

2010

**AusAID-SAR Policy
Facility for
Decentralization,
Local Governance
and Service Delivery**

Annual Progress Report 2010: Annex-3

Progress Report by Activity: Rounds 1-4

Detailed Progress Report on Activities
Funded in Round 1 (2007)

Progress on Activities Funded in Round 1- May 2007 Completed

Title and Country	1. Policy Support for Intergovernmental Fiscal Flows to CDCs Afghanistan,
Sector/TTL	Economic Governance, TTL- Roland White
Status	Completed. The main report has been shared with AusAID
Context and Objectives	<p>Afghanistan lacks a lower tier of government. In the absence of this tier the effort is to strengthen the elected Community Development Councils (CDCs) set up under the National Solidarity Program (NSP) that are serving as de facto local governments. The NSP covers all 34 provinces and reaches almost 20,000 villages. CDCs are in the process of being institutionalized. The CDC By-law (November 2006) provides a legal basis for CDCs as independent entities, with expanded administrative and service delivery roles and the ability to receive funds.</p> <p>The objective was to analyze current fiscal flows and design direct fiscal flows to CDCs.</p>
Outputs	<p>(1) Analysis of current fiscal flows focusing on service delivery and governance and NSP/CDC funding modalities. (2) Ongoing policy dialogue (3) Design of fiscal flows to CDCs</p>
Outcomes	<p>The initial proposal which was for \$280,000 focused both on analysis of the intergovernmental system as a whole and design work on grant flows specifically to Community Development Councils (CDCs). The actual award totaled \$80,000 with the work was confined to an analysis of the intergovernmental fiscal system and the development of a high-level concept for ongoing funding of CDCs. The intergovernmental fiscal analysis was completed within budget and was launched in-country in August 2008. The report was shared with AusAID.</p> <p>The main outcomes of the work were as follows: The results of the study fed into a CDC Concept Paper which was produced in March 2008 which has provided the basis for a new NSP -3 operation which is being taken forward under a separate process; The study led to a new understanding of the Afghan intergovernmental/sub-national fiscal system within both government and donor communities. This, in turn, provided the basis for intensified policy dialogue which generated demand from the Ministry of Finance and Independent Directorate of Local Government for additional technical assistance focused on reforming and/or strengthening aspects of the intergovernmental/sub-national fiscal system. The follow up work, supported by a Round 2 allocation from the Policy Facility, is well underway.</p>
Meeting objectives of the TF	<p>How was institutional and policy reform around decentralization, local governance and service delivery facilitated? Did the outcomes have cross sectoral and cross country linkages? Yes. It lead to a greater understanding of the inter-governmental fiscal structure needed and intensified policy dialogue leading to a request from GoA for additional assistance focused on the entire fiscal system. The lessons learnt could be applied to reforms around the fiscal system in other post conflict and conflict countries.</p>
Additional funds leveraged	The work has lead to a concept paper on CDCs that feeds into the new NSP-3 operation with proposed funding. The follow up work has received additional funding from the Policy Facility.

Title and Country	2. Evaluation of National Solidarity Program and Support for CDCs. Afghanistan
Sector/TTL	Infrastructure, TTL- Susanne Holste
Status	Completed. Outputs shared with AusAID
Context and Objectives	To garner support for a policy that formalizes CDCs as part of the intergovernmental system. The CDC by-law of November 2006 is a first step. Buy in from other ministries is limited inhibiting the institutionalizing of CDCs as part of a sub-national governance system. CDCs will be transitioning out of the NSP from 2007 in a phased manner. A limited window exists to integrate them into the intergovernmental system or they face the risk of collapse despite the funds invested and the social capital built.
Outputs	(1) CDC National Conference or Jirga (2) Economic Impact Assessment of NSP completed (3) By law revision and support
Outcomes	The CDC national conference was organized in November 2007. The activity was successful in positioning the CDCs in the sub-national governance framework. GoA created the Independent Directorate for Local Governance (IDLG) which was mandated to formulate the country's sub-national governance policy. For this reason the review of the by-law took place but the revisions were postponed while awaiting the presentation of the policy. The draft policy was issued in September 2009 and explicitly recognized the CDCs as the lowest level of governance and also conferred certain administrative functions onto the CDCs. Government, under the leadership of the Ministry of Finance, recently confirmed that the CDCs are the sole entry point for development activities in the community and encouraged line ministries to work through CDCs for local level service delivery. The strong leadership and activism that the CDCs have created were manifested at the CDC national conference in November 2007 and the outputs (video, articles) from this event are testimony to this. The economic benefits of the infrastructure sub-projects were captured by the ex-post economic analysis which was presented to donors and GoA. Outputs have been shared with AusAID
Meeting objectives of the TF	How was institutional and policy reform around decentralization, local governance and service delivery facilitated? Did the outcomes have cross sectoral and cross country linkages?
Additional funds leveraged	The documentation of the CDC jirga and the economic analysis garnered greater support for NSP leading to the formulation of NSP-3 with additional lending. It also evaluated projects under NSP 1&2. NSP has been funded to the tune of \$ 920m by multiple donors.

Title and Country	3. Metropolitan Management and Governance in Punjab's Large Cities - Pakistan
Sector/TTL	Urban TTL –Raja Rehan Arshad
Status	Completed on a smaller scale Output attached to report.
Context and Objectives	Pakistan's devolution has been underway since 2001. The challenge is to improve service delivery in the metros. A workshop on metro governance was planned for key policy makers in Punjab province, focusing on integrated planning, public finance and service delivery. It would share lessons of metro governance from around the world through the experience of practitioners. Global experts would spend time beyond the workshop working with key policy makers on policy design. The workshop and follow up activities would support key reforms to be implemented through the Bank's three Punjab Large Cities Development Policy Loans (DPLs of \$ 300 million
Outputs	(1) Metro governance workshop for key policy makers with global experts sharing experiences. (2) Follow up activities with experts working on specific problems identified by policy makers. (4) Leverage of reform processes supported by Bank lending.
Outcomes	<p>The workshop inviting two to three international experts as originally envisaged couldn't be held due to multiple factors including the deteriorating security situation which was beyond the control of the team. Due to worsening macro-economic conditions the Bank changed the lending instrument from a Development Policy Loan with macro-economic triggers to a Programmatic Specific Investment Credit (PSIC) and the workshop was to support its preparation. However, the countries' political and security situation continuously deteriorated from 2008 and onwards, making it difficult to hold a substantive workshop with significant participation from all the stakeholders.</p> <p>Instead a portion of the funds was utilized to engage consultants to prepare, and work as the resource persons for the Metropolitan Governance Workshop. They participated in the Punjab Large Cities project preparation mission and produced a report on the overview of the Metropolitan Government Program and potential design of the Large Cities Program. A smaller workshop with select provincial and city officials from the five large cities was held on November 11, 2008, organized by Government of Punjab. The consultants also made a presentation to the Chairman Planning and Development Department, highlighting the key aspects of the proposed reforms in the large cities of Punjab. The presentation formed the basis for the discussion between the Bank and GoPunjab on the future reform agenda under the Punjab Large Cities Project. A summary of the reform agenda informed by the consultants' work has already been approved by the Chief Minister of Punjab. Currently, the GoPunjab is working on amending the Local Government Ordinance drawing significantly on the proposals made in the presentation to the Chairman Planning and Development.</p> <p>The work completed with funding from the TF has been significant in making the Go Punjab realize that problems with urban service delivery and governance cannot be addressed on a sector-by-sector basis, or simply through raising levels of infrastructure investment. New approach towards improving service delivery in the five large cities is to affect a fundamental shift in the way cities are defined, structured, and managed. A major indicator of this shift is the summary of the reform agenda already approved by the Chief Minister of Punjab.</p>
Meeting objectives of the TF	The work dealt with the design of policy reforms for the integrated management of large cities. It significant cross sectoral linkages as it aligns and clarifies the roles and responsibilities between the Province and the cities to allow for locally empowered and integrated metro management.
Additional funds leveraged	The work is linked to the Bank's Punjab Large Cities Project under preparation. The investment will be \$ 300 million with additional lending possible.

Title and Country	4. Off grid Rural Electrification with Renewable Energy - Pakistan
Sector/TTL	Energy TTL Mihaly Kopanyi
Status	Completed. Output attached.
Context and Objectives	<p>Pakistan has enormous renewable energy (RE) sources but it faces severe energy shortages. There are about 7000 villages with a dispersed population of 15 million un-served in coastal, desert or mountainous areas that GoP wants to support. RE might be a feasible solution, since it is uneconomical to serve them through the national grid. Both the government and donors have supported numerous projects and tested most RE forms in the last two decades. Neither technology nor funds are major impediments for the planned electrification. With a few exceptions these projects were in-kind donations by government or donors. They have proved to be unsustainable and some might be abandoned. Decentralization by putting local governments in the driving seat in project decisions, implementation, financing, and maintenance offers a solution for sustainable scaling up.</p> <p>The objective was to do an in-depth analysis of the present off-grid RE projects with the aim of examining key underlying socio-economic factors, governance factors, and exploring and testing sustainable decentralized solutions for large scale rural electrification.</p>
Outputs	<p>1) Analytical study based on large sample survey, establishing baseline indicators, testing public-private-participation issues, and drawing lessons from implemented projects</p> <p>(2) Developing policy proposals for the legal, institutional, organizational, financial, and procedural framework for large scale off-grid rural electrification and policy dialogue</p> <p>(3) Proposal submitted to government two governance model for piloting rural electrification (i) private vendor model; (ii) community management model.</p> <p>(4) Proposal submitted to Alternate Energy Development Board (AEDB) for governance and financing of an off-grid electrification program.</p>
Outcomes	<p>The proposals provide the government with instruments to make the off-grid rural electrification projects sustainable by either a community operation and maintenance or a private operator model. The AEDB has started to implement these models to stabilize projects installed in the recent years without sustainable governance framework.</p>
Meeting objectives of the TF	<p>The models elaborated are key steps towards decentralization and enhancing local governance. The outcomes will be truly cross sectoral since results will improve local governance, provide sustainable energy solution, and eventually improve local living conditions and to a lesser extent local economic activities.</p>
Additional funds leveraged	<p>AEDB is piloting the models with investment from GoP to the tune of \$5m.</p>

Title and Country	5. Evaluation and Documentation of the Power Sector Reform Process in West Bengal- India
Sector/TTL	Energy TTL- Ashish Khanna
Status	Completed. Report attached.
Context and Objectives	The objective is to evaluate and document the experience of power sector reform in the state and use it as a learning experience for other states and countries in the region contemplating reforms. This will be done through a knowledge and experience sharing workshop to which key policy makers will be invited. The activities to be funded will cover the documentation of the reform process. DfID has funded a project that is underway to augment the capacity of the Department of Power to develop an efficient, accountable and financially viable power sector in the state. The project supports the government's efforts to build the capacity of the state power utilities in order to improve their commercial viability and service delivery on a sustainable basis.
Outputs	(1) Monitoring and documentation of the power reform process. This would include documenting the extensive consultation experience that lead to reform, the unique structure and sequencing of reforms and the use of governance initiatives to achieve customer orientation and sustainable operational efficiency of the newly corporatized entities. (2) A knowledge and experience sharing workshop with key policy makers from states in India and other countries in the region followed by a seminar in Washington.
Outcomes	The activity has helped in documenting a critical change management process towards creating an efficient accountable and financially viable power sector in the state of West Bengal and has also helped in informing the experience and lesson learnt for reforms in other states/ countries/ sectors. Output is attached.
Meeting objectives of the TF	Government of West Bengal has chosen power sector to demonstrate as role model for service delivery system at state and local level. The state is expected to add almost 5 million additional rural domestic consumers and successful implementation of the program will help the state and the power utilities in delivering improved quality of electricity services to consumers across the state and facilitate lower fiscal burden on state finances, promote economic and industrial growth of the state, including facilitating wider rural employment options and better livelihoods and social outcomes. In addition, the documentation of West Bengal experience has useful lessons, for other states/ countries attempting reforms in sectors involving complex political economy consideration, like power and water.
Additional funds leveraged	The related DfID project has an investment of \$300,000. Bank lending is \$10,000

Title and Country	6. Federalism in New Nepal: Analysis and Options Nepal
Sector/TTL	Economic Governance TTL Geeta Sethi
Status	Completed
Context and Objectives	Nepal is in the process of transforming from a centralized monarchy to a federal state. The structure of different tiers of government, their roles and responsibilities and the nature of fiscal flows are all under discussion The objective is to examine the experience of countries in SAR and other regions for lessons relevant for Nepal at this juncture, and engage in policy dialogue with key policy makers.
Outputs	(1) Series of workshops with key policy makers and regional and global experts on various aspects of federal structures. (2) Learning visits for key policy makers (3) Organizing discussions among practitioners and policy makers. (4) Preparation of policy notes and position papers to inform decision makers (5) Viable options proposed.
Outcomes	A series of workshops to move different stakeholders towards a common agenda related to fiscal federalism
Meeting objectives of the TF	How did this activity facilitate institutional and policy reforms around decentralization, local governance and service delivery? Did the outcome have cross sectoral and cross country linkages?
Additional funds leveraged	Future lending is possible once the structure of fiscal federalism adopted by Nepal is clear.

Title and Country	7. Decentralized Local Infrastructure Service Delivery in Nepal- Nepal
Sector/TTL	Infrastructure TTL –Binyam Reja
Status	Partially completed. Output attached.
Context and Objectives	To develop a set of policy recommendations and a legal framework for improving the institutional structure for decentralized local infrastructure delivery. This study will be used to inform the ongoing debate on the structure of the state. The study will review the various sectoral legislations to identify gaps with the Local Self Government Act or its update and support amendments as needed .It will examine policy options to improve revenue generating capabilities of local governments to finance the development and maintenance of local infrastructure.
Outputs	(1) Study examining the experience of other countries in the region and select countries outside the region, with effective decentralized provision of local infrastructure services and recommendations on the optimal institutional set up for the delivery of local infrastructure in Nepal. (2)Policy Note and Implementation Plan (3) Two workshops to engage policy makers and obtain feedback
Outcomes	Case studies of five countries (Peru, Bolivia, Indonesia, Tanzania, and India) were completed. The conceptual framework for decentralized rural infrastructure developed based. A draft Policy Note was prepared. However, due to the delay in amending the constitution and constituting the new federal structure for Nepal, the planned workshops and discussion with policy makers could not take place. The study presupposes that Nepal would establish a federal form of government, as pronounced when the new government took power. The policy note will be amended and presented to government as soon as the federal structure will be made clear.
Meeting objectives of the TF	There is now a better understanding on the effective ways of managing a decentralized rural infrastructure. When the new federal structure is put in place, the team will be ready to engage the Nepal government on ways to devolve financial and administrative responsibilities of local infrastructure to elected local governments.
Additional funds leveraged	Future lending is possible once the structure of fiscal federalism adopted by Nepal is clear.

