation and transmission capacities considerably, and in a very short period of time. USAID/India-supported innovations will support India's goal to avoid carbon lock-in[24] within its energy infrastructure, and increase carbon sequestration in the forestry sector by identifying leapfrog technologies, methods, and processes. The Mission will seek out and support low carbon interventions which have the highest potential to reduce the intensity of GHG emissions, with an overarching goal to help mitigate long-term impacts on low income populations.

India has committed to reduce its carbon intensity of GDP by 20-25 percent by 2020, achieve MDGs by 2015, and provide access to electricity to everyone by 2012. Today's technologies and practices are not sufficient to achieve these objectives. It is imperative to seek out innovations that can accelerate development outcomes aimed at mitigating climate change, while at the same time meeting India's growing energy demand and supporting low carbon economic development. Development innovations can support these objectives more cheaply, more effectively, more broadly, and more sustainably, and are essential to help India accomplish this difficult task.

These issues are driving Indian entrepreneurs to develop local solutions which are affordable, appropriate for the local context, and which can be applied to solve global climate change challenges. Innovation theory and practical experience show that many of the breakthroughs for low carbon products and services are likely to be forms of reverse innovation, originating in the developing world and transferred to developed countries.[25]

USAID/India's clean energy programs under IR 3.2 will test and scale those technologies and innovative practices that significantly: (a) reduce the cost of renewable energy sources; (b) improve end use energy efficiency in buildings, industry, and transport; and (c) extend energy access to remote rural areas through decentralized renewable energy systems. The Mission's

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[24] Carbon lock-in refers to large fossil fuel-based energy systems that lock-in persistent and growing greenhouse gas emissions into the future, and inhibit efforts to introduce alternative energy technologies.

[25] Morey, Jessica, et al. 2011. *Moving Climate Innovation into the 21st Century*. The Clean Energy Group. http://www.cleanegroup.org/assets/Uploads/2011-Files/Reports/CEG-DFID-Moving-Climate-Innovation-Report-May-2011-final.pdf.

sustainable landscapes programs will adapt cutting-edge innovations and practices in ecosystem management and enhance livelihoods of forest-based communities. Innovations in governance, co-management of forest resources, and valuation of ecosystem services will be prioritized under IR 3.2.

USAID/India will also support the wider enabling environment for development innovations in clean energy and sustainable landscapes through the formation of multi-stakeholder alliances or by enhancing Agency-wide mechanisms, such as the Partnerships for Enhanced Engagement in Research (PEER), which can be adapted to the Indian context in order to unlock climate mitigation technologies.

IR 3.3: Agriculture innovations identified, tested, and scaled.

Achievement of 'food security for all' has been the central focus of India's agricultural development strategy over the past 50 years. Through this focus, India has made great strides in agricultural development and increasing agricultural productivity countrywide. Currently, India feeds 17 percent of the world's population on less than 3 percent of the world's arable land. Despite the population pressure and limited land, India has made effective use of agriculture technologies and innovations, invested substantial resources (both human and capital), and become one of the biggest agricultural producers in the world.

Although the adoption of new technologies has been uneven throughout the country, India has accumulated a plethora of agricultural development experience and is now in the position to identify, scale up and share these proven agricultural development practices, technologies, and innovations across India and beyond. Identifying, adapting and diffusing proven Indian agricultural innovations can significantly contribute to overcoming the challenges still present in India with low agricultural productivity and chronic poverty, while bringing cost-effective development solutions to other countries facing food insecurity. USAID/India will emphasize sharing innovations that will directly benefit FTF focus countries in Africa, namely Kenya, Liberia, and Malawi.

The Strategic Partnership will not only include sharing innovations, but it will also encompass new modes of transfer through partnerships between governments, institutions, universities, and the private sector. These new partnerships are expected to catalyze and increase Indian investments abroad. USAID/India has developed effective partnerships with some State Agriculture Universities (SAU) in India. Recently, U.S. Land Grant Universities, Indian State SAUs, and Kenyan and Malawian universities formed partnerships to develop agricultural curricula that meet the needs of the modern agricultural landscape. The new training and degree programs include agribusiness, marketing, and food safety to develop agriculture professions that can meet the demands of the private sector. In addition, USAID/India is supporting the Cereal Systems Initiative, which is working on innovative agricultural production methods in key crops, like rice, and will share lessons learned throughout South Asia, namely in Nepal, Bangladesh and Pakistan. These partnerships across institutions will form the foundation of our investment and ensure sustainability and expansion of innovations across FTF focus countries.

