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Programme
Alimentaire
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Programa
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de Alimentos

Executive Board
First Regular Session

Rome, 21 - 23 January 1997

EVALUATION REPORTS

Agenda item 8



Distribution: GENERAL
WFP/EB.1/97/8/Add.2
10 December 1996
ORIGINAL: ENGLISH

INTERIM EVALUATION OF PROJECT INDIA 2303 (Exp.2)

Rural development in the Krishna Basin command area, Karnataka

Total food cost	19 359 980 dollars
Total cost to WFP	24 255 900 dollars
Date approved by the CFA	8 December 1989
Date plan of operations signed	21 May 1990
Date of first distribution	1 November 1990
Duration of project	Five years and five months
Official termination date	31 October 1996
Date of evaluation	March 1996
Composition of mission	WFP/FAO ¹

All monetary values are expressed in United States dollars, unless otherwise stated. At the time of project formulation in March 1989, one United States dollar equalled 15.5 rupees; at the time of project evaluation in March 1996, one dollar was equivalent to 33.2 rupees.

¹ The mission consisted of a senior evaluation officer, WFP (team leader); a sociologist, WFP; and an agro-economist, FAO.

ABSTRACT

The project, which addresses very poor people, is adequately targeted. Food rations are certainly having a positive nutritional role. However, since the cereal provided (wheat) is not consumed by beneficiaries as much as other cereals because of prevailing food habits, the income transfer value of the rations is only half of expectations. The utilization of generated funds has progressively improved - taking more care of the beneficiaries' perceived needs - particularly because of the increased involvement of NGOs. There is a need for continuous assistance, especially in the Upper Krishna scheme, notably to avoid a rising economic imbalance between irrigated land and land not to be irrigated.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for consideration to the Executive Board.

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

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BACKGROUND

Previous WFP assistance

1. Project India 2303 commenced in April 1977. Its total cost to WFP was 12,156,000 dollars. Project No. 2303 (Exp.1) commenced in January 1987. In addition to the Malaprabha and Upper Krishna schemes, the Ghataprabha scheme was also included in this expansion. The total cost of the latter was 12,341,000 dollars. It ended in October 1990.

Project design

2. WFP assistance was designed in two stages. The first consists in the workers purchasing food rations at concessionary prices, resulting in a sizeable income transfer and in the creation of generated funds. The second stage comprises planning and utilizing funds for the benefit of communities and target groups covered by the project.

Stage 1 - Provision of food rations

3. The immediate objective of the first stage of WFP assistance, through association with the larger irrigation project, is to sell food rations to workers and low-paid employees on the irrigation schemes at concessionary prices with a view to raising their living standards by effecting an income transfer and creating funds to be invested in developing the area.
4. The funds were to be generated by the workers purchasing WFP rations at a price based on 45 percent of their market price (plus or minus five percent), and subject to the condition that no worker would be required to pay more than 50 percent of the average daily wage for a family ration. At the rates prevailing in 1989, the cost of one family ration was estimated to be approximately six rupees (against a market price of 12.36 rupees), representing 40 percent of the average daily wage rate of 15 rupees, and a total of approximately 242 million rupees was expected to be generated.

Food inputs and commodity justification

5. The individual daily food ration consists of 400 grams of wheat, 15 of vegetable oil and 30 of pulses. Workers are entitled to claim up to a maximum of six individual rations as a family ration. When more than one worker from the same family is working on the construction site, only one family member is eligible to claim the family ration.
6. In order to enhance project implementation, it was decided to provide an incentive of 12 family rations a month to low-paid departmental employees of the Command Area Development Authority (CADA) and the Irrigation Department who are involved in food distribution. Such employees are those who, in 1989, were receiving less than 1,040 rupees a month (including all allowances).
7. Because there is often more than one worker from a family at each construction site and not all workers take the WFP ration, the number of workdays was reduced by 60 percent to obtain the specified number of food-days for which family rations must be provided. Out of 100,629,000 workdays to be performed, 40,250,000 were to be food-days. The quantities required were 96,606 tons of wheat, 3,623 of vegetable oil and 7,245 of pulses. Since off-take has been low, 20,226 tons of wheat and 590 of pulses were de-earmarked in



December 1992 and the project was extended by two years with an additional commitment of 2,000 tons of vegetable oil.

8. It was difficult to calculate the exact number of beneficiaries, given the high turnover and large fluctuations in the size of the work force. However, a rough estimate was made on the basis of an anticipated average number of 40,252 beneficiaries a year. Women were to constitute an estimated 40 percent of the total labour force.

