Bibliographic note

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Background papers for the Report are available either on the World Wide Web via **http://econ.worldbank.org/wdr/wdr2004/** or through the World Development Report office. The views expressed in these papers are not necessarily those of the World Bank or of this Report.

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Endnotes

1. Taking the world as a whole hides the fact that Sub-Saharan Africa is off track in reaching the income poverty goal.

2. Walker, Schwarlander, and Bryce (2002).

3. Devarajan, Miller, and Swanson (2002).

4. Peters and others (2003), p. 218.

5. Reinikka and Svensson (2001).

6. Chaudhury and Hammer (2003).

7. Jaffré, Olivier, and de Sardan (2002).

8. PROBE Team in association with Centre for Development Economics (1999); Rosskam (2003).

9. Analysis of Demographic and Health Survey data (see table 1.1 of the Report). U.K. Department of International Development (2002).

10. Bhushan, Keller, and Schwartz (2002).

11. Ahmad (1999).

12. World Bank (2002n).

13. Behrman and Hoddinott (2001) and Gertler and Boyce (2001).

14. Spotlights on Educo and Bamako Initiative.

15. Glaeser and Shleifer (2002).

16. Diaz-Cayeros and Magaloni (2002).

17. Spotlight on Costa Rica and Cuba.

18. Besley and Burgess (2002).

19. Spotlight on Kerala and Uttar Pradesh.

20. When asked why he did not complain, one villager replied, "I could meet with an accident on the road. I could be put in the brick kiln oven. My bones could be broken." (Spotlight on Kerala and Uttar Pradesh).

21. Spotlight on Johannesburg.

22. International Labor Organization (ILO) (2002).

23. Scott (1998).

24. Reinikka and Svensson (2003b).

25. Chomitz and others (1998).

26. Computerization of land registration in Karnataka, India, reduced the transaction time to 30 minutes and eliminated the payment of bribes, which had risen to 25 to 50 times the registration fee.

27. Koenig, Foo, and Joshi (2000).

28. Jimenez and Sawada (1999).

29. Hsieh and Urquiola (2003).

30. Gauri and Vawda (2003).

31. Angrist and others (2002).

32. Interview by John Briscoe.

33. World Bank (1998a) and World Bank (2002a).

34. Even a recommendation to apply interventions that pass a social benefit-cost analysis test will not be enough. Social benefit-cost analysis is concerned with valuing an intervention's outputs and inputs at the right set of shadow prices (Bell and Devarajan (1987) and Dreze and Stern (1987)). Yet the problem is that the inputs often do not translate to the desired output because of weak incentives. The same point applies to recommendations of using "cost-effective" interventions in health (World Bank (1993).

35. Spotlight on Cambodia.

36. Schick (1998).

37. Realizing that the central education system has led to under-representation of students from low-income families, one of the prestigious French grandes écoles, L'Institut d'Etudes Politiques de Paris ("Sciences Po") has begun to use separate admissions criteria for students from poor neighborhoods.

38. Leonard (2002).

39. Another reason is that most project managers are not interested in investing in knowledge that might show their program to have been a failure.

40. This account from the *New York Times,* excerpted from Brooke (1993), describes the unprecedented joint effort by politicians, health workers, and communities to put in place a program to substantially reduce infant mortality in the state of Ceará in Brazil. The infant mortality rate for children born in Ceará between 1981 and 1985 was 142 deaths per 1,000 births, for children born between 1986 and 1990 the rate had fallen to 91, almost a 40 percent reduction. Infant mortality in the poorest fifth of the population fell from 154 to 113—almost 30 percent. The decline in infant mortality in neighboring states of Northeast Brazil was 20 percent over the same period (Analysis of Demographic and Health Survey data).

41. Department for International Development and Water and Environmental Health at London and Loughborough (1998). In Ethiopia more than 70 percent of households use an open spring or river as their main source of drinking water, and about 80 percent of households have no toilet facilities (Analysis of Demographic and Health Survey data).

