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Evaluation Report on District Poverty Initiatives Project (DPIP) in Madhya Pradesh

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Preface

The District Poverty Initiatives Project (DPIP), being implemented in the State of Madhya Pradesh, is designed to alleviate rural poverty through empowerment of the disadvantaged groups, especially women. It was launched in March 2001 in 2,932 villages spread over 53 blocks of 14 districts and is scheduled to be completed in June 2006.

At the instance of the Government of Madhya Pradesh, the Programme Evaluation Organization (PEO) of the Planning Commission undertook the evaluation of DPIP to assess:

- efficacy of the institutional structure and implementation mechanism;
- physical and financial performance;
- sustainability and replicability of the sub-projects; and
- impact on the target group.

To test the relevant hypotheses and examine various issues, the PEO relied primarily on the data generated through a sample survey of 24 sample villages, 96 common interest groups (CIGs), 192 beneficiaries, 8 Control villages, 16 households from the Control Villages spread over four districts of the state. The secondary data were collected from the records of implementing department of the State Government, sample districts and PFTs. In addition, qualitative information at all levels has also been collected and analyzed.

The major findings of the study are:

- the concept of formation of common interest group (CIG) as an innovative strategy for effective implementation of development activities is found to be a non-starter.

- Coverage of target families is only 31 per cent up to 31 March, 2004.

- Only 17.41 per cent of total outlay has been used in the first three years.

- Zila Parishad District Poverty Initiatives Sub-Committee (ZPDPIS) is yet to be formed in sample districts.
- Implementation behind schedule –time overrun (and hence cost escalation) may make the project unviable.
- Weak monitoring and no follow-up.
- Village Development Committee (VDC) was not constituted in the sample villages.
- Improper formation of CIGs: family-based CIGs, very small number of women CIGs, division of assets among CIG members.
- Decreased migration owing to increase in local employment opportunities.
- Increase in income of target groups.
- 50 per cent viability of the sub-projects at 8 per cent discount rate.
- If the administrative, establishment and other charges are included in the cost of sub-projects, the MPDPIP becomes unviable.

The study received constant support and encouragement from Hon'ble Deputy Chairman, Member (Evaluation) and Member-Secretary, Planning Commission. It was designed and directed by Shri Om Parkash, Director, Regional Evaluation Office, Planning Commission, Jaipur. The contribution made by Shri Amar Singh, Director (PEO) and Shri V.K. Kulshrestha, Senior Research Officer, Project Evaluation Office, Bhopal is gratefully acknowledged. The processing of data and its statistical analysis by Smt. Santosh, Research Officer (PEO), deserves a special mention. Shri Ramesh Datta, P.A. and Shri Dharmender Singh Sajwan, Tabulation Clerk in the Adviser's Office provided the secretarial assistance and aesthetic presentation of the report. The help and cooperation extended by the officers of MPDPIP is also gratefully acknowledged.

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Summary

Independent evaluation of the past poverty alleviation schemes has shown that intended benefits did not adequately reach the target groups because of a number of weaknesses in design and implementation. Generally, the development schemes have been formulated and implemented in a top-down and target oriented manner, while the poor have been the passive recipients of benefits (see PEO Studies on *MSY, 1996; EAS, 2000; KVIC, 2001; TPDS, 2005).* Diagnostic analyses in these evaluation studies revealed that successes of development interventions largely depended on active and meaningful participation of the people and their institutions in decision making.

Because of such lessons from experience, the last decade has seen a number of development initiatives with varied thrust on community participation and empowerment, decentralized decision-making, transparency and an active role of the PRIs in their planning and execution. The district poverty initiatives project (DPIP) being implemented in the States of Andhra Pradesh, Madhya Pradesh and Rajasthan is a poverty alleviation program designed to empower people for self development so that the poor create and manage their own development opportunities. The DPIP targets socially and economically disadvantaged groups, particularly:

- the SC/ST households;
- households migrating out for wage employment;
- households without proper shelters/ dwellings;
- women and women headed households;

The Project

The Madhya Pradesh District Poverty Initiatives Project (MPDPIP) was launched in March 2001 in 2932 villages, spread over 53 blocks of 14 districts of the State to **improve the economic wellbeing of the poor**. The project is scheduled to be completed in June 2006. The strategies of DPIP are different from those being used in other rural poverty alleviation schemes (e.g. SGRY, SGSY), which also provide for people's participation and decentralized decision-making. The **strategies proposed** to be used in the implementation of DPIP include:

- sensitization of people about economic opportunities and fostering common interest group (CIG) formation on the basis of common problems and interest;

- making funds available with the CIGs and ensuring that the group investments are **demand driven**;

- formation of **Project Facilitation Teams** (PFTs) for a cluster of 25-30 villages to guide the villagers for self-development and providing them with the support mechanism like, technical skill, credit, extension and other services by linking the CIGs with service providers;

- developing a sense of **ownership** and a **culture of local financing, cost recovery** and **user charges** by motivating the beneficiaries to contribute to CIG fund and *Gram-Kosh* (maintenance fund);

- encouraging participatory functioning by monitoring local decision-making processes to **ensure proper use of funds**;

- involving the PRIs at the district and village levels for **budgeting** and **monitoring**; and

- ensuring **transparency** through information sharing, analysis of successes/failures and **peer review** at all levels.

Institutional Structure for Implementation

The DPIP has a decentralized institutional structure with key decision making and implementation responsibility.

- At village level, the villagers are motivated (by the PFTs) to **participate** in a wealth ranking process for identification of the target households and then **facilitated** to form **CIGs**–each with at least 5 members. The **CIGs** are required to identify and execute all investment activities. The project fund (Rs.20,000 X No. of Members) is placed directly in their bank accounts.

  A **Village Development Committee** (VDC) constituted with members drawn from the CIGs and the village *panchayat* is entrusted with the task of approving/ vetting the sub-projects proposed by CIGs and forwarding the approved projects to PFT for funding. The VDC is also required to monitor the use of funds under

Gram Kosh for sustaining the development efforts of DPIP in future. Thirty per cent of the **village family budget** (i.e. sum of all individual CIG funds in a village) is earmarked under DPIP for **community infrastructure development** (limited to a maximum of Rs.12 lacs). It was envisaged that VDC would operate this village infrastructure fund. Proper functioning of VDCs is thus critical to the success of DPIP.

- At the cluster level, the **PFT** consisting of one coordinator and three members (experts in areas, like, horticulture, hydrology and agriculture/RD) is required to conduct the village surveys with the help of local knowledgeable persons for **wealth ranking**, identification of the **target families** and for **fostering group formation** of CIG on the basis of common economic interest. The PFT also helps the CIGs in sub-project preparation for funding under DPIP. About 90% of the PFTs are formed with officers drawn from various **government departments,** while only around 10% are run by NGOs.

- At district level, there is a **District Project** (Support) **Unit** (DPU) under the District Project Manager (DPM). The unit is to be constituted by drawing expertise in gender, monitoring, communication, capacity building and accounting from **various government departments**. The DPU is to ensure smooth flow of funds to CIGs and build their capacity through PFTs.

  The **Zila Panchayat District Poverty Initiatives Sub-Committee** (ZPDPIS), headed by *Zila Adhyakash* is a committee of public representatives, CEO (ZP) and representatives of PFTs, CIG members, NGOs and village PRIs is responsible for **monitoring** at the district level, **allocative processes** and **use of DPIP funds**. The DPM acts as the Member Secretary to ZPDPIS.

- At the State level, **an apex society**, the **Madhya Pradesh Society for Poverty Alleviation Initiatives** (MPSPAI), under the Chairmanship of the Chief Minister, with the Minister (RD &PR) as vice Chairperson and the Chief Secretary, other State Secretaries and eminent individuals as members is responsible for overall guidance and periodic review of the project. The administrative arm of the State level society is the **State Project Unit** (SPU) headed by the project coordinator, a senior government officer.

Financing DPIP

The requirement of funds for the five-year duration of the project was estimated at around Rs. 600 crore. The sources of funds are as under:

Sl. No.	Sources	Amount (Rs. Crore)	Share (%)
1.	Madhya Pradesh Government	41.85	6.90
2.	IDA	495.45	81.74
3.	Local Communities	22.50	3.71
4.	Sub-Total	559.80	92.35
5.	Apna Kosh (Village fund)	46.35	7.65
	Total	**606.15**	**100.00**

The Evaluation Study

At the instance of the Government of Madhya Pradesh and Planning Commission (GOI), PEO undertook the evaluation of MPDPIP to assess:

- whether the **institutional structure** and **implementation mechanism** adopted were effective in meeting the objectives of the project;
- **physical and financial performance** in terms of coverage of target groups, CIG formation, types of sub-projects taken up by CIGs, the functionality and economics of the assisted CIGs and utilization of funds; and
- the **impact** on the beneficiaries in terms of changes in households income and expenditure, agricultural production/productivity, employment opportunities and seasonal migration.

