



KPMG IN INDIA

Aid and Development Services

ADVISORY



What we do

The member firms of KPMG International in India were established in September 1993. As members of the KPMG network of independent member firms affiliated with KPMG International, we respond to a client service environment by leveraging the resources of a global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. We provide services to over 5,000 international and national clients, in India. KPMG has offices in India in Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Kolkata and Pune. The firms in India have access to more than 3300 Indian and expatriate professionals, many of whom are internationally trained. We strive to provide rapid, performance-based, industry-focussed and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment with focus towards social and development sectors.

KPMG International has a dedicated International Development Practice that spearheads development and public sector services globally. This initiative was expanded to India in 2005 with the genesis of Aid and Development Services (ADS).

Aid and Development Services

Our Vision And Mission

Our **vision** is to be one of the leading firms providing a range of services in the aid and development sector. With an over arching vision, the **mission** is to provide value added professional services to the development sector with a view to enhance its efficacy. We intend to fulfill our vision and mission by facilitating knowledge sharing, assisting through strategic leadership, enhancing capacities and increasing aid efficiency.



Our Aim

ADS as a part of KPMG International Development Services is positioned for the South Asia region. One of the multifarious aims of the Aid and Development Services group is to reinforce the capacities of organisations, government institutions and corporates in an effort towards effective, responsible and sustainable contribution to social development in South Asia. ADS also addresses organisational, financial, programmatic and administrative issues that emerge while implementing development programmes. We believe that addressing these issues would result in a positive contribution towards optimum use of resources for development of the underprivileged sections of the society.

“ADS also addresses organisational, financial, programmatic and administrative issues that emerge while implementing development programmes”

Our Approach

ADS emphasises the need to develop an approach for innovation, flexibility and quality along with providing a high level of services to companies, institutions and other organisations. Our approach revolves around the principle of trying to bring in professionalism in the development services sector. We have a multidisciplinary approach where we bring together knowledge and skills from different social science backgrounds, as well as other relevant fields. This enables us in our approach towards a more holistic analysis of development problems and the possible ways of tackling them.



Our Services

We have an approach that provides wide ranging services geared towards promoting socio economic development. Our rich experience and understanding of the development sector provides better insights which help in accomplishing tasks on hand with higher efficiency. The following is an indicative list of areas we assist our clients with:

- Monitoring and evaluation
- Assist in setting up an Indian Foundation – evaluating the different options and assisting in necessary registrations
- Strategic Planning for Corporate Social Responsibility (CSR)
- Socio economic Impact Assessment
- Programmatic and Financial services
- Pre-grant Evaluation and Grant Expenditure Evaluation
- Development of programme implementation, monitoring and documentation systems
- Need Assessment and Capacity Building
- Participatory Research
- Knowledge Management

Geographical spread is more of an advantage than a challenge. Through our network of teams, we collaborate with organisations, government institutions and corporates in India and internationally. The Indian practice is also a resource center for the South Asian region.



The Team

“Experienced professionals working on various developmental issues such as education, environment, micro finance, women empowerment, child rights amongst other areas”

Our team is a diverse mix of professionals in the areas of finance and monitoring and evaluation, having substantial exposure in dealing with charitable organisations of international repute as per need. Further, we are able to draw upon the diverse resources and multiple skill sets of the large group of professionals within the Firm.

ADS team members have gained experience in implementation of projects and programmes of various public and private sector organisations. ADS is thus able to serve a wide range of agencies – government, policy makers and implementers at all levels, the private sector, civil society organisations such as NGO’s and other development agents.

Contact us

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Aid Efficiency and Transparency

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Development assistance that aims to increase the sharing between the have and the have-nots whilst simultaneously supporting an equitable development processes is vital to reducing poverty. It is therefore critical that development resources are used for this intended purpose and should meet the objectives of the donor.

Today there exists an increased awareness in the development community of both donor and recipient countries that aid efficiency is vital, and this has thus led to a more open, serious and constructive quest for solutions. The credibility of future aid thus depends on the ability of the aid system to demonstrate that it pro-actively and thoroughly handles situations at commencement of or in the duration of aid programmes.

Working Together

Countries with vibrant civil society organizations are aware that pro-activeness could reduce the inefficiency related to programme implementation

We are working with both aid-receiving and aid-providing organizations to improve utilization of resources in order to enhance the living conditions of the poor and marginalized so that they may witness a better tomorrow.





