Infopack

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Popular Information Centre

EVALUATE TO MANIPULATE !

' Colonisation at its worst' can be the apt description for the 'globalisation'. After the second world war, independence was granted to many colonies only when it had become too embarrasing for the leading world powers to practice direct exploitation of these colonies. However, there was never any real decolonisation as economic instruements of exploitation were already kept in place before physical independence was granted. With the result, these colonies got intertwined with the world capitalist markets. The resources, economies, and societies of these colonies also got adapted to the needs of the developed countries. Presently, the task of emerging economic impreialism seems to hold on to the maximum economic and financial benefits of these colonies.

To make this task easier, international financial institutions like IMF and World Bank were devised. In fact the foundations of such institutions were laid much earlier at the Bretton Woods Conference in 1944. The declared aim of this conference was to promote, portect and regulate international trade. World Bank was founded with the sole purpose of rehabilitation and reconstruction of war-devasted Europe, but when President Truman's Marshall Plan made the World Bank redundent in Europe, the Bank shifted its focus to the development of the third world.

In the name of 'development' these financial institutions impose the industrial and financial systems of the West on the developing nations, thereby forcing these nations to retain their colonial status by supplying cheap raw material, cheap labour, capital and markets for the goods of the developed world.

Armed with the so-called sacred economic doctrines like "free market" "free enterprise" and "liberalisation", these financial institutions trap the developing nations by making them 'dream'. They do this by conversion of the elite (business and political) class in the target country with the assurance that if they follow the 'path of development' dictated by the West, the economic salvation with a promised paradise of unlimited affluence will be all theirs to enjoy.

Thus, once the ruling elite succumbs to the temptation of the 'promised paradise', funds are made available first in the form of 'aid' which later is converted into the 'loans' with strings attached to them. These strings, covered under the Structural Adjustment Programmes (SAPs), force the debtor nation to divert its agriculture resources from catering to the needs of its own population to provide food and agricultural raw materials for the developed world. Moreover, they force the debtor nation to modify its industry from providing basic necessities for its own people to compete in the world market for materials that the developed world needs. All this is done in the name of export-led growth.

This is to be kept in mind that Structural Adjustment Programme broadly means such an adjustment which requires subservience of all national policies to the demands of the developed world. Towards these ends, the financial institutions like World Bank directly control the disbursement of billions of dollars every year. These dollars are given in the name of World Bank dictated development projects through which the course of development is changed towards 'serving the interests of the west'.

To achieve this goal, projects are not simply allocated, but the working and the implementation of these projects are also continuously monitored and evaluated. For this, there exists Operations Evaluation Department (OED) within the World Bank. Though the declared goals of the evaluation by the OED are to learn from experience, to provide an objective basis for assessing the results of the Bank's work and to provide accountability of its objectives, the real purpose seems to be preventing the programmes or projects changing the development track laid down by the World Bank. For the evaluation purpose, OED hires consultants or experts who are porjected as independent evaluators and the evaluation work done by them is projected as independent of OED or World Bank whereas the truth is that these experts or writers of the evaluation reports have, sometimes or other, been associated with the Bank itself. Obviously, they find it difficult to swim against the current. That's why while going through the evaluation reports, one gets the impression that they are not merely an appraisal of World Bank projects but are instruments to paint a dismal picture of the target country's national policies and programmes thereby laying the ground for further policy reforms in tune with the liberalisation process.

In this issue of **Infopack**, we are giving, in brief, the evaluation reports brought out by OED of World Bank on various World Bank projects in different sectors in India.

- Piyush Pant

INDIA : EVALUATING BANK ASSISTANCE FOR AGRICULTURAL AND RURAL DEVELOPMENT

A Country Assistance Evaluaton

By

The World Bank
Operations Evaluation Department (OED)

Writer
Jack van Holst Pellekaan

Bird's Eye View

One of the background papers prepared as an input to the Indian Country Assistance Evaluation by the Operations Evaluation Department (OED) of the World Bank, the report's findings are based on a review of project appraisal and completion reports, sector reports, and a number of other documents produced by the Borrower, the Bank, OED and a number of research papers. The thrust area of this report is to probe the World Bank's contribution to poverty reduction in India through assistance for agriculture and rual development projects. As you go through the report, the feeling does set in that the whole exercise has been done to exert pressure on the Indian government to make rural economy regulation free and to bring the policy framework for the agriculture sector at the national and state levels in line with liberalisation in other sectors of Indian economy.

This is clearly evident from the obseration made in the section titled - 'Agenda for Future Assistance Programmes'. It says, "such an approach would have a much greater and broader impact on agricultural and rural development and poverty reduction than a focus on specific technical and institutional isues that are at the core of the Bank's ongoing rural development portfolio." The report goes on to the extent of saying that '........ unwillingness of the state or Central Governments to agree to such an approach should result in eliminating any new Bank lending for rural development for that state or at the Central Governmetn level.

Earlier, in order to justify the suggestions or recommendations made by it, the report evaluates the Indian agricultural scenario. It observes that though Indian agriculture has been growing at an average rate of 3.4% per annum upto 1997/98, Indian growth was still relatively low as compared to European economies. For example, India's agricultural perfomance was far below that of China's which had 5.9 per cent per annum production growth in the 1990's. It says that year to year fluctuations in GDP growth have been a feature of Indian agriculture. The drop of 2.3 per cent between 1991 and 1992 and again the drop to 0.2 per cent between 1995 and 1996 (due to drought), and an increase of 9.4 per cent between 1996 and 1997 (due to excellent growing conditions) have certainly not helped to achieve steady progress in employement opportunities for the poor in agriculture. The document further says that apart from that misallocation of resources resulting from distored agricultural policies, a slowdown in technological progress in the major grain crops also affected negatively total agricultural output. It feels that the reduced prodctivity growth in the sector appears to have had a detrimental impact on real rural earnings. It also observes that despite the higher agricultural GDP growth, the rate of increase of the real wages of unskilled rural workers slowed down compared to the previous decade and was actually negative in many large states. Further, during the 1990's, despite the depriciation of the exchange rate and trade liberalisation in other sectors that improved the overall terms of trade for agriculture, producers and traders of agricultural products were over-regulated and faced unbalanced policies that had a negative impact on rural employment. The report believes that these policies have constrained and continue to constrain the ongoing structural change in the sector and need to be reformed for improved efficiency and long-term sustainability of income gains.

In one of the boxes (1.1), the report highlights the factors affecting the sustainability of growth in Indian agriculture. The factors mentioned are:

- The agriculture sector remains over-regulated (e.g. there are still price and trade controls on rice, wheat and sugar despite considerable support for their removal in policy discussions).
- The fiscal burden of subsidies is still too heavy and they are usually - inequitable, (e.g. fertilizer and rural power subsideis usually benefit those with assets and not the assetless poor)?
- Subsidies to agriculture, which were supoosed to counter difficulties faced by the sector and the rural poor, turned out to do more harm than good (e.g. throughout most of the 1980s and early 1990s public expenditures on subsidies to agriculture rose, while public capital formation in agriculture declined).

As a result, improvement in agricultural and rural infrastructure have lagged which is a serious constraint to rural development. Poor rural roads increse costs of marketing agricultrual production and raise the cost of inputs with detrimented impacts on productivity.

- The slowdown in the growth of productivity in agriculture has created a squeeze on incomes and emplyment with the likelihood that food security remains elusive for a large proportion of Indian households despite adequate aggregate food supplies. The way out is improved productivity. For example, it has been estimated that a 10 per cent improvement in water use efficiency alone would add some 14 million hectares to the gross total irrigated areas.
- Rainfed areas were largely by-passed by the green-revolution and as a result many of the poor were left behind those who had access (directly or indirectly) to irrigation. On the other hand rainfed areas offer substantial potential for growth. While progress is being made, it is necessary to place a greater emphasis on these areas of agriculture. Not to do so would increase the disparities in income between regions/ states.
- Heavy pressures on land and other natural resources such as water in India has created concerns about the sustainability of the physical environment for agriculture.
- Demographic pressures are leading to the fragmentations of holdings. There is an urgent need for land reform to make it possible to trade in land and address the farm fragmentation issues.