In addition to these broad objectives, the evaluation study was designed to reflect on a number of other issues, such as: the **socio-economic profile** of the beneficiaries, the type of **community infrastructure projects** undertaken and their **utilization**. The factors contributing to success/failure of sub-projects are proposed to be identified through **diagnostic analyses.** Since the strategies, design and institutional mechanism for implementation of DPIP were innovative and different from those being adopted in other rural poverty alleviation schemes, an attempt is made to document the **lessons learned**.

Methodology

To meet the above objectives and to test the related hypotheses, both secondary and primary data on a number of project parameters were required. The aggregate level secondary data-base on the processes was generated through structured questionnaires canvassed at the State and (selected) district levels. Detailed discussions with the concerned officers at various nodes of the implementing machinery were held to understand the planning and implementation processes and also to seek clarifications on the queries arising out of the field observations.

The primary data base for the study was generated through a sample survey of 192 beneficiaries in 96 CIGs, spread over 24 villages in 8 clusters (PFTs) of 4 districts. The four districts were selected purposively to give representation to different regions (Baghel Khand, Bundel Khand and West Malwa) and to geographical concentration of the project area. At sub-district levels (PFTs, Villages, CIGs, Beneficiaries) the sample units were selected using a **stratified random sampling framework. Eight instruments** of observations were designed and canvassed to the selected sample units at different levels. The village, CIG and beneficiary level questionnaires were designed to elicit information on the target population, beneficiary selection process, costs/earnings from different types of activities, physical and financial performance of different types of activities, the profile of CIGs and their activities, flow of funds, earnings and qualitative data on various other parameters. The sample survey was conducted during July–October, 2004.

The evaluation methodology adopted for impact assessment relates primarily to **before–and–after** method. However, 8 control villages–one for each selected cluster, were also selected to study some aspects of the impact in a **with–and–without** framework.

Main Findings

Implementation related

- Even though the institutional structure for implementation provided for **ZPDPIS** at the district level and **VDC** at village level, these committees were not constituted in the sample districts and villages. This implies that the representatives of PRIs were not formally involved in the implementation of the project.

- Notwithstanding the above, the process of **wealth ranking** and **identification of beneficiary households** was meticulous and was done in the full *Gram Sabha* meetings under the supervision and guidance of PFTs.

- The formation of CIGs was however, not done on any rational basis. Analysis of sample data reveals that 25% of CIGs were formed by the members of same families, 49% by close relatives and only 26% by members not related.

- It was found that the benefits of DPIP did not reach the **assetless poor families** to the desired extent, while as per the guidelines, these families should have received priority over others. Their coverage was only 33%. The very poor households often could not pay their **mandatory contributions and select activities of common interest.**

- On the other hand, the **not-so-poor households** who could pay for the mandatory contributions (some CIGs paid more than 5% as mandatory contributions) were allowed to form CIGs with family members or near relatives. The active involvement of the VDC (not constituted) could have prevented it. Some CIGs in *Guna* district have even distributed the divisible assets and activities according to the convenience/requirements of their individual members–diluting the very objective of formation of CIGs.

- DPIP has not been able to mobilize rural women to form CIGs to the desired extent. As **against a target of 50%, only 20% of the randomly selected CIGs** were found to be women CIGs. Thus, the objective of empowerment of rural women, as originally envisaged, did not receive due consideration in implementation.

- Though the expenditure on Monitoring and Learning during the first three years amounted to Rs. 1.31 crore, the activities of CIGs and their viability were not monitored to learn lessons from experience. The **system in vogue is not purposeful** and appears no different from the routine monitoring system of other departmental projects/ programs. Also, there is not much evidence to conclude that the feedback from monitoring was analysed for **problem solving** and **follow-up action**.

Performance–coverage & utilization of funds

- At the aggregate level, the project has covered around 31% of the target families in the first three years. In sample villages, about 38% of the identified families have been covered.

- The physical performance, measured in terms of **percentage coverage** of **the targeted families** varies across districts and clusters. The achievement is the highest in Shajapur (52%), followed by Guna (42%), Narsinghpur (36%) and Sidhi (23%). Similarly, it varied from a high of 53% in Raghogarh-I cluster in Guna to a low of 14% in Chichli-I in Narsinghpur.

- The factors responsible for the observed spatial variations in performance are:

  inaccessibility of villages, resulting in **inadequate interactions** between the identified families and PFTs;

  inability of the identified families to find suitable activities and make the mandatory contribution, especially in **tribal areas**;

  differential supply side **initiatives** taken by the implementing agencies across PFTs and districts; and

  the progress of community infrastructure projects, with which many CIG activities have a complementary relationship, was uneven across villages and clusters primarily because of non-existence of VDCs. About 27% of the village infrastructure fund was spent in only 12 villages (i.e. 50% of the sample), with the range of variation from 10% to 100% (in 2 villages only). In the remaining sample villages, there was no spending from the **fund.**

In the first 3 years (as on March 31, 2004), only 17.41% of the total outlay (Rs. 105.52 crore out of RCOMPILATION OF COMPARABLE STATE LEVEL INDICES OF INDUSTRIAL PRODUCTIONs. 606.15 crore) had been used. Around 26.5% of the expenditure in the first three years (2001-04) was on **administration, organizational capacity building** and **monitoring/learning.** Low utilization can be explained by:

unusually long time taken in identification of poor families and CIG formation;

for a number of the operational CIGs only the first installment of the committed outlay has been released; and

delays in sub-project approval because the VDCs, which were to approve them, were not constituted in the identified villages.

- The unsatisfactory physical performance during the first 3 years can be attributed to: inadequate supply side initiative, untrained and demotivated PFT staff and absence of VDCs. It is now a foregone conclusion that the MPDPIP has to be given **an extension beyond the originally stipulated period**, which will escalate the cost of administering the project. This can make the **project as a whole unviable**, even though many individual sub-projects are viable.

- The poverty situation in eight control villages selected for studying some aspects of the impact of DPIP in a with-and-without framework was as bad as covered villages. It is not clear as why these villages were not covered under DPIP. More objective criteria for selection of villages are required.

Sub-Projects–type & functionality

The sub-projects undertaken by the selected CIGs can be broadly divided into two categories, viz: (a) **Land-based** activities and (b) other **income generating** activities.

- Land-based (LB) activities include: renovation of wells, land leveling, bunding and construction of new wells. Income generating (IG) activities include: trading, goat-rearing, poultry, dairy, band parties, bullock/bullock carts, threshers and others;

- Thirty nine (39) per cent of the selected CIGs undertook land-based activities and 61% other income generating (IG) activities. Flow of funds to LB activities constituted about 44% and that to IG activities, 56%.

- Among the selected LB activities, 84% were found to be fully functional, while the remaining are partially functional. "Partially functional" means that the initially chosen activities are getting modified due to bottlenecks in implementation. The proportion of fully functional LB activities is 95% among the **CIGs formed by members of same family**.

- Among the selected IG activities 88% are fully functional. However, in most of the IG activities, **informal division of assets** has taken place and the CIGs exist only on paper.

- It is, however, noted that the contribution by CIGs to the fund exceeded the mandatory requirement of 5% in both types of activities. In the case LB activities

it is around 10%, while for IG activities it works out to 6%. Two factors seem to be responsible for the mandatory contribution being above its normative requirement. First, the beneficiaries are aware that by contributing a very small amount to the CIG Fund they can get several times their contribution from the government **without any obligation to pay back.** Second, the time gap between sub-project formulation and implementation could have led to some **cost escalation**, which was borne by the CIG members.

Economics of Sub-projects –factors causing success & failure

An attempt has been made in the study to work out the viability of each activity undertaken by the 96 sample CIGs. The criterion used is the difference between the **present value** (PV) of outflows (costs) and inflows (revenue) with 8% discount factor for a project life span of ten years. It has been assumed that benefits from sub-projects will flow for ten years with suitable maintenance and promotion of (complementary) community infrastructure projects alongside the sub-projects. If the net present value (NPV) is positive for an activity, it is termed viable. The findings of this exercise are summarized below:-

- Only 50% of the CIG activities under DPIP were found viable according to the NPV criterion. About 43% of the LB activities are viable, while in the case of IG activities, it is 54%.

- The viability of LB activities is less sensitive to the Discount Rate than that of IG activities. Thus, at 12% discount rate, more than 40% LB activities are viable as against only 30% IG activities. At 15% discount rate, the viability rate goes down to 35% for LB and to 24% for IG activities.

  This sensitivity analysis tends to suggest that some sub-projects of DPIP can **generate adequate income for repayment** (full/partial) of the investment cost, should these be bank financed. In other words, through suitable modification of **selection criteria** of DPIP, some activities undertaken by land-owning households can be brought under bank financing with token subsidy, if required.

- Among the LB activities, **construction of wells with diesel pumps,** has shown the highest success rate (56%), followed by deepening (50%) and renovation of wells (33%). **Stand–alone** land leveling and bunding **activities were not found viable**. Thus, minor irrigation, which led to an increase in gross cropped area, crop intensity and a favourable crop pattern has generally been a very successful activity under DPIP.