What KPMG can do

The KPMG Aid and Development team is committed to strengthening the capacities of charitable organizations, corporates and funding agencies towards effective, responsible and sustainable contributions to the country's social development, through aid efficiency and a transparent grant making process. We have a dedicated service line, based in India, working for the South Asia region, to help international foundations, funding agencies, corporates and NGOs address the administrative, financial, regulatory and programmatic challenges faced by them. Our objective is to help enhance utilization of funds, strengthen resource management and increase transparency so that aid can yield greater and more measurable results for those who are in need of it the most.

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Corporate Social Responsibility (CSR)

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Corporate Social Responsibility (CSR) is becoming an increasingly important initiative of businesses both nationally and internationally. There exists no universally accepted definition of Corporate Social Responsibility (CSR) and therefore it is used interchangeably with corporate responsibility, corporate citizenship or social action programme.

Benefits of CSR

KPMG's International Survey of Corporate (Social) Responsibility Reporting 2005, which surveyed more than 1,600 companies worldwide, presents the following top ten motivators of CSR:

- Economic considerations
- Ethical considerations
- Innovation and learning
- Employee motivation
- Risk management or risk reduction
- Access to capital or increased shareholder value
- Reputation or brand
- Market position or share
- Strengthened supplier relationships
- Cost savings

Challenges

Though acclaimed internationally, the concept of CSR is marred by several significant challenges such as:

- Lack of corporate strategic philosophy and vision
- Lack of understanding about Community Engagement Frameworks
- Not enough sharing of best practices
- Insufficient database of good NGO partners
- Branding issues



What KPMG can do

KPMG uses a 4D approach to help clients conceptualize, develop and implement an effective and coherent CSR strategy. The approach essentially involves drafting mission and vision statements, identifying thematic areas and designing strategies. The entire process is participatory in nature where consultations are held with internal and external stake holders, based on which policy is finalized. Sustainability is given due importance while developing the strategy in order not to let the efforts frizzle out over a medium-long term period.

Corporate Social Responsibility



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Education is central to the development of human potential. It is an important human development indicator. Despite becoming a fundamental right through legislation in 2002, it is beyond reach for a large number of children especially for the socially disadvantaged sections.

India is slated to be a young nation since demographically the young population is increasing in proportion, so are the opportunities for employment for the educated. While in the post independence era progress has been made in making schools available within reasonable reach of most populace, quality in education is still a major area that warrants attention. This is a major challenge that comes in way of the disadvantaged groups getting equal opportunities to seek employment. The fall out is disillusionment, stress and desperation that often leads them to wayward life.

Education in India: Some Glimpses

- The government has launched ambitious programmes like the Sarv Shiksha Abhiyan and the Mid Day Meal scheme to improve the enrolment and retention of children in schools. Despite these initiatives, India is at risk of not achieving the millennium development goal of "universalisation of education by 2015". 35 million children aged 6-14 are still out of school.
- Special attention needs to be given to girls. Out of 100 children who drop out of school, 66 are girls.
- Government schools are the leading providers of education to children. About three fourth of the children enrolled in schools receive education through the government schools. However, a lot of improvement is needed to improve in terms of quality in these schools.
- Gap exists between available skills and requirements of the labour market.



- Only 7 percent population gets the opportunity to avail of higher education. Knowledge commission estimates a need for 1500 universities in the country.

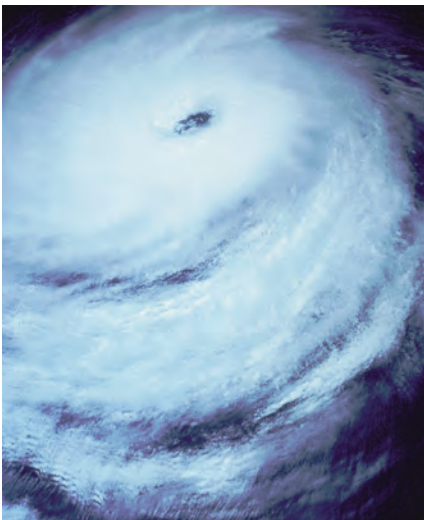
What KPMG can do

- Strategic planning for the institutions/organizations keen to lend their support to improve the state of education in the country
- Impact assessment of the ongoing programmes
- Technical inputs for public private partnership to fill up the gap areas.

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Growing economies like India are susceptible to the impact of environmental degradation as the dependence of the local communities on the local eco systems is more and their livelihoods predominantly tend to be natural resource-based. The adaptability of the resident population to adjust to these environmental changes is low and they are highly susceptible to changes that eventually affect/impair their productivity and subsequently, their quality of life.