As for the World Bank's failure to address itself to the issues of eradicating poverty and promoting rural development, the evaluation report says that though clearly recognising its role in reducing poverty in India (World Bank's 1991 main economic report said so), agricultural and rural development policies were never at the top of the Bank's strategic agenda. The Bank's policy dialogue and lending programme did not address the serious shortcomings in Indian agricultural policy at the central and state government levels. Regional management and government focus was overwhelmingly on marco-economic and trade issues, which were clearly very important but were not the key issues for poverty reduction. The report observes that this neglect of policies also held up development of relevant analytical work by the Bank as the basis for a strategic vision for its contribution to poverty reduction through assistance for agricultural and rural development. It says that though Bank's lending increased by 43% in the second half of the 1990s compared to the previous five years, but Bank concentrated it on a few main sub-sectors and placed more emphasis on state-level reforms. Nonethless, this increased lending and support for reforms was not accompanied by any in-depth dialogue with the central government on the many agricultural and rural development policy issues for which it had responsibility. Furthermore, lending took place without an explicit Bank assistance strategy for fostering policy changes in the agricultural sector.

However, the report observes, the World Bank towards the end of 1990s demonstrated a greater commitment to poverty reduction in the design of rural development projects. These projects endeavoured to establish long term comprehensive institutionally sustainable approach to development, forging client ownership of the programme, working with and improving the commitment of existing governance frameworks to poverty reduction and achieving partnerships and targeted outcomes, and developing social capital which will directly benefit the poorest groups.

Under the head 'overall evaluation' the report observes that for the decade as a whole Bank-financed rural development projects have had modest relevance to poverty reduction because the overwhelming proportion of their beneficiaries were those with already significant assets rather than those below the poverty line.

As for the Lessons and Agenda for Future Assistance Programmes, the report says that the World Bank should intensify the focus of its rural development programme on poverty reduction.

As mentioned earlier, the intention of the evaluation on the part of OED has been to paint a distortive picture of the implementation of the World Bank policies regarding poverty alleviation so that ground could be laid for the recommendation of the total policy reforms in tune with the liberalisation process. This is quite evident from this observation of the report - 'the Bank's impact on rural development, technological progress and poverty reduction could be much greater and more sustainable, if financial assitance were tightly linked with substantial sector or sub-sector-wide policy reforms such as removing over-regulation of the rural economy and bring the policy framework for the agriculture sector at the national and state levels in line with liberalisation in other sectors of the economy'. It further observes that such an approach would have a much greater and broader impact on agricultural and rural development and poverty reduction than a focus on specific technical and institutional issues that are at the core of the Bank's ongoing rural development portfolio.

The report asserts so much as to say that unwillingness on the part of the state or central governments to agree to a different path should result in the elimination of any new Bank lending for agriculture. This appears to be a clear stance of dictating reforms in the Indian agriculture sector.

This evaluation report is in 46 pages containing a number of boxes and tables.

INDIA : EVALUATING BANK ASSISTANCE FOR POVERTY REDUCTION

A Country Assistance Evaluation

By

The World Bank Operations Evaluation Department (OED)

Writer

Jack van Holst Pellekaan

Bird's Eye View

The objective of this report is to assess the extent to which the Bank's analytical (non-lending) work and lending operations have had an impact on poverty reduction in India over the last decade with the main focus on the last five years. The report is in the form of one of the background papers prepared as an input to the India Country Assistance Evaluation by the Operations Evaluation Department (OED) of the World Bank. Findings are based on a review of project appraisal and completion reports, sector reports, and a number of other documents produced by the Borrower, the Bank, OED and research papers.

The evaluation report says that the Bank's total assistance programme over the last ten years did not give an air of urgency about poverty reduction in India. This is clearly reflected in Bank's project documents and project status reports. The report says that though Bank's Country Assistance Strategies have always placed poverty reduction on the agenda as an important objective but it was not until the latter part of the nineties that any real fire was put behind this objective. Monitoring and evaluation systems to assess the results for poverty reduction were usually non-existant and therefore efficacy was more difficult to assess. The non-lending work of the Bank, though by and large satisfactory, had modest impact since the work was largely ignored at the operational level. The report says that the outcome of the total Bank assistance programme in terms of poverty reduction was moderately satisfactory in the first half of the nineties, since strategies were weak and most projects were more relevant to production increases without very much evidence that substantial increases in employment were being generated. Moreover, the relevance of the Bank's research to its poverty reduction strategy was modest because it was dominated by measurement issues and the evaluation of employment programmes. But they were not of any use to the Bank in making choices and allocating resources among long-term investments.

However, the report observes, the second half of the nineties certainly saw improvements in the pverty focus of Bank assistance programmes. Though Country Assistance Strategies (CASs) became more focused on the issues of poverty but non-lending assistance was less than satisfactory. The report further says that the lending programme was partly business as usual with large irrigation and infrastructure projects but it also had a substantial component of broadly targeted assistance such as primary social sector projects. Similarly in the second half of the nineties, the relevance of Bank research work on poverty became substantial as it was more focused on strategic questions such as the characterisation of poverty and policy choices. Country Economic Memorandums also became more relevant to actions on poverty reduction, and rural development in particular.

Thus, the evaluation report feels that there was a "sea change" in the later part of the nineties in respect to the strategy and focus of the Indian assistance pgoramme on poverty reduction. Moreover, there was also increased attention by the Bank, along with the government, to the measurement of poverty at the state and national levels. At the same time, the report holds, the institutional development impact of projects for poverty reduction is expected to be modest but in some cases negligible because Bank assisted projects have not always developed sustainable institutional structures to address poverty. The report further says that the sustainability of projects as mechanisms or models for poverty reduction is uncertain because in most cases a clear replicable model for economic development and povety reduction has not yet evolved. The report adds that though some agricultural projects such as irrigation projects do contain information on changes in incomes of participating farmers, but this information is usually only directly relevant to those with assets such as land and only indirectly relevant to those without assests through an (usually unmeasured) emloyment effect. In forestry projects, there are data on employment effects during implementation, but it is not clear whether this impact will be sustained after the completion of project.

The report also talks about various projects undertaken by the Bank with good intention but could not wield much impact on poverty reduction. For example, The Assam Rural Infrastructure project (approved in financial year 1995, 126 million US dollars) has led to an acceleration of the growth rate in paddy and horticultural production. This is presumed to have had a positive impact on employment, but basically those with land and other assets were mostly benefited. Similarly the Forestry Projects which have implemented Joint Forest Management (JFM) based on community involvement in forest managment are expected to provide benefit to the poor. But, as the draft India Country Case Study for the OED Forest Sector review states, " ..... a large part of the (community) benefits to the poor have been through wages" during implementation of forest rehabilitation activities. It is generally acknowledged that poverty reduction was never the original main design goal in the series of forestry projects during the nineties, rather it was improvement of the public sector management of forest resources. Of course, The District Primary Education Projects did show positive impact. These projects now have improved monitoring systems for primary school enrollments, repetition and dropouts that will provide information on the progress of participating district shcools. So far the gains have been "more noteworthy for girls than for other socially disadvantaged groups, scheduled tribes, other minority groups, children with special needs and working children." The report says that this is a major achievement for gender and social balance, and certainly encouraging for long term poverty reduction since these projects are being implemented in the poorest districts in the poorest states. However, the report observes that during the last ten years there was only one Bank fiananced project designed to assist the government with its broad and narrowly targeted poverty reduction programmes. This project is known as the Social Safety Net Project providing assistance to the government (approved in December 1992, worth 500 million dollars) which was higly relevant as it aimed to help the central government protect its social spending and facilitate the ongoing structural adjustment programme at a time of severe budget pressures. The central objective of the social safety net programme was to finance key social programmes such as primary education, primary health care, disease control, nutrition and for labour retrenchments in public enterprises.

Despite the little success achieved by the World Bank through its projects in reducing poverty in India, the evaluation report looks at the Bank's role in positive term. It says - "The Bank's impact on poverty reduction in India through its lending programs will inevitably be relatively minor in absolute terms because the Bank's assistance represents only a small fraction of total public investment. On the other hand the Bank can, on the basis of its partnerships with central and state governments, have a significant impact on public policy by making poverty reduction a central part of its dialogue on the nature and level of assistance. The dialogue should, of course, be backed up by sound research, and "economic and sector work", and technical assistance."

INDIA : EVALUATING BANK ASSISTANCE FOR TRANSPORT SECTOR DEVELOPMENT IN THE 1990s

A Country Assistance Evaluation

By

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Writer

Hernan Levy

Bird's Eye View

The main focus of this report on those Bank operations which were completed or were ongoing in the 1990s and which did not include any urban transport project. An OED transport mission visited India in January-February 1999 in connection with the study of Bank opeations and preparation of performance audits of two transport projects. The mission interacted with the current and former Indian government officials, and the senior staff of the Asian Institute of Transport Development Report's findings are based on a review of project appraisal and completion reports, sector reports and a number of other documents produced by the Borrower, the Bank, OED and research papers.