Title and Country	8. AP Urban Reform-Monitoring, Implementation and Fiscal Support India
Sector/TTL	Urban, TTL-Songsu Choi
Status	Partially completed. Output attached.
Context and Objectives	<p>The Government of Andhra Pradesh state in India has undertaken an ambitious urban reform agenda. The Bank has funded the \$ 233 million AP Urban Reform and Municipal Services Project, providing technical assistance and loans to finance client identified and implemented subprojects tied to local reform contracts between state and local governments.</p> <p>This study that will lead to policy dialogue and design to reform the monitoring and contracting of the reform process under this Bank project. It will also design criteria for allocating various external flows to local governments. The insights from the monitoring study would be used to redesign intergovernmental transfers so that discretionary grants and loans are allocated matching financial capacities of Urban Local Bodies to maximize efficiency and equity. It would examine whether general transfers can be modified to enhance reform incentives through matching grants and equity based on a measure of poverty.</p>
Outputs	<ul style="list-style-type: none"> (1)Evaluation of reform (2) Redesign of fiscal flows (3) Workshop with key clients to obtain feedback on initial design (4) Full draft of design (5) Second round of consultations (6)Final report and new policy documents
Progress	<p>Reforms carried out by about a dozen Urban Local Bodies (ULBs) have been identified and evaluated against targets set in 2004-05. There were generally large disparities due to over-ambitious targets and lack of concrete plans for implementation. Detailed revenue and expenditure data for 2005-08 has been collected for both the state and all ULBs except the five largest ULBs. Debt sustainability for the same ULBs has been evaluated. The majority of ULBs are judged solvent and moderately creditworthy. Initial discussions with the GoAP and the CGG have been completed, regarding the direction of the reform.</p> <p>Progress has been delayed due to the lack of full information on reform and capital grants.. Since this project was delayed considerably the activity was closed as partially completed and funds reallocated.</p>
Meeting objectives of the TF	The work facilitates institutional reforms around fiscal and external transfers to local governments. It has cross sectoral linkages as the transfers should lead to better service delivery and investments in ULBs in AP.
Additional funds leveraged	The Bank has funded the related \$ 300 million AP Urban Reform and Municipal Services Project

Detailed Progress Report on Activities
Funded in Round 2 (2008)

Progress on Activities Funded in Round 2- May 2008

Title and Country	1. Policy Support for Intergovernmental Fiscal Reform and Sub-national Fiscal Arrangements Afghanistan
Sector/TTL	Economic governance, TTL Yongmei Zhou
Status	In Progress
Context and Objectives	The objective is to generate policy proposals for strengthening and reforming the inter-governmental fiscal system. This is a follow up of the activity funded in Round 1 which focused on an evaluation of the inter-governmental fiscal system. Based on that work GoA through the newly established Independent Directorate for Local Government (IDLG) has requested for Bank's guidance for the next step of strengthening and reforming the fiscal architecture including sub-national fiscal reform. IDLG has been charged with reform of the inter-governmental system beginning in 2008.
Outputs	<ol style="list-style-type: none"> 1) Technical assistance (TA) to develop a long term framework with incremental steps for reform of the inter-governmental fiscal system and strengthening of sub-national fiscal arrangements. 2) A series of policy notes to guide the inter-governmental fiscal reform process and framework for long term fiscal reform. . 3) Policy dialogue along with TA with clients, stakeholders, the donor community and civil society.
Progress	<p>The work is completed. Following dialogue with Ministry of Finance (MoF) and the IDLG, the primary strategic focus for the work was the allocation of fiscal resources across sub-national jurisdictions. A secondary focus – the intergovernmental structure of budget authority – was also agreed. A series of technical assistance missions were undertaken. Additional trust funds from DfID financed a Kabul-based expat staff member on sub-national governance. Using Ministry of Education's general education program as a pilot, the Bank team assisted the government in developing a methodology for fair and transparent provincial allocations.</p> <p>During this period, the government IDLG developed a sub-national governance policy. The World Bank team provided ongoing feedback to the government and other donor agencies. This support is continuing now with financing from the World Bank. Though the topic of delegation of budget authorities to provincial departments did not receive much attention by government in previous discussions, it has now surfaced as an important area for progress.</p>
Meeting the objectives of the TF	The activity supports institutional reform of the inter-governmental fiscal system. It has cross sectoral implications as fiscal grants cover multiple sectors and cross country learning is possible for conflict afflicted or post conflict countries.
Additional funds leveraged	The Bank contributed \$ 782,915.89 and DfID \$210.500 to this activity. Future lending based on this work is possible

Title and Country	2. Framework for Implementation of Property Tax Decentralization in Punjab Province. -Pakistan
Sector/TTL	Economic governance, TTL Mihaly Kopyani
Status	Completed. Output attached.
Context and Objectives	The main objective is to develop the technical and governance framework for implementing decentralization of the property tax system so as to deepen devolution and own source revenues of LGs. The Local Government Ordinance 2001 mandates the devolution of Urban Immovable Property Tax (UIPT). However nothing has changed on the ground. The UIPT only provides negligible revenue even though property tax is one of the richest sources of revenue for LGs. This is due to unclear policy, unreliable information base, and lack of incentives, expertise, and capacity in UIPT administration. The Government of Punjab has committed to a fundamental restructuring of the UIPT system. In December 2007, GoPunjab notified the “Policy Framework for Decentralized and Integrated Administration of UIPT, and the “Medium Term Tax Policy Framework 2007-2012”. These policies are milestones in the municipal finance agenda and represent major steps towards enhancing financial sovereignty, governance, and downward accountability of local governments. The Bank has provided major support to the municipal finance reform agenda.
Outputs	<ol style="list-style-type: none"> 1) Comprehensive scope evaluation with gap assessment of provincial and local government agencies involved currently or potentially in property tax policy administration. 2) Identification of factors and conditions in the intergovernmental fiscal architecture, that would improve incentives and motivation at local levels to increase own source revenues. 3) Detailed concept and blueprint for a decentralized property tax system with specific recommendations. These would cover (i) institutional development, tax administration, organizational structures; (ii) human resources, capacity building, and training; (ii) information technology, databases, and networks; (iv) investment plans; (v) implementation framework including communication strategy; and (vi) broad cost estimates. 4) A five-year action plan for property tax reform implementation built on the outputs listed in 1) and 2) eventually adopted by the provincial government. 5) Three workshops and several technical meetings to sensitize and involve key stakeholders. 6) Leveraging Bank finance for specific programs e.g. funding property tax administration reform, TA on local revenue enhancement and capacity building.
Progress	The planned outputs were prepared; the blueprint and the action plan peer reviewed in February 2010. There has been substantial delay due to the security situation and postponed missions. The project has been expanded with a training program that includes targeted trainings for taxation officers (e.g. collection, valuation, tax policy). A special training was held in March 2010 focused on informing and sensitizing the tax officers about the new tax administration model, procedures, and requirements. The 70 participants unequivocally supported the reform. The subsequent floods =in the Punjab province in mid 2010 has temporarily diverted the Government’s attention from the tax reform, but the subject remains among its top priorities.
Meeting the objectives of the TF	The work supports policy and institutional reform of the property tax administration in Punjab. The model will be used for a similar reform agenda in other provinces of Pakistan.
Additional funds leveraged	This work is linked to a larger tax reform and municipal reform agenda supported by the Bank. GoP contributed \$ 100,000 and Bank \$ 91,000. The GoPunjab have submitted a request for further financial and TA support; the request is under consideration by the Economic Affairs Division Pakistan, from which approval is required to include this in the project pipeline.

Title and Country	3. Improved Secondary Education Service Delivery India,
Sector/TTL	Education, TTL Samuel Carlson
Status	In progress
Context and Objectives	To assist GoI and select states to establish a national learning assessment and baseline measurements of service delivery in secondary education based on learning outcomes of students in Grade 10. Secondary education is primarily (though not exclusively) a State subject in India, and this proposal would build capacity to monitor the quality of education service delivery at decentralized levels. In addition, these baselines will be essential to monitor progress in learning outcomes after (a) introduction of school-based management (SBM) reforms in publicly funded secondary schools and (b) piloting of alternative public-private partnership (PPP) service delivery models. These reforms are to be introduced through the new GOI program SUCCESS (implementation of these reforms are anticipated over the next 2-3 years). At present, no common national baseline measurements exist to measure school performance. There are only non-comparable secondary examinations conducted by 41 different Boards in 28 States and 7 Union Territories.
Outputs	Technical assistance, training and workshops aimed at: 1) Developing, piloting, field testing and revision of a Grade 10 national learning assessment. Such piloting would require development, validation, field testing and finalization of assessment instruments. 2) Piloting of one Indian State's participation in the OECD Program for International Student Assessment (PISA). 3) Program of support to establish the first "building blocks" for measuring the impact of expected efforts to improve accountability, local governance and service delivery in secondary schools in India through the new national program for Universalization of Secondary Education, called the Rashtriya Madhyamik Shiksha Abhiyan (RMSA).
Progress	Progress has been highly satisfactory, with all systems in place to deliver the projected outputs. The MOU was signed between Government of India and the Organization for Economic Cooperation and Development (OECD) for participation in PISA. AusAID representatives Mark Bailey Counsellor, Development Cooperation and Gopal Menon, Country Manager, India were present for the signing. ACER Australia is the competitively selected firm to provide technical assistance for this activity. Two contracts, one with ACER Australia and the other with ACER India, have been signed and are under implementation. The PISA instrument in three languages has been translated and successfully field tested. The Main Survey will be administered in October 2010. Data entry and analysis will occur in November and December 2010, with the first results available in January 2011. This will establish baseline information regarding quality of secondary education before RMSA rolls out. As RMSA places huge responsibility on newly formed School Management and Development Committees, for both school investment and operations, it represents a significant effort to decentralize secondary education to improve service delivery. The World Bank TTL has kept the AusAID representative in India informed; and they last met on September 27, 2010.
Meeting the objectives of the TF	The activity will soon be facilitating some of the reforms needed for more efficient and accountable delivery of public education services at sub-national levels, by rendering transparent the cognitive skills and knowledge of 15-year olds in two States in India, and comparing these achievement levels with those of 15 year olds in more than 50 other countries around the world. This will be the first time that the "output" of India's basic education system is transparently and objectively compared with that of other countries, which should increase the system's accountability. In addition, the results of this testing will be used to identify both strengths and weaknesses in the public education system, such that additional interventions can be undertaken to improve delivery of education services.
Additional funds leveraged	Additional funds of \$100,000 have been obtained from the Education Program Development Fund of the Education For All Fast Track Initiative. It will leverage Bank financing to support GoI's new campaign to universalize secondary education, currently under preparation with an outlay of \$ 600m and another \$ 250m from DfID and EU

Title and Country	4. Institutional Framework and Implementation Plan for Metropolitan Transport Authorities India
Sector/TTL	Infrastructure, TTL Nupur Gupta
Status	In progress
Context and Objectives	<p>The 74th Amendment of the Indian Constitution includes urban transport as an important sector for decentralization. At the local level, municipal governments have multiple agencies involved in one or more aspects of urban transport and lack the capacity to play a substantial role in urban transport development. Effective mechanisms for coordinating fragmented, and sometimes overlapping, responsibilities of national, state and several municipal actors in metro areas are not in place.</p> <p>The National Urban Transport Policy (NUTP) 2006 called for the establishment of “Unified Metropolitan Transport Authorities (UMTAs)” in all metro regions with one-million plus population (30 metros), for coordinated and effective planning and implementation of urban transport. It did not however provide a detailed framework for setting up UMTAs. Some cities i.e. Mumbai and Bangalore have designated "UMTAs", but they are at best consultative committees established at the state level with insignificant representation from cities in the metro region. They have not developed specific planning/decision- making processes or operating procedures. Nor do they have dedicated staff.</p> <p>This activity supports the development of a detailed policy and organizational framework at the national and state level for establishment of UMTAs and an implementation plan for setting up UMTAs in 2 metros from among the 9 demonstration metros currently participating in the Bank funded Sustainable Urban Transport Program (SUTP).</p>
Outputs	<ol style="list-style-type: none"> 1) Study of international best practices in urban transport institutional arrangements for investment planning/decision-making, system operations and management. 2) Articulate the need for and benefits of setting up UMTAs and develop technical guidance on UMTA organization and planning and decision making processes. 3) Prepare a variety of presentation materials which can be used at local, state and national workshops to inform officials at all levels about UMTAs. 4) Select 2 metro regions where state and local officials commit to establishing UMTAs and assist them in developing feasible institutional arrangements and procedures for UMTAs. 5) Develop detailed implementation plan for two metro regions. 6) Compile, synthesize and disseminate the results of the study through a workshop.
Progress	<p>Output1: The overall research framework and six case studies have been completed, including case studies on US, France, Canada and Australia, Brazil and Germany. The report has been finalized. Additionally, a quick assessment on India’s current situation and emerging innovations has also been completed.</p> <p>Output 2: The policy note on the need for UMTA has been drafted as part of a paper which brings together the case studies and the broad conclusions.</p> <p>Output 3: The presentation along with case studies has been prepared.</p> <p>Output 4: The Greater Raipur Area (GRA) consisting of Naya Raipur, Raipur, Durg and Bhillai has</p>

	<p>been selected for support under this activity. Since this is a significant activity and limited funds are available it has been decided to focus on the GRA.</p> <p>Outputs 5) The Approach Paper outlining the structure for the GRA UMTA, functions and responsibilities, sources of funding etc. has been developed and circulated after detailed interactions with primary stakeholders including the Chief Minister of Chhattisgarh. After further deliberations the structure of the UMTA would be finalized and given sanction eventually through legislation. Support will also be provided on various operational aspects to the UMTA. The UMTA structure is expected to be finalized by December 2010 and the final activity by March 2011.</p> <p>Output 6) awaits the finalization and completion of earlier outputs. The dissemination of the first set of outputs pertaining to international experiences and the policy note is expected to start shortly. The completion of second output would be possible after completion of all the related outputs.</p>
<p>Meeting the objectives of the TF</p>	<p>Fragmented institutional arrangements and ineffective planning and coordination in the urban transport sector hve been identified as critical institutional barriers which prevent Indian cities from providing efficient and accountable urban transport services. The project is intended to address these institutional barriers and support the Government of India and Indian cities to implement institutional and policy reforms as already defined in the National Urban Transport Policy, which in turn will improve the urban transport service delivery at the city and metropolitan levels.</p>
<p>Additional funds leveraged</p>	<p>Additional financing for this activity has been obtained from GEF (\$350,000) and from GoI's JNNURM program (\$350,000). It work is linked to the Sustainable Urban Transport Project with lending of \$105 million and a GEF grant of \$25 million, which is expected to scale up the reforms initiated here. GoI is also requesting funds from PPIAF to support following up activities which may involve the private sector.</p>

