



## INSIDE

Tsunami relief for India [1-4](#)

Bank Executive Directors  
 visit India [5-6](#)

Development Dialogue [7-8](#)

Events [9-12](#)

Recent Project Signings [13](#)

New Additions to the  
 Public Information Center  
[14-23](#)

Contact Information [24](#)

### **About the Photograph:**

*A woman in Cuddalore district of Tamil Nadu surveys the remnants of her home, wrecked by the December tsunami*

## *Bank ready with US\$ 553 million for tsunami relief in India*

**T**he World Bank will make available up to US\$ 553 million in assistance for the reconstruction and rehabilitation of tsunami-affected areas in India, where government estimates say some 10,749 people died, another 5,640 are still missing, 6,913 were injured and close to 650,000 have been displaced.

The Bank – in conjunction with the government of India (GOI) and other multilateral partners including the Asian Development Bank (ADB) and the UNDP – conducted a needs' assessment in early February to evaluate the level of assistance needed for reconstruction. The team submitted a summary of its assessment to the government of India on February 18 and will be submitting the draft assessment report in early March.

**Right:**  
*Food being delivered to Poompuhar in Tamil Nadu*

Following the need's assessment, the Bank, ADB and UNDP will discuss financing shares and arrangements with the government. The government has stated that it hopes disbursements can begin before the end of March 2005.

The tsunami generated enormous human suffering and considerable localized loss of assets in both the public and household sectors, and widespread loss of livelihoods, especially from fishing, in the affected areas of India. It is clear that, in addition to repair of infrastructure, priority needs will be for housing; for restoration of assets to generate livelihoods, notably for fishermen but also for farmers; and for coastal protection investments and disaster preparedness.

Immediately following the tsunami, the GOI had announced that it was not seeking any outside help with immediate relief. It mobilized major resources for urgent relief in the affected areas in India (particularly Tamil Nadu and the Andaman and Nicobar Islands), and also provided support to Sri Lanka, the Maldives, Indonesia and Thailand.

On January 10, the government wrote to the World Bank and to ADB asking for support for rebuilding infrastructure, both public and private, for the rehabilitation of livelihoods of those affected, and in developing disaster prevention and management systems for the future in the four affected mainland territories (Andhra Pradesh, Tamil Nadu, Kerala and Pondicherry). An identical request was addressed to the UN (under the coordination of UNDP) on January 12, 2005. A joint World Bank, ADB, and UNDP needs assessment team visited the affected districts from February 1 to 16, meeting state and district officials, private sector and NGO volunteers, and most importantly, affected families themselves.

**Right:**  
*Fleets of fishing vessels were destroyed in the tsunami jeopardising the livelihoods of hundreds of fisherfolk*



Overall, it appears that GOI has been highly effective in immediate relief and recovery, including disposal of bodies, disinfection, vaccination, provision of food, water, and emergency shelter, and sanitation and clearing of debris. There has been major support from Indian NGOs, and significant funding has been raised from the public, especially through an appeal launched by the Prime Minister. UN agencies on the ground, notably UNICEF, and locally represented international NGOs have also helped with relief efforts.

In India, the Bank will follow the three principles that have guided Bank support for tsunami recovery efforts in other countries. First, the governments of the affected countries must have the central role and ownership of the recovery efforts. Second, communities should be involved in assessing their needs and designing recovery programs, linked to long-term strategies for growth and poverty reduction. It is important that reconstruction be undertaken in ways that help to break the cycle of poverty in these communities. Third, the international community must act in coordination, both in the relief and the recovery phases, to ensure efficient use of donor resources, and work with the governments of affected countries to set clear goals and monitor and evaluate progress.





**Above:**  
*People in Chinangudi in Tamil Nadu's Nagapattinam district queue up for kerosene supplies*

The tsunami disaster in the Indian Ocean was one of the worst natural disasters in modern times. Well over 200,000 people died and more than 1.5 million people lost their homes and often their livelihoods. As in most disasters, it was the poor that were most affected.

Losses are estimated to total more than US\$7 billion. Private assets, including housing and business equipment, account for the largest share of the losses.

In a first phase of support, the Bank has already committed in the coming months to provide financing, essentially through IDA, on the order of US\$246 million for Indonesia, US\$14 million for Maldives, and US\$150 million for Sri Lanka, drawing on IDA13.

The Bank moved quickly to (a) provide assistance on the ground in affected countries for expedited recovery planning; (b) mobilize its financial support; and (c) help coordinate rehabilitation and recovery support, when asked to do so by the authorities in the affected countries.

The Bank was able to use its comparative advantage – in-house expertise on recovery and reconstruction, knowledge of the overall

economies of these countries, sectoral knowledge from operations and analytic work, procurement and financial management skills, and experience with donor coordination and reconstruction financing – in assisting countries in formulating their recovery plans.

A portal on the Bank's tsunami related reconstruction effort is available at [www.worldbank.org/tsunami](http://www.worldbank.org/tsunami). For other online resources connected with the tsunami, see page 21. 

**Below:**  
*Hundreds of displaced people are now living in temporary shelters like these*



## *'We need to get back into the water and start living again'*

*The World Bank Staff Association in India set up a collection for the tsunami-affected and used it to fund the construction of temporary houses for 40 families in Nagapattinam district of Tamil Nadu. A report from Patsy D'Cruz on what staff representatives saw when they visited the devastated area.*

**W**e left Chennai for Nagapattinam district, approximately 340 kms from Chennai, in the early hours of the morning on Pongal Day – which is the local harvest festival. We first visited Chinangudi village, which had a total of 570 families, of which 270 were affected by the tsunami, with 43 people being killed. Selvaraj, the *panchayat* president described what happened: "Water rose very high and dropped down on us and collected all that it could and receded back into the sea. In half an hour, three huge waves completely submerged all that was in this village."

The sea had come inland almost a kilometer and it was almost six days before people could return to the village. Thatched houses along the beach were destroyed, a few brick houses were filled with sand and salt, the few fishing nets and boats that remained were destroyed beyond use.

The World Bank Staff Association is sponsoring the construction of 40 temporary houses for fishermen here. The houses are 15 ft. by 10 ft. rectangular rooms made of corrugated coal-tar sheets placed on bamboo poles. Each row of housing contains 10 of these huts that share common walls and a common roof. It was impressive to see that all work done in the village is with the collaboration of the *gram panchayat*; it is the *panchayat* that is making the final allotment of the temporary shelters.

We also saw how, some two weeks after the disaster, the government machinery had begun to fall in place. Project Officers had been assigned by the District Collector to look after five or six villages each. Each affected family was being provided 60 kgs of rice, pulses, vegetables, and Rs. 4,000 in cash. Families of

those deceased were given Rs.1 lakh per deceased member. Drinking water was being provided from newly-dug borewells.

In village Taalampettai, Mr Shaktivel, who is overseeing the relief work on behalf of the government, says they have enough food stocks to feed the villagers for the next two months. "Material has been pouring in and many a time people have more than what is required," he says. The villagers, however, had one regret – they were being supplied vegetables plenty, they were not getting any fish, their staple food. More than a fortnight after the tsunami, no fishermen had yet ventured into the sea.

Our last stop was the village of Poompuhar which had witnessed maximum destruction. Over 200 lives were lost here, including many children; most died because they were unable to flee the waves across the thorny bushes that marked the village's perimeter and were washed back into the sea. About 450 families lost everything they possessed. Debris of thatched houses, utensils, and clothes lay strewn all over. Boats and catamarans carried far into the mainland lay broken and beyond repair. Government machinery seemed to have worked slowest here. Debris had still not been cleared and swamps remained. People stood in long lines for kerosene and food.