42. Kunfaa and Dogbe (2002).

43. Lewis, Eskeland, and Traa-Valerezo (1999).

44. Mtemeli (1994).

45. See also Gwatkin and Others (2000) and Wagstaff (2000).

46. See also Filmer and Pritchett (1999a) and Filmer (2000).
47. UNESCO (2002).
48. UNICEF (2001).
49. The multiple determinants of child health are discussed in Wagstaff and others (2002).
50. See Deaton (1997).
51. For more on this approach see Filmer and Pritchett (2001).
52. For example, see World Bank (2001k).
53. Papua New Guinea Office of National Planning (1999).
54. Gibson (2000) based on a survey undertaken in 1996. Average distance may be lower today since a subsequent education reform expanded the number of elementary and primary schools.
55. International Forum for Rural Transport and Development, 2002 input to WDR team.
56. Estimates for 2000 from WHO UNICEF Joint Monitoring Programme for Water Supply and Sanitation (2001). "Improved" water source is defined as sources that provide adequate quality and quantity of water (i.e., a household connection or a protected well and not an unprotected well or bottled water). "Improved" sanitation covers flush toilets and private latrines.
57. "Improved" water source is at best a crude proxy for access to safe water. For example, in Bangladesh access to water through tubewells—an "improved" source—is extremely high although the water so accessed is frequently contaminated with arsenic (see chapter 9).
58. Filmer, Lieberman, and Ariasingam (2002). An evaluation of the enrollment and labor market outcomes of the program are in Duflo (2001).
59. See the discussion in Alderman and Lavy (1996).
60. Based on World Bank (2002s).
61. Radoki (2003).
62. Leonard, Mliga, and Mariam (2002).
63. Yip and Berman (2001).
64. Leonard, Mliga, and Mariam (2002).
65. Samrasinghe and Akin (1994) and Akin and Hutchinson (1999).
66. Pakistan Institute for Environment Development Action and Project Management Team (1994).
67. Alderman and Lavy (1996) and Lloyd and others (2001).
68. Chaudhury and Hammer (2003).
69. NRI and World Bank (2003).
70. Chomitz and others (1998).
71. PROBE Team in association with Centre for Development Economics (1999).
72. Schleicher, Siniscalco, and Postlewaite (1995).
73. World Bank (2001e).
74. Thomas, Lavy, and Strauss (1996).
75. Alderman and Lavy (1996).
76. Thomas, Lavy, and Strauss (1996).
77. Schleicher, Siniscalco, and Postlewaite (1995).
78. PROBE Team in association with Centre for Development Economics (1999).
79. Schleicher, Siniscalco, and Postlewaite (1995).
80. World Bank (2002m).
81. GfK Praha—Institute for Market Research (2001).
82. World Bank (2000c).
83. McPake and others (2000) and Levy-Bruhl and others (1997).
84. Di Tella and Savedoff (2001a).
85. Narayan and others (2000a).
86. Knippenberg and others (1997).
87. King and Ozler (2002).
88. Lewis, La Forgia, and Sulvetta (1996).
89. WHO (World Health Organization) (1998).
90. Langsten and Hill (1995).
91. Rowe and others (2001).
92. Lakshman and Nichter (2001).
93. For example, see Bruns, Mingat, and Rakatomalala (2003) or Pritchett and Filmer (1999).
94. Millot and Lane (2002).
95. World Bank (1998b).
96. Waitzkin (1991).
97. Betancourt and Gleason (2000) and Koenig, Foo, and Joshi (2000).
98. Lewis, Eskeland, and Traa-Valerezo (1999).
99. Jaffré and Prual (1994).
100. WHO (World Health Organization) and World Bank (2002).
101. Schneider and Palmer (2002).
102. Narayan and others (2000b).
103. Haddad and Fournier (1995).
104. Davis and Patrinos (2002).
105. Rao and Walton (forthcoming).
106. Dutta (2003).
107. This spotlight is based on Coady (2003) and Levy and Rodríguez (2002).
108. Percentages from World Development Indicators database.
109. Bruns, Mingat, and Rakatomalala (2003).
110. Indonesia: Ministry of National Education (2002); Indonesia: Ministry of Religious Affairs (2002); and Filmer, Lieberman, and Ariasingam (2002).
111. Hutchinson (2001).
112. 137,000 health subcenters, 28,000 dispensaries, 23,000 primary health centers, 3500 urban family welfare centers, 3000 community health centers, and an additional 12,000 secondary and tertiary hospitals (Peters and others (2003)). The populations of Uganda, Indonesia, and India are 22 million, 210 million, and 1,015 million, respectively.
113. Hutchinson (2001).
114. Peters and others (2003).
115. A comprehensive exposition of these ideas is in Stiglitz (2000).
116. Articles 25 and 26 of the Universal Declaration of Human Rights (http://www.un.org/Overview/rights.html).
117. See, for example, WHO (World Health Organization) (2002).
118. Articles 23 and 24 of the Universal Declaration of Human Rights. (http://www.un.org/Overview/rights.html).
119. Hunt (2002).
120. See discussions in Green (1990), Pritchett (2002), and Kremer and Sarychev (2000).
121. For example, see the theoretical discussion in Gradstein and Justman (2002) and empirical exploration in Ritzen, Wang, and Duthilleul (2002).
122. Appleton (2001).
123. In Madagascar GDP per capita was about $250 averaged over the 1990s and mortality 156 in 2000. In Burundi GDP per

capita was about $160 averaged over the 1990s and mortality 190 in 2000. These two countries fall very close to the cross-country regression line between income and mortality. These data on child mortality are from UNICEF (2002).

124. See in particular: Barro (1991), Bhargava and others (2001), Bils and Klenow (2000), Pritchett and Summers (1996), and Savedoff and Schultz (2000).

125. Dollar amounts in this paragraph are in 2001 U.S. dollars and refer to averages for the 1990s.

126. Dollar amounts are in 2001 U.S. dollars.

127. Moreover, these cross-national estimates likely overstate the association between income and outcomes as they do not take into account specific country attributes. The growth rates discussed here are at best underestimates of those necessary.

128. Dollar amounts in this list are expressed in 1995 U.S. dollars.

129. Between 1980 and 2000 annual average growth of GDP per capita was: Ethiopia –0.55 percent; Malawi 0.25 percent; Thailand 0.046 percent; Peru –0.41 percent; Mexico 0.74 percent; Jordan –0.57 percent; Côte d'Ivoire –0.017 percent; Haiti –0.025 percent (based on World Development Indicators database).

130. Hammer, Nabi, and Cercone (1995).

131. van der Berg and Burger (2003).

132. Duflo (2001). Filmer, Hammer, and Pritchett (2000) discuss the within-country evidence further.

133. The result holds for other outcomes as well. For example, the Organisation for Economic Co-operation and Development's *Program for International Student Assessment* found that more spending on education was associated with better test results in a sample of largely upper income countries (Organization for Economic Cooperation and Development (2001)). However, the association becomes almost zero (and insignificant from it) once GDP per capita is controlled for.

134. Filmer and Pritchett (1999b).

135. Bidani and Ravallion (1997) and Wagstaff (2002).

136. Gupta, Verhoeven, and Tiongson (2002).

137. Rajkumar and Swaroop (2002); Gupta, Verhoeven, and Tiongson (2002) find corruption to be important, but Jayasuriya and Wodon (2002) do not.