Title and Country	5. Strengthening of Panchayats in Bihar India,
Sector/TTL	Rural local governments, TTL Yongmei Zhou
Status	In progress
Context and Objectives	To assist Government of Bihar (GoB) to design a program to strengthen Panchayati Raj Institutions (PRIs) consistent with the Bihar Panchayati Raj Act, 2006, linked to the Bihar Panchayati Strengthening Project. The project's objective is to improve the autonomy, capacity and accountability of PRIs. Specifically, to 1) in select districts improve PRIs governance capacity to implement government anti-poverty schemes and undertake discretionary development initiatives that are responsive to community needs; and 2) improve the enabling policy and administrative environment for PRIs functioning.
Outputs	<p>1) Study on PRI finance. It will quantify sources of revenue, financial management and reporting requirements, their impact on management autonomy and accountability. It will analyze expenditure patterns and gauge capacity to utilize discretionary resources. Recommendations for changes in the inter-governmental fiscal framework will be made.</p> <p>2) Workshop on PRI capacity building with GoB officials, representatives of PRIs, institutions in the public and private sectors that have spearheaded capacity building approaches for PRIs. The workshop will help develop the policy framework for a PRI Capacity Building Program.</p> <p>3) Developing baseline measures of quality of local governance, covering local decision-making processes, citizens' perception of and interaction with local authorities, citizens' access to public services and welfare benefits. It will also look at the impact of Gram Sabhas (village assemblies).</p> <p>4) Design of a framework for evaluating the impact of specific interventions to improve PRI effectiveness and accountability, i.e. the Backward Region Grant Facility (BRGF), National Rural Employment Guarantee Program (NREGP) and primary education delivery.</p> <p>1) Key rules for implementation of the Bihar PR Act provisions with respect to single window for fund transfers to PRIs, public financial management and local accountability.</p> <p>2) Design of an Operational Manual for PRIs for the BRGF.</p> <p>3) Design of a PRIs Management Information System for implementation as a pilot in select districts.</p> <p>4) Government of Bihar Policy on PRIs Capacity Building.</p> <p>5) Based on the policy design of a medium-term program of PRI capacity building for financing by the Bihar Panchayati Strengthening Project and other co-financing partners.</p> <p>6) GoB Gram Panchayati Handbook. This will include guidelines on running Gram Sabhas, guidelines on participatory planning, social audit, financial management, and standing orders of Gram Panchayats.</p>
Progress	<p>Two studies have been completed: the Bihar Panchayat Finance Study by Georgia State University and Asian Development Research Institute, and the Socioeconomic Study of Panchayati Raj Institutions in Bihar by Asian Development Research Institute. Both provide important baseline information for the design of the Bihar Panchayat Strengthening Project, to be financed by an IDA loan of \$120 million.</p> <p>A review of BRGF implementation in Bihar has been completed with financing from a SIDA trust fund. A workshop with state and district stakeholders was organized in July 2009, as part of the dissemination process of the national review by the World Bank.</p> <p>The balance of AusAid TF will be utilized for follow-up advisory and technical assistance work.</p>
Meeting the objectives of the TF	The studies financed by this trust fund have greatly enhanced understanding of the status of the panchayat system in Bihar. They assisted in the design of a project that will support the panchayats in taking leadership on a number of development issues that directly affect villagers' lives, namely sanitation, quality of drinking water, nutrition status of children, and natural resource management.
Additional funds leveraged	It is linked to the Bank's Bihar Panchayati Strengthening Project with lending of \$ 120 million. The project is also co-financed by a PHRD grant from Government of Japan of \$520,000 and \$100,000 from SIDA.

Title and Country	6. Framework for Implementing PESA Act in Chhattisgarh-India
Sector/TTL	Rural/tribal local government, TTL- Barbara Verardo
Status	Completed Outputs attached
Context and Objectives	<p>Tribal communities in India have been managing their affairs and natural resources through traditional systems of governance since time immemorial. After independence laws and institutions that ignored traditional systems of governance were extended to the tribal areas and applied mechanically, even when they contravened traditional tribal practices and institutions. The Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA), extending the provisions of the 73rd Amendment of the Constitution (1992) covering decentralization to tribal dominated areas, is a positive exception. The Act recognizes the right of tribal communities to their own systems of self-government and their traditional rights over natural resources. Besides granting powers of self-governance, PESA empowers the Gram Sabha (village assembly) to approve development plans, control all social sectors – including the processes and personnel who implement policies, over minor (non-timber) forest resources, water bodies and minerals, manage local markets and stop land alienation. But even after a decade the Act has not been implemented fully by a state in India. This is the first effort to lay the foundation for an implementation of the Act.</p>
Outputs	<p>1) Review of PRI legislations in Chhattisgarh including status of implementation formal and informal impediments and degree of conformity of PRI legislation to PESA Act, status of necessary amendments to corresponding National Acts (Indian Forest Act, Money Lending Act, Land Acquisition Act, Police Act, Wildlife Protection Act, etc) and at the state level; resolving inconsistencies in legislations.</p> <p>2) Stock-taking of the institutional interface between customary and democratically elected bodies in Scheduled Areas, nature of PRIs in Scheduled Areas of the state, the process of formation, degree of synergy with traditional village councils, status of devolution of power, effectiveness in accessing funds and delivering services and the relation between traditional and Panchayati systems.</p> <p>3) Developing implementation guidelines/strategies for PESA Act</p> <p>4) Raising awareness about PESA through Panchayati Shivir (Legal Literacy Camps) and exposure visits within the state as well as between states.</p> <p>5) Developing new strategies for empowering Gram Sabhas by revising Bank funded Chhattisgarh District Rural Poverty Project (DRPP). guidelines.</p>
Progress	<p>The task has been completed with several outputs besides the ones initially planned within a small grant of \$ 75,000. Output (2) was replaced with Operational Guidelines to pilot implementation of PESA in a tribal district of the state, where traditional institutions and the Gram Panchayats are interfacing. This was done at the request of the then Principal Secretary, Panchayati Raj. The Guidelines have been submitted. The team also supported the formulation of an implementation plan for Korea District. Output (5) could not be delivered as it was based on the assumption that the closing date of the DRPP project would have been further extended. However the closing date of March 2010 has been confirmed and the project is now closed. All other outputs have been delivered. Furthermore, a number of additional outputs, initially not envisaged, have been produced as a result of specific demands from the Chhattisgarh government at state and district levels, as well as on the basis on findings from the field. These are as follows:</p> <p>1. Policy Briefs</p> <ol style="list-style-type: none"> 1. Conversion of Forest Village to Revenue Village in Chhattisgarh- Not only a human need but also a legal mandate under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 and the Rules, 2008 2. Legal Framework of Minor Water Bodies in Chhattisgarh: Key Issues and Analysis

	<ol style="list-style-type: none"> 3. Regulations of Intoxicants in Schedule Areas of Chhattisgarh 4. Ownership, Management and Administration of Minor Forest Produce: Enabling an Operational framework under PESA for the Scheduled Areas of Chhattisgarh 5. Regulation of Minor Minerals in Chhattisgarh and PESA: Key Issues and Analysis 6. Framework for Regulation of Village Markets in PESA and Chhattisgarh: Implementation Challenges 7. Tribal Sub Plan Strategy and PESA Framework in Chhattisgarh: Key Issues and Analysis <p>II. Training material</p> <ol style="list-style-type: none"> 1. Module for SFRTI including Training material 2. Aid to Trainers-Panchayat Shivar – Legal Literacy Camps <p>III. Others</p> <ol style="list-style-type: none"> 1. Suggested Amendments in the Legal Framework of PESA in Chhattisgarh 2. Benefit Sharing from Mining Industry in Scheduled Areas--An Example that may be replicated by the State of Chhattisgarh for Scheduled Areas Development 3. Additional questions specific to PESA, that may be used by officials of various departments as indicators for village / Panchayat situational review 4. Lessons from other states to Develop a Framework of Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996 in Chhattisgarh 5. Matrix on Lessons from other states to Develop a Framework of Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996 in Chhattisgarh 6. A comparison of the Report of the Sub-Committee appointed by the Ministry of Panchayati Raj Institutions to draft Model Guideline to vest Gram Sabha with powers envisaged in PESA 7. Framework for Implementation of PESA in Chhattisgarh, India- Analysis of Legal framework 8. Recommendations of the Sub-Committee appointed by Ministry of Panchayati Raj on the workings of PESA <p>IV. Project Processes</p> <ol style="list-style-type: none"> 1. Setting-up of a Framework for Implementation of PESA in Chhattisgarh, India-Approach, Analytical Framework, Methodology and Timelines 2. Framework of Implementation of PESA in Chhattisgarh-Field Consultation Plan 3. Revised Action Plan as per the Field Consultation Plan
Meeting the objectives of the TF	This is the first step to implementation of the PESA act and the state would be the first to implement tribal self government..
Additional funds leveraged	Future lending is possible. The Government of Chhattisgarh and the Chief Minister have expressed interest in follow-up activities, especially with regard to the implementation of the pilot in Korea district.

Title and Country	7. Implementation of Effective Nutrition Policies at the Local Level to Address Malnutrition in the Estate Sector and Rural Pockets-Sri Lanka
Sector/TTL	Health TTL Sundarajan Srinivasa Gopalan
Status	Completed. Output attached.
Context and Objectives	<p>While the overall nutrition indicators among women and children are high in Sri Lanka, a Bank study, “Malnutrition in Sri Lanka”, 2007 revealed pockets where malnutrition is high. The estate sector is substantially lagging behind in this respect. SL does not have a National Nutrition Policy (NNP). A draft NNP and Action Plan drafted with assistance of UN agencies is pending cabinet approval. These have not recognized or provided for the malnutrition in the estate sector. GoSL has acknowledged the importance of a multi-sectoral approach to nutrition. This has not however extended to cross sectoral institutional arrangements. Several ministries and units such as Department of Agriculture and Ministry of Poverty Alleviation participate in the National Nutrition Surveillance. Within the Ministry of Health (MoH) there are several departments involved in nutrition activities; FHB (in charge of estate medical officers and public health midwives), Nutrition Division, and Nutrition Coordination Division (NCD). The last two departments exist separately within the same ministry Lacking a clear mandate the NCD has little power in coordinating these internal and external actors.</p> <p>The estate sector has indicated interest in divesting delivery of health to the local governments. A recent Bank study has also made this recommendation. The objective is to build the capacity of local governments for effective implementation of local nutrition policies to tackle malnutrition in the estate sector. This will be the first time that an attempt is made to enhance the role of LGs in the delivery of nutrition. It is hoped that the strategy and implementation plan proposed here will be incorporated in the national documents. The policy dialogue will include dialogue with clients and donors in this regard.</p>
Outputs	<p>Facilitating policy dialogue among stakeholders to build consensus on malnutrition;</p> <ul style="list-style-type: none"> • Review of the successful strategies and interventions to reduce malnutrition among underserved population; • Knowledge dissemination workshops at the national and local levels • Developing ways to improve decentralized nutrition service provision for selected estate and rural populations • Local level coordination committees in chosen communities; • Reports from consultative meetings for strategy formulation; • Draft nutrition strategy with design of interventions for estate and rural populations
Progress	<p>All the planned activities have been completed.</p> <ul style="list-style-type: none"> • A situation analysis and review has been completed and the report is available. • A national level workshop to facilitate policy dialogue on nutrition was held with representation from all relevant ministries, provincial representatives, donor partners and NGO’s. The workshop was successful in building consensus among stakeholders on the need for a multi-sectoral and decentralized approach to nutrition interventions. • Two local level workshops were held in Central and Eastern provinces and the strategy and draft proposals to improve nutrition presented and modified based on feedback. • A central level coordinating committee (with provincial representation) to assist with the drafting of suitable action plans is functional and has had three rounds of discussions. Local level coordination committees which would harmonize with other rural development programs such as the Samurdhi program have been established in the two provinces at district level. Two village level coordinating committees have been established in each district to examine the feasibility of the concept. • Strategies and action plans for improving decentralized nutrition service provision for estate and rural populations have been completed. These were based on an extensive situational

	<p>analysis to determine the “what” and “how” of the nutrition environment in the estate and rural, a participatory qualitative assessment to gather views of beneficiaries and other stakeholders and an assessment of the nutrition service provision capacity at district level. This process also contributed to improving awareness regarding nutrition issues among all stakeholders. Pilot nutrition interventions have been developed for the two areas. The design includes a role for the Grama Niladhari and other local level personnel such as the Divisional Samurdhi officers.</p> <p>Designs of local level nutrition interventions were prepared, approved by the Ministry of Health sub-committee on maternal and child nutrition. Based on these designs two proposals were prepared for the Japanese Social Development Fund – one for emergency window to assist the Northern Province meet the nutritional needs of the internally displaced persons and another for the regular window for the estate population and rural population. The former has already been approved and the team is still pursuing the latter.</p>
<p>Meeting the objectives of the TF</p>	<p>This is the first attempt to look at policy reforms leading to better nutrition delivery at the local level by involving local stakeholders including the local government. It can be used to address malnutrition in other South Asian countries.</p>
<p>Additional funds leveraged</p>	<p>The activity has been followed up through a proposal made to JSDF. Grants to the tune of \$2.9 million have already been approved and more are being sought</p>

Title and Country	8. Supporting Dialogue and Strengthening Advocacy for Decentralization in Sri Lanka
Sector/TTL	Decentralization TTL- Balakrishna Menon
Status	Completed.
Context and Objectives	The overall objective is to devise ways in which the Bank can develop a strategy for engaging with the Government of Sri Lanka on furthering local governance reforms. This objective will be accomplished through commissioning of a short strategy note on engagement, execution of policy advocacy events, training of government officials, and engagement of other donors.
Outputs	<ol style="list-style-type: none"> 1. Preparing and disseminating a short note outlining key policy issues and strategic options. This note will form the basis for initial engagement between the World Bank and the Government of Sri Lanka on intergovernmental reform and local government strengthening; 2. Policy advocacy through a national level workshop targeting key policymakers, civil society members and donors aimed at increasing awareness regarding decentralization and local government strengthening. 3. Short in country training for key officials on fiscal decentralization and intergovernmental reforms. 4. Half-day donor retreat with the objective of creating awareness on local government issues among key donors and bringing better donor coordination in this area
Progress	<ol style="list-style-type: none"> (1) Draft strategy note on a Non-lending TA Program for Decentralization completed. (2) Study tour to Kerala state in India was organized for 6 senior central and provincial officials to assess decentralization and to take part in a national workshop on local planning (3) A linked comprehensive report on the Political Economy of Decentralization funded by a separate JIT grant under the TF has been recently concluded. This report has two parts: (i) a review of the de jure and de facto functional and fiscal assignments, which provides the background for (ii) a comprehensive political economy analysis of decentralization. The highlight of the PE analysis is a comprehensive nationwide survey of different stakeholders regarding their perspectives on decentralization and sub-national governments. In the context of the cessation of armed conflict in the North and East and the return to power by Mahinda Rajapakse, this report provides sensitive and important clues regarding future prospects for and pathways of decentralization.
Meeting the objectives of the TF	The activity is supporting policy advocacy, dialogue and training for implementing institutional reforms related to decentralization.
Additional funds leveraged	The Bank is financing the North East Local Services Improvement Project, which aims to put in place sustainable institutional arrangements for accountable and responsive local service delivery in the Northern and Eastern Provinces. The proposed lending is \$ 80 million. It may be increased. In addition, it is expected that this support will help leverage additional financing from other DPs.