These are people who each day live on the edge of life. Their existence is dependant on the very sea which destroyed all they had. "We are not scared of the water. It is our livelihood, and we know no other trade," says Rajendran, the *gram panchayat* president in Poompuhar. They have heard that the government will be providing boats and nets and eagerly await that day. 🌐

*Temporary houses sponsored by the World Bank Staff Association being constructed at Chinangudi in Tamil Nadu's Nagapattinam district*



## *Bank Executive Directors visit India*

**A** group of nine Executive and Alternate Executive Directors (EDs) and one member of the Corporate Secretariat of the World Bank came on a five-day visit to India over end-January and early-February.

The visiting group represents 56 out of the Bank's 184 member countries. The visit is part of a regular program where EDs visit a number of countries each year to review Bank programs and policies and results on the ground. The EDs and Alternative EDs are not part of the Bank's management. They play a dual role as officers of the Bank, and representatives of the governments in their constituencies on the World Bank's 24 member Board of Directors. All World Bank loans and credits must get approval from the Board of Directors.

During their visit, the EDs called on the Prime Minister, Dr Manmohan Singh. They also met the Union Minister of Road Transport and Highways, Mr T R Baalu, as well as senior officials from the Planning Commission and the ministries of Finance, Power and Water Resources. They also attended briefings by key policy-makers in India on matters related to poverty reduction, including education, health, rural development, infrastructure, private sector development, improving public service delivery and the investment climate.

Mr Chander Mohan Vasudev, Executive Director from India, who also represents Bangladesh, Bhutan and Sri Lanka in addition to his own country, India on the World Bank's Board of Directors, was the host of the delegation visiting India.

The visiting group included Mr Sid Ahmed Dib from Algeria, Mr Ad Melkert from Netherlands, Mr Tom Scholar from United Kingdom, Mr Chander Mohan Vasudev from India, Mr Pietro Veglio from Switzerland, Mr Jorge Familiar Calderon from Mexico, Mr Terrence O'Brien from Australia, Mr Toshio Oya from Japan, and Mr Anthony Requin from France.

The group also visited development projects in Delhi, Rajasthan and Mumbai to better acquaint themselves with the situation on the ground. In the Capital, the EDs visited a municipality-run primary school and an Alternate School/Learning Center where they appraised interventions to increase access to and improve the quality of primary education. The Learning Center/Alternative School are community-based initiatives to provide access in a non-formal mode to children in areas where there is no formal school. The EDs said were struck by the number of women teachers in the schools, and were impressed by the quality of education being imparted.

**Right:**  
*Mr Anthony Requin, the Bank's Executive Director from France at a primary school in Delhi*



They felt that the alternate schools were a good way of integrating out of school children in an education system.

In Rajasthan, the group visited sites related to Bank-assisted education and livelihood projects, and met the Rajasthan Chief Minister and Chief Secretary, among others. While in the state, they visited two villages in Dausa district to witness the rural livelihood program of the Rajasthan District Poverty Initiatives Project. The Project seeks to improve economic opportunities, living standards and the social status of the poor in selected villages of seven districts in Rajasthan. It supports small-scale sub-projects that are chosen, planned and

implemented by the poor themselves. Among the groups they interacted with were leather workers and dairy farmers who had organized themselves into formal groups to better deal with common problems of training and marketing.

In Mumbai, the EDs visited sites of the recently-closed Mumbai Sewage Disposal Project and the Asha Project, which is a part of the Bank-assisted National AIDS Control Program. The commercial sex workers they met told the EDs about how the Project had helped them form a community organization to deal with not just HIV-related issues, but also larger social, health and economic issues. 

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## *Partnership grows with Orissa*

**T**he World Bank is stepping up its assistance to Orissa, one of the poorest states of India. In keeping with the intention expressed in the Country Strategy for India for 2005-08, to try and build a productive development relationship with the four states where poverty is increasingly concentrated – Bihar, Jharkhand, Orissa and Uttar Pradesh – the Bank is enhancing its financial and technical assistance to Orissa, home to 5 percent of India's poor.

Despite its rich endowment of mineral wealth, forests, lakes, rivers and a long coastline, Orissa remains among the poorest of India's major states. The state, 85 percent of whose population lives in rural areas, is characterized by relatively high incidence of subsistence production, traditional land tenure patterns and pronounced social and regional differences. Among the poorest people in the Orissa are the Scheduled Tribes, who constitute 22 percent of its total population (compared to 8 percent in India) and comprise 40 percent of the poor in the state.

The development challenge before the government of Orissa thus involves correcting the prevalent low rates of economic growth and the high degree of inequality, while ensuring the effective delivery of basic services, especially to tribal

forest-dwellers in poorly-connected regions. Over the longer term, improving the effectiveness of public investments and service delivery in elementary education, basic health and social protection are necessary conditions for rapid poverty-reducing growth.

As the government of Orissa sets in motion its process of cross-cutting policy reform, the Bank has been at the ready with financial and technical assistance across many sectors. It has passed on the first in a series of adjustment loans/credits to support Orissa's core fiscal, governance and structural reforms; it has helped pilot a farmer-led irrigation management scheme; it has facilitated an intensive interface between the state government and the NGO sector, which were deadlocked over environment and social issues; it is preparing a state-level Investment Climate Survey; and is planning new investments for infrastructure (especially state roads) and livelihood development.

Three Bank-financed investment projects have been recently completed or are soon to be completed: in the power, health and water resources sectors. Trust fund grants are being used to support pilot interventions in tourism and community-



**Above:**  
The Bank facilitated a colloquium between the government of Orissa and the state's voluntary sector

based development initiatives. The Bank and Department for International Development (DFID) of UK, are together also supporting multi-state or national level programs covering Orissa, including the District Primary Education Program.

The first of a series of adjustment loans/credits, proposed to support Orissa's core fiscal, governance and structural reforms during 2004-09, was passed on to the state in December 2004. If the state's reform program proceeds as planned, the Bank could make up to four adjustment operations

till 2009, each one larger than the former, and all aimed at supporting the medium-term program for the socio-economic development of Orissa. The expected benefits include more rapid and broad-based economic growth, improved fiscal performance, enhanced quality of governance and service delivery, leading to rapid poverty reduction.

The government of Orissa has, of late, had differences with some of the more prominent NGOs working in the state over issues related to the exploiting of mineral resources, the environment and involuntary resettlement. To help initiate a dialogues on these issues, the Bank facilitated a colloquium held in Puri on January 21. This concluded with an agreement between the state government and the voluntary sector to set up a task-force comprising government and non-government representatives which would help develop a framework for partnership, information sharing, and conflict resolution between government and civil society, as well as look into some substantive development issues. 🌐

## Development Dialogue

Knowledge-sharing activities of the Public Information Center

### SEMINAR

**World Bank & Its Knowledge Resources**

21 January 2005 • Pune

**A**s part of its centenary year activities, The Servants of India Society's Dhananjayarao Gadgil Library of the Gokhale Institute of Politics and Economics (GIPE), Pune, collaborated with the WB Public Information Center (PIC) to organize a seminar on 'The World Bank and its Knowledge Resources'.

Speaking on 'Recent World Bank Research on India: Answers and Questions', Mr Stephen Howes, the Bank's Lead Economist in India, highlighted interesting research findings from the Bank's work on the 10 most-raised issues about India:

**Right:**  
Bank publications on display at the Dhananjayarao Gadgil Library in Pune



- Has poverty fallen in India?  
How does it fare vis a vis China?
- How serious are infrastructure bottlenecks in India relative to other countries? How do they vary across India's states?
- Does free power benefit poor farmers?
- How (un)equal are educational opportunities faced by Indian children?
- Are public servants overpaid in India?