Climate Change Adaptation: Global climate change has become real and tangible, affecting people's lives worldwide, and has the potential to damage irreversibly the natural resource base on which agriculture depends, with grave consequences for food security. Climate change impacts could potentially reduce agricultural production in India by 50 percent while population continues to increase. With more than 700 million people in India directly dependent on agriculture sector for livelihood, impacts of climate change can significantly constrain economic development. GCC-Adaptation funds will support activities that promote climate adaptive measures and best practices in the Indian and global agriculture sectors. This could include region-specific response actions such as: developing, testing, and deploying innovations like climate-resilient crops (e.g., drought, pest, and saline resistant crop varieties); promoting technologies and management practices that increase farmers' abilities to cope with increased rainfall variability (e.g., translocation of crops and changing cropping patterns); crop diversification; and improved natural resources management (soil and water). These program interventions will address the USG's GCC priorities of helping countries achieve climate resilient, low emissions development.

Currently, FTF/India is supporting the development of pigeon pea varieties that are climate-resilient. Pigeon pea is an important staple crop in India, Kenya, and Malawi, with India, Burma, Kenya, and Malawi being the top four pigeon pea growers by area in the world.[26] Seed improvements will have a great impact on food security, household incomes, and nutrition. This research is being conducted by International Crops Research Institute for Semi-Arid Tropics (ICRISAT), which has a presence in both India and Malawi. Both USAID/India and Malawi are working with ICRISAT to align the needs of India and Malawi and to leverage the comparative advantages of each country.

IR 3.4: Education innovations in early grade reading identified, tested, and scaled.[27]

IR 3.4 directly supports DO 3 by promoting innovative solutions to improve reading outcomes in terms of age-appropriate reading. USAID/India intends to invite proposals that introduce innovative approaches for improving early grade reading in more affordable, effective, and sustainable ways, especially those with the potential to rapidly scale. Our initial assessment indicated that most philanthropic institutions and private foundations[28] in India have a strong focus on school education. USAID/India will thus develop an alliance, in partnership with and led by Indian organizations, to improve early grade reading skills among Indian children at the BOP. In line with the USAID Education Strategy issued in February 2011, USAID/India aims to implement programs that improve the early grade reading skills of five million children by the end of the strategy period.

The Mission's previous work in the Education sector has laid the ground work for the kind of alliance envisioned under DO 3. A three year activity with the United Nations Children's Fund (UNICEF) and the GOI Ministry of Education helped improve school sanitation and health

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[26] http://impact.cgiar.org/sites/default/files/images/Legumetrendsv2.pdf, pg 20-21.
[27] Per USAID's Education Strategy (issued February 2011), early grade "can range from the first four to eight years of schooling."
[28] Examples are Naandi Foundation, Bharti Foundation, Azim Premji Foundation and Shiv Nadar Foundation to name a few.

education through intensive engagement with schools and communities; the model piloted in two Indian states was built into national plans by the Ministry. A technology-assisted education activity was implemented successfully with eight state governments and reached 42 million students.

The alliance may incorporate one or more of the following themes. First, because of wide reading skills disparities among students within grades, an emphasis on teaching students at their actual reading skills level (as opposed to assuming that, for example, a child in the third grade is reading at the third grade level) is important. This may require support for remedial education and extra teachers in the classroom. Second, improving teacher accountability will help to enhance the quality and consistency of student learning. This effort can be tied to providing appropriate incentives for teachers to acquire new skills and apply those skills effectively in their work. Third, identifying and integrating appropriate information and communication technologies and methods into early grade reading programs has strong potential for increasing cost-effectiveness and scalability.

In line with the agency's focus on evidence-based programming, USAID/India will conduct robust assessments of early grade reading activities through state-of-the-art evaluation methodologies. In accordance with USAID's policy on Gender Equality and Female Empowerment, USAID/India will integrate gender into the requests for application for early grade reading as well as into monitoring and evaluation. USAID will also work to identify and support promising ideas from female innovators. All materials and training programs developed to enhance early grade reading skills will be gender neutral, in addition to being pedagogically sound. All reporting will use sex-disaggregated indicator data/information for boy and girl students, as well as for men and women teachers and other personnel in the education system.

Some of the innovative solutions, identified, tested and scaled will also have relevance to other countries at a similar stage of development in early grade reading. In line with USAID/India's strategic approach described in DO 4 below, USAID/India will endeavor to select interventions that engage partners with strong connections outside of India.

Assumptions and Risks

Assumptions:
- Indian-led innovation alliances in India are an effective and efficient method for identifying, testing, and scaling development innovations.
- Crowd-sourcing of solutions beyond a traditional set of partners is an effective means of achieving development outcomes faster, more cost-effectively, more sustainably, and with greater impact.
- USAID/India, utilizing the alliance-building approach outlined under DO 3, will be able to identify, test, and scale the kinds of development innovations that target Indians living at less than $2.00 per day.

Risks Associated with DO Achievement:

- There are major challenges associated with building the appropriate mechanisms commensurate with the long-term nature of the innovation process, which often takes many years.

How Assumptions and Risks will be Mitigated and/or Assessed Periodically:
- Maintain open communication and dialogue about the results of the CDCS strategic approach with USAID/Washington, the interagency, and development partners.

