



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 06-Dec-2023 | Report No: PIDC293269

**BASIC INFORMATION****A. Basic Program Data**

Country India	Project ID P181463	Parent Project ID (if any)	Program Name Maharashtra Strengthening Institutional Capabilities in Districts for Enabling Growth
Region SOUTH ASIA	Estimated Appraisal Date 08-May-2024	Estimated Board Date 19-Nov-2024	Does this operation have an IPF component? Yes
Financing Instrument Program-for-Results Financing	Borrower(s) India	Implementing Agency Planning Department, Government of Maharashtra	Practice Area (Lead) Macroeconomics, Trade and Investment

Proposed Program Development Objective(s)

To strengthen institutional capabilities, services, and the data ecosystem for enabling district led inclusive economic growth in Maharashtra

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	473.60
Total Operation Cost	473.60
Total Program Cost	463.60
IPF Component	10.00
Total Financing	473.60
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	188.28
World Bank Lending	188.28



Total Government Contribution

285.32

Concept Review Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

1. India's real GDP growth is expected to reach 6.3 percent in FY23/24, and 6.5 percent over following years.

¹ Despite the combined impact of fading base effects on domestic demand and weak global growth on external demand, India will remain the fastest growing large economy, with robust investment and resilient services sector performance. The government's sustained investment push, healthy corporate profits, India's strong macroeconomic fundamentals and a reduction in bank non-performing loans will support private investment. The government's commitment to consolidating current spending and strong revenue performance should contribute to a narrowing of the overall fiscal deficit (to 8.7 percent in FY23/24) and to stable debt-to-GDP metrics (around 82 percent of GDP over the medium term).

2. India has made remarkable progress in reducing extreme poverty over the past two decades. The share of the population living below US\$2.15 per person per day (2017 PPP) is estimated to have halved between 2011 and 2019 from 22.5 to 12.7. In line with global trends, extreme poverty increased by two percentage points in 2020 on account of the pandemic. However, broad access to vaccines and government mitigation measures contributed to the return to pre-pandemic poverty levels. The extreme poverty rate is estimated to have declined to 11.9 percent in FY 2021/22, while moderate poverty (\$3.65 per person per day) rate is estimated at 40 percent in FY 2021/22.² India's long-term progress in reducing extreme poverty was accompanied by a sharp decline in the incidence of multidimensional poverty, from 27.7 percent in 2015/16 to 16.4 percent in 2019/21.³ Inequality in consumption has remained stable over the past two decades, with a Gini index of around 35. Child malnutrition declined sharply between 2015/16 and 2019/21, with 35.5 percent of children under the age of 5 being stunted. However, 67 percent of children aged 6-59 months are anemic,⁴ suggesting that continued efforts to reduce malnutrition will yield great dividends for India's future workforce. Headline employment indicators have improved since 2020, and unemployment rates have recovered in urban and rural areas but concerns about job quality remain.⁵

3. Maharashtra's economy accounts for the highest share in all-India GDP, with relatively higher performance on Sustainable Development Goals (SDG) than the country average. Maharashtra is geographically the third-largest state of India. As of FY22/23, it is the largest economy with a Gross State Domestic Product (GSDP) of INR 3,527,084 crores (approximately US\$425 billion) with GSDP per capita of INR 242,247⁶ which is higher than India average of INR 115,746⁷. The state's fiscal deficit is sustainable, and for FY23/24 it is projected at 2.5 percent of GSDP⁸. Only 17.3 percent of the

¹ World Bank debt forecasts published in India Development Update, October 2023

² World Bank. Macro Poverty Outlook (MPO). October 2023. Available: <https://www.worldbank.org/en/publication/macro-poverty-outlook/mpo-sar>.

³ Oxford Poverty and Human Development Initiative (OPHI) Report on National Family Health Survey-5. Available: https://ophi.org.uk/wp-content/uploads/CB_IND_2023.pdf.

⁴ Press Release from Ministry of Health and Family Welfare based on the National Family Health Survey-5 (2019/21). Available: <https://pib.gov.in/PressReleasePage.aspx?PRID=1795421>.

⁵ World Bank. Poverty and Equity Brief. Fall 2023 Edition. Available: <https://www.worldbank.org/en/topic/poverty/publication/poverty-and-equity-briefs>.

⁶ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1942055>

⁷ <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1928682>

⁸ Fiscal deficit was 2.1 percent as per the actuals in 2021-22 and is expected to be 2.7 percent as per the revised estimates of 2022-23.



state's households are classified as Below Poverty Line (BPL) compared with the India average of 22 percent⁹. On the composite SDG India 2020-21 Index, Maharashtra is in the 'front-runners' category of performers (scoring in the range of 65-99, including both) with a score of 70 against the all-India score of 66¹⁰.

