Statement by Tamara Solyanyk
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**India Country Assistance Strategy**

I welcome the opportunity to comment on this joint Country Assistance Strategy for India. India is a challenge for the Bank because making a dent in poverty in India is equivalent to making a dent in global poverty. Despite many years of growth, 44 percent of the people in India remain below the dollar-a-day poverty line. Moreover, given that the Bank is a relatively small player in India, it is a challenge to define a role in supporting country-owned programs for poverty reduction effectively. The recent Country Assistance Evaluation is testament to that.

It is encouraging that there is a growing consensus between the Bank and the Government about the constraints to poverty reduction and the measures required to relax these constraints. Equity, good governance, private sector development and targeted interventions for poverty reduction are key. Even though recent signals on financial sector reform and trade liberalization are encouraging, implementation of reforms has been slow with continuing fiscal imbalances and regulatory constraints to private sector development as a result. We probably should not expect the Bank to change the course of policies in India – and I will not discuss Government policies in detail. But at the same time we wonder whether the Bank utilizes its capabilities to encourage reforms at the state and local level to the extent possible. The paper provides few indications as to how the objectives will translate into practice, for instance by greater involvement of all stakeholders, in mainstreaming environment and gender, or in addressing (governance) reform without infringing on the government's ownership. In our view, the Bank’s approach has been focused too much on monitoring of physical and financial results rather than on broader issues like poverty alleviation and sustainable socio-economic development.

**Strategy**

In line with the CAE, the CAS emphasizes the intention to increase the Bank’s poverty focus, step up efforts towards supporting institutional development and improving governance, and to mainstream gender and the environment. Changes in these directions have already increased the relevance of World Bank assistance strategy over the past few years. Two specific questions are how the Bank plans to mainstream gender in all its programs and what it intends to do in support of decentralization.

We warmly welcome the commitment to mainstream gender but, apart from references to gender equity in education and health, the CAS does not clarify how the Bank will implement this
commitment. Gender is not a program priority on page 16 nor an explicit cross cutting principle in rural development in Paragraph 102. Apparently, the trickle down theory is still alive in this area: if the income of a family increases, all members will benefit. However, practice has shown that often women's work increases whilst their room for decision making and access to money decrease. Women's empowerment should become more visible as an objective in its own right.

Paragraph 81 mentions decentralization as an important part of the strategy to ensure that pro-poor rural initiatives are based on beneficiary consultation, empowerment and participation. The Bank will work on decentralization issues through its governance dialogue and projects. What type of initiatives is the Bank planning to undertake? We would be very interested in the Bank's in-depth analysis of rural decentralization issues and hope that these can be shared with other donors early.

Implementation

The success of the CAS and more generally of the Bank in India crucially depends on implementation and on finding niches in which the Bank can be effective within the overall policy framework established by the Governments at the central and the state level. We agree with the State-based approach, as this appears to be the level where the Bank can have the most effective impact. The self-activating triggers at the State-level and the Global triggers provide some guidance to the size of the Bank's program. The fact that the global triggers are rather vague probably reflects the fact that the Bank has little leverage on the Central Government. With regard to the overall level of lending, one could wonder what the Bank should do if there is a significant improvement in the performance of the Central Government or of one of the States that are trailing behind. Dividing up the existing envelope could imply that the Bank forgoes important opportunities to reduce poverty.

Within the overall lending envelope, the question is to what extent the Bank, with its present working methods and procedures, is really equipped to address poverty and to enter into real partnerships with the Governments of India and the states, with the ultimate beneficiaries of its programs, and with other donors.

In this regard the Bank needs to show a greater willingness to work in a truly enabling environment where new ideas and policies can be developed and tried, rather than promoting reform as the Bank conceives it. The Bank may have documented the “voices of the poor” but has not yet developed the instruments to let them directly influence the nature and choice of activities.

The perception of clients in basic education in Gujarat and RWSS in Kerala is that the Bank dominates the project formulation process with little understanding of what it actually means to plan and implement reforms. It is felt that the Bank is imposing complicated solutions to problems that could be solved more efficiently on the basis of local knowledge. Development indicators are turned into conditions, which are not owned by the government, due to a lack of effective communication and consensus building. As a result, having ensured donor funding, governments try and carry through their own policies in practice.

Implementing agencies may not always have the capacity or desire to ensure social, gender and
environmental mainstreaming and the creation of parallel institutions has been an obstacle to the effectiveness of the Bank. In this regard we welcome the shift from ring-fencing projects to ensuring sound financial practices across Government. The proposed Public Expenditure Reviews and other fiduciary assessments are of key importance. In addition, the Bank should ensure that there is adequate attention to capacity building in the context of its programs.

In working with partners, the Bank needs to address the question of its own comparative advantages (apart from having the most funds available) versus those of other actors. This applies to the link between the state level programs of the Bank and the policy based lending schemes of Government of India as well as the co-ordination with other donors. Programmatic approaches could be helpful in this regard and the Bank should exchange lessons with other agencies moving in the same direction. The state focus creates opportunities for CDF type approaches but experience so far has been mixed. For instance, the planned Joint Review Missions in basic education essentially took the form of World Bank Supervision Missions. This was not conducive to creating a platform for more effective ways of collaboration between central government, the States and external agencies.

**Monitoring and Evaluation**
Further to the conclusions of the Country Assistance Evaluation we are encouraged by the inclusion of monitoring and evaluation in the recent DPEP projects as well as state-level adjustment programs. For both the implementation of the current portfolio as well as the development of future projects, evaluation is crucial. Monitoring should be participatory and focus on social and distributional impacts of programs in addition physical and financial targets. Improving the quality of data and local capacity to collect and interpret data are essential in that regard.

**Conclusion**
Given the relevance of India for the success of the Bank's efforts to help realize the International Development Goals, the effectiveness of the Bank in the country is essential. My Netherlands' authorities look forward to continue working with the Bank in the field. I look forward to seeing the work of the Bank in India reflected in proposals for projects and programs that effectively contribute to poverty reduction.