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Village Governments, Gender, and Public Goods Provision in Tamil Nadu

How knowledgeable and well connected are female village presidents in Tamil Nadu? And how do they fare in providing public goods?

Today 74 countries have quotas for women in government specified in their constitution or national legislation. One motivation for reserving government seats for women is to address their status in developing countries: compared with men, women are worse off in health, income, job opportunities, rights, and political representation. Political reservations attempt to improve women's status in society and to ensure their participation in government; this could lead to more pro-women policies, which could include pro-child, pro-family, and pro-health policies.

India provides an excellent setting for evaluating political reservations. Following independence in 1947, local governance existed in many states but varied widely. Uniformity in decentralization came in the early 1990s with the 73rd and 74th Constitutional Amendments. The 73rd Amendment focuses on rural areas and requires three tiers of sub-state governance called *panchayats*. It also calls for the reservation of panchayat seats for women and Scheduled Caste (SC) and Scheduled Tribe (ST) persons. In particular, at least a third of village panchayats—known as *gram panchayats* (GPs)—must reserve the position of president for a woman.

Previous studies of India's reservations find mixed results. They show that female GP presidents in some states invest more in public goods preferred by women and that reservations seem to improve women's electoral potential. They also suggest that female GP presidents may serve as role models, shrinking gaps between boys' and girls' aspirations as well as between parents' aspirations for their sons and those for their daughters. On the other hand, one study shows that while women in reserved seats bring more credit programs to the poor, they fare less well in providing employment programs, constructing new concrete roads, and raising nontax revenue. Another study documents a negative effect of women's reservations on programs targeting SC and ST households.

A recent paper by Gajwani and Zhang sheds new light on this issue. Using data from 144 GPs in Tamil Nadu state in 2005, this study includes two unique aspects of GP presidents: their knowledge of village governance and their interactions with higher-level officials. The findings show that female GP presidents in Tamil Nadu provide fewer of the public goods that require contact with higher-level government officials.

On a knowledge test of GP presidents' duties and the panchayat system, female presidents scored much lower than their male counterparts: only 28 percent of female presidents answered at least 11 of 19 questions correctly, compared with 90 percent of male presidents. Gender strongly predicts test scores even after controlling for presidents' age, term in office, education, income, caste, religion, political party, and motivation for running

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Innovative Health Insurance in Andhra Pradesh—Has It Worked as Planned?

A state-funded program in Andhra Pradesh has increased per capita inpatient admissions and slowed growth in out-of-pocket spending

The Indian state of Andhra Pradesh has been a pioneer in health reforms over the past decade or so. Its largest and costliest innovation has been the Aarogyasri health insurance program, aimed at making lifesaving inpatient care affordable for the majority of the state's population.

Notionally Aarogyasri targets poor households, but because of the state's high poverty line the program actually covers around 80 percent of the population. The program's focus on around 900 high-cost procedures (such as coronary bypass surgery, renal transplantation surgery, and surgery for spinal cord tumors) reflects its aim of covering catastrophic illnesses that could potentially wipe out a poor family's savings; this sets Aarogyasri apart from many publicly financed health insurance schemes around the world, whose "benefit packages" usually focus on cost-effective (and often low-cost) interventions.

Aarogyasri levies no copayments at the point of use for covered procedures. The program relies entirely on general revenues (at the state level) for funding, and there is no enrollment fee or enrollment process; enrollment is automatic for those with the below-poverty line (BPL) card. The program has a sophisticated set of arrangements under which hospitals, both public and private sector, can apply to become "empaneled," but not all those that apply are empaneled; hospitals under a certain size threshold, for example, cannot be empaneled. Once empaneled, a hospital can be "disempaneled" by Aarogyasri if its performance falls short of the standards set out in its contract.

Aarogyasri also has an elaborate set of governance arrangements: a board of trustees with representatives from across the state government; a staff that operates a complex prescreening and verification process underpinned by a sophisticated information technology system; a system of payment settlement with empaneled hospitals that is electronic and swift, based on a fixed per-procedure price schedule; a call center that not only receives calls from patients but also makes calls to check up on patients after discharge; and a network of ancillary health workers known as "Aarogyamitras" whose role is to help patients throughout their hospitalization episode, from before their admission to their convalescence at home.