Sectoral (or multi-sectoral) and Institutional Context of the Program

4. **Economic growth of Maharashtra slowed down even prior to the COVID-19 pandemic.** Between FY12/13 – FY16/17, the state grew at an average of 7.1 percent in real terms and 11.4 percent in nominal terms. The solid growth was primarily driven by the service sector while agriculture sector (around 10 percent of GSDP) experienced volatile and stagnated growth over the same period. The real economic growth slowed down to 4.5 and 3.9 percent in FY17/18 and FY18/19 respectively. Besides, there is large variation in economic growth across the districts. Average annual growth rates between FY12/13 and FY19/20 range from 4.2 to 7.9 percent of all districts, while per capita GSDP in FY19/20 (in constant prices) were between US\$966 (Nandurbar) and US\$3,720 (Mumbai).

5. **Maharashtra's economic growth is threatened by its high vulnerability to the impacts of climate change.** Located on the Arabian Sea coast, Maharashtra is likely to face the twin challenges of high temperatures as well as water scarcity and large-scale flooding due to rapid climate change¹¹. Higher temperatures could lead to heat waves, which could pose a significant health risk to the state. Being a major agricultural state, changes in temperature and rainfall patterns can have a significant impact on crop yields and food security.

6. **Maharashtra aims to become a 'trillion-dollar economy' by leveraging the critical role of districts in inclusive growth and supported by administrative governance reforms.** A 'Roadmap to Becoming a US\$1 Trillion Economy' and the 'Manual for Good Governance' have been prepared by Government of Maharashtra (GoM) to realize this vision. The Roadmap targets increasing annual growth rates to 14-15 percent from current CAGR of 8-9 percent (FY14 - 22). It identifies policies and investments required to accelerate growth over the next five years and recommends (i) capacitating districts to provide the bottom-up push to growth (ii) improving the efficiency and effectiveness of government to businesses (G2B) services for providing an enabling environment for catalyzing private investments. The Manual of Good Governance advocates, inter alia, for creating a robust, reliable, and integrated data ecosystem that facilitates evidence-based policy formulation, data driven planning and (almost) real-time performance monitoring of services and schemes.

7. **The Maharashtra Institute for Transformation (MITRA), recently established under the Planning Department, has been assigned the responsibility for coordinating implementation of the Roadmap.** MITRA is responsible for providing overall strategic, technical, and functional direction to the development of the State. A key stated objective of MITRA is also to evolve a new data governance architecture for the state and to assist districts in using data analytics to improve policy, planning and implementation of programs. The proposed operation supports GoM in implementation of the State's vision by addressing three complex and inter-related challenges, detailed below, that adversely impact the enabling environment for economic growth and development in the State.

8. **Districts, envisioned to be fulcrums of growth, face serious capability gaps.** Analytical studies¹² conducted by the Bank on district level governance challenges have confirmed that districts do not function as an integrated administrative unit but often only as a geographical co-location of several sector agencies operating within their own individual mandates. District administrations face critical institutional challenges including, inter alia, siloed decision making, multiple streams of fund flows, weak public investment management practices, and inadequate human resource capacity. There is a lack of requisite tools, systems, or incentives to (i) coordinate, or ensure convergence across sectoral interventions, and (ii) partner with the private sector on jobs-creating economic activities.

⁹ Census, 2011; Gol

¹⁰ <https://sdgindiaindex.niti.gov.in/#/ranking>

¹¹ The Intergovernmental Panel on Climate Change Synthesis Report 2023 also warns of an increase in the frequency of flooding.

¹² The most recently completed study was for the aspirational district of Osmanabad in Maharashtra



9. **Gaps in data availability hamper evidence-based decision-making.** Public sector data systems in the State and districts are characterized by siloes and fragmentation. The data collected by sector departments is predominantly used for singular purposes such as scheme administration, compliance, and monitoring. Unit records related to individuals, households, commercial establishments, land, and real property are thus rarely shared outside of the concerned departments (including district collectors). This leads to inefficiencies through duplicative data collection, storage, and processing. In addition, the transformation of raw data into aggregate information is largely a manual process leading to extensive time lags between the initial data capture and availability of information for decision making.

