

**AN EVALUATION  
OF  
DFID'S  
INDIA PROGRAMME  
2000-2005**

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**DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

**EVALUATION REPORT EV670**

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2000-2005**

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### Acknowledgements

This report has been prepared by John Heath, a senior evaluator seconded from the World Bank to DFID's Evaluation Department. He was ably assisted by a team of local consultants fielded by JPS (Delhi). The JPS team was led by Vijay G. Pande, assisted by O.P. Nigam (Governance and Finance Specialist), Divakar Dhaveji (Monitoring and Evaluation Specialist), M. Pratima (Social Development Specialist), and Rinki Sircar (Economist). Evaluation Department would like to thank all those people who have provided support, information and comments.

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Full responsibility for the text of this report rests with the author (John Heath). In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or of the people consulted.

Nick York  
Head of Evaluation Department



## Preface

This is an independent evaluation of DFID India's programme between 2000 and 2005. The India Office requested the evaluation and asked DFID's Evaluation Department to lead it. The evaluation was prompted by the findings of a 2004 mission to India by the House of Commons International Development Committee, which included a recommendation for a closer examination of the effectiveness of DFID India's programme.

The evaluation found that DFID India's overall development effectiveness is substantial and increased significantly between 2000 and 2005. There are six areas of particular strength in the India programme, and three areas where strengthening is needed.

## Strengths

- the programme has remained closely aligned with India's development needs and with DFID corporate strategy
- since the late 1990s the programme has become much more focused
- there has been a major investment in building partnerships - expanding from an initial emphasis on collaborating with selected state governments to encompass the development of closer working relations with the Government of India and with other donors
- the programme has built on a long trajectory of operational experience, taking steps wherever possible to consolidate, to replicate and to scale up
- DFID India has been consistently ambitious in its efforts to target aid to the poorest
- the programme has met the corporate challenge to 'do more with less', boosting aid spending while cutting back on administrative costs.

## Recommendations for Strengthening

- given the trend among donors toward a more 'hands off' approach to providing aid, and added to the strong demand for increased corporate accountability, DFID India would be advised to commission a rigorous impact evaluation of certain parts of its programme, beginning perhaps with components of the centrally-sponsored schemes that it is supporting and which have recently absorbed a growing share of DFID's aid
- DFID India should improve both the continuity and the coherence of its efforts to monitor progress toward country strategy objectives, taking an approach that is grounded in the portfolio, involving a watch list of operations meriting close follow up

## Preface

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- knowledge management needs greater attention because without an effective strategy DFID India will ‘punch beneath its weight’: India Office could usefully review the options (and improve the incentives) for its staff to synthesize lessons learned from across the programme, amplify these by reference to what has been learnt outside India, and feed this knowledge in a timely manner into the local dialogue

This development effectiveness review piloted a new approach by Evaluation Department, which differed from our usual approach to country evaluations in two respects:

- we allowed more time for developing views in an iterative way with stakeholders in the country office. This involved a series of in-depth discussions with the country office during three missions between November 2005 and April 2006. This was greatly facilitated by a Steering Committee made up of staff from the India Office
- the evaluation was also the first time for several years that an EVD member of staff rather than an external consultant has taken the team leader role – designing the study and writing the report

This has been an important lesson learning opportunity for DFID. The usefulness of the study findings is the result of the efforts of many people. Evaluation Department would like to acknowledge the contribution made by the evaluation team, including JPS, and the active and positive co-operation of DFID staff and development partners in India.

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## Glossary

CSO	Civil Society Organisations
DDP	Director's Delivery Plan
DFID	Department for International Development
GDP	Gross Domestic Product
MDG	Millennium Development Goal
NGO	Non-Governmental Organisation
OECD-DAC	Organisation for Economic Co-operation and Development, Development Assistance Committee
PACS	Poorest Areas Civil Society Programme
PLST	Performance, Learning and Strategy Team
PRISM	Performance Reporting Information System for Management
UNICEF	United Nation's Children's Fund
WHO	World Health Organisation



## 1 SUMMARY OF MAIN FINDINGS

1.1 This evaluation has found that DFID India's overall development effectiveness is substantial and increased significantly between 2000 and 2005. This is reflected in the high regard that DFID India is held by its development partners in the country. Based on the evidence adduced, and with reference to the subset of DFID India's work that was covered, the evaluation identified six areas where the India programme is particularly strong, and three areas of relative weakness where closer attention is needed.

1.2 First, the DFID India country programme is closely aligned with the development needs of the country and with DFID's corporate imperatives. In this respect, the programme is highly relevant. The emphasis on health and education interventions responds to particular shortfalls in progress toward the Millennium Development Goals, goals around which the Government of India and other development partners are in broad agreement. DFID India has been very responsive to the corporate emphasis on favouring sector-wide approaches and a country-led assistance strategy. Equally important, staff members have a clear sense of what is achievable in the Indian context — and how best to proceed in a country that is far from being aid-dependent.

1.3 Second, since late 1990s the work of the India Office has gained greatly in strategic focus. DFID's 1999 and 2004 statements of country strategy were based on a careful evaluation of the agency's comparative advantage leading, respectively, to a reorientation of the programme to emphasize support to selected states, followed later by a trend toward increased assistance to national programmes. The portfolio has become less diffuse, both thematically and geographically. Staff reorganization has improved the deployment of DFID's substantial technical skills.

1.4 Third, the 1999 Country Strategy Paper gave pride of place to developing partnerships. This was part and parcel of the shift away from projects toward sector-wide programmes, involving endorsement of a common strategy by a wide range of partners. Partnerships with state governments, donors and civil society organizations have been much strengthened.

1.5 Fourth, in each of the sectors considered in this evaluation DFID India has successfully built on a long trajectory of operational experience, taking steps wherever possible to consolidate, to replicate and to scale-up. Consolidation of the work on power sector reform eased state-level fiscal constraints, laying the foundation for broader-based improvements in public sector management. In all sectors, successful operational models have been replicated over time and space. In other cases — most notably elementary education — there has been a substantial scaling-up from state-centred projects to a nationwide programme.

1.6 Fifth, DFID India has been consistently ambitious in its efforts to target aid to the poorest. The degree of commitment to poverty reduction, and the emphasis on bringing to bear the themes of gender, inequality and social exclusion in the design of *all* projects, sets DFID India apart from other donors. For example, by providing grant funds to partners such as the World Bank and Asian Development Bank, DFID India has sought to influence the design and implementation of these agencies' operations, with a view to securing better targeting of benefits.

## Summary of Main Findings

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1.7 Sixth, DFID India has responded to the corporate challenge to 'do more with less'. Aid expenditure on India has increased rapidly (up from £180 million pounds in 2001/02 to £247 million pounds in 2005/06), while, at the same time, in line with new civil service headcount restrictions DFID India has cut the number of its advisory staff from 48 to 26.

1.8 The evaluation recommends that the DFID India programme be strengthened in three areas. First, there are shortfalls in relation to DFID India's ambitious targeting objectives. This is a weakness that may, in the future, be aggravated by the trend (not limited to DFID) for donors to take a more 'hands off' approach to providing aid, possibly reducing the scope for close monitoring of outreach to the vulnerable. Given their scale and their high profile it is recommended DFID India sponsor the rigorous impact evaluation of components of the centrally-sponsored schemes that it is supporting, with a view to checking on the effectiveness of targeting.

1.9 Second, the evaluation found a lack of continuity and coherence in the arrangements for monitoring progress toward country strategy objectives. It is recommended that DFID India tighten up its tracking of those outputs and outcomes that can be directly attributed to its intervention, establishing clear baselines and ensuring greater consistency in the application of indicators. Given the size of the portfolio it may be useful to select a watch list of operations meriting close follow up, giving this a higher profile than PRISM reporting.

1.10 Third, DFID India needs to give serious consideration to strengthening knowledge management: synthesizing lessons learned from across the programme, amplifying these by reference to what has been learnt outside India, and feeding this knowledge in a strategic and timely manner into the dialogue with development partners. In a country such as India where knowledge may be more critical for development than resource transfers, this is a challenge that DFID cannot afford to ignore. Knowledge synthesis and communication is best handled in India (rather than remotely) and it is recommended that the India Office review the options for capturing and using more effectively the rich knowledge embodied in its staff.

## 2 AIM AND APPROACH OF THE EVALUATION

2.1 This evaluation sought:

- to respond to the International Development Committee's 2005 request<sup>1</sup> for more evidence on the impact of the DFID India programme; and
- to be forward looking, marshalling evidence from the last 5 years that will contribute to the debate about where DFID India should go next

2.2 The evaluation took a hybrid approach, combining review of country strategy papers and related monitoring reports with a limited investigation of the portfolio. Given the large size of the DFID India portfolio only a subset could be evaluated. The evaluation focused on the four most significant project clusters, as defined by the number of projects and commitment size. The clusters selected were: public sector management; health; education; and rural livelihoods. A summary of findings from the evaluation of clusters is presented in Annex 1, which details the highlights and shortfalls for each cluster.

2.3 The choice of projects in each cluster was made following discussions with an evaluation steering committee composed of DFID India staff. These same discussions defined the states (Andhra Pradesh, Orissa) that the evaluation would pay particular attention to. These two states were chosen because they account for the bulk of disbursements under the Focus States programme between 2000 and 2005.

2.4 A detailed review of project documents and related studies formed the heart of the evaluation. This was supplemented by statistics on the overall portfolio (composition, project ratings etc.). Judgments based on the documentary record were cross-referenced to the notes taken from interviews with staff, and representatives of donors, government and civil society organizations; and were also appraised in the light of remarks made by three Indian development experts, members of a focus group charged with matching the DFID programme against India development priorities. A poll, applied to staff and partners, cast additional light on DFID's perceived effectiveness.

2.5 After a summary of the main findings and a presentation of the background, this report organizes the analysis around the standard OECD-DAC evaluation criteria — relevance, effectiveness, efficiency and sustainability. A series of evaluation questions are keyed to these criteria.

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<sup>1</sup>House of Commons, International Development Committee, *DFID's Bilateral Programme of Assistance to India*, Third Report of Session 2004-05, 17 March 2005.



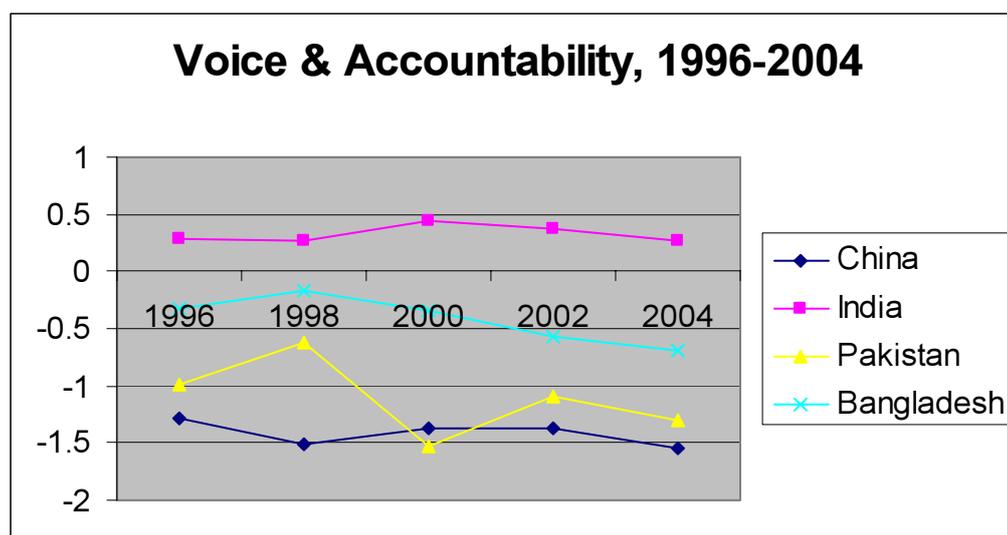
### 3 BACKGROUND

#### 3.1 The Outlook for Poverty Reduction in India

3.1 Prospects for reducing poverty have been enhanced by India's rapid growth rate (which averaged 6% between 1992-93 and 2003-04). There has been substantial progress in reducing *income* poverty: official estimates show a fall in poverty incidence from 44% in the 1980s, to 36% in the 1990s, reaching 28% in 2004/05. Progress on *non-income* measures of poverty has been more mixed. Literacy rose from 52% in 1991 to 65% in 2001. But, on present trends, the Millennium Development Goals of attaining 100% net primary enrolment and 100% primary completion will not be realized by the 2015 deadline. Overall, India will not realize the Millennium Development Goals without significant improvement in the poorest states — principally, Bihar, Madhya Pradesh, and Uttar Pradesh, which between them accommodate almost half of India's poor. The gap in income per capita between these poor states and the band of better-off states has widened.<sup>2</sup>

3.2 Other factors bearing on poverty also present a mixed picture. On the one hand, India compared favourably with other Asian countries on indicators of governance between 1996 and 2004. In relation to China, it was consistently ahead on 'voice and accountability' and behind (but catching up) on 'government effectiveness' (Charts 1 and 2).<sup>3</sup> On the other hand, there are persistent and powerful cultural barriers to empowering women and persons from scheduled castes and tribes, particularly in the northern and eastern states.

Chart 1

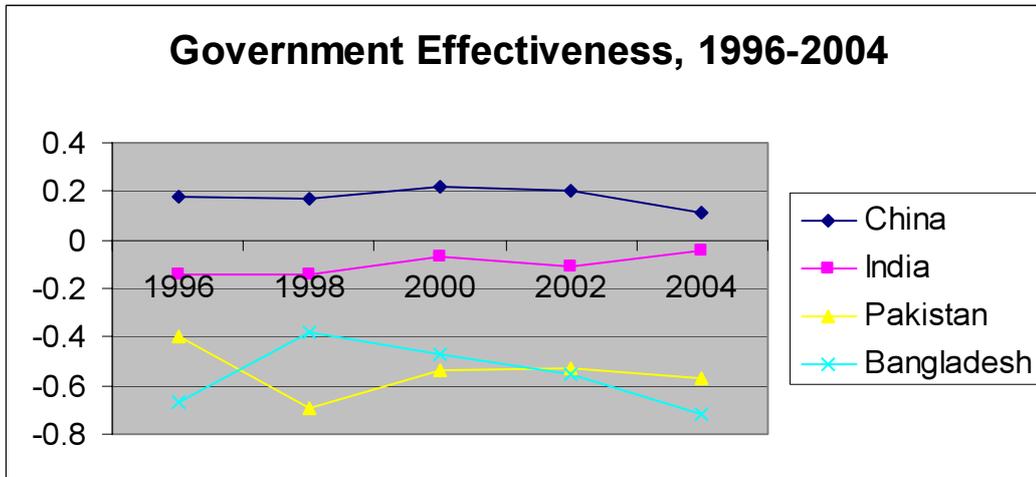


<sup>2</sup>World Bank, *Country Strategy for India*, September 15, 2004; World Bank, *Attaining the Millennium Development Goals in India*, December 2, 2004.

<sup>3</sup>This finding is based on a meta-evaluation of multiple ratings agencies, with separate surveys in 1996, 1998, 2000, 2002 and 2004. See Daniel Kauffmann, Aart Kraay, Massimo Mastruzzi, 'Governance Matters IV: Governance Indicators for 1996-2004', *World Bank Policy Research Working Papers*, No. 3630, June 2005, Tables C1 and C3.