The evaluation report begins with an adverse comment on Indian transport sector. It says that the transport sector is characterised by high costs and poor service quality because of the antiquated and saturated road and rail systems. These transport problems have been aggravated with India's sustained economic growth since the early 1990s. The report feels that though India has made substantail progress in deregulating industry (including transport), liberalizing trade and opening up to foriegn investment, yet little has been achieved in attracting private capital to infrastructure investment and finance, with the exception of telecommunications, few power plants and the concessioning of some port facilities. And this has been due to the fiscal constraints and budget reallocation towards the social sectors. The report observes that while insufficient infrastrucutre investment is transport's most obvious problem, there are other significant sector issues like resistance to modern technology; (e.g. modern freeways, better trucks, more powerful locomotives) antiquated public agency organisations, too large a role of the state in direct provision of transport services; inadequate funding of road maintenance; large distortions in the pricing of services; inefficient road transport regulations; and weak capacity of the domestic construction industry.

As far as the Bank's assistance to India's transport sector is concerned, the report says that it is undergoing a dramatic shift. From about one project every two years during the past 20 years, the latest Country Assistance Strategy proposes two to three transport porjects per year. Moreover, the focus is also shifting from an electic mix in 1980s covering practically all areas in Transport Sector with predominance of railways to roads. As of March 2000, four out of the five ongoing tansport projects were for roads (highways). Two more road projects were ready for Board presentation. Explaining this shift, the report says that the mediocre performance of railway projects, especially their fialure to modernise the railway's organisation or to corporatize its industrial units, and the heavy cross-subsidies from freight to passanger services, coupled with the very urgent priorities of India's highway system provided strong justification for changing the direction of transport lending. The report also notes that a related trend is towards increasing lending for sub-national governments through state (rather than national) highway projects. However, the report notices that the shift in lending strategy did not address long-term strategy issues in the transport sector.

Assessing the lending performance of the Bank, the evaluation report observes that of the nine transport projects approved since 1980 and already closed, only four projects had satisfactory outcomes. Out of these four, the three projects, which were closed from 1994, did moderately better yet they suffered substantial implementation delays (between 1 and 3 years) and had hefty cancellations credit amount. All the projects had mediocre ratings in institutional development and sustainability.

For the future development of the transport sector in India, the report suggests the following agenda -

- *Highway development and lending:* A strategy should be formulated to help India develop a modern interstate highway system (with a significant proportions of express ways), and ensure that it would be managed efficiently. While both the national and state highway systems need to be susbstantially improved, development of a modern interstate highway system should be considered the most important single priority in India's transpsort sector. The report suggests that a lending arrangement could be devised that could facilitate the channeling of Bank assistance to the national system via state governments.
- *Role of the Private Sector:* The bank should continue its strategy of supporting an increased role of private capital in infrastructure.
- *Rural Roads:* The Bank should continue to support rural roads, both through transport and non-transport projects, but should ensure that design standards meet economic criteria, sicne some states appear to use too high design standards for even very low trafficked roads.

This 15-page report also contains two annexures. While annexure I contains information on transport sector performance of Bank portfolio and Bank's ongoing projects, annexure II has summary of discussions at CAE workshops on transport held on March 30, 2000.

INDIA : EVALUATING BANK ASSISTANCE FOR URBAN DEVELOPMENT

A Country Assistance Evaluation

By

The World Bank Operations Evaluation Department (OED)

Writer

Om Prakash Mathur

Bird's Eye View

The 23-page evaluation report probes World Bank's urban operations in India. It's findings are based on a review of project appraisal and completion reports, sector reports and a number of other documents produced by the Borrower, the Bank, OED and research papers.

Sketching a profile of India's urban sector, the report says that over the years, the city-size distribution of urban population has shifted significantly in favour of metropolitan cities which today account for approximately one-thrid of the country's total urban population while another one-third is accounted for by cities in the population range of one lakh to ten lakhs. Thus, the report says, India has acquired the complexion of a country that has an extensive network of large urban settlements, though it is simultaneously characterised by widespread poverty, deprivation and environmental degradation.

The report feels that while the urban population has been growing, the wide netowrk of urban institutions and financial systems proved inadequate to bear the pressures of this growth. Created over 100 years ago, the municipal governments are in no position to meet the service needs of the rapidly increasing urban population, even the new institutions created in 1970s to supplement municipal capacities has also not been able to fill in the gap. Thus, says the report, the overall situation is typified by inadequacies in the availability of basic urban services, their unequal distribution, and major institutional constraints in the access of particularly the low-income households to important services, shelter and land.

However, says the report, two recent developments, namely, economic liberalisation and increasing decentralisation of the system of governance have changed the development context for Indian cities and towns. It says, economic liberalisation has introudced a more fabourable environment for private sector participation in the provision and financing of urban services and infrastructure. The Constitution (seventy fourth) Amendment Act, 1992 has provided an enabling framework to restructure State-municipal relations and to promote reforms in the financing of municipal services. Together these developments, feels the report, are beginning to impact the urban sector and create opportunities for undertaking the much needed sector reforms.

The reform process provided an opportunity to the World Bank for accelarating its urban operations in India, though it had started its urban operations much earlier. The evaluation report says that the World Bank began its urban operations in India with the launcing of Calcutta Urban Developemnt Project in 1973. It further says that during 1973-1999, the Bank has financed thirty urban sector projects, comprising twelve urban development projects, fourteen water supply, sanitiation and sewerage projects, two urban transport projects, a special project designed to assist the earthquake-affected areas in Maharashtra and a loan to Housing Development Finance Corporation (HDFC).

However, says the report, the Bank's urban lending in India has shrunk sharply since 1990, with the Bank having approved three stand-alone water supply, sewerage and sanitation projects, one urban development project in Tamil Nadu, and a special relief project for the earthquake affected areas in Maharashtra.

Hence concerned at the reduction in Bank's urban lending to India, the World Bank produced in 1997, a major study entitled India: Urban Infrastructure Services Review. The objective of this study was to "create a reasonably explicit and well-documented basis for the Bank's future lending operations and sector work for urban infrastructure in India". Meanwhile the initiation of country-wide economic reforms and 74th Constitutional Amendment on Municipalities had already created favourable environment for World Bank's lending operations. Taking advantage of that, the study came out with a reform agenda for the country's urban sector. According to the report the main features of the reform agenda were as follows -

- create and support long term financing facilities and intermediaries for urban infrastructure financing;
- use public / private partnership to enhance efficiency in urban infrastructure provision and services delivery;
- eliminate the regulatory constraints on effective mobilisation of resources for urban infrastructure financing;
- free the land and property markets from different kinds of controls; and
- professionalise municipalities.

As far as the review of the Bank's urban lending programme is concerned, the report observes that the OED evaluation of the World Bank's lending to the urban sector involving 27 completed projects and a financial commitment of 2.60 billion US dollars shows the outcome to be satisfactory in 59.3 percent of Bank assisted projects and unsatisfactory for 29 percent of projects. In the sphere of institutional development, 22 percent of Bank's urban projects were able to substantially build capacities and enhance the ability of institutions to better use the human, financial and organisational resources. The report concludes that the level of performance of the Bank's urban projects completed in the 1990's was far from satisfactory.

At the same time, the report mentions that the less-than-satisfactory performance of the Bank is explained by a number of factors, including (i) highly complex nature of projects in relation to the limited planning, engineering, financial, administrative and implementation capacity of the borrowers; (ii) reluctance on the part of borrowers to compensate for the shortcomings in capacity deficit by utilising external consultants; (iii) lack of ownership of, and commitment to, Bank's projects by the borrowers, and to the covenants attached to projects; (iv) difficult and lengthy procedures for land requisition, procurement, and corruption; and (v) weak municipal institutions.

The report observes that the decline in World Bank's urban lending to India in the 1990's, despite conducive atmosphere, is a case of missed opportunities on the part of the Bank as well as the Government of India and other tiers of Government. The report further observes that the Bank lost a unique opportunity in supporting decentralisation policies as provided for in the Constitution (seventy fourth) Amendment Act, 1992, creating financial intermediaries for financing municipal infrastructure, and promoting private sector initiatives in infrastructure development and financing. On their part, the Government of India and other tiers of government missed out on utilising the World Bank's expertise in developing an urban reform agenda that would support and contribute to country-wide economic reforms. The evaluation report comments that the widely - disseminated World Bank's study entitled <u>India: Urban Infrastructure Services Review</u> has also not been brought to its "Logical Conclusion". Further, the report notices, the agenda, as proposed in the study, has not been followed up and translated into projects or project ideas.