138. For example, the number of countries, and country coverage, in cross-national studies of spending and mortality are: 98 in Filmer and Pritchett (1999b); 22 in Anand and Ravallion (1993); 76 and 56 in Jayasuriya and Wodon (2002); 22 in Gupta, Verhoeven, and Tiongson (2002); 32 in Gupta, Verhoeven, and Tiongson (forthcoming);116 in Gupta, Davoodi, and Tiongson (2002); 32 in Wagstaff (2002); 35 in Bidani and Ravallion (1997). There is a parallel, although somewhat less developed literature on education outcomes and spending: for example, Wößmann (2003); Gupta, Verhoeven, and Tiongson (2002).

139. This discussion is based on Lieberman (2003).

140. Such expenditure incidence studies of health and education spending provide a valuable description, but they cannot tell the full story. First, they provide a cross-sectional snapshot that is not the same as who would benefit from the marginal resources devoted to the sector. Second, while the data are often based on the best available they are limited—especially when it comes to assessing the costs of each unit of the service provided. Third, the studies implicitly assume that the value of the expenditure is equal across all users. Fourth, they do not include the incidence of raising funds—that is, a fairly regressive pattern of spending might still be pro-poor if it is financed through a very progressive tax system. Fifth, it is hard to know what a "good" allocation is without comparing it to other types of social spending.

141. Reinikka and Svensson (2001).

142. Foster (1990).

143. World Bank (1994a).

144. Filmer, Hammer, and Pritchett (2000).

145. Gertler and Molyneaux (1995).

146. Sixty-six percent is the amount recommended by Bruns, Mingat, and Rakatomalala (2003) based on a review of countries that have made substantial progress toward universal completion.

147. Bruns, Mingat, and Rakatomalala (2003).

148. Devarajan, Miller, and Swanson (2002) use a similar approach to costing the first Millennium Development Goal, halving income poverty between 1990 and 2015.

149. Devarajan, Miller, and Swanson (2002) avoid some of the double counting by calculating the cost of the health, education, and environmental goals independently of the income poverty goal and then calculating the cost of the income poverty goal independently of all the others.

150. This account is drawn from Paul (2002).

151. Drawn from Community Driven Development (2002).

152. This spotlight relates to Uttar Pradesh as it existed before its hill districts were separated out into a new state, Uttaranchal, in late 2000.

153. Ramachandran (1996) and Dreze and Gazdar (1996).

154. Mencher (1980), Nag (1989), and Antia (1994).

155. Dreze and Gazdar (1996) and PROBE Team in association with Centre for Development Economics (1999)

156. See Shah and Rani (2003).

157. Dreze and Sen (2002).

158. Keefer and Khemani (2003), Shah and Rani (2003).

159. Chandran (1999).

160. Dreze and Gazdar (1996), p. 111.

161. Ramachandran (1996), p. 268. The Tranvancore rescript was issued 55 years before the similar Meiji Educational Law of 1872 in Japan.

162. Narayan (2002).

163. World Bank (2001h).

164. Hammer and Jack (2001) and Gertler and Hammer (1997b).

165. Das and Hammer (2003).

166. Cornell and Kalt (1995); Cornell and Kalt (1997); Cornell and Kalt (2000)

167. Mamdani (1996).

168. Cohen (1957).

169. de Soto (2000).

170. Public Services International and Education International (2000).

171. Stasavage (2003).

172. Tumusiime-Mutebile (2003).

173. Reinikka and Svensson (2001), Reinikka and Svensson (2003a).

174. Shreenivasan (2002).

175. Akin, Guilkey, and Denton (1995) and Peters and others (2003).

176. Pritchett and Woolcock (2002).

177. Appadurai (2001).

178. In the literature this is known as equalizing their agency (Rao and Walton (forthcoming). Empowerment also refers to poor peoples' abilities to influence the political power structure, but that is the subject of chapter 5, "Citizens and Politicians."

179. Conning and Kevane (2002) discuss this in the context of community-based targeting programs. See also Mansuri and Rao (2003).

180. This does not apply to technical quality, which can be quite low—and more variable—in the private sector.

181. Probe Qualitative Research Team (2002).

182. Ibid Probe Qualitative Research Team (2002). See also Leonard (2002).

183. Becker (1971).

184. Lewis (2000).

185. Tan, Soucat, and Mingat (2000).

186. Wolfensohn (1997).

187. Gertler and Hammer (1997b).

188. Personal communication with Dr. Zafrullah Chowdhury of Gonoshasthaya Kendra.

189. Nichols, Prescott, and Phua (1997).

190. Case (2001).

191. Das and Hammer (2003).

192. Werner, Thuman, and Maxwell (1992).

193. Shleifer and Vishny (1993) call this corruption with theft.

194. Goetz and Gaventa (2001).

195. Glinskaya and Jalan (2003).

196. Grindle (forthcoming).

197. Chandran (1999).

198. Ostrom (1990).

199. Scott (1998), and Mackey (2002).

200. Wade (1987) and Blomquist and Ostrom (1958).

201. *World Bank Economic Review,* Special Issue (2002)

202. Hino (1993).

203. Water and Sanitation Program (2001).

204. Alatas, Pritchett, and Wetteberg (2003).

205. Platteau and Gaspart (2003).

206. Agarwal (2001).

207. World Bank (1998c).

208. Mansuri and Rao (2003) and Kleemeier (2000).

209. Mehrotra and Jarrett (2002).

210. Gilson and others (2001).

211. Gilson and others (2001).

212. Knippenberg and others (1997).

213. In the early 1980s, successes in delivering primary care services were first analyzed based on the experiences of the Narangwal, Lampang and Bohol projects in Asia, as well as the Danfa, Kintampo, Kisantu, Kasongo and Institute of Child Health Nigeria projects in West Africa. These best practices were translated into a coherent set of service delivery strategies, management systems, and instruments in the Pahou pilot project in Benin (1982–86).

