

An Evaluation of DFID's India Programme 2000-2005

John Heath

Background

This 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's India programme.

The evaluation took a hybrid approach, combining the review of country strategy papers and related monitoring reports with a limited investigation of the portfolio. The portfolio review focused on the four most significant project clusters: public sector management; health; education; and rural livelihoods.

DFID India's overall development effectiveness is substantial and increased significantly between 2000 and 2005. It is recommended that DFID India further strengthen its efforts on targeting aid, tighten up the monitoring of its programme, and improve knowledge management.

Programme Trend

DFID's actual aid spending on India rose from £180 million in 2001-02 to £247 million in 2005-06. DFID is the largest supplier of grant aid to India. But, in relation to the size of the Indian economy, this remains a drop in the ocean, still less than 1 percent of GDP. India is not an aid-dependent country. If aid is to be effective it must contribute to a programme that is strictly country-led. Financial transfers from donors will increasingly be less critical to India than the transfer of know how.

Since the late 1990s DFID India 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.

Areas of Strength

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.

- First, the DFID India 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.

- 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.

- 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.

- 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.

- 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.

- 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.

Areas for Strengthening

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.

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.

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.

Management Response on India Development Effectiveness Report

DFID India welcomes the India Development Effectiveness Report 2000-2005 as a balanced and objective assessment of the impact of some of DFID's work in India. We agree with all of the Report's conclusions and most of its recommendations.

We are pleased to note the evaluation's central conclusion that DFID India's overall development effectiveness is substantial and increased significantly between 2000 and 2005. Our technical competence, poverty focus and ability to work in effective partnerships with government and other development partners are the strengths we think DFID India brings to India's efforts to achieve the MDGs.

The period under review witnessed a tremendous dynamism in India and historic levels of economic growth and poverty reduction; but a third of the world's poor people living on less than \$1/day are in India. The Indian Government is leading the fight to end this poverty, with limited international aid, and we align closely with their programmes and systems. We welcome the finding that our programme is "highly relevant" and that "the degree of commitment to poverty reduction ... in the design of all projects, sets DFID India apart from other donors".

We welcome the assessment that strategic focus and effective use of our staffs' skills have improved greatly and that efficiency has grown from a high starting point. Our portfolio has become significantly leaner and we are streamlining it further. We agree that DFID India has built on its own operational experience to scale-up impact and we

will continue to do this, working with and through others where most effective.

The recommendations on setting objectives closer to outputs and outcomes that can be directly attributed to DFID India's intervention are well taken. As DFID corporately renews its performance frameworks, we continue to try to define objectives ambitious enough to reflect our real aim (to help India meet the MDGs) and yet that can also monitor DFID's contribution. Our 2006/7 Performance Framework has a DFID-wide and MDG focus but captures a priority 'watch list' of operations as the evaluation proposes; it also builds on team plans which spell these out more precisely.

We have become more robust in ensuring that indicators of development impact are set in log frames for each project or programme, that baselines are established and that progress is monitored at least annually. We agree with the need for close attention to evaluating impact in the centrally-sponsored schemes we support and hope to take the report's suggestions forward in joint evaluation work in late 2006 in SSA (education) and share lessons from the impact monitoring approaches in RCH2 (health) and elsewhere.

We agree that good knowledge management is crucial. We are strengthening our cross-programme collaboration and learning (peer reviews, cross-team learning and skill sharing and drawing in outside experience). We regularly share DFID analyses and lessons with development partners. Our knowledge management across both advisory and managerial issues will continue to be primarily in response to the real demands of delivering our programme.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the UK government department responsible for promoting development and the reduction of poverty. The government first elected in 1997 has increased its commitment to development by strengthening the department and increasing its budget.

The central focus of the government's policy, set out in the 1997 White Paper on International Development, is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date. The second White Paper on International Development, published in December 2000, reaffirmed this commitment, while focusing specifically on how to manage the process of globalisation to benefit poor people.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to this end. We also work with multilateral institutions including the World Bank, United Nations agencies and the European Community.

The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa. We are also contributing to poverty elimination and sustainable development in middle income countries in Latin America, the Caribbean and elsewhere. DFID is also helping the transition countries in central and eastern Europe to try to ensure that the process of change brings benefits to all people and particularly to the poorest.

As well as its headquarters in London and East Kilbride, DFID has offices in many developing countries. In others, DFID works through staff based in British embassies and high commissions.

DFID's headquarters are located at: 1 Palace Street, London SW1E 5HE, UK and at: DFID, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, UK

Switchboard: 020 7023 0000 Fax: 020 7023 0016

Website: www.dfid.gov.uk

Email: enquiry@dfid.gov.uk

Public Enquiry Point: 0845 3004100

From overseas: +44 1355 84 3132

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