Towards the end, the report observes that in the light of the modest relevance and efficacy and therefore unsatisfactory outcome of projects completed during the 1990's, their modest institutional development and unlikely sustainability, together with the moderately unsatisfactory impact of the sector work, the overall evaluation of this programme in the 1990's is evaluated as unsatisfactory.

INDIA : ENVIRONMENTAL SUSTAINABILITY IN THE 1990s

A Country Assistance Evaluation

By

The World Bank Operations Evaluation Department (OED)

Writer

Klas Renyskog and Nola Chow

Bird's Eye View

Forming part of the background papers prepared as an input to India Country Assistance Evaluation by the Operations Evaluation Department of the World Bank, this evaluation report is also an input to the sectoral review by OED of the treatment of environmental issues by the Bank.

The report relies extensively on documentary sources and was also benefited from a stakeholder review consultation in April 2000 held in New Delhi. The scope of projects (Between 1988 and 1999) reviewed included Environmental Assessment Category A & B (55 Active Projects, 9 closed projects), 19 Environmental Sector Projects and 4 Bank implemented Global Environmental Facility (GEF) and Montreal Protocol Projects.

The report points out that the Bank's Operations Evaluation Department's evaluation pays special attention to three areas of environmental damage. These areas are (i) diseases due to unsafe water and unsanitary excreta disposal, (ii) soil degradation and (iii) air pollution. According to the report, in World Bank's estimation of India's environmental costs 59% are related to the above mentioned first category, 20% the second category and 13% to the third category. The rest 8% comprises a host of costs associated with deteriorating rangeland, deforestation, and declining tourism revenue. The report says that these estimates suggest that the entire economic growth in India is likely to be offset by the substantial and generalised deterioration of the country's environment.

As far as World Bank funded projects to mitigate damage to the environment in India is concerned, the report says that since 1990 World Bank has lent India 1.94 billion dollars for 19 projects and another 97 million dollars were granted under Global Environment Facility (GEF) and Montreal Protocol trust funds for four projects to protect the global environment. The report further claims that the Bank has also supported a spectrum of economic and sector work (ESW) that address environmental issues based on country assistance strategies. However, the report also concedes that the Bank's role will remain marginal compared to India's own actions.

The report says that standard OED performance evaluation factors were used to evaluate the Bank's environmental assistance to India. Outcomes were assessed in terms of actual environmental and institutional impacts and their significance in terms of the magnitude of the problems and the Bank's role in the country. The outcome rating represents a composite of the ratings for relevance, efficacy, and efficiency. The report says that the Bank's environment strategies and programmes were derived from the details contained in the country assistance strategies whereas the sustainability of the Bank's assistance was assumed by examining the degree to which the environmental gains are likely to continue over the long term. The report observes that in Operations Evaluation Department's view Bank's role in handling environmental degradation in India has been moderately successful. **But it is clearly evident, if you go through the entire report, that this evaluation report is nothing but an exercise to undermine Government of India's institutional capacity for efficient monitoring, enforcement and promotion of sustainable alternatives and to promote Bank's role in mainstreaming environmental concerns in sectors such as agriculture, power, water resources and water supply and sanitation. Report's objective also seems to be subservient to the World Bank agenda of privatizing the natural resources of the country in the name of "do no harm" to the environment and under the guise of 'public-private participation'.** For instance, the report says - 'Good Stewardship in the Bank's environment programme is conditioned in aligning the Bank's commitment with Govt. of India's priorities and most serious environmental problems (e.g. water supply and sanitation), and change the initiatives to rely more on market-based mechanisms… Global issues deserve attention since mitigating India's own environmental problems would also benefit global environmental issues to a large degree, given India's size and diversity'.

This agenda of the World Bank gets clearer when you go through the eight conclusions, identified by the report, for the Bank's future environmental assistance to India. The report says that these eight conclusions identify cost-effective measures with both short and long-term benefits. These eight identified conclusions are -

- Environmentally sounder project alternatives can be accommodated at the least cost early in the project cycle. To do so will require added resources to enable Bank staff to review all projects and ensure their compliance with safeguards with a set of relevant monitoring indicators.
- Alternatives to inadequate and unsafe public management are overdue. One possibility is private management underpinned by a clear separation between public regulation of results achieved and private management.
- The cost effectiveness of sanitation programmes compares favourably with the cost of other health interventions. Safe sanitation is of priority to both urban and rural poor since they are more likely to lack quality service. If possible sanitation programmes should use community-based organisations and NGOs as implementers.
- Air pollution has rapidly reached crisis proportion in all of India's major cities. Incentive to move to less polluting technology and enforcement of emission standards are urgently needed to start addressing the problem. Indoor air pollution deserves special attention because of its direct link to the health of the poor.
- Much of the pressure on air and water resources can be attributed to unrealistically low prices and ineffective metering, billings, and collections in the power and irrigation sectors. More rational prices will remain ineffective unless reforms can create the capacity to

administer prices and relate payments to resource use.

- Indian environmental legislation is comprehensive, but its enforcement is weak. One good alternative would be to use private sub-contractors. Under public regulators, Bank projects can raise effective regulatory enforcement rapidly.
- The poorest population segments often live in environmentally most vulnerable areas. The Bank, through economic and sector work, could further explain this relationship and seek development paradigms that achieve both goals.
- India is a significant source of greenhouse gases (mainly from coal-based power plants), it remains one of the few Ozone - producing countries, and faces the extinction of some of its threatened species. The Bank through the Global Environmental Facility can and should do more. The greatest positive effect on global issues would be through mainstreaming environmental sustainability in all Bank programmes through correct levels and administration of prices of inputs.

The report also has 11 annexures containing various informations.

INDIA : EVALUATING BANK ASSISTANCE FOR PUBLIC SECTOR MANAGEMENT

A Country Assistance Evaluation

By

The World Bank
Operations Evaluation Department (OED)

Writer

Baran Tuncer

Bird's Eye View

The evaluation report reviews and evaluates the Bank's involvement and performance in the area of public sector management. It also takes a close look at the state-level policy-based lending in India which has gained major importance in recent years. Under public sector managment issues like fiscal adjustment, public enterprise reform, governance and institutional development are covered.

Findings of the report are based on a review of project appraisal and completion reports, sector reports and a number of other documents produced by the Borrower, the Bank, OED and research papers.

The report observes that there is growing consensus inside and outside of India that the problems faced in public sector managment seriously constrain the economy to fully realise its potential. However, the report adds, despite the government's recognition of the need and the Bank's efforts to assist the government, public sector reforms remain illusive. Hence the report feels that the challange for the Bank is not only to identify the issues and to provide the analytical underpinnings, but also to better understand and adapt to the complexities of India's rapidly changing political economy and the pace of change in public sector managment. Therefore, the report feels, the Bank needs to cover a number of public sector managment issues. Besides, further analytical work may be needed in some areas, while in others, the Bank can play an important catalytic role in helping to identify promising reforms in certain states and sectors, and in helping to acquire and disseminate information regarding public sector performance. These actions, says the report, could help strengthen the Bank's dialogue with authorities, stimulate debate, and encourage change in vitally important areas within public sector management.

The report says that the bank has considered fiscal adjustment an integral part of public sector reform since continuous fiscal deficits in the public sector has been major macro-economic weakness of the Indian economy. That's why fiscal adjustment was a component of Bank's 1991 Structural Adjustment Lending (SAL) operation. The report points out that strong warnings about unsustainability of the fiscal deficits were included in both Bank Country Economic Memorandums (CEMA) and IMF reports even prior to 1991.

Nevertheless, fiscal issues had never found their way to the lending operations. The report notices that the economic crisis of 1991 opened the door for the first adjustment lending. Meeting the Balance of Payments crisis required additional resources. Concurrently, the government launched a far reaching economic programme opening up the economy to competition, reducing the role of the public sector; and achieving fiscal adjustment. This paved the way for the Structural Adjustment Financial Loan and Credit worth 500 million US dollars.

The report further says that the 1991 SAL was followed by a second adjustment operation in the financial year'92. The Social Safety Net Adjustment Programme Credit worth 500 US dollars was prepared in haste in response to the government's urgent need for additional funds. The project was to support the ongoing structural adjustment process by helping to mitigate potentially negative consequences for the poor. In 1993, a third adjustment operation followed in the form of External Sector and Investment Regime Liberalisation, which was a loan for 300 million US dollars. The report notes that neither of the latter two adjustment operations had a fiscal adjustment component which, the bank feels, was an opportunity missed. The report further notices that after an encouraging start, the momentum of fiscal adjustment slowed down considerably, once the crisis situation disappeared and the Indian government switched to an expansionary policy to stimulate the slowing down of economy.

