

INDIA: COUNTRY STRATEGY PROGRESS REPORT**CHAIR'S SUMMING UP****Meeting of Executive Directors****January 20, 2011**

The Executive Directors considered the Country Strategy Progress Report (CASPR) for India, and reiterated their support for the strategic priorities outlined in the CAS, confirmed in the CASPR, and reflected the country's development objectives.

Directors commended India on its economic and social development, especially in areas such as environment and infrastructure, and noted the ambitious plan to introduce and expand a large number of national programs aimed at inclusive growth (e.g. rural roads, education, and livelihoods). They also noted India's quick and effective response to the 2008 financial crisis, and were pleased that the World Bank Group was able to support these efforts with a series of lending operations, investments and advisory services. Several Directors stressed need for continued attention to meeting the Millennium Development Goals and enhancing support for the low-income states, where poverty levels remain well above the national level. The importance of enhanced attention to gender and inequality was stressed.

Directors were broadly supportive of the Bank's India program's shift to large transformative and innovative projects as well as those with a high leverage potential. They recognized that the Bank Group's ability to support these large projects with a mix of financing, technical support, capacity building, and knowledge is an opportunity to engage in and support critical areas of India's development agenda.

Directors acknowledged that the India program is indeed entering a period of transition, characterized by the phasing out of IDA according to standard IDA graduation procedures, while facing IBRD financing constraints. Simultaneously, the demand for World Bank Group services is expected to increase. In this connection, several Directors commented on the sustainability of the Bank's lending in the context of the Single Borrower Limit (SBL). While Directors welcomed the India program's strategy to work within the SBL by pursuing the proposed IBRD Special Private Placement Bond Purchase, they recognized the challenges of such an approach and underscored the need for continued Board consultations in this effort. Directors further welcomed the Bank's undertakings with the Government in exploring other parallel financing measures, most notably raising financing from other sources. To this end, they encouraged the Bank and IFC to continue to explore new and innovative approaches to leverage financial support.

On portfolio performance, Directors commended the India program for recent improvements that bring the program in line with Bank-wide performance statistics. They acknowledged the Bank's efforts to proactively manage, together with the Government, the portfolio as well as exercise selectivity in the pipeline of IBRD and IDA projects. Given the increasing size of the portfolio and pipeline as well as challenges associated with designing, implementing and supervising the large transformative projects, some Directors voiced concern about adequate staffing capacity as well as administrative budget.

Finally, Directors encouraged the continued close coordination between the Bank and IFC in their efforts to support India's development goal of inclusive growth.