The presentation sparked a lively discussion with participants who comprised academics, researchers, NGO representatives, and librarians. The Director of GIPE, Prof A K Sinha chaired the session and, in his remarks, touched on poverty, productivity, and employment/unemployment issues. Regarding education, he remarked that had India concentrated on primary education rather than on higher education, after Independence, the masses might not have been left behind.



Welcoming guests seated in the historic, 100-year-old library hall, Ms Asha Gadre said that the seminar at GIPE would "provide a platform to bring together the World Bank, local NGOs, individual researchers in various fields and the Institute, to initiate a meaningful interaction".

The second half of the program included a presentation on the NDO PIC and a live demonstration of the World Bank's online knowledge resources. A display of recent World Bank books and reports was mounted against a backdrop of a set of posters on the World Bank.

A similar knowledge sharing event about the Bank's web resources was organised in Mumbai as part of the International Conference on Information Management over 21-25 February.

## BOOK FAIR

### Kolkata Boi Mela

26 January- 6 February 2005 • Kolkata



The New Delhi Public Information Center took its yearly exhibit to the Kolkata Boi Mela (Book Fair), the annual highlight for those in the publishing trade. The Fair, spread over a sprawling 8.5 lakh sq feet saw 592 stalls and recorded some 2.5 million footfalls.

The World Bank stall was part of the complex housing international book-sellers and distributors as well as other global agencies and received an average of 1,000 visitors each day. The latest annual publications such as the *World Development Report*, *World Development Indicators*, *Global Development Finance*, *Global Economic Prospects*, and the *Annual Report*, the latest India Sector and Economic reports and upto-date operational documents were displayed. Several publications on trade, economics, finance, globalization, health, education, infrastructure, poverty, environment, public administration, agriculture were also put out for readers. A poster display as well as a continuously running desktop presentation on the World Bank and its work in India helped increase awareness about the Group's activities.



# Events

## WORKSHOPS

### State Fiscal Reforms in India

February 2005

The World Bank report, *State Fiscal Reforms in India: Progress and Prospects*, launched in November 2004 in New Delhi was subsequently discussed in a series of seven workshops around India, including in Chennai, Kolkata, Patna, Hyderabad, Bangalore and Bhubaneswar.

In most states, government representatives participated in the workshop and provided not just their feedback on the Report, but also their own views on fiscal reforms. “This series of seminars dispelled the negative impressions that surrounded the whole issue of reforms. There are clearly some reforms that are in the ‘too hard’ category, and there are definitely risks, but, overall, the states remain – and, in fact, are increasingly – committed to putting their fiscal house in order,” commented one of the Report’s authors and Senior Economist Mr V Ravishankar.

To help communicate the findings of the Report, the authors boiled down its messages and recommendations to a list of 13. (See box) “We found a lot of consensus around this list of 13, but that doesn’t mean that all of them have been, or will be, adopted. But there is a broad consensus on what needs to be done,” says Mr Ravishankar.

According to the World Bank’s Lead Economist for India, Mr Stephen Howes: “Taking our Report to the states is an increasingly important for us, for two reasons – first, India is of such a continental size. If you were launching a report in Europe, you couldn’t only discuss it in Brussels. And, second, so many of the reforms we are looking at are in the domain of the states. The more debate there is at the state level, the better the prospects for sustainable reforms.”

Read the Report online at [http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2004/11/23/000012009\\_20041123101218/Rendered/PDF/288490IN.pdf](http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2004/11/23/000012009_20041123101218/Rendered/PDF/288490IN.pdf)



## 13 Key Messages

### Expenditure

1. A policy of hiring restraint (zero net hiring) and real wage restraint can deliver significant fiscal gains.
2. Growth in the pension bill can be contained by parametric and structural reforms.
3. There are no sure paths to subsidy reduction, but better subsidy management and more commercial discipline in subsidy-receiving sectors are critical.
4. The quality of spending can and must be improved

### Revenue

5. VAT introduction should be voluntary, and on the basis of floor rates.
6. The tax base of the states should be increased by service taxation and enhancement of the professions tax limit.
7. Tax administration reforms are more important than tax policy reforms, though they have received less attention.

### Transfers: Loans & grants

8. States should be given more borrowing flexibility within firmly established global caps.
9. Reforms to the grant system should aim to make it both more progressive and more performance-oriented.
10. In a fiscally stressed system, an increase in the Government of India tax/GDP ratio is critical, especially for the poorer states.

### Institutions

11. A central agency should be given the mandate to collate and improve state-level fiscal data.
12. The ‘plan’/‘non-plan’ distinction should be abolished.
13. Adoption of fiscal responsibility legislation by all states, and its monitoring by the Government of India and external agencies, will provide important institutional backing for state-level fiscal reforms.

## CONFERENCE

### **Mobilizing Urban Infrastructure Finance in a Responsible Fiscal Framework: Lessons from Brazil, China, India, Poland and South Africa**

6-8 January 2005 • Jaipur

In most developing countries, expanding investment in urban infrastructure is central to maintaining the growth momentum and for improving the citizen's quality of life. Reconciling this to sound fiscal management, especially in the context of decentralization, was the theme of a conference held in Jaipur in early January.

The conference examined how these issues are being resolved in Brazil, China, India, Poland, and South Africa and sought to generate a body of practical, and transferable, implementation experience.

The conference brought together government officials and representatives of financial institutions, academics, and think-tanks, but the format put the experiences of practitioners in the spotlight, with most presentations made by those actually responsible for formulating and implementing policy. The cases featured include three of the world's largest decentralized nations; together the five countries featured in the conference account for nearly a third of the world's urban population.

As Ms Sonia Hammam, Sector Manager for Water and Urban in South Asia said: "The discussions demonstrated clearly that many of the same issues recur in all of these countries, and achieving the right balance is an ongoing process not a once-off reform".

Some of these issues are: how to manage the risks of decentralizing financing and responsibility to lower levels of government while still rewarding local governments that manage their finances well; how to mobilize the financial sector as a means of both providing financial discipline and efficiently channeling private savings into city-level infrastructure investments as local governments grow into their role of self-standing financial entities; how to find the right balance between mobilizing private participation in urban infrastructure finance

— an appealing, but quite elusive goal — and the improving the performance of the public sector; and finally how to seize political opportunities to put in place a sound financing framework while improving service delivery in the short term.

## WORKSHOP

### **Land Acquisition and Resettlement & Rehabilitation Issues in the Transport Sector**

10-11 February 2005 • New Delhi

The World Bank organized a two-day knowledge-sharing workshop intended to draw lessons and identify critical issues in land acquisition (LA) and resettlement and rehabilitation (R&R) of displaced persons in transport sector projects, and to identify opportunities for moving towards a more programmatic approach.

The workshop thus started a process to

- i. develop sectoral R&R policy;
- ii. evolve uniform approaches to R&R including standardization of methodology for compensation and assistance;
- iii. assess systemic issues related to land and procedures and processes for land acquisition;
- iv. assess institutional capacity; and
- v. improve project processes to enable delivery of project benefits with efficiency and equity.

The workshop brought together almost 60 participants, including project staff of various transport sector projects, senior management of National Highways Authority of India as well as state Public Works Departments, Central and state Government policymakers, officials from the Ministry of Rural Development (MoRD), NGOs, social



scientists, legal experts and staff from the World Bank and the Asian Development Bank.