A new paper by Bergkvist, Wagstaff, Katyal, Singh, Samarth, and Rao provides an analysis of Aarogyasri and its impacts. Using data from a household survey, the authors find that 70 percent of families in Andhra Pradesh know that they are covered by Aarogyasri—a high figure that reflects the efforts of the state's government to make people aware of the program and of their rights. In 2012 Aarogyasri financed an estimated 11 percent of all hospital admissions in the state, equivalent to around 520,000 admissions; of these, an estimated 33 percent were in public hospitals, the rest in empaneled private hospitals.

While the survey revealed that most people knew they were covered by Aarogyasri, it also showed that people were confused about what Aarogyasri covers: as many as 60 percent of those who said they were covered by and knowledgeable about the program said (incorrectly) that it "covers all health issues." The survey also revealed that, contrary to the program's rules, people did pay out-of-pocket during a hospitalization that they thought was covered by Aarogyasri. Knowledge of "Aarogyamitras" was also limited: only 3 percent reported interacting with one.

The authors assess Aarogyasri's impacts by comparing changes in Andhra Pradesh following the introduction of the health insurance program with changes in neighboring Maharashtra over the same period while adjusting for differences between the two states in potential confounders at both dates. Two facts help make this comparison more robust: Maharashtra's health sector innovations were very modest over this period, and Andhra Pradesh's other large initiative was an ambulance program whose effects on the outcomes of interest are likely to have been modest. There may have been differential changes between the states that the analysis does not control for, however.

The results of this differences-in-differences exercise are consistent with Aarogyasri increasing per capita inpatient and surgery admissions and reducing the growth of out-of-pocket spending per inpatient admission—the latter to such an extent that growth of *total* out-of-pocket inpatient spending was also reduced. This change seems to be driven by a reduction in the growth of large expenditures on inpatient care in Andhra Pradesh, consistent with the objective of Aarogyasri. The results also point to Aarogyasri reducing the average length of stay for hospitalizations, a finding that could be due to people seeking care earlier or to improved efficiency in hospitals.

Not all agree that tax revenues should be used to finance high-cost procedures in high-end hospitals rather than low-cost (and possibly more cost-effective) procedures in primary care. The fact that the program steers public funds toward private hospitals has also been a source of controversy. Yet without Aarogyasri, seriously ill people in Andhra Pradesh would have continued to face the awful choice: forgo a high-cost surgical or other lifesaving procedure and risk death, or get treated but risk ending up destitute.

Sofi Bergkvist, Adam Wagstaff, Anuradha Katyal, Prabal V. Singh, Amit Samarth, and Mala Rao. 2014. *"What a Difference a State Makes: Health Reform in Andhra Pradesh." Policy Research Working Paper* 6883, *World Bank, Washington,* DC.

A Profile of Private School Participation in Pakistan

Pakistan's private school system educates a third of students. Its continuing performance hinges on care in designing any regulations

Private schooling in Pakistan has received growing attention in recent years. Researchers are studying it, the popular media is reporting on it, and the government and international development agencies are grappling with its implications for education policy, development and reform, and service delivery.

Pakistan's private school system has a long history, with its roots in the preindependence era. In the early decades after independence the system remained modest, consisting largely of schools supported by religious and secular nongovernmental organizations. These catered mainly to high-income families in major cities. Starting in the 1990s there was a boom in private schools, leading to a dramatic structural transformation in the overall school system. This transformation is still under way.

Today the private school system consists largely of institutions that are for-profit, fee-based, secular, autonomous, unregulated in practice, and with no direct government support. A large segment of the private school system is also highly affordable, with school fees generally within reach for poor households.

A new study by Nguyen and Raju uses recent rounds of household sample survey data that are national in coverage and representative at a low administrative level to build a profile of private school participation at the primary and secondary levels in Pakistan. The authors disaggregate the data in multiple ways to reveal patterns across selected socioeconomic subgroups (female and male, rural and urban, household wealth quintiles), administrative divisions and spatial units (country, province, district), and children within households. They also compare the extent of private school participation in Pakistan with that in India, as the two countries have a shared history prior to both achieving their independence in 1947.