- Among the IG activities, tailoring and (petty) trading have **shown the highest success rate** (80%), followed by Band Parties (60%), goat-rearing (37%), dairy (36%) and bullock / bullock carts (25%).

- Services like threshing, centering, material mixing in construction activities, tubewell boring, erection of tents for ceremonies, blacksmithing, milling of flours, brick kiln and repairing of electronic goods have shown **the highest success rates** (nearly 100%). However, it may be emphasized that all these activities are the dominant member-driven activities where the **remaining CIG members are paid workers**. The profit accruing to such activities goes to the dominant (owner) CIG member who is, *de facto*, the owner.

- The factors contributing to **success** are: **dominant member driven activities** (services), **family based CIGs**, and **irrigation projects**.

- The factors contributing **to failure** are: land based activities that do not constitute a **complete package** to improve agricultural productivity, **inadequate (no) use of support/ technical services** by CIGs in selection of sub-projects, disintegration of CIGs through **division of assets** (like goats, buffaloes, poultry birds), **lack of capacity of CIGs** to maintain and manage some activities and **lack of meaningful monitoring** of CIG activities.

- It may be mentioned that economic **viability of individual CIGs does not necessarily imply the viability of the DPIP** as a whole. If the cost of administration and establishment, which was Rs. 28.00 crore (i.e. 26.5% of the project cost in the first three years) is considered an item of cost it will raise the financial outflows without any addition to inflows. A rudimentary analysis based on current trends of financial flows tends to suggest that the **Internal Rate of Return (IRR) for the DPIP in Madhya Pradesh would be negative** if expenses on project staff, HRD, monitoring and organizational strengthening are considered a part of the project cost.

Impact–income, expenditure, agriculture, employment and migration

- The beneficiary household income on an average grew by 29.3% in nominal terms because of DPIP. In real terms, this increase would be around 23.6%.

- The average household income (nominal) rose by 26.6% in LB activities and 31.3% in IG activities.

- The average household expenditure, too, rose by 28.6% for DPIP beneficiaries. It increased by 26.1% and 29.9% for the beneficiary households of LB activities and IG activities respectively. Expenditure on food items grew by about 13%, that on **education by more than 60%** and on **others by more than 80%,** while the household expenditure on **health care declined by around 13%.**

- DPIP also helped **reduce out-migration of wage labourers significantiy.** About 31.5% of the people in DPIP villages used to migrate (seasonally) to other areas for wage employment before the implementation of DPIP. Post project, this migration has come down to around 10% in the selected districts.

- Seasonal migration in Shajapur (43%) and Guna (48%) was very high before DPIP. In these two districts bordering Rajasthan, migration has come down significantly and in the post project scenario, it is 13% in Shajapur and 9% in Guna. In some sample villages where the pre-project migration rate used to be around 90%, it is nearly non-existent in the post–project situation. In the control villages, on the other hand, the seasonal migration continues to be high, with the range of variation from 29% in Dighori Village (Narsinghpur) to 70% in Vijaypur (Sidhi). The **reduction in seasonal migration can be largely attributed to DPIP** as a high degree of correlation between DPIP activities and reduction in migration was observed all across the sample villages and districts.

- Because of promotion of LB activities through DPIP, there has been a rise in agricultural activities in project areas through an increase in **cultivable area, gross cropped area** (GCA), **irrigated area** and a **change in crop pattern**. The GCA has risen by 13% in Guna, 7% in Shajapur, 5% in Narsighpur and Sidhi. **Rabi crop area has risen-from 31% of GCA to 69%**. Irrigated area has risen by 66% in Guna, 30% in Shajapur, 17% in Sidhi and 5% in Narsighpur. Wheat crop area has gone up by 272% in the sample villages. Area under coriander has also gone up by 110% and Gram by 41 per cent. Area under *barley*, however, decreased by 60%.

- The value of yield/hectare has risen by 27% in Shajapur, 24% Guna, 15% in Sidhi and Narsighpur in just one and a half year.

- Employment per hectare has also increased in the project area. It rose by 28% in Guna, 21% in Shajapur, 14% in Sidhi and 12% in Narsinghpur.

- The impact of promotion of land based sub-projects on **agricultural activities, farm income, employment** and **migration** has thus been significant due to DPIP intervention.

Lessons & Suggestion

1. The Concept of CIG as an integral element of the strategy adopted in DPIP is not workable for most of the activities undertaken. In the LB activities, the beneficiaries had to form CIGs with family members and near relatives more as a ritual than for any useful purpose. In many IG activities too, the concept of CIG is not a workable proposition as money and assets were actually divided among members of CIGs –making the CIG concept redundant.

   Thus, if the emphasis was on poverty alleviation, the strategy of implementation should have been devised based on the grassroots realities. On the other hand, if the objective was to propagate the concept of CIG as a strategy for poverty alleviation intervention, care should have been taken to identify only those activities, which exhibit natural complementarities of functions (e.g. Band Parties, Blanket Weaving, Centering materials in construction activities) that can be performed by different CIG members to produce output/outcome.

2. The wealth ranking of households through a participatory process for identification of the poor adopted in MPDPIP seems to be a good method of screening the non-poor out of a poverty alleviation of scheme. The institutional mechanism at the district/sub-district level as **originally envisaged** for implementation of DPIP is also appropriate for such a scheme. This is a transferable lesson and should be seriously considered for adoption in development schemes targeting the poor. Much of the **errors of Exclusion and Inclusion** and the consequent **leakages of benefits** and **welfare losses** that take place in targeted schemes (see TPDS Evaluation, Study No. 189, PEO; 2005) can certainly be minimized.

3. The Committees of the PRIs at the village and district level, which were to undertake the tasks of allocation of funds, approval of sub-projects of CIGs, undertaking community infrastructure projects and monitoring were **actually not constituted**, and hence they did not play any role in the implementation of DPIP. In effect, though well designed, DPIP became **another departmental project.** The DPSUs, which are the primary control units of DPIP, are manned by **government servants**. The Project Coordinator of the SPU who is the

overall in-charge of DPIP is a senior government officer. The PFTs are also generally run departmentally, with only 10% of PFTs being run by NGOs. The implementation of DPIP clearly shows how a **well designed development intervention got degenerated** into a typical Departmental Project for not adhering to the **institutional arrangement** (as originally envisaged).

4. The lack of involvement of the PRIs has led to weakening of guards against **transparency and accountability** in the use of DPIP funds. The absence of VDCs led to non-adherence to the principles of CIG formation, sub-project selection, formulation and implementation (monitoring) and to low utilization of community infrastructure fund. Similarly, the absence of ZPDPIS, which was to oversee the budgetary allocation, activities of PFTs and VDCs has also weakened the monitoring and review activities of DPIP. The fall out of their absence has been the **disintegration of many CIGs**, absence of capacity building at PFT and CIG levels, **misappropriation of money at the CIG level** and **unjustifiable expenditures** on official monitoring/learning. PEO field teams found that the accounts of many CIGs are in total disarray. All this tends to suggest that an **independent monitoring** and **accountability system** must be put in place to prevent misuse of public funds and to ensure realization of intended goals.

5. While at the planning stage the complementarity between CIG activities and community infrastructure was kept in view, the actual implementation of community infrastructure project was sluggish because of absence of VDCs, which were entrusted with the task of operating the Community Infrastructure Fund. This aspect may have a bearing on the **sustainability** of some sub-projects like minor **irrigation** (without water harvesting) and **dairy** (without link roads).

6. The implementation of MPDPIP has failed to keep pace with the physical and financial targets set at the planning stage. This time over-run has serious implications for the viability of the project as it has raised the **share of administrative and organization costs** on the one hand and will lead to an **increase** in the **duration of the project (beyond five years)** on the other. Both high administrative cost and slow progress are primarily due to **departmentalization of DPIP.** The implementation delays arising out of limited organizational capacity can be avoided by delegating the responsibility of implementation to the NGOs and by constituting the ZPDPIS and VDCs at the earliest.

7. The poorest of poor did not directly benefit from DPIP to the desired extent as they could not be motivated to form CIGs and contribute members' share to the CIG fund. Since the beneficiaries of DPIP have received **non-refundable funds** from the Government, this group must be brought within the purview of the project, perhaps, by **exempting** them from the mandatory contribution (5%), through **capacity building** for self development and by exploring the possibility of forming CIGs of the (resource) poor for conservation and regulated use of **common property resources.**

   The other areas of activities for such CIGs could be renovation of abandoned/ unused water bodies for irrigation and development of water sheds in villages, which should be initiated and managed by the PRIs. Initiation of such activities that are designed to convert dead/unused assets into capital however, presupposes the existence well defined property rights and transaction rules (a la de Soto). To enhance the resources-base for such innovative schemes, the DPIP resources can be supplemented by that from "SGRY, SGSY and other rural development programs" through convergence at the PRI/VDC level.