Stage 2 - Reinvestment of the generated funds

9. The objective of the second stage of WFP assistance is to contribute to the overall rural development of the CADA project areas, targeting the poorest of the poor. Specific immediate objectives are to:
 - a) create income-generating and employment opportunities;
 - b) promote public health and hygiene;
 - c) increase the availability of village facilities through the construction of community centres, health centres, classrooms, and women's welfare and youth centres; and
 - d) improve the communication and marketing infrastructure through the construction of roads, cross drainage works and godowns.
10. The funds supplement resources and permit the project authorities to proceed more rapidly in implementing existing plans than would otherwise be possible.

Beneficiaries and benefits

11. This stage targeted a wide variety of beneficiaries in the CADA areas. In particular, WFP and the Government had identified as target groups for investing the generated funds the scheduled castes and tribes, landless labourers, workers constructing the irrigation dams and canals, project-affected families (PAFs) relocated as a result of reservoir construction, women and marginal farmers, particularly those whose lands would not come under irrigation as a result of the scheme. Targeting also paid attention to the fact that workers constructing the irrigation dams and canals are often members of scheduled castes and tribes, and that a high percentage of workers are women, and many are landless.
12. The project was to benefit women in a wide variety of ways, particularly by providing funds to competent NGOs in order to identify income-earning and employment-generating activities. The women in the project area were also to be assisted through the construction of women's centres and child-care facilities. Efforts were to be made to identify areas where the work burden of women could be reduced, since much time and energy was spent in collecting water and firewood, processing and preparing food, and child care. Women were to benefit indirectly through the general improvement in rural infrastructure and the expected rise in overall income levels as a result of increased economic activity. Irrigation was expected to reduce the need for labour migration and, in the longer term, lead to an increase in the agricultural wage rate. The provision of drainage and sanitation facilities, dispensaries and potable water in villages was expected to improve health and hygiene.

CONCLUSIONS

13. **Project area.** Although the notion of beneficiaries of food was clearly defined since the project's inception, the definition of project area for use of the generated funds has changed



over time. The latest definition is that the funds should be used in the command area, with due consideration given to areas that will not be irrigated. Furthermore, exceptions to this definition are: activities undertaken by NGOs, and rehabilitation centres for PAFs and drought-prone areas in the five districts of the command area. The current definition and the stipulated exceptions are considered appropriate.

14. **Development of the irrigation schemes.** For historical reasons, the three command areas are at different development stages with regard to the level of completion of the irrigation network. The Ghataprabha, and even more so the Malaprabha irrigation schemes, have reached a higher ratio of irrigable areas than the Upper Krishna scheme, when compared to the original plans.
15. **Project formulation.** The project was formulated as comprising two stages. The first stage consisted in the purchase of food rations at concessionary prices, resulting in a sizeable income transfer and the creation of generated funds. The second stage concentrated on the use of the funds. Given the projected amount of the funds and the variety of activities planned, the second stage was regarded as the critical element in the overall design of the WFP project, thus constituting WFP's main contribution to the development of the project area. Such an emphasis has resulted in a relatively lower priority given to the income-transfer aspects.

Food assistance

16. **Beneficiaries.** There are currently about 80,000 workers employed daily in the three irrigation schemes. Of these, 50,000 to 60,000 workers are direct beneficiaries of WFP rations. The difference between these figures is explained mainly by the fact that the migrant labourers (15 to 20 percent) who are usually without their families do not purchase the rations, as well as by the fact that a number of works are being executed in scattered locations, where it would not be cost-effective to distribute rations.
17. The majority (nearly 85 percent) of the recipients of food assistance live in the project area. They are landless people and marginal and small farmers of whom more than half are below the poverty line (estimated at 15,000 rupees per family per year). Socially disadvantaged categories constitute around 30 percent of the beneficiaries; women beneficiaries account for just over a quarter of the ration card holders. The evaluation confirmed that the beneficiaries are among the poorest people in the project area and are therefore well targeted for food aid.
18. **Wages.** Since the inception of this phase of the project in 1990, the daily wage rate for unskilled labour has increased from about 15 rupees to the current 30. There is a negative wage differential of about 20 percent between male and female workers, which is attributable to the fact that the women are usually given lighter work. In general, it is important to note that wages paid for unskilled labour in project activities are 10 to 15 percent higher than in non-project-related activities.
19. **Income transfer.** At the time of project formulation, the income transfer was expected to be about 42 percent of the wage in the case of beneficiaries availing themselves of the full family ration. The findings of a comprehensive ongoing beneficiary contact monitoring (OBCM) study in the project area have shown that mainly because of the prevailing food habits, the average off-take of different commodities by the workers who purchased the rations has amounted to a mere 40 percent for wheat, 60 percent for pulses and 100 percent for vegetable oil. As a result, the income transfer to the beneficiaries in relation to the daily wage rate has been substantially lower - 21 percent - which is half of what had been