The authors' examination of current private school participation using household survey data from 2010/11 provides six main findings. First, private school participation for children in the age groups 6–10 and 11–15 is high: a fifth of children in Pakistan go to private school. This translates into a third of all students, since a sizable share of the country's children do not go to school at all. But Pakistan's national and provincial rates of private school participation do not stand out when compared with corresponding rates in India and its states.

Second, as expected, private school students tend to come from wealthier, more urban, and more educated households than do government school students and, especially, out-of-school children. Third, among Pakistan's four provinces there are not only differences in private school participation rates but also, at times, qualitative differences in the characteristics of private school students compared with government school students. The composition of private school students also differs across provinces, with the sharpest distinctions between Punjab and Khyber Pakhtunkhwa provinces, on one side, and Sindh and Balochistan provinces, on the other.

Fourth, private schooling is highly concentrated, with more than 50 percent of private school students residing in 10 of the country's 113 districts. These 10 districts tend to be wealthier and more urban, and most are in northern Punjab. Fifth, most of the variation in school participation among children is due to the variation in school participation among children across households rather than among those within households. This pattern is even more pronounced for private school participation than for government school participation. Sixth, the spatial patterns in private school participation often overlap to a large degree with the spatial patterns in private school supply.

The authors' examination of private school participation over the 2000s using rounds of household survey data from 1998/99 to 2010/11 provides three main findings. First, private school participation rates grew markedly in Punjab, Khyber Pakhtunkhwa, and Sindh provinces. Private school participation rates also grew markedly in all socioeconomic subgroups examined. Second, the growth in private school participation rates contributed more to the growth in overall school participation rates for boys, children from urban households, and children from households in the highest wealth quintile than for other socioeconomic subgroups. Third, the growth in private school participation was nevertheless equalizing, particularly in Punjab province, where the shares of private school students from households in the highest wealth quintile and urban households fell.

The evidence indicates the importance of the private school system in Pakistan. Some provinces and territories have introduced legislation to regulate private schools. These regulations reach deep into many aspects of school operations, though they do not appear to have been applied in a broad, systematic, or meaningful way.

There is growing demand for new, more intrusive regulations, however, as well as for stringent implementation and enforcement of existing regulations. If applied, these regulations could weaken the growth and general dynamism and performance of private schools. Alternative legislation that does not take the approach of micro-regulating the private school system may be more effective in protecting consumers and staff of private schools while preserving fair and effective competition.

Quynh Nguyen and Dhushyanth Raju. 2014. "*Private School Participation in Pakistan*." *Policy Research Working Paper* 6897, *World Bank*, *Washington*, DC.

Does Involving Local NGOs Improve Outcomes?

Evidence from India suggests that having nonstate actors deliver public services may not lead to better outcomes in very poor areas

In an effort to enhance the delivery of public services in areas where resources are scarce, governments and development agencies often seek to involve existing local nongovernmental organizations (NGOs) in implementing programs. The development literature has a limited understanding of the challenges of involving local nonstate actors, however, and many questions remain about when, where, and how to do so. Discussions often highlight the potential benefits from leveraging local capacity, including expanding the reach of basic services and improving quality. But collaboration between state and nonstate actors also has potential pitfalls, including mistrustful relationships between governments and their nonstate counterparts. So, what might distinguish a successful government-NGO collaboration from a troubled one?

In low-resource areas with few high-quality local institutions, there may be little alternative to greater state investment or state-led initiatives if the goal is to improve public services

A recent paper by Das, Friedman, and Kandpal takes advantage of an experimental evaluation of a malaria control intervention in India to examine whether involving local NGOs in program implementation has a significant influence on the individual health outcomes targeted by the intervention. The paper finds that involving local NGOs in program implementation can indeed lead to positive outcomes, though success likely depends on the quality of the NGOs. And in certain underresourced areas there may be little choice in the selection of qualified local NGOs, thus diminishing the likelihood of success.