Title and Country	9. Support for An Analysis of Decision Space, Capacities and Accountability in the Healthcare Sector in WB- India
Sector/TTL	Health TTL-Paolo Belli
Status	In progress
Context and Objectives	Though decentralization of service delivery has taken place in India in 1992 there is still limited evidence about its impact. The Bank is interested in developing a program of work on decentralization and health to improve its support for service delivery in the sector. The Bank has conducted several studies to analyze the status of devolution of authority especially at the rural level. The study will conduct an assessment of decentralization in the health sector in the state of West Bengal. It is expected that this assessment will assist in the development of sector programs at the state, district and block levels and will serve as a baseline for evaluating those programs. The assessment will be along three related dimensions that are key to successful decentralization in the health sector. The decision space or range of actual decision making of decentralized authorities. The capacity to make and implement decisions, and the accountability of local administrative officials to local elected officials and citizens
Outputs	1) Design of survey 2)Conduct of study in select districts 3) Recommendations for policy change.
Progress	The study has been completed and discussed. The study involved a survey of health administrators, health workers and local elected officials in six selected districts of Jalpaiguri, Uttar Dinajpur, Bardhaman, Bankura, Birbhum and Purba Medinipur, to represent different socio-economic statuses, geographic areas and political party affiliations. Specific surveys were designed for different types of officials, workers and Panchayati Raj Institutions (PRIs functionaries). The report is based on the responses of 209 officials (48 health workers, 68 health administrators, and 93 PRI functionaries/office-bearers) in the six districts. Several recommendations are made in the report.
Meeting the objectives of the TF	The assessment will be used to suggest policy reforms around decentralization of health in the state. The team aims to publish the study as a research paper, and will share it with the West Bengal health authorities when it is cleared by Bank management.
Additional funds leveraged	Additional funding is possible in the future.

Title and Country	10. Social Audit of Local Government Reform in Bangladesh Bangladesh
Sector/TTL	Local governments TTL- Nilufar Ahmad
Status	In progress
Context and Objectives	<p>GoB has undertaken reform of the LG system to make it more efficient, responsive and accountable to citizens. It is in the process of amending key laws and regulations, setting up a LG Commission, and revising electoral laws. The Bank supported Local Governance Support Project (LGSP) aims to strengthen Union Parishads (UPs), the lowest tier of LG. The project provides UPs with transparent and predictable block grants, as well as discretion in expenditure. UPs are now held to higher standards of accountability, both to their citizens and to higher levels of government. It is expected that this would help UPs deliver services that are more efficient and responsive.</p> <p>It is not clear if greater autonomy and resources to UPs will translate into better services, especially for the poor, or if strengthening accountability systems will result in lower corruption. Government systems that track public expenditure do not provide answers to concerns about social and development outcomes from a citizen's perspective. Government evaluations are vulnerable to bias. An independent social audit that captures citizen's voices, evaluates outcomes and social and development impacts of the local government strengthening program is important.</p> <p>The objective is to track from a citizen's perspective the public expenditure process—from planning, budgeting, expenditure, financial management to outcomes in a sample of LGs under LGSP. These audits would combine qualitative and quantitative information collected through independent sources to evaluate on a periodic basis successes and failures, lessons learned, and to determine course corrections to LGSP. Attention will be paid to social and developmental impacts on poor and vulnerable population groups in rural areas.</p>
Outputs	<ol style="list-style-type: none"> 1) Production of training and operational manuals for training community specialists to undertake audits and for actual audits in the field. 2) Training of about 50 community specialists from 10 or so nationally known NGOs in social audits in the context of decentralization and local governance. 3) Independent social audits in a sample of about 100 UPs covering stages of the public expenditure process. 4) Performance review of audit reports or decentralization outcomes, especially for the poor. These results will provide feedback for program improvements and policy changes. 5) Publication and dissemination of the findings of the social audit program among key stakeholders such as relevant GoB and, local government officials and civil society.
Progress	<p>A well known organization VERC (Village Education and Resource Center) was contracted through open bidding process in June 2010, who will be conducting social audit in 50 UPs in Dhaka Division. A Social Audit Manual has been finalized on July 6, 2010 in a roundtable with feedback from Government, UP leaders, communities and development partners. The senior program officer from Australian Embassy was present at this roundtable and provides feedback on the Manual and process. Training of Trainers (TOT) was completed in September and VERC submitted and social audit strategy and workplan with monitoring indicators. VERC has appointed program officers and community facilitators, who are organizing meetings at the UP level and will establish citizens group at the village and UP level. A Manual for Citizen's group is being developed. This will be used to train the citizen's group on how to conduct social audits. Baseline will be completed by October and the training of the citizen groups will commence in November. The social audits will be initiated from November 2010 and commence on June 30, 2011. Under the overall Bangladesh NLTA on Local Governance Program, a media agency was contracted and some of the social audits open meetings will be broadcasted live by national TV.</p>
Meeting the objectives of the TF	<p>This task addresses the local governance aspect of the objectives of the TF. This is the first time that there will be a social audit that will look at the functioning of local governments.</p>
Additional funds leveraged	<p>The work is linked to the Bangladesh Local Governance Support Project which has Bank lending of \$ 91.5m. A second phase is planned with \$ 625m. It also has related NLTA to the tune of \$3m from SDC.</p>

Detailed Progress Report on Activities
Funded in Round 3 -2009

Progress on Activities Funded in Round 3- August 2008

Title and Country	1. Decentralization of Health & Education Service Delivery in South Asia Region-SAR
Sector/TTL	Health and Education TTL- Pablo Gottret
Status	In progress
Context and Objectives	<p>The main objective of the work program is to better understand through an analytical study the impact of decentralization, more specifically devolution, of health and education service delivery in South Asia region from a technical efficiency, allocative efficiency and equity perspectives. It will analyze the issues and gaps in knowledge and practice in decentralized health and education services in terms of intergovernmental relations (central/regional/local/community) as well as fiscal flows and public financial management concerns. The work program aims at influencing policy pronouncements and fiscal relations as they relate to the decentralization of health and education services in order to help central/local compacts in client countries. It will directly contribute to reform processes through operational support to projects in India (West Bengal, Bihar) and Bangladesh.</p> <p>This work program will be aligned with the broader decentralization work taking place in the region and will contribute to the proposed Regional Decentralization Strategy.</p>
Outputs	<ol style="list-style-type: none"> 1. AAA. Policy Notes will be developed to respond to the objectives outlined above. The following questions will be addressed among others, <ul style="list-style-type: none"> • What is the impact of decentralization of health and education service delivery from a technical efficiency, allocative efficiency and equity perspectives? • What is the evidence (from other regions as well as SAR) about the possible impact in terms of health and education outputs of alternative intergovernmental relations (central/regional/local/community) as well as fiscal flows and public financial management? • What is the government failure at the central level that devolution is attempting to overcome and how will this be achieved? What is the available evidence supporting success in these objectives? • What to decentralize and how to decentralize in terms of health and education public sector delivery? • What are the enabling conditions for education and health sector delivery decentralization to work? • What can we learn from good practices in decentralization of health and education service delivery from SAR countries and from other regions? • What can we learn from Conditional Cash Transfers, Results Based Financing for improving incentives for health and education sector delivery? 2. Workshops and Learning. The program contemplates two regional workshops: <ol style="list-style-type: none"> (i) One year after the initiation of the program. This will disseminate available knowledge and evidence based on literature review and initial lessons from the support to client countries. In addition to dissemination of the lessons learned and good practices it aims at listening to the clients and Bank staff on issues that the program may be missing and may need to be complemented in the second year of the program. (ii) Dissemination workshop at the completion of the AAA and support to county support. 3. Support to Regional Decentralization Strategy. The work developed will feed into the Regional decentralization Strategy. 4. Supporting to aligning health and decentralization operations by working with health and local governance teams in South Asia to look for synergies and to also have joint programs for cross sectoral approach to decentralization.

Progress	Basic district level data is being gathered in India and Pakistan. Counterpart institutions for the study have been identified and contracted. Consultants for the global literature review as well as literature review in India, Pakistan, Sri Lanka have been contracted. Draft reports for the literature review are expected by end November 2010.
Meeting the objectives of the TF	This is the first study of decentralization of health and education in the region and the aim is to suggest practical policy reforms to make decentralization work in these sectors. The work program includes support to projects in India (Kerala), Sri Lanka and Pakistan. The literature review will review evidence and good practices from different countries in the SAR and other regions of the Bank.
Additional funds leveraged	The work is being supported by the Bank to the tune of \$150,000. It will also lead to future lending and technical assistance since the purpose is to design a new work program on decentralized delivery of health and education in South Asia.

Title and Country	2. Support for the development of a Municipal Borrowing Framework in India
Sector/TTL	Local governments TTL- Roland White
Status	In progress
Context and Objectives	<p>As urban infrastructure needs have grown and capital markets have deepened in India, access by urban local governments to these markets in order to finance their infrastructure needs has become an issue of increasing importance. However, municipal borrowing has remained low throughout the country to date. In this context, the Government of India (Ministry of Urban Development) has requested technical assistance to (i) analyze recent trends in municipal borrowing; (ii) assess the regulatory environment, focused specifically on regulatory constraints to expanded municipal access to finance; (iii) develop initial high-level proposals to address the regulatory issues responsible for the disconnect between financing need and capital market access on the part of municipalities.</p> <p>This is an extensive exercise which the Bank intends to fund from a variety of internal (Bank Budget) and external (Trust Fund) resources. This activity focuses on the assessment of the regulatory constraints to municipal borrowing. The specific objective is to develop a rigorous analysis of the current legal and regulatory environment surrounding municipal borrowing in India (i.e. item ii. above) which will provide the basis for the development of proposals for a regulatory framework focused on expanding a municipal debt market in India. This, in turn, will enhance the resources available to municipalities for investment in local infrastructure and services.</p> <p>The funds will be used to fund the services of a specialist(s) to undertake the assessment and associated costs. The work will support a process of policy reform of the regulatory environment surrounding municipal borrowing in India, which is being driven by the Ministry of Urban Development. It will engage directly with state governments - which have core powers and responsibilities in this area - in Gujarat, Madhya Pradesh, Maharashtra and Tamil Nadu. The work will focus mainly on policy analysis/design and dialogue.</p>
Outputs	The output will be a report and related documentation (presentations, policy notes etc.) assessing the regulatory environment for municipal borrowing in India. As indicated this will provide part of the basis for and will feed into the development of policy reform proposals and related dialogue with the federal and a number of state governments on this issue. The overall outcome of the process is expected to be the initiation of reform of regulatory frameworks for municipal borrowing at central and state level. The intermediate indicator of the overall outcome will be broad acceptance of the proposals made by the Steering Committee established by the MoUD to oversee the work.
Progress	The work is nearing completion. Two presentations outlining the key analytic findings and proposals from the study have been made to the MoUD/Steering Committee and a draft final report has been submitted. The Bank is awaiting feedback on the draft report from stakeholders, to finalize it. It will then be taken through the Bank's internal review processes, and submitted to the client.
Meeting the objectives of the TF	The work feeds into the development of an institutional framework for municipal borrowing. The focus is on facilitating borrowing to fund the full range of infrastructure investment needs of municipalities. It will draw on the international experience of establishing regulatory frameworks for municipal borrowing in developing countries such as Russia, South Africa and Hungary. It is expected also to provide useful lessons for other developing countries, particularly in the S. Asia region which may wish to enhance access by municipalities to debt finance.
Additional funds leveraged	The proposed activity forms one of a suite of inter-related activities which all comprise part of an overall exercise to develop a strengthened regulatory framework for municipal borrowing in India. The project leverages \$190,000 in additional donor and Bank funding (SIDA-\$ 140,000) and WB-\$ 50,000).

Title and Country	3. Integrated development indicators for Sub-district resource allocation -Bhutan
Sector/TTL	Local governments TTL- Aphichoke Kotikula
Status	In progress
Context and Objectives	<p>Decentralization is an integral part of the democratization processes in Bhutan to facilitate a greater plurality in national and local governance for greater transparency, accountability and efficiency in public service delivery and implementation of development activities at both the national and local levels.</p> <p>The objective is to support the government in the allocation of resources to sub-districts (Gewog) governments by providing indicators as well as toolkit for resource allocation. The indicators at the Gewog level can improve both earmarked and non-earmarked grants. The small area estimation method (or poverty mapping), can enrich indicators for resource allocation. Indicators related to service delivery at the Gewog level would be most relevant in improving how block grants are used at the Gewog level. This would facilitate decentralization and link the process to poverty reduction. It would improve the allocation of block grants as well as other earmarked grants to Gewogs. It would improve service delivery though local level indicators</p> <p>A team is working on a poverty mapping for Bhutan to be completed in September. This would be used along with other existing data to develop the indicators The work will feed into the proposed TA on the inter-governmental fiscal system. This study is critical to implement the new results-based policy planning and resource allocation specified in the 10th Five-Year Plan (10FYP), which is Bhutan's PRSP. RGoB is preparing a formula to determine levels of fiscal transfers from the central government to local governments based on poverty incidence, population, and geographical areas of local administrative units. To properly reflect need, inputs for the formula are to be as disaggregated as possible. The creation of a comprehensive gewog-level indicators database will be useful for the implementation of this new system. This indicator database will also be useful for monitoring the progress of development outcomes of local governments.</p>
Outputs	<p>1) Improving resource allocation mechanism to local governments. Development of indicators that will be used as a basis for rationalized discretionary grants for all local governments based on a formula that takes into consideration factors of population, geographic area, and poverty.</p> <p>2) Improving service delivery though these local level indicators. Bhutan's land-locked geography and sparse settlement pattern pose major challenges for service delivery. Providing equal access to infrastructure and services is costly due to Bhutan's mountainous terrain, and the exploitation of externalities from urban agglomeration is limited due to Bhutan population distribution, which remains mostly rural and often remote. The indicators will make service delivery more objective than relying on perception and subjectivity.</p>
Progress	<p>Local indicators that have been produced, in collaboration with the National Statistics Bureau (NSB), are: (a) poverty headcount rates, (b) market accessibility index, (c) food security (based on caloric deficiency). The market accessibility index shows the potential of villages to reach markets in cities. The indicator relies on two factors: travel time to nearby cities and size of markets or cities by combining road network data with urban population pattern. These indicators will be presented in conjunction with information from the Population Census in order to augment the utilization of the local indicators.</p> <p>Trainings on the Small Area Estimation methodology have been provided to staffs of the NSB. This method allows analysts to estimate various indicators at the local level. A core team (consisting of 3 technical staff) have learned the method and can now conduct the estimation independently. Discussions have taken place with counterparts at the National Statistics Bureau on</p>