The government officials and a few NGOs presented project case studies (mainly from Bank-supported projects) on LA and R&R which were followed by discussions. The MoRD made a presentation on National R&R Policy 2004. Lessons from East Asia and on the Asian Development Bank's approach to managing road projects were presented. Break-out sessions were organized to arrive at specific short-term and long-term action points for scaling-up investment in the sector.

#### VISIT

##### Young Civil Servants of the Netherlands' Ministry of Finance

24-29 January 2005 • Delhi



**A** 35-member committee of Young Civil Servants from the Netherlands' Ministry of Finance visited the Bank's New Delhi office in late January. They were in India as part of an annual research project to examine a promising economy of the future.

#### VIDEO-CONFERENCE

##### Trade in Agriculture

21 February 2005

**A** global video-conference on 'Trade in Agriculture', organized by World Bank Europe office, was attended by members of Parliament from various countries including India, Kenya, South Africa, Japan. The participants from India were Mr Robert Kharshiing, Member of the Rajya Sabha and Mr Santosh Bagrodia, MP and Deputy Chairperson of the Parliamentary Network on the World Bank (PNOWB).

#### WORKSHOP

##### Gender and Economics

1 February 2005 • Delhi

**T**he workshop provided for a dialogue between sociologists and economists on the role of women in the economy. The keynote presentation was made by Prof Sonalde Desai, Professor of Sociology in the University of Maryland and focused on an overview of research and policy issues in South Asia. This was followed by a presentation by the Bank's Lead Economist, Mr Lant Pritchett on 'An Economist's View of Gender'. Ms Lucia Fort from the Poverty Reduction and Economic Management group summarized how World Bank approached the challenges of gender in its operational work.

#### WORKSHOP

##### Client Connection

February 2005 • Delhi

**I**n a bid to simplify business processes related to loan administration and procurement, the World Bank allows government officials connected with Bank-assisted projects to access information related to all their loans, credits, grants, and trust funds through a secure, password-protected website. In the second round of workshops relating to this process, known as Client Connection, more than 60 people associated with 25 different Bank-supported projects were trained over the month of February.

Among the people who participated in the workshop were staff from various Central and state entities and implementing agencies, including those from the Office of Controller of Aid Accounts and Audit. Under Client Connection, staff in project implementing agencies are able to view financial information related to their projects, as well as submit procurement documents to the Bank for review online. In addition, the Client Connection features a wealth of country-specific data on each country's homepage. Governments no longer have to look in several places on the Bank's external website to find country-specific research, statistical data and news. It is now all in one central location.

## SYMPOSIUM

### Growth & Competitiveness of India in

the 1990s 10 February 2005 • Chennai

The Indian economy is in the 90th percentile of growth globally, with only 10 percent of world economies growing at a faster rate, but because it started from a low base, it will be 34 years before it can reach the GDP level of the US of the 1950s, said the World Bank's Lead Economist, Mr Lant Hayward Pritchett, while giving the keynote address at a National Symposium on 'Growth and Competitiveness of India in the 1990s' at Loyola College in Chennai on 10 February.

However, said Mr Pritchett, India should aim at a steady economic growth rather than an accelerated pace if it wanted to avoid a "stall" in India's growth path. Citing the examples of Brazil, Japan and the Philippines, he said that these economies had "episodes" of very rapid growth but then suddenly went from boom to bust. "While India is relatively free of some of the major causes of stall around the world, it does have real risks," he said.

Listing India's strengths, he pointed to its strong democratic roots and political continuity, elite education, open ideology, a large (both in terms of population and area) integrated market, adequate resources, and familiarity with the English language. The major pitfalls facing the country centre on the lack of fiscal means to meet infrastructure needs, and the possibility of some "lagging regions" that might slow the growth process, he said.

Pointing to an interesting dichotomy, Mr Pritchett said that while India is perhaps one of the most unequal places in terms of the gap in educational attainment – with world-class elite education but mass illiteracy – but, at the same time, it is one of the most equal countries in income/consumption terms. "While India has been socially stratified (access to the elite was limited by wealth, caste, ethnicity, parental wealth) but the dominance of the public sector kept a check on actual inequality," he said.

Moreover, India today is undergoing a shift in which the economic changes are making the

rewards to skills more unequal. This means that it might be heading for a scenario where it is both socially stratified and has high income inequalities.

"This is what we saw in South Africa and in Brazil more recently and can be very dangerous," he said. "Dealing with it involves taking into account the difference between an 'equity' approach that emphasizes equality of opportunity and an 'inequality' approach that emphasizes equality of outcomes," he added.

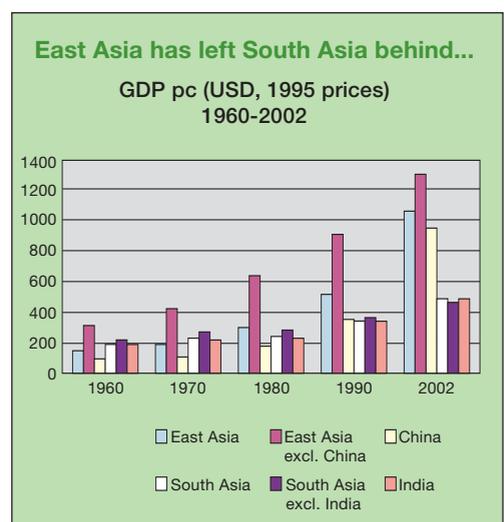
## CONFERENCE

### Deutsche Bank India Investor Conference

21 February 2005 • Mumbai

Mr Stephen Howes, the World Bank's Lead Economist for India, delivered one of the keynote addresses at the Deutsche Bank's 'India Investors' Conference' in Mumbai. Titled 'Miracles in Asia? East Asia and South Asia Compared', his presentation examined economic performance in these two regions over the last 40 years.

Speaking to an audience that comprised over 100 investors from financial centers in the United States, the United Kingdom, Europe and Asia, Mr Howes noted that, while East Asia had left South Asia behind over this period, for the last twenty years South Asia had in fact been growing as fast as East Asia excluding China. The presentation highlighted government effectiveness as one of the key factors behind the differential growth performance in the two regions.



# Recent Project Signings

## Tamil Nadu Health Systems Project

5 January

*Dr Ranjit Bannerji of the Ministry of Finance and Mr Michael Carter of the World Bank sign the agreement for the Tamil Nadu Health Systems Project*



The US\$ 110.83 million project was signed at the Ministry of Finance, with Dr Ranjit Bannerji, Joint Secretary, Department of Economic Affairs, Ministry of Finance, representing the Government of India and Mr Michael Carter, Country Director for India, representing the World Bank. Dr N Sundaradevan, Secretary Health, Government of Tamil Nadu, signed on behalf of the Government of Tamil Nadu.

The Tamil Nadu Health Systems Project aims to help the state of Tamil Nadu improve the effectiveness of its health system, both public and private.

## Karnataka Urban Water Sector Improvement Project

18 February

The US\$39.5 million loan was signed at the Ministry of Finance, with Dr Ranjit Bannerji, Joint Secretary, Department of Economic Affairs, Ministry of Finance, representing the Government of India and Mr P Ravi Kumar, Secretary, Urban Development Department, Government of Karnataka signing on behalf of the Government of Karnataka. Mr. Michael Carter, the Bank's Country Director for India, signed on behalf of the World Bank.

The Project, for which the loan was approved by the World Bank's Board on April 8, 2004, will support the Government of Karnataka's efforts to enhance the efficiency, management, and delivery of water supply and sanitation to its urban residents. It supports the Government of Karnataka in launching its urban water sector reform process, and in demonstrating that continuous, efficient and sustainable water service provision can be achieved.