10. **The quality of G2C and G2B services needs strengthening for better private capital enablement.** Maharashtra ranked twelfth amongst the 18 general category states in National e-Governance Service Delivery Assessment Report, 2019¹³ and 13th amongst the 36 states and union territories in the Ease of Doing Business 2020 State Rankings¹⁴. The weak performance of the State in delivery of services was also corroborated by the recent performance audit of the implementation of Maharashtra Right to Public Service Act 2015 (MRTPS Act) by the Comptroller and Auditor General of India which highlighted the need (i) to improve the timeliness in delivery of services, (ii) to increase the access to services, and (iii) expand outreach through information, education, and communication (IEC) initiatives.

Relationship to CAS/CPF

11. **The Program aligns well with the recent Country Partnership Framework (CPF) for India¹⁵ with a focus on building state capabilities and strengthening the agility, performance, and responsiveness of public sector institutions.** The proposed Program will contribute to addressing one of the 'Hows' of the CPF, i.e., strengthening public sector institutions by (i) strengthening core government systems at the state and sub-state levels, (ii) collection and effective use of data to support planning, policy formulation and implementation; and (ii) developing accountability mechanisms for delivery of G2C and G2B services. The Program also aligns with the emerging strategic priorities of the Bank, specifically leveraging digitalization, boosting the role of private sector in development, promoting inclusion and job rich growth, and ensuring sustainability through climate adaptation.

12. **Paris Alignment.** The Program is consistent with India's Nationally Determined Contribution submitted to the United Nations Framework Convention on Climate Change and Long-term Low-Carbon Development Strategy and contributes to the efforts of climate change mitigation and adaptation. The Program is aligned with the above by (a) endorsing a way of life based on values of conservation and moderation (LiFE – Lifestyle for Environment); and (b) adapting to climate change. At the sub-national level, the operation is fully aligned with the Maharashtra State Climate Adaptation Action Plan (MSCAAP). Synergies between MSCAAP and the operation exist especially with respect to supporting local initiatives towards innovative application of climate resilient solutions. No specific risks with respect to the mitigation and adaptation aspects of the Paris Alignment Assessment are flagged at this stage.

13. **Rationale for Bank Engagement and Choice of Financing Instrument**

14. **The Bank brings technical expertise, knowledge, and global experience in building public sector capabilities, strengthening data governance policies and systems, and improving responsiveness of public services to citizen requirements.** The proposed operation will build on the experience from Bank engagements in India, such as the ongoing Public Sector Capability Enhancement Project that supports roll-out of the Government of India's civil service reform program, state-level engagements in Madhya Pradesh and Assam that supported implementation to state right to public services acts and various analytical studies undertaken across states to understand institutional constraints in district administration. The data-related activities will build on the extensive experience gathered through the Bank's knowledge

¹³ Published by Department of Administrative Reforms and Public Grievances, Government of India

¹⁴ Published by Department for Promotion of Industry and Internal Trade, Government of India

¹⁵ Report No. 126667-IN - Country Partnership Framework for India for the Period FY18–FY22, extended up to December 2024. Accessible at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/99778f94-f46d-5e69-be63-6ece2ad50de8/content>



partnership with National Institution for Transforming India (NITI Aayog) and Ministry of Statistics and Program Implementation as well as several operational engagements to strengthen state government data systems.

15. **The proposed Program is a hybrid operation.** The Program for Results (PforR) instrument will be leveraged for supporting interventions that require a whole-of-government approach and an incentive framework which encourages coordination not only across sectors but also across levels of government. A smaller component will use the Investment Project Financing (IPF) instrument to provide technical assistance support to key implementing agencies. The PforR instrument is suited given the State's strong focus on impact, innovation, and accountability for results. MDGICP seeks to strengthen the Government's own systems instead of requiring a parallel set of technical, fiduciary, and safeguards instruments. The operation will also strengthen accountability and transparency by improving the availability of data in the public domain, facilitating convergence across data sets, and introducing concurrent evaluations for key investments.

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

Program Development Objective(s)

The program development objective is to strengthen institutional capabilities, services, and the data ecosystem for enabling district led inclusive economic growth in Maharashtra.

PDO Level Results Indicators

The achievement of the PDO will be determined based on the following indicators:

1. Improved planning, coordination and monitoring for growth in districts as evidenced by achievement of performance conditions¹⁶.
2. People and businesses benefitting from improved access to quality¹⁷ services (of which percentage of women).
3. Improved availability of district level social and economic statistics.
4. Improved use¹⁸ of data for district planning.