	<p>the design and feature of the GIS Web portal and toolkit for local development indicators. The TOR has been drafted and work to develop the GIS web portal and toolkit will begin in November. The head of the Local Development Department of the Gross National Happiness Commission has indicated interest in making use of the indicators and toolkit for making allocations at the local level.</p>
<p>Meeting the objectives of the TF</p>	<p>The design of grants based on the development indicators will be an important policy reform related to decentralization and decentralized service delivery. The framework and analysis for this work will be useful for other countries that have just completed poverty map, have strong local level data. Bangladesh could benefit from the findings and the policy dialogue on decentralization in Bhutan.</p>
<p>Additional funds leveraged</p>	<p>It is linked to the TA on Poverty Monitoring and Statistics which has an outlay of \$85,000.</p>

Title and Country	4. Operations Guide and Training for Local Governance Projects- South Asia Region
Sector/TTL	Local governments TTL- V. Rama Krishnan
Status	In progress
Context and Objectives	<p>The Bank is supporting local governance and service delivery in South Asia and the pipe line of lending operations has been increasing since 2007. Five local governance support projects are currently being prepared in India (Kerala, West Bengal and Bihar), Pakistan (Punjab Large Cities Project), and Sri Lanka (North East Local Services Project) with more in the pipeline (Gujarat, Andhra Pradesh, Bangladesh Urban LGSP). The concept and design of these projects are different from the usual investment lending operations of the Bank as they have a programmatic approach. While there is broad agreement on the concept, several issues come up regarding their design, from the point of the Bank’s Operational policies (OP) and Bank Procedures (BP). The standard approach to fiduciary design is not adequate to meet the decentralized nature of project implementation and the focus on institutional strengthening makes it difficult to have direct oversight of funds. The challenge is to identify operational and fiduciary designs that are in tune with the underlying concept of these projects, and within the rubric of the Bank’s Operational Policies and Business Processes. This lack of clarity leads to delays in project preparation.</p> <p>There is the need for guidelines on components of Bank project design including Financial Management, Procurement, Environment and Social Safeguards .This will help Task teams to view the design and operational issues, understand underlying project risks and identify solutions</p> <p>The objective is to prepare this guidance note to enable Task Teams in SAR preparing local governance operations to (1) achieve a common understanding of the operational issues involved especially regarding key operational aspects relating to Financial Management, Procurement, Environmental and Social Safeguard and not “reinvent the wheel” for every new project; (2) learn from past experience both within SAR and from other regions of the Bank on how these operational issues were addressed so that it gives the Task Teams more options to consider while designing projects and (3) make project design more efficient by informing task team members of the possible solution options that can enable them to put in place robust implementation and risk management arrangements.</p> <p>The ultimate benefit from well designed and efficiently implemented projects accrues to client governments.</p>
Outputs	<p>The expected outputs will be an “Operations Guidance Note for the Preparation and Supervision of Local Governance Projects in SAR”. In the course of preparing the note, the grant funds will be used to organize a work shop of experienced Bank staff and other specialists from various regions of the Bank to discuss the key issues relating to the Financial Management, Procurement, Safeguards and other operational aspects of local governance projects and identification of best possible options for project design and risk management. Training will be organized for local governance and staff dealing with procurement and related issues in the country offices and at headquarters.</p>
Progress	<p>A Task Team comprising of Lead Specialists from FM, Procurement and Safeguards was formed and with the support of experienced consultants, the work on the preparation of the Operations Guide is progressing on schedule. The first draft of the Guide is nearing completion and the team hopes to complete the first draft by mid November. As soon as the draft is ready, it will be sent out for peer review prior to finalization.</p> <p>As part of the preparation of the Guide a one day Round Table Discussion/Training was organized jointly for the SAR and AFR Procurement Specialists in March 2010. The event was attended by</p>

	<p>Procurement Specialists and FM Specialists from SAR as well as sector specialists and other experienced fiduciary and sector staff from AFR and ECA. In June 2010 a consultation on Safeguard issues was organized between the SAR Safeguards team and the AFR Safeguards team.</p> <p>The Task Team is submitting an additional request for funds to enhance the quality of the production of the guide and organize dissemination/learning events for sector staff, fiduciary and safeguards specialists of the region</p>
Meeting the objectives of the TF	It will help in designing projects that address the issues of reform around decentralization and service delivery.
Additional funds leveraged	The Guide has helped the preparation of the local governance projects in Kerala, West Bengal, Bihar and Sri Lanka in the current FY, with funding of \$ 640m. It will also benefit task teams of the various local governance projects in the pipeline.

Title and Country	5. Formulation of HR Rules and Regulations for Urban Local Governments in Bhutan
Sector/TTL	Local governments TTL- Toshiko Keicho
Status	In progress
Context and Objectives	<p>In parallel with the country's smooth transition towards democratization, Bhutan's legal framework for urban local governments has recently seen a significant change by enacting the <i>Thromde Act</i> (Municipal Act) of 2007. Before this Act, the country's only two city corporations (TCC and PCC) were functioning as implementing arms of the central government under the aegis of the Royal Charter and the Municipal Act of 1999. But the <i>Thromde Act</i> mandates establishment of democratically-elected urban local governments with an enhanced autonomy and accountability with regards to planning, staffing, finance and budget. The Act introduces classification of urban areas based on their socio-economic profiles such as population and economic activities, and assigns clearer responsibilities according to the classification. Recently, the Bhutan's Parliament passed the new Local Government Act (LGA) of 2009, integrating all the laws related to local governments including the above-mentioned <i>Thromde Act</i> of 2007. Based on the new LGA, the country's first local government elections are scheduled for late 2010 to elect mayors and council members, after which city governments are expected to become autonomous.</p> <p>Implementation of the LGA, however, will need to be accompanied by a set of regulations which provide much greater detail on a range of issues. Amongst these, there will need to be new HR rules and regulations to allow mayors and managers of city governments to hire and fire city employees and to attract and retain professionals to the city governments.</p> <p>The proposed work supports Bhutan's municipal reform process to establish autonomous urban local governments and benefit not only TCC and PCC but also future urban local governments (Guelph is already in the pipeline to become a city). At the moment, city employees are civil servants hired by the Royal Civil Service Commission (RCSC). RCSC is of the view that upon enactment of <i>Thromde Act</i> of 2007 (and the new LGA of 2009), city governments can take their own HR actions for their employees but city executives are waiting for new HR rules to be formulated for city governments. A focus therefore will be to support implementation of the government's municipal reform policy.</p> <p>This activity aims to assist the Royal Government of Bhutan in formulating Human Resource (HR) rules and regulations for urban local governments. The main objectives are to help establish more autonomous urban local governments through accountability and incentive measures under the new HR rules.</p>
Outputs	<ol style="list-style-type: none"> 1) desk reviews of existing laws and rules, thorough consultations with relevant stakeholders, and 2) preparation of the new HR rules and regulations consistent with the mandates and responsibilities of urban local governments in Bhutan.
Progress	Draft HR laws and regulations have been prepared and shared with the government for their feedback by October. The team plans to discuss the draft during the next mission scheduled for November. The report will be finalized after incorporating the comments received.
Meeting the objectives of the TF	This affects the framework for local service delivery in Bhutan
Additional funds leveraged	Future lending possible.

Detailed Progress Report on Activities
Funded in Round 4(2010)

Title and Country	1. Strategy and Business Plan for Restructuring the Town Development Fund Nepal
Sector/TTL	Economic Governance TTL- Balakrishna Menon/Mihaly Kopyani
Status	In progress
Context and Objectives	<p>The objective of this activity is to develop a detailed institutional and business strategy and a three-year institutional development program for the Nepal Town Development Fund (TDF) with specific focus on how the agency can support socio-economic infrastructure development in Nepali municipalities more effectively and sustainably.</p> <p>The TDF has been playing a critical role in municipal financing in Nepal for the last 20 years. Set up with IDA support in the late 1980s, the TDF has been channeling grants, soft loans and regular loans to eligible municipalities for developing and rehabilitating urban social and economic infrastructure—schools, health centers, roads, WS&S, markets and so forth. Recent developments on state restructuring—the transition from a monarchy to a federal republic and the concomitant changes to the intergovernmental fiscal system—has thrust the agency into the national spotlight. The TDF is now seen at the national level as potentially a key player in financing regional and local development in the context of a transparent, rational and efficient intergovernmental fiscal system. The momentum to reform TDF comes from the highest levels of the Government of Nepal. The institutional reform of TDF will require streamlining the municipal infrastructure finance policy of the Government, aligning it with the intergovernmental fiscal frameworks will also improve the transparency, effectiveness, and sustainability of local investments</p> <p>The Bank’s Nepal Emerging Towns Project (NETP) under preparation includes an institutional development component to support sustainable institutional and fiscal frameworks for management and financing of urban local bodies in Nepal, in the context of the emerging federal state structure. As part of this, the project will support the institutional reform of the TDF. The role of TDF is critical in this program, since it is the sole agent for channeling development grants and loans to municipalities.</p> <p>The institutional and business strategy and institutional development program that will be developed here will be implemented under the NETP. This will ensure timely and adequate follow up.</p>
Outputs	Expected outputs include a new strategic plan for the TDF, which includes a new business policy, standard operation procedures, revised organogram, and a time-bound implementation plan.
Progress	The consultant has been indentified and the work is progressing .
Meeting the objectives of the TF	This activity meets the TF objective of facilitating institutional and policy change around decentralization and service delivery.
Additional funds leveraged	The activity leverages the NETP which envisages funding of \$ 1 million each from from the GoN , World Bank and GTZ for a total of \$ 3m and \$ 250,000 from ADB.

Title and Country	2. Building Capacity of State Finance Commissions in India
Sector/TTL	Economic Governance TTL- Yongmei Zhou
Status	In progress
Context and Objectives	<p>Under India's legal framework for local governance, all states have to constitute State Finance Commissions (SFCs) every five years to make recommendations to concerned state governments on the transfers to local governments to strengthen their functions. The capacity of SFCs is weak in many states. There are usually no technical secretariats providing institutional memory and ongoing data collection and analysis. Four states, (Karnataka, Bihar, Kerala and West Bengal) where the Bank is implementing projects are establishing technical units for the SFCs and therefore are ready clients of the training curriculum. These units are usually embedded in the Department of Finance or the Department of Panchayati Raj but provide technical input to the SFCs when they are formed. Their key tasks are to a) regularly update the panchayat financial databases and ideally development indicators and performance data; and b) policy analysis to establish trends in revenues and expenditures in LGs, highlighting vertical and horizontal imbalances that need to be dealt with by changes in the inter-governmental fiscal framework, and examining the efficiency of public spending by LGs and to understand variations in performance across LGs. Currently, systematic training for SFC members and their technical secretariats is lacking. The proposal is to design these training modules for SFC members and technical staff in partnership with international and national institutes and to deliver at least one training on a pilot basis. The training module can then be finalized after getting feedback from participants and can be implemented on a regular basis by reputed Indian institutes.</p> <p>The activities under this proposal also aim to strengthen the training capacity of Indian institutions as a long-term investment in the policy development capacity of SFCs.</p>
Outputs	<ol style="list-style-type: none"> 1) Design of a curriculum of training modules for SFC members and delivery of this program to the first batch of SFCs. 2) Design of a curriculum for technical staff serving SFCs. 3) Delivery of training to the first batch of technical staff from pilot states by a reputed institution.
Progress	The task is under implementation
Meeting the objectives of the TF	The proposed activities invest in institutional capacity in India that can support SFCs in their policy analysis and advocacy.
Additional funds leveraged	It leverages the four projects in the four states with a total outlay of \$ 680m.

Title and Country	3. Building Capacity for Provision of 24x7 Water in India
Sector/TTL	Water and Sanitation TTL- Richard Clifford
Status	In progress
Context and Objectives	<p>At present there is no city in India with 24x7 water supply. The Bank has successfully supported a small scale pilot project on 24X7 water delivery in India. This proposal looks to solidify those results to improve policy design and subsequently implementation and monitoring. The World Bank is preparing a \$ 1billion Urban Transformation Project (UTP) whose objective is to improved performance in Indian cities through improvements in land management, urban finance, greater local accountability, and improved WSS service delivery. The investment component focuses on delivery of 24X7 water. The Project will be designed using a “results”, model, i.e. cities will have access to concessional finance upon achievement of specific results. For WSS the results will include, improved cost recovery, strengthened management, and the achievement of 24X7 water supply.</p> <p>This proposal is to build a capacity building program through exchange visits to Algeria and Vietnam, national roundtables and a learning network for Indian officials on 24X7 WSS. For both the proposed project and the grant all the results are local, and thus strengthen the urban decentralization agenda that is underway in India. The proposal will strengthen the management of local institutions and the delivery of sustainable, high quality WSS services at the local level. Indian officials are keen to learn about international models for 24X7 WSS, and are looking for ways to respond to citizens’ demands. Using the knowledge built during the visits and roundtable, the Indian officials will be able to design their own 24X7 programs, and provide specific results milestones. The follow up opportunities afforded by the learning network will strengthen monitoring and evaluation and help the officials work together to spot potential problems and craft solutions.</p>
Outputs	<p>1)Exchange visits by central and state officials :</p> <p>2) National roundtable to discuss learning and design (i) financial strengthening via reductions in non-revenue water and improved cost recovery; (ii) improved mechanisms for citizen interface; (iii) implementation of maintenance plans; and (iv) implementation of new investments.</p> <p>3)Learning network.</p>
Progress	The task is under implementation
Meeting the objectives of the TF	This activity aims to facilitate institutional changes around the way water is delivered in Indian cities.
Additional funds leveraged	It leverages the proposed \$ 1billion UTP of the Bank.