envisaged. The main cause for this deficiency is attributable almost entirely to the low off-take of wheat. The mission was informed that the WFP country office had made efforts in the past to procure sorghum but could not succeed, mainly because of the unavailability of marketable surpluses. The inability to provide a food basket appropriate to the food habits of the project area has not enabled the beneficiaries to take full advantage of the food ration and to ensure the expected level of income transfer. This shortfall in income transfer is quite significant for beneficiaries who are just above the poverty line.

20. **Nutritional aspects.** According to the findings of the OBCM study, an average family in the project area consumes about 100 kilograms of cereals a month, comprising 50 kilograms of sorghum, 20 of wheat and 30 of other cereals (mainly rice). The study also revealed that 67 percent of oil and 73 percent of pulses consumed by the families come from WFP rations, a significant nutritional contribution. The survey of beneficiaries concerning the composition of the food ration has strongly suggested the inclusion of sorghum and rice in the cereal component of the food basket provided by WFP.
21. **Working conditions.** Working conditions in the project area are generally quite harsh. Contractual agreements between CADA/Irrigation Department and local contractors have not been respected in full; such contractors provide minimum facilities for the workers, particularly drinking-water and resting sheds.

Generated funds

22. **Progress and management of the funds.** As at 31 December 1995, almost 300 million rupees had been generated, of which 176 million had been actually disbursed. It is estimated that by the end of food distribution, which is to occur during the second half of 1997, some 405 million rupees will have accrued and that the funds should be exhausted approximately one year after the end of food distribution. At the time of project evaluation, taking into account actual commitments, unutilized funds and earmarkings of schemes for women, the balance of funds available for new schemes up to the end of the project was to total 85 to 100 million rupees.
23. Checking of accounts has revealed that while the management of funds in the Upper Krishna was satisfactory, there were a number of deficiencies in the Malaprabha and Ghataprabha; i.e., payments made to NGOs without receipt of proper accounts, an unmanageably large number of fixed deposit accounts and misplacement of records. Remedial measures have been and are being taken by the State Government, following advice by WFP. Globally, the institutional mechanism for scheme identification, processing, approval and monitoring is satisfactory, as is the trend of funds approved and disbursed versus fund generation. The country office is pro-active in the prioritization, approval and monitoring of schemes.
24. The actions taken by the WFP country office, together with the appointment of a consultant since November 1993 to conduct a technical and financial review of the construction schemes submitted for funding, have allowed for considerable improvement. A total of 1,190 schemes was scrutinized, resulting in a 44 percent reduction in the proposed cost of schemes.
25. **Expenditure by sectors.** As at 31 December 1995, the 955 schemes approved under the ongoing project phase fell into seven sectors, as follows:

Sector	Number of schemes	Disbursement in % of total
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Communication and marketing infrastructure	192	29.5
Social infrastructure, including public health	539	27.8
Income and employment generation	16	1.0
Village improvement facilities	100	16.4
Community irrigation and drainage	10	3.3
Programmes through NGOs	64	6.0
Others, including purchase of cement and steel	34	16.0
Total	955	100.0