## Background

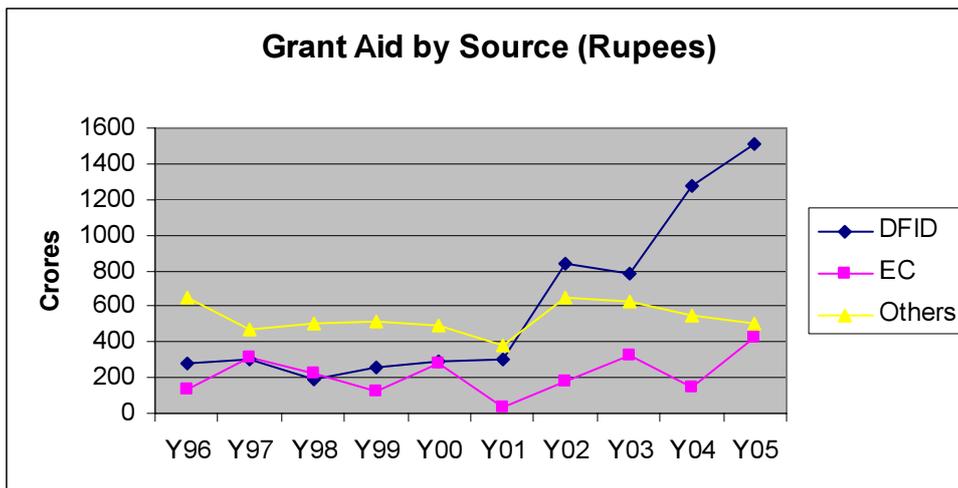
Chart 2



### 3.2 Role of Aid

3.3 India is not aid-dependent: assistance from all sources amounted to only 0.2% of GDP in 2003, with the World Bank giving the largest share. DFID spending equalled 0.04% of India GDP in 2000-01, rising to 0.07% in 2004-05. In its 'focus' states, DFID spending in 2004-05 ranged from 0.3% (Orissa) to 0.03% in Madhya Pradesh. DFID is the largest supplier of *grant* aid, all of it untied (Chart 3).<sup>4</sup>

Chart 3



3.4 DFID's aid to India rose substantially over the evaluation period. By 2005-06, actual annual spending was £247 million (slightly exceeding the aid allocation for that year which, although set initially at £265m, fell to £245m by year's end). In 2001/02, actual aid spending was £180m.<sup>5</sup>

<sup>4</sup> The untying of British aid was accomplished by the International Development Act, 2002.

<sup>5</sup> DFID India database.

### 3.3 Overview of Trends in DFID's India Programme

3.5 Since the late 1990s DFID has shifted from a geographically dispersed approach, one that was sector-driven and project-centred, to an approach emphasizing support to programmes and emphasis on four 'Focus States' (Andhra Pradesh, Madhya Pradesh, Orissa, and West Bengal). In the past couple of years substantial resources have also been invested in selected centrally-sponsored schemes bearing on health and education: these are national programmes primarily financed by the Government of India but with a (variable) counterpart share from state governments.

3.6 Between 2000 and 2005, the sectoral and thematic scope narrowed: energy, water and sanitation, financial services and transport were all cut back (Table 1). Also, the India office reduced its involvement in disaster relief. Following the Orissa cyclone of 1999, there was a flurry of small relief initiatives, mainly delegated to non-government organizations: in all, fourteen separate projects were financed. In contrast, the response to the December 2004 tsunami was run mainly out of London, although with significant follow up from the India office.<sup>6</sup>

3.7 From 2000 to 2005 portfolio trends may be summarized as:

- increase in average commitment-size of operations (Table 1 and Chart 4)
- rise in spending on Focus States followed more recently by a major increase in spending on national programmes (Chart 5); and
- sharp rise in spending on health and education (Chart 6)

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<sup>6</sup>Commenting on an earlier draft of this report the India Office noted that, with respect to the tsunami, 'DFID incurred, and still incurs significant transaction costs in (i) guiding some of the relief interventions, (ii) managing the DFID contribution to the recovery operation, and (iii) responding to a constant stream of requests for briefings and related information' (Memo from Chris Chalmers, 2 June 2006).

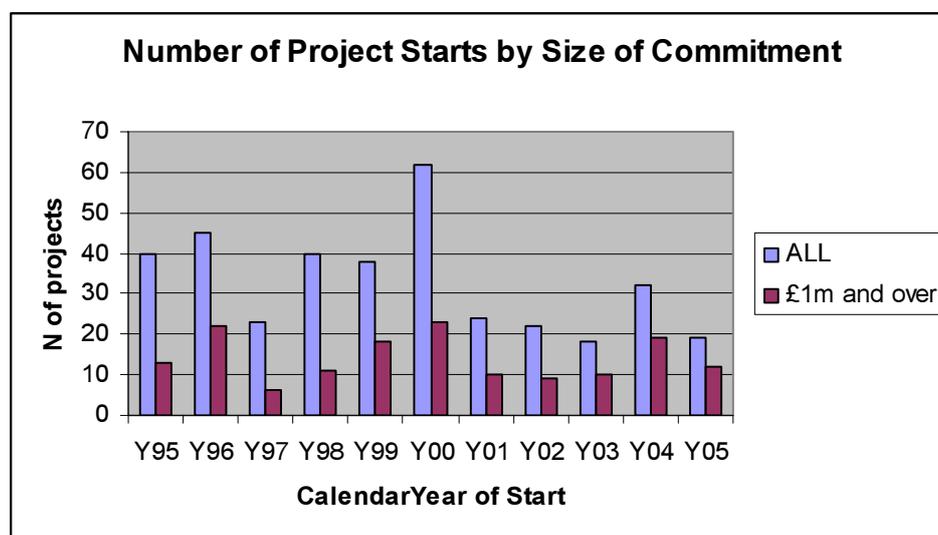
## Background

**Table 1: Trend in Portfolio Size and Composition<sup>7</sup>**

N of Active Projects								
Source: Expenditure Cubes	Y99-00	Y00-01	Y01-02	Y02-03	Y03-04	Y04-05	Mean	Rank
Rural & Primary Sector	30	29	23	17	16	14	<b>22</b>	II
Urban & Industry	14	12	13	12	11	9	<b>12</b>	VI
Financial Services	6	5	3	3	2	2	<b>4</b>	X
Public Sector Management	16	21	24	25	29	29	<b>24</b>	I
Education	18	20	13	10	11	14	<b>14</b>	V
Health & Population	27	23	21	19	16	21	<b>21</b>	III
Transport Infrastructure	1	0	0	0	0	0	<b>0</b>	XI
Energy & Mining	24	19	11	11	10	7	<b>14</b>	V
Water & Sanitation	16	18	8	7	8	5	<b>10</b>	VIII
Emergency Aid	3	13	17	10	4	2	<b>8</b>	IX
Crosscutting themes	21	29	23	12	10	12	<b>18</b>	IV
<b>TOTAL</b>	<b>176</b>	<b>189</b>	<b>156</b>	<b>126</b>	<b>117</b>	<b>115</b>	<b>147</b>	

Spending (£ million)								
Source: Expenditure Cubes	Y99-00	Y00-01	Y01-02	Y02-03	Y03-04	Y04-05	Total	Rank
Rural & Primary Sector	7.1	6.3	6.0	11.3	12.0	19.3	<b>62.0</b>	V
Urban & Industry	3.6	3.6	9.8	6.3	19.4	16.4	<b>59.1</b>	VI
Financial Services	0.6	0.6	0.6	0.4	0.9	1.0	<b>4.1</b>	X
Public Sector Management	4.9	5.0	83.9	40.5	76.8	38.7	<b>249.8</b>	I
Education	9.9	17.5	16.5	25.5	41.7	90.6	<b>201.7</b>	III
Health & Population	34.3	28.6	29.0	33.3	35.5	74.8	<b>235.5</b>	II
Transport Infrastructure								XI
Energy & Mining	24.3	20.0	16.9	23.8	4.9	4.4	<b>94.3</b>	IV
Water & Sanitation	3.8	5.6	5.9	3.8	0.8	8.2	<b>28.1</b>	VIII
Emergency Aid	0.8	10.9	5.5	3.5	1.3	0.4	<b>22.4</b>	IX
Crosscutting themes	6.8	7.3	6.4	7.6	4.7	4.4	<b>37.2</b>	VII
<b>TOTAL</b>	<b>96.1</b>	<b>105.4</b>	<b>180.5</b>	<b>156.0</b>	<b>198.0</b>	<b>258.2</b>	<b>994.2</b>	

**Chart 4**



<sup>7</sup> For DFID, the unit of account is the budget line (MIS code) rather than the project: a given project may have more than one code. Although an attempt was made to control for this, counting projects not codes, the 'Number of Active Projects' may still contain some double counting.

Chart 5

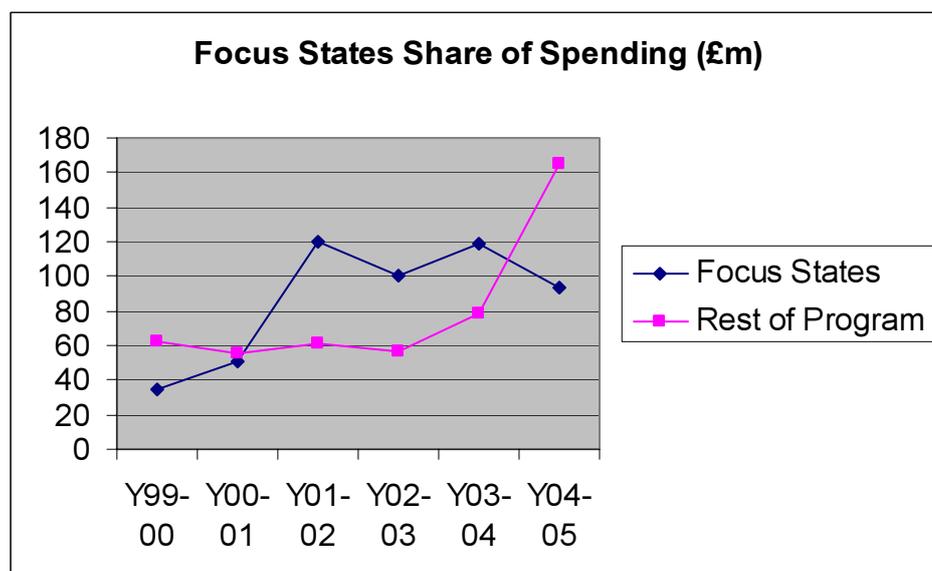
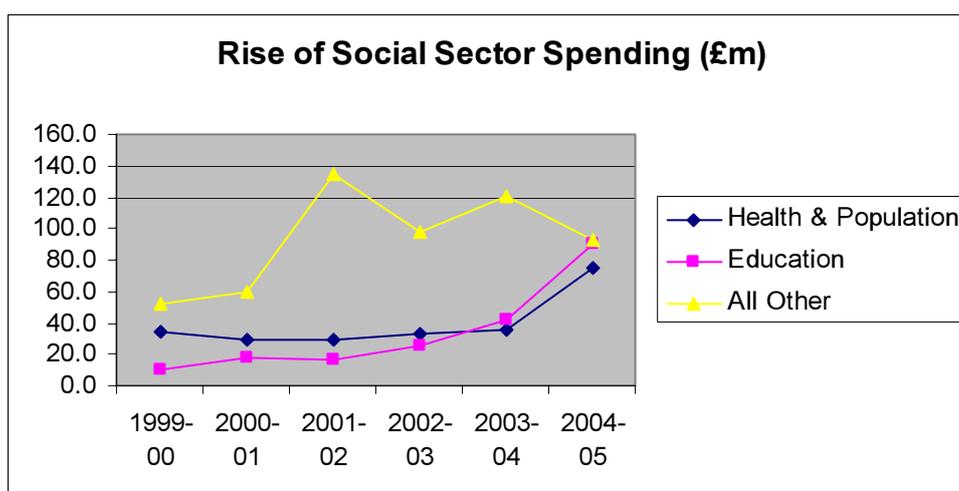


Chart 6



3.8 Table 2 shows that there was an improvement after 2001/02 in project performance; although this may partly be explained by the decline in the proportion of projects considered high risk. The Table conveys the rough trend but comes with the caveat that the 'number of projects rated' does not cover all projects; also, the same project sometimes has two or more MIS codes meaning that a given project may be rated more than once.

Table 2: Portfolio Performance

	2001/02	2002/03	2003/04	2004/05
Number of projects rated	55	60	72	62
% of projects whose purpose is likely to be either completely or largely achieved	36.4	56.7	62.5	62.9
% of projects rated high risk	9.1	3.3	2.8	4.8

Source: CAP Progress Reports, 2003-04 and 2004-05



## 4 RELEVANCE: DID DFID INDIA DO THE RIGHT THING?

(OECD-DAC: ‘The extent to which the objectives of a development intervention are consistent with beneficiaries’ requirements, country needs, global priorities and partners’ and donors’ policies’<sup>8</sup>)

### Was DFID India strategy in line with India’s development priorities?

4.1 There is a large measure of agreement between the Indian government and donors about development priorities and DFID’s strategy was very much in line with this shared understanding. Both the 1999 and the 2004 strategy documents are keyed to achieving the Millennium Development Goals. This is consistent with India’s Ninth and Tenth Development Plans: the concerns are broadly similar and, in some cases, India’s targets are more ambitious. Some of the DFID staff interviewed were concerned that the country programme was too narrowly focused on the health and education-related Millennium Development Goals, paying insufficient attention to addressing hunger and malnutrition issues. These are mainly issues of demand effectiveness (insufficient income) rather than inadequate food supply so the trend in the DFID programme to move away from interventions boosting agricultural output and productivity is not the critical consideration. More important is whether broad-based growth is being enabled and whether DFID India’s interventions are helping to boost income generation. Given that DFID strategy focuses more on enhancing the delivery of public sector services than encouraging private sector development, it could be argued that the growth/hunger nexus has been neglected. But, on the other hand, DFID’s support to improved public sector management is consistent with strengthening the enabling environment for growth. Also, both its microfinance initiatives (SIDBI and CASHE) and its trade policy work support income generation.

4.2 For the period under review, the overall direction of DFID’s work in India is prefigured in two statements of country strategy (Table 3).

**Table 3: DFID India’s Country Strategy Objectives**

Country Strategy Paper, 1999	Country Assistance Plan, 2004
<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>• partnership with selected <i>state governments</i> to tackle poverty more effectively</li> <li>• accountable government delivering pro-poor reform and <i>growth</i> and effective <i>services</i></li> <li>• substantially increased and more effective investment in education, health and water and sanitation</li> <li>• greater empowerment of the <i>poor</i>, especially women and members of scheduled castes and scheduled tribes</li> <li>• better management of the natural and physical environment</li> </ul>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>• more integrated approaches to tackling poverty in <i>focus states</i></li> <li>• improving the enabling environment for sustainable and equitable economic <i>growth</i></li> <li>• improving the access of <i>poor</i> people to better quality <i>services</i></li> </ul>

<sup>8</sup> Taken from Annex 5, ‘Glossary of Standard DAC evaluation terms’, in ‘Guidance on Evaluation and Review for DFID Staff’ (2005).

## Relevance: Did DFID India do the right thing?

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4.3 Themes common to the two strategies are:

- an overriding emphasis on poverty reduction
- a commitment to partnership with selected ('Focus') states
- a concern to promote growth; and
- a pledge to facilitate better service delivery

There is two big differences, one explicit the other implicit. In the 2004 strategy, unlike in 1999, there is no explicit reference to improving management of the natural and physical environment. Also, implicit in the 2004 strategy is the creation of a strong national programme team alongside the state programme teams.

4.4 With respect to the state programmes, DFID's decision to concentrate its efforts on a few selected states made sense in terms of the current of thinking about development good practice that emerged in the 1990s. Other donors, most notably the World Bank, also adopted a focus state approach. In each case the impetus came from new research about aid effectiveness — championed by David Dollar and Paul Collier — that found that assistance was best limited to countries (or, as in the Indian case, sub-national entities) with large numbers of poor people and governments committed to, and reasonably able to deliver, reform. But this was only part of the story: equally important were considerations about appropriate division of labour and the need for the India programme not to spread itself too thinly.

4.5 DFID's emphasis on concentrating efforts on a few (poorer) states was, in principle, consistent with the need to redress the enormous inter-state inequalities: a relevant strategy should arguably aim — in however small a way — to reduce these disparities. Attainment of the Millennium Development Goals by the poor states — most notably, Bihar, Uttar Pradesh, Madhya Pradesh, Orissa and Rajasthan — is critical to MDG attainment by the country as a whole. During the evaluation period, these states accounted for a disproportionately large proportion of the country's poor (and will probably account for an even larger share by 2015 owing to more rapid population growth).<sup>9</sup> The question of whether DFID selected the right states for partnership is examined below.

4.6 If a strategy is to be relevant it needs to consider not only the 'what' (the challenges to address) but also the 'how' (the best way to address them). In India any donor strategy needs to recognize that the sum of official development assistance is small in relation to Indian GDP (0.2% in 2003, down from 0.4% in 1990) and that the scope for donors, individually or collectively, to make a major impact on Indian development is limited; moreover, the Indian government is wary of donor efforts to shape the agenda. The best that donors can do is to contribute to the implementation of a program that is government driven.<sup>10</sup> While this pragmatic consideration is not

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<sup>9</sup> World Bank, *Attaining the Millennium Development Goals in India*, Report No. 30266, December 2, 2004, p. xiii.