VII. Development Objective 4: Global Diffusion of Development Innovations Proven in India

Development Objective 4: Innovations proven in India increasingly adopted in other countries[29]

Rationale for the DO

In the past, development practitioners often assumed that solutions to development challenges came from developed countries or experts from developed countries and were diffused to developing nations. Increasingly, new ideas, technologies, best practices, and process innovations are being cultivated in developing countries and then transferred to mature markets (a phenomenon known as "reverse innovation) or to other developing nations. Another trend, referred to as "polycentric innovation," involves innovating through the creation of global networks of talent, capital, and ideas. Fueled by a dynamic free-market economy, strong entrepreneurship, and growing amounts of human and financial capital, India is emerging as a leader in innovative ideas and processes, such as reverse innovation, that can address the needs of other countries facing similar development challenges that India has encountered and continues to face.

Description of the DO

Under DO 4 the Mission will share Indian development innovations proven in India with third countries. It will also conduct outreach into the Indian and global development innovation community to inform organizations and individuals about the types of development innovations that are being proven in India. These activities, with contributions from other partners in India and around the world, will contribute to the adoption of development innovations outside of India.

USAID/India – working closely with global bureaus, USAID missions, Indian organizations, and international organizations – will be responsible for supporting and catalyzing efforts to share development innovations globally. The achievement of the DO will rely on contributions (not necessarily financial) from multiple operating units beyond the Mission, including, among others, private sector organizations, international organizations, NGOs, foundations, universities, and other USAID operating units.

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[29] This DO is supported by multiple operating units.

Activities under this DO will work in a complementary fashion with activities under DO 3, contributing together to an acceleration of development outcomes in India as well as globally, per the focus of sub-Goal 2. Per sub-Goal 2's causal linkage to the CDCS Goal, as India's innovation contributions to development solutions around the world increase, so will the USAID-India partnership to tackle global development challenges.

An important player in the implementation of this DO will be the USAID/India CIP. As described earlier, the CIP will develop a robust strategy for engaging local and global partners; reach out to Indian innovators, new institutional partners, and Indian diaspora communities; advise senior management, technical offices, and leadership and staff in USAID operating units on innovations and partnerships; and share information about innovations proven in India via websites, social media, printed media, and other methods. It will also spearhead – in collaboration with other offices – efforts to regularly engage, via workshops and roundtables, with Indian experts, thought leaders, and practitioners in the development innovations ecosystem, in order to validate activities under the strategy and to ensure that the Mission is aware of the latest trends in the field. Beyond the CIP's work, USAID/India technical teams supporting the Presidential Initiatives will also play a leading role within the Mission in sharing and disseminating the best development innovations globally – either supply-push or demand-pull, depending on what makes sense.

USAID/India envisions a number of vehicles it can support and catalyze in order to share Indian development innovations globally, including:

- USAID operating units directly (e.g. global bureaus, missions)
- International organizations (e.g. World Health Organization, Consultative Group on International Agricultural Research)
- Universities (e.g. Indian Institutes of Technology, Indian Institutes of Management, U.S. academic institutions)
- Local and international NGOs, foundations (e.g. Tata, Rockefeller, Bill and Melinda Gates)
- Private sector companies and associations (e.g. multinationals, impact investors)
- NGOs and civil society (e.g. Pratham, Digital Green)

An important method for sharing Indian development innovations globally will be through USAID's worldwide network of missions and other operating units (this support does not imply financial resources from the Agency's centrally-funded programs or USAID/India). In this scenario, USAID/India envisions serving as a satellite unit to support the efforts of USAID's global bureaus to share innovations proven in India with other countries. Figure 2 illustrates how this might be accomplished directly through USAID operating units. USAID/India and USAID regional and technical bureaus are developing the structures necessary to support global innovation diffusion. USAID/India has signed an MOU with the Global Health Bureau to coordinate the sharing of development innovations proven in India. The Mission is also working closely with the Bureau of Food Security to determine the best mechanisms for global sharing of proven Indian agricultural innovations.

USAID/India and other USAID operating units will play an important role in catalyzing networks to support innovation and in sharing information globally about innovations proven in India. However, resources for specific adaptation of innovations in other countries – through markets and/or local or public systems – will be provided primarily by the private sector and other development partners. The innovations that the Mission plans to test, scale, and share outside of India will be *demand-driven*. As such, these innovations should attract resources from other host governments, international organizations, and private sector partners (depending