214. Ministry of Health Guinea (2002).

215. Ministère de la Santé de Bénin (2003).

216. Zhao, Soucat, and Traore (2003).

217. Soucat, Gandaho, and Levy-Bruhl (1997).

218. Gilson (1997) and Gilson and others (2000).

219. Narayan and Pettesch (2002) and Narayan and others (2000a).

220. See Glossary for explanations of terms related to the service delivery framework.

221. See http://www.hinso.moph.go.th/30baht_English/index.htm.

222. See http://www.cabinet-office.gov.uk/pmdu/.

223. International Budget Project (2000).

224. Hirschman (1970) shaped understanding of "voice" as directed protest, both in its electoral (voting) and nonelectoral (advocacy, lobbying, naming/shaming, participation in policymaking) sense.

225. Goetz and Jenkins (2002) and Schedler (1999). The many meanings given to accountability—an overused term—often blur. So, "vertical" accountability (citizens individually or collectively holding the state to account, as in elections) is sometimes distinguished from "horizontal" accountability *within* government (a minister or senior civil servant formally holding another civil servant accountable). Authoritarian states may manifest horizontal accountability, but not offer much vertical accountability.

226. Shah (2003a); also see http://www.mampu.gov.my/Circulars/Clients_Charter.htm.

227. Hossain and Moore (2002).

228. Jenkins and Goetz (2002) discuss civil engagement with India's public distribution system for basic goods targeted to poor people. When the system was exploited as a source of patronage, civil society groups advocating more efficient delivery had no traction for their equity-led agenda, and the poor suffered.

229. For a review of clientelism and how core and swing voting can impact services, see Diaz-Cayeros and Magaloni (2003).

230. Joshi and Moore (2000) discuss the role of the right to guaranteed work in the Maharashtra Employment Guarantee Scheme in India and its implications for the mobilization and voice of the poor. Jenkins and Goetz (1999) examine the role of the right to information in the state of Rajasthan in India.

231. Putnam, Leonardi, and Nanetti (1992) and Boix and Posner (1998).

232. Freedom House (2002). Democracies are defined as political systems whose leaders are elected in competitive multi-party and multi-candidate processes in which opposition parties have a legitimate chance of attaining power or participating in power.

233. See Moore and Putzel (2001) for a discussion of democracy and poverty outcomes.

234. Keefer (2002).

235. This draws on Keefer and Khemani (2003).

236. Keefer (2003), based on countries with available education expenditure data from among the 117 countries in the Database of Political Institutions, 1975–95 (Beck and others (2001)).

237. See various articles in Ferejohn and Kuklinsky (1990).

238. Fiorina (1990).

239. See the literature on political cycles in developing countries, including Shi and Svensson (2003), Khemani (forthcoming), Block (2002), and Schuknecht (1996).

240. Fiorina and Shepsle (1990) and Chappell and Keech (1990).

241. Grossman and Helpman (1999).

242. Easterly and Levine (1997); Alesina, Baqir, and Easterly (1999); Betancourt and Gleason (2000).

243. Alesina, Baqir, and Easterly (1999).

244. Ferejohn (1974) and Persson and Tabellini (2000).

245. Gazdar (2000).
246. Diaz-Cayeros and Magaloni (2003).
247. Medina and Stokes (2002).
248. Diaz-Cayeros and Magaloni (2003).
249. Miguel (1998), as noted by and consistent with the findings of Diaz-Cayeros and Magaloni (2003).
250. Keefer (2002) and Robinson and Verdier (2002).
251. Keefer (2002).
252. Keefer and Khemani (2003).
253. Alatas, Pritchett, and Wetteberg (2003).
254. Putnam, Leonardi, and Nanetti (1992).
255. Goetz and Jenkins (2002); see also Narayan (2002).
256. Masud (2002).
257. See http://www.sdinet.org/ and Appadurai (2001).
258. Jenkins and Goetz (2002).
259. See http://www.poderciudadano.org.ar/.
260. Boix and Posner (1998).
261. NGOs can make huge contributions to human development by stepping in to provide local community-based services where there is little public presence. But these NGOs may lack a credible voice in reforming public services because they may be perceived as having a vested interest in the existing service delivery arrangements.
262. Goetz and Gaventa (2001).
263. Manor (2002).
264. Platteau (2003) and Crook (2002).
265. World Health Organization (2003).
266. See spotlight on Uganda in this Report.
267. Besley and Burgess (2002)
268. National Democratic Institute for International Affairs and World Bank (1998); Di Tella and Schargrodsky (forthcoming)
269. It is not possible, of course, to know whether the actual outcomes in better-informed states were socially superior. It could just as easily be the case that state governments in which media coverage of food crises was widespread devoted more resources to assistance than they should have, including providing assistance not only to those who needed it but also to those who didn't but were core or swing supporters and voters.
270. Sen (2002) and Dreze and Sen (1991).
271. Paul (2002) and Balakrishnan (2002).
272. For information on the Millennial Surveys, see http://www.pacindia.org.
273. Deichmann and Lall (2003).
274. For a recent discussion of the role of the media in development, see World Bank (2002q).
275. Faguet (2001).
276. Wetterberg and Guggenheim (forthcoming).
277. Evers (2003).
278. Evers (2003).
279. Molyneaux and Gertler (1999) and Alatas (1999).
280. Schiotz (2002).
281. Pritchett (forthcoming).
282. Wilson (1989).
283. Jaffré and Prual (1993).
284. Chomitz and others (1998).
285. Chaudhury and Hammer (2003).
286. Shleifer and Vishny (1993).
287. Vasan (2002).
288. Botchway (2001).
289. Lazear (2000).
290. Boston (1996) and Stewart (1996).
291. Dixit (2000) and Holmstrom and Milgrom (1991).
292. Hammer and Jack (2001) and Gertler and Hammer (1997a).
293. Glewwe, Ilias, and Kremer (2000).
294. Dixit (2000) and Burguess, Propper, and Wilson (2002).
295. Fitz-Gibbon (1996).
296. The City of Johannesburg Council (2001).
297. Frey (1997).
298. Irwin (2003).
299. Hammer, Nabi, and Cercone (1995).
300. Hammer and Jack (2001).
301. Klein and Roger (1994).
302. Aitken (1994).
303. Reinikka and Svensson (2003b).
304. World Bank (2001l).
305. Leonard (2002).
306. Bierschenk, Olivier de Sardan, and Chauveau (1997); Bebbington (1997); Meyer (1995); Chabal and Daloz (1999); Platteau and Gaspart (2003).
307. Chaudhury and Hammer (2003).
308. This is discussed in greater detail in Filmer, Hammer, and Pritchett (2000), Filmer, Hammer, and Pritchett (2002).
309. Cambodia National Institute of Statistics and ORC Macro (2001).
310. The operations research was funded by the Asian Development Bank.
311. Bhushan, Keller, and Schwartz (2002).
312. There is only one instance, that of vitamin A coverage, in which one district had not increased coverage at the time of the mid-term evaluation.
313. Soeters and Griffiths (2003).
314. PROBE Team in association with Centre for Development Economics (1999).
315. Galabawa, Senkoro, and Lwaitama (2000).
316. Greaney, Khandker, and Alam (1999). In reading, "minimally competent" means able to answer three of five questions based on a literal passage; in writing, "minimally competent" means able to write a short (12-word) passage based on a picture.
317. And testing 15-year-olds still in school *overstates* Brazil's performance relative to that of OECD countries because larger numbers of Brazilian teens have already dropped out.
318. Narayan and Pettesch (2002).
319. Daramola and others (1998).
320. Gundlach and Wößman (2001) and Gundlach, Wößman, and Gmelin (2001). The key empirical insight of these studies is that the evolution of learning achievement can be inferred for the countries that do not themselves maintain comparability over time by linking their performance relative to that of the United States at a point in time based on the internationally comparable exams and then linking those to the U.S. National Assessment of Education Progress results, which are comparable over time.
321. Lewis (1961).
322. The five briefly: Belief in one supreme God; just and civilized humanity; the unity of Indonesia democracy is the wisdom of the deliberation; social justice for the whole of the Indonesian people.