# Forthcoming Events

## CONFERENCE

### South Asian Conference of Youth Organizations

17-18 March 2005 • Delhi

The South Asian Conference of Youth Organizations is being organized by the Indian Committee of Youth Organizations with support from the World Bank. The main objectives of the proposed conference are to take further the commitment made by the World Bank during the Conference on Youth Development and Peace held in Sarajevo in 2004; to discuss issues and challenges facing young people today; and to develop a tool for sustainable dialogue between the World Bank and South Asian Youth Organizations. About 60 representatives of youth organizations from India and from South Asia are expected to participate.

## OPEN HOUSE

### Open House for Youth

21 March 2005 • World Bank New Delhi Office

This is planned as an initiative that will allow youth organizations to present who they are, what they do and how they can contribute to the development agenda.

## CONFERENCE

### Electronic Government Procurement

10-11 March 2005 • New Delhi

This conference aims to share knowledge from the lessons learned by governments that have successfully implemented electronic procurement.

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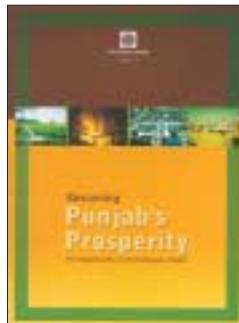
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## India Analytical & Advisory Work

### Resuming Punjab's Prosperity – Opportunities and Challenges Ahead



Punjab is India's most prosperous state with the lowest poverty rate. It is ranked second only to Kerala in terms of overall level of human development among major Indian states. But at the same time, despite its impressive development record, Punjab is losing out to the more reforming

Indian states in terms of attracting investment and creating employment.

According to this Bank report, Punjab's state finances are under stress, its economy is growing slower than the national average, the quality of public service delivery is not commensurate with its per capita income and some of its human development indicators have started to languish or even deteriorate.

The report identifies six major challenges that are a key threat to the Punjab's long-term prosperity:

- i. Long-lasting impact of civil strife of the 1980s on investment, growth and state finances;
- ii. Low productivity of Punjab's civil service;
- iii. A growing culture of subsidy and crowding out of public investment;
- iv. High level of regulatory burden and the quality of infrastructure, which has not kept pace with the demand;
- v. Corruption, including widespread evasion of taxes; and
- vi. Weak implementation capacity of the government.

Some of the state's recent achievements on the reform front include abandoning the populist, but fiscally and environmentally unsustainable policy of free power and water; being the second Indian state, after Karnataka, to adopt a Fiscal Responsibility Act; passing the Punjab Infrastructure and Regulation Act 2002 to encourage greater public-private partnership in infrastructure; undertaking an ambitious agricultural diversification project; beginning the disinvestment of

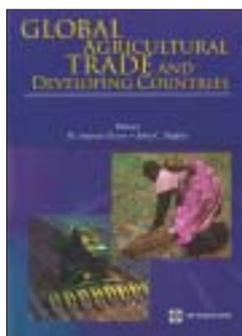
loss-making PSUs; and announcing its intention to undertake significant decentralization of primary health and education services. But unfortunately, after a sincere start, the urgency to reform seems to have faded in Punjab, notes the Bank report.

The report lays out a number of policy options and priorities that can help revitalize the reform process and to restore the long-term prosperity of the state. Some of the key recommendations are:

- To restore the fiscal balance, the government should comply with its Fiscal Responsibility and Budget Management Act; aggressively pursue tax policy and administration reforms; improve the composition of public expenditure by addressing overstaffing issue; better targeting subsidies; and, using the fiscal space generated through these reforms, to step-up public investment in physical and social infrastructure.
- To improve the state's investment climate, there is a need to streamline the administrative procedures involved in establishing new businesses
- To improve public service delivery in the state, steps suggested include the creation of a statutory civil services board to reduce pre-mature transfers of civil servants; restructuring and merging of departments to improve their functioning; adoption of the right to information law and transparency in tenders and procurement law; strengthening of anti-corruption institutions; and gradual devolution of primary health care and education services to local governments.

## Publications

**Global Agricultural Trade and Developing Countries**  
Edited by M. Ataman Aksoy and John C. Beghin



Price: \$ 45.00  
English Paperback  
448 pages  
Published November 2004  
ISBN: 0-8213-5863-4  
SKU: 15863

*Global Agricultural Trade and Developing Countries* presents research findings based on a series of commodity studies of significant economic

importance to developing countries. It presents detailed commodity studies for coffee, cotton, dairy, fruits and vegetables, groundnuts, rice, seafood products, sugar, and wheat. These markets feature distorted policy regimes among industrial or middle-income countries.

The studies analyze current policy regimes in key producing and consuming countries document the magnitude of these distortions and estimates the distributional impacts—winners and losers—of trade and domestic policy reforms. This book complements the recently-published *Agriculture and the WTO* that focuses primarily on the agricultural issues within the context of the WTO negotiations.

### **Addressing the Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs**

By Uma Lele  
Price: \$ 20.00  
English Paperback  
Published January 2005  
ISBN: 0-8213-6065-5 SKU: 16065

The accelerated pace of globalization has stimulated dramatic changes in trade, finance, intellectual property, private investment, information and communications technology, health, environment, security and civil society. Addressing the challenges posed by globalization often requires collective action at the global level. The World Bank is an important participant in such programs and activities because its global reach, its ability to mobilize resources, and its multisectoral expertise position it well to deal with the challenges of globalization.

*Addressing the Challenges of Globalization* derives cross-cutting lessons for the Bank on program selectivity, design, implementation, governance, management, financing and evaluation. The book also identifies areas where further Bank action on its global-level strategy and programming is needed to improve the global program effectiveness.

### **Mobilizing Private Finance for Local Infrastructure in Europe and Central Asia: An Alternative Public Private Partnership Framework**



By Michel Noel and  
Wladyslaw Jan Brzeski  
Price: \$ 15.00  
English Paperback  
86 pages  
Published December 2004  
ISBN: 0-8213-6055-8  
SKU: 16055

In recent years, the countries of the Europe and Central Asia (ECA) region have experienced a marked

decline in the interest of international private operators and investors in municipal infrastructure projects, in line with the trend experienced in other emerging markets.

The objective of this paper is to explore the possible innovative elements of a Public-Private Partnership (PPP) in an effort to rekindle the sagging private finance interest in municipal infrastructure in the ECA Region. The contemplated PPP model would involve government, municipalities, Local Infrastructure Investment Trusts, private equity funds and/or turnaround advisors, and International Financial Institutions.

### **Investment Climate, Growth, and Poverty: Berlin Workshop Series 2005**

Edited by Gudrun Kochendorfer-Lucius and  
Boris Pleskovic



**Price:** \$ 20.00  
**English Paperback**  
134 pages  
Published January 2005  
ISBN: 0-8213-5957-6  
SKU: 15957

The book addresses important topics discussed at the fifth annual forum of the Berlin Workshop Series co-hosted by InWent and the World Bank, held in

September 2003. At the meetings, key researchers and policy-makers from Europe, the United States, and developing countries around the world met to identify and brainstorm on development challenges and successes that are examined in-depth in the *World Development Report 2005: A Better Investment Climate for Everyone*.

This title presents selected papers from the meetings which highlight key issues on investment climate, such as property and contractual rights, financial markets, regulation, governance, and corruption.