Figure 2: The Diffusion of Innovations Directly through USAID Operating Units
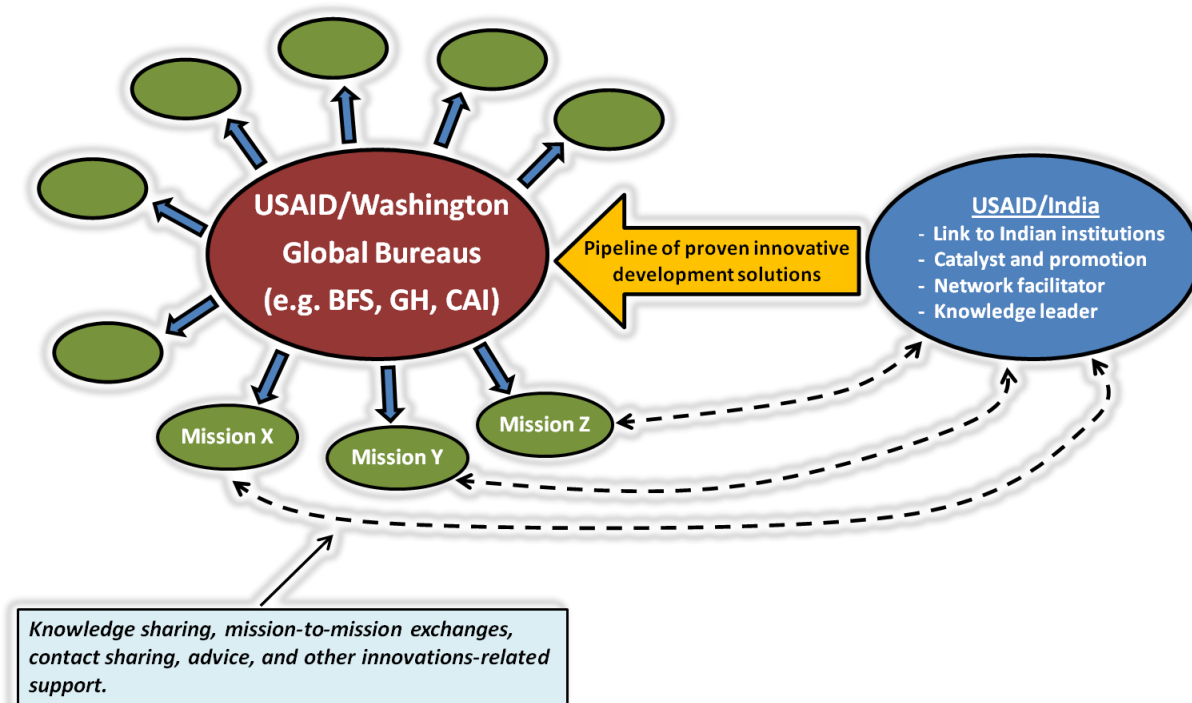
on the nature of the innovation) to be diffused worldwide. This process has already begun. For instance, the Ghanaian government recently spearheaded an effort to learn about and adopt innovative approaches utilized in India to combat HIV/AIDS. Representatives from the Ghanaian government traveled to India to learn about these practices and, with their own resources, brought them back to Ghana where they are currently being adapted and implemented. The Mission envisions similar public, as well as private, pathways to diffusing innovations under the strategy.

Despite not directly providing funds to support the global diffusion of innovations outside of India, the Mission will play an integral role in supporting its partners in this process. Anecdotal evidence suggests that many businesses and organizations with very promising development innovations see an important role which USAID can play in reducing the risks associated with sharing these solutions in new markets. For example, USAID missions could provide accurate information about new markets, make connections with key players in the public and private sectors, and provide funds for testing quality and safety standards.

Description of the IRs

IR 4.1: Indian innovations for development impact shared with other countries.

Under IR 4.1, the Mission will take a number of actions to share development innovations proven under DO 3 with partners, other USAID operating units, and international organizations, with the aim of catalyzing the diffusion of innovations to other countries. As such, these activities will contribute directly to achievement of DO 4. Activities aimed at sharing development innovations proven in India include:

- Brokering the necessary resources and connections to enable cross-border sharing and application of Indian innovations;
- Capturing and sharing information on promising development innovations through presentations at regional or global forums;
- Supporting mission-to-mission and other exchanges aimed at promoting adoption in other countries; and
- Analyzing opportunities and markets for development innovations in collaboration with other USAID units.

Illustrative Activities under IR 4.1

- The Health Office has conducted significant outreach in the Africa region, at both the USAID/Washington and individual mission level, with a number of African missions, the Africa Bureau, and the Bureau for Global Health showing interest in USAID/India's efforts. USAID/India will continue these efforts, including through its new SHARE program. As appropriate, USAID/India will expand efforts to other regions, since countries such as Russia have also shown interest in India's programs (specifically in the area of polio). There will be close collaboration with the Mission CIP and the Bureau of Global Health CII, taking advantage of their expertise and networking skills to both build internal capacity and achieve results.
- USAID/India is identifying and assessing a variety of mechanisms and platforms to enable the sharing of Indian agriculture development innovations to other countries. Interventions will include the sharing of innovative agriculture products or technologies, delivery methods, processes, management practices, and/or business models aimed at deploying agricultural innovations at scale. These activities will be focused on benefiting Kenya, Liberia, and Malawi and their FTF Strategies. This will be a whole-of-government effort. The activities under this IR will focus on scaling and transferring innovations proven in India to the three selected African countries.