<sup>10</sup> 'Any efforts by external agencies or donors to bring about systemic change in order to accelerate poverty reduction are unlikely to be successful. It is therefore important for such agencies to accept the changing role of government in the Indian developmental effort, and to view themselves less as agents of development and more as facilitators' (Centre for Policy Studies, New Delhi, 'India's Development Priorities: Issues and Challenges along the Path to 2015', Paper presented to Asia 2015 Conference, London, March 2006 (draft without page numbers).

stated in DFID’s strategy papers, the interviews with staff demonstrated a keen awareness of the need to accept that the government is in the driving seat.

### Was DFID India strategy consistent with corporate priorities?

4.7 Over the evaluation period, four particular shifts in the DFID India programme responded to corporate imperatives emanating from London. First, following the direction established by the November 1997 White Paper, there was a shift from isolated sector-oriented projects to sector-wide programmes and greater emphasis on themes cutting across the sectors (gender, social exclusion, governance).

4.8 This shift is reflected in the titles of the groups to which DFID advisers were affiliated. In the late 1990s there were six Sector Groups: Education; Energy; Health; Rural Development; Urban Poverty; and Water and Sanitation.<sup>11</sup> By 2005, the advisory rubric had been altered to include themes that cut across sectors. In descending order of staff complement, the areas covered were: Human Development (6 advisers); Governance (6 advisers); Economics (5 advisers); Social Development (4 advisers); Rural Livelihoods (3 advisers); Infrastructure/Urban (1 adviser); and Environment (1 adviser). It should be emphasized however that this change occurred right at the end of the evaluation period.

4.9 Second, changes in staff organization were in line with DFID’s corporate strategy. By various steps — beginning with a short-lived experiment with matrix management and ending with a brigade structure — the Advisers in the India Office became more closely integrated with programmes (the Focus states plus an expanded national programme). To some extent, this change gave greater authority to Programme Managers to set priorities, and reduced the autonomy of Advisers. The staffing reorganization reinforced the trend from a sector-led approach to one centred on state and national programmes. This move arguably made for a more strategic deployment of staff.

4.10 DFID India staffing policies are in line with the country-led focus that is being promoted DFID-wide. The proportion of staff in DFID India that is locally-recruited is high in relation to the average for DFID country offices; and it rose from 76% in 2000 to 83% in 2005 (Table 4). In 2005, six of the forty-four more senior (‘A’ band) staff members were nationals on secondment from the Indian civil service.

**Table 4: Staff Complement, DFID India, 2000 & 2005**

	2000 ALL STAFF	2000 UK STAFF	2005 ALL STAFF	2005 UK STAFF
Advisers (A1+A2+A3)	48	18	26	9
Programme Managers (B1 & above)*	28	13	30	11
Administrative staff (B2+C2+C3) and others**	71	4	61	
<b>TOTAL</b>	<b>147</b>	<b>35</b>	<b>117</b>	<b>20</b>

\*Includes Head of Office

\*\*Excluding D grade staff (drivers, cleaners etc.)

<sup>11</sup> Richard Plumb & Gordon Wilson, A Management and Organisational Review of DFID India, July 2001, p. 10.

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4.11 Third, since 2000 and in line with the objectives of its Public Sector Agreement, DFID has worked more closely with multilateral partners, seeking to encourage an increase in the poverty focus of their programmes.<sup>12</sup>

4.12 Fourth, from about 2004 onwards there has been an imperative to 'do more with less', which has been driven mainly by the pressure to cut staff throughout the UK civil service. DFID India was somewhat ahead of the DFID-wide trend in implementing the new headcount targets ( Table 4).

### Were the right states selected for the Focus programme?

4.13 According to the 1999 Country Strategy Paper, selection of the Focus States was based on the following criteria:

- 'high concentration of poor people
- commitment to reducing poverty, including a willingness to make radical shifts in fiscal priorities, tackle difficult social issues such as gender and caste, overhaul delivery of public services and decentralise more power and money to local government
- desire to improve standards of governance; and
- interest in partnership with the UK, either because of past links, or because they are actively seeking external help and advice'<sup>13</sup>

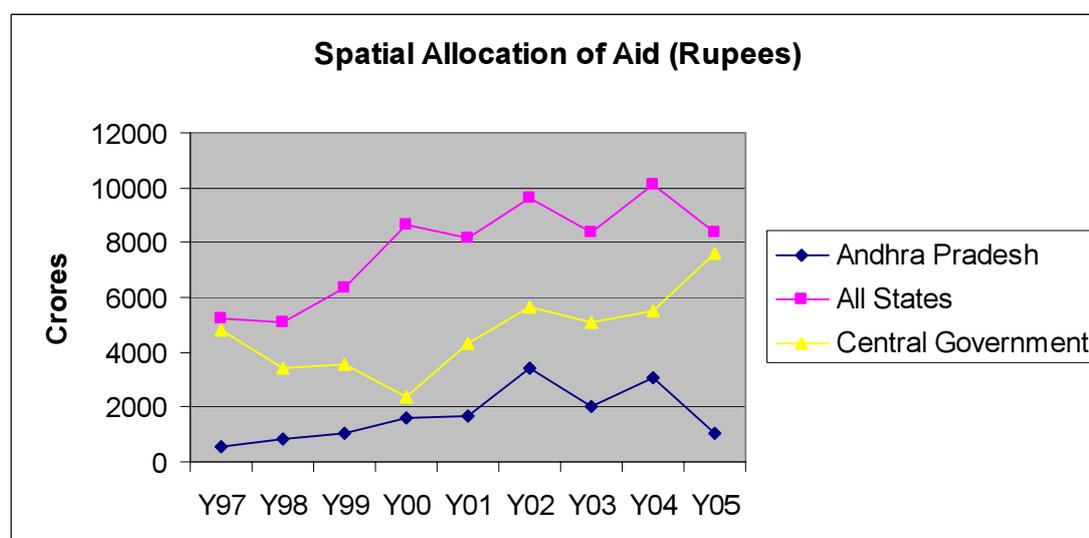
4.14 Not all the four states selected were among the poorest. Data cited in the Country Strategy Paper show that, with respect to rural poverty incidence in 1993, the nationwide average was 37%; Madhya Pradesh and Orissa were above that (with incidences respectively of 45% and 40%); but Andhra Pradesh and West Bengal were below the national average (with incidences of 29% and 27%).

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<sup>12</sup> OECD-DAC, 'Review of the Development Cooperation Policies and Programmes of the United Kingdom', draft (scheduled for release on 31 May 2006), p. 20.

<sup>13</sup> DFID India, Country Strategy Paper, July 1999, pp. 10-11.

Chart 7 Geographical Spread of Grants and Loans, All Donors, 1997-2005



4.15 The selection of these states was influenced as much by pragmatic considerations as by the poverty metric. The Country Strategy Paper notes that ‘Andhra Pradesh, Orissa and West Bengal are states where DFID already has broad ranging programmes which should provide a good platform for developing effective partnership’.<sup>14</sup> Andhra Pradesh’s pro-reforming environment was seen as favourable, enabling it to access more resources from DFID and the World Bank than other states in their focus programmes (Chart 6). Andhra Pradesh’s good performance record was a critical consideration, and this remains a factor today. The state has developed models for improving service delivery to the poor which can be taken up by other, poorer, states: Madhya Pradesh and Orissa have adopted watershed management practices and rural livelihoods initiatives originating in Andhra Pradesh; lessons from the state’s good governance initiative and experience with the District Primary Education Programme (scaled up into the nationwide programme) have also had an impact in other parts of India.

### Was the balance right between direct support to states and support to national programmes?

4.16 Reporting on the India programme in 2005 the International Development Committee asked for a more explicit justification of the division of resources between the focus states and the centrally-sponsored schemes. It is hardly the case that the India Office had not previously reflected on this. The background papers for the Country Assistance Plan (2004) contain a searching appraisal of the merits of committing a larger share of its resources to the government’s centrally-sponsored schemes.<sup>15</sup> But there are no obvious criteria to guide a decision about the exact nature of the balance to strike.

4.17 In absolute terms DFID India’s spending on the Focus State program peaked in 2001-02, when it was more than twice as large as all other spending. While absolute spending on the

<sup>14</sup> DFID India, Country Strategy Paper, July 1999, p. 11.

<sup>15</sup> ‘DFID India CAP Approach Paper, Version sent to HQ via Martin Dinham’, 27 June 2003, p. 19.

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Focus States dipped only slightly toward the end of the evaluation period, for the first time in 2004-05 it was exceeded by spending on other areas — primarily the national programme (Chart 2).

4.18 This relative shift in favour of national programmes can partly be explained by DFID India's concern to scale up and to maximise impact. But, more importantly, it was the logical outcome of two trends: on the one hand, the massive increase in the aid allocation; and, on the other, a reduction in the scope for directly funding the states, responding to concerns expressed by central government.

4.19 The Government of India is particularly concerned that aid from donors to state governments may undermine the logic of fiscal transfers from the centre to the states. Partly because of this, in 2004, the central government removed the option for *bilateral* donors to provide new rounds of general budget support to state governments. (Sector budget support was still allowed). Before the change of administration in 2004 the government also floated the possibility of discontinuing the privileged relationship that donors, such as DFID and the World Bank, had developed with focus states. There was a justifiable concern on the part of the Government of India that, over time, the pattern of donor spending had moved out of alignment with the distribution of poverty. Some states that were no longer the poorest were continuing to receive a disproportionate share of donor funding. Andhra Pradesh is a case in point.

4.20 Faced with these constraints and the imperative to increase aid spending while reducing administrative costs (the 'do more with less' agenda), DFID India had a strong incentive to invest in the centrally-sponsored schemes. This has been a recent switch and it is too early to say if, in terms of development effectiveness, it was the right move to make. With respect to elementary education at least, there is a plausible argument that the project approach has achieved all it can do; the logical next step is to support the centrally-sponsored program, Sarva Shiksha Abhiyan. Early results from this program are promising.

4.21 At any rate, as of today, there is no question of an 'either/or': the focus states initiative and the support to national programmes will proceed in tandem. The Congress-led administration that came to power in May 2004 showed some signs of being more supportive than its predecessor of DFID's Focus State programme. For the time being it seems reasonable for DFID to divide its commitments more or less equally between focus states and national programmes.

## Did DFID India have a sound strategy for working with partners?

4.22 The 1999 country strategy gave pride of place to developing partnerships, reflecting the emphasis placed upon this in the 1997 White Paper. This was part and parcel of the shift away from projects toward sector-wide programmes, involving endorsement of a common strategy by a wide range of partners — not only those pledging money. Also, the Millennium Development Goals have served as a high-profile rallying point for partners, helping to facilitate closer coordination.

4.23 The 1999 strategy proposed partnerships with:

- central government
- selected states
- civil society
- other donors; and
- business

4.24 There was a sound rationale for seeking to work more closely with the central government since this would help promote an enabling policy environment conducive to reducing poverty throughout India. DFID made an equally plausible case for deepening relations with certain states. The state focus was justifiable to the extent that it encouraged (a) positive externalities across projects within a state, (b) better project performance owing to the benign influence of a long-term relationship, and (c) the ability to achieve cross-sectoral impact in a way that might not be possible with central government.

4.25 DFID's push to collaborate more closely with other donors was embodied in the *trust fund agreements* that it developed with the World Bank, Asian Development Bank and (recently approved) UNICEF. These initiatives respond to the corporate imperative for DFID to work more closely with the multilateral agencies and provide a vehicle for DFID to promote poverty reduction by providing grant financing for technical assistance that may be used to modify the design of operations that would otherwise be less poverty-focused. For example, around 2000, the work of the Asian Development Bank was less poverty-focused than that of other donors; the trust fund with DFID helped to move it closer to the common position.

4.26 The framework for donor collaboration changed during the evaluation period. In 2003, the Government set a minimum level of support necessary for bilateral agencies to provide future aid to central and state governments: only the European Commission, Germany, Japan, Russia, the United Kingdom and the United States were able to meet this threshold. The Government of India sought to reduce the administrative burden of dealing with a large number of agencies, although it did not rule out the possibility that smaller bilateral donors might fund civil society organisations.

4.27 The basis for closer partnerships with civil society and business was, in principle, compelling but was less fully articulated in the statements of DFID's country strategy.

### **Did DFID India have a sound strategy for reaching the most vulnerable groups?**

4.28 DFID has been consistently ambitious in its efforts to target aid to the poorest. The degree of commitment to poverty reduction, and the emphasis on bringing to bear the themes of gender, inequality and social exclusion in the design of *all* projects, sets DFID apart from other donors; a point that was made by many interviewees.

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4.29 A good example of DFID's commitment to targeting is its support to the *Poorest Areas Civil Society Programme*, which focuses on the poorest districts in India (most of them located in the states of Bihar, Uttar Pradesh, Madhya Pradesh and Maharashtra). The programme centres on advocacy. One of its many initiatives seeks to draw members of scheduled castes and scheduled tribes into the electoral process. The programme is facilitated by a consortium comprising two management consultants, Development Alternatives and Pricewaterhouse Coopers. The programme is currently being implemented through a network of 529 partners working on 167 projects, managed by civil society organisations across 87 of the 108 poorest districts; this comprises over 14,000 villages in the six states targeted by the programme. The management consultants and the civil society organizations share common programme goals and regularly interact through peer learning workshops.

4.30 DFID's *trust fund agreements* with multilateral donors have been explicitly linked to the attempt to sharpen targeting. By providing grant-funded technical assistance that can be used, say, to make a road project more sensitive to the needs of scheduled tribes, and by helping to finance the employment of two long-term consultants as social advisers, DFID's trust fund with the Asian Development Bank aimed to promote sounder targeting.

## 5 EFFECTIVENESS: DID DFID INDIA DO WHAT IT SAID IT WOULD?

(OECD-DAC: 'The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance')<sup>16</sup>

### Did DFID India achieve the strategic objectives it set itself?

5.1 In the course of the evaluation period, the India Office issued four monitoring reports that addressed the implementation of country strategy:

- Annual Plan and Performance Review, November 2000
- Annual Plan and Performance Review, October 2001
- Progress Against Country Assistance Plan, May 2004
- Progress Against Country Assistance Plan, May 2005

5.2 The hiatus between 2001 and 2004 was partly explained by the transition from the 1999 to 2004 strategy papers; and was compensated for by the addition of a 2003 external evaluation. Different monitoring systems were used on either side of the hiatus.

5.3 The objectives of the 2004 strategy were essentially contained within those of the 1999 strategy (Figure above). Therefore, rather than separately discussing the achievement of each strategy's objectives (which would be needlessly cumbersome), the 1999 statement of objectives is used as the template for the whole evaluation period. The following discussion draws substantially on the 2000 Annual Plan and Performance Review and the 2003 external evaluation, both of which explicitly evaluated progress against the objectives laid out in the 1999 Country Strategy Paper.<sup>17</sup>

5.4 Overall, the five objectives were substantially achieved.

5.5 *Objective 1. Partnership with selected state governments to tackle poverty more effectively.* DFID made considerable progress in deepening relations with the focus states; this included development of separate strategies for each state. Taking into account the volume of commitments, the range of cross-sector deployment, the level of donor coordination and the overall depth of engagement the 2003 evaluation judged that progress had been greatest in Andhra Pradesh, followed by Orissa, with Madhya Pradesh and West Bengal lagging somewhat behind.

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<sup>16</sup> Taken from Annex 5, 'Glossary of Standard DAC evaluation terms', in 'Guidance on Evaluation and Review for DFID Staff' (2005).

<sup>17</sup> Neither of the CAP Progress Reports (2003/04 and 2004/05) includes an explicit discussion of progress toward the 2004 objectives and the monitoring framework is muddled, owing to the attempt to overlay Directors Delivery Plan targets and to aggregate across project (PRISM) ratings. Moreover, the DDP targets and indicators laid down in the 2004/05 matrix are not revisited in the 2005/06 matrix so there is no sense of what advance was made from one year to the next. There is no clear differentiation between areas of strength and areas of weakness.