323. Sweeting (2001).

324. Lanjouw and Ravallion (1999).

325. Lott (1999).

326. Cited in Madaus and Greaney (1985).

327. Much of the debate is about how to properly isolate the causal impact of variations in class size, mostly from nonexperimental data. This is a problem because if class size is consciously chosen in ways that cause a correlation between performance and class size—say, by school administrators who make classes with disruptive children (who would cause low performance) smaller (so the teacher can better handle the situation) or by students, who, given choice within a school will choose teachers with better reputations—then the observed, nonexperimental data might show a negative or zero correlation between class size and performance even though a truly *exogenous* shift in class size would improve performance. There is evidence of a reasonably large effect of class size from a randomized experiment in Tennessee, and "quasi-experimental" evidence from Israel (Angrist and Lavy (1999), South Africa (Case and Deaton (1999), and Bolivia (Urquiola (2001). But critics of this evidence argue that reported results are "hit and miss"—in that, if class size effects are measured in two subjects in three grades, there are class size effects in some grades and subjects and not others—with no particular pattern; that the literature is subject to enormous "publication bias" in that statistically significant results are much more likely to be written up and published, even if they are in fact rare; and that randomized experiments in which the teachers know the purpose of the experiment are not in fact a clean test, as teachers will attempt to perform well to justify smaller class sizes (Hoxby 2000). Hanushek (2002) continues to emphasize the huge literature in which there is a *general* lack of a correlation—with "better" studies less likely to find effects—and points to the "big picture" evidence unlikely to be affected by the "endogeneity arguments"—the time series in the United States and OECD countries in which class sizes have fallen substantially while scores have stagnated, and the lack of cross-national evidence. Hoxby (2000) produces quasi-experimental evidence from the United States (Vermont) showing no class size effects and argues her results are more typical and representative than others.

328. Vegas (2002).

329. Banerjee and others (2003).

330. Crouch and Healey (1997).

331. Sillers (2002).

332. For instance, empirical studies that run standard wage (or earnings) regressions with a few characteristics (age, gender, education) and include a dummy variable (or interaction terms) for teachers provide a purely statistical answer to the question, "Does the wage regression over- or underpredict wages (or earnings) of teachers?" But even this answer is without a clear interpretation and these studies do not, in themselves, answer the question, "Are teachers underpaid?' (Psacharopoulos, Valenzuela, and Arends (1996); Liang (1999); Filmer (2002); Vegas, Pritchett, and Experton (1999). In some situations in which these regressions suggested that teachers were "underpaid" the annual output of teachers colleges exceeded available positions by several-fold (suggesting teacher pay was adequate), while in others where the regressions suggested teachers were "overpaid" there were few new teachers and wages were being increased (suggesting teacher pay was inadequate).

333. Murnane and Cohen (1986).

334. Eskeland and Filmer (2002).

335. King, James, and Suriyadi (1996) and Pritchett and Filmer (1999).

336. Birdsall and Orivel (1996).

337. Case (2001).

338. See Progresa spotlight.

339. Wodon (1999).

340. Cameron (2001).

341. Angrist and others (2002).

342. Carnoy (1997) and Ladd (2002).

343. World Bank (1996).

344. Grindle (forthcoming).

345. World Bank (2002s).

346. Eriksson, Kreimer, and Arnold (2000).

347. This assessment of the position of teachers and school closings is from Reimers (1997).

348. Action learning program on participatory processes for PRSP (2003).

349. Action learning program on participatory processes for PRSP (2003).

350. For an example of this critique see Davies (2000) and a discussion in Reimers (1997).

351. Initial studies suggested that few of these "Parent School" programs took hold. But they were made an official program—with financial support—in the past five years, and they appear to have expanded since then.