The malaria control intervention studied in the paper was conducted simultaneously by three NGOs in two endemic districts in the state of Orissa. It turns out that the effect of NGO involvement on patterns in the use of mosquito nets and the seeking of medical care for fever—the main targeted outcomes of interest—differs significantly between the two districts. Using either simple regression decomposition or propensity weighting, the paper examines three potential causes for the differences in outcomes: differences between the two districts in the characteristics of the population, differences in the characteristics of health workers, and differences in the characteristics of the NGOs. The analysis shows that the differences in observed outcomes are due mainly to the first and third factors as well as to their possible interaction.

These findings raise important questions about the ability of the health system to benefit from limited nonstate capacity in underresourced areas. They also raise questions about the extent to which evidence taken from interventions implemented by heterogeneous actors can be generalized. The paper thus contributes to the small but important literature on the external validity of small-scale policy evaluations, especially those conducted in the nonstate sector. Contextual knowledge and implementation capacity are surely key determinants of the effectiveness of development interventions, and there are many potential nonstate actors with varying degrees of capability. Without a better understanding of the context and of the capabilities of the study participants, as well as standardized measures of implementation capacity, it will be difficult to generalize findings from any relatively small-scale evaluation.

More narrowly, on the direct question of leveraging preexisting local NGOs in the delivery of public services, underresourced areas such as those studied by the paper often have underresourced local nonstate capacity. Involving nonstate actors therefore will not necessarily result in better outcomes. This lack of local nonstate capacity in many underserved and underresourced areas speaks to the complex interactions between poverty and local characteristics. In highly impoverished areas a combination of locally targeted investments and antipoverty policies may be necessary to improve public service delivery and, consequently, targeted welfare outcomes.

Ashis Das, Jed Friedman, and Eeshani Kandpal. 2014. "Does Involvement of Local NGOs Enhance Public Service Delivery? Cautionary Evidence from a Malaria-Prevention Evaluation in India." Policy Research Working Paper 6931, World Bank, Washington, DC.

Anatomy of a Failure: An Ethnography of a Project in Rural India

Qualitative data on a trial program to deepen democracy in rural India pointed to subtle impacts that were hard to measure with survey data

Programs promoting citizen participation to improve the quality of government at the local level are the focus of both large amounts of funding and intense debate. A recent study by Ananthpur, Malik, and Rao combined a randomized control trial of a two-year citizenship training and facilitation program in rural India with an in-depth, four-year ethnography of the intervention to understand the underlying mechanisms of change. The study had two objectives: First, to analyze the impact of the program in improving the quality of participation and accountability in democratically elected village governments in India and thus contribute to the growing literature on local participatory development. And second, to demonstrate the added value of careful qualitative work in understanding the mechanisms underlying the impacts measured by a randomized trial.

The program was randomly assigned to 100 villages in the very poor and arid region of North Karnataka in Southern India, with 100 villages serving as controls. A baseline survey tracking a variety of governance outcomes, citizen knowledge and participation, and availability of village infrastructure and public services was conducted in 2007, and a final survey was carried out at the end of the intervention in 2009.

The program had three phases. In the first phase facilitators spent a week in each village training citizens in participatory planning and deliberative decision making and disseminating information about the village council's budgets, programs, and procedures. At the end of the week the facilitators held a village meeting to finalize citizens' priorities and list them in a village action plan. In the second phase a meeting was held with local bureaucrats to reach an implementation agreement in which the bureaucrats committed to providing funding and technical support for the projects in the village action plan. During the third phase, which was spread over a two-year period, each village was monitored for about two days a month by the facilitators to track citizen initiatives, implementation of the village action plan, and the actions and procedures of the village council.

The ethnographic investigation was conducted in 10 treatment and 10 control villages over the four-year period 2007–11. Each village was assigned a qualitative field investigator who was from the region and therefore familiar with the setting and the dialect. Once a month the investigators sent in a 5- to 10-page report on important changes that had taken place in the village. They were instructed to record important local events, interview key actors in those events, investigate new village construction projects and the financing behind them, track electoral activities and expenditures, examine changes in the levels of local activism, and investigate other issues relevant to the political and economic life of the village. These village reports, supplemented by regular field visits by the principal investigators, provided the qualitative data for the study.