Environmental Challenges: Some Glimpses

The National Environmental Policy 2006 unequivocally states that the key environmental challenge faced by the country relates to the close interaction of environmental degradation with poverty in its many dimensions, and this consequently has a significant negative impact on economic growth.

- The level of Carbon concentration in the atmosphere has increased sharply from a pre-industrial value of 278 parts-per million to 379 parts-per million in 2005. This, along with increased concentration of other Green houses gases like CFC's will increase the threats posed due to Climate Change.
- Developing countries like India shall incur economic losses to the tune of 0.5-2 percent of the GDP in absence of the suitable adaptive mechanisms with an estimated temperature increase of 2.5°C.
- Current patterns of industrial pollution, environmentally unsustainable consumer behaviour, deforestation, degradation and excessive extraction of ground water resources shall pose a huge negative effect on the ecosystem that produces essential goods and services, such as air, water and food supply.
- The threats on bio-diversity are apparent due to habitat loss, ecological disturbances and climate change. Approximately 20-30 per cent of species are likely to face an increased risk of extinction.
- Cyclical phenomena such as rainfall, heat waves, wind pressures etc shall become more erratic and shall create an imbalance resulting into greater heat waves, new wind patterns, worsening drought in some regions and heavier precipitation in others.



These are only a few of the threats and challenges posed by our continual negligence and unsustainable growth patterns. This however does not discount the many small and fragmented initiatives being taken by Corporations, Non Profit Organisations, the governments and the civil societies. These actions are varied and range from creating environmental awareness, taking measured steps in technological innovations and improvisations, reducing carbon and GHG emissions and providing technical and financial support to the communities in developing sustainable Natural Resources management practices.

What KPMG can do

KPMG provides organized advisory services in the field of sustainable Natural Resource Management, Environmental Awareness, Capacity Building, feasibility studies, micro planning and developing Monitoring and Evaluation systems. We are aware about the various international standards and protocols that need to be adhered for gaining environmental credibility.

With respect to various sets of stakeholders, we

- *Assist corporate and industrial houses* to develop effective CSR-strategy and frameworks incorporating the principles of sustainable development and commitment towards environmental protection and facilitate in Sustainability reporting
- *Assist the government's* environmental initiatives by acting as a knowledge partner, providing a package of service related to programming, implementation and monitoring and evaluation
- *Assist UN agencies, International organizations and donor agencies* in identifying pressure points, conducting environmental micro assessments for partner selection, validating community level initiatives and impact assessment
- Build capacities of Rural and Urban communities, NGO partners, corporate entities and government departments on Environmental Sustainability and management of Natural Resources
- Undertake Impact Assessments eliciting key environmental-social-economic challenges and advice clients on risk mitigation techniques, community engagement frameworks, and Resettlement & Rehabilitation plans.

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Livelihoods

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There has been a growing interest, debate and recent policy changes to address the issues relating to Livelihoods. The 11th Five year Plan places high importance on the unorganised sector and advocates inclusive growth. The tasks are huge in nature and national level statistical trends also corroborate the same. According to the Employment-Unemployment Survey 1999-00, about 93 percent labour is estimated to work in the informal sector that constitutes the largest segment of the total workforce. These populations require continued wage employment, self employment or enhanced productivity from whatever asset or land owned by them. Livelihoods development services need to be provided to meet this requirement.

There are very few professional institutions, having the capability and experience to tackle the multi-faceted issues of livelihoods. KPMG ADS aims to step into this void and make a difference by its professionally managed and efficiently executed strategies, and is well-positioned to integrate its global experiences into the Indian and South Asian perspective. ADS will provide its services to different organisations working in the development / business sectors to strengthen their activities that centre on micro finance, livelihoods and institutional capacity building.

ADS has defined its role in the specific context of service provision/ facilitation that is distinct from that of a 'project' or a 'direct implementation' role.

What KPMG can do

a. Business Advisory, Research and Capacity Building

ADS endeavours to demonstrate the constructive role of Business Development Services (BDS) in helping sub-sector/s overcome their growth constraints, thus, leading to overall economic improvement. The BDS services offered by ADS for livelihoods improvement are:

- ADS aims to conduct **sub-sectoral / cluster research/s** to identify pressure points (regulation, skills, resources, markets etc) that constrict the growth of a sub-sector / cluster, and develop strategic frameworks and methodologies



that address these bottlenecks, based on specific requests from Govt/NGO/donors. These research output/s would aim at helping the private/Govt programmes to increase the efficacy of their interventions, as well as identify / promote the livelihoods that have the most promising demand potential.