Title and Country	4. Education Decentralization in Pakistan and Sri Lanka: The Effects on the Quality of Education and Accountability
Sector/TTL	Education TTL- Reema Nayar/Halil Dundar
Status	In progress
Context and Objectives	<p>The proposed work will in Pakistan and Sri Lanka (i) review the roles and responsibilities of different tiers of government with respect to education service delivery; (ii) review available evidence on the impact of decentralization on education quality; and (iii) support decentralization reforms and implementation of the relevant recommendations through operational support for the Bank-financed education operations in Pakistan and Sri Lanka. This is an important opportunity for the Bank to facilitate a policy dialogue to review the roles and responsibilities of different levels of governments in terms of education service delivery and help governments with the design and implementation of Bank-financed education operations in both countries.</p> <p>Both Pakistan and Sri Lanka have embarked on a significant devolution of government, including the education sector, by changing the roles and responsibilities of key actors and levels of government. In Pakistan, the 18th Amendment of the Constitution of Pakistan, which was passed by the National Assembly in April 2010, further enhanced provincial autonomy through a devolution of authority and a strengthened role for the Council on Common Interests, a joint federal-provincial forum. The delivery of education services is now the responsibility of the provinces, and each provincial assembly will be responsible for drafting its own laws on education issues. However, the roles and responsibilities of different tiers of government are not yet clear with respect to the management and financing of education.</p> <p>In Sri Lanka, many attempts have been made to decentralize administrative decision making, including the 13th Amendment to the Constitution in 1987. The amendment allowed the establishment of provincial councils, which became mainly responsible for the delivery of primary and secondary education services. The transfer of responsibilities has been accompanied by a transfer of revenues from the central to sub-national governments under the fiscal decentralization. The attention of previous work on decentralization has been mainly at the level of the province, which is an important unit of administration in terms of planning and expenditure on general education. However, within each province there are two further units of administration, the education zone and the division, which also play an important role in the delivery of education services, particularly in the context of monitoring and school support. The role of the local government in delivery of education will also be examined.</p> <p>There are two new operations under preparation (e.g., Pakistan NWFP Human Development, Sri Lanka Promoting Excellence in Education). It is expected that the proposed work will review the roles and responsibilities of different tiers of government and provide analytical inputs for the design of new operations, focusing on the improvement of the quality of education in a decentralized service delivery environment. The support will focus, in particular, on the decentralization of primary and secondary education and responsibilities from central government ministries to sub-national governments, to communities and to the schools themselves.</p>
Outputs	<ol style="list-style-type: none"> 1) review of education decentralization in Pakistan and Sri Lanka, focusing mainly on a review of available evidence on the impact of decentralization on the quality of education; and preparation of a Policy Note, including advice to clients on how best to decentralize education services and how the World Bank can best support such activities. 2) support for the design and implementation of Bank-financed education operations in Sri Lanka and Pakistan and support to the preparation of the Regional Education Quality Study on good practices in decentralization of education service delivery.
Progress	The task is under implementation
Meeting the objectives of the TF	It supports the decentralized delivery of education in Sri Lanka and Pakistan.
Additional funds leveraged	The Bank has contributed \$ 69,000 for this activity. The activity leverages the two operations envisaged in Sri Lanka and Pakistan with outlays of \$ 50 m and \$100m respectively.

Title and Country	5. Accountability Frameworks in Sri Lanka
Sector/TTL	Local Governments TTL- Abdu Muwonge/Manoharan
Status	In progress
Context and Objectives	<p>The subject of accountability in service delivery continues to occupy a central position in discussions of development effectiveness. Putting women at the forefront in the project implementation cycle can contribute to improved service delivery. Women's role in accountability in service delivery can help in ensuring transparency, reduction of leakage, better expenditure allocation, and enhanced governance of local development programs. Emerging best practice from India suggests that when women are empowered (not just to participate in development programs or just included as part of project beneficiaries) in sub-project design the results, in terms of outputs and outcomes, are likely to be higher than when they are not.</p> <p>The objective is to develop accountability frameworks for project design, procurement, financial management and assessing quality of outputs at the local government level in Sri Lanka. These frameworks will be implemented on a pilot basis in the one Pradeshiya Sabha and municipality under the Bank's North East Local Services Implementation Project now under implementation. They will be applied to the infrastructure works and block grants made to local governments under the project.</p>
Outputs	<ol style="list-style-type: none"> 1) Development of accountability frameworks with prominent role for women 2) Implementation of the frameworks under NELSIP
Progress	The task is under implementation
Meeting the objectives of the TF	It meets the TF of strengthening accountability and local governance for decentralized delivery of services.
Additional funds leveraged	This activity leverages NELSIP with an outlay of \$ 80m

Title and Country	6. Urban and Service Delivery Study Nepal
Sector/TTL	Local Governments TTL- Elisa Muzzini
Status	In progress
Context and Objectives	<p>A predominantly rural country, with about 18 percent of the population living in urban areas, Nepal is the fastest urbanizing country in South Asia. The Government of Nepal (GoN) has requested Bank's support in guiding the country's twofold process of urbanization and decentralization. The Bank's re-engagement on Nepal's urban and local government agenda after a long hiatus of over a decade will be tested through a combination of investment lending and Non-lending Technical Assistance (NLTA). The investment operation Nepal Emerging Towns Program currently at the preparation stage, will aim to support six small municipalities in the Western and Eastern corridors, with population ranging from 25,000 to 65,000, through a hybrid approach coupling annual block grants to strengthen municipal functions with capital funding to address larger infrastructure needs. It is expected to be scaled up to cover a much larger number of municipalities as part of the second phase. The investment operation is complemented by a NLTA, which has been developed in parallel to strengthen the analytical base for project preparation. A number of analytical, advocacy, technical assistance and capacity building activities are on-going under the umbrella of the NLTA.</p> <p>This study will explore the linkages between public policy, and economic growth, urbanization and service delivery. The study, which will be undertaken under the NLTA umbrella, will have two main objectives. First, the scoping study will contribute to building the knowledge base for policy dialogue on urbanization and service delivery in Nepal contributing to project design, and set the foundation for a possible larger urban research program.</p>
Outputs	<p>(a) a study synthesizing the results of the analysis and</p> <p>(b) workshops to disseminate the main findings of the study.</p>
Progress	The task is under implementation
Meeting the objectives of the TF	It looks at aspects of urbanization and service delivery that will assist in the design of the NETP which aims at institutional and policy changes in service delivery in six municipalities of Nepal.
Additional funds leveraged	It leverages the NETP which has an outlay of \$ 4.25 m and Bank budget of \$ 50,000.

Title and Country	7. Review of Urbanization and Decentralization in Bangladesh under the Country Economic Memorandum
Sector/TTL	Economic Governance TTL- Elisa Muzzini
Status	In progress
Context and Objectives	<p>The proposed AusAID urban and service delivery study is intended to be an input into the next Bangladesh Country Economic Memorandum (CEM) prepared by the Bank in consultation with important stakeholders on areas agreed upon with the GoB. The objective of the proposed study is twofold. First, the study aims to explore the linkages between Bangladesh's centralized system of governance and service delivery on one hand and urbanization patterns on the other hand. The study will review Bangladesh' urban governance and service delivery models and empirically test the hypothesis that the country's centralized system of governance and service delivery has contributed, among other factors, to shape the country's concentrated pattern of urbanization, and has prevented the country from reaping the full benefits of agglomeration economies. The following questions will be addressed as part of the study:</p> <p>What are the main demographic, economic and service delivery trends in urban areas?</p> <p>To what extent is Bangladesh's centralized governance and service delivery model reinforcing the country's concentrated pattern of urbanization?</p> <p>Has the current service delivery model been adequate to support the economic development of urban areas?</p> <p>The proposed study is expected to inform and leverage Bangladesh's growing urban and local government agenda. The recently completed Country Assistance Strategy (CAS) FY11-14 underlines the Bank's commitment to provide analytical support to the GoB to enhance understanding of urbanization processes and policy options, alongside with strategic lending interventions in the sector. The challenges associated with urbanization are also amply recognized in the Bangladesh's National Strategy for Accelerated Poverty Reduction-2 FY 2009-11 (NSAPR-2). There is a renewed Government commitment to support local service delivery and decentralization in urban areas, and two urban/local government operations are in the pipeline to support GoB : the Municipal Services Project 2 (MSP-2) which will target municipalities, and the Large Cities (Dhaka and Chittagong) Project. The proposed study will support both NSAPR-2 and CAS' broader objectives, and contribute to building the analytical foundation for the Bank's lending program.</p> <p>The CEM is expected to support the policy process by providing a platform for policy advocacy and policy dialogue on urban development, service delivery and decentralization/governance and also by influencing key policy design issues in the same areas. The distinguishing feature of the proposed study is that it will be conducted as part of Bangladesh's CEM. This is the first time that urban and local government issues are given prominent attention in a country's CEM. This reflects the Bank's intensified focus on urban areas in the next Bangladesh's CAS period. Particular emphasis will be placed as part of the study in designing a consultation strategy that will allow leveraging the CEM's visibility to enhance policy dialogue and advocacy.</p>
Outputs	<p>(a) an urban and service delivery study, which will feature as a chapter of the CEM,</p> <p>(b) the proceeding of interim consultations and dissemination workshop and</p> <p>(c) non-technical notes, which will also be of use to policy-makers and government officials of countries facing similar challenges as Bangladesh.</p>
Progress	The task is under implementation
Meeting the objectives of the TF	By looking at the links between urbanization and decentralization in Bangladesh the study will assist in the policy dialogue on institutional and policy change around decentralization in the country.
Additional funds leveraged	This activity leverages the CEM which has an outlay of \$ 250,000

Title and Country	8. Financial and Institutional Capacity Building for WSS service provision in two cities in UP (WSI-India)
Sector/TTL	Water and Sanitation TTL-Sanjay Pahuja/ William Kingdom
Status	In progress
Context and Objectives	<p>The World Bank is supporting the Government of India (GoI) through a project to establish a new Ganges River Basin Authority (NGRBA) and to invest in assets to reduce pollution entering the Ganges river in a sustainable manner. This NGRBA project is a “signature project” in the World Bank’s India portfolio with a loan size of \$1Bn. To achieve sustainability requires that the service providers managing the wastewater facilities created under the project are institutionally efficient/effective and financially sound. This proposal will guide the Bank team and clients on the key issues that will lead to improved institutional and financial outcomes for the service providers and hence support the achievement of the project’s objectives. The proposal has two components as follows:</p> <ol style="list-style-type: none"> 1. To develop pro forma financial models for the water and sanitation service providers in two cities (Kanpur and Allahabad in Uttar Pradesh) to benefit from the initial tranche of investments which will fall under the proposed National Ganges River Basin Authority Project (NGRBA). The outputs should provide guidance on key issues that drive cost recovery and lay out financing options to achieve O&M cost recovery from user fees for wastewater services, as required under the Government of India’s Jawaharlal Nehru National Urban Renewal Mission (JNNURM). [JNNURM is a multibillion dollar national initiative aimed at enhancing the governance and performance of major cities in India. The challenges faced in UP are similar to those faced in most cities in India and thus the results of this work will be fed back into the Bank’s parallel \$1Bn engagement with GoI on JNNURM] 2. To improve stakeholder understanding of the human and operational capacity needs of service providers in the two cities to benefit from the initial tranche of investments which will fall under the National Ganges River Basin Authority Project (NGRBA). The outputs should provide guidance and initial cost estimates for the key human (e.g. organizational structure, training) and operational (e.g. equipment, systems) capacity building issues to be considered in the design of the NGRBA project in order to ensure sustainable wastewater service delivery. The nature of the services is a mix of assessment through field investigations, interviewing the respective service provider agencies (staff, managers and oversight) and promulgation of good service delivery practices in developing countries.
Outputs	The project outputs will be a series of workshops and reports that will be used to summarize the existing situation and propose alternative arrangements going forwards
Progress	The task is under implementation
Meeting the objectives of the TF	The activity aims to improve the delivery of water and sanitation and waste water treatment and recovery in the two cities.
Additional funds leveraged	The activity supports the National Ganges River Basin Authority project under preparation by the World Bank with financing of \$1Bn. This financing complements proposed GoI financing of \$3Bn. In total the assignment is supporting investments of around \$4Bn over the next 10 years.

Title and Country	9. Outsourcing of Operation and Maintenance of Rural Water Supply and Sewerage Schemes in Punjab State-India
Sector/TTL	Water and Sanitation TTL- Shyamal Sarkar
Status	In progress
Context and Objectives	<p>The objective of this proposal is to enhance the service delivery mechanisms available for sustainable operation of rural piped water supply services by investigating the possibility of outsourcing the operation to locally recruited operators. Consultants will be hired for: (i) assessing opportunities for service delivery improvement through outsourcing; (ii) building awareness among prospective local operators; (iii) identifying capacity building needs; and (iv) drafting recruitment procedures and model contracts. Consultants with expertise in small piped WSS systems and operation contracts are expected to complete this project in about 6 months from mobilization. Consultants will organize a State Stakeholders Workshop and a national Workshop to present their findings and recommendations.</p> <p>The 73rd Constitution Amendment of 1992 transferred the responsibility of providing water supply and sanitation services in rural areas in India to local governments. But, because of the limited capacity of the local government institutions, the design, implementation and even operation of water supply schemes continued to be carried out by State Engineering Agencies in many cases, usually with limited involvement of local government institutions and beneficiary communities. However, the Government of Punjab (GoP) has initiated a major step under the Medium-Term Program (MTP) for rural water supply and sanitation to decentralize service delivery in the rural areas by entrusting the responsibility to user groups who will partner with local government institutions at village level. The proposed exercise will bridge knowledge gap among the rural community in the operation and maintenance of water supply schemes in Punjab by developing entrepreneurial interest in operation and maintenance of small water supply services, and assist the rural local governments by providing model documents for bidding, bid evaluation and contracts.</p>
Outputs	<p>The expected outputs are:</p> <ul style="list-style-type: none"> • Additional tools made available for successful implementation of 73rd amendment of Government of India's constitution in the water supply and sanitation sector in Punjab; • Community willingness to take over operation and management of water supply schemes is registered in increasing numbers; and • About 100 villages (average 5 in each district) entered into 'operation contracts' in a three year period following the study.
Progress	The task is under implementation
Meeting the objectives of the TF	The activity is aimed at institutional changes in water service delivery in villages in Punjab.
Additional funds leveraged	The study is directly related to the Punjab Rural Water Supply and Sanitation Project with lending of \$ 154 million.

Detailed Progress Report on Activities Funded under the Just in Time (JIT) Window*

*The Just in Time window was set up as a flexible fund available all year around to support urgent interventions that utilize an emerging and time bound opportunity to be part of reforms around decentralization, local governance and support. If this opportunity for reform did not get a just in time response the window for facilitating a reform process would be closed.