8. Finally, the sub-optimal performance notwithstanding, the MPDPIP model holds **potential** in rural poverty alleviation. In addition to addressing the institutional weaknesses referred to above, there is need to put to practice the lessons learned from the Bangladesh's *Grameen* Bank model, which, too, did not yield the desired results for a number of years initially. As in the case of *Grameen* Bank, the success of DPIP too, hinges critically on the **capacity** and **dynamism** of the poor to change their life situations by taking advantage of the existing opportunities for change and by overcoming the constraints in the process of self-development. For this, the animators/ facilitators i.e. the PFTs, will have to be a motivated lot, like the staff of the *Grameen* Bank, to undertake the massive capacity building exercise for the poor. The PFTs then will have to be **manned by highly motivated** (incentivised) and **trained** (say, graduates in rural development/ management) **personnel** and should have the necessary decision making authority. It is difficult for the government organizations/ servants to discharge this responsibility. Giving this responsibility to NGOs with adequate safeguards against misuse and mis-appropriation would be appropriate.

9. It may be useful to establish a forward links between the Bangladesh Grammen Bank and MP DPIP to resolve some of the issues concerning design and implementation raised in PEO Evaluation Study.

Chapter 1

Introduction

The District Poverty Initiatives Project (DPIP), funded by the World Bank, came into existence in March 2001 for a period of five years upto June 2006, covering districts from Baghelkhand, Bundelkhand and Western Malwa regions of the State of Madhya Pradesh. The project is being implemented in 14 districts covering 53 blocks and 2,932 villages by involving communities and local governments. The congenial atmosphere created by the State Government in terms of commitment to economic reforms, fiscal management, good governance, decentralization etc., favoured the launching of DPIP in Madhya Pradesh. The project is based on the needs and demands of the community.

1.2 Objectives of DPIP

While encouraging the values of participation, empowerment, process of orientation, decentralization, learning, transparency and collaboration for effective implementation of the identified development activities, DPIP aims at alleviating poverty among the disadvantaged groups, especially women. To achieve these objectives, the project envisages to (a) create income generating opportunities for the rural poor, (b) empower the disadvantaged by organizing them in active groups for undertaking development activities, (c) promote effective and accountable Panchayati Raj Institutions (PRIs) and village institutions and (d) encourage effective demand-based approach for development.

1.3 Project Strategies

The project strives to supplement the State Government's efforts in bringing about reforms in governance. Besides, learning lessons from the past experiences of poverty alleviation programmes, which highlight the weaknesses of implementation, viz., tied funds and supply-driven investments, poor targeting, high administrative costs, lack of transparency and lack of involvement of local institutions, DPIP has formulated the following strategies to redress the above weaknesses of implementation:

- Fostering group formation and strengthening them by making funds available to the poor, women and other disadvantaged people, who would be organized around common interests and problems. It would empower them by putting funds under their direct control.

- Ensuring that group investments are demand-driven. Since there are no pre-set schemes and funds that would be available over a wide range of activities, it has to adopt simple procedure to enable groups to have an access to technical and other inputs directly.

- Contributing towards '*Gram Kosh*' (Apna Kosh) by beneficiaries of sub-projects for strengthening the sense of ownership and cultivating a culture of local financing, cost recovery and user charges.

- Encouraging participatory functioning by motivating local decision-making institutions.

- Involving PRIs at the district and village levels by giving them responsibility for budgeting and monitoring.

- Ensuring transparency through dissemination of information about successes and failures of the project.

1.4 Targeting

The project targets the socially and economically disadvantaged people, especially women and families of the SC/ST and marginal farmers, in the selected districts, blocks and villages of the state. The criteria adopted for the selection of the disadvantaged households within the selected villages focus on SC/ST households, migrating households seasonally, households without permanent dwellings or living in temporary shelters, women-headed households and landless and marginal farmers.

1.5 Project Area Coverage

Project activities are implemented by community village organizations in 2,932 villages spread over 53 backward blocks in 14 districts of Madhya Pradesh.

1.6 Types of Activities under the Project

Various types of development activities were envisaged to be carried out under the project which include community infrastructure, development income generating activities, skill up-gradation and capacity building.

1.7 Decentralized Institutional Structure and Responsibility

The project has envisaged a decentralized structure for implementation with key decision-making and implementation responsibility at village level. All other levels in the project structure are set up to facilitate and support this process.

1.7.1 Village Level

In the selected villages, women, poor and other disadvantaged people are facilitated to form groups based on their common needs and problems for execution of development activities. The project funds, after completion of necessary formalities, will be put directly into their account.

Minimum five members of which one is the President, the second is the Secretary, two are designated as Bank Operators/Signatories and the remaining is/are the member(s) are required for the formation of a CIG.

The Village Development Committee (VDC) is constituted by the representatives of all CIGs and panchayat members of that village. The VDC is to sanction the sub-project prepared by CIG and forward them to the District Project Support Unit for release of funds directly to the CIGs. It will also monitor the use of funds and implementation of activities. The '*Apna Kosh*' will be used for sustaining the development efforts of the project after DPIP ceases to exist formally.

The Gram Sabha consists of all adult members of the village has an important role to play in ratifying the village plan made by the VDC.

1.7.2 Entry Point Activity

Entry point (EP) activities are the activities that need to be carried out in the initial stage at the village level with a view to establish rapport between the project personnel and the village community for mobilizing people to work for common interest.

1.7.3 Apna Kosh

Apna Kosh is created by CIG contributions. This amount will be used for maintenance of assets created under community infrastructure in the village. It could also be used for giving loans for working capital to CIGs. VDC is free to operate Apna Kosh funds for development activities of CIGs.

1.7.4 Cluster Level

A PFT consisting of four members is to be set up for each cluster of about 25-30 villages by drawing manpower from various departments. The project also collaborates with selected NGOs for forming PFTs. These teams will help in identification of the disadvantaged groups and are also responsible for establishment of communication with people.

1.7.5 District Level

A District Project Support Unit (DPSU) is to be set up in each selected district with the District Project Manager (DPM) as the head of the unit. The core group at the district level consists of an expert in gender sensitization, monitoring, communication, capacity building and accounts. The DPSU provides back up support to PFTs and keeps linkage with Zila Panchayats. It also ensures smooth flows of funds to village institutions.

Zila Panchayat Sub-Committee, a District Poverty Initiatives Sub-Committee (ZPDPIS) of Zila Parishad, is the apex body to be constituted at each selected district for reviewing and monitoring of the sub-projects in the district. ZPDPIS, headed by the Chairman of Zila Panchayat, comprises public representatives, CEO (Zila Parishad) as nodal officer, and representative of PFTs, CIG members, NGOs and village PRIs. DPM is its Member-Secretary. There is also a Steering Committee at the district level under the chairmanship of the District Collector for project implementation and monitoring.

1.7.6 State Level

An Apex Society has been constituted at the state level under the chairmanship of the Chief Minister. The Minister of Rural Development and Panchayati Raj is ex-officio Vice Chairman of the society. Members of society are the Chief Secretary,

Secretaries of various departments and other eminent personalities. It reviews the project implementation, formulates State level policy and makes budget allocation. The society is having State level administrative unit, known as the State Project Unit (SPU), which is headed by the State Project Coordinator and assisted by a group of coordinators consisting of an expert each in administration, finance, monitoring and learning, capacity building, communication, gender and agriculture.

1.7.7 Financing DPIP

The total outlay of the project is Rs. 606.15 crores, out of which IDA's loan portion is Rs. 495.49 crores, the state's share is Rs. 41.85 crores, local community's contribution for claiming the ownership of the sub-project is Rs. 22.50 crores and funds in Apna Kosh are the contribution made by the CIGs for maintenance of community infrastructure in the villages is Rs. 46.35 crores. The source of funds in tabular form is given as under:

Table 1.1: Sources of Funding the DPIP

Sources	Amount (Rs. Crore)	Percentage Contribution
1	2	3
Madhya Pradesh Government	41.85	6.9
IDA	495.49	81.74
Local Communities	22.5	3.71
Sub-total	559.8	92.35
Apna Kosh (Village Fund)	46.35	7.65
Total	**606.15**	**100.00**

Chapter 2

The Evaluation Study: Objectives and Methodology

At the behest of the Government of Madhya Pradesh and the Planning Commission, the Programme Evaluation Organization (PEO) undertook the evaluation study of DPIP to assess the effectiveness of planning and implementation methods, efficacy of physical and financial performance, impact and the sustainability of the sub-projects.

2.2 Objectives

The specific objectives of the study *inter alia* included the assessment/ examination of:

- organizational structure and decision-making processes that are involved at different nodes of the implementing machinery;
- the extent of coverage of the target group and utilization of village fund;
- the efficacy of the methodology adopted in identifying the target groups/ potential beneficiaries;
- the socio-economic profile of the target groups;
- the types of activities undertaken by the target group, their sustainability and replication; and
- the impact of the project on the well being of the disadvantaged.

Besides, the study also aims at deriving the lessons, if any, from DPIP's interventions for making suitable suggestions for improving the effectiveness of the delivery system.

2.3 Methodology

Both primary and secondary data were collected through instruments of observation designed at different levels for testing the hypotheses implicit in the aforesaid objectives. While the secondary data were collected through the structured schedules at State, district and PFT levels for assessing the physical and financial performance and the adequacy of the implementation mechanism, the primary data were generated by canvassing the schedules at village, CIG, beneficiary, and non-beneficiary from control villages for assessment/ examination of socio-economic profile of target groups, impact, sustainability and replication of the project.

