CONCLUSION

The discussion so far on the World Bank group’s lending to India’s social sector in the fields of health and education help comprehend important dimensions of the scope and effectiveness of organisational adaptation. Organisationally there have been noteworthy changes within the Bank that have supported the reasoned shifts in its traditional lending policies to reflect the concerns about human capital development. It maybe useful to recapitulate briefly some of the key observations and findings related to the Bank’s work in India’s health and education sectors, in the preceding chapters so as to put them in a perspective.

In comparison to lending for industry and infrastructure, the initiation of social projects in the Bank’s operational portfolio was relatively late. Though the concern for social projects was raised by John Maynard Keynes at the Bretton Woods Conference, the decision to enter the arena of social lending was taken twenty years later and was slow to take roots institutionally because of considerable in-house scepticism. The Bank opened its social sector account in 1962 by making its first ever loan in the field of education by funding a secondary education project in Tunisia. Not to be missed here is the fact that the shift coincided with the creation of the International Development Association (IDA) as part of the World Bank group in 1960. Remarkably today, the Bank has emerged as the single largest provider of finances for social infrastructure in the world. Social projects make up for nearly 25 percent of the total resources, making it the largest operational portfolio of the Bank.
The Bank's work in the social sector has been conditioned largely by the gradual realisation of the importance of social investments in development. The impetus for the introduction of education in the Bank's portfolio, for example, was the growing concern over the lack of skilled manpower in the developing world. In drawing up its priorities within the education sector, the Bank therefore focussed solely on projects dealing with secondary education that were considered useful in helping countries acquire the needed human resource base. It may be observed that lending towards primary education as an option came up much later. The share of education in the total disbursements by the Bank Group grew impressively from 1 percent, in early 1960s to about 6 percent in 1980s and to 11 percent by the end of the 1990s. The rise in volume was most notably accompanied by an increased diversification of projects. The Bank gradually reduced its funding for secondary education, increasing in the process the funding for primary education.

Similar was the approach of the Bank for lending in the health sector. Shedding the traditional indifference to the value of health as a contributory factor to development, the Bank made its first move forward in 1970 when it cleared a loan for population control project in Jamaica. The share of health in the total disbursements grew from a miniscule 0.3 percent in the early 1970s to 2.6 percent in the 1980s to rise to 7 percent by the end of the 1990s. Subsequently the Bank stepped gradually into supporting nutrition programmes along with the financing of specific disease control projects. Today as a policy analyst in the field of health, the influence of the World Bank far surpasses that of the World Health Organisation.
Apart from its loans for education and health, the Bank of late has also started funding projects in the sphere of social protection, a direct fallout of its attempts to protect the social sector from the negative consequences of structural adjustment programmes. Social protection programmes make up for nearly 7 percent of the total disbursements by the World Bank group. It may be reiterated that through its increased lending to the social sector by way of projects for health, education and social protection in the 1990s, the World Bank group has successfully been able to provide a sufficiently human face to its adjustment and lending operations.

With the growing influence of its social sector lendings, the Bank has come to have a say in nearly all spheres of social policy. New philosophical strands have been incorporated in its thesis of human capital development and today, there is virtually no subject of domestic or international politics on which the Bank does not have an opinion - good governance, role of civil society, status of women, environment, have all become part of the Bank's concerns. However, the challenges of increased responsibilities are also worthy of mention. To continue the flow of development funds, it is necessary that the Bank ensures that donors maintain their commitments towards IDA replenishments as the majority of projects in the social sector are IDA credits. It is notable that aid to the social sector registered an increase despite the fact that gross aid flows saw a significant decline in real terms from US$ 61.3 billion in 1990 to US$ 53.7 billion in 2000.

The Bank's contribution towards development in India are noteworthy. Not only has India benefited from the 441 projects funded by the Bank, the Bank also based on its activities in India has gained rich experience from its work in India.
The Bank’s role in India has been multifaceted. The Bank has lent a total of US$ 58.6 billion to India and significantly the country has the distinction of being the single largest beneficiary of IDA disbursements amongst all the other member countries. The Bank in its capacity as the coordinating agency for the Aid India Consortium (the first of its kind), has also played a major role in the coordination of aid flows into the country. Its intervention however have not been limited to the realm of finances. In its capacity as the de jure advisor to the Government of India, the Bank has helped provide policy advice to the Government on crucial aspects of planning. The Bank has even intervened to mediate and settle amicably the dispute related to the sharing of Indus Waters between India and Pakistan.