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5.6 *Objective 2. Accountable government delivering pro-poor reform and growth and effective services.* DFID spearheaded support for improvements in public expenditure management. It successfully used budget support to protect social sector spending during fiscal adjustment in Andhra Pradesh and Orissa. DFID's assistance to power sector reform in Orissa was pioneering, including progress toward the unbundling and privatisation of distribution networks. This engagement generated lessons that were fruitfully applied across the broader spectrum of public sector management. Progress in increasing accountability was more limited although important steps toward tackling governance issues were made in Andhra Pradesh.

5.7 *Objective 3. Substantially increased and more effective investment in education, health and water and sanitation.* Substantial progress was made through the District Primary Education Programme in increasing enrolments in formal and alternative primary schools, and improving quality; and DFID had a major hand in shaping the nationwide programme that built on this foundation (Sarva Shiksha Abhiyan); but there was a lower than expected increase in the proportion of children completing primary school. Health sector support was broadened in all the Focus States, and important steps were taken toward combating HIV/AIDs (DFID funding 50% of all targeted interventions) and eradicating polio (DFID being the largest bilateral donor); but the target of certifying India polio-free by 2002 was not met (and had still not been fully realized in 2005). Attempts to increase investment in water and sanitation were thwarted by the lack of human resource capacity and a poor policy environment.

5.8 *Objective 4. Greater empowerment of the poor, especially women, and members of scheduled castes and scheduled tribes.* The Focus State programmes potentially provided a platform for engaging governments and other partners in a debate about how to enable the poorest and most marginalised groups to realise their rights; and included specific initiatives in Orissa and Madhya Pradesh to focus livelihoods programmes on poorer tribal districts. Outside the Focus States the most important initiative was the Poorest Areas Civil Society Programme which was targeted to the 100 poorest districts of India and made significant headway. The 2003 evaluation found, however, that the empowerment issue had not been effectively mainstreamed into DFID's projects and programmes, and that little progress had been made in empowering women. It concluded that there was a lack of clarity about how empowerment might be achieved; and a notable lack of engagement with anti-poverty programmes at state or central level.<sup>18</sup>

5.9 *Objective 5. Better management of the natural and physical environment.* DFID made some progress toward improving the quality and coverage of its environmental initiatives. Work with the Planning Commission contributed to a fuller consideration of environment-poverty linkages in the 10<sup>th</sup> Five-Year Plan; and environmental mainstreaming was promoted—but with limited success—in dealings with Focus States. The highlight with respect to this objective was progress toward improved watershed and forest management and the successful attempt to incorporate best practice lessons into national guidelines (the Hariyali programme). Also environmental objectives were written into the design of power sector reform operations and appropriate studies were conducted.

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<sup>18</sup> Oxford Policy Management/TARU, Leading Edge June 2003 'An external perspective on DFID's India country strategy', p. 28-29.

### Did the partnership strategy achieve the intended results?

5.10 Progress has been uneven: it has been considerable in the case of state governments (particularly Andhra Pradesh and Orissa) and donors; more limited with respect to central government; growing in the case of civil society; and is still incipient in the case of business.

5.11 Because India is not aid dependant, it is a challenge for any donor to command attention at the highest levels of government. Partnership with the central government is also complicated by the sheer number of potential interlocutors, and the diversity of perspectives about how to champion reform and promote poverty reduction. In the early part of the evaluation period, DFID India was more successful at developing a dialogue at the sector level—through small discussion groups convened around programme themes—than it was with more overarching authorities such as the Planning Commission.<sup>19</sup>

5.12 The 2003 external evaluation found that DFID India had had more success in developing partnerships with state governments than with the Government of India.<sup>20</sup> With the build up of the national programme team around 2004 relationships with central government subsequently strengthened. DFID India notes that today it is a close partner of the health and education ministries and (on the growth agenda) has close relations with Secretaries in the Ministry of Industry and Commerce (trade project) and the Ministry of Personnel (administrative reform project).

5.13 DFID India has been successful at pursuing a grounded, programme-centred dialogue with the state governments. But this is not to suggest that the scope of discussion is narrowly confined to DFID's immediate operational concerns. The 2003 evaluation found that DFID 'made progress in Andhra Pradesh and Orissa in the discussion and implementation of governance reform, including the review of public expenditure against development objectives and the adoption of an anti-corruption strategy, and has engaged with issues such as police reform and wider justice sector issues that are not on the agenda of other donor agencies'.<sup>21</sup>

5.14 To some extent the closeness of the partnership that DFID has developed with the focus states posed a challenge for partnership with central government at the start of the evaluation period. It may also have had the unintended effect of limiting the scope for engagement with other states.<sup>22</sup> DFID India notes that towards the end of the evaluation period it began strengthening relations between the three parties - DFID, centre and states, promoting better information flow and co-operation.

5.15 The 1999 strategy also highlighted the need to partner civil society and business. The 2003 evaluation characterised progress with the former as 'limited' (citing the Poorest Areas Civil Society '(PACs)' Programme as one of the main initiatives), while there had been 'little

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<sup>19</sup> The remarks about central government partnerships are based on: DFID India, Annual Plan and Performance Review, November 2000; and the 2003 'External Perspective' evaluation.

<sup>20</sup> Oxford Policy Management/TARU, Leading Edge June 2003 'An external perspective on DFID's India country strategy', p. 33-34.

<sup>21</sup> Oxford Policy Management/TARU, Leading Edge June 2003 'An external perspective on DFID's India country strategy', p. 25.

<sup>22</sup> Oxford Policy Management/TARU, Leading Edge June 2003 'An external perspective on DFID's India country strategy', p. 33.

## Effectiveness: Did DFID India do what it said it would?

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engagement' with the latter. The present evaluation found that, since 2003, the partnership with civil society had been consolidated (partly through progress with PACs) but that little had changed with respect to business partnerships, a logical outcome perhaps of the strong public sector focus of DFID's country strategy.

5.16 Where there has been substantial progress is in developing a closer working relationship with other donors. Three DFID India operations highlight the advances made in this respect. The *District Primary Education Programme* — which aims to increase enrolment, retention and learning achievement, especially among disadvantaged groups — is a good example of harmonisation. The donors (DFID, World Bank, European Commission) follow common guidelines but assume responsibility for different states. Joint Review Missions have ensured that a 'common and coherent' position is taken in donor dealings with government.<sup>23</sup>

5.17 More recently, *Sarva Shiksha Abhiyan* has moved beyond state-centred projects, taking a nation-wide and sector wide approach to elementary education, based on a centrally-sponsored scheme introduced in 2001. DFID participates every six months in a joint review mission, alongside the Government of India, the World Bank and the European Commission.

5.18 DFID's made a major contribution to developing the *Reproductive and Child Health Project 2*, one of the largest projects that it has approved. Building on a 1997 operation, this follow on initiative is the first experience in the India health sector of taking a sector-wide approach and using pooled funding. DFID's partnership with the World Bank dates back to joint review missions for the first project (although, at this point, DFID was not a co-financier). According to the design of this second operation, co-financiers follow the same procurement rules and draw on the same analysis of fiduciary risk. The World Bank provided the framework procedures, but also drew on DFID contributions in writing the Project Appraisal Document. DFID managed the meetings of donor partners and kept the minutes.

5.19 At the project level, DFID has worked in a manner that successfully complements intervention by other partners. For example, in the state of Rajasthan, DFID's support to *Lok Jumbish* and *Shiksha Karmi* has plugged a gap by developing non-formal schools that serve remote villages sidelined by the District Primary Education Programme. One of the initiatives taken involves training village volunteers to work as teachers. These projects have provided a strong complement to the World Bank's support of the formal primary education system in Rajasthan.

5.20 Another example of how partnership has been progressively strengthened comes from the *Andhra Pradesh power sector*, where DFID has supported two operations. DFID notes that, compared to the first operation, the state government showed more ownership of the second, being involved, for example, in specifying triggers (reducing the number, focusing on those most critical to the reform process). Also, there was close donor coordination. 'Working relationships between Bank and DFID teams have been very good, with high levels of collaboration, and joint documentation produced. DFID particularly welcomes the professional expertise that Bank staff brings to bear on the discussions'.<sup>24</sup> Another aspect of harmonization was the attempt to avoid

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<sup>23</sup> First West Bengal project in support of District Primary Education Programme.

<sup>24</sup> World Bank, 2005, 'Implementation Completion Report, Second Andhra Pradesh Economic Reform Loan', March 31, p. 11.

duplication. DFID decided not to replace its energy adviser partly because the World Bank had strong expertise in this sector.

### Was development assistance targeted to the most vulnerable?

5.21 A widespread concern — telegraphed in several DFID project monitoring reports — is that outreach to the socially excluded generally falls short of expectations. In fairness, DFID tends to aim high. It may be better to partially achieve an ambitious objective than to fully achieve a more limited one.

5.22 In the *education sector*, there have been several targeting high points. According to a 1996 evaluation of *Lok Jumbish*,<sup>25</sup> in its non-formal schools, 77% of the children attending were girls; in the formal system girls made up only one-third. There was a steady increase in the proportion of children from scheduled castes and tribes, reaching 43% by 1998. Dropout in the non-formal system was 30% compared to 55% in the formal system. *Shiksha Karmi* made progress toward the objective of giving children five years of schooling, and attendance improved; in both cases, boys fared better than girls.<sup>26</sup> (But a close look at the project documentation reveals some shortfalls. Fewer than anticipated women were recruited as volunteer teachers.

5.23 With respect to the *Poorest Areas Civil Society Programme*, five years after start up, DFID noted that ‘in spite of best efforts, the projects are not able to involve the poorest 20% to 30%’ of villagers.<sup>27</sup> This observation needs to be placed in context. The wide geographical spread of the programme poses a major challenge, making it difficult to follow up on targeting: there are substantial variations in progress within and between states. Anticipating the enormity of the supervision challenge, DFID contracted out the work to the Management Consultants. If progress appears to have been slow, it must be recognized that a substantial amount of time was needed to lay the foundations: creating the network of civil society organizations and building alliances at the community level. Occasionally, the Government of India’s procedures have slowed progress. For example, in April 2005, the Department of Economic Affairs decided that it would need to approve each mini-project. The Department was taking about six months to respond to each proposal; although, according to DFID India, this has been cut to 2 months within the past year.

5.24 Processing delays have also been experienced elsewhere. In the case of the Asian Development Bank trust fund, delay in approving the bank’s projects may have slowed progress on targeting. About half way into the agreement period (July 2004) only a sixth of the total trust budget had been disbursed.<sup>28</sup> An independent evaluation of DFID’s trust fund with the World Bank found that, in many cases, the proceeds were applied to existing lines of work, rather than

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<sup>25</sup> Although this project predates the evaluation period the DFID India Steering Committee supported its inclusion because it was part of a learning chain, lessons feeding into subsequent education projects.

<sup>26</sup> *Shiksha Karmi*, project completion report.

<sup>27</sup> ‘Output to Purpose Review, Poorest Areas Civil Society Project’, 24 November 2004, p. 9 & p. 11.

<sup>28</sup> This is based on the independent evaluation of the ADB Trust Fund, conducted in July 2004. The same source notes that, while in 84 percent of cases the technical assistance agreements include statements of objectives emphasizing poverty reduction, only in 53 percent of cases did project design include innovative features likely to enhance poverty reduction and in only 50 percent of cases was the approach taken participatory (p.17).

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helping to promote poverty-reducing innovations. The report is ambiguous in its assessment of the trust fund's impact.<sup>29</sup>

5.25 Similar targeting challenges have been encountered in DFID's health sector operations. A 2003 report concluded that the socially excluded have not been well served by the *polio* projects; although given the small number of remaining cases (less than 100) this needs to be put in perspective.<sup>30</sup> With respect to *tuberculosis*, it has also proved difficult to reach out to the marginalized, and to understand why so many patients abandon treatment. Although there are substantial cultural obstacles to overcome, DFID is responding to these challenges. In the last year or so polio immunisation campaigns have increased their outreach — reducing the disparity in coverage between Muslim and Hindu communities.

5.26 With respect to the polio and tuberculosis interventions, DFID India's power to influence targeting is circumscribed by the relatively hands off approach it has taken to management: relying on the Government of India, on the one hand, and on the World Health Organization and UNICEF on the other, to administer, respectively, financial aid and technical assistance. There is a lesson here about the tension between scaled-up, harmonised, country-led approaches and the scope for close control of targeting: there may be a trade off. If DFID were still running small, enclave projects it might have greater control over targeting; but it would also have much less of the impact that a scaled-up, harmonised operation allows for. In other words, the conclusion is to draw is not to 'go back to projects'; but to more rigorously evaluate the impact of programmes, with particular reference to their record on targeting.

5.27 Within the terms of the programme framework, DFID India is probably doing the best it can to press for better targeting. It no longer provides direct financial aid to the Government of India for polio, because eradication was supposed to have been completed; remnant financing for this initiative is rolled into Reproductive and Child Health 2, with World Bank support. On tuberculosis, DFID is now asking the Government of India and World Health Organisation (WHO) for data disaggregated by social groups; and there is a budget line for operational research on social exclusion. The national tuberculosis control programme — which only achieved full coverage of the country in March 2006 — contains an explicit focus on marginalised groups, aiming to ensure better access to diagnostic and curative services.

5.28 It is too early yet to judge if DFID's selective support to the centrally-sponsored schemes will improve on the poor targeting that has been associated with these schemes in the past. A study commissioned by DFID on the centrally-sponsored schemes was 'highly constrained by the availability of information and gaps and discrepancies between central and state statistics on schemes, particularly their sectoral and beneficiary targeting'.<sup>31</sup> The same study found that, in the past, the 'patronage driven system that centrally-sponsored schemes have helped engender

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<sup>29</sup> In a section entitled 'What more could have been done to maximise the impact of the trust fund?' the report states: 'Although clear criteria have not been evolved, we are assured that the Bank has exercised due diligence in selecting for assistance from the Trust Fund, those activities in its work plan that were relatively more suited for such funding. But this choice could only have been a limited choice and it is difficult for us to see how at least some of the activities were fit for funding' Evaluation of the Trust Fund on UK DFID and World Bank Partnership for India, December 2005 Undated draft report, p. 23., forwarded by Sanjay Valsangkar on 12 January 2006.

<sup>30</sup> R.N. Basu et al, 'Mid-term Review of Final Phase of Polio Eradication Programme', 1 December 2003.

<sup>31</sup> TARU, 'Study on Centrally-Sponsored Scheme Partnerships: Analysing their Impact on Poverty Reduction in States and Assessing Constraints on their Effectiveness', October 2005, p. E1.

at the district and block level' has resulted in a substantial leakage of benefits to local contractors, politicians and members of the elite.<sup>32</sup>

5.29 It must be stressed that there are many centrally-sponsored schemes, some better than others. DFID India is by no means giving them a blanket endorsement. With respect to those schemes it is supporting, it is doing the best it can to keep the focus on targeting. The second joint review mission for *Sarva Shiksha Abhiyan* emphasized the need for a tighter focus on weaker districts. The third joint review mission found that there had been some progress toward more equitable targeting of programme resources. But there is still a substantial challenge. The Government of India has some way to go in persuading state governments to target districts where the number of children out of school is particularly high.<sup>33</sup>

5.30 The rural livelihoods projects are geographically targeted — focusing on the poorer districts — but, as with all projects of this nature, the scope for targeting *within* a given community is somewhat limited. If such a project is to take off the whole community has to be mobilized and too tight a focus on the poorest may be counterproductive. A preliminary report from the impact evaluation of *Andhra Pradesh Rural Livelihoods* states, that while there is no evidence that the target group (women) is systematically excluded, the benefits of both World Bank and DFID projects are not focused on the poorest, leaking to other groups.<sup>34</sup>

### Did DFID India implement sound monitoring and evaluation?

5.31 DFID India faces three challenges at this level. The first is to monitor progress toward the objectives outlined in the country strategy. The second is to track portfolio performance. Third, some selective attention is needed to conducting impact evaluations of projects and programmes.

