

Workshop on Bihar's Development Strategy

Patna, Saturday, June 18, 2005

Opening Speech by Mr. Michael F. Carter Country Director, India, World Bank

It is a great privilege for the World Bank to participate in this workshop along with the Government of Bihar and the Planning Commission. The purpose of the workshop is to help the Government of Bihar, and the people of Bihar, in defining their development vision and strategy for Bihar.

As you may know, last year the World Bank released its Country Strategy for India for the next four years. As the name suggests, the document lays out our proposed business strategy and work program for the country. One of the key priorities of the CAS, which was developed in close consultation with the Government of India, is to work with India's lagging states, and in particular with the states of Bihar, Orissa, Jharkhand and Uttar Pradesh.

Bihar's development challenges are immense, but so are the opportunities. We initiated our dialogue on development with Bihar about two years ago. We have prepared a report on Bihar, which was discussed with the government last year, and will be released by the honorable Governor at the end of this session. The report identifies the key challenges that face Bihar today are: reducing poverty, increasing and sustaining the growth rate, improving the delivery of services, in particular in health and education, strengthening the accountability, performance and transparency of institutions and government systems, and improving the law and order situation.

There are also many success stories that are not well known outside the state which demonstrate Bihar's strong potential, and could in fact provide lessons for other regions. The report has highlighted the Comfed dairy federation and the Paliganj participatory irrigation management experience, both of which I had the opportunity to visit yesterday, and the successful production of lychees in Muzzafarpur district.

The report suggests that making economic and social development objectives as central to government policy is vital for transforming Bihar's human and economic landscape. A development strategy for Bihar will require a multi-dimensional approach across sectors and institutions. For improving educational and health outcomes, it means working with different communities and organizations - private, public, and non-government - to leverage scarce resources. To strengthen institutions and update systems, it also means developing a vision and strategy for reforming the administrative system. And it will also require improved fiscal performance to manage the mounting debt and carefully shepherd the state's scarce resources in the right direction.

A basic development strategy for Bihar could rest on two key pillars: (i) enhancing Bihar's growth performance by establishing a healthy investment climate to encourage entrepreneurship, investment, and the spread of improved technologies, particularly in the rural sector; and (ii)

supporting human resource development through improved quality and access to social services, particularly for the poor and socially disadvantaged communities.

The World Bank already has a fairly extensive engagement with Bihar. For example, we have provided support to primary education through the District Primary Education Project (DPEP); we have also provided funding for highways. Looking forward, we believe that an important part – perhaps the most part – of the contribution that we can make is through helping basic capacity building, especially drawing on international experience which we are particularly well placed to do. In addition to the overview report on Bihar’s development challenges, we have recently completed a policy note on financial management of centrally sponsored schemes. We are also providing broader technical assistance on budget, financial management and procurement. We have also commenced preparation of a Bihar Rural livelihoods project, which builds on the successful *Swa shakti* project (rural women’s empowerment). The project aims to assist the Government of Bihar in empowering the rural poor and improving their livelihoods through (i) developing and strengthening institutions of the poor, (ii) building and establishing pro-poor savings promotion and livelihood support organizations; (iii) financing livelihood business plans and investing in increasing the size of livelihood economy for the poor and iv) creating a enabling environment for implementing and scaling up innovations for livelihood development and service delivery. We are also preparing a policy note on agricultural development issues.

In conclusion, I would like to emphasize that Bihar and the lagging states are a high priority for the World Bank. We are very glad to see that this workshop has brought together policy makers, academics, NGOs and civil society to define Bihar’s development strategy. The World Bank is here to assist in this effort, and we look forward to a long term partnership with the Government of Bihar in supporting the implementation of their development strategy.