The quantitative data reveal no impact from the intervention. While they show that there were considerable positive changes over time, the differences in the changes between the treatment and control samples were not statistically significant.

Using the detailed qualitative data, the study was able to analyze why the intervention "failed." This analysis uncovered several reasons for the lack of observed outcomes:

- *Challenging context*. Elite domination, low levels of literacy, and high levels of inequality and conflict made working in this environment particularly difficult. Moreover, village budgets increased by 700 percent between 2005 and 2007 as a result of government programs, and this provoked a series of changes—increased political participation, greater competition over funds, and high levels of corruption. Within this tsunami of change, the intervention was unable to add significant value.
- *Lack of a "sandwich."* The facilitators essentially operated on their own rather than as agents of government with the backing of local bureaucrats, and the bureaucrats were not integrated into the change process. Consequently, higher-level bureaucrats did not respond adequately to any gains made by citizens. This allowed local elites to reassert their interests and reverse gains made by citizens.
- *Variation in the quality of facilitation*. Only 4 of the 10 treatment villages had high-quality, intrinsically motivated facilitators. Facilitators in the other villages were less than diligent, and there was much evidence that they had missed obvious opportunities to make a difference.

However, the qualitative work was also able to observe subtle impacts that were difficult to measure with survey data—such as improvements in the responsiveness of village governments to the demands of citizens. This suggests a need to rethink the approach to evaluating complex, heterogeneous interventions. Understanding the mechanisms of change requires taking qualitative studies just as seriously as econometric analysis of quantitative data. Using "thick description" based on careful and detailed qualitative work could add considerable value to standard impact evaluations.

Kripa Ananthpur, Kabir Malik, and Vijayendra Rao. 2014. "*The Anatomy of Failure: An Ethnography of a Randomized Trial to Deepen Democracy in Rural India*." *Policy Research Working Paper* 6958, *World Bank, Washington*, DC.

Money or Ideas? Constraints to Entrepreneurship in Rural Pakistan

Which has greater benefits for microfinance clients—business training or larger loans? A field experiment explores the issue

Self-employment accounts for as much as 70 percent of employment in developing countries and is especially important among low-income households. Most self-employed people, however, operate enterprises that are small, without paid employees, and often poorly run.

Donors, financial institutions, and governments devote considerable resources to attempting to improve the efficiency of these enterprises, though with varying degrees of success. Their efforts typically target either lack of finance or lack of managerial capital.

Access to credit is critical for the creation and survival of a business, and lack of credit can reinforce poverty if the production technology provides returns that quickly taper off at low levels of investment and offers higher returns at levels of investment above some threshold. Removing borrowing constraints could then allow liquidity-constrained individuals to access the more productive technology, increasing their income and reducing the level of poverty. An alternative view suggests that the critical constraint to entrepreneurship in poor countries is lack of business skills or of managerial capital more generally.

A new paper by Giné and Mansuri reports on a field experiment that takes both barriers seriously by offering rural clients of the National Rural Support Program (NRSP)—a microcredit provider that is the largest partner organization of the Pakistan Poverty Alleviation Fund—an eight-day business training course and access to a loan lottery allowing eligible clients to borrow up to seven times the average loan size.

The project randomly offered the training to half of 747 groups of borrowers from five different NRSP branches in three districts. Training sessions focused on business planning, marketing, and financial management. After the training sessions the lottery was introduced: loan requests were subject to the usual screening, and amounts approved above the usual cycle limit were forwarded to NRSP headquarters, where the results of the lottery were maintained. Lottery winners could borrow the approved amount, while those who lost the lottery could borrow up to their maximum loan size, which depended on the number of loans they had previously repaid successfully.

The offers of training and larger loans were made according to a 2x2 design, with clients assigned to one of four groups: those in the first group were offered both business training and the chance to take out a larger loan; those in the second group were offered business training but not a larger loan; those in the third group were offered the chance to take out a larger loan but not business training; and those in the fourth group were offered neither. This design made it possible to test whether business training and a larger loan had reinforcing effects.