As a client, India’s position vis-à-vis other countries of the developing world has been special. The dominating image of the Bank that holds true for the majority of countries in Sub-Saharan Africa, may not really hold true in the Indian context. On account of its democratic polity with mixed economy and experienced civil service, India held its own ground and the Bank had to accordingly tune its relationship. There have been occasions where differences between the Bank and the Indian Government have arisen, as in the case of the Second Five Year Plan over the relative merits and demerits of public and private enterprises.

However at the same time it is also true that there have been occasions in the Bank-India relationship where the Bank has tried to influence the internal policies of India when the latter’s position has been extremely vulnerable. The devaluation of the Rupee in 1966 and the structural adjustment exercise in the early nineties are two relevant examples. The Bank made its forays into policy-based lending with the devaluation exercise in India in 1966. Adjustment in
Government's policies and priorities took place without substantial debate in the domestic sphere. The subsequent adjustment programmes in the 1990s also generated a great deal of criticism and resistance among sections of political groups and civil society.

As for the lending profile of the Bank in India it is no doubt very long, rich and diversified. India received its first loan of a sum of US$ 34 million in 1949 towards the development of Indian railways. This was followed in quick succession by projects for electric power, transport, iron and steel and port development. Infrastructure projects continued to be the dominant portfolio in the 1950s and 1960s. During the seventies the purview of Bank assistance was broadened to include agriculture and irrigation projects. Notably, the thrust of Mrs. Gandhi's government on poverty alleviation coincided with President McNamara's strategy of poverty reduction, resulting in a substantial expansion of projects directly affecting the poor. The 1970s also saw the introduction of new areas such as urban development, water supply and sewerage, education and health. The 1980s and 1990s saw further diversification into new sectors such as environment, information and communications, private sector development, and public administration.

In terms of financial resources, in the early years until the formation of the IDA in 1960, which opened up the option of loans on concessional terms, all the disbursements continued to be IBRD loans. The creation of the IDA saw a significant shift in the distribution of resources. The share of IBRD loans decreased from 34.6 percent in 1961-66 to 13.4 percent in 1969-74, while the IDA share went up from 65.4 percent to 86.6 percent. The eighties notably saw a significant decline
in concessional IDA assistance while loans from the IBRD on market terms increased sharply. The percentage share of IBRD loans increased from 48.4 percent in 1980-85 to 73.1 in 1985-90, while IDA credits decreased from 51.6 percent to 26.9 percent. The relative share of both in the ninth plan period (1998-2002) is 53 percent (IBRD) and 47 percent (IDA) respectively. In terms of sectoral allocations, agriculture has received the greatest share of loans (22.7 percent) followed by the power sector (21 percent). The social sector has received 11 percent of the total loans pointing to the huge potential for further investment in the area.

The social sector portfolio of the Bank in India has been symptomatic of the steady penetration of the Bank in an area that was largely unopened to Bank assistance. Till as late as the mid-1980s, the Government of India did not show interest in lendings for social sector, despite the shortage of resources. Possibly the relative priority given to infrastructure and the multiple demands from sectors for seeking loans from the Bank accounted for this. The Government was open to receiving grants for the social sector from bilateral sources but did not apparently wish to take loans for purposes of health and education. There were no hard ideological reasons for the above stance; it was simply that the Government did not prioritise lending to the social sector in its relationship with the Bank. In that sense, India lagged behind in borrowing for social sector as compared to other borrowers. The Bank's India Division also notably did not prevail upon the Indian Government to approach the Bank for loans in the social sector.

The beginning was made during the Fourth Five Year Plan period (1969-74) when the Bank funds were sought for a population project. On 14 June 1972,
the Bank approved its first social sector credit to India, in the field of population control. Five months later, it approved a second loan in support of agricultural education for the country. Following these two projects in quick succession there was however a lull in lending. Between 1973-90, the Government approached the Bank for only 7 projects in the social sector as compared to 250 projects in other areas. It was largely in the context of structural adjustment, in the nineties that the Government opened up to the Bank’s suggestion of creating an active and programmed expansion of the social sector portfolio. Following the negative experience of structural adjustment in Latin America and Sub-Saharan Africa, the protection of social spendings during adjustment became important for both the Bank and the Government of India. In view of the previous experiences, the Indian programme for structural reforms had from the start an additional social safety net component attached to it. The Social Safety Net (SSN) Credit as it came to be called laid the basis for the Bank’s increased involvement in the funding of social sector projects within the country. The Bank to date has lent approximately 6.8 billion for projects in the social sector.

The sectoral dialogue between the Bank and India on areas related to social policy has been noteworthy. A few distinguished innovations have been made in the Indian context. The SSN credit for example was the first in the series of social development programmes sponsored by the Bank. The package for India consisted essentially of programmes that went beyond the scope of the safety net programmes in Africa and Eastern Europe. The SSN credit as it evolved in India was more broad-based covering within it components related to primary education,
health and disease control programmes, nutrition, apart from traditional safety net measures.