5.32 On *country strategy monitoring*, DFID India experimented with various approaches over the evaluation period. The trend is toward greater complexity and less coherence. The 2000 report was keyed explicitly to the objectives of the 1999 strategy. Subsequent reports have wrestled with the need to balance several mandates: in addition to taking account of country strategy objectives, there has been reporting on progress toward the Millennium Development Goals, reporting on implementation of the India-specific aspects of Asia Directorate's Delivery Plan and tracking of project scoring aggregates (captured in DFID's monitoring database, (PRISM)). Individually, each of these approaches has some merit. But it is difficult to add them up. It is important to note that the lack of coherence is driven more by the India Office's need to respond to multiple mandates from London (DDPs, etc.), rather than its own lack of strategic clarity. But, from an external perspective, the various frameworks and matrices that have been produced are more confusing than enlightening.

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<sup>32</sup> IBID, p. E4.

<sup>33</sup> Aide Memoire, Sarva Shiksha Abhiyan, Third Joint Review Mission, January 2006: 'Government of India has identified 48 districts in 10 states as having more than 50,000 children out of school. The need to focus on these districts has been taken up with the concerned states by the Government of India...The Mission was not informed of any targeted strategy for the identified districts in the states visited (Andhra Pradesh, Bihar, Chhatisgarh, Uttar Pradesh and West Bengal). Evidently states have still to adopt a targeted approach in the districts thus identified' (paragraphs 1.25-1.26).

<sup>34</sup> An impact evaluation led by Howard White that is jointly sponsored by DFID and the World Bank's Independent Evaluation Group.

## Effectiveness: Did DFID India do what it said it would?

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5.33 The DDP Indicators, 2005-06 illustrate the problem. There are a set of 'success criteria' broken down by Focus States and National Programmes, and rated for 'challenge' and 'impact' (rated 'medium or 'high'). The attempt is made to average across the different operations corresponding to each state/programme. But it is not clear how these different operations can be given the same challenge/impact rating (moreover, the interpretation of these criteria is not made explicit); nor is it clear with what legitimacy they can be assigned a single PRISM score. The 'description of progress' consists of a general statement which in most cases does not refer exactly to the success criteria; nor, more importantly, does it reference a baseline target, or refer back to the previous annual report. DFID India is aware of the need for greater coherence and is exploring new options for country performance reporting.

5.34 With respect to *portfolio monitoring* the challenge is every bit as large. In each of the years between 2000 and 2005, DFID India had over one hundred active project spending codes. There are often two or more codes per project (for example, a project with both financial assistance and technical assistance components, or multiple stages, would have more than one code.) This would be a challenge for any agency to monitor. Oversight by the head of office is necessarily limited. It is a positive step that, since 2004, DFID-wide, heads of office have been required to formally sign off on project completion reports.

5.35 At the level of individual projects there are substantial monitoring gaps which complicate the attempt to assess the extent to which objectives were achieved. Of the 28 projects considered in this evaluation, 19 had no, or only limited, quantitative results data.<sup>35</sup> Typically, indicators were specified at the inception of an operation but subsequently the provision of supporting data was inconsistent or insubstantial. In some cases (governance, social development) results may be hard to quantify; but there are still process steps that could be more systematically monitored and recorded.

5.36 There is no shortage of evidence of the weak monitoring of individual operations. It will suffice to quote some examples from the education cluster (not that this is in any sense a weaker performer than other clusters). The project completion report for *Andhra Pradesh District Primary Education* observes that 'the state is close to achieving its goal of Universal Access by providing schools in 97% of the habitations' but it does not report on the level of access before the project (or what change took place in schools not served by the project). Enrolment evidently increased under the programme but the data beg a number of questions: 'enrolment figures are based on annual District Report Cards compiled from returns from formal primary schools in September of each year. These do not capture enrolment in the alternative schools, unrecognized private schools (including *madrassahs*) and are not adjusted to account for drop out'. Also, in *West Bengal District Primary Education*, 'despite a marked increase in enrolment (the baseline is not reported), drop out and repetition rates remain high, along with low completion rates'.<sup>36</sup> In general, monitoring needs to focus less on the enrolment numbers (which have shot up since the beginning of the *Sarva Shiksha Abhiyan* programme), and more on attendance levels, dropout rates and test scores.<sup>37</sup>

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<sup>35</sup> Based on a detailed review of Output to Purpose Reports and Project Completion Reports, conducted by JPS Consultants.

<sup>36</sup> 'Project Completion Report, First West Bengal DPEP Project'.

<sup>37</sup> 'Aide Memoire, Second Joint Review Mission, Sarva Shiksha Abhiyan', July 18-27, 2005.

5.37 Again, DFID is aware of the problem and, in some cases, has successfully promoted better approaches to project monitoring; approaches that have been endorsed by other development partners. For example, the project design for *Reproductive and Child Health 2* includes a three-point monitoring strategy, entailing: a management information system with disaggregated indicators; community monitoring by local government and civil society groups; and independent studies.

5.38 In the case of *impact evaluation*, DFID India has sponsored various initiatives; but the methods involved have not, for the most part, been rigorous. As an example of what rigour entails, a study of the *District Primary Education Programme* (not commissioned by DFID) merits close attention.<sup>38</sup> This evaluation compares populations that were covered by the programme with those that were not, using propensity score matching to increase the comparability of the two groups. It finds that the programme has had less effect on enrolment, completion and dropout rates than previously claimed. The groups that particularly benefited from the programme were male children and scheduled castes. Inhabitants of Madhya Pradesh benefited more than those in other states. There was little improvement in the education of female children, or the members of scheduled tribes.

5.39 There are two independent evaluations focusing on a DFID-specific intervention—the *Andhra Pradesh Rural Livelihoods Project*. The pilot phase of one study has just been completed<sup>39</sup> and the other, a more ambitious effort, is still underway.<sup>40</sup> The first study found that there were weaknesses in implementing the project's monitoring arrangements.<sup>41</sup> A preliminary report on the second of these studies found that while target groups (e.g. women) did benefit, benefits were fairly diffuse, spreading to non-target groups. (Nevertheless, the communities selected for this project are poorer than average because of geographical targeting).

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<sup>38</sup> Jyotsna Jalan & Elena Glinskaya, 2003, 'Improving Primary School Education in India: An Impact Assessment of DPEP Phase I' (draft, provided by Vinita Kaul of World Bank). The singularity of this evaluation was noted by a World Bank review: 'Unfortunately, however, this review revealed that, with the exception of Jalan and Glinskaya, none of the studies could qualify as true impact evaluations...Future programs will need to be better designed with a stronger monitoring and evaluation component so as to enable better evaluation studies to be done' ('A Review of Educational Progress and Reform in the District Primary Education Program', World Bank, South Asia Human Development Sector, Discussion Paper Series, No. 1, September 1, 2003, p. 9).

<sup>39</sup> TARU, 'Impact assessment of Andhra Pradesh Rural Livelihoods Project', December 2005.

<sup>40</sup> An impact evaluation led by Howard White that is jointly sponsored by DFID and the World Bank's Independent Evaluation Group.

<sup>41</sup> TARU, 'Impact assessment of Andhra Pradesh Rural Livelihoods Project', December 2005.



## 6 EFFICIENCY: DID DFID USE ITS RESOURCES COST EFFECTIVELY?

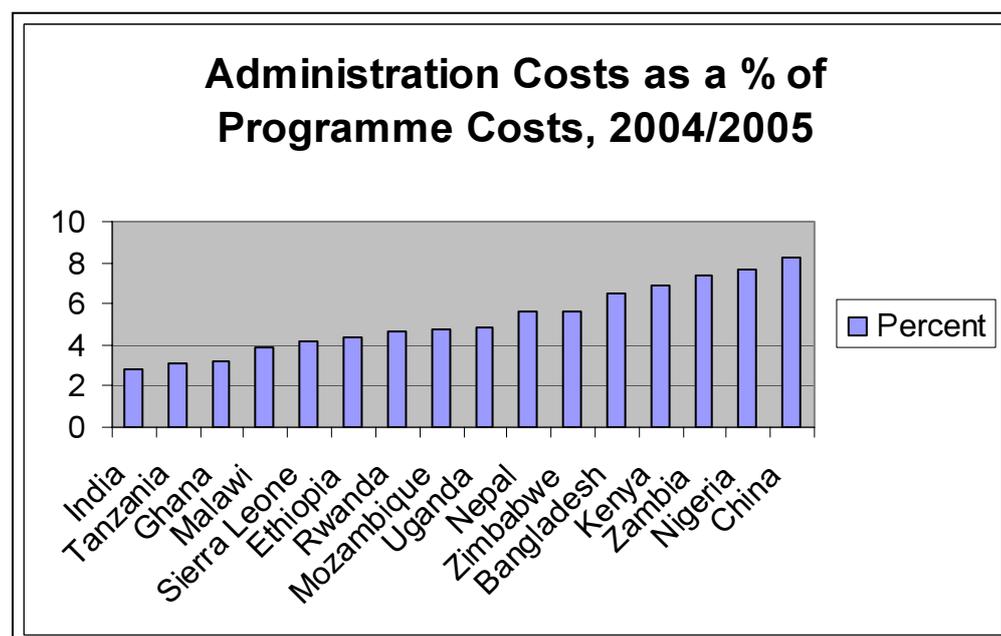
(OECD-DAC: 'A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results')<sup>42</sup>

### Have administrative costs been reduced?

6.1 With respect to the total administrative cost of DFID India it is impossible to assess the change from 2000 to 2005 because the system of accounting changed in mid-course (before 2003 some administrative costs were financed from the various lines of DFID's aid to India). The administrative budget for 2004-05 was £6.7 million, falling by 9% to £6.1 million in 2005-06.<sup>43</sup>

6.2 As a percentage of what it disburses, the office's administrative spending is small compared to other country units; and the proportion is falling. In 2003-04, in terms of the weight of administrative relative to programme spending, India ranked fourth lowest of sixteen countries in Asia and Africa. By the following year it had climbed into first place (Chart 8), a position it retained in 2005-06.<sup>44</sup>

Chart 8



<sup>42</sup> Taken from Annex 5, 'Glossary of Standard DAC evaluation terms', in 'Guidance on Evaluation and Review for DFID Staff' (2005).

<sup>43</sup> Data from India Office, supplied in August 9 comments on draft evaluation report plus data from Expenditure Cubes, quoted in e-mail from Sanjay Valsangkar to Deborah McGurk, 5 April 2006.

<sup>44</sup> Jay Wyatt, 'Doing More With Less: Administration Costs', Power-point presentation to Asia Programme Managers, DFID Bangladesh, 9-10 June 2004. (Given the date of the presentation, it would seem that the numbers cited for 2004-05 and 2005-06 are *projected* rather than actual figures).

## Efficiency: Did DFID use its resources cost effectively?

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6.3 Disbursements per staff member rose from £0.7 million in 2000-01 to £2.2 million in 2004-05. This is the net result of a growth of 145% in disbursements and a cut of 20% in the total number of staff; in the case of persons hired in the UK, the cut was of 43% (Table 4). DFID India has amply responded to the corporate imperative to 'do more with less'.

6.4 A separate piece of evidence suggests that efficiency has increased. Following recommendations from Internal Audit and the National Audit Office, the procurement team has saved some £13m since its establishment in 1999, by encouraging greater use of local consultants and negotiating fee rates under the European Union Directives threshold. By stringently reviewing contract proposals the procurement team has encouraged programme managers to seek greater value for money.<sup>45</sup>

6.5 Finally, administrative efficiency was probably enhanced by the consolidation of DFID's India office on a single site. Between January 1996 (when DFID first opened a Delhi office) and August 2000 the programme had been split between four dispersed locations.

### What was the average delay between actual and expected approvals of operations?

6.6 Taking the fifty most recently completed operations, ordering them chronologically, and cutting them at the median start date — yielding a cohort of 25 newer projects (starting in September 1999 or later) and a cohort of 25 older projects (starting before September 1999) — reveals the following. First, the implementation period was shorter for the new cohort (average 2.7 years) than for the old cohort (4.9 years). This may partly reflect a reduction in the number of times that closing dates were extended, which could be read as an increase in implementation efficiency. A second positive sign is the reduction in the gap between planned and actual start dates (from 5.6 to 2.9 months).

### Were there significant delays in disbursing funds?

6.7 The disbursement challenge has risen with the increase in the aid allocation. Expenditure followed framework allocations fairly closely up to 2001-02 but when the allocation expanded to £230 million in 2002-03, spending lagged behind at £156 million. Since then the gap has narrowed: in 2004-05 the aid allocation was £265 million and spending amounted to £258 million.

6.8 Despite this overall progress, disbursement lags and other delays are common to each of the four project clusters examined for this evaluation. In the case of *Shiksha Karmi*, only half of the committed funds had been disbursed by the end of the project. In the first three years of the twelve-year *Andhra Pradesh District Primary Education* operation less than £0.25m was spent of the £46m committed. DFID's work on rural livelihoods has been particularly subject to delays, and results have been slow in coming. A report on implementation of *Andhra Pradesh Rural Livelihoods* cites delays arising from staff turnover in DFID and government. It also refers to the 'inherent conflict between process intensive projects such as this and the need to achieve spend targets'.<sup>46</sup> The same source DFID's *other livelihoods operations in Orissa and Madhya Pradesh*

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<sup>45</sup> Tessa MacArthur, 'DFID Technical Cooperation in India' (internal draft, prepared by Aid Effectiveness Team, December 2005, p. 6).

<sup>46</sup> 'Snapshot Output to Purpose Review, Andhra Pradesh Rural Livelihoods Project'. The India Office report that the latest Annual Review of this project has upgraded the score to 2 (objectives likely to be largely achieved).

have also been slow starters. Orissa was launched in August 2000 but implementation only began in January 2002. DFID reported in 2004 that 'Even now the project does not have all the project management arrangements fully in place', making it 'too early to judge' project results.<sup>47</sup> By mid-2005 the project had still disbursed only £3.0m of the £32.7m committed. The start of the Madhya Pradesh operation was delayed from 2003 to 2005.

### **Does the large number of operations hamper efficiency?**

6.9 During the evaluation period DFID sought to arrive at a leaner portfolio. In 2003-04, there was a portfolio cleaning exercise that sought to help rationalize DFID's operations.

6.10 But the portfolio remains large. In the three years, 2002-04, DFID approved 72 new operations; by comparison, over the same period, the World Bank had 27 operations scheduled for approval.<sup>48</sup> It is striking that, when interviewed in March 2006, staff members in the office gave divergent estimates of the number of active projects. This may be because of the confusion created by a monitoring system that is broken down by budget (MIS) codes, rather than projects (a project may have multiple codes) - a DFID-wide problem but one that is particularly acute for India because it has the largest programme. The number of separate codes fell in a steady line from 189 in 2000-01 to 115 in 2004-05 - suggesting a proportional fall in the actual number of interventions (Table 1). Interestingly, the rate of fall did not accelerate during the portfolio cleaning of 2003-04, suggesting that this exercise may have been less successful than expected.<sup>49</sup>

### **Will the recent headcount restrictions reduce DFID's technical capacity?**

6.11 Some concern has been expressed that the new headcount restrictions may weaken DFID India's technical skills base. DFID India met its headcount targets in part by reducing its advisers from 48 in 2000 to 26 in 2005 (Table 4). A recent review signalled the danger that, in India, DFID-wide pressures to cut staff would result either in a scaling-back of technical cooperation (which is very management intensive), or the adoption of a hands-off approach (letting trust fund partners do the managing), which could undermine the quality of service delivered. The same report emphasized the importance of retaining in-house advisory capacity rather than relying too much on hired help for technical cooperation, because DFID Advisers are better placed than short-term consultants to cultivate relations with government partners.<sup>50</sup>

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<sup>47</sup> 'Output to Purpose Report, Western Orissa Rural Livelihoods Project', March 2004.

<sup>48</sup> World Bank, *Country Strategy for India*, September 15, 2004, Annex 2, Attachment 1.

<sup>49</sup> A former senior staff member of DFID India noted that the attempted purge was bedevilled by information asymmetry: project managers had much more knowledge about the operations under review than reviewers could reasonably acquire in the time available for the cleaning exercise, making it easier for the former to justify keeping the operations going than it was for the latter to advocate they be shut down.

<sup>50</sup> Tessa MacArthur, 'DFID Technical Cooperation in India' (internal draft, prepared by Aid Effectiveness Team, December 2005, p. 6).



## 7 SUSTAINABILITY: ARE THE POSITIVE RESULTS OF DFID INTERVENTIONS LIKELY TO ENDURE?

(OECD-DAC: 'The continuation of benefits from a development intervention after major development assistance has been completed.')