352. Jimenez and Sawada (1999).

353. Jimenez and Sawada (2002).

354. Indeed, one early assessment based on a survey of 140 schools in 1993 found little difference between different types of schools (Reimers (1997)).

355. El Salvador Evaluation Team (1997).

356. Jimenez and Sawada (1999).

357. Sawada (1999).

358. Reimers (1997).

359. A detailed bibliography for this chapter can be found in Soucat and Rani (2003a).

360. UNAIDS and WHO (2003).

361. Gwatkin and others (2000).

362. Victora and others (2000a).

363. Gwatkin and Guillot (2000) and Bonilla-Chacin and Hammer (2003).

364. Haddad and Gillespie (2001) and Wang, Monteiro, and Popkin (2002).

365. Das Gupta (1987) and Claeson and others (2000).

366. Victora and others (2000a); Mehryar, Aghajanian, and Ahmadnia (2003); Suwal (2001); Bhuiya and others (2001); Schellenberg and others (2001); Bang and others (1999); Pathmanathan and others (2003); Rojanapithayakorn and Hanenberg (1996); Victora and others (2000b).

367. Diop, Yazbeck, and Bitran (1995); Soeters and Griffiths (2003); Bhushan, Keller, and Schwartz (2002); Saadah, Pradhan, and Sparrow (2001).

368. Evans (1996) and Moens (1990).

369. Hart (1971).

370. Das Gupta, Khaleghian, and Sarwal (2003).

371.As studies from Madagascar, Ghana, Georgia and the Kyrgyz Republic show Makinen and others (2000), Pannarunothai and

Mills (1997), Peters and others (2003). Castro-Leal and others (2000), Chawla (2001), Lewis (2000).

372. As as studies in China, Egypt, Lebanon, Peru, and Vietnam show. Carrin and others (1999), Cotteril and Chakaraborty (2000), Preker and others (2001), Wagstaff and van Doorslaer (forthcoming).

373. Cebu Study Team (1991) and Glewwe (1999).

374. Wagstaff, van Doorslaer, and Watanabe (2001).

375. Schieber and Maeda (1997).

376. Cai and others (1998).

377. Chaudhury and Hammer (2003).

378. WHO (World Health Organization) (1998).

379. Bennet and McPake (1997).

380. Waters and Aselsson (2002), Soucat and Rani (2003c), and Peters and others (2003).

381. Bloom and Standing (2001).

382. Peters and others (2003).

383. Lewis (2000).

384. Nahar and Costello (1998).

385. World Bank (2003b)

386. Soucat and Rani (2003b) and Schieber and Maeda (1997).

387.Mills and others (2002) and Macy and Quick (2002).

388. Gilson and others (2000); Soucat, Gandaho, and Levy-Bruhl (1997); Diop, Yazbeck, and Bitran (1995); Litvack and Bodart (1993).

389. Price (2001).

390. Rojanapithayakorn and Hanenberg (1996).

391. UNICEF (2002).

392. Population Services International (2003).

393. Mintz, Savedoff, and Pancorvo (2000); Cuellar, Newbrander, and Timmons (2000); Soucat, Gandaho, and Levy-Bruhl (1997); Diop, Yazbeck, and Bitran (1995).

394. Castañeda (1999),

395. Mesoamerica Nutrition Program Targeting Study Group (2002).

396. Institute For Health Sciences and World Bank (2001).

397. Marchant and others (2002).

398. Jongudomsuk, Thammatuch-aree, and Chittinanda (2002).

399. World Bank (2002j) and Gertler and Boyce (2001).

400. Van Lerberghe and Ferrinho (2003).

401. Cotlear (2000).

402. Porignon and others (1998).

403. Maiga, Nafo F., and El Abassi (1999).

404. Criel (1998).

405. Barnighausen and Sauerborn (2002) and Baris (2003).

406. Dror and Preker (2003).

407.Domenighetti and others (1988); Ainsworth, Beyrer, and Soucat (2003); Lamboray (2000); Haddad and Gillespie (2001); Hadi (2001).

408. Platteau and Gaspart (2003).

409. Studdert and others (2000) and Bhat (1996).

410. Jonsson and Musgrove (1997).

411. Janovsky (2002).

412. Akin, Hutchinson, and Strumpf (2001).

413. Pannarunothai and others (2000).

414. Van Lerberghe and Ferrinho (2003).

415. Perry and others (1999).

416. We focus here on how governments can buy health services outputs and outcomes, in contrast to the purchasing of inputs—ancillary or security services, consumables, equipment—which is part of the management function as per the framework presented in chapter 3.

417. Manning (1998).

418. Nieves, La Forgia, and Ribera (2000); Eichler, Auxilia, and Pollock (2001); Chowdhury (2001).

419. World Bank (2002j).

420. Naimoli and Vaillancourt (2003).

421. Brenzel and Claquin (1994).

422. Holmstrom and Milgrom (1991) and Mills and Bromberg (1998).

423. Hughes (1993).

424. Mills, Broomberg, and Hongoro (1997); Commission on Macroeconomics and Health (2002); Taylor (2003).

425. World Bank (2001d).

426. Save the Children (2002).

427. Hanson and others (2002) and McPake (1996).

428. Hanson (2000) and Brinkerhoff and McEuen (1999),

429. Tendler (1998).

430. Van Lerberghe and others (1997) and Tangcharoensathien and Nittayaramphong (1994).

431. as in Bolivia, Cambodia, and Matlab (Bangladesh), Nieves, La Forgia, and Ribera (2000); Mintz, Savedoff, and Pancorvo (2000); Bhuiya, Rob, and Quaderi (1998); Bhushan (2003).