In terms of the larger Bank-India relationship, the SSN credit laid the basis in an important way for future discussions on specific investment programmes between the Bank and the Government of India in the social sector. Whereas prior to SSN, there were only 18 projects in the social sector, after SSN, not only did the number of projects increase but the emphasis on agreed policy reforms also increased. An assessment of the Bank's work in India may be attempted at three levels; one at the level of individual projects, second the implications in terms of policies and third at the sectoral level.

There are many noteworthy features that distinguish the Bank’s work in the field of education and health in India. India is the Bank’s biggest client in the health, nutrition and population (HNP) sector. The Bank has 29 health projects to its credit in India, dealing with different aspects of health care – from population, nutrition to disease control and more recently projects dealing with the reform of the State health systems. The coverage with respect to health projects is both broad and diverse covering nearly all important aspects of health. A notable feature of the health sector projects has been the scope for innovation and growth. The earlier projects in the health sector for example dealing with population management were fairly straightforward with limited objectives. However, within that limited sphere the Bank undertook to experiment linking population with nutrition as in the first population Project. The fifth population project was also path breaking as for the first time an attempt was made to target the population residing in urban slums.
The Tamil Nadu Integrated Nutrition Programme represents another improvement in that it aimed to refine the sectoral policy of the Bank in the field of nutrition.

Of the 29 health projects funded so far, 18 stand completed. Of this evaluation ratings for 12 projects show “satisfactory” ratings for 9 and “unsatisfactory” ratings for 3 other projects. The point to be noted is that an “unsatisfactory” ranking has not deterred the Bank from expanding the scope of projects. The Bank for example chose to go ahead with the series of India Population projects (nine in all) despite the “unsatisfactory” and “uncertain” ranking accorded to the second, third and fourth projects. The Bank in this respect has been quite realistic recognising the limitations that the Bank possesses in supervising project implementation.

Field visits to project sites and interviews with Bank officials as part of the present research have confirmed that supervision of civil works, equipment and infrastructure are easier for the Bank than monitoring of components such as information dissemination, community participation etc. Due to physical restrictions placed on it by the Government the Bank cannot really conduct on the spot checks in project sites. It has to rely therefore on the inputs received from other sources. The appointment of many Indians in the Bank’s resident mission in India has helped the Bank overcome to an extent the problem of getting an appropriate feedback at the ground level.

The above problems of monitoring and evaluation are not only restricted to projects in the health sector but also apply to those in education. Input evaluations undertaken at the implementation stage are inevitably the most resorted method for conducting evaluations. The indicators are straightforward, factual and involve
either descriptive or accounting questions that can be answered at the end of programme implementation. However, the need is to evolve the more demanding type of evaluation mechanism involving an assessment of the impact performance. The monitoring mechanism initiated by the DPEP is a positive development in this respect as qualitative aspects of project performance are taken into consideration while rating the performance of projects.

In the education sector there have been 13 projects so far, of which 6 have been completed. It is significant that all 6 projects have received a “satisfactory” ranking. The projects include a combination of vocational education and primary education projects. It must be stated that the projects have been successful in meeting their objectives of improving the quality and access to education facilities for girls, scheduled castes and scheduled tribes. The reports on increase of enrolments in the DPEP districts have been encouraging. The attendance of girls has registered a rise by 77-87 percent in the project areas. The dropout ratios have also declined and the availability and quality of infrastructure facilities have greatly improved.

The Bank projects in India in this sense have been relatively new and have been cited as examples of good practice in the Bank’s education reform and management programme. For the first time in the Indian context, the Bank through the DPEP laid the basis for a coordinated approach to funding between the Central and State Governments and the funding agencies, to avoid duplication and ensure some kind of coherence and consistency in the overall programme. An elaborate monitoring and evaluation component was added and joint supervisions were conducted by the funding agencies in project areas.
It may be noted that the Bank's advocacy of social policies through its projects has played an important role in the determination of sectoral policies. Inputs from the projects have shaped, for example, some of the salient points of the present policies on health and education. For example, the suggestion by the Bank that a separate population programme be instituted for slums has been accepted in the Government's New Population Policy document (2000). Similarly, the suggestions for incorporating changes in the health systems prevalent in States have also found acceptance, with discussions now focussing on the structures to be adopted. In the field of education similarly, under the DPEP, district planning in primary education has been accorded a respectable place. While there had been much talk about the need for district planning in education in India for a long time ever since Independence, it was with the commencement of the DPEP that significant efforts were made to build district level and block-level education committees. The DPEP it may be noted was designed to give substance to the objectives and goals highlighted in the New Education Policy and the Programme of Action adopted by the Government in 1992.