### **Intellectual Property and Development: Lessons from Recent Economic Research**

Edited by Keith E. Maskus and Carsten Fink

**Price:** \$ 25.00  
**English Paperback**  
360 pages

Published January 2005  
ISBN: 0-8213-5772-7 SKU: 15772

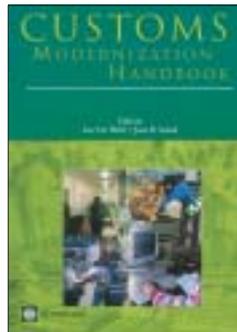
International policies towards protecting intellectual property rights have seen profound changes over the past two decades. Rules on how to protect patents, copyright, trademarks and other forms of intellectual property have become a standard component of international trade agreements. Most significantly, during the Uruguay Round of multilateral trade negotiations (1986-94), members of what is today the World Trade Organization (WTO) concluded the Agreement on Trade Related Intellectual Property Rights (TRIPS), which sets out minimum standards of protection that most of the world's economies have to respect.

How will developing countries fare in this new international environment? This book brings together empirical research that assesses the effects of changing intellectual property regimes on various measures of economic and social performance – ranging from international trade, foreign investment and competition to innovation and access to new technologies.

Presenting an important development dimension to the protection of intellectual property, the book suggests

that a one-size-fits-all approach is unlikely to work. There is need to adjust intellectual property norms to domestic needs, taking into account developing countries' capacity to innovate, technological needs, and institutional capabilities.

### **Customs Modernization Handbook**



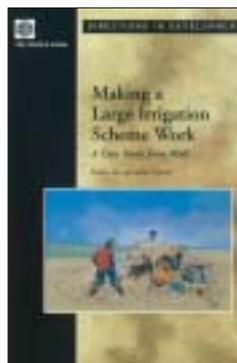
Edited by Luc De Wulf,  
José B. Sokol  
**Price:** \$ 45.00  
**English Paperback**  
352 pages  
Published January 2005  
ISBN: 0-8213-5751-4  
SKU: 15751

Trade integration contributes substantially to economic development and poverty alleviation. In

recent years the trade regime has been much liberalized, but customs procedures are often still complex, costly and non-transparent. This situation leads to misallocation of resources.

*Customs Modernization Handbook* provides an overview of the key elements of a successful customs modernization strategy and draws lessons from a number of successful customs reforms as well as from customs reform projects that have been undertaken by the World Bank. It describes a number of key import procedures, that have proved particularly troublesome for customs administrations and traders, and provides practical guidelines to enhance their efficiency. The *Handbook* also reviews the appropriate legal framework for customs operations as well as strategies to combat corruption.

### **Making a Large Irrigation Scheme Work: A Case Study from Mali**



By Djibril Aw and  
Geert Diemer  
**Price:** \$ 22.00  
**English Paperback**  
176 pages  
Published January 2005  
ISBN: 0-8213-5942-8  
SKU: 15942

Mali's irrigation scheme was an outcome of colonial settlement with the corresponding lack of rights for cultivators to own land,

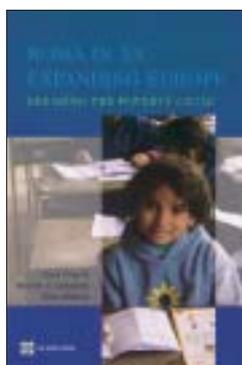
process paddy, and market rice. Post-independence, a coalition of government and irrigation agency staff contributed to governmental unwillingness to reform the scheme's management. Government interest lay in satisfying the growing demand for rice from its burgeoning urban constituency and a fear of riots in response to rice shortages and high prices. Its interest also lay with maintaining the support of the agency's staff.

The authors analyze how field teams, funded by bilateral donors, shaped technical and institutional change to fully reform management and how grain market reforms provided farmers stronger incentives and raised yields. The combination of changes inside and outside the scheme gradually shifted the balance of power and led to a stakeholder setup in which organized farmers replaced the agency.

The success of the reform process lies in the way Mali's government came to commit to the irrigation reforms. The paper indicates how commitment by other governments may be achieved by using the same and other tools.

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### Roma in an Expanding Europe: Breaking the Poverty Cycle



By Dena Ringold, Mitchell A. Orenstein, and Erika Wilkens  
**Price:** \$ 30.00  
**English** 268 pages  
 Published November 2004  
 ISBN: 0-8213-5457-4  
 SKU: 15457

Roma are the largest minority group in Europe and the major poverty risk group in Central and Eastern Europe. Poverty rates from

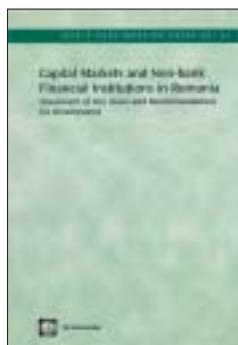
recent World Bank poverty studies are striking. In Bulgaria, Roma were found to be ten times more likely to be poor than ethnic Bulgarians. Roma also comprise an increasing share of the population in ECA countries, because of higher birth rates.

These dynamics have gained international attention, and the European Union accession process, in particular, has focused attention on the issue. Governments and international institutions have been eager to support initiatives to address the needs of Roma. However, the lack of credible information on the actual living conditions of Roma and the absence of program evaluations have provided substantial obstacles.

This book brings together original sociological research, evaluations of programs, and the first comparative cross-country household survey on ethnicity and poverty. It finds that Roma poverty is multi-faceted and can only be addressed by a comprehensive policy approach that attends to all dimensions of Roma social exclusion.

It proposes an inclusive policy approach which would expand and promote Roma involvement and participation in mainstream society, while maintaining cultural and social identity and autonomy. Policy mechanisms include those which make existing policies more accessible to Roma and identifying areas where targeted initiatives are needed.

### Capital Markets and Non-bank Financial Institutions in Romania: Assessment of Key Issues and Recommendations for Development



By Ramin Shojai and Michel Noel  
**Price:** \$ 10.00  
**English** Paperback  
 108 pages  
 Published December 2004  
 ISBN: 0-8213-6015-9  
 SKU: 16015

This is part of the World Bank Working Paper series published to communicate the results of the Bank's

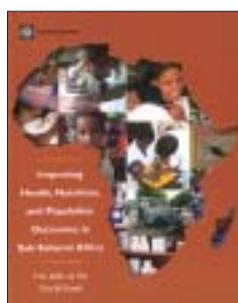
ongoing research and to stimulate public discussion.

With only three years remaining before it joins the European Union, Romania is working hard to improve its capital markets and non-bank financial institutions, which remain less developed than those in other accession countries. During 2003 and 2004, the Romanian authorities made significant efforts to draft, adopt, and enact new legislation to align Romania with EU financial directives. Despite these efforts, however, challenges remain in the area of supervisory capacity and the implementation of laws and regulations.

This study assesses key issues and recommendations for development, and reviews the specific changes which are necessary in four areas: structural reforms, market institutions, and infrastructure; accounting, transparency, and disclosure; market infrastructure; and credit enhancements.

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### Improving Health, Nutrition and Population Outcomes in Sub-Saharan Africa: The Role of the World Bank



By World Bank  
**Price:** \$ 20.00  
**English** 270 pages  
 Published December 2004  
 ISBN: 0-8213-5963-0  
 SKU: 15963

This book takes an in-depth look at health, nutrition, and population challenges faced by sub-Saharan Africa, particularly how

disease, malnutrition, and high fertility affect poverty reduction. The authors contend that the World Bank has a comparative advantage in contributing within four broad areas:

- i. macroeconomics and health,
- iii. multisectoral action for health,
- iii. strengthening health systems, and
- iv. financing service delivery. They also address the opportunities and challenges within these four areas and conclude with suggestions on how the Bank can better operate within the sector and work effectively with partners.