432. Mills and others (2002).

433. as in Vietnam World Bank (2001j).

434. Lindelow, Ward, and Zorzi (2003) and Mozambique Health Facility Survey, Ferrinho and Van Lerberghe (2003).

435. Nitayaramphong, Srivanichakom, and Pongsupap (2000).

436. Lewis, Eskeland, and Traa-Valerezo (1999).

437. Onyango-Ouma and others (2001).

438. Ferrinho and Van Lerberghe (2003).

439. World Bank (2001d).

440. Cochi and others (1998).

441. Ferriol and others (2003).

442. United Nations (1961).

443. The references to Costa Rica are based on Lisulo (2003).

444. Erikson, Lord, and Wolf (2003). This corresponds to 2.75 family doctors per 1,000 people—in the Latin America and Caribbean region as a whole there are 1.5 doctors (of any kind) per thousand people (World Development Indicators 2002.

445. Ferriol and others (2003) and World Bank (2002s).

446. Ferriol and others (2003).

447. Ferriol and others (2003).

448. Uriarte (2002).

449. Uriarte (2002).

450. Ferriol and others (2003).

451. Erikson, Lord, and Wolf (2003) and Uriarte (2002).

452. See the World Bank (1994c) for a full discussion of economic infrastructure.

453. International Monetary Fund and World Bank (2003).

454. Human Settlements Program (2003).

455. Parker and Skytta (2000).

456. Water and Sanitation Program (WSP-AF) (2003).

457. Schleifer and Vishny (1994).

458. Savedoff and Spiller (1999).

459. Foster (2002).

460. Foster (2002).

461. Smith (1997a), Smith (1997b), Irwin, personal communication.

462. Guasch (2003).

463. Apoyo Opinión y Mercado S.A. (2002).

464. Dumol (2000).

465. Shirley (2002).

466. Smith (2003).

467. Raghupati and Foster (2003).

468. Brook and Locussol (2001).

469. Gómez-Lobos and Contreras (2000); David Savage, personal communication.

470. Plummer (2003).

471. Nickson and Vargas (2002).

472. Parker and Skytta (2000) and World Bank (2002o).

473. Tremolet (2002).

474. Iyer (2002).

475. Term suggested by Peter Kolsky based on his work in this area.

476. Hoy and Jimenez (2003).

477. World Bank (2001i).

478. von der Fehr and Millan (2001).

479. Briscoe (1997).

480. Shirley (2002).

481. Briscoe (1997).

482. Allan, Gotz, and Joseph (2001).

483. iGoli means "city of gold."

484. Ahmad (1996).

485. Allan, Gotz, and Joseph (2001).

486. See the *Glossary* in this Report for explanations of terms relating to the service delivery framework.

487. This draws on Andrews and Campos (2003). See also Campos and Pradhan (1997).

488. See Holmes (2002), Roberts (2002), and Le Houerou and Taliercio (2002) for reviews.

489. Holmes (2002).

490. Le Houerou and Taliercio (2002).

491. IMF and IDA (2002).

492. IMF (2002).

493. See Shah (2003b) for a discussion of the importance of public expenditure management in PRSPs and the large challenges in governance reforms that the early PRSPs show.

494. Dehn, Reinikka, and Svensson (forthcoming).

495. Andrews (2001).

496. See Talero (2001). For a country perspective, see Chile's comprehensive 2002–04 e-procurement strategic plan, ChileCompra (2002), and other materials on the same website. See http://wbln0018.worldbank.org/OCS/egovforum.nsf/Main/ccp for an e-procurement profile of Australia, Brazil, Canada, Chile, Denmark, Mexico, and the United States.

497. See Bardhan (2002) for a recent review.

498. Litvack, Ahmad, and Bird (1998) and Burki, Perry, and Dillinger (1999).

499. Prud'homme (1995) and Rodden, Eskeland, and Litvack (2003).

500. Bardhan and Mookherjee (2002).

501. von Braun and Grote (2000).

502. See Grindle (forthcoming) on education and Burki, Perry, and Dillinger (1999) more generally on Latin America; Faguet (2001) for Bolivia; Ahmad (1999) on South Africa; World Bank (2001a) on transition economies; World Bank (2002f) on Indonesia; and World Bank (2002k) and Lundberg (2002) on Pakistan.

503. Galiani and Schargrodsky (2002).

504. Rodden, Eskeland, and Litvack (2003). An expectation of a bailout reflects a soft budget constraint.

505. Musgrave (1959).

506. Political expediency led the Indonesian parliament to hastily pass laws in 1999 to implement a "big-bang," rapid decentralization, but left the expenditure law unclear on expenditure assignments. The laws are now being revised; see World Bank (2002d).

507. In Indonesia, the 1999 expenditure law was passed independently of the law governing revenue assignments; see World Bank (2002d).

508. Khemani (2003).

509. Ahmad (1999). Financial decentralization (ability to borrow) is usually subsumed into fiscal decentralization. Separating them conceptually can shed more light on the interactions between them.

510. Ahmad (2003).

511. See Evans (2003) for a recent review of staffing practices in decentralization in Benin, India, Indonesia, Mexico, Pakistan, the Philippines, Poland, and Uganda.

512. Much of the government's service delivery had already been deconcentrated, so even though reporting arrangements changed, most employees moved physically just from one office to another within the same city.