<sup>51</sup>

### Were successful operations consolidated, replicated, or scaled up?

7.1 Each of the project clusters investigated during this evaluation contain positive instances of *consolidation*. One example is particularly worthy of note: in Andhra Pradesh, power sector reform laid a foundation that facilitated the broader process of improving public sector management and governance. At the beginning of the reference period, DFID played a leading role in the promotion of power sector reform, this process serving to underpin DFID's subsequent initiatives to strengthen public sector management. This was a winning combination: the losses arising from poorly-targeted electricity subsidies were the main contributor to state government fiscal deficits; reducing this drain was the best way to underwrite public sector reforms that would benefit the poor, helping to protect social spending.<sup>52</sup>

7.2 There is ample evidence that DFID India has managed to replicate and scale up its operations; and to consolidate achievements. *Replication* is evident, for example, in the cross-fertilization that has taken place between two of DFID India's flagship programmes. In the field of elementary education *Sarva Shiksha Abhiyan* developed a sector-wide approach, pooling arrangements and an incentive-based financing mechanism that was replicated by *Reproductive and Child Health 2*. The funding mechanism helps to ensure that contributions from the pool partners will supplement not substitute for Government of India resources: the Government will only be reimbursed for expenditures exceeding a threshold agreed in advance by the partners.

7.3 *Scaling up* is evident in DFID India's shift from projects to programmes. The large increase in the aid allocation to India after 2000 has helped to facilitate scaling up. The trend is particularly clear for primary education. Having built a sound foundation through projects in various states, DFID India is now well placed to support the national programme, *Sarva Shiksha Abhiyan*.

### Has government capacity at the state and local level been strengthened?

7.4 The evidence suggests that DFID has been relatively effective at building government capacity at the state level. Lacking the necessary leverage, DFID has found it harder to promote devolution of authority to the 'third tier' — local government (the Panchayati Raj Institutions). The problems in this respect — the intractability of local power structures — are faced by all donors; shortfalls in this area are not peculiar to DFID.

7.5 In Andhra Pradesh, with DFID support, the *state government* took large strides toward strengthening public expenditure management and financial accountability, including 'impressive'

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<sup>51</sup> Taken from Annex 5, 'Glossary of Standard DAC evaluation terms', in 'Guidance on Evaluation and Review for DFID Staff' (2005).

<sup>52</sup> World Bank, 2004, 'Implementation Completion Report, Andhra Pradesh Power Sector Restructuring Project', February 20, p. 25.

## Sustainability: Are the positive results of DFID interventions likely to endure?

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initiatives like e-governance.<sup>53</sup> The World Bank reported that, aided by DFID funding, the *Centre for Good Governance* has been successful in promoting the citizen's charter, and in analysing the types of cases coming before the Administrative Tribunal. A second-phase of the governance reforms involves establishing Strategy and Performance Innovation Units in selected government departments. These units compete with each other to develop the best ideas for improving service delivery and making government more accountable. The World Bank also commended the Centre's assessment of state financial accountability. A separate source attributes the Centre's success to the recruitment of high-calibre permanent staff (instead of heavy reliance on consultants) and to sustained support from the state government.<sup>54</sup> The Centre has performed best when it has stuck to its original mandate to serve as a think tank and a facilitator — rather than an implementer.<sup>55</sup> The Centre in Hyderabad has impressed the Government of India so favourably — particularly its contribution to right to information initiatives and support to the administrative reform commission — that it is now launching a national good governance centre.

7.6 DFID has recently begun to design operations that help strengthen local government. There is a constitutional mandate for this work (the 73<sup>rd</sup> and 74<sup>th</sup> Amendments); but states have been slow to act on it. In the course of this evaluation, interviews with donor agencies and with the focus group of Indian development experts, repeatedly singled out decentralisation as a theme worthy of greater emphasis in the DFID programme. But the difficulties of entrée should not be underestimated: DFID can only proceed in this area if it has the backing of the Government of India and of the state governments — and many of the latter have been slow to hand over power to the *panchayats*. (In West Bengal recent experience has been more positive and is reflected in the DFID-supported rural decentralisation operation).

7.7 The operational record contains several references to the limited progress on decentralisation. The reform agenda for the *budget support operations in Andhra Pradesh and Orissa* included strengthening of the *panchayats*; but on this issue little headway was made.<sup>56</sup> In Andhra Pradesh, the state government has transferred public health and primary education to district and lower-tier governments but it has not invested in the capacity-building which would enable local authorities to discharge their new responsibilities effectively.<sup>57</sup>

7.8 The rural livelihoods projects highlight the difficulties of promoting decentralization. For example, in Andhra Pradesh, the government has been slow to devolve power. 'Most of the rural development activities continue to be managed by the district line departments and the District Rural Development Agencies. Panchayats are not involved in implementing watershed programmes. Panchayats with little training and orientation, no experience of managing watershed programmes and with allegations of widespread corruption are seen by many government officials and non-government organizations as unfit for playing a major watershed role at this stage'.<sup>58</sup>

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<sup>53</sup> World Bank, 2003, 'Implementation Completion Report, Andhra Pradesh Economic Reform Programme', March 31, p. 3.

<sup>54</sup> Tessa MacArthur, 'DFID Technical Cooperation in India' (Internal draft, prepared by DFID's Aid Effectiveness Team, December 2005), p. 15.

<sup>55</sup> World Bank, 2003, 'Implementation Completion Report, Andhra Pradesh Economic Reform Programme', March 31, p. 3.

<sup>56</sup> IPE 'Assessment of General Budget Support in India', final report, May 2005.

<sup>57</sup> 'Fiduciary Risk Assessment of the Andhra Pradesh Health Department', Centre for Good Governance, Hyderabad, undated draft, made available by DFID India health team.

<sup>58</sup> 'Memorandum, Andhra Pradesh Rural', 1999, op. cit., Annex 5, p. 5.

## Sustainability: Are the positive results of DFID interventions likely to endure?

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7.9 The scope for, and the contours of, decentralisation vary substantially between states and DFID's approach to rural livelihoods is sensitive to this. In West Bengal, the panchayats lead on preparing watershed action plans. In Andhra Pradesh this is not the case: a watershed development team or facilitating agency (NGO or government specialist) takes the lead, not the panchayat. There are positive and negative aspects to each approach — the latter may result in technically sounder plans but the former may guarantee greater accountability to the local population. If one of these models proved to be more effective than the other it would be difficult for DFID to replicate it because the framework of government (quite rightly) lies beyond its control.

### Was lesson learning consolidated and fed back into operations and policy dialogue?

7.10 Although, when interviewed, DFID staff made several references to how lessons learned from one operation had led to an improvement in the design of a later operation, in the project documentation, at least, there is no sustained discussion of what has worked in the past and what hasn't. For example, when interviewed, staff members involved in designing *Reproductive and Child Health 2* say that preparation was informed by experience from earlier work with state governments; but project documents do not refer to lessons learned from health initiatives in the focus states. Similarly, in the case of *District Primary Education*, the first West Bengal project focused on 5 districts, the intention being that positive demonstration effects would induce state-wide adoption of proven good practices. But it is not clear if the desired spread effects were achieved: 'we have no concrete examples of cross learning or of sharing of experience'.<sup>59</sup>

7.11 DFID employees carry much of this learning in their heads and, even if lessons are not written down, they can still, in principle, bring this legacy to bear in the design of new projects. But the legacy may dissipate rather quickly given the speed of staff rotation.<sup>60</sup> On the other hand, in India, the high proportion of staff members that are appointed in country provides some measure of continuity: these staff members remain in post much longer than the expatriates.

7.12 The challenge of effective knowledge deployment is DFID-wide — but it is a challenge that has a particular resonance for the India programme, where DFID's edge is more contingent on its ability to influence than on the transfer of funds. For influencing to work, the right knowledge must be deployed at the right time. Do advisers in the India office have the time to write up what they have learned and to combine this with knowledge gleaned from other parts of the world? The interviews with staff left the impression that this was not the case.

7.13 The need to create 'a space for synthesis' was partly acknowledged by the setting up of the Performance, Learning and Strategy Team in 2004; but this initiative has made little headway, mainly because the more immediate demands of programmes have the first call on the advisers' time. As a possible complement (or substitute?), one of the services offered by Policy Division in London is to respond to requests from country offices for information about 'world-wide good

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<sup>59</sup> Project Completion Report, First West Bengal DPEP Project.

<sup>60</sup> Although, compared to DFID-wide average, the mean length of posting to India does not seem to be low. Of the 35 UK staff members working in the India office in 2000, 26 had a posting of three years or more and 9 remained in post for less than three years.

## **Sustainability: Are the positive results of DFID interventions likely to endure?**

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practice'. Advisers also have their own informal knowledge networks (partly nourished by the practice of annual retreats); but these networks tend to be weaker for staff appointed in country.

7.14 It is the depth of DFID's technical knowledge that, in the view of the various donors interviewed for this evaluation, sets it apart from the other agencies. DFID India is conscious of the need to build on this base. Shortly after taking over in early 2005, the present Head of Office organized an 'event on knowledge management', run by expert facilitators, which engaged 28 members of staff for a full day of intensive role-playing and learning exercises.<sup>61</sup>

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<sup>61</sup> See footnote 66 below.

## 8 PERCEIVED EFFECTIVENESS

8.1 The perceptions of interviewees are, by themselves, insufficient evidence to support an evaluation. They need to be cross-checked against documentary sources and quantitative data. Consideration must also be given to the likely biases of those who are interviewed. But recorded perceptions are, nevertheless, a valid source of data.

8.2 Shortly before the present evaluation an independent poll<sup>62</sup> addressed the issue of DFID's effectiveness. The poll sought the opinion of 215 persons drawn from Delhi and the four focus states: 79% of respondents reported that meetings with DFID staff had been 'very useful'; 95% said that DFID is in a position to influence government policies.

8.3 The positive findings of this poll are supported by evidence that emerged from the various interviews conducted for the present evaluation — interviews with DFID staff, external partners and the expert focus group. The general sense is that DFID's development effectiveness is substantial. Compared to the World Bank, for instance, more than one interviewee (and some of the reports reviewed) noted that DFID's field presence, decentralized decision-making, advisory skills and teamwork sometimes give it a significant edge.

**Table 5 How Staff Perceive the Effectiveness of DFID India**

Questions to DFID India staff, grades B and above (N=33) Rating on a scale of 1-10, with 10 being most effective. Respondents had the option to reply 'don't know'. Replies were anonymous	Mean	Standard Deviation	Coefficient of Variation (=SD/Mean)
(1) Overall, based on your experience, how would you rate DFID India's effectiveness?*			
<i>Don't know: None</i>	6.2	0.94	0.15
(2) How would you rate DFID India's effectiveness in terms of contributing to poverty reduction?			
<i>Don't know: None</i>	5.7	1.49	0.26
(3) How would you rate DFID India's effectiveness in terms with respect to using the trust fund agreements (e.g. with World Bank, Asian Development Bank) to secure greater leverage?			
<i>Don't know: 14</i>	3.9	1.87	0.48
(4) How would you rate DFID India's effectiveness with respect to the centrally-sponsored schemes?			
<i>Don't Know: 3</i>	5.7	1.86	0.33
(5) How would you rate DFID's effectiveness with respect to the Focus State programme?			
<i>Don't Know: None</i>	6.5	1.33	0.2

\* The same question was put to 14 partners (Donors, 5; Government, 4; NGO, 5). The mean rating was 7.6 (SD 1.25; CoVar 0.16)

<sup>62</sup> Synovate, 'Perception Study for DFID', 31 October 2005.

## Perceived Effectiveness

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8.4 This evaluation polled DFID staff and development partners (government, donors, NGOs) about DFID's overall effectiveness (Table 5). Based on responses from 33 DFID India staff and 14 partners the findings are that:

- staff are somewhat less persuaded of DFID's overall effectiveness than partners
- staff rate effectiveness in reducing poverty somewhat lower than overall effectiveness
- staff are less convinced of the effectiveness of centrally-sponsored schemes than they are of the Focus State programme; and there is a high level of variation in the centrally-sponsored scheme rating (possibly suggesting a lack of consensus about the effectiveness of these schemes)
- about one-half of the staff is not knowledgeable enough to comment on the efficacy of the trust fund agreements; and those that do comment rate the effectiveness of trust funds lower than that of centrally-sponsored schemes and the Focus State programme

8.5 The findings from this poll, reinforced by the data from other interviews, confirm that DFID commands substantial respect in the development community, and its staff are not complacent about their agency's effectiveness, but have a balanced sense of its strengths and weaknesses. It should be borne in mind that most of the staff members that were included in the poll have greater experience of working on the Focus State programme than the centrally-sponsored schemes: this may help to explain the relatively more positive perception of the former.

8.6 Nevertheless, there is other support for the existence of a *perception* that DFID can be more effective in state programmes than national programmes. On the one hand, there are the comments from donor partners interviewed for this evaluation. On the other hand, there are the results of a survey of thirteen senior DFID India staff members that was conducted in 2003. Each staff member was asked: What will be the key elements of the India programme in ten years time? Summarising the 'consensus view' that emerged from the interviews, the author projects the following scenario:

- 'In 2013 there is still both a national programme and a set of state programmes. DFID continues to influence state policy more successfully than it does national policy. National Government strongly resists foreign interference in its national policy'.<sup>63</sup>

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<sup>63</sup> 'DFID Long Term Staff Planning: A Case Study in DFID India', undated draft supplied by Julian Hamilton-Peach, p. 4. The India Office comments that since the national programme in its current form did not exist when this survey was conducted it may have circumscribed respondents' views about what DFID could achieve.

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## 9 LOOKING FORWARD

9.1 The recent DFID-wide DAC peer review was highly positive about DFID's performance but, looking ahead, acknowledged the enormous challenge posed by headcount restrictions and a tightly constrained administrative budget, asking whether these might compromise 'the quality and innovative character of its aid'.<sup>64</sup> This challenge will be felt particularly keenly by the India Office because the size and centrality of the India programme mean that it is more likely than most to be the target of probing questions about how well taxpayer money has been spent.

9.2 This evaluation has found that DFID India's overall development effectiveness is substantial and increased significantly between 2000 and 2005. To begin with, compared with the period before 2000, there was a progressive sharpening of strategic focus, aided by a continuing and vigorous internal debate about DFID India's options. The advance on this front was complemented by a major reorganization of the office and redeployment of staff, the net effect of which has been to raise efficiency. The office has made considerable progress in harmonizing its actions with other development partners, a measure of which is the generally high regard in which it is held in the development community. Also, DFID stands out among donors for the steady commitment and imagination that it has brought to tackling poverty; and the capacity it has shown to build on its operational successes.

9.3 DFID India can build on these achievements by addressing three areas of relative weakness.

9.4 First, this evaluation has identified certain respects in which DFID's ambitious commitment to target assistance to the most vulnerable has not been realized. The current trend is for DFID India to be more 'hands off' in its approach to aid; this is part and parcel of the support for large, country-led programmes. There is potentially a trade-off between being hands-off and keeping a close eye on targeting.

9.5 Therefore, the first recommendation is that DFID India commit to funding a series of independent, rigorous impact evaluations of its support to centrally-sponsored schemes, with a view to assessing the extent and quality of service to the poor and socially excluded. Sarva Shiksha Abhiyan would be a good place to start, because it is high profile and because the engagement (and close collaboration with) other partners make it likely that the findings will be not only relevant to DFID and more likely to be broadly acted on. Since this is a nationwide programme, it would be difficult to evaluate its overall impact (because there is no obvious control group of non-beneficiaries). But it would be possible to evaluate subcomponents of the programme that have a varying level of development in different regions of India. The prospects for conducting a randomized experiment are worth investigating.<sup>65</sup>

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<sup>64</sup> OECD-DAC, Review of the Development Cooperation Policies and Programmes of the United Kingdom, May 2006, p. 13.

<sup>65</sup> Pratham, a Mumbai-based NGO with substantial expertise in education, has already collaborated in such experimental approaches. See, for example, Abhijit Banerjee, Shawn Cole, Esther Duflo and Leigh Linden, 'Remedying education: Evidence from two randomized experiments in India', draft, November 2004.