**World Development Report 1978-2005 with  
Selected World Development Indicators 2004:  
Indexed Omnibus CD-ROM Edition**



Price: \$ 500.00  
English CD-ROM  
Published December 2004  
ISBN: 0-8213-5739-5  
SKU: 15739

The *World Development Report*, published by the World Bank every year

since 1978, contains a wealth of information on the economic and social state of the world. This omnibus CD-ROM edition includes the text of all 27 editions, from 1978 to 2005. Contents are fully indexed and cross-referenced for easy searching across the volumes in the archives.

The CD-ROM includes selected indicators from *World Development Indicators 2004*. Published annually by the World Bank, *World Development Indicators* provides a comprehensive range of statistical indicators for more than 200 economies. The selected indicators in this reference tool have many display options. Data can be exported for use in other applications, such as spreadsheets and databases. India Project Documents. 

*Bank Group recognized for its leadership role in knowledge management and road safety*

**T**he Bank Group has been recognized twice recently by international organizations for the excellence of its work.

For the fifth consecutive year, the Bank Group has been named as one of the world's top 20 Most Admired Knowledge Enterprises. The award was made by Teleos, an independent knowledge management and intellectual capital research company. The Bank Group is the only non-private sector company to have made the list this year.

As well, the Bank Group, in conjunction with the World Health Organization, has won the prestigious Prince Michael International Road Safety Award. The awards are given each year to recognize outstanding contributions to improving road safety.

The prize for the Bank Group and WHO was given for producing the first World Report on Road Traffic Injury Prevention, a landmark study that details the scale of the road safety problems facing the world, particularly the developing countries. 

**India Project Documents**

**Punjab State Roads Project**

Date 15 February 2005  
Project ID P090585  
Report No. AB1240  
(Project Information Document)

**Third Tamil Nadu Urban Development Project (TNUDP III)**

Date 14 February 2005  
Project ID P083780  
Report No. AB1330 (Project Information Document)  
AC1231 (Integrated Safeguards Data Sheet)

**Third Tamil Nadu Empowerment and Poverty Reduction Project**

Date 6 February 2005  
Project ID P079708  
Report No. AB1361 (Project Information Document)  
AC1256 (Integrated Safeguards Data Sheet)

**Karnataka Municipal Reform Project**

Date 31 January 2005  
Project ID P079675  
Report No. AB1320 (Project Information Document)  
AC1223 (Integrated Safeguards Data Sheet)  
E1075 (Environmental Assessment, Vol. IV, V)

**Mumbai Urban Transport Project: Processing of additional Requests for Inspection related to the Project**

Date 28 December 2004  
Project ID P050668  
Report No. 31035 (Inspection Panel Report and Recommendation)

**Assam Rural Infrastructure and Agricultural Services Project**

Date 23 December 2004  
Project ID P010522  
Report No. 30946 (Implementation Completion Report)

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## Competitions

### For Youth:

The World Bank invites you to participate in an **International Essay Competition** by responding to the two following questions:

- What are the biggest obstacles you face in your daily life?
- What practical solutions would you propose to build a secure future for yourself and others?

**Deadline for submission 15 April 2005**

**Prize: \$5,000 for the winner!!!** Several other cash prizes

For further details, go to

<http://www.essaycompetition.org/>

### For Successful Enterprise

The **World Challenge Competition**, brought to you by Newsweek & BBC World, in association with Shell, is a competition aimed at finding individuals or groups from around the world who have shown enterprise and innovation at a grassroots level. We want to hear about the people whose projects are making a difference to communities. It could be you or someone you know.

The World Challenge is all about global involvement, casting a net for ideas from individuals or groups deserving recognition. We are looking for your nominations for innovative projects or ideas that are benefiting communities socially, environmentally or financially.

**Deadline for submission April 4, 2005**

**Prize:** The Winner will receive from Shell a US\$20,000 grant to benefit their project. One representative of the project will be flown to London to receive the award.

For further details, go to

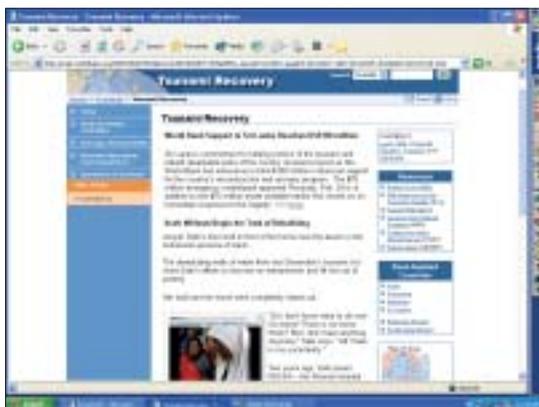
<http://www.theworldchallenge.co.uk/>

## Latest on the Web

A range of online tsunami-related information and knowledge-resources are available at various World Bank sites.

A portal on the tsunami and the Bank's reconstruction effort is available at the World Bank's website at [www.worldbank.org/tsunami](http://www.worldbank.org/tsunami)

This includes a detailed report on the Bank's response to the disaster, available in PDF format <http://siteresources.worldbank.org/COUNTRIES/Resources/tsunamireport-020205.doc>



### Other allied resources include:

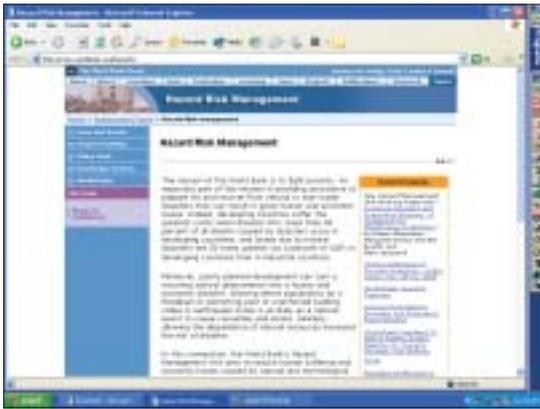
#### ● Hazard Risk Management

The mission of the World Bank is to fight poverty. An important part of this mission is providing assistance to prepare for and recover from natural or manmade disasters that can result in great human and economic losses. Indeed, developing countries suffer the greatest costs when disaster hits: more than 95 percent of all deaths caused by disasters occur in

developing countries; and losses due to natural disasters are 20 times greater (as a percent of GDP) in developing countries than in industrial countries.

Moreover, poorly planned development can turn a recurring natural phenomenon into a human and economic disaster. Allowing dense populations on a floodplain or permitting poor or unenforced building codes in earthquake zones is as likely as a natural event to cause casualties and losses. Similarly, allowing the degradation of natural resources increases the risk of disaster.

In this connection, the World Bank's Hazard Management Unit aims to reduce human suffering and economic losses caused by natural and technological disasters. It does this by helping the World Bank provide a more strategic and rapid response to disasters, and promoting the integration of disaster prevention and mitigation efforts into the range of development activities. Details available at <http://www.worldbank.org/hazards/>



- **World Conference on Disaster Reduction**  
Kobe, Japan; 18-22 January, 2005

Taking place less than one month after the Indian Ocean tsunami, the Conference had a very high profile and was attended by over 4,000 participants from 168 countries, international agencies, media organizations, and NGOs. The Conference reviewed 10 years of disaster reduction activities since the first World Conference on Natural Disaster Reduction held in Yokohama in 1994. It also organized special sessions to discuss the establishment of a tsunami early warning system for the Indian Ocean.

The Conference had three major components:

- Inter-governmental process**
- Thematic sessions** in five areas: Governance, institutional and policy frameworks for risk reduction; Risk identification, assessment, monitoring and early warning; Knowledge, innovation and education to build a culture of safety and resilience; Reducing the underlying risk factors; Preparedness for effective response
- Public Forums**

The World Bank was represented in each of the components and thematic clusters. President Wolfensohn provided a pre-taped message,

which opened the first High Level Round Table on 'Disaster Risk: The Next Development Challenge'. Other panelists in the Roundtable all gave consistent messages regarding the urgent need to mainstream disaster risk reduction into development activities.