Assumptions and Risks

Assumptions:
- The approach supported by the Mission will lead to the identification of the types of demand-driven development innovations that will, in turn, draw interest, resources, and investments from the private sector and host governments (depending on the nature of the innovation) to diffuse and scale these innovations worldwide.

- The appropriate resources, programmatic synergies, enabling environment, etc. exist in other countries for the innovations shared by India to be effectively adopted in other countries. Other entities in the public, private, and non-profit sectors, as well as other operating units within USAID, will contribute to and share in the support for these complementary inputs.
- Development innovations proven in India are valued in and relevant to other countries.

Risks Associated with DO Achievement:
- The challenges to adapting innovations proven in India in other countries (e.g. cost, country context, etc.) prove to be a deterrent to the sharing of development innovations outside of India.
- The private sector and/or host governments do not participate in activities aimed at supporting the diffusion of innovations outside of India.

How Assumptions and Risks will be Mitigated and/or Assessed Periodically:
- The Mission has already conducted analyses which includes evidence of illustrative examples of past innovations proven in India and adapted elsewhere. The CIP will continue to conduct regular analyses in order to remain abreast of current data regarding trends and techniques for the successful adoption of development innovations outside of India. The CIP will also carry out the necessary analyses to ensure that the innovations supported by the Mission are in demand by the private sector and other host governments, and will therefore be diffused outside of India using these entities' resources and systems.
- Develop MOUs or other formal mechanisms for collaboration with USAID global bureaus.

VIII. Summary of Strategic Priorities and Key Issues

Addressing Sustainability in the CDCS

The USAID/India CDCS strategy will promote sustainability in several ways. Development Objectives (DOs) 1 and 2 will seek to strengthen institutional capacity and build Indian ownership of programs such that support for systems strengthening in health and climate change will conclude by the end of the CDCS. Under these DOs, it will be clearly communicated to the GOI that USAID technical collaboration and assistance for systems strengthening will be significantly reduced over the course of the CDCS strategy. All DO 1 TA will focus on supporting the GOI by building capacity for fully autonomous, effective operation of relevant system components. Under DO 2, sustainability will largely be accomplished by linking with national- and state-level strategies into which the GOI is committing, or plans to commit, substantial resources.

DOs 3 and 4 will build host-country ownership by creating self-sustaining, Indian-led, innovation-based alliances, encompassing a range of Indian public and private sector institutions, and supported by multiple sources of investment and funding. Sustainability will come from the sharing of responsibilities for program implementation with partners as well as from the fact that

development solutions that show sustainable, cost-effective results will be scaled using both private sector and/or government resources. Development innovations that have strong potential for commercialization will be primarily funded by private sector entities, like impact investors, while development innovations that provide public goods will likely be supported by the GOI and Indian state governments, foundations, and donors.

Gender Equality, Female Empowerment, and Other Marginalized Groups

The Mission will have an inclusive approach under the CDCS strategy that integrates gender equality and consideration for other marginalized groups throughout the lifecycle of USAID/India programs. In addition to the gender programming that is integrated into all USAID activities, DO 1 will include dedicated Gender Equality and Female Empowerment activities as part of both intermediate results (IRs) 1.1 and 1.2. Activities will identify and seek to decrease gaps in the access and quality of services, target policy and operational barriers to gender-equitable services, and support efforts to decrease gender disparities in access to and use of health services in selected areas. Technical support will be provided to the National AIDS Control Program (NACP) to integrate gender concerns in prevention, care, and treatment programs, and USAID will assist in developing a curriculum for addressing gender concerns and in designing a national capacity building strategy to train organizations in integrating gender issues in prevention-to-care continuum programs. DO 1 activities will also focus on solutions to pressing health issues facing India's youth bulge. USAID/India will develop youth-friendly interventions related to reproductive health, child and maternal health services, contraceptive choices, and barriers to health services. Activities will also support prevention-to-care continuum programs for unmarried migrant youth who are at risk of contracting HIV.

DO 2 will incorporate effective, evidence-based investment in gender equality and female empowerment into programming. The forestry program will build the capacities of women in ecosystem management and monitoring, and devise innovative governance structures to ensure greater participation of women in decision making. The clean energy IR will emphasize building the capacity of women to enhance their role and participation in the sector as users, service providers, and entrepreneurs. Furthermore, the Partnership to Advance Clean Energy Deployment (PACE-D) microfinance support program will target at least 50 percent female entrepreneurs, while energy-related trainings will target at least 25 percent female participation.