ACTIVITIES FUNDED UNDER THE JUST IN TIME(JIT) WINDOW ROUNDS 1-4

Progress on Activities Funded

Title and Country	1. Strengthening Capacity for Decentralization and Local Governance Policy Reforms in Bangladesh
Sector/TTL	Economic governance, TTL Balakrishna Menon
Status	Completed
Context and Objectives	The grant enabled the National Project Director (NPD) of the Bank supported Local Governance Support Project (LGSP) and the Director General Local Government Division(LGD) in fiscal decentralization and sub-national financial management summer course at Duke University.
Outputs	As a part of the preparation of the LGSP II an effort was underway to set up a fiscal transfers unit in the LGD to oversee the transfers to all sub-national government units. This would be a major policy and institutional step forward. The DG LGD was overseeing this process. He was also the coordinator of a high level local government reform committee set up by the Government to discuss longer term reforms with the Bank. The training served him well in terms of improved understanding of the reforms needed and helped in better coordinating these activities.
Progress	The training was completed.
Meeting the objectives of the TF	It aided the key official on decentralization reforms in thinking through the institutional and policy reforms around the decentralization agenda fostered by the LGD and the LGSP.
Additional funds leveraged	The activity is linked to the Local Governance Support Program with an outlay of \$ 91.5m and associated NLTA of \$ 3m from SDC and also to the proposed LGSP II with an outlay of \$ 625m

Title and Country	2. Rapid Political Economy Assessment Of The Impact Of Recent National Events On Decentralization Reforms
Sector/TTL	Economic governance, TTL Nilufar Ahmad
Status	Completed, Output attached
Context and Objectives	Bangladesh was at a crucial political juncture where the caretaker government was to give away to a democratically elected government. The objective was to conduct a quick assessment of the changing political situation in Bangladesh from a caretaker government to a democratically elected government in the upcoming national and local elections in December 2008, and to identify and assess how different political scenarios and outcomes could influence the wide spectrum of policy reforms on decentralization and local governance initiated by the caretaker government. The strategic thinking was that a new government has a window of opportunity to undertake reforms during its first two years in office and this effort should be supported. The consultant would identify potential risks to current and potential World Bank local governance portfolio and provide suggestions to the Bank on risk mitigation strategies that would assist in the policy dialogue with the new government.
Outputs	A policy note to be prepared by engaging a highly qualified expert on political economy with substantial experience in Bangladesh. The consultant was expected to carry out in-depth interviews with different influential political parties on their election manifesto, and gauge the upcoming political situation based on media reports and expert opinions, and exit polls.
Progress	The policy note was completed. It provided guidance for the Bank's strategy in the new political set up and informed its policy dialogue on local governance in Bangladesh. This dialogue resulted in the new elected government asking the Bank to extend its support which was concentrated at the lowest tier of union parishad to other tiers of local government. An upzilla level project is now under preparation. The new government acted boldly on the decentralization agenda and held elections to the upzillas after 18 years. It is now reviewing the LG acts with a view to improving them. The Bank's assessment and subsequent dialogue at the national and local levels contributed to this process.
Meeting the objectives of the TF	The work supported the strengthening of decentralization reform agenda in Bangladesh under a new elected government.
Additional funds leveraged	The work fed into the Local Governance Support Program (LGSP) with an outlay of \$ 91.5m and associated NLTA of \$ 3m from SDC and also to the proposed LGSP II with an outlay of \$ 625m

Title and Country	3. Delhi Property Titling
Sector/TTL	Economic Governance, TTL Richard Clifford
Status	Completed
Context and Objectives	No state in India has an urban property titling law. For this and other reasons related to land use planning and management, land markets in India are not developed. With this legislation Delhi will begin to put in place a framework for land use that can support locally driven economic growth and poverty. For several years, the Government of the National Capital Territory (NCT) is undertaking a reform of property titling, a key element of strengthening the land and real estate market. The reform had reached a critical stage, and the Bank was asked to provide urgent, timely assistance for preparation of the draft legislation. It would enable a law firm prepare, discuss and revise the current draft legislation with various offices and the Chief Secretary of the Delhi Government. Once the consultation process is over, Delhi will have draft legislation that can be presented to its Legislative Assembly. Without this timely support from the Bank the draft legislation would likely not be prepared and the Government's reform efforts would flounder.
Outputs	Preparation of draft legislation on Urban Property Titling by a prominent legal firm
Progress	Legislation has been successfully prepared, reviewed and subject to consultation. It is awaiting presentation to the state legislature.
Meeting the objectives of the TF	This intervention was crucial for the reform of real estate market in NCR. The JIT Facility enabled a quick intervention by the Bank for technical assistance for this important and politically fraught reform process.
Additional funds leveraged	The activity is linked to the Bank's proposed project with the National Capital Region with lending to the tune of \$1b.

Title and Country	4. Support To Mumbai City Water Sector Reform
Sector/TTL	Water and Sanitation TTL William Kingdom
Status	Completed
Context and Objectives	To support the client in developing best practice approaches for transforming water service delivery in Mumbai
Outputs	<p>Finance from the policy facility is sought to complement other sources of finance and, in particular, to finance a specialist PPP consultant and support an off-site workshop to allow for continued and intense discussions.</p> <ol style="list-style-type: none"> 1) Support to the workshop to review project concept to transform Mumbai Water service delivery The workshop will bring together the client with international experts to review the proposed reform approach, identify key risks. The grant will finance international expert and the "off site" workshop 2) Short report on key findings from workshop
Progress	Support was provided to facilitate a workshop between the Mumbai municipal water service provider, and various PPP experts, to review the municipal reform model being proposed. The workshop took place and discussed the model and provided the Mumbai Municipal Commissioner with feedback on the proposed approach.
Meeting the objectives of the TF	The work met the objectives of the TF providing fast turnaround comments to a municipal reform program.
Additional funds leveraged	This critical workshop was supported by PPIAF(\$ 600,000), WSP(\$30,000) and World Bank(\$5,000).

Title and Country	5. Pakistan Punjab Quick Urban Transport Assessment August 2009
Sector/TTL	Infrastructure TTL Fernanda Ruiz Nunez
Status	Completed. Output attached.
Context and Objectives	The proposal is to develop a position paper that provides critical analytical inputs and guidance for the design of the urban transport component of the Punjab Large Cities Project (PLCP). Since the PLCP is under preparation a timely response is crucial in order not to miss the opportunity of contributing to the design of the PLCP on urban transport. The objective of the assessment was to help identify the key policy and institutional issues to be addressed, as well as assess the major infrastructure requirements in the urban transport sector in Punjab province. It is expected to not only provide critical inputs to the preparation of the PLCP, but also utilize the window of opportunity provided by the preparation of the PLCP to advance the policy dialogue with the government on urban transport issues.
Outputs	The proposed grant will finance the following activities: <ul style="list-style-type: none"> (i) preparation of a policy note based on results of the quick urban transport needs assessment and the quick urban transport institutional capacity assessment; (ii) consultations with government officials on the urban transport development needs and related policy and institutional issues in Punjab.; a (iii) supervision of consultancy activities and administration of funds.
Progress	Report was completed and peer reviewed on June 2010. The report is a key input for the Punjab Large Cities Project in Pakistan and the main findings are expected to be implemented through the project.
Meeting the objectives of the TF	The study and note examine the institutional and policy reforms needed for efficient and accountable urban transport delivery in the cities of Punjab province.
Additional funds leveraged	It is linked to the planned Punjab Large Cities Project with an outlay of \$ 300m.

Title and Country	6. Political Economy Analysis of Decentralization in Sri Lanka
Sector/TTL	Economic Governance TTL Manoharan
Status	In progress
Context and Objectives	To undertake an assessment of the political economy surrounding decentralization/devolution issues in Sri Lanka to identify and assess plausible scenarios and outcomes that are likely to influence the wide spectrum of political, legal and policy reforms on decentralization and sub-national governance
Outputs	<p>This financing supplements an earlier \$50,000 grant from AusAid, which is currently funding three activities supporting the decentralization process in Sri Lanka. First, a Non-Lending Technical Assistance (NLTA) Program on Decentralization is being developed by the Bank in consultation with the government and other development partners. Second, a team of six very senior Sri Lankan officials are visiting Kerala in August 2009 to partake in discussions on decentralization and local level planning with, and learn from their Indian and Bangladeshi counterparts. And third, a political economy study on decentralization in Sri Lanka is being initiated. Funding under this proposal is for the political economy analysis.</p> <p>Comprehensive assessment of the political economy surrounding decentralization issues in Sri Lanka. Preparation of a note for the Bank to better understand the evolving and emerging political situation with regard to decentralization/devolution debate in Sri Lanka and to improve country dialog with policy makers and key elements of the civil society. Specifically, the note will include a matrix of plausible political outcomes against specific components of policy reforms that are being contemplated by the Government of Sri Lanka to find out which aspects of the decentralization reforms are most likely to be adopted, sustained, abandoned or modified in a myriad of political scenarios.</p> <p>Report and roundtable/workshop on local governance to be held in Colombo</p>
Progress	Draft report is completed and a stakeholder discussion is planned during October 2010 to disseminate information and ratify certain policy aspects.
Meeting the objectives of the TF	This note will feed into the future planning of local government amendments by the Government of Sri Lanka (GOSL) and specifically to the upcoming local government elections in 2011.
Additional funds leveraged	The study is linked to the on-going North East Local Services Improvement Project (NELSIP) with an outlay \$ 80 million. GoSL is also planning to expand the project to a few more provinces.

Title and Country	7. W&S Decentralization in Haryana: Technical and Institutional Aspects of 24/7 Water Supply India
Sector/TTL	Water and Sanitation TTL Oscar Alvarado
Status	Completed. Output Attached
Context and Objectives	<p>The proposed Haryana Basic Urban Services Program envisages establishing decentralized water and sanitation services starting with selected (about 10) small and medium size municipalities in Haryana aimed at providing 24/7 water supply level service as well as sanitation. Success of this piloting would result in scale up to the entire state.</p> <p>The objective of the consultancy supported by the TF was to jump-start the water supply component of the project, up to feasibility stage. It included the final conceptual design, the developing of the strategy (phasing, scope) the design of the institutional model including the proposed contractual arrangements, and the terms of reference for designs of the above project.</p>
Outputs	Based on a visit to Haryana, which included four of the proposed municipalities, a report was produced including (i) an overview and analysis of existing situation (ii) a strategy for project phasing, (iii) institutional aspects, (iv) draft service contract between municipalities, service provider and state, and (v) terms of reference for detailed project designs
Progress	The assignment was completed as envisaged
Meeting the objectives of the TF	The study supports the overall institutional and policy reform around decentralized delivery of water and sanitation services at the local level including the design of pilots for 24x7 water. At present no city in India has 24x7 supply of water.
Additional funds leveraged	The activity is linked to the planned Haryana Urban Basic Services Project with an outlay of \$ 80m

Title and Country	8. Delhi Property Titling 2 India
Sector/TTL	Economic Governance TTL Richard Clifford
Status	Completed.
Context and Objectives	To support the development of sound land and real estate markets in Delhi. This was a follow up to the first grant for drafting the new urban property titling law. Public consultations and final drafting of new legislation on property titling.
Outputs	1) Delhi government and legal advisers will undertake public consultations on draft legislation 2) Seminar
Progress	The first grant was to assist the Government of New Delhi, NCT, in developing path breaking legislation (the first in India) on urban property titling. This second grant was to help the Delhi government undertake extensive consultations with the private sector, and various NGOs. Concurrently the Government of India issued model legislation on urban property titling. The second grant was also used to review and compare the proposed Delhi legislation with this model law.
Meeting the objectives of the TF	A property titling law is a critical element in efforts to improve land use at the local level.
Additional funds leveraged	Linked to the proposed loan to NCR with outlay of \$1b.

Title and Country	9. Water and Sanitation India India
Sector/TTL	Water and Sanitation TTL Smita Misra
Status	Completed. Ouput Attached
Context and Objectives	AusAID had agreed to support the WSS sector in India through building the capacity of local government to deliver water and sanitation services with a focus on the poor. World Bank has a number of programs in rural and urban areas with a policy, reform, and advocacy focus that provides the most flexible option for AusAID funding. Working in partnership with the World Bank was seen as an appropriate modality for AusAID support in India that would result in improved knowledge, learning and capacity in local government to deliver services. This support would be through the Water and Sanitation Initiative-India(WSI-India). The purpose of WSI-India is to support State and local governments to improve access to effective and sustainable water supply and sanitation services in both the rural and urban areas thus contributing to India's achievement of the Millennium Development Goals. It will achieve this by financing activities to address knowledge gaps, build capacity of key stakeholders, support the reform and advocacy agenda, and provide ad hoc support to address specialist issues arising in the preparation and supervision of World Bank projects. The objective of this activity was to prepare the Project Design Document (PDD).
Outputs	Project Design Document (PDD) for the new WSI- India initiative which will identify the themes for programmatic support
Progress	The PDD was completed with inputs from AusAID
Meeting the objectives of the TF	The WSI- India Initiative supports reform of WSS delivery by local governments.
Additional funds leveraged	It will leverage several Bank projects including the \$ 150 m Punjab RWSS project and the proposed \$ 1b Ganga Project. The WSI-India is funded to the tune of AUD 4m.

Title and Country	10. High Powered Expert Committee (HPEC) Knowledge Exchanges- India January
Sector/TTL	Infrastructure TTL-Elisa Muzzini
Status	In progress
Context and Objectives	The development objective of the activities was to support the High Powered Expert Committee (HPEC) India in its core mandate to estimate infrastructure financing requirements for urban India and in the preparation of background studies on urban governance and decentralization. HPEC was established in May 2008 by the Ministry of Urban Development (MoUD) as a high-level consultative body on urban policy. HPEC is expected to play a major role in steering the policy dialogue that will lead to the second generation of urban reforms in India, building on the achievements of JNNURM, the flagship urban program of the Government of India (GoI). By supporting HPEC in its mandate, the activities are expected to contribute to the policy dialogue on urban reforms in the area of service delivery and governance/decentralization.
Outputs	The activities will include a numbers of knowledge exchanges and peer learning events on the thematic areas that are at the core of HPEC's mandate, namely urban infrastructure financing requirements and urban governance and decentralization. The format of the knowledge exchanges will be tailored to the complexity of the issues and HPEC needs. The activities will be conducted as part of the Non-lending Technical Assistance to HPEC
Progress	Knowledge exchanges have been completed. The dissemination phase of the activities will start as soon as the HPEC's final report is released. Knowledge exchanges were carried out on (i) urban infrastructure financing requirements for urban water, sewerage and solid waste; (ii) institutional issues related to urban water delivery. Outcomes of knowledge exchanges were consolidated into one final report delivered to HPEC in June 2010. HPEC is in the process of preparing final report, which is expected to be released in October/November 2010. The next phase of the activities will be to support HPEC in the dissemination of the study's funding. As part of dissemination effort, HPEC is interested in creating a website to facilitate knowledge exchange and policy dialogue.
Meeting the objectives of the TF	The activity supported the work of the committee which is expected to make recommendations to the Prime Minister on financial outlay and arrangements for infrastructure in the cities of India.
Additional funds leveraged	World Bank contribution for the TA was \$ 120,000. It will also leverage in the future the planned second phase of urban reforms and investments planned by GoI to follow the current JN National Urban Mission.