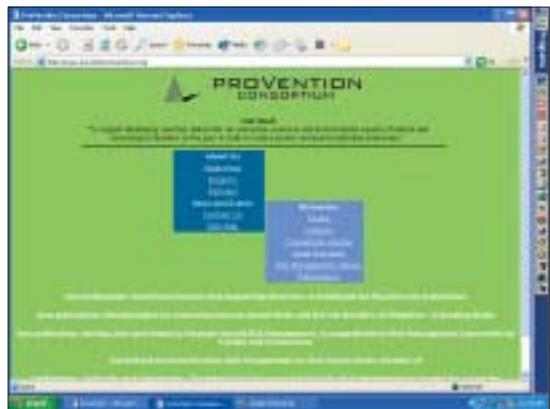
Presentations made by the World Bank delegation are available at <http://www.worldbank.org/hazards/news/kobe.htm>.

For more information on the sessions, please refer to the WCDR website at <http://www.unisdr.org/wcdr>.

In addition to these activities, the World Bank collaborated with several of its partners to present a paper entitled, 'Disaster Risk Management in a Changing Climate on behalf of the Vulnerability and Adaptation Resource Group (VARG). This can also be accessed online at the Bank's Hazards Risk Management site.

The World Bank also participated in the Pro Vention Consortium launch of the second round of applied grants for disaster risk reduction. This program supports young people from developing countries who are interested in conducting disaster management-related research.

Details at <http://www.proventionconsortium.org/>



- **Lessons from Natural Disasters from the Bank's Operations Evaluation Department**

The Operations Evaluation Department (OED) is an independent unit within the World Bank. It prepared this note following the earthquake and tsunami disaster of December 26, 2004, to gather salient findings and lessons from project evaluations conducted over the past decade. Natural disasters are also the subject of an ongoing thematic evaluation that will be published in 2006. The note is available in PDF format at [http://www.worldbank.org/oed/disasters/lessons\\_from\\_disasters.pdf](http://www.worldbank.org/oed/disasters/lessons_from_disasters.pdf)

- **Sustaining Asian Microfinance (CGAP)**

As the communities most affected by the recent devastating tsunami courageously begin to rebuild their lives, microfinance institutions (MFIs) can play a powerful part in the path to recovery. Since the immediate aftermath of the tragedy, MFIs have been tirelessly providing and coordinating emergency relief, and a few are beginning to help local communities reconstruct homes and return to economic activity.

CGAP, a consortium of 28 public and private development agencies (including the World Bank) working together to expand access to financial services for the poor in developing countries. CGAP has set out guidelines intended to help MFIs provide the appropriate range of emergency and longer-term assistance to their clients, while helping both MFIs and donors ensure that the ultimate mission of the MFI – to be a sustainable provider of financial services – is not compromised. Any MFI involved in tsunami reconstruction can get information about the challenges it is facing by contacting [cgap@worldbank.org](mailto:cgap@worldbank.org)

CGAP guidelines are available at <http://www.cgap.org/tsunami.html>



## Latest on the B-SPAN

B-SPAN is an Internet-based broadcasting service that presents World Bank seminars, workshops, and conferences on a variety of sustainable development and poverty reduction issues. It can be accessed at <http://info.worldbank.org/etools/bspan>

### **Building Democracy: The People's Campaign For Decentralized Planning in Kerala, India**

By Adolfo Brizzi, Shubham Chaudhuri, Anwar Shah, Parmesh Shah (1:23:00 minutes)

In 1996, a coalition of left parties returned to power in the state of Kerala and immediately fulfilled one of its most important campaign pledges by launching the People's Campaign for Decentralised Planning. All 1,214 local governments in Kerala – municipalities and the three tiers of rural local government, district, block and *gram panchayats* – were given new functions and powers of decision-making, and were granted discretionary budgeting authority over 35-40 percent of the state's developmental expenditures.

The Campaign, however, attempted more than just a devolution of resources and functions. Local governments were not only charged with designing and implementing their own development plans, they were mandated to do so through an elaborate series of nested participatory exercises in which citizens were given a direct role in shaping policies and projects. By all accounts, the Campaign represents one of the

boldest and most ambitious initiatives to build local institutions of democratic governance ever undertaken in India.

To what extent did the Campaign achieve its aims? This presentation summarizes the findings from a detailed empirical study of the Campaign's impact. Using extensive survey data collected in 2002 from a sample of 72 randomly selected *gram panchayats*, the study traces the Campaign's impact along multiple dimensions – from the development of infrastructure and delivery of public services to assistance for the poor, and democratic deepening.

The study, funded by the Ford Foundation, was a joint effort of the Center for Development Studies in Thiruvananthapuram, Kerala, and faculty at Columbia University in New York. The presentation is given by Shubham Chaudhuri, one of the principal investigators of the study, who has since moved to the World Bank.

### **Fiscal Decentralization To Rural Governments In India**

By Roy Bahl, Praful Patel, Sudha Pillai, Geeta Sethi (1:02:00 minutes)

On December 7, 2004 the World Bank InfoShop hosted an event to launch the publication of the report *Fiscal Decentralization to Rural Governments in India*. This World Bank study presents a case for fiscal decentralization to local governments (*panchayats*) in India. The report argues that effective decentralization can strengthen *panchayat*-level governance and improve the performance and delivery of critical functions assigned to them. With a focus on rural India, this report uses case studies from Karnataka and Kerala to review *panchayat* finances and make recommendations for effective governance.

Watch a webcast of the seminar on this study. Participants include Praful Patel, the Bank's Vice President for the South Asia Region, Geeta Sethi, Senior Economist for the South Asia Region and author of the study, Roy Bahl, Dean of the Andrew Young School of Policy Studies at Georgia State University and a collaborator on the report, Sudha Pillai, Secretary of Local Governments for the Government of India. Shanta Devarajan, Chief Economist for the Bank's South Asia Region, moderated the session.

Other interesting B-Span topics include:

#### **Global Dialogue On Scaling Up Poverty Reduction**

By Saleh Afif, Frannie Léautier, Mohini Malhotra, Patricia Medrano, Mauricio Olivarria (1:51:00 minutes)

#### **Global Partners Forum For Orphans And Vulnerable Children Living In A World With HIV And AIDS**

(1:40:55 minutes)

#### **Empowered Participatory Governance**

By Robert Chase, Archon Fung (1:31:25 minutes)

#### **State-Building: Governance And World Order In The 21st Century With Francis Fukuyama**

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### The World Bank Websites

Main: <http://www.worldbank.org>  
India: <http://www.worldbank.org.in>  
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Telugu: <http://www.prapanchabank.org>  
Kannada: <http://www.vishwabanku.org>

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Bangalore - 560 001  
Tel: 080-221 3485

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Sarovar Centre, 5-9-22  
Secretariat Road  
Hyderabad - 500 063  
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Annamalainagar
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- ◆ Indian Institute of Public Administration New Delhi
- ◆ Institute of Development Studies Jaipur
- ◆ Institute of Economic Growth New Delhi
- ◆ Institute of Financial Management and Research Chennai
- ◆ Institute of Social and Economic Change Bangalore
- ◆ Karnataka University Dharwad
- ◆ Kerala University Library Thiruvananthapuram
- ◆ Centre for Economic and Social Studies Hyderabad
- ◆ Pt. Ravishankar Shukla University Raipur
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