While with and without approach was adopted in assessment of the impact on the well being of the beneficiaries in experiment villages, the data on relevant aspects were also collected from the respondents of control villages as standard of comparison for checking the results of the experiment group.

2.4 Instruments

The following eight instruments of observation were designed for generation of relevant data for the study:

- State Level Schedule
- District Level Schedule
- Project Facilitation Team (PFT) Level Schedule
- Village Level Schedule
- Control Village Level Schedule
- Common Interest Group (CIG) Level Schedule
- Beneficiary Level Schedule
- Non-beneficiary Level Schedule from Control Village

2.4.1 State and District Level Schedules

The state and district level schedules were designed to generate secondary data on variables, viz: institutional arrangements made for planning and implementation, the extent of coverage of villages and target population and financial and physical performance of the project.

2.4.2 Project Facilitation Team (PFT) Level Schedule

This schedule was structured with a view to collecting the data on the status of PFTs, the extent of coverage of villages under PFTs, and physical and financial performance of development activities undertaken in the villages.

2.4.3 Village Level Schedule

The schedule was designed to generate information on coverage of target population, investment, cost and income earnings from different types of activities, viz., land-based and income-generating. Besides, the data on physical and financial performance of beneficiary-oriented activities, community infrastructure development and changes effected due to different activities of CIGs were also sought to be collected through this schedule.

2.4.4 Control Village Level Schedule

The control village schedule was designed to collect the data on relevant indicators as standard of comparison for checking the results of experiment village.

2.4.5 Common Interest Group (CIG) Level Schedule

The CIG schedule was structured to collect primary information on the profile of CIGs, sub-project's investment, and cost and earnings from various development activities undertaken by the beneficiaries of the project.

2.4.6 Beneficiary Level Schedule

The beneficiary level schedule was designed to collect primary information on the profile of beneficiaries and impact of the project on their well-being.

2.4.7 Non- Beneficiary Level Schedule

The non-beneficiary schedule was structured to collect comparative data on the relevant indicators from the respondents of the control villages for making an assessment of the impact of the project.

2.5 Guide Points

Besides, the guide points were also prepared to help the field teams in preparation of qualitative notes, which were developed on the basis of the discussions held with implementing agencies, village institutions and knowledgeable persons.

2.6 Sampling Design

A multi-stage stratified random sampling design adopted for the study is as follows:

2.6.1 Selection of District

Following the stratified random sampling method, four districts from three regions of Baghelkhand, Bundelkhand and West Malwa where DPIP had been in operation were selected by ensuring a minimum representation of one district from each region. Accordingly, four districts, namely, Guna, Shajapur, Narsinghpur and Sidhi were selected randomly for carrying out the field survey.

2.6.2 Selection of Project Facilitation Teams (PFTs)

From each district, two PFTs one from NGO subject to availability were selected randomly.

2.6.3 Selection of Village

Three villages from each PFT were selected following the random sampling method. Besides, one control village adjacent to the selected PFT village was also chosen as standard of comparison for checking the results of experiment group/ village.

2.6.4 Selection of Common Interest Groups (CIGs)

From each village, four CIGs each having life span of more than 12 months were selected with the help of random sampling method by ensuring adequate representation to different types of activities undertaken by them.

2.6.5 Selection of Beneficiaries

From each CIG, two beneficiaries (one from executive members) were selected randomly.

2.6.6 Selection of Non-Beneficiaries (from Control Villages)

Two non-beneficiary persons belonging to BPL households/marginal farmers/ wage earners were selected from the neighbouring village of selected DPIP village. Accordingly, the sample size constituted for the study is as follows.

Table 2.1: Sample size

Sample Unit		Size (No)
1	2	3
Districts		4
PFTs	(2x4)	8
Villages	(3x2x4)	24
Control Villages		8
CIGs	(4x3x2x4)	96
Beneficiaries	(2x4x3x2x4)	192
Non-beneficiaries	(2x2x4)	16

2.7 Reference Period

The study has covered a reference period of approximately three years i.e. from 1 March, 2001 to 31 March, 2004. The sample survey was conducted during July-October, 2004.

Chapter 3

Organizational Structure and Implementation Mechanism

To ensure effective implementation of decentralized delivery mechanism, the project has envisaged elaborate arrangements for institutional structure at different nodes of implementing machinery. A schematic diagram of institutional arrangements made at different levels from state to village is given at the end of the chapter.

3.2 State Level

At the state level, an apex society called **Madhya Pradesh Society for Poverty Alleviation Initiatives (MPSPAI)** is constituted under the chairmanship of the Chief Minister, which includes Minister of Panchayat Raj and Rural Development as Vice-Chairman, Chief Secretary, Secretaries of Finance and Rural Development Departments, experts in related fields and representatives from NGOs as members. The State Project Coordinator is the Convener of the Board of the Society. The functions of society are to oversee project implementation, formulate State level policy, coordinate different activities, assess performance of district level institutions in identification of the poor for coverage under the project and make budgetary allocation for the districts.

3.2.1 State Project Unit (SPU)

The apex society is supported by the State Project Unit (SPU) headed by the State Project Coordinator (usually from IAS cadre) with responsibilities to carry out activities relating to monitoring, financing and auditing at the State level. The State Project Coordinator is assisted by seven other coordinators having expertise in related disciplines of administration, finance, human resource development, monitoring and learning, communication, agriculture and gender. In addition to these, three regional specialists in the fields of agriculture, veterinary science and engineering are also engaged in implementation of the project. All these officials drawn from different government departments are taken on deputation.

The PEO team observed that SPU was effective in project monitoring carried out through tele-conferences with DPMs and PFT members. While sharing the

experiences of PFT members and DPMs, the efforts were made to find ways and means to resolve the problematic issues through such tele-conferences.

3.3 Zila Panchayat District Poverty Initiatives Sub-Committee (ZPDPIS)

Though the project has made a provision for constitution of a Zila Panchyat District Poverty Initiatives Sub-Committee (ZPDPIS) at the district level headed by Zila Panchayat Adhyakasha with DPM as convenor, such committees were not constituted in sample districts.

3.4 District Project Support Unit (DPSU)

In the absence of ZPDPIS, the executive arm of the ZPDPIS called District Project Support Unit (DPSU) headed by the DPM is discharging the functions. A core group comprising experts in the fields of monitoring, gender sensitization, communication, accounting and administration provides assistance to DPM for ensuring the smooth functioning of PFTs and CIGs.

3.5 Steering Committee

Similarly, though the project guidelines provides for constitution of a Steering Committee at district level to facilitate DPSU in carrying out the functions of coordination with other district level departments, **the PEO team's observation revealed that no such Committees were constituted in sample districts. In fact, the functions of Steering Committee were being carried out by the District Collector.**

3.6 PFT Level

The functions of the Project Facilitation Team (PFT) are to educate the villagers about preparation of wealth ranking, identification of the target families, fostering participation, formation of groups, assisting in selection of activities and preparation of proposals for the sub-projects. **During the discussions with sample PFT members, it was revealed that proper procedure had been adopted in identification of the target groups. The visits across the villages were also made by the PFT members to collect relevant data for preparation of village resource mapping.**

The PEO team also observed that the PFTs had established effective dialogue with CIG members and created awareness among them about the benefits of the project. While the wealth ranking of the people in the sample villages was

done by the PFTs with the help of three groups of knowledgeable persons of the village from different socio-economic background, the PFTs with the assistance of Gram Sabha identified the target groups with a reasonable degree of fairness. The PFTs also helped the CIGs in selection of the sub-projects.

3.7 Entry Point Activities (EPAs)

Though the project made a fund provision of Rs. 5,000 for undertaking entry point activities (EPAs) in the village for creating awareness and confidence building among the villagers about the utility of the project, the PEO team observed that such activities were rarely undertaken in any of the 24 sample villages' which was mainly due to lack of initiatives on the part of the PFTs.