Under DOs 3 and 4 of the CDCS strategy, innovations that bridge gender disparities will deliver greater results in the long-term in India and globally, and will ensure women have equal access to information and trainings related to selected innovations. Innovation alliances will be inclusive and will ensure that females and males are represented as applicants as well as managers and evaluators of potential projects. DO 3 will also take advantage of USAID's substantial expertise to evaluate innovations aimed at most-at-risk populations and will support stronger, more inclusive programming for youth and minority groups, such as scheduled castes and scheduled tribes, through targeted efforts that are expected to show processes, approaches, and methodologies for better inclusion and service to these important populations.

Aid Effectiveness and Non-USAID Resources

The CDCS strategy focuses USAID resources on critical areas, works to effectively coordinate non-USAID resources, and puts in place mechanisms for USAID collaboration with non-traditional partners, USG agencies, and other external institutions. DO 1 focuses USAID resources on critical components of the GOI and selected state health care systems that are in USAID's manageable interest to measurably strengthen. The DO reflects USAID's comparative advantage developed over decades, in providing high quality TA in the multiple program components required to support an effective health system. Regarding non-USAID resources under DO 1, the role of Indian institutions will be important in achieving the CDCS goal. Furthermore, other partners, including international organizations, foundations, bilateral organizations, and other USG agencies will play leading roles in improving the health of vulnerable populations in India.

DO 2 will emphasize specialized TA and focus on targeted geographic areas. The DO will also leverage USAID's more than forty years of experience in India's energy sector, which supports the GOI's respect for the U.S. as a leading partner in cutting edge technologies and knowledge of sustainable landscapes. USAID/India also leads the interagency PACE-D initiative, which provides an opportunity to effectively leverage resources from other USG partners. Furthermore, a project advisory committee, made up of GOI line ministries, USAID, and other organizations, will collectively guide DO 2 and help assign roles and responsibilities for implementation.

USAID's activities under DOs 3 and 4 will seek to catalyze a range of Indian-led alliances of non-traditional partners. While the Mission will continue its long-standing partnership with the GOI, it will also collaborate with the private sector, including foundations, multinational corporations, HNWIs, impact investors, educational institutions, donors, NGOs, and the Indian diaspora. These platforms will leverage the resources, skills, and systems of USAID partners to identify, test, scale, and diffuse development innovations proven in India. USAID will also take advantage of its experience with development innovations, including lessons learned from the Development Innovation Ventures (DIV) program, Grand Challenges, and the Millennium Alliance to support its efforts. Finally, USAID will capitalize on its ability to connect across the USG to collaborate with other agencies that have made development innovation a focus of their work in India.

Institutional Capacity Building

Institution building will be a central component of the Mission's sustainability strategy under DOs 1 and 2. Through the use of technical collaboration activities, such as cutting edge technical expertise in the short and medium term, training of trainers with intensive follow-up as cascaded replication of training procedures, as well as quality improvement and quality assurance approaches, DO 1 will build the capacity of local NGOs and other relevant institutions to support strengthened health programs. In the private sector, USAID will support the development of sustainable public-private partnerships. The Mission's efforts under DO 1 to utilize local organizations to support program implementation will further build the capacity of NGOs and private sector groups, which will become increasingly important health care providers moving forward. DO 2's clean energy program will build the capacity of regulators, policymakers, financial institutions, utilities, and service providers in energy efficiency and renewable energy. The sustainable landscapes IR will build the capacity of Ministry of

Environment and Forests (MOEF) scientists and administrators at the national level, state-level forestry staff, members of village Joint Forest Management Committees, and community stakeholders.

USAID will build institutional capacity under DOs 3 and 4 by helping to catalyze Indian-led, self-sustaining alliances to identify, test, scale, and diffuse development innovations. The sustainability and institutional capacity of these alliances will be strengthened as a direct result of the sharing of program implementation responsibilities and resources among partners, as well as by the increasing leadership of the alliances by Indian organizations.

Focus and Selectivity

DO 1 activities will focus USAID resources in a number of ways. USAID/India will continue its long-standing approach of leveraging GOI and other partner resources to maximize development impact. The GOI and other major partners have requested that USAID demonstrate effective models, which they will then bring to scale. USAID is focusing on other key areas such as quality improvement, private sector engagement, HIV prevention with high risk groups, and strategic information/policy where it has a long-standing comparative advantage. Anticipated increases in public sector and development partner funding for health will help to address a range of systems issues. Beyond these focus areas, USAID efforts will be concentrated at the national level, in selected states – particularly the EAG states[30] – and within states in selected poor-performing districts, cities, or other sites. Geographic targeting will be defined in consultation with GOI and other relevant local entities. The recent Child Survival Call to Action modeling exercise will help target resources on those interventions which can deliver the most impact, and mapping with the GOI will help identify target areas for these activities.