The report points out shift in Bank's focus on fiscal deficit and says that in the second half of the 1990, the Bank's focus shifted to the states, where the need for fiscal adjustment is also great in view of worsening state finances. Moreover, the Bank decided that its impact would be greater in the states. The evaluation report feels that while this can be an appropriate strategy, the Bank should also explore ways to help the authorities address fiscal problems at the centre.

The report also feels that the pace of public sector reform has been very slow. The report notices that currently the Bank has shifted its focus to public sector reforms from the center to the states through state-lelvel lending. However, the report feels that given the prominence of the central public enterprises in the economy, the Bank should not drop them from the agneda for reform altogether.

While going through the report what strikes us the most is the fact that through its lending operations, the World Bank has started directly interfering in the governance issues. The evaluation report also feels similarly. It says, <u>governance issues</u> have been attracting more attention recently in the Bank. Also, with the shift of focus to state-level lending, governance issues have gained even more importance where it is a much bigger issue. The report supports this stand of the bank and adds that without major improvements in the governance in states, the Bank's impact through policy - based lending in the states can not be very beneficial. The Bank demonstrates full awareness of this point, and governance issues are increasingly dealt with in Economic and Sector Work (ESW) and policy-based lending in various states. However, the report feels, the World Bank should explore other entry points to contribute to the dialogue in economy-wide governance issues. The report goes further and vouches for lending legal system reforms so that such credible legal system could be created which ensures property rights and facilitates the proper functioning of a market-based economy.

The report says that while institutional changes in areas such as financial sector, trade and foreign exchange regimes, and taxation is fine, there are certain areas that require much closer attention both from the government and the Bank. It says that reforming the civil service and rationalising of public expenditures are two such areas. The Bank needs to put more emphasis on these issues, and to strengthening the linkage between reforming core systems of government and sector institutions. The report feels happy that the Bank has begun moving proactively in this direction and wants these efforts to be strengthened and encouraged.

The report notices that the current Bank strategy favours the reforming states. The report justifies this strategy on the ground that (i) the impact of Bank lending is the hightest in a pro-reform environment and (ii) this creates an incentive for the non-reforming states.

The report points out that certain issues emerage from the limited experience with state-level policy-based lending. Hence the report feels that the World Bank should make additional efforts to let the new criteria for lending be better understood by all. The report further points out that there is additional concern that the need for assistnace in social sectors may even be larger in some poorer states who are not in the reform mode. The report says that while such needs should not totally be ignored, it is importnat for the Bank to continue to focus on reforming states to demonstrate the benefits of fiscal adjustment, better governance and institution building.

However, the report points out that there is some criticism of state-level lending outside the government circles, and in the states that are not the focus of Bank's interest. Here the concern is that since the Bank can support only few states, the criteria for this type of lending should be made more transparent and public. Otherwise there will be some backfiring which could potentially affect the image of the Bank.

Another challenge the Bank may face in the near future, says the report, has to do with the local administration below the state level. The report says that if the responsibility for some of the essential services, including education falls to local authorities in the future, the ramifications of such a change for Bank lending is obrious. If the Bank views this as a strong possiblity for the near future, then lending strategy for India will have to do in-depth review and analysis of local government and municipality issues.

INDIA: EVALUATING BANK ASSISTANCE FOR WATER RESOURCES MANAGEMENT

A Country Assistance Evaluation

By

The World Bank
Operations Evaluation Department

Writer

G. T. Keith Pitman

Bird's Eye View

This report is written to serve two purposes. First, it provides an evaluation of the effectiveness and relevance of the World Bank's lending and non-lending activities to India as an input into the Operations Evaluation Department's (OED) India Country Assistance Evaluation of April 23, 2001. It also provides a case study of how the World Bank's 1993 Water Resources Management Policy and Strategy has been utilised and applied among the Bank's borrowers. This case study is part of OED's global evaluation of the Bank's experience in implementing the water policy.

The purpose behind publishing the report has been underlined by the World Bank itself in its preface to the report. **The motive behind preparing this report might have been the need, on part of the World Bank, to know the progress of its strategy of water management in the developing countries, but the real intention seems to be pressurising the third world countries to accelerate the pace of privatisation of water resources and unleash key policy and institutional reforms. The emphasis is also on limiting the role of the state governments to water policy rather than management.** It says: "Investment and operation and management activities should be separated. Bulk water delivery, maintenance and financial management should be assigned to autonomous and financially self-sufficient units that are accountable for [their] performance to regulators and users. There must also be greater attention to good governance and decentralisation that allows the private sector, including users' groups to take a greater stake in water planning, investment and management." The attempt is also made to browbeat the political leadership of the country into accepting the World Bank's prescription for water management.

In this report, India has been taken up as a case study. The study was initiated in May 1999 when Keith Pitman (Tasks Manger) visited India. The report is divided into eight sections comprising 'Background to the India Water Sector Evaluation', 'Water Development in India', 'Evolution of Water Policy in India', 'Evolution of the World Bank's Water Policy in India', 'Bank Assistance to India's Water Sector', 'How has the Bank Performed?', and 'Conclusions and Lessons'. The report also contains a lot of figures displaying the concerned data. It also has five boxes highlighting certain facts. Besides, a number of annexues have also been given.

The developing countries receive approximately 70-80 billion dollars for water development each year. Multilateral and bilateral agencies supply about 9 billion dollars, of which the World Bank provides almost 20% or $ 2 billion, equivalent to about 3% of the global funding for water. The Bank's portfolio of water projects account for 14% of its total lending. Between 1985 and 1998 the Bank invested more than 33 billion dollars in water and water-related projects covering more than

700 operations. Although the water portfolio covered 57 countries, three-quarters of the Bank's investment was concentrated in only 10 countries and more than half in only four (China, India, Brazil and Mexico).

A key component of the evaluation is to determine the relevance and efficiency of the Bank's water operations, and economic and sector work to its three largest borrowers - China, India and Brazil. In that context this review report evaluates the progress of the Bank's water policy and strategy in India spanning the period 1987-99.

The Bank's water sector portfolio in India has been large: 60 operations were active between 1988 and 1991 of which two-thirds (40) have been completed. Sixty per cent (36) of these were approved prior to 1988, 20 were completed before the Bank's 1993 water policy became effective, and 16 were completed later. Of the 24 operations approved after 1988, four have been completed and only 13 operations post-date the 1993 water policy. Thus, in the six years before and after the water policy, an almost equal number of the projects were approved.

Pointing towards the Institutional and Organisational problems, the report says that past approaches in India have been to develop water resources rather than to manage them efficiently. State ownership of water has induced a race to secure the water available in shared river basins. This has precluded comprehensive and optimal water development and management and has led to acrimonious water disputes that take decades to settle with huge foregone benefits. There has been a lack of political will to tackle the hard financial, administrative, institutional, political and cultural constraints needed to effect better management of demand. Accountability is missing. The approaches have also been top-down, bureaucratic and fragmentary, rather than participatory, client-oriented and integrated. Most users and beneficiaries have been excluded from decision-making and have no incentive to participate and improve service delivery. There are negligible incentives for government agencies to deliver adequate or quality services. This sets up a vicious cycle of poor service, reluctance to pay, and insufficient income for operation and maintenance (O&M) that further reduces efficient service.

In the long run, the gap between growing demand and inelastic supplies must be closed by increasing managerial efficiency, rather than developing new supplies. This will require radical changes in institutions governing water supply, development, distribution and use.

The report further says that the water sector has seen increasingly strong policy debate and formulation over the past 20 years at the federal level, and this has accelerated since the early 1990s, especially in the last few years. Unfortunately, most of the debate by federal select committees and commissions has little ownership in the states that possess the water. Active and highly relevant academic research and debate is accessible but only to a select public. From a national perspective, there is little transparency and community participation is negligible. Little of this policy dialogue reaches the multiplicity of water management institutions.

Moreover, with some notable exceptions, there is insignificant follow-through of the federal water policy at the state level. Public participation ,barring a few exceptions, is notable by its absence. Conversely, public objection to top-down project implementation frequently makes it to the international press and highlights the accountability gap. There are virtually no state incentives or policy initiatives to treat water holistically and use economic criteria to allocate this scarce resource. Even the boldest state reforms of the late 1990s are incremental and at the margin. State policy makers are unwilling to consider full-cost pricing of water supplies that reflects its opportunity cost, because it will highlight the gross inefficiencies and overstaffing of the present water management institutions and the political difficulties of making them financially viable.