3.8 Village Level

The project design envisages the constitution of Village Development Committees (VDCs) in each of the identified villages after formation of at least three CIGs. The VDC was supposed to prepare village plans, approve CIGs sub-projects, monitor CIGs' activities, examine the accounts of CIGs, interact with other agencies for additional resource generation and undertake developmental works in the village. **However, the PEO team noticed that such VDCs were not formed in any of the sample villages due to lack of initiatives on the part of PFTs and other institutions. The team also observed that the performance of the project had been adversely affected due to non-formation of VDCs in the sample villages.**

Non-formation of VDCs have resulted in the following drawbacks in performance of the project;

- **the activities under community infrastructures have taken place only in 50 per cent of the sample villages resulting in expenditure of only 27 per cent of the proposed allocation**
- **poor monitoring of the activities of the CIGs.**
- **CIGs have distributed the divisible assets among members.**
- **CIGs have not maintained the Bank Accounts as per the guidelines of the project document.**
- **earnings have not deposited in the bank by the CIG members.**

3.9 Apna Kosh

'Apna Kosh' or village development fund is an innovative concept of the project, which is meant for the maintenance of the assets created by the project in the selected villages and carrying out other developmental activities. **The PEO team observed that 10 per cent cost of sub-projects contributed by CIGs had been deposited in *Apna Kosh* in all 24 sample villages. This fund would become a sustainable source of funding for village development.**

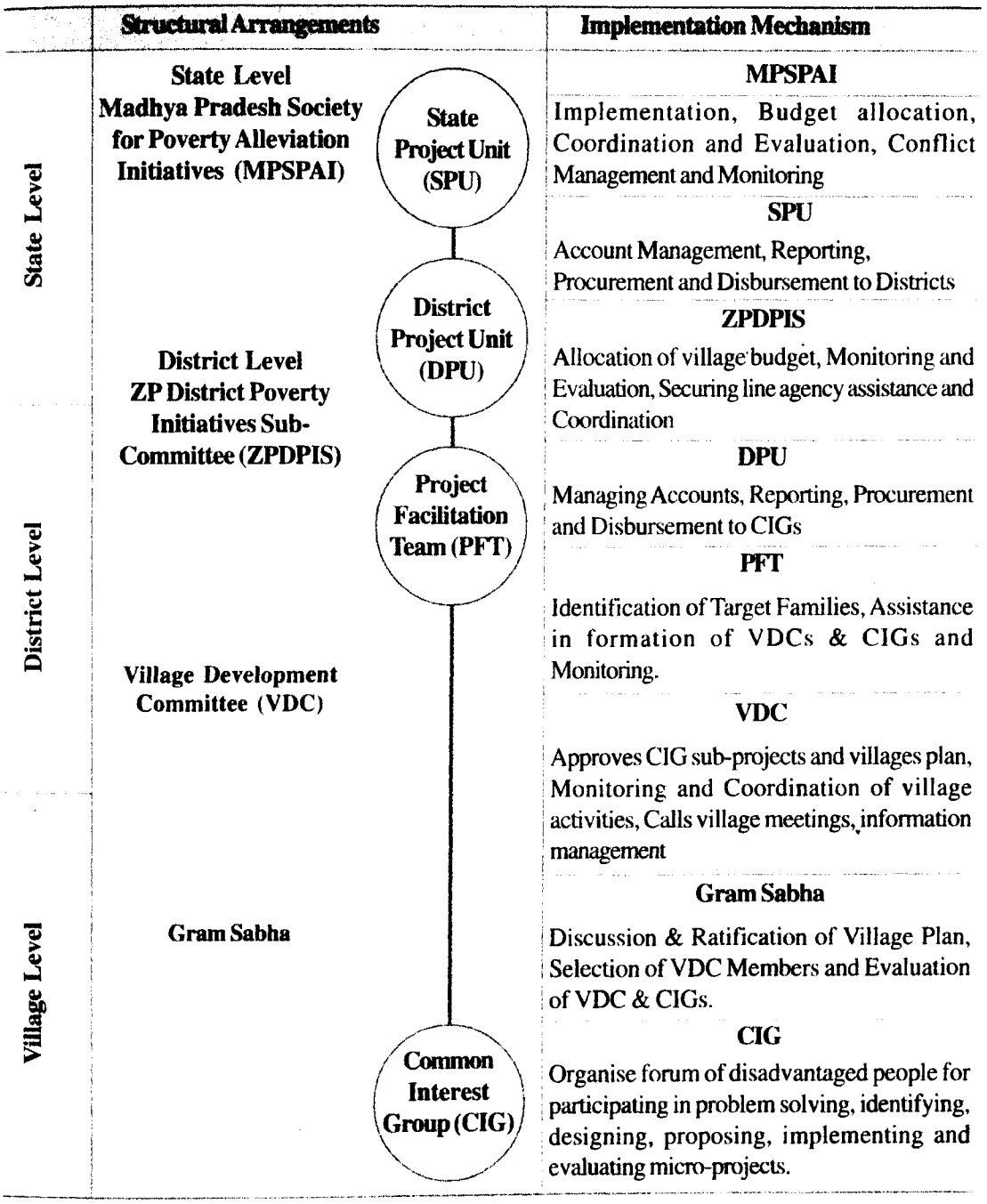
3.10 Common Interest Group (CIG) Formation

The disadvantaged families with common interest in any of the development activities were designed to come together to form a Common Interest Group (CIG) for deriving benefits out of the identified activities. A minimum of five members from different households willing to take up a common activity can form a CIG. The CIG will select activity with the help of PFT members and prepare a sub-project. The CIG comprises a President, two bank signatories, one Secretary (from among CIG members) and a few other members. A CIG has to register with DPSU and open a bank account in its name. The CIG account would be operated by two bank signatories. The CIG has to compulsorily deposit 5 per cent of the total sub-project cost into the CIG account. Having fulfilled these formalities, PFT recommends the DPSU for releasing of 45 per cent of the total cost of the sub-project (the component of DPIP) into the CIG account. On the recommendation of PFT, the remaining 50 per cent would be released on submission of the utilization certificate of the previous installment and also after depositing 10 per cent of the total cost of sub-project in *"Apna Kosh" or "Gram Kosh"*. All decisions about the CIG activities would be taken in the presence of its President.

The PEO team observed that there was a gap between the strategy that was intended to be employed in implementation of the project and the existing ground realities. For instance, the concept of formation of CIGs for implementation of development activities in most of the activities was not workable due to lack of interdependence in their functions except in those activities where natural complementarities of functions existed, viz; band parties, blanket weaving, centering units, etc.

In one of the CIGs engaged in LB activities in sample village of Guna District, **PEO field team** found that though the formalities for activation of CIG were completed in keeping with the requirements of the project, yet the CIG did not exist in reality as the members had divided the assets among themselves.

Flow Chart of Institutional Arrangements



Chapter 4

Performance: Physical & Financial

The project is being in operation since March, 2001 covering 14 districts of Madhya Pradesh. The project cost was estimated at Rs. 606.15 crore with a life span of five years ending 2006. An attempt has been made to analyse the data collected for assessment of the physical and financial performance of the project in terms of coverage of target families, types of activities/sub-projects under taken and utilistaiton of funds at State, district, cluster and village levels.

4.2 State Level –Coverage of Villages and Target Families

Year wise coverage of villages is given in Table 4.1.

Table 4.1: Year-wise Coverage Target Villages Identified and Covered

No. of Target Villages and their Coverage			
Sl. No.	**Year**	**No. of Target Villages**	**No. of Villages Covered**
1	**2**	**3**	**4**
1	2001-02	2932	102 (3.47)
2	2002-03	00	625 (21.31)
3	2003-04	00	850 (28.99)
	Total	**2932**	**1577 (53.78)**

The number of villages covered means the actual number of villages where PFTs had been formed. The pace of coverage of villages in the initial years was slow, but gained momentum gradually. The low coverage of the target villages in the initial years is attributed to their inaccessibility.

The social category-wise coverage of the identified families up to 31 March, 2004 is given in Table 4.2. As against the identified target families of 3, 55,345 only 1, 10,264 families were covered up to March. 2004.

Table 4.2: Category-wise Percentage Coverage of Families

Sl. No.	Category	Identified Target Families	Benefited Families	Percentage Covered
1	2	3	4	5
1	SC	85594	25770	30
2	ST	79079	27529	35
3	Others	190672	56965	30
	Total	**355345**	**110264**	**31**

As indicated in the table, the physical performance of the last three years of the project is very low. While **only 31 per cent of the target families** have been covered up to 31 March, 2004, 69 per cent of the target families are yet to be covered in the remaining two years of the project period.

4.3 Social Category and Gender-wise Coverage of Families

Table 4.3 shows social category and gender-wise number of families covered up to 31 March, 2004.

Table 4.3: Social Category and Gender-wise Coverage of Sub-Projects

Sl. No.	Category	Men	Women	Mixed (Men/Women)	Total
1	2	3	4	5	6
1	SC	2122(61)	820(24)	515(15)	3457
2	ST	2360(62)	905(24)	525(14)	3790
3	Others	3409(65)	717(14)	1092(21)	5218
	Total	**7891(63)**	**2442(20)**	**2132(17)**	**12465**

(Figures given in parentheses show the percentage coverage.)

It is indicated that only 20 per cent of CIGs are formed by women against the target of 50 per cent. This means that the project has not been able to mobilize the rural women to form CIGs to the desired extent. The main factor responsible for low coverage of women is the lack of women empowerment in decision making, as rural India still represents the society with male dominance. This is also reflected in inadequate representation of women in PFT formation. **Having realized this, the State Government has now reduced the target coverage of women in formation of CIGs from 50 per cent to 30 per cent.**

4.4 Financial Performance

As envisaged in the project, the World Bank proposed to release the funds in the name of board of the Madhya Pradesh Society for Poverty Alleviation Initiatives (MPSPAI) and allocate budgets to districts based on performance of the district in terms of coverage.