## Looking Forward

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9.6 Second, the evaluation found a lack of continuity and coherence in the arrangements for monitoring progress toward country strategy objectives. A start needs to be made by identifying the outputs over which DFID India has control, defining relevant indicators and baselines, and referring back consistently to these year after year. Rather than arbitrary aggregation across a number of operations broken down by geographical category (e.g. Focus States) it would make more sense to keep a watch list of key operations from across the portfolio, each of which would be monitored individually, with results presented in an annual synthesis report (not buried in PRISM). Success would be defined in terms of meeting targets within DFID's grasp (rather than progress toward over-arching goals — e.g. Millennium Development Goals — because change at that level cannot plausibly be ascribed to DFID intervention). The aim should be to keep the system simple and grounded in the portfolio.

9.7 Third, DFID India needs to give serious consideration to strengthening knowledge management. This may be a DFID-wide weakness but it is one that has particular resonance in India because the portfolio is so large (making the challenge for synthesizing learning all the greater) and, more importantly, because, compared to other country programmes, the India programme will stand or fall by its capacity to marshal knowledge in a timely and strategic way, this being essential if DFID India is to command credibility at the negotiating table—financial aid clearly has a role to play but if DFID focuses on this at the expense of providing sound advice, it will end up punching far beneath its weight.<sup>66</sup>

9.8 If knowledge is to be strategically employed to advance the policy dialogue it needs to be placed in a local context and deployed at the right time. There is only a limited extent to which knowledge synthesis can be handled outside India. Policy Division provides, on demand, information to country offices about world-wide best practice in various sector and thematic areas; but there are so many calls on its services that it is stretched. The Head of Policy Division noted that recent G8 priorities have led it to focus more on Africa than Asia.<sup>67</sup> Also, not surprisingly, the technical skills on hand are stronger in some areas than in others. He suggested that although the Division could marshal cutting-edge knowledge on microfinance, it could not provide the same quality of input on decentralization — or, more specifically, how these issues bear on India's Panchayati Raj Institutions. Similarly, UK research institutions (Overseas Development Institute, Institute of Development Studies, etc.,) could not be expected to provide small, timely gobbets of 'state of the art' knowledge to the multiple DFID offices likely to express a demand; their services are best used for a small number of large assignments.

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<sup>66</sup> The facilitator of the 'DFID India Event on Knowledge Management' that was held in 2005, Mr. Josanthony Joseph, pointed out that 'even though India was DFID's largest country programme...it was still, in financial terms, very tiny (just 0.06 percent of India's GDP, according to DFID's own documents). If, however, DFID was able to effectively bring to the table its considerable accumulated knowledge and experience in the field (knowledge and experience that rested in the minds of its own staff, project partners, and the communities it reached out to), its contribution would be considerably and significantly higher, and would go far beyond the monetary assistance it brought into the country' (Undated draft report, p.3).

<sup>67</sup> Interview with Mr. Sam Sharpe, April 2006.

9.9 Moreover, however good and timely the input from these external sources, it will always need to be placed in the local context by DFID staff members working on the spot; these are the only people who can be expected to know precisely the knowledge that is germane to the operational negotiation or policy dialogue that is underway. This work of contextualisation is best left to advisers in DFID India; and maybe it is they also who should be responsible for the initial synthesis. The challenge is to find the space and devise the incentives for advisers to rise to this challenge. This work corresponds to the Performance, Learning and Strategy Team and it should be given a timetable and the resources needed to develop a proposal.



## Annex 1: Findings from the Evaluation of Project Clusters

### Table A Public Sector Management and Governance Cluster

Title (MIS)	Commitment (millions)	Start date	End date*	Most recent review (type)	Output Rating
Orissa Public Sector Reform Programme (149990023)	£29.2	01-JUN-99	(31-DEC-08)	13-APR-06 (OPR)	3
Poorest Areas Civil Society Programme (149559011)	£27.0	01-MAY-01	(30-APR-08)	24-MAY-06 (OPR)	2
Andhra Pradesh Good Governance Centre (149542052)	£2.4	01-SEP-01	(30-SEP-05)	10-OCT-05 (PCR)	2
Andhra Pradesh Good Governance Centre (149111001)	£3.5	04-JAN-02	(30-SEP-05)	10-OCT-05 (PCR)	2
Andhra Pradesh Economic and Public Sector Reform (149116)	£120.0	21-MAR-02	31-MAR-03	26-FEB-02 (OPR)	x
Orissa Budgetary Aid (149118)	£30.0	24-MAR-03	(01-MAR-04)	31-MAR-04 (PCR)	2
Orissa Public Enterprise Reform Project Phase II (149124001)	£29.8	22-MAR-05	(01-SEP-09) (OPR)	13-MAR-06	2

\*Dates in parentheses refer to Planned, not Actual, end (operations not formally concluded)

#### Highlights

- the support for *power sector reform* provided a sound platform for a broader programme of public sector reform, by helping to address one of the major fiscal constraints
- on the *budget support operations* the partnership with the state governments and the World Bank was highly productive, and DFID added value by continually focusing on the implications of fiscal retrenchment for poverty reduction<sup>68</sup>
- the right lessons were learned. For example, the *Orissa budget support programme* — which had to cope with weaker institutions and capacity shortfalls — built on the experience of the earlier Andhra Pradesh programme, making proportionately more allowance for the provision of technical assistance

<sup>68</sup> In Andhra Pradesh the government programme provided a good foundation for the budget support operations. DFID and the World Bank both acknowledged the importance of the state government's Vision 2020 document—issued in 1999—for setting out an agenda for growth and poverty reduction that the donors could endorse. The World Bank completion report for the Andhra Pradesh Economic Reform Loan (p.22) acknowledges DFID's very positive role as a co-financier.

## Annexes

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- public sector reform in Andhra Pradesh was greatly enhanced by the establishment of the *Centre for Good Governance*, DFID support for which was of critical importance. The Centre has helped the various departments of the state government to draw up and implement reform plans. The Centre is now a leading think tank with a national presence<sup>69</sup>
- the *Poorest Areas Civil Society Programme* has helped poor people to develop a stronger awareness of their entitlements and to articulate their needs to local government. It has reached out to over 2 million poor people living in 15,313 villages spanning 87 districts<sup>70</sup>

### Shortfalls

- in the Andhra Pradesh budget support operation (unlike Orissa), DFID's aim to safeguard social sector spending was not fully achieved<sup>71</sup>
- the rationale for *budget support* instruments is based partly on the assumption that they make for more predictable aid flows than other instruments. This proved not to be the case for Andhra Pradesh and Orissa, because trigger conditions were not consistently met, resulting in delayed disbursements<sup>72</sup>
- to be fully successful state-level budget support presupposed engagement with the central government (the lender of last resort) as well as the state governments; it proved harder to secure commitment from the centre. The sustainability of the state-level reforms was potentially vulnerable to changes in the fiscal transfer mechanism operated by the Government of India<sup>73</sup>

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<sup>69</sup> Significant steps have been taken to improve financial and social accountability, increase transparency and introduce systems of e-governance. One of the most successful initiatives is the setting up of Strategic Performance Innovation Units within line departments; these comprise a mix of department staff and consultants, the latter bringing skills that are in short supply in government. Transparency International has rated highly the efforts of the state government to implement citizens' charters (Performance Review, 29 Sep 05).

<sup>70</sup> 'The programme has led to the emergence of a large number of village-level spokespersons and leaders including many outspoken and committed women'. By focusing on the 100 poorest districts of India DFID has made some progress toward achieving a sharper geographical targeting than is possible within the terms of the Focus States programme. In Madhya Pradesh two-thirds of the villages covered are more than 5 kms away from good roads and social infrastructure, suggesting that the programme is appropriately concentrating on the least accessible populations (Performance Review, 24 May 06).

<sup>71</sup> In Andhra Pradesh the targets were specified in terms of percentage of state GDP. But the government did not meet the health and education targets for two to three years running. The DFID staff member supervising this operation notes that, in retrospect, it would have been better to set targets in terms of government spending shares and to have broadened the remit to poverty spending, not just health and education (spending on which was not fully under the control of the state government, depending on funding from centrally-sponsored schemes and other donor operations). DFID's commitment to safeguard social spending in Andhra Pradesh was partly undercut by the lower importance that its partner, the World Bank, gave these targets; the Bank focussed primarily on the fiscal deficit and efficiency of spending. In the case of Orissa, the India Office reported: 'Government of Orissa's budget documents show a real increase of 7 percent in health and education expenditures from 2003-04 to 2004-05 even whilst pensions and interest commitments claimed a rising share' (Memo from Chris Chalmers, 2 June 2006).

<sup>72</sup> External review of budget support operations, 2005, p.36.

<sup>73</sup> External review of budget support operations, 2005, p.38.

- although the Andhra Pradesh *Good Governance Centre* has helped build government capacity it has yet to have a major impact in improving service delivery<sup>74</sup>
- the monitoring system (MEAL) that has been set up under the *Poorest Areas Civil Society Programme* has yet to demonstrate any significant change in service delivery to poorer communities<sup>75</sup>

**Table B Education Cluster**

Title (MIS)	Commitment (millions)	Start date	End date*	Most recent review (type)	Output Rating
Andhra Pradesh District Primary School (149990009)	£46.5	01-NOV-05	(31-MAR-05)	02-NOV094 (OPR)	2
West Bengal District Primary Education Project Phase 1 (149990032)	£41.7	01-APR-97	(01-MAR-05)	30-AUG-05 (PCR)	3
Shiksha Karmi Phase III (149990029)	£20.1	01-JUL-99	(01-JUN-05)	22-APR-05 (PCR)	2
Lok Jumbish (1499990028)	£34.4	01-JUL-99	(31-MAR-05)	10-MAR-05 (PCR)	1
West Bengal District Primary Education Project Phase 2 (149990027)	£33.0	01-JUN-00	(01-SEP-06)	11-JAN-06 (PCR)	3
Orissa District Primary Education Project (149990030)	£45.2	01-OCT-01	(01-JAN-08)	09-JAN-06 (OPR)	3
Sarva Shiksha Abhiyan (Universal Elementary Education) (149126001)	£20.0	26-MAR-04	(31-MAR-04)	14-SEP-04 (PCR)	X
Sarva Shiksha Abhiyan (Universal Elementary Education) (149126002)	£190.0	03-SEP-04	(31-MAR-08)	31-MAY-06 (OPR)	1

\* Dates in parentheses refer to Planned, not Actual, end (operations not formally concluded)

<sup>74</sup> Performance Review, PRISM, 29 Sep 05.

<sup>75</sup> Performance Review, PRISM, 24 May 06.

### Highlights

- DFID has supported a mutually-reinforcing suite of operations on elementary education, with lessons being transferred between states and from the state-level to the national programmes
- the *District Primary Education Programme* has strengthened capacity at national, state and district level to plan, manage and evaluate the provision of primary education, and has boosted enrolment<sup>76</sup>
- the DFID-supported *Sarva Shiksha Abhiyan* programme has helped to amplify the impact of the District Primary Education Programme (which covered only half of the districts of India) by developing 'a national framework for meeting the learning needs of each and every child', subsuming all existing programmes of elementary education. There is a strong element of continuity between the programmes<sup>77</sup>
- both the *District Primary Education Programme* and *Sarva Shiksha Abhiyan* demonstrate the high return to effective partnership. Joint Review Missions have ensured that a 'common and coherent' position is taken in donor dealings with government. These joint review missions have served as a model for other sector-wide approaches, such as the Reproductive and Child Health Care programme.
- *Sarva Shiksha Abhiyan* has already exceeded project end targets in two respects: the number of out of school children was reduced by 11.5 million in the first two years; and the percentage of elementary enrolment corresponding to girls has increased to 47%.<sup>78</sup> Also, there are statistics to show that Scheduled Caste and Scheduled Tribe enrolment under SSA has been a success<sup>79</sup>
- *Sarva Shiksha Abhiyan* incorporates several innovative approaches including alternative education centres, free textbooks and uniforms, and increased outreach to girls, scheduled castes and scheduled tribes<sup>80</sup>
- in Rajasthan DFID has successfully mobilized village-level constituencies to press for greater access to schools, better school buildings and teacher accountability. The *Lok Jumbish* and *Shiksha Karmi* projects have plugged a gap by developing non-formal schools that serve remote villages not covered by the District Primary Education Programme, complementing the World Bank's support of the formal primary education system in this state

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<sup>76</sup> Decentralised school management has successfully been promoted through support to Village Education Committees, and other initiatives have helped build community support for primary education. Highlights of the programme include setting up of alternate schools in tribal areas and establishing year-long bridge courses that aim to draw children who must work for their living back into school.

<sup>77</sup> 'All of the institutional structures created in DPEP will be continued under SSA' (Performance Review, PRISM, 31 May 2006).

<sup>78</sup> DDP Indicators, DFID India, 2005-06.

<sup>79</sup> Comment from DFID India Senior Education Adviser.

<sup>80</sup> Performance Review, PRISM, 31 May 2006.

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## Shortfalls

- under the *District Primary Education Programme*, there has been somewhat less outreach to the marginalized than expected<sup>81</sup>
- low schooling completion rates continue to be a concern throughout the elementary system<sup>82</sup>
- up to now monitoring has focused more on the enrolment numbers (which have shot up since *Sarva Shiksha Abhiyan* was launched) than it has on attendance levels, dropout rates and test scores.<sup>83</sup> However, there are 'several studies under way that will help the managers of SSA to get a real handle on attendance (teachers and students) and time on task'<sup>84</sup>
- it remains to be seen whether the terms of the centrally-sponsored scheme *Sarva Shiksha Abhiyan* will give donors sufficient leverage over progress in the states where reform is lagging
- DFID acknowledges a possible tension between the increasingly hands-off approach to development assistance by donors in the sector and the follow through on results<sup>85</sup>

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<sup>81</sup> For example, in the memorandum for the West Bengal project, it was observed that 'the state has not developed any specific strategies to encourage primary school provision for these children, other than allowing the informal system to expand'.

<sup>82</sup> In Andhra Pradesh it has been found that 'the grade completion rate is highest when students complete five grades in five years'. None of the districts in that state managed this (Andhra Pradesh DPEP, Performance Review, PRISM, 2 November 2004). Similarly in West Bengal 'despite a marked increase in enrolment, drop out and repetition rates remain high, along with low completion rates'. West Bengal is more challenged than Andhra Pradesh reflecting the more limited human resource capacity, the large number of vacant teaching posts and the slow progress in improving classroom procedures and introducing child-friendly teaching materials (West Bengal DPEP 1, Performance Review, PRISM, 9 May 2005).

<sup>83</sup> Aide Memoire, Second Joint Review Mission, July 18-27, 2005.

<sup>84</sup> Comment from DFID India Senior Education Adviser, referring to a previous draft of this report.

<sup>85</sup> 'Despite the benefits of the sector-wide approach in terms of coordination and a coherent view of the primary education sector, limited involvement with state partners and limited visits to the field pose limitations as regards how much development partners can influence policy development and programme direction. There are unresolved tensions between the more hands-off approach advocated by DFID and other donors and the need to remain hands-on to know what is really happening on the ground' (West Bengal DPEP 1, Performance Review, PRISM, 9 May 2005).