A considerable measure of complementarity may therefore be found between the Bank and the Government with respect to health and education policies. It must be admitted that following the signing of the SSN agreement in 1992 there was acknowledgement by both the partners on the necessity of policy reforms. For both the Bank and the Government, the reforms in the social sector form an important part of the overall country strategy. Increased attention to social sector projects and policies stem from the increasing recognition of the role and importance of human capital development in the overall strategy of national
development. The infusion of additional funds from the Bank for education and health have helped the Indian Government successfully maintain the momentum of funding to the social sector.

In this context the inter-links between the Bank's Country Assistance Strategy (CAS) and its social sector lendings to India are noteworthy. While advocating a strategy of human capital development for the country as a whole in its CAS, the Bank has targeted its lending to a few selected states. As per the principle of selectivity the Bank has focused its lending programme in only those States whose governments have (a) chosen to embark on a comprehensive programme of economic reforms, including fiscal and governance and sectoral reforms of key sectors such as power, (b) have expressed interest in entering into a partnership with the Bank, or (c) where poverty levels are relatively high. Andhra Pradesh in this context has emerged as the first state to benefit from this strategy. It has since been joined by Uttar Pradesh, Karnataka, Orissa and Rajasthan. The policy of preferential treatment accorded to certain states however has serious problems. The selection obviously does not give importance to the extent or range of deprivation. Instead, the states have been chosen depending upon the assessment of likely impact. The selection of districts in Kerala in the first phase of the DPEP and not Orissa or any other educationally backward state confirms the above thesis. The strategy not only creates a divide between states leading to resentment between states but also more importantly has serious ramifications in terms of the achievement of the goals of human development. The development in fact contradicts the basic spirit of the move to integrate concerns of social development in the Indian portfolio.
In terms of extending partnership beyond just the Government to other segments of the population, including non-governmental organisations, the Bank's reach again has been somewhat limited. The Bank continues to interact with a small circle of non-governmental organisations usually selected by the Government. Field visits to different project areas confirms the limited access that non-conformist non-governmental organisations have to official functionaries. The Bank in this connection needs to be more pro-active in approaching representative segments of the Indian society, discussions with whom can have an important bearing on the design and implementation of the projects. One of the essential defects of the present system of project planning, has been the limited accessibility of people's representation in decision-making. Although, this is a problem common to nearly all spheres of Indian planning, but the Bank as an organisation should try and overcome these bottlenecks by devising more flexible ways of mediating and establishing partnerships with the local beneficiaries.

Finally, the issue of sustainability. At a time when the Centre-State relations have been going through a rough phase with mounting fiscal deficits, the Bank credits have definitely helped lessen the restriction on social sector funding by making available additional funding in the form of grants to states. However, the important question that arises and which the Bank also raises from time to time is that of sustainability. It will be remarkable if the Central and the State Governments are able to sustain the momentum of funding to the social sector once the Bank has withdrawn from the projects. Results on this front have not been very positive. Only a few states like Tamil Nadu have agreed to continue providing resources for the social sector after the project period.
The effective utilisation of resources is another concern that the Bank needs to address. In most cases as already pointed out, evaluation of projects carried out is still focussed on the project implementation stage where ratings are given based on an assessment of a simple input-output analysis. The Bank’s generic rating of projects as “satisfactory” or “unsatisfactory” is hard to support. The ratings reveal very little information about actual project performance. Little is known for example as to the extent to which projects are able to produce their intended results or information about the sustainability of the projects and their ability to maintain the momentum over time. Attention may have to be paid to the need for a clearer transparent type of evaluation within the Bank.

For example, while the Bank’s own assessment of the SSN credit rated it as “satisfactory”, the audit carried out by the Operations Evaluation Department (OED), rated Bank performance as “unsatisfactory”, on the grounds that the operation failed to add any “real value” in terms of qualitative changes in social safety net programmes. According to the report, it remained unclear, given the diffuse nature of the programme objectives and the broad spectrum of sectoral policies that the SSN supported, as to how the credit sought to provide protection to the most vulnerable sections of the society. Ironically, there are no official evaluations by the Government of India of the credit.

To conclude, there are important lessons for the Bank to learn from the Indian experience. The Bank for example needs to rethink whether it should maintain the momentum of quantitative expansion of projects or concentrate on quality. Operations wise investments in the social sector are more challenging and as suggested by a report published by the OED, the Bank should probably
concentrate on “doing better not more.” Thus the hypothesis that the Organisation has to evolve more appropriate lending policies, better its coordination with the client states involved and refine its methods of evaluation are borne out in the review of the Bank’s lending to the social sector in India.