In addition to working at the national level, the DO 2 clean energy IR will focus on two or three states, which will be identified in consultation with the GOI. Renewable energy based, off grid, and micro grid pilots will be targeted towards rural areas with limited access to power, such as Uttar Pradesh and Bihar. The sustainable landscapes IR will focus on three to four important forest landscapes covering various forest types and socio-economic settings in different geographic regions of the country. The states identified during the preliminary discussions with the GOI include Madhya Pradesh, Kerala, Uttarakhand, and West Bengal.

Specific areas of focus under DO 3 and 4 include the following:

- Health interventions will concentrate efforts on critical areas where program improvements are sorely needed, including objectives established under the Child Survival Call to Action, MDR-TB diagnosis and treatment, birth spacing, prevention of mother-to-child transmission of HIV (PMTCT), and childhood and female nutrition.
- Clean energy and sustainable landscapes activities will be focused at the national level, though activities aimed at expanding energy access will be targeted to rural areas with high concentrations of poverty.

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[30] Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttarakhand and Uttar Pradesh.

- Activities will be undertaken in selective agricultural value chains, based on their transformational potential, with country-led strategic foci on agricultural growth in lagging geographic areas of the EAG states, which will overlay with the GOI's Bringing the Green Revolution to the East program. Furthermore, the bulk of the agriculture activities will focus on scaling Indian innovations. This will be accomplished through focusing on sharing innovations that will benefit Kenya, Liberia and Malawi.
- In education, the Mission will focus on enhancing the reading skills of early grade students as this is the most basic issue at the center of India's poor education scenario.

Agency-Wide Policies and Strategies

DO 1 will support the Global Health Initiative (GHI) and the Agency Policy Framework by supporting increasingly efficient, integrated health systems in the Indian private and public sectors that provide comprehensive packages of services at a single service delivery site. DO 1 has an integral focus on operationalizing the GHI in India, as well as advancing the objectives established under the Child Survival Call to Action, and all DO and IR indicators are GHI indicators. Furthermore, USAID Forward will be a priority throughout the USAID health program, with host country systems utilized extensively, and the use of non-Indian institutions limited to specific, time-bound roles, with strengthening of host country systems as a defined outcome.

DO 2 directly advances USAID's agency-wide Climate Change and Development Strategy (CCDS) to reduce climate change impacts and promote low emissions growth. All DO and IR indicators are CCDS indicators. In support of USAID Forward's Implementation and Procurement Reform, we will increasingly work with local partners under DO 2. TA programs will set aside funding for U.S. prime contractors to mentor and build the capacity of local subcontractors to serve as direct USAID implementing partners. DO 2 will also advance the Agency-wide priority of increasing the use of science and technology by accelerating the roll-out of new clean energy innovations developed under Partnership to Advance Clean Energy Research (PACE-R), while facilitating scientific and technical collaboration and exchange between Indian and U.S. foresters under the sustainable landscapes program.

In full accordance with USAID Forward, DOs 3 and 4 bring together the Agency's focus on innovation, public-private partnerships, and working directly with local entities to achieve robust development results. Activities focused on identifying, testing, and scaling health, clean energy, and agriculture innovations will be primarily focused on achieving impact under Presidential Initiatives, as well as objectives established under USAID priority initiatives, like the Child Survival Call to Action. Agriculture activities under these DOs will focus on developing and scaling Indian innovations. Per the USAID Education Strategy, the Mission will implement programs that improve the early grade reading skills of 5 million children by the end of the strategy period.

IX. Monitoring, Evaluation, and Learning

Monitoring, Evaluation, and Learning Overview

This section outlines USAID/India's monitoring, evaluation and learning (MEL) strategy for integrating measurement systems that span the diverse objectives laid out in the CDCS. The MEL strategy will provide mechanisms for the CDCS systems strengthening programs that will aim to measure progress towards stated objectives through outputs, outcomes, and impact, while also presenting a strategy for measuring innovations programs that identify, scale and diffuse innovations that achieve development outcomes faster, cheaper, more effectively, more broadly, and more sustainably. MEL will ensure that the causal pathway to desired outcomes is continuously assessed and adjusted to yield the most effective course of action. In rare cases, the objectives themselves may need revision, as when broader country conditions or USAID priorities shift significantly, and/or when critical evidence becomes available that suggests that a major strategic shift is necessary. Typically, development objectives will remain constant, and most changes will take place at the level of implementation.

USAID/India's MEL efforts over the next five years will focus on the following areas:

- Establishing a rigorous program monitoring system to provide real time feedback on project performance that also will serve both a management and learning function;
- Developing capacity to conduct performance and impact evaluations using rigorous methods that systematically test the underlying development hypotheses of programs and projects and fill critical knowledge gaps;
- Establishing a performance monitoring and evaluation framework for activities under DO 3 and DO 4;
- Establishing a learning system for identifying, monitoring, and sharing innovations and "game changers" with potential for scaling-up and sustainability; and
- Executing a plan to coordinate, collaborate, and exchange this experiential knowledge with internal external stakeholders.