The chapter tilled 'Evolution of the World Bank's Water Policy in India' reviews evolution of the Bank's policy for water and water-related investment before and after the Bank's 1993 Water Resources Management Policy. It shows that the Bank was overly focused on a project-by-project approach until the mid-1980s with little policy dialogue on anything other than engineering quality.

The report further points out that since political economy is at the root of many problems afflicting the sector, the Bank should pay more attention to issues of political will and commitment, and include political and civic leaders in itsdialogue on water reforms. Inviting them to see successful water projects and reforms in other countries could prove effective as it did for Turkey. The Bank also needs to work better with other development, research and donor agencies in India, not only keeping them informed but also opening itself to learning from their hard-won experience.

Under the 1998 reform agenda, institutions and practices that have remained unchanged for decades are to be tackled and changed quickly. It says that the future of water sector reforms in India depends critically on enforcement by the Government of India of its national water policies. Without such enforcement - that may mean withdrawing support from the states unwilling to reform - there will be little progress towards modernising India's failing water institutions.

The review report makes observations about certain lessons learnt and also makes some recommendations. These are as follows:

- The Bank's new policy of focusing its attention on a few reforming states, governance and bundling the water sector within statewide fiscal reform package appears to be paying off. The new approach gives the Bank much greater leverage through its enlarged lending and unifies the differing subsectoral reform agendas that formerly sent conflicting signals to Bank clients.

- Since political economy is at the root of many problems in the sector, the Bank should pay more attention to issues of political will and commitment. Generally, inducing reform during water project implementation through loan covenants has not worked in India and experience indicates that it will be more effective to make them the conditions for negotiation. This will require deeper dialogue on reform with client states during project preparation. There are clear lessons for the water sector from the Bank's experience in the states' electricity sectors.

- Disseminating and discussing the reform agenda more widely among civil society at the state level helps India build a national consensus on the substance of the problems and their solutions. It builds ownership by taking seriously local concerns about their suitability to Indian conditions. The Bank should also develop a nationwide campaign to include political and civic leaders in the Bank's dialogue on water reform, and invite them, as it did in Turkey, to see successful water projects and reforms in other countries.
- India's vibrant intellectual community has deep insight into the systemic issues in the water sector as a whole and has much to contribute to the Bank's water agenda. Similarly, the Bank should work more closely with other development partners in water to create synergy from their experience.
- The experience of Narmada shows that Bank needs to anticipate NGO objections by including Indian NGOs early in project preparation and paying less attention to outside NGOs, who have other constituencies in mind, and do not necessarily know Indian conditions.
- The Bank has failed totally to carry out any serious monitoring and evaluation (M&E), despite costly M&E components in its projects. It can do this at a relatively low cost by linking up with strong Indian research and academic institutions on a long-term contractural basis. It should also consider contracting out its ESW to Indian institutions with proven records.
- The weakness of state water institutions has required intensive Bank management of its water projects to the detriment of the broader reform agenda. Closing Bank operations in non-reformist states and right-sizing of state water management organisations and deepening staff skills and knowledge base in reformist states may alleviate this problem. This would enable the Bank to focus its scarce resources on promoting and facilitating the broader policy and reform agenda and move from an exclusive focus on its own operations.

INDIA: EVALUATING BANK ASSISTANCE FOR GENDER EQUALITY IN THE 1990s

A Country Assistance Evaluation

By

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Department

Writer

Ananya Basu

Bird's Eye View

This report is a background paper prepared for the use of the Operations Evaluation Department of the World Bank for Country Assistance Evaluation (CAE) in context of India. The report evaluates World Bank gender strategy in India during 1990s.This report is exclusively based on a desk review of Country Assistance Strategy(CAS) documents, Economic and Sector Work and various project documents, supplimented by interviews with Bank's staff and gender experts in India. The objective of the report is to analyse the relevance, and the efficacy of the Bank's assistance to India from a gender perspective.

The report begins with a background description of the Bank's recent position on gender, followed by a brief overview of the status of women in India. Section II of the report discusses the relevance of the World Bank's diagnosis of gender issues in India in the 1991 Country Study, and makes certain recommendations. In Section III, Country Assistance Strategy (CAS), Economic and Sector Work (ESW) and projects have been examined in detail while Sector IV deals with the recommendations.

The evaluation report observes that the Bank's policies have encouraged its interventions to address gender disparities since mid- 1980s.Upon recognising the importance of gender and Women in Development (WID) issues in 1994, the Bank issued a policy paper on " Enhancing Women's Participation in Economic Development". This paper formed the basis for Operational Policy 4.20 aiming to reduce gender disparities and enhance women's participation in the economic development of their countries.The focus is on integrating gender issues into Country Assistance Programming, Economic and Sector Work (ESW), and designing gender-sensitive policies and programmes to ensure that overall development efforts are directed towards attaining impacts that are equitably beneficial for men and women. The report stresses that gender objectives need to be explicitly stated in project documents and results should be monitored using gender-disaggregated data.

The report also observes that Bank feels gender can be a macroeconomic issue since women are affected more than men by Structural Adjustment Policies.

In order to examine the relevance and efficacy of Bank's gender strategy in India over 1990s, the Operations Evaluation Department (OED) reviews all the documents and reports of CAS and ESW of the 1990s, as well as documents of World Bank's 104 lending projects in India,supplimented by interviews with Bank staff, GOI(Government of India) officials and members of civil society in India.

The broad conclusions that emerged from the review by OED of lending and non-lending project operations have been summerised briefly in the report. They include -

1) Assistance for Education and Reproductive Health has been reasonably successful in integrating gender issues into analysis, design and implementation.

2) Assistance and Basic Health has been disappointing from a gender prospective, and the failure is more pronounced at the level of implementation than analysis, though isolated examples of success do exist.

3) Assistance for Environment, Water Supply and Sanitation, and Social Protection has been only partially successful in integrating gender concerns, and there is significant room for improvement.

4) Assistance for Electrical Power and Energy, Industry, Finance, Oil and Gas, and Transport has failed to even recognise gender issues adequately.

5) Mainstreaming of gender issues across sectors is far from a reality, even though there has been some progress over the 1990s.

6) Gender concerns have not been integrated into overall development policy, especially in the context of Structural Adjustment.

The evaluation report shows the degree of relevance and, efficacy of the Bank's gender strategy in India during the 1990s on the basis of CAS documents and ESW reports, as well as documents of various World Bank projects in India. The focus is on 104 lending operations approved after financial year 1989 to analyse their relevance for gender issues.The WID (Women in Work) rating system was established in 1988 and is used by PREM (Poverty Reduction and Economic Management) Unit to rate the Bank's operations.50% of Bank projects in India receive favourable WID rating and are concentrated on Education, Population, Health , Nutrition and Agriculture. These projects have accounted approximately 20% of the Banks lending and projects like Industry, Electrical Power and Energy, Mining, Environment, Water Supply, Oil and Gas, Transport which do not appear to be relevant for gender at all account about 50% of the lending to India.The report obseves that almost half of the Bank's assistance to India is devoid of serious gender considerations.

The report also feels that despite there being encouraging success in selected subsectors, the World Bank does not appear to have achieved much success in mainstreaming gender issues, particularly into the overall macroeconomic policy in the context of liberalization and adjustment. The evaluation report also calls for some modifications in the gender strategy. It feels that the strategy should focus more on empowerment of women. In this regard, the Rural Development and Empowerment project, feels the report, is a step in the right direction.

The report also says that part of the failure of Bank's strategy in addressing gender gap can be atributed to inadequate sector work. The gender relevance of analytical work in the neglected sectors (for example, Finance, Electrical Power and Energy, Transport and Industry) should be extended to recognise that policies and programmes in these sectors can have gender-differentiated impact.

The report also notices that the Bank has done little for women in labour sector. The report indicates that recommendations of the 1991 Country

Study were not met in this regard by the Bank.

Non-Bank experts at the April 1999 CAE Workshop in New Delhi raised the issue that much focus of Bank's intervention has been on women participation rather than on empowerment and efficient work. More attention was paid to the constraints on women arising from their domestic responsibility, rather working outside the houshold without commensurate increase in choices available to women and control over their income, asset, and time. This, they felt, could well be counter productive.