Title and Country	11. Framework for Urban Management and Local Governance in Punjab Pakistan
Sector/TTL	Economic Governance TTL Raja Rehan Arshad
Status	In progress
Context and Objectives	Objective of this activity is to support the government of Punjab in establishing an effective institutional and fiscal framework for improved management and governance of urban areas in Punjab. Following the expiry of the constitutional protection period granted to the Punjab Local Government Ordinance (PLGO) 2001, the Government of Punjab (GoPunjab) has embarked on an analysis and review exercise primarily intended to identify any instances of failures, and to remove operational and organizational level overlaps, streamline implementation arrangements, improve coordination and supervisory mechanisms, and local government structural review with respect to local demands, wherever needed. LGO covers both urban and rural areas. Although, currently the law does not distinguish between urban and rural areas, the Government Punjab has decided to introduce this distinction and the areas classified as urban or rural will have different administrative structures. This support is concerned with cities and urban areas. The activity is expected to include situational and structural analyses, policy review, and identification of remedial measures to address and resolve any problems encountered. The results of these activities shall inform and suggest the revisions and reforms needed to fulfill the decentralization objectives of the PLGO by providing a comprehensive governance and management framework for urban areas in Punjab. It is critical to note that this is the first time that an elected government is openly undertaking deliberations upon an improved local governance system at the highest level within the province.
Outputs	<ol style="list-style-type: none"> 1) Situational Analysis Report -Situational analysis of existing urban local governance and management structures. It will identify instances of failures, operational and organizational level overlaps, and suggest ways to streamline implementation arrangements, improve coordination and supervisory mechanisms, and local government structural review with respect to local demands, wherever needed. 2) Performance Criteria Matrix for Punjab Large Cities Project- to help the team in developing the performance matrix for the project in light of the situational analysis report.
Progress	The overall progress of implementation is satisfactory. Output one is progressing as per schedule. Draft Situational Analysis Report has been prepared and is currently under quality review. However, the second output has been delayed due to the recent floods in the country. This output requires the consultant to participate in the project preparation missions and advise the team in light of the Situational Analysis Report. The consultant has already participated in one project preparation mission. However, the Government of Punjab has been focusing on the flood relief efforts for past one month and all projects preparation activities have been temporarily halted. The team expects the project preparation to resume in November after the completion of undergoing Damage and Needs Assessment for the Pakistan Floods.
Meeting the objectives of the TF	Focus of this activity is on policy advocacy, dialogue as well as policy design around the new framework for the functioning of local governments in Punjab province. The exercise shall inform modifications in the local government structure, in line with local needs, demands and unique operating conditions.
Additional funds leveraged	The activity leverages the planned Punjab Large Cities Project with an outlay of \$300m. It also complements the ongoing \$ 50 million Punjab Municipal Services Improvement Project (PMSIP). In addition to the above, the proposed changes to the urban service delivery structures will leverage the \$ 200 million Punjab Urban Water and Sanitation Project, currently in the pipeline.

Title and Country	12. Support for Review of Bank RWSS Projects in India India August 2010
Sector/TTL	Water and Sanitation TTL Smita Misra
Status	In progress
Context and Objectives	<p>The objective is to identify the critical RWSS lessons from past Bank projects and identify key features of next generation projects. This will be culled from extensive field surveys, and from interaction with WB/WSP staff working on rural water and sanitation services (RWSS) to feed into Government of India's review of their RWSS strategy,</p> <p>This is an important activity, as the Government of India is aiming to finalize the revision of its RWSS sector strategy by October-November 2010 and the Bank will be contributing just-in-time TA for the sector strategy.</p>
Outputs	<p>Specific activities and related outputs are to :-</p> <ol style="list-style-type: none"> 1) Finalize the RWSS review and facilitate a workshop for Bank/WSP RWSS staff and consultants to meet the above objective. This will be complemented by meetings with GoI to bring international RWSS experiences to the table, and drafting of the report that flows from the workshop. Completion of report on 10 years of Bank experience on institutional, policy and financing of the RWSS sector (a joint WB/WSP document). On this basis concrete suggestions will be made to GoI for their RWSS policy update in India. 2) Workshop to disseminate results.
Progress	<p>Consultants have been hired and are currently interacting with concerned WB staff for providing inputs into the on-going RWSS review. RWSS project specific brief notes on good practices and challenges have been submitted to GOI. Further discussions and presentations for GOI are scheduled in late October. WB and WSP workshop and discussions are scheduled for early November. A final workshop to disseminate results will be fixed by GOI.</p>
Meeting the objectives of the TF	<p>The activity feeds into the GOI's attempt to review its RWSS policy to make institutional and policy changes that will guide future implementation of its RWSS policy and projects.</p>
Additional funds leveraged	<p>Future lending is possible. It will also impact the next generation of RWSS reforms and projects of GoI.</p>

Title and Country	13. Support for Decentralization and Local Innovation for Secondary Education in India India
Sector/TTL	Education TTL Samuel Carlson
Status	In progress
Context and Objectives	<p>The proposed program of support will support Indian states to assume a greater role in the conceptualization, financing and implementation of innovations designed to improve the delivery of secondary education services throughout the country. Specifically, this will support the finalization of preparation of the National Innovation Fund (NIF) for Secondary Education. The NIF will complement the large new centrally sponsored scheme for secondary education (Rashtriya Madhyamik Shiksha Abhyan or RMSA) now being implemented by the Government of India, providing local governments flexibility, financing and implementation partners for improved service delivery of secondary education. This will be the first such fund in India. The intervention is urgent because the Ministry of Human Resource Development has requested the Bank's support in organizing a major stakeholder consultation convening representatives from all Indian States and Union Territories regarding this Innovation Fund on an urgent basis, so that preparation of Development Partner support for this Innovation Fund (from World Bank, UK's DFID and EU) can be completed on time. The specific output would be a finalized Operational Manual for the National Innovation Fund for Secondary Education, approved by a majority of Indian States and Union Territories, for inclusion into the package of investments in secondary education to be supported by India's Development Partners. The NIF would be a new fiscal instrument which would put Indian States and Districts, not the Central Government, in the driver's seat for innovation at the secondary education level.</p>
Outputs	<p>The basic activity to be financed by this grant is stakeholder consultations to finalize preparation of the National Innovation Fund (NIF) for Secondary Education, via a major national workshop convening approximately 100 key secondary education stakeholders from around the country. The NIF supports a policy of increased empowerment of Indian States and Districts to develop and implement investments and innovations in secondary education service delivery which are context-specific, rather than defined at the Central Government level by fixed national norms applied uniformly across all States. Successful implementation of this NIF (meaning successful decentralization of investment and secondary education service delivery) could lead to changes in Government of India policies regarding how best to allocate funds and implement centrally funded programs for improvement of secondary education. The NIF includes a significant monitoring and evaluation component to assess how well States are able to assume greater decentralized responsibilities, which would further contribute to the policy design and implementation process</p>
Progress	<p>The workshop was successfully held as scheduled from September 27-28, 2010. High level delegates participated from Indian States and Union Territories, including State secretaries of education, directors of secondary education, heads of civil society organizations and foundations involved at the secondary education level, other development partners (DFID, EU, UNESCO), etc. The AusAID Country Manager for India and four officials from the High Commission participated.</p> <p>The participants carefully reviewed the draft Operational Manual for the NIF, with a specific focus on aspects of governance, management, the grant-making process/cycle, eligibility and selection criteria for evaluation of proposals. The discussions generated a lot of valuable feedback and guidance for MHRD and the DPs.</p> <p>On almost all issues, the stakeholders endorsed the draft Operational Manual (OM). Outstanding questions include the legal status of the NIF (separate society or simply a program under MHRD), the extent of and mechanisms for cost-sharing by government agencies, the degree of review by staff of MHRD internal finance department after proposal approval by the NIF Steering</p>

	<p>Committee, and the design of the application form itself.</p> <p>Some participants expressed the view that the draft OM does not sufficiently emphasize the importance of specifying clearly the intended impact of the innovation on school effectiveness and/or student learning. That is, the OM should insist that all proposals indicate how a school's functioning, or a student's learning, would improve as a result of this innovation, in measurable terms.</p> <p>MHRD/TSG will consider and discuss the conclusions and recommendations of the stakeholder consultation and prepare a revised version of the Operational Manual before the next mission (DPs could provide some support on this if requested). In addition, the OM will need to be revised along with the RMSA Financial Management and Procurement Manual to ensure alignment/harmonization of fiduciary procedures. This revised version would be shared electronically with the DPs and key stakeholders before the next mission.</p> <p>The RMSA team is working with MHRD, Govt of India to finalize the Manual. As a follow up on utilizing this grant it is proposed to hold workshops and other preparatory work for the NIF, including discussions on its FM procedures, implementation strategies, regional governance mechanisms related to activating the NIF, and communication strategy for dissemination.</p>
Meeting the objectives of the TF	<p>The objective of the conference was to support the finalization of preparation of the National Innovation Fund (NIF) for Secondary Education. The NIF will complement the large centrally sponsored scheme for secondary education now being implemented by the Government of India, providing local governments flexibility, financing and implementation partners for improved service delivery of secondary education.</p>
Additional funds leveraged	<p>This activity will leverage \$ 600m of the proposed Bank lending and another \$ 250m from DfID and EU. Of this \$ 150m is for the NIF.</p>

Title and Country	14. Political Economy Analysis of Decentralization in Sri Lanka
Sector/TTL	Local governments TTL- Manoharan
Status	In progress
Context and Objectives	<p>This proposal supplements the earlier grant which is currently funding three activities supporting the decentralization process in Sri Lanka. A political economy study on decentralization in Sri Lanka was being initiated under the first grant. Additional funding was sought for the study.</p> <p>Devolution and local government strengthening are widely debated issues in Sri Lanka, in part due to the ethnic conflict of the last two decades, which has led policy makers to explore decentralization as a potential solution to the political dispute. The 13th Amendment to the Constitution and the Provincial Council Act of 1987 were intended to decentralize the government structure by enabling the provinces to become a strong intermediate level of government. Under the 1987 Amendment, local government became the third tier government and was brought under the purview of the newly created provincial councils. Decentralization was seen as a solution to the ethnic problems in the North and East.</p> <p>However Sri Lanka continues to be largely centralized. From a fiscal perspective, provincial and local expenditures as a share of total public expenditures are around 12 percent. Administratively, key elements of the bureaucracy at the sub-national levels are under central control. Incentives for the bureaucracy to be accountable to citizens and their locally elected representatives are limited. Although some decentralization has taken place in Sri Lanka, it has occurred at a lesser degree than expected. LGs have not emerged as a viable unit for delivery of services and responding to constituents. Awareness about decentralization remains very limited in Sri Lanka among both policy makers and the public at large, and debates on the topic tend to be contentious. Discussions on devolution and improving government responsiveness at the grassroots level have gained more attention recently at the national and international levels following the cessation of armed hostilities in the two provinces.</p> <p>A comprehensive assessment of the political economy surrounding decentralization/devolution will identify and assess plausible scenarios and outcomes that are likely to influence the wide spectrum of political, legal and policy reforms on decentralization. This will contribute to dialogue on the subject as well help target Bank programs. The cessation of armed hostilities in the Northern Province and demise of the LTTE as a threat to the country's unity have presented a window of opportunity. It may now be easier to re-engage on issues of decentralization free from concerns about separatism or "federalism". There is now more political space to debate issues, especially those related to the less politicized "third tier". This could free up fiscal resources and help create a "peace dividend" for post-conflict reconstruction and service delivery functions, including those related to local governments. At the policy level, and now that the civil war is effectively over, there are signs of increasing attention being paid towards implementation of the country's Ten Year Development Framework—the Mahindra Chintana. This places considerable emphasis on the need to improve the quality of public services to support Sri Lanka's move towards becoming a middle-income country.</p> <p>The note will help better understand the evolving decentralization/devolution debate and assist dialogue with policy makers and key members of civil society. It will include a matrix of plausible outcomes against specific components of policy reforms contemplated to find out which reforms are most likely to be adopted, sustained, abandoned or modified in varying political scenarios.</p>
Outputs	A local institution with substantial experience on political economy of decentralization, especially in the Sri Lankan context will be engaged for this activity. The firm is expected to carry out formal and informal interviews and discussions with key stakeholders within Sri Lanka, gauge the evolving political situation based on media reports, expert opinions, etc., and review relevant documents such as existing policies, laws and regulations, parties' election manifestos, and recent local government reform reports. The firm will also organize workshops, roundtables, focus group

	<p>discussions and stakeholder surveys as needed to carry out the assignment.</p> <p>The note will:</p> <ul style="list-style-type: none"> • Review the history of devolution and progress to date; • Identify key stakeholders within the country and analyze their positions with regard to decentralization/devolution issues; • Examine the current political situation based on media reports and discussions with experts to identify the likely political outcomes/scenarios; • Review relevant policies, laws, regulations, party manifestos, local government reform reports to assess both formal and informal positions on decentralization, especially with regard to the debates and discussions surrounding 13th Amendment, and to link them with likely political outcomes; • Identify and assess plausible scenarios and outcomes that are likely to influence the wide spectrum of political, legal and policy reforms on decentralization and sub-national governance.
Progress	<p>A comprehensive report on the Political Economy of Decentralization has been recently concluded. This report was done in partnership with the Asia Foundation, Colombo, which also financed part of the study.</p> <p>The report has two parts: (i) a review of the de jure and de facto functional and fiscal assignments, which provides the background for (ii) a comprehensive political economy analysis of decentralization. The highlight of the PE analysis is a comprehensive nationwide survey of different stakeholders regarding their perspectives on decentralization and sub-national governments. In the context of the cessation of armed conflict in the North and East and the return to power by Mahinda Rajapakse, this report provides sensitive and important clues regarding future prospects for and pathways of decentralization.</p>
Meeting the objectives of the TF	<p>The note will lay the ground for policy dialogue around decentralization reforms. It is cross-sectoral to improve understanding of the forces affecting decentralization in Sri Lanka, and will inform future work vis-à-vis improving the delivery of all services, irrespective of sector. The analysis of the political economy of decentralization is being done in India, Bangladesh, and Nepal, providing opportunities for learning from other countries' experiences.</p>
Additional funds leveraged	<p>The activity is linked the North East Local Services Improvement Project (NELSIP) with lending of \$ 80 million . It aims to strengthen accountable forms of local governance in the Northern and Eastern provinces of Sri Lanka. This work will also help the Bank put together a comprehensive TA program to support policy dialogue on devolution/decentralization issues and to provide capacity support for strengthening of intergovernmental systems and sub-national governments.</p>