The utilization of funds during the first three years of the project period is 17.41 per cent of the total outlay of Rs.606.15 crores. Of the allocation of Rs. 105.52 crores, 26.5 per cent has been spent **on project administration, human resource development, communication, formation and strengthening of organization and monitoring and learning system** up to 31 March, 2004. The break-up of the expenditure is given in Table 4.4.

Table 4.4: Break up of Expenditure

Sl. No.	Sub-head of Project	Expenditure Upto 31 March, 2004 (Rs. Crores)
1	2	3
1	Project Administration	6.97 (24.9)
2	Human Resource Development	3.65 (13.0)
3	Communication	0.44 (1.6)
4	Formation and Strengthening of the Organisation	15.63 (55.8)
5	M & L System	1.31 (4.7)
	Total Expenditure	**28 (100)**

(Figures given in parentheses show percentage coverage.)

Though the expenditure incurred on monitoring and learning during the first three years was Rs. 1.31 crores, the functioning of CIGs and their viability were not monitored to the desired extent. The system of monitoring in vogue is not purposeful and appears no different from the routine monitoring system of other departmental projects/ programmes. Also, there is not much evidence to conclude that the feedback from monitoring was analyzed for problem-solving and follow-up action.

4.5 DPIP and CIGs Contribution

The total cost of the sub-project comprises the cost of the sub-project plus charges for the technical assistance at 7 per cent of the former. As per project guidelines, a minimum 5 per cent of the cost of the sub-project is required to be contributed by CIG members and remaining 95 per cent by DPIP. The year and activity-wise DPIPs' and CIGs' contributions in different activities are indicated in Table 4.5.

Table 4.5: Year-wise Distribution of Contributions Made by DPIP and CIGs across Type of Activities

(Rs. in lakhs)

Sl. No	Financial Year	Activity	Contribution		
			DPIP	CIG	Total
1	2	3	4	5	6
1		Land-based	207.05	18.75	225.8
	2001-02	Income-generating	264.37	23.58	287.95
		Total	471.42	42.33	513.75
2		Land-based	1471.78	144.83	1616.61
	2002-03	Income-generating	1329.84	91.11	1420.95
		Total	2801.62	235.94	3037.56
3		Land-based	1870.08	132.48	2002.56
	2003-04	Income-generating	1682.59	113.45	1796.04
		Total	3552.67	245.93	3798.6
4	Grand Total Land-based		3548.91	296.06	3844.97
	Grand Total Income-generating		3276.8	228.14	3504.94
	Grand Total LB and IGA		**6825.71**	**524.20**	**7349.91**

The table reveals that the financial performance in the first year was very low.

Table 4.5 further reveals that although the investment made in the income-generating activities in the first year was comparatively high, the land-based activities attracted more investment in the subsequent years. The first priority by the villagers was given to creation of irrigation facilities under the project, as severe drought conditions prevailed during the last two years of the project implementation.

4.6 Role of NGOs

Table 4.6 indicates district-wise number of PFTs functioning under NGOs and government up to 31 March, 2004.

Table 4.6: Distribution of PFTs by type across Sample District

Sl. No	Name of the District	Total No. of Blocks in the District	No. of Blocks Covered under DPIP	No. of PFTs		
				GO	NGO	Total
1	**2**	**3**	**4**	**5**	**6**	**7**
1.	Chhattarpur	8	5	5	2	7
2.	Damoh	7	2	5	0	5
3.	Guna	5	4	8	1	9
4.	Narsinghpur	6	3	7	0	7
5.	Panna	5	4	8	1	9
6.	Raisen	7	2	5	1	6
7.	Rajgarh	6	4	7	1	8
8.	Rewa	9	7	10	0	10
9.	Sagar	11	3	4	0	4
10.	Shajapur	8	3	5	1	6
11.	Shivpuri	8	4	6	0	6
12.	Sidhi	8	5	8	2	10
13.	Tikamgarh	6	5	5	0	5
14.	Vidisha	7	2	4	1	5
	Total	**101**	**53**	**87**	**10**	**97**

It reveals that the involvement of NGOs in the implementation of the project was quite low.

Besides, the PEO team also observed that though the project was well designed with adequate involvement of PFTs drawn from government departments, the implementation was degenerated into a mere departmental project due to nominal representation of NGOs.

4.7 Capacity Building

One of the primary objectives of the project is to demonstrate to numerous stakeholders the effective and innovative ways of eradication of rural poverty through capacity building. Table 4.7 gives the details of training programmes conducted during the last three years.

Table 4.7: Details of Training Programmes Conducted for CIG Members

Sl. No.	Type of Training	Duration (Days)	No. of Programm conducted			No. of Members Trained		
			2001-02	2002-03	2003-04	2001-02	2002-03	2003-04
1	2	3	4	5	6	7	8	9
1.	Dairy	5	0	23	36	0	529	997
2.	Goatry	3	0	24	41	0	690	1027
3.	Piggery	10	0	1	0	0	8	0
4.	Poultry	5	0	1	1	0	10	11
5.	Small Shops	3	0	0	10	0	0	284
6.	Shoe making	30	0	2	2	0	0	55
7.	Roadside Hotel	5	0	1	1	0	0	25
8.	Bee Trg.	5	0	1	1	0	0	20
	Total		**0**	**53**	**92**	**0**	**1237**	**2419**

As many as 145 need-based training programmes have been organized at different places. The table also reveals that a total of 3,656 persons constituting only 3.3 per cent of the CIG members have been imparted training on different activities. **This is a matter of great concern as the project lays emphasis on capacity building for ensuring effective implementation of development activities**

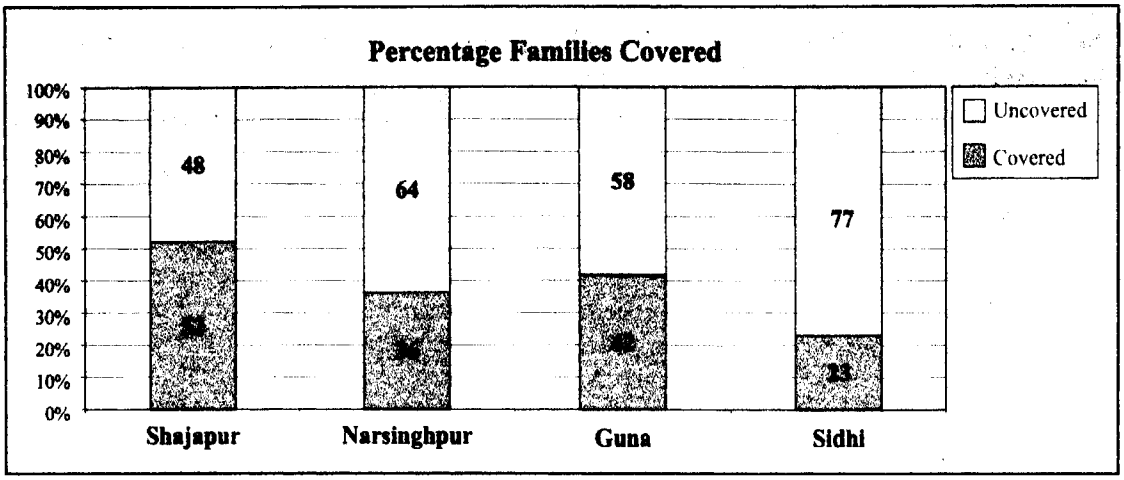
4.8 Communication and Information

To ensure effective implementation, it is essential that there should be a flow of information across various stakeholders. In view of this, the Communication Coordinator at the State level has brought out a monthly publication entitled '*Ekmat*' for wide circulation amongst the DPIP personnel and other concerned. It aims at disseminating the information among the stakeholders about success stories for transfer of best practices. **However, the PEO team observed that though the *Ekmat* was invariably available at the PFT level, the beneficiaries were not aware of such magazine being in circulation.**

4.9 Coverage at District Level

The physical performance measured in terms of percentage coverage of the target families varies across four sample districts. The achievement is the highest in Shajapur (52%) followed by Guna (42%), Narsinghpur (36%) and Sidhi (23%) as indicated in chart 4.1.

Chart 4.1: Percentage Coverage of Families across Sample Districts



The spatial variations in performance at district level can be attributed to different supply side initiatives taken by the implementing agencies across sample districts. In addition, inaccessibility is also observed in Shajapur, Narsinghpur and Sidhi districts. The PEO team also noticed that the identified families were not covered under the project in Sidhi and Narsinghpur districts as they were not in a position to deposit mandatory contribution of 5 per cent cost of the sub-projects.

4.9.1 Financial Performance of CIGs

The district-wise financial contribution of CIGs across activities is given in table 4.8.