513. Grindle (forthcoming).

514. Bahl and Linn (1992).

515. Blondel and Manning (2002).

516. Schacter, Haid, and Koenen-Grant (1999); Koenen-Grant and Garnett (1996).

517. Devarajan, Dollar, and Holmgren (2001).

518. Collier and Pattillo (2000).

519. Beschel and Manning (2000).

520. Evans and Rausch (forthcoming)

521. International Labour Organization (2001).

522. There is an ongoing debate on whether New Public Management should be attempted in developing countries: Schick (1996), Bale and Dale (1998), Schick (1998), Batley (1999), Manning (2001).

523. World Bank (2000b).

524. Dixon (2002).

525. Schick (1998).

526. This draws on Manning and Parison (2003) and World Bank (2002e).

527. Wade (1982); Wade (1985).

528. Even in countries with a strong civil service tradition, the problem of political interference can be pernicious, as the huge problem in India of ad hoc transfers of civil servants to "punishment postings" demonstrates; see Sundaram (2001).

529. Azfar (2002).

530. For a recent list of these studies, see, for example, World Bank (2000a) and Abed and Gupta (2002).

531. Anderson, Kaufmann, and Recanatini (2003).

532. Mauro (1998).

533. Rajkumar and Swaroop (2002), Abed and Gupta (2002), Azfar and Gurgur (2001), and Di Tella and Savedoff (2001b).

534. See Kaufmann, Pradhan, and Ryterman (1998) for a discussion of the early diagnostic approach.

535. Anderson, Kaufmann, and Recanatini (2003) highlight the findings of these diagnostic surveys for service delivery.

536. World Bank (2000a).

537. Grindle (forthcoming).

538. World Bank (2002e).

539. For example, see chapter 3 of World Bank (2002b) for guidance on designing a poverty monitoring system.

540. Kremer (2002).

541. Victora and others (2000a).

542. Davey (2000).

543. World Bank (1998a), Burnside and Dollar (2000a), Burnside and Dollar (2000b), and Collier and Dollar (2002).

544. Martens and others (2002) and Ostrom and others (2001).

545. Mackinnon (2003).

546.The literature on fungibility—including Devarajan and Swaroop (1998); Devarajan, Rajkumar, and Swaroop (1999); and Feyziogly, Swaroop, and Zhu (1998)—finds that only a portion of aid stays in the sector: when the government receives sector-specific aid, it shifts its own resources partially to other sectors. Fungibility suggests that donors should take a more holistic approach to recipients' public spending.

547. Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

548. World Bank (2001l).

549. For example, the Global Fund to Fight AIDS, Tuberculosis and Malaria; the Global Alliance for Vaccinations and Immunizations; the Global Vaccine Fund; and the Global Environment Facility. For details on health-related global funds see Kalter (2003).

550. Ostrom and others (2001).

551. Boyce and Haddad (2001).

552. World Bank (2001f).

553. Bräutigam (2000).

554. World Bank (1998a).

555. Cohen and Wheeler (1997).

556. Data for the Development Gateway are provided by the OECD DAC and other donor sources over several decades. Unfortunately, the database has no indication of the number of projects ongoing at any given time.

557. A Herfindahl index of donor concentration is first calculated by summing the squared shares of aid over all donor agencies operating in the recipient country (O'Connell and Saludo (2001)). This index, which ranges from 0 to 1, is then subtracted from 1 to form an index of donor fragmentation, with high values indicating greater fragmentation (Knack and Rahman (2003)).

558. Index values do not necessarily rise with aid levels or number of projects: doubling each donor's aid or number of projects but keeping the number of donors and their activity shares constant leaves the index values unchanged.

559. Data are from the OECD DAC. The trend may overstate the worsening of donor fragmentation to the extent pooling of donor funds has also increased, because the index calculated on the basis of disbursements does not distinguish pooled funds from non-pooled funds.

560. Knack and Rahman (2003). The Bureaucratic Quality Indexes are subjective assessments from the International Country Risk Guide (ICRG). High ratings reflect the "strength and expertise to govern without drastic changes in policy or interruptions in government services." Ratings are strongly correlated with more detailed, independent assessments of "Weberian" bureaucratic structure and stability (Evans and Rauch (1999)), available for a subset of countries covered by the ICRG.

561. Picazo (2002).

562. Picazo (2002).

563. Mansuri and Rao (2003).

564. Chase (2002), Newman and others (2002), Paxson and Schady (2002), and Van Domelen (2002).

565. World Bank (2002p).

566. Platteau and Gaspart (2003).

567. World Bank (2002r).

568. Gunning (2001).

569. Collier (1997), Kapur and Webb (2000), Devarajan, Dollar, and Holmgren (2001), Dollar and Svensson (2000).

570. Svensson (2003).

571. Adam and Gunning (2002).

572. Adam and Gunning (2002).

573. World Bank (2002r).

574. Angrist and others (2002).

575. Miguel and Kremer (2001).

576. van de Walle (2002) and van de Walle and Cratty (2003).

577. Riddel (1999).

578. World Bank (2002r).

579. Harrold and Associates (1995).

580. There have been a number of reviews of the sectorwide approach, including Brown (2000a), Conway (2000), Foster (2000), Foster, Brown, and Conway (2000), Jones (1997), Jones and Lawson (2001), and ; World Bank (2001b).

581. Fozzard and Foster (2001) and Kanbur and Sandler (1999).

582. Adam and Gunning (2002).

583. Brown (2000b).

584. Mackinnon (2003).

585. The perception—rather than the reality—of fiduciary risk may reduce political support for foreign aid in the donor country. But that is a political issue in rich countries, not a service-delivery issue in poor countries.

586. World Bank (2002r).

587. World Bank (2002r).

588. Most bilateral donors give more aid to countries that vote similarly to them in the United Nations General Assembly, where each nation regardless of size has one vote (Alesina and Dollar (2000) and Wang (1999)).

589. Halonen (2003).

590. See, for example, Tarp and Hjertholm (2000).