- 26. Perception by beneficiaries.** Only a small percentage of the recipients of food rations were aware of the opportunities for development activities in their villages offered by the generated funds. This indicates that people's needs had not been adequately ascertained before planning the utilization of funds. However, as a result of efforts made by the WFP country office, the type of schemes supported is progressively more in line with the needs of the people. Moreover, the OBCM study clearly highlighted the priorities and needs perceived by the beneficiaries. The study further strengthened the action of the WFP country office in this regard. Consequently, many facilities like community centres proposed in the latter years have been considerably curtailed. Another outcome of these efforts is that, recently, assets generated by the project have been more evenly distributed to cover all the areas from where the workers originate, i.e., areas that would benefit and also those that would not benefit from irrigation.
- 27. Maintenance and management of assets created.** Usually before a work is approved, the envisaged users of the facility to be created are consulted on the need, feasibility and location. An agreement is also obtained from the users, to the effect that assets will be taken over by them and will be properly managed and maintained. The evaluation found that barring a few exceptions, the maintenance of assets in general was lacking.
- 28. Appropriateness of the schemes financed.** A variety of schemes under different sectors and sub-sectors have been financed from the generated funds. The main emphasis has been in the sector of social infrastructure. Although a number of village representatives had requested the construction of community halls (132 units built since the beginning of WFP assistance in the area), bus stands and bus shelters (126 units), these facilities appear to have little relevance to the development process; moreover, they are of low priority to the recipients of food assistance. Schemes to promote food security and improve women's conditions have been taken up by the project in recent years, thanks to the efforts made by the WFP country office to involve NGOs. A number of schemes implemented in the areas of agricultural development, skills development for women, awareness building in hygiene, health and nutrition, and in primary education are having a good impact on the socio-economic and living conditions of the beneficiaries. Special mention can be made of lift irrigation, dairy and agroforestry schemes, income-generating activities, primary education schemes, health awareness schemes, savings and thrift schemes, and the construction of new school facilities.
- 29.** Apart from lift irrigation and a few agroforestry schemes, little has been done with regard to the protection and development of agricultural rainfed lands. Additional initiatives need to be taken to avoid an excessive economic imbalance in command areas between irrigated land and land not planned for irrigation. Watershed management techniques, such as soil conservation and water retention, should be contemplated.



30. **Cooperation with NGOs.** At the beginning of project implementation, the WFP country office commissioned a study to identify NGOs capable and willing to implement programmes with WFP-generated funds. To date, 37 NGOs have been identified; they are implementing a variety of schemes, as mentioned above. Of these, about one third have shown very promising results and a capacity to take up development works in the rural areas.
31. There are, however, some problems which need urgent attention by the WFP country office and the Government of Karnataka. These relate to the improvement of cooperation and understanding between NGOs and CADA officials, and of existing mechanisms for appraising the NGOs' proposals and monitoring their implementation. The NGO proposal of covering longer periods of time (three to five years) should receive greater consideration. In recognition of the importance of further strengthening the collaboration with NGOs and with a view to learning from past experience, the WFP country office has taken the additional initiative of commissioning an impact assessment study of NGO schemes and the steps needed to expand this cooperation.
32. **Additional employment.** Since the inception of the project in November 1990 until September 1995, it has generated around 4.5 million additional workdays of employment from the works financed by the generated funds. About 47 percent of these workdays were generated in the Upper Krishna, 37 percent in the Malaprabha and 16 percent in the Ghataprabha.
33. **Project-affected families.** Project-affected families (PAFs) are those that have been or will be evacuated as a consequence of dam and canal construction. Because of the topography of the project area, the number of these families is large, amounting to 41,375, of which nearly 70 percent are in the Upper Krishna scheme. Compensation and rehabilitation programmes have been formulated and are being implemented by the Government with World Bank assistance. At the time of formulation of the WFP-assisted project, it was recognized that PAFs could receive assistance from the generated funds insofar as they were resettled in the project area. In agreement with this guideline, WFP has assisted PAFs by constructing classrooms and conducting common workshops, as well as by providing equipment and tools to weaver and stone cutter societies, artisans, blacksmiths and cobblers. Moreover, some tailoring classes have been organized for women. It is envisaged that some assistance may be provided in the future for a few lift irrigation schemes, employment-generation schemes for women, and for establishing dairy cooperative societies for the benefit of selected PAFs.
34. **Women as beneficiaries.** The most significant benefit to women, who constitute about 30 percent of the total workforce employed on works financed by the State and from generated funds, is economic empowerment. Secondly, women are the primary beneficiaries of WFP-supplied subsidized rations and have greater appreciation for the family ration than men. Thirdly, women have benefited generally from all the assets created from the generated funds, and in particular from facilities such as drinking-water supply, *anganwadis* (nutrition and health centres for mothers and pre-school children), women's welfare centres, and schools for girls. More significant benefits to women have come from NGO schemes financed through the funds. Particular mention could be made of dairy development, skills development for income generation, health awareness, mother and child care, nutrition, rehabilitation of *Devadasi* women (temple prostitutes), community organization and related women-oriented schemes. Some of the benefits accruing to women include doubling of income (in some cases), reduction in migration, abstinence of younger girls from the *Devadasi* tradition, and reduced dependence on loans as a result of



savings and self-employment. Experience suggests that many more possibilities exist. The mission noted with satisfaction that the WFP country office is pursuing all these programmes through NGOs.