D. Program Description

PforR Program Boundary

Government Program

16. **The Government program is based on GoM's 'Roadmap to Becoming a US\$1 Trillion Economy' and the 'Manual for Good Governance'.** The Roadmap, prepared by a specially constituted Economic Advisory Council, suggests policy and implementation related reforms for enabling and accelerating economic growth by FY 2028 by pursuing a balanced mix of top-down and bottom-up approaches. The Manual of Good Governance, on the hand, sets out the principles and frameworks to make the State administration more accountable, accessible, dynamic, and transparent.

PforR Program

17. **MDGICP supports a subset of the Government Program** and focuses on interventions that strengthen institutional capabilities and services in all districts in the State and that improve the state data ecosystem. The PforR Program is estimated at US\$463.6 million over the period FY 2024-28.

a) **Results Area I: Enhancing institutional capabilities and improving services for enabling inclusive economic growth.**

¹⁶ These conditions could include: (i) timely submission of Annual Action Plan; public disclosure of approved plans with previous year activities/achievements (number); (ii) expenditure outturn of the Annual District Strategic Plan (percentage); (iii) private capital mobilization for funding Annual Action Plan (percentage); (iv) officials in target district offices who have completed prescribed courses on the iGOT Karmayogi platform (number); (v) concurrent evaluations of interventions in priority sectors (percentage); (vi) increase in clusters of MSMEs (percentage)

¹⁷ Quality is proposed to be measure by (i) adherence to prescribed timelines for delivery (percentage), and (ii) services with shortened prescribed timelines (number)

¹⁸ Use to be measured by inclusion in district strategic plans/ district dashboards; CM dashboard; State Data Bank.



This result area covers (i) institutionalizing systems and processes for planning, coordination and monitoring of public expenditure targeted at pushing growth in districts, (ii) improving the quality of G2B and G2C services in select sectors, (iii) strengthening capacity at the state level for implementation of the Roadmap and for addressing capability gaps at the district level.

b) Results Area II: Strengthen the state and district data ecosystem for data-driven planning and policy.

Three key thrusts are planned under this result area: (i) strengthening the state data governance architecture, (ii) building advanced analytical capabilities to transform data into knowledge, and (iii) improving the information landscape and decision-support systems for district planning.

E. Initial Environmental and Social Screening

1. **An ESS Assessment (ESSA) will be undertaken by the Bank to understand the environmental and social impacts, risks, benefits, and opportunities associated with MDGICP.** The assessment will ensure consistency with six “core principles” outlined in the Bank’s Guidance Document for ESSA preparation to effectively manage Program risks and promote a sustainable operation. The assessment will cover relevant government policies, regulatory framework, codes, institutional set-up, and Program guidelines/procedures. Gaps will be identified (if any), and actions will be suggested to manage the risks and enhance benefits of the Program. Activities that are likely to have significant adverse impacts, and are sensitive, diverse, or unprecedented on the environment and/or affected people will be excluded.

2. **The over-all environment and social risks are rated ‘moderate’, based on initial discussions and screening of proposed interventions.** The environmental risks associated with the proposed program are likely to include: (a) lack of or inadequate environmental, health, safety and resilience considerations in the planning, implementation and monitoring processes of district strategic plans (DSPs) including inadequate stakeholder engagement, (b) direct or indirect impacts associated with interventions in selected sub-sectors, (c) concerns associated with civil works for improving service delivery in the field, (d) temporary disruption to services during upgrading of service centers and while transition to new technology platforms/systems and, (e) issues pertaining to e-waste management (including storage and disposal) related to upgrading/revamping and improving data/digital ecosystems. The initial assessment also reflects that the Program does not anticipate any diversion of forest land or impact on natural habitats. The social risks are mostly related to: (a) limited voice and access of vulnerable groups in design and implementation of systems improvement, (b) inadequate employees/workers’ welfare, (c) temporary restriction during upgradation and transition of technology and any change in physical service centers. Infrastructure investments envisioned under the proposed Program will be undertaken within the existing available land/footprint (land acquisition is not anticipated). These initial findings will be verified/validated during preparation of ESSA. During the project preparation, institutional systems and capacities for planning, implementation, and monitoring will be assessed for environment and social risk management, transparency, accountability, access for identified vulnerable groups and stakeholder engagement.

3. **The IPF component will include consultancies for institutional strengthening and capacity building, for which Bank’s ESF will be applied.** Given that the IPF component focuses on soft TA activities, the environmental and social footprints are expected to be limited and therefore, the E&S risks of the IPF component are assessed to be “low.” Relevant aspects of ESS 1, ESS 2, ESS 3, and ESS 10 will be further assessed during project preparation and associated mitigation measures (as needed) will be agreed with GoM and reflected in the ESCP.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component

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