Analysis of the results finds that offering business training leads to an increase in household expenditures of about 6 percent or $46 a year, an increase of 0.07 of a standard deviation in a business knowledge index, an increase of half of a business practice out of four studied, but no significant increases in sales or profits. In addition, the increase in household expenditures is concentrated among self-employed households that can put the training into practice. Business training also enhances group cohesion and improves the general outlook on life.

These effects are concentrated mainly among male clients, however. Among men, business training also leads to a 6 percent reduction in business failure. Like men, women increase business knowledge, but they show no improvements in any other outcomes. As it turns out, some 40 percent of female entrepreneurs report that their (male) spouses are responsible for all the business decisions and, indeed, women involved in business spend less time in managerial decision making than their male counterparts. This suggests low decision-making power among female business owners.

The analysis also finds little evidence of a technology-based poverty trap: lottery winners showed no significant improvements in household welfare from the extra credit received. This may suggest that the loan size under the current limit already meets the demands of most borrowers.

Business training did improve financial decision making and labor allocation. In particular, among men offered business training, those with low entrepreneurial ability were less likely to borrow during the lottery and devoted less time to the business. This suggests that attending business training helped people realize how successful (or unsuccessful) they were as entrepreneurs. This is consistent with the practice of many programs around the world that use training as a screening device for later providing additional services, such as credit or mentoring.

Despite the limited welfare impact of the larger loans, these were profitable to the lender because they led to no increases in default or in the workload of credit officers handling them. In contrast, the business training program did not increase disbursement or repayment significantly and thus was not cost-effective for the lender despite increasing household expenditures for (male) clients by more than the cost of training. This may help explain why so few microfinance lenders offer such business training programs voluntarily.

Xavier Giné and Ghazala Mansuri. 2014. "Money or Ideas? A Field Experiment on Constraints to Entrepreneurship in Rural Pakistan." Policy Research Working Paper 6959, World Bank, Washington, DC.

How Does Financial Development Affect Firm Life Cycle?

A study in India finds additional evidence that state ownership in banking impedes the impact of finance on growth

India has large, persistent differences across regions in institutions, business environment, and income and thus offers an ideal laboratory for testing the effect of institutions on firm life cycle. A new paper by Ayyagari, Demirgüç-Kunt, and Maksimovic does just that. Using detailed manufacturing census data from India, the authors examine the relationship between plant size, age, and growth and ask several questions: How does local financial development influence the size-age relationship? Are there differences in the size-age relationship across different industry characteristics and between the formal and informal manufacturing sector—and do these differences vary with the extent of local financial development? Does the effect of local financial development on firm life cycle vary with major regulatory changes in India, such as financial liberalization, changes in labor regulation, and industry delicensing?

Overall, the authors' analysis shows that 40-year-old firms in the formal sector in India are on average two to four times the size of firms less than five years old. These results hold when the authors take sampling weights into account and look at the entire population of firms. Thus while firms in India may not be growing at the same rate as those in developed countries such as the United States, where the size-age ratio is eight times, older firms in the formal manufacturing sector are clearly larger than younger firms. But the results show stark differences in firm life cycle between the formal and informal sectors: older firms in the unorganized manufacturing sector in India employ fewer people than firms less than five years old. This is consistent with other literature showing that informal firms look very different from formal firms in size, productivity, and the education level of managers, and there is little evidence of growth occurring so that informal firms eventually become large formal firms.

Turning again to the formal sector, the authors find that despite considerable differences in financial depth across Indian states, the effect of financial development is marginal in explaining life cycles in the broad population of firms and in most of the subsamples analyzed. These results are robust to a number of checks, including looking at just the firms in the right tail of the size distributions, using alternative indicators of financial development, and comparing results for states with flexible labor market regulation with those for states with rigid labor market regulation. The authors also find no differential impact of financial development on life cycle when looking at firms created after India's financial liberalization in 1991 or looking at periods after industry delicensing. And they find only marginal differences in the proportion of manufacturing employment in old and new firms across different levels of financial development.