- ADS will facilitate the **capacity building of various Govt/NGO institutions**, thus helping in development of a livelihoods perspective. The CB inputs (sub-sector trainings, enterprise trainings etc) will also be supplemented by **technical assistance support - for Project Planning and Systems development** etc so that complete, progressive and integrated livelihoods models are evolved.

b. Assessment and Evaluation services

- **Conduct PGE exercises** and appraisals to assess the suitability of Livelihoods Promotion Organisations (LPOs) to be provided grant/funds support by donors/investors. This is aimed to help increase the funds flow to the livelihoods sector.
- Besides this, ADS also aims to conduct **concurrent and end-term evaluation exercises (GEEs)**, to track / assess the funds utilisation, and measure the impact of livelihoods development programmes vis-à-vis the intended outcomes, and assess the reasons for deviations with feedback provided on the overall efficacy of the processes adopted.

c. Integrated Livelihoods - microFinance modelling

- Assessment of livelihoods programmes to be integrated with microFinance delivery.
- Market Research and Product Development activities, specific to “livelihoods finance”

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MicroFinance

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It is now well accepted that microFinance is one of the most powerful tools to address global poverty. The microFinance movement in India has grown at a tremendous pace in the last decade, with increased debt financing coming in incrementally from both the private sector and the State. MicroFinance presently reaches out to 50 million people, with an effective borrower population of 36.8 million. However, given India's total population of 1,100 million and an effective poverty outreach of just 35 percent, the challenges in mainstreaming microFinance are many.

Capacity gaps in Indian MicroFinance

Though the number of institutions delivering microFinance services is increasing rapidly, the same is not true of the capacities/skills/technology available within the Indian microFinance. The major issues being faced by the Indian microfinance sector in successfully 'scaling up' can briefly be categorized into -

- **Human Resource issues** - inadequate staff capacity/s, high staff attrition, insufficient skills and analytical capacities
- **Knowledge management aspects** - characterized by low levels of client awareness and financial education, and lack of transparency and governance
- **Product failures** - insufficient research skills for product development (loans and product structuring) leading to a supply mismatch to adequately fulfil the client needs
- **Financial constraints** - lack of corporate equity investment, and absence of rigorous valuation models, pre-dominance of debt financing of portfolio as compared to equity financing, leading to very high levels of leverage



What KPMG can do

KPMG's Aid and Development Services (ADS) aims to step into this void and provide a comprehensive set of business counselling, financial management, advisory and technical support to the mature and fledgling MFIs. For facilitating the capacity development of the sector, and increasing the financial infusion of funds, KPMG intends to provide the following services

- Valuation and Assessment services
- Capacity building inputs and Financial Education
- Impact assessment and sustainability reporting
- Knowledge management and building capacities to increase Aid efficiency
- Product Development and Research
- Tax and advisory services
- Facilitating setting up of entities
- Transparency and Assurance services

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India has made significant strides in improving the health status and increasing access to health care services in the last decades. Nonetheless, there is no doubt in accepting the fact that as compared to economic development, development of core social issues still takes a back seat.

Analysis of the health sector reveals that India faces concerns and challenges vis-à-vis health. Fragmented strategies and lack of resources have made the health system unaccountable and disconnected to public health goals. Poor management of resources and centralized decision-making, low budgets, irregular supplies, large-scale absenteeism, absence of performance-based monitoring and conflicting job roles are other concerns that shrouds the health sector. The public health system is overwhelmed by the coexistence of communicable and infectious diseases alongside an emerging epidemic of non-communicable diseases.

Public Health in India: Some Glimpses

- Nearly one-eighth of equivalent life years continue to be lost due to various diseases.
- Nearly one-fourth of deaths occur in those less than 5 years though child mortality has shown a decline in recent years.
- Infectious diseases continue to be a burden while chronic diseases have shown an increase – both in terms of prevalence as well as in terms of mortality.
- Over 40 percent of hospitalized Indians borrow heavily or sell assets to cover expenses.
- Number of HIV infected people in India is 2.5 million (UNAIDS, 2007).
- 0.9 percent of GDP is spent on health sector.



What KPMG can do

- Develop sustainable strategies on public health
- Budget analysis of funds allocated for health programmes
- Development of communication strategies on issues related to health
- Health Related Research
- Monitoring and Evaluation of programmes on health.
- Develop community based models to make primary health care affordable and accessible
- Conceptualization and Implementation of HIV/AIDS workplace intervention program

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