The report observes that according to the Country Study review the Bank could have achieved more had there been a full time staff member to look after the gender issues in India, even though there is a Gender and Poverty Team for South Asian Region, which deals with only issues like indigenous people, resettlement and rehabilitation and NGOs participation. Gender was often submused in these categories.The report feels that officially, gender concerns are still confined to discussions and activities in the social sector.

The report also observes that the Bank feels it improper to blame only itself for the failure to integrate gender issues into all the sectors and sub-sectors.The trend of thought within the Bank seems to be that the Bank as an individual donor is too small a player in India to be affecting women's welfare significantly only through its lending operations,and that the policy dialogue with India might be the more powerful instrument. The Bank feels that relation between men and women, cultural and social factors contribute to failure of gender issues.In addition, Bank officials point to the resistance and lack of interest of Government of India.

However, it is evident from the Country Study review that World Bank justifies its failure by holding GOI responsible for the same.But the review indicates disinterest in and lack of support for gender concerns even within the Bank and feels that they should be addressed and be taken more seriously by Task Manager.

Overall, this evaluation report rates the gender focus of the Bank's Assistance Programme as unsatisfactory.

The report contains four Tables, and three Annexures. Table 1.1 indicates gender indicators in India; Table 3.3, 3.2, 3.3 indicate projects for India with WID-Rating available--FY89 to present, Gender Rating from Project Status reports(PSRs) of 50 ongoing projects with positive Poverty Reduction and Economic Management(PREM) WID Ratings, Gender Rating from OED Reviews or ICRs ((Implementation Completion Reports) of 12 completed projects with Positive PREM WID Ratings respectively.

Annexure-I contains the Methodology that was used for evaluating the Bank's gender strategy addressed in India over 1990s. Annextures 2 and 3 show some Development Iindicators of India and Comparator Countries, and Lending Operations in India with Gender Components respectively, while Annexure - 4 gives a summary of discussion at CAE Workshop on Gender Issues.

INDIA: EDUCATION SECTOR DEVELOPMENT IN THE 1990s

A Country Assistance Evaluation

By

The World Bank Operations Evaluation Department

Writer

Helen Abadzi

Bird's Eye View

This 34-page report is one of the background papers proposed as an input to the India Country Assistance Evaluation by the OED of World Bank.The findings of the report are based on review of project appraisal, completion report, sector reports and a number of other documents produced by the Borrower, the Bank, OED, and variuos educational researchers.

At the very out-set, this evaluation report claims that World bank lending in education sector of India has not been thursted but has taken place through a unique working relationship in line with India's principle of self-sufficiency and domestic development. Further explaining India's policy of self-reliance, the report says that for many years foreign goods and capital were discouraged and local industry was subsidised to produce goods which other developing countries imported from the industrialised world. Similarly, in the Field of education, India ,for many years, tried to increase access to and quality of primary education with its own funds and very little donor involvement. That is why, the report feels, until the late 1980s the government of India always strongly resisted external funds in education programmes.

But as the goal of making quality elementary education accessable to all citizens, observes the report, demanded additional resources , the Department of Education (DOE) of Government of India was forced to review its economic policy on external funding in education.This situation provided an apt opportunity to the World Bank to fish in the troubled water with both the hands. As the report observes, " The Bank's continued efforts towards a dialogue with DOE aimed at confidence building also contributed to this change of policy (by the government)," Though initially, the government was apprehensive that the Bank might impose conditions that could be seen objectionable by some parties on such a sensitive national issue as primary education. But then India could not , on its own, get the financial and implementation inputs to educate its fast growing population. The Department of Ecconomic Affairs agreed to borrow as a way to increase absorption of International Development Assistance (IDA) funds that were not used elsewhere due to low implementation capacity. The 1991 economic crisis subsequently created an urgent need for increased resources.

So after considerable thought and discussion, the government asked the World Bank to finance educational projects provided the Government Staff takes the lead role in preparing and implementing them. Thus the deal was concluded and the World Bank agreed to finance four Vocational-Technical Education Projects and seven Primary Education Projects.This was done during 1989 to 2000. Thus since 1980, Bank's investments in education in India have grown from an almost negligible amount to 2 billion dollars.

The evaluation report says that the Technical-Vocational Educational and Training Projects focused on improving the quality of instruction and on empowering the institutions to carry out the

tasks needed to train students who would be valuable to industry and would compete in the world market. The Projects also focused on increasing female participations in TVET. Over the years, the Bank committed 855 million dollars to TVET. The report further says that though the amount was quite small as compared to the needs of the country, the two parties succeeded in developing the productive work ing relationship, and the Bank established itself as a credible interlocutor in education.

The report observes that the Primary Education Projects , which focus on local- level delivery of inputs through innovative means, are still under implementation. The general objectives of the projects were to expand access to primary education ,especially for girls, scheduled castes, and scheduled tribes. The report further observes that there is much State variance in achievements of various project outcomes but joint review reports show achievement in the following areas :

1) The Governmen's commitment and mobilisation at the Central and State levels have been overwhelming. Donor staffs were very much impressed by the eagerness of various officials to implement the large and complex Disrtict-level Projects.

2) Large enrollment increased in the most deprived areas. For example, in Uttar Pradesh Basic Education Project, the enrollments in the 1991-2000 period increased by 67% at the primary level and by 74% at the lower secondary level.

3) Female enrollment, and representation of women teachers increased largely. Girls enrollment reportedly increased by 97% in UPBEP and 39% in DPEP. Girls dropout also decreased considerably.

4) Though there is much variance among grades and States, learning outcomes are reported as increasing. Change of methodology may be behind this achievement.

5) In-service training of about 100,000 teachers has taken place through block and cluster resource centers.

6) Large number of teachers has been appointed, particularly locally residing para-teachers. Teachers attendance is improving.

7) Village Panchayats and Village Education Committees have been formed including women and scheduled caste.

8) Thousands of school buildings, toilets and drinking water fountains were constructed through local village authorities and through suitable local designes.

Despite these achievements, the report feels that areas of concerns for primary education do exist. They include:

1) Base-line to mid-term comparisons showed strongest improvement for grade-I and minimal improvement for the higher primary grades. Overall, the achievement in the poorest districts remained below expected minimum standards.

2) The Village Education Committees were found inactive and inefficient by OED in monitoring schools funds in all sites of consulted project and non-project. Transparency International has reported that some Panchayat heads have admitted to misuse of funds.

3) Despite substantial appointments of teachers, a large number of positions remain vacant. Teacher absenteeism and frequent transfer of teachers contribute to low quality of education and students performance,particularly in the areas of low literacy and limited activity of VECs.

4) Though formal reports show a satisfactory condition of the schools, informal reports show there have been some complaints about school construction quality. Sometimes toilets are constructed where there is no water and either these toilets are used as fodder store-house or limited to the use by teachers only. Lack of sanitation facilities of such schools contribute to dropouts, particularly girls, in the most vulnerable areas.

5) In DPEP districts informal social reports show that low-caste children are still segregated and are given tasks appropriate to their caste by the teachers.

6) Criterion-based achievement test results show low quality of education and limited improvement in language and mathematics in higher primary grades in some Government schools. There are some private schools, but fees of these schools are quite high. Parents can barely afford to pay these fees per month to send their children to these schools.

7) The State Institutes of Educational Management and Training (SIEMATs) and District Institutes of Education and Training (DIETs) find it difficult to appoint or attract suitable staff. Supervision Mission reports indicate poor quality of in-service training since qualified instructors come from secondary teaching and lack knowledge of effective instruction for small children.

The report says that the Bank has reported that they were well-trained professionals but other sources indicate that some have outdated knowledge and no experience with rural schools.

Besides the Supervision Commission also finds it difficult to ascertain programme effect as the donors can visit educational institutions only after acquiring permission from the Elementary Education Bureau well in advance, which creates problems of objectivity. Generally , districts decide which schools to be visited and the staff prepare themselves well as they know about the visit of donors and the Government in advance. Thus the visitors may overestimate the project achievement. Lack of continuity in the supervision of the same place by the same person hampers the process to spot the progress objectively in order to get real picture of the progress , schools must be visited unannounced and through a random selection process.

The report points out that based on the evaluation of closed and ongoing projects assisted by IDA, the sectoral review has reached the following conclusions:

1) All projects were meant for the economic and human resources development of India. The objectives of TVET projects financed by IDA were relevant to industrial development.The primary education projects focused on areas of low female enrollment and financial inputs in the poorest districts.

2) The use of IDA resources was efficient. The TVET projects were very complex and multistate operations. Despite the very unimpressive performance of the state department of public works, there seemed to be very little wastage of resources or defective civil works.