Recognizing that it will take at least three to five years to measure impact, USAID/India will apply an integrated MEL system that is adaptable enough to continue to gauge our progress in systems strengthening programs as well as in our more innovative programs by adding elements such as real-time feedback loops and strategically targeted impact evaluations that inform decision-making at multiple levels. MEL will ensure that the CDCS is implemented as a living strategy, providing guidance and reference points not only for implementation and course correction but also for organizational learning and overall strategic direction.

USAID/India will continue to apply the Agency's Evaluation Policy, and conduct evaluations on "large" or "innovative" programs found on both the systems strengthening and innovation sides of the portfolio. It will play an active role in the Indian innovation community by sharing relevant information and evidence gathered through our interventions.

This is how the integrated MEL system will apply across the development continuum of USAID/India:

Systems Strengthening: Building on the Mission's existing evaluation portfolio and experience, we will continue to develop a robust monitoring, evaluation, and learning system, characterized

by a continuous feedback loop of information that will enable the Mission to be more responsive to changing conditions in the field of systems strengthening and development. We will improve upon our current process through a four-pronged approach: improved data quality, increased use of baselines, focused and sensible targeting, and use of performance and impact evaluations to build a validated evidence base, which will allow us to account for our contribution towards improved outcomes and impact. Where we have evidence of our contribution and whether or not development hypotheses were correct, the Mission's MEL system will provide a means to make adjustments during implementation of individual programs and components of both sides of the CDCS RF.

This system, in addition to providing real-time feedback that will allow for continuous adaptation, will also focus on systematically producing evidence that will form the foundation and knowledge required for rigorous evaluations. Baselines will be conducted for all projects, and at least one impact evaluation will be designed and conducted for the health and climate change "red" DOs.

Innovations: To complement the new strategy, the MEL system will also add an element of additional insightfulness, flexibility, and responsiveness to capture the fast-paced and dynamic landscape of development innovation in India. MEL will provide USAID/India with relevant data for strategic management of programs implemented under the CDCS, as well as early indications of progress towards the achievement of innovation-related DOs. The evaluation system will focus on rigorous evaluations, and will provide evidence that USAID/India interventions are achieving the intended results and generating learning opportunities that will inform ongoing implementation as well as future program designs.

USAID proposes a novel approach that will significantly alter how the Mission conducts the business of development, based on the increased application of state-of-art evaluation practices such as RCTs. The Mission anticipates multiple impact evaluations of activities under DO 3, with a particular focus on BOP-level innovative products, technologies, or service delivery methods. Initial baselines will be designed and collected to ensure evaluation rigor.

USAID/India also acknowledges that its experiences with this approach and strategy will serve as a model and learning opportunity for the entire Agency. The Mission plans to put in place the kind of MEL system that ensures that the strategy is based on evidence and constant learning, and that these learnings are continuously shared throughout the Agency, in order to inform Agency-wide thinking with respect to future, similar programs. The Mission's learning process is already underway, and has been ongoing since the inception of the CDCS process in 2011. That learning process has included extensive research and analysis, hundreds of meetings and USAID/India-hosted events with thought leaders, implementers, and innovators within India's development space, and over 80 meetings with non-traditional actors and potential resource partners within India's development innovations ecosystem. USAID/India is also starting to disseminate the knowledge it has gained. The Mission continues to host numerous TDYs from Washington, DC and is increasingly sharing its learnings within India, as evidenced by the growing number of speaking engagements requested of this Mission by leading organizations throughout India. USAID/India intends for this process to continue as it implements the strategy, and will continue to seek out creative methodologies for aggregating and disseminating its

learnings throughout the Agency, particularly with respect to supporting development innovations; the Mission's alliance-based model focused on working with local partners; the global diffusion of innovations to achieve impact in other countries; the mechanisms (financial, programmatic, partnership, etc.) that USAID/India employs to carry out these activities; and the methodologies used for measuring impact in these programs.

Role of the Center for Innovations and Partnerships (CIP): A key function of CIP is to ensure that progress toward the Mission's development innovation objectives is guided by analysis of a wide variety of information sources and knowledge. These include: the Mission's MEL data; innovations and new learning that bring to light best practices or call into question received wisdom; and collected observations from those who have particularly deep or unique insight in a given area. CIP will engage USAID staff in India and other operating units, Indian innovators, new institutional partners, Indian diaspora communities, USG agencies, and others as appropriate to widely share responsibilities for planning and learning as it relates to development innovation. This engagement will facilitate assessments of the strategic approach and mechanisms – for example, testing USAID development hypotheses and reviewing assumptions and program objectives – to determine if changes to these approaches and mechanisms are appropriate. CIP will institutionalize periodic/iterative consultations and collective analyses with various stakeholders, and using this information to coordinate public discussions of key development and innovation issues. This outreach will create opportunities for cross-sectoral coordination and emerging synergies to take hold. The CIP will report to Mission Management.