## Annexes

### Table C Health Cluster

Title (MIS)	Commitment (millions)	Start date	End date*	Most recent review (type)	Output Rating
Pulse Polio (149990026)	£38.8	01-OCT-99	01-JUN-01	18-FEB-02 (PCR)	2
Andhra Pradesh Revised National TB Control (149990034)	£20.6	01-OCT-00	31-OCT-05	10-OCT-05 (PCR)	2
Support to WHO for Polio (149555094)	£12.0	03-OCT-01	(01-APR-06)	26-OCT-05 (PCR)	2
Support to Government of India for Polio (149110001)	£86.0	22-MAR-02	(01-APR-06)	26-OCT-05) (PCR)	2
Acceleration of Reproductive & Child Health Programme (149555101)	£3.3	19-JAN-04	(01-MAR-04)	13-SEP-04 (PCR)	2
Final Phase of India Polio Eradication Programme (149555099)	£5.7	17-FEB-04	15-JUL-05	22-SEP-04 (PCR)	2
Reproductive Child Health, Preparatory Phase (149128001)	£20.0	01-OCT-04	11-MAR-05	27-JUL-05 (PCR)	2
WHO Polio Strategies in Support of Government of India (149555107)	£11.3	30-APR-05	(30-APR-08)	26-OCT-05 (PCR)	1
Support to UNICEF for Strategic Communication for Polio Eradication (149555100)	£8.1	01-DEC-03	(31-MAR-06)	14-MAR-06 (PCR)	2
India's Revised National TB Control Programme II (149555109)	£41.7	28-DEC-05	(01-DEC-10)	None (too early)	None
Reproductive & Child Health Programme, Phase II (149555111)	£7.0	24-MAY-06	(01-MAR-11)	None (too early)	None

\* Dates in parentheses refer to Planned, not Actual, end (operations not formally concluded)

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## Highlights

- with respect to *polio* eradication, DFID has run the largest bilateral programme in India and has been prepared to make a long-term commitment, working as an effective partner of the Government of India, World Health Organization and (more recently) UNICEF. The grant funding it has provided has enhanced the government's flexibility of response to the evolving challenge of containing polio; and has been critical for helping to ward off mission fatigue in the final stages of the campaign
- the annual number of *polio* cases is now the lowest ever, having fallen from 35,000 in 1995, to 1,600 in 2002, to under 100 in 2005.<sup>86</sup> At the recent India Expert Advisory Group meeting, both the World Health Organisation and the Government of India affirmed that India is on track to stop transmission of the polio virus this year
- in collaboration with its partners in *polio* eradication, DFID has helped tighten up surveillance, target underserved and migrant populations in high-risk reservoirs, and introduce a more culturally-sensitive approach to immunisation (hiring Muslim medical officers, for example). The communication campaign operated through UNICEF has made a major contribution to mobilizing the local population and bolstering government vigilance<sup>87</sup>
- in Andhra Pradesh, DFID has helped to strengthen the state *tuberculosis* unit, and to introduce a more rigorous treatment regime. Drug stock monitoring improved under the project, ensuring uninterrupted supply and minimized wastage through expiry. Although progress was slow in early years it accelerated sharply after 2003. Indicators for case detection and cure rates are now in line with baseline targets<sup>88</sup>
- the scaling up of the *tuberculosis* programme to the national level is a progressive step: the aim is to improve outreach to the poorest by sponsoring preparation of district action plans on advocacy and communication and giving special attention to Uttar Pradesh and Bihar
- DFID made a major contribution to the design of the *Reproductive and Child Health* programme, the primary centrally-sponsored scheme through which Government is addressing the Millennium Development Goals for reducing mother and child mortality. DFID built on the base laid by the World Bank-financed first phase and helping to provide bridging finance while the second phase was still pending
- DFID added value to *Reproductive and Child Health 2* by: successfully advocating that it be based on bottom-up plans; pushing for pooled funding; insisting that poverty reduction be fully incorporated in the programme's objectives and monitoring indicators; and helping the Government of India to prepare a strategy for improving service delivery<sup>89</sup>

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<sup>86</sup> Performance Review, PRISM, 20 October 2005.

<sup>87</sup> Performance Review, PRISM, 2 Feb 2006.

<sup>88</sup> Performance Review, PRISM, 7 October 2005.

<sup>89</sup> Performance Review, PRISM, 27 July 2005.

### Shortfalls

- there was a resurgence of *polio* in parts of Bihar and Uttar Pradesh in 2002 delaying certification of India as polio-free. This temporary setback partly reflected the difficulty of maintaining the engagement of local governments and communities when the number of cases had fallen so low as to induce a false sense of security
- in the past, the opposition of Muslim communities to the *polio* vaccination campaign (based on the fear that it is a covert form of sterilization) has been an obstacle to achieving final eradication.<sup>90</sup> However, the immunity gap between Hindu and Muslim children is now declining steadily as a result of intensive mobilisation efforts coordinated by UNICEF
- with respect to *tuberculosis*, the Andhra Pradesh operation initially overestimated the flow of funding: the centrally sponsored scheme guidelines imposed a strict cap, meaning that project funds could not be fully utilised. On the other hand, while the central government has the power to freeze funding, this has not always been sufficient to lever reform by state governments
- in Andhra Pradesh, a fiduciary risk assessment found that the state government has taken only tentative steps toward the *decentralisation* of health care provision (a nationally-mandated process deriving from the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments).<sup>91</sup> Nationwide, the decentralization of planning and financing envisaged by *Reproductive and Child Health 2* may be held up by state governments' slow progress in empowering local government.
- the national strategy encompassed by *Reproductive and Child Health 2* has not yet been fully embodied in the implementation plans of state governments<sup>92</sup>

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<sup>90</sup> (R.N. Basu et al, Mid-term Review of Final Phase of Polio Eradication Programme, 1 December 2003).

<sup>91</sup> Draft study by the Centre for Good Governance, Hyderabad, 2005.

<sup>92</sup> Anu Gupta & Juhi Sahai, Lessons Learnt from the Design of RCH2, draft, 27 October 2005.

Table D Rural Cluster

Title (MIS)	Commitment (millions)	Start date	End date*	Most recent review (type)	Output Rating
Eastern India Rainfed Farming Project (149990006)	£8.10	1-OCT-95	(30-SEP-05)	04-JUL-05 (PCR)	2
Western India Rainfed Farming Project II (149990020)	£24.90	1-APR-99	(30-JUN-07)	09-MAR-06 (OPR)	2
Andhra Pradesh Rural Livelihoods Project (149990025)	£45.5	01-JUL-99	(31-DEC-07)	23-MAR-06 (OPR)	2
Western Orissa Rural Livelihoods Project (149990021)	£32.7	01-JUL-00	(01-SEP-09)	03-FEB-06 (OPR)	2
Madhya Pradesh Rural Livelihoods Project (FA)	£13.9	01-JUN-04	(30-JUN-07)	None (too early)	None
Western Bengal Strengthening Rural Decentralisation (149131001)	£8.5	20-APR-06	(01-DEC-11)	None (too early)	None

\* Dates in parentheses refer to Planned, not Actual, end (operations not formally concluded)

### Highlights

- the projects associated with this cluster constitute a significant learning chain, with demonstration effects that spread beyond the geographical centre of each project and over time.
- the Impact Assessment for the *East India Rainfed Farming* project has shown that there are significant benefits, in terms of institutional strengthening, technology transfer and low-cost dissemination, from using community resource persons (*jankars*)<sup>93</sup>
- the farming-centred projects have helped raise the incomes of poor people. For example, The *East India Rainfed Farming* project has been well targeted, concentrating on households operating at the margin of subsistence and taking 'a majority of the most vulnerable households to 'food security' levels. Agricultural yields have increased by more than 60 percent in core villages and incomes have increased for the poorest category of beneficiaries by 180%<sup>94</sup>

<sup>93</sup> Performance Review, PRISM, 10 June 2005.

<sup>94</sup> Performance Review, PRISM, 10 June 2005.

## Annexes

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- the farming-centred projects have left a positive technological legacy. The *West India Rainfed Farming Project* has 'led to substantial improvements in crop outputs and has led to Government of India amending its seed varietal testing and release procedures to include such approaches'.<sup>95</sup> Innovations have been passed on. In the project memorandum for the Andhra Pradesh Rural Livelihoods Project, it is noted that a system of low-cost drip irrigation piloted by the West India Rainfed Farming Project would be replicated in Andhra Pradesh<sup>96</sup>
- DFID's work on watershed conservation has been influential at the national level; by engaging in high-level dialogue DFID helped to shape the 2002 Hariyali guidelines which lay down the government's principles for sound watershed management. Moreover, the lessons of DFID's experience in the rural livelihoods sector provided the basis for the Government of India's 2006 National Watershed Technical Committee Report which will guide the design of watershed development projects nationwide.
- the Andhra Pradesh Rural Livelihoods project has been scaled-up: with the backing of the state government, an approach that was initially piloted in a handful of watersheds has now been adopted state-wide<sup>97</sup>
- in the Western Orissa Rural Livelihoods project, successful attempts to diversify livelihoods have helped reduce the incidence of distress migration<sup>98</sup>

### Shortfalls

- the earlier farming-centred projects paid less attention than more recent operations to the issue of working with local governments, possibly compromising the sustainability of these projects' positive achievements<sup>99</sup>

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<sup>95</sup> Output to Purpose Review, Second West India Rainfed Farming Project, 2005, p. 4.

<sup>96</sup> Project Memorandum, Andhra Pradesh Rural Livelihoods Project, p. 6.

<sup>97</sup> Performance Review, PRISM, 23 March 2006.

<sup>98</sup> Performance Review, PRISM, December 2005.

<sup>99</sup> 'The first generation projects, the Western and Eastern India Rainfed Farming Projects, were set mostly outside government due to the low understanding and appreciation of participatory approaches in government organizations' (Memorandum, Andhra Pradesh Rural Livelihoods Project, Annex 5, p. 1) The completion report for East India Rainfed Farming observes that the project 'despite its size and duration [1995-2005], has very weak positive externalities on state-community relationship (its groups rarely addressed issues of service delivery, governance and access to forests for tribal communities), on pan-village issues (such as common property resources, health, education, drinking water), and on market structure and access' (Project Completion Report, East India Rainfed Farming Project). The West India Rainfed Farming project faced similar challenges. As of February 2005, with two years to project closing, concern was expressed about the sustainability of the village self-help groups and the system of village-based 'experts' (Output to Purpose Review, Second West India Rainfed Farming Project, February 2005, p. 3). In its discussion of risks, the project memorandum for the second phase of this operation acknowledges uncertainties about long-term sustainability, difficulties in collaborating with government organizations and anticipates problems with scaling-up (Memorandum, Second West India Rainfed Farming Project, pp. 25-26).

- some state governments have, at times, resisted handing over power to lower-level authorities, hampering the empowerment of rural communities.<sup>100</sup> These issues are now being tackled head-on by DFID, most notably in the West Bengal Rural Decentralisation project, which includes devolution of management responsibility for health sub-centres to Gram Panchayats, concerted engagement with the state-government cabinet to discuss a 'road map' for decentralization and a mass campaign to spread awareness of the decentralized development planning process<sup>101</sup>

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<sup>100</sup> For example, the project memorandum of the Andhra Pradesh Rural Livelihoods Project observes that following the 73<sup>rd</sup> Constitutional Amendment, which strengthened the *panchayats*, there was a falling off of support for these institutions by the Andhra Pradesh government. 'Most of the rural development activities continue to be managed by the district line departments and the District Rural Development Agencies. *Panchayats* are not involved in implementing watershed programmes. *Panchayats* with little training and orientation, no experience of managing watershed programmes and with allegations of widespread corruption are seen by many government officials and non-government organizations as unfit for playing a major watershed role at this stage' (Memorandum, Andhra Rural Livelihoods Project, Annex 5, p. 5).

<sup>101</sup> DDP Indicators, DFID India, 2005-06.

## **ANNEX 2 Persons Interviewed**

### **DFID (Staff Currently or Formerly with DFID India)**

Jeena Abraham (Deputy Programme Manager, National)

Felix Anton (Programme Officer, Madhya/Andhra Pradesh Team)

Aruna Bagchee (Senior Governance Adviser, PLST)

Mukhmeet Bhatia (Governance Adviser, Orissa)

Liz Burgess (Programme Manager, Orissa)

John Burton (Deputy Chief Economist, Policy Division; former Programme Manager, India)

Chris Chalmers (Programme Manager, West Bengal)

Santosh Clare (Deputy Programme Manager, PLST)

Kevin Crockford (Head, Latin America team; former Rural Livelihoods Adviser, India)

Ken de Souza (Rural Livelihoods Adviser, Madhya/Andhra Pradesh Team)

Roderick Evans (secondee; former Senior Governance Adviser, India)

Julian Hamilton-Peach (Head, Resource Management)

Srinivasan Iyer (Rural Livelihoods Adviser, West Bengal)

Mihir Joshi (Deputy Programme Manager, Orissa)

Andrew Kenningham (Economics Adviser, West Bengal)

Ranjana Kumar (Health Adviser, National)

Mark Lewis (Programme Manager, National)

Priya S. Mahapatra (State Representative, Orissa)

Deborah McGurk (Senior Economic Adviser; Head, PLST)

Shan Mitra (Acting Deputy Head, DFID India and Head, PLST)

Susanna Moorehead (Head, DFID India)

Hester Norman (Head, Secretariat, Senior Management Team)

David Radcliffe (Senior Rural Livelihoods Adviser, National)

Joanna Reid (Human Development Adviser, National Team)

Moutushi Sengupta (Senior Deputy Programme Manager, National)

Charlotte Seymour-Smith (Director, Asia Division; former Head of Office, India)

Virinder Sharma (Rural Livelihoods Adviser, Orissa)

Sam Sharpe (Head, Development Effectiveness Group; former Programme Manager, India)

William Starbuck (Contracts and Procurement Advice Section - CAPAS)

Jaya Singh Verma (Senior Deputy Programme Manager, Madhya/Andhra Pradesh)

Sally Taylor (Deputy Head, International Financial Institutions Department; former Programme Manager, India)

Sanjay Valsangkar (Sr. Deputy Programme Manager, PLST)

Michael Ward (Senior Education Adviser, National)

Stephen Young (Senior Urban Development Adviser, Madhya/Andhra Pradesh)

Sushila Zeitlyn (Senior Social Development Adviser)

### **Other Donors**

Parimal Bardhan (Team Leader, Education Sector, European Commission)

Debashish Bhattacharjee (Asian Development Bank)

Nabaroon Bhattacharjee (Programme Manager, Office of Economic Growth, USAID)

Sheena Chhabra (Division Chief, Health Systems Division, Office of Population, Health and Nutrition, USAID)

Pratima Dayal (Head, Regional Cooperation, Agriculture and Rural Development, Asian Development Bank)

Alex Gainer (Programme Design Officer, Office of Programme Support, USAID)

Salim J. Habayeb (Representative to India, World Health Organization)

Momin Jaan (Partnership Officer, Corporate Sector, UNDP)

Pradeep Jena (Team Leader, United Nations Development Programme, Orissa)

Robert Jenkins (Chief, Planning, Monitoring and Evaluation, UNICEF)

Marcus A. Johnson (Regional Contracting Officer, India and Sri Lanka, USAID)

Alex K. Jorgensen (Principal Urban Specialist, Asian Development Bank)

Venita Kaul (Senior Education Specialist, World Bank)

Alex Kremer (Senior Economist, World Bank, Washington DC; former Programme Manager, DFID India)

Vikram Menon (Public Sector Management Specialist, World Bank; formerly of DFID, India)

Amar Patnaik (Auditor to UNDP, Orissa)

## **Annexes**

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V. J. Ravishankar (Senior Economist, Poverty Reduction & Economic Management, World Bank)

Jo Scheuer (Senior Deputy Resident Representative, UNDP)

Harsh Singh (Assistant Resident Representative & Head, Sustainable Livelihoods Division, UNDP)

Martien van Nieuwkoop (Lead Specialist, Agriculture and Rural Development, World Bank)

Sujatha Viswanathan (Social Economist, Asian Development Bank)

Archana Walia (Programme Management Specialist, Office of Environment, Energy and Enterprise, USAID)

Fraser Wares (Medical Officer (TB), World Health Organization)

### **Government**

Dheeraj Bhatnagar (Director, Department of Economic Affairs, Ministry of Finance)

R. N. Bohidar (Agriculture Production Commissioner, Orissa)

U. Sarat Chandran (Additional Chief Secretary, Finance Department, Orissa)

S. Kishan Das (Joint Commissioner, Rural Development, Andhra Pradesh)

Prasanna Hota (Secretary, Ministry of Health & Family Welfare)

Vrinda Sarup (Joint Secretary, Department of Elementary Education & Literacy, Ministry of Human Resource Development)

### **NGOs**

P. K. Mohanty (Director General, Centre for Good Governance, Andhra Pradesh)

A.R. Nanda (Executive Director, Population Foundation of India)

Manoj K. Pradhan (Council of Professional Social Workers, Orissa)

S. Srinivas (Associate Vice-President, Livelihoods, Mahila Abhivruddhi Society, Andhra Pradesh)

George C. Varughese (President, Development Enterprises, Development Alternatives)

### **Expert Focus Group**

Pratap Bhanu Mehta (President & Chief Executive, Centre for Policy Research)

Bibek Debroy (Secretary General, PHD Chamber of Commerce & Industry; formerly Director, Rajiv Gandhi Foundation)

S.K. Thorat (Chairman, University Grants Commission; formerly Director, Indian Institute of Dalit Studies)



## DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

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