Moreover, the authors find that the extent of industries' financial dependence does not predict the life cycles of firms across states in India. Classifying industries as financially dependent or independent depending on the extent to which firms can support their capital expenditures using cash flow from operations (based on the experiences of U.S. firms in the same industries), the authors find that firms in financially dependent industries are larger at all stages of their life cycle. Thus there is no evidence that financial dependence affects the growth rates of established firms relative to the growth rates of firms in industries that are not financially dependent. Furthermore, the results do not show that firms in financially dependent industries are larger or face different life-cycle effects in financially developed states than in financially underdeveloped states. Using a similar difference-in-difference setup, the authors also find that firms in large-firm-dominated industries are larger at each stage of the life cycle, in both capital-intensive and labor-intensive industries.

The findings contrast with the literature that finds significant effects of within-country institutional differences on firm performance. The likely explanation for the differences in findings is that the state-owned and state-controlled financial sector in India is not contributing significantly to firm growth. In such a system the regional differences in financial development as measured by the financial depth of the banking system may be masked by other, potentially more important institutional factors (such as infrastructure constraints) and firm-specific factors (such as organizational form). In addition, the finance literature shows that in a large cross-section of countries a higher level of government ownership of banks is associated with slower subsequent financial development and lower income per capita growth and productivity, as well as poorer access to finance for small firms. The authors' findings are also consistent with research that shows that financial depth does not promote growth of provinces in China, another country where the banking system is largely state owned and controlled.

The findings on India thus provide additional evidence that state ownership in banking impedes the impact of finance on growth. These findings underline the importance of increasing the private sector share of the banking system through further liberalization, increasing competition, and reducing state control and political interference—all as ways of potentially improving the efficiency of credit allocation in India.

Meghana Ayyagari, Asli Demirgüç-Kunt, and Vojislav Maksimovic. 2014. "*Does Local Financial Development Matter for Firm Lifecycle in India?*" *Policy Research Working Paper* 7008, *World Bank*, *Washington*, DC.

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for office. This is somewhat surprising: Tamil Nadu is a leader in women's empowerment in India and has a higher female literacy rate (64 percent) than the country as a whole (54 percent) according to the 2001 census. GP presidents in the study's sample also have comparable education levels: 47 percent of male and 41 percent of female GP presidents have at least a high school education, while 82 percent of male and 74 percent of female GP presidents have at least a middle school education.

Compared with male GP presidents, female presidents also have substantially less contact with important higher-level government officials. To fund projects, a GP president must connect with higher-level officials; only very low-cost GP projects can be undertaken without consultation with higher-level officials.

Of the 47 women-reserved GPs in the survey, only one failed to comply with the reservation policy by seating a male president. No women served as president in unreserved GPs. Using 10 measures of public goods, the authors compare public goods provision across reserved and unreserved GPs from 1991 (before the 73rd Amendment) to 2005. They find strong evidence that female presidents in reserved GPs built fewer schools and roads—two public goods that require relatively more contact with higher-level officials. There is also weak evidence that women provide fewer household toilet and drinking water connections—both of which require coordination with higher-level officials—and streetlights. For all other public goods, there is generally no statistically significant difference in provision by male and female presidents. These differences are unlikely to be driven by gender differences in public goods preferences: among 270 citizens randomly surveyed across 27 villages in the study, there is no statistically significant gender difference in these preferences.

These findings highlight a need, in at least some parts of India, to improve women's preparedness for the position of GP president and their connections while in office. Targeted training for female presidents may increase their understanding of their role, potentially improving their performance while in office. Indeed, many of the female presidents in the study complained that training was inadequate or nonexistent and that they received an overwhelming amount of paperwork without accompanying support in understanding it. While some findings in other states show public goods successes for women in reserved seats, Tamil Nadu illustrates that these successes may not happen automatically.

Kiran Gajwani and Xiaobo Zhang. 2014. "*Gender and Public Goods Provision in Tamil Nadu's Village Governments*." *Policy Research Working Paper* 6854, *World Bank*, *Washington*, DC.

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