3) In the late 1980s the State and Central Government did not have the capacity and framework to develop and manage programme like DPEP, but now district education offices are more involved in local planning and management of education.Though institutional responses at the top were very satisfactory, changes at the base were less certain. Districts and State institutes of educations are still unable to provide training leadership and some are unable to monitor implementation effectively. For this reason, the institutional development was rated as modest.

4) Sustainability of all these projects seem average as it is quite hard to sustain these programmes in the poor and deprived areas but the Government is trying hard to ensure sustainability.

5) It is quite difficult to rate Bank's assistance as none of the Basic Education Projects are closed and formal evaluations have not been done.

It further feels that: The Government's achievements will be much more credible if the obstacles and the difficulties encountered by donors are discussed openly.

Government may obtain valuable informations if the donors are allowed to interact with States directly, and the Government may also benefit from the data verification and analysis by independent groups and researchers.

Donor community allowed the Government to implement the projects with minimal interventions, but with accountability and verification that the Bank funds are used for the assigned purposes.

The report feels that in order to obtain increased programme implementation there is a need for Integrated Sectoral Dialogue. The earlier district-based projects are multi-states projects controlled and financed by the Government. The World Bank mainly interacts with the Central Government and unable to have actual outputs of the projects.So the project leadership must move from the Center to States,ie, must be decentralised.

Policy and investment programmes should be tailored to the need of the whole sector. Millions of primary school graduates can not obtain higher education due to lack of lower secondary schools.On the contrary higher education is available only to the well to do and the better students as our Government operated and financed 400 engineering colleges charging very low fees. For this reason, some indian economists feel that rationalisation of higher education fees can substitute for donor funds and the country can implement primary education projects without World Bank money. Some East Asian countries found ways to meet the challenge by providing students loans..Nevertheless, spending large amount on those who can pay limits availability to those who are unable to access higher education.

The report says there must be focus on planning capacity in the Government and in associate institutions..There seems to be little global strategic thinking and policy analysis at the highest level. The Government and the Bank must work together towards this goal.

The report points out that upon conducting surveys and studying various documents the OED made following suggestions for Primary Education Projects :

1) Enrollments, project benefits and flow of funds must be verified by Government and donors through NGOs and individual researchers.Donors must visit schools unannounced and randomly. DPEP data must be compared with other studies.Data from the present round of National Family Health Survey must be compared with that of previous year in order to obtain credible result.

2) Donors and individual academics must have access to all data in order to analyse them extensively at the local, district and state levels.

3) The micro and local level progresses that influence project success must be assessed.It is necessary to study local and other types of obstacles which arise in search of remedies.

4) After-hour remedial teaching must be given to lower income and weakest students and specific training must be given to the teachers so that they could focus on low performers early.

5) District and state institutes of education must be reconstructed.

According to the report, followings are the recommendations from OED for the lending programme in sectoral terms:

1) An integrated approach and study of the effects of one sub-sector on another;

2) Increased financing of higher education through user fees and alumni contributions;

3) Direct lending to states;

4) More extensive use of donors and world technical expertise in various methodological administrative issues.

The report also contains three Annexures and a number of boxes and tables. Annexture "A" is quite lengthy giving a detailed account of the background and policy framework adopted by the Government of India in the education sector.

Annexure " B " contains the summary of discussion at CAE workshop on Education held on March 29,2000 , whereas Annexure " C " contains OED responses to selected Government comments.

INDIA: BANK ASSISTANCE FOR SOCIAL DEVELOPMENT IN THE 1990s

A Country Assistance Evaluation

By

The World Bank Operations Evaluation Department

Writer

Waren A. Van Wicklin III

Bird's Eye View

This report is one of the background papers proposed as an input to the India Country Assistance Evaluation (CAE) by the Operations Evaluation Department (OED) of the World Bank.The objective of this report basically is to evaluate the World Bank's work on Social Development in India during 1990s. The report is generally based on primary and secondary sources of informations, and also on the comments of several NGOs, Government and other workshop participants.

The report observes that social development as a sector is a relatively recent priority in Bank operations and this paper is the first one to cover social development in CAE. It is also acknowledged in the report that unlike other sectors, social development does not have established targets, policies, sector strategy and other standards or measures by which it is to be evaluated. Therefore, the evaluation has had to infer relative, not absolute standards.

The report begins with a brief overview of social development in the Bank operations in India since 1994. The subsequent section outlines significant changes in the focus and approach of the India Social Development Team over the last few years. Seperate sections on participation, NGOs , involuntary resettlement, indigenous peoples, and social assessment discuss changes in the strategy, strengths and weaknesses in Bank's and Borrower's approaches.

Further, the report observes that Social Development issues received inadequate attention till the 1994 and required enormous remedial work by the Bank, and the Government. There were widespread problems in involuntary resettlement, stakeholders participation and social assessment in the Bank's operations, and little attention was paid to indigenous peaples. But since 1995, the Bank has taken a major step to emphasise social development work in India, focusing mainly on resettlement, participation, social assessment, NGOs and Civil Society and more recently on indigenous peolpes.The report says that as its social safeguard policy the Bank had focussed more on involuntary resettlement and indigenous peoples. The Bank's approach to social development had shifted from "do no harm" to "do good".

However, the report notices that the Bank feels the need for greater government commitment and involvement in order to attain the Bank's objectives. But there has been inadequate coordination between the

Bank and the Government plans and programmes. The bank also feels that GOI, including the State Governments, are unable to reach out to the poor due to their mentality and behavior which is a remnant of colonial legacy, and has been an obstacle to effective Bank operation projects. The report observes that the Bank holds responsible the Indian Government for the implementation of its projects ineffectively.The Bank also feels that the government perfomance can be improved through decentralisation, increased transparency and accoutability, and community empowerment.

But the report notices that the government attitude towards participation started changing more rapidly in the early 1990s. It gave greater power to the panchayat raj system, including zila and gram panchayats.

Nevertheless, the OED report observes that even though the Bank has made some major progress on social development in its operations in India ,there are many areas of shortcomings and excessive unevenness in the quality and impact of the work.

However, upon examining the Bank's performance of project operation on social development in India, the OED had made some conclusions and suggestions that include :

1) The impact of assistance for social development needs to be increased through quality enhancement and working more on the policy level.

2) The Bank needs to take more institutional, and capacity-building approach towards social development. The bank must promote increased government capacity , and local institutions that represent the interest of the poor and vulnerable.

3) The Bank has progressed more in its approach than in implementing it. For example, DPIPs (District Poverty Initiative Projects) were approved only after five years of preparation. The Inclusive Institutions proposal has not yet been implemented.

4) There need to be more training and capacity-building of all stakeholders in all areas of social development. The skills and experience of NGOs need to be shared much more broadly with the government. Even Bank staff need to develop their social development skills at the sector and country level. NGOs and CBOs (Community Basic Society) have much valuable experience on participation and other social development tasks. They can contribute to the institutional mechanisms that can sustain and advance social development. The bank should seek opportunities to develop partnerships with these allies to promote social development.The NGOs must be considered as genuine and equal partners, not as contractors .Though in some Bank-assisted projects some NGOs have been included by the Bank. For example, the Upper Krishna II (Karnataka), Maharashtra III.

5) The involuntary resettlement and indigenous peoples policies require to raise the issues at the level of policy dialogue to achieve greater Indian Government ownership of these projects. These policies can

not be persued and applied by the Bank effectively to its non-Bank projects. The Bank is protecting peoples affected only by projects assisted by it, at a very high cost. In India about 100,000 people per year have been displaced by the Bank-assisted operations during the last 20 years due to industrial developments and urban projects like, dams, high ways, minings, power plants.

6) Participation, a major component to social development requires more resources.Participation contributes to enhancing the performance of the Bank-assisted project operations.The work on indigenous peoples and resettlement benefited from a more participatory approach which has been underfunded. For example, only 2% of the project budget in the Karnataka water supply project is alloted to participation, but it has made a significant difference to the project.

Finally, the Bank should pay more attention to its paticipatory, decentralised poverty alleviation strategy. And it should work in collaboration with the government to strengthen the panchayat raj system and to make it more participatory, democratic and responsive to communities.

The report also contains four Annexures. Annexure-I contains a list of Primary Stakeholder Participation in Bank-Assisted Projects in India. Annexure-2 and Annexure-3 indicate lists of Bank-supported Projects Involving resettlement for which Evaluation Reports are Available, and bank-Assisted Projects with Social Assessments respectively, while Annexure-4 gives a summary of discussion at CAE Workshop on Social Development.

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