35. **Water-logging.** Water-logging is affecting a substantial part of the irrigated areas. In the Malaprabha and Ghataprabha areas, irrigation works have been completed on 323,019 hectares out of a potential irrigation area of 535,621 hectares. It is estimated that so far some 8,600 hectares are water-logged. WFP and CADA have sponsored a study on causes and remedies on a sample of 2,250 hectares, the recommendations of which are being studied by the Government of Karnataka. In Upper Krishna, an irrigation potential of 135,000 hectares has been developed against a total contemplated irrigation area of 822,000 hectares; 7,700 hectares are affected by water-logging, and it is considered that over 44,000 hectares could be affected when irrigation will be fully developed.
36. The main causes for water-logging are lack of maintenance, defective canal lining and ineffective drainage in the affected areas.
37. **Studies sponsored by WFP.** Over the last few years, the WFP country office has made significant efforts to improve knowledge on project impact, progress and assets. In particular, the OBCM, by interviewing 5,600 recipients of food assistance, and the review of schemes for the creation of assets, have resulted in an increased awareness of the weaknesses of project implementation and in a number of much needed corrective measures.

SUGGESTIONS AND RECOMMENDATIONS

38. The inadequacy of the food basket, especially with regard to wheat, is a matter requiring immediate action on the part of the WFP country office. The quantity of wheat in the individual ration should be decreased from 400 grams to around 160 grams, which is the amount actually purchased, on average, by the workers. This will reduce the risk of possible diversions, which tend to accumulate in the distribution centres.
39. Since the actual income transfer to the worker is only half the expected one, mainly because of low wheat purchases, it is strongly recommended that both wheat and sorghum be made available to the project in the required proportion, in order to ensure an income transfer of at least 40 percent of the daily wage for unskilled labour.
40. With regard to pulses, the off-take could easily reach 100 percent if the split peas currently provided were replaced with whole peas. Efforts should be made to provide a more acceptable type of pulses, possibly from local sources.
41. The Irrigation Department should intensify efforts to ensure that contractual agreements with contractors with regard to the labourers' working conditions are fully implemented.
42. The experience with NGOs is encouraging, but more needs to be done to eliminate misunderstandings and delays. Mutual appreciation of the respective roles of CADA and NGOs should improve. Commendable experiences like that of lift irrigation schemes should not only continue, but should be expanded. These schemes should be formulated to bring in wider community participation; the initial grants that will be used as revolving funds should be utilized - after completion of the scheme period - for the creation of community facilities in the areas of operation, as may be desired by the beneficiaries of such schemes.



43. The mission considers that there is a continuous need for external aid in the project area. If resources are available, a continuation of assistance to the project area, with priority given to the Upper Krishna scheme, should be contemplated.
44. The utilization of the generated funds should focus on the parts within the command areas not to be irrigated. It is suggested that the activities to be financed under the generated funds should fall into the following categories with the indicative breakdown of fund allocations:

Activity	Allocation of funds (percentage)
Communication and marketing infrastructure	3
Social infrastructure, including public health	7
Generation of income, savings and employment	7
Village improvement facilities	5
Lift irrigation and drainage at the community level	25
Watershed management or protection, soil and water conservation in areas not to be irrigated	25
Programmes through NGOs which do not fall under previous items	10
New initiatives for women	8
Miscellaneous	10
Total	100

LESSONS LEARNED

45. In a project where fund generation results from monetization through the provision at a subsidized price of food rations to very low-income beneficiaries, the income transfer aspects should be considered to be as important as the utilization of funds.
46. To be fully effective, especially when considering the limited time under which they take place, evaluation exercises must rely on proper monitoring and evaluation. The efforts made by the WFP country office in India to strengthen monitoring and evaluation, particularly with regard to the impact study on food assistance and the technical monitoring of the asset to be constructed through the generated funds, were very beneficial to the evaluation mission.
47. To have a lasting impact, most NGO programmes should be developed over several years. When financing such programmes from generated funds, this duration should be taken into account from the beginning, and annual budgets approved on the basis of the results of the previous year.
48. In the context of India, projects implemented through State Forestry Departments are easier to implement than the project under review. The reasons for this are : a) relatively homogeneous and geographically concentrated beneficiary population; b) long-standing mutual knowledge of the beneficiaries and the forestry staff; and c) institutional systematic coverage of the area by the forestry staff.