It is noted that the contributions made by CIGs belonging to land-based and income-generating activities varied from 5.06 per cent in Narsingpur to 14.55 per

Table 4.8: Activity-wise Percentage Contribution of CIGs across Sample Districts

Sl. No.	Financial Year	Activity	Shajapur	Narsingpur	Guna	Sidhi
1	2	3	4	5	6	7
1.	2001-02	Land-based	9.13	5.38	12.15	5.04
		Income-generating	12.88	6.93	14.55	5.01
2.	2002-03	Land-based	13.48	5.06	8.71	8.13
		Income-generating	9.28	6.99	6.04	6.27
3.	2003-04	Land-based	11.71	5.99	5.42	7.8
		Income-generating	9.97	5.66	5.98	6.71

cent in Guna which are above the mandatory contribution of 5 per cent cost of sub-projects. **The PEO team observed that the identified families for formation of CIGs were relatively well off in Guna and Shajapur districts.**

4.9.2 Financial Performance of PFTs

The year-wise DPIPs' and CIGs' contributions are shown in table 4.9 below:

Table 4.9: PFT /Year /Activity-wise DPIP and CIGs Contribution

(Rs. in thousands)

Sl. No.	PFT	Beneficiary oriented Activity	Year 2001-02 Allocation			Year 2002-03 Allocation			Year 2003-04 Allocation			Total Allocation		
			DPIP	CIGs	Total	DPIP	CIGs	Total	DPIP	CIGs	Total	DPIP	CIGs	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Sushner-1	Land-based	00	00	00	146	17	163	00	00	00	146	17	163
		Income-generating	1518	307	1825	3097	293	3390	3069	356	3425	7684	956	8640
2	Agar-1	Land-based	104	9	113	2257	207	2464	1954	110	2064	4315	326	4641
		Income-generating	354	31	385	2592	158	2750	3664	241	3905	6609	430	7039
3	Chichli-1	Land-based	00	00	00	154	8	162	3017	160	3177	3171	168	3339
		Income-generating	00	00	00	7550	400	7950	2149	107	2256	9699	507	10206
4	Narsinghpur-1	Land-based	00	00	00	00	00	00	810	43	853	810	43	853
		Income-generating	00	00	00	362	18	380	3340	167	3507	3702	185	3887
5	Rampur Naikin	Land-based	296	16	312	1203	74	1277	991	69	1060	2490	159	2649
		Income-generating	444	24	468	2325	1300	3625	2958	201	3159	5727	1525	7252
6	Chitrangi-1	Land-based	00	00	00	2728	214	2942	3046	210	3256	5774	424	6198
		Income-generating	117	6	123	1917	143	2060	1156	66	1222	3190	215	3405
7	Raghogarh-1	Land-based	1819	277	2096	531	70	601	2084	149	2233	4434	496	4930
		Income-generating	387	68	455	129	21	150	949	67	1016	1465	156	1621
8	Aron-2	Land-based	00	00	00	883	47	930	3460	188	3648	4343	235	4578
		Income-generating	00	00	00	1742	97	1839	793	43	836	2535	140	2675
9.	Total	Land-based	2219	302	2521	7902	637	8539	15362	929	16291	25483	1868	27351
		Income-generating	2819	436	3255	19714	2430	22144	18078	1248	19326	40611	4114	44725
	Grand Total		**5038**	**738**	**5776**	**27616**	**3067**	**30683**	**33440**	**2177**	**35617**	**66094**	**5982**	**72076**

Funds to the extent of Rs. 720.76 lakhs have been invested in land-based and income-generating activities in eight sample PFTs. Out of this, Rs. 660.94 lakhs are allocated from DPIP and Rs. 59.82 lakhs are contributed by CIGs.

The low average contribution per family is explained by non-receipt of subsequent installment by CIGs.

During discussions with the PFT officers, it was learnt that their personnel were overworked due to increased number of CIGs and non-formation of VDCs which had adversely affected the performance of PFTs in coverage of villages and target families.

4.10 Coverage at Village Level

The percentage coverage of target families across 24 sample villages are shown in Table 4.10.

Table 4.10: Year-wise Percentage Coverage of target families across sample villages

Year-wise and Village-wise Families identified/coverage							
Sl. No.	District	Village	Families Identified	Families Covered			Overall coverage (per cent)
				2001-02	2002-03	2003-04	
1	2	3	4	5	6	7	8
1	Guna	Kolaras	228	60	81	17	69
		Banskhedi	175	0	64	15	45
		Kailaspura	157	46	35	15	61
		Gailon	51	0	5	35	78
		Kasvamadhi	455	0	0	207	45
		Chirola	89	0	89	0	100
2	Narsinghpur	Gotegaon	115	0	0	15	13
		Jhirikala	89	0	0	30	34
		Belkheda	159	0	35	15	31
		Thalwara	164	0	10	25	21
		Chhindkheda	81	0	20	5	31
		Ukasghat	135	0	13	50	47
3	Shajapur	Bamniyakhedi	230	0	73	45	51
		Khimapur	102	0	10	25	34
		Amarkot	102	0	20	5	25
		Nanyakhedi Ahir	195	0	22	31	27
		Kundlakhurd	132	0	25	11	27
		Bharbhuji	130	0	42	49	70
4	Sidhi	Natwar	150	0	23	0	15
		Nandini	88	0	30	5	40
		Dhawai	386	0	0	84	22
		Jhalwar	366	0	31	21	14
		Patehra	122	0	20	44	52
		Gopalpur	263	14	25	42	31
	Total		**4164**	**120**	**673**	**791**	**38**

The coverage of target families in all 24 sample villages for the years of 2001-02, 2002-03 and 2003-04 has been worked out at 2.88 per cent, 16.16 per cent and 18.99

per cent respectively. The overall coverage by 31 March, 2004 was only 38 per cent against the expected coverage of 60 per cent for three years.

4.10.1 Coverage of Very Poor Families

Following the wealth ranking process for identification of target families, the families were classified into four groups, viz., very poor, poor, middle and rich. The project intends to extend the benefits of its initiatives only to the poor. Table 4.11 indicates the coverage of the identified very poor families in 24 sample villages.

Table 4.11: Coverage of 'Very Poor' Category in Sample Villages

Sl. No.	District	Village	Very poor	Covered	Per cent Coverage
1	2	3	4	5	6
1.	Guna	Kolaras	35	16	46
		Banskhedi	31	4	13
		Kailaspura	57	49	86
		Gailon	17	13	76
		Kasvamadhi	75	40	53
		Chirola	7	7	100
2.	Narsinghpur	Gotegoan	65	21	32
		Jhirikala	96	52	54
		Belkheda	61	19	31
		Thalwara	15	4	27
		Chhindkheda	11	3	27
		Ukasghat	15	6	40
3.	Shajapur	Bamaniyakhedi	371	103	28
		Khimapura	33	15	45
		Amarkot	82	25	30
		Nanyakhedi Ahir	156	33	21
		Kundlakhurd	61	16	26
		Bharbhuji	64	43	67
4.	Sidhi	Natwar	61	18	30
		Nandini	45	19	42
		Dhawai	205	48	23
		Jhalwar	183	32	17
		Patehra	17	2	12
		Gopalpur	103	25	24
	Total		**1866**	**613**	**33**

The coverage of families under very poor category works out to be only 33 per cent in all 24 sample villages. The PEO team observed that the low coverage of the very poor families especially in Chhind Kheda, Thalwara and Belkheda villages is attributed to the factors, such as; difficulties in CIG formation, inability of beneficiaries to contribute 5 per cent of the sub-project cost and differential supply side initiatives taken by the implementing agencies across PFTs and districts.

4.10.2 CIGs' Contribution and Fund Utilisation

The financial performance of the sample villages in terms of DPIP's and CIGs' contributions is shown in table 4.12. The details are given in Appendix Table at the end of the chapter.

Table 4.12: Activity-wise percentage utilization of funds and contributions of DPIP's and CIGs'

(Rs. in thousand)

No. of Sample Villages	Beneficiary Activity	Allocations			Expenditure	Percentage Expenditure	Percentage CIGs Contribution
		DPIP	CIGs' Contribution	Total			
1	2	3	4	5	6	7	8
24	Land-based	9043	954	9997	9993	99.95	10
	Income-generating	10720	655	11375	11375	100	6
	Grand Total	**19763**	**1609**	**21372**	**21368**	**99.98**	**8**

The table indicates that the funds allocated for the sub-projects in the sample villages have been fully utilized as the utilization of funds works out to be above 99 per cent for CIGs belonging to both the activities of land-based and income-generating. The contributions made by the CIGs belonging to both categories varied from 6 per cent in income-generating to 10 per cent in land-based activities which is much above the mandatory contribution of 5 per cent cost of sub-projects.

4.11 Community Infrastructure Development

The project makes a provision for village infrastructure development fund which is 30 per cent of the total allocation of the village family fund with a maximum of Rs. 12 lakhs.

Table 4.13 shows the utilization of funds for creation of infrastructure facilities in sample villages.

Table 4.13: Allocation and Utilization of Community Infrastructure Development Funds across Sample Villages

(Rs in thousands)

Sl. No	District	Village	Community Infrastructure Activity	Releases			Expen-diture	Percentage Expen-diture	Proposed Allocation	Percentage Expenditure to Proposed Allocation
				DPIP	Others	Total				
1	2	3	4	5	6	7	8	9	10	11
1	Guna	Kolaras	Drinking Water	628	33	661	661	100	1200	52
		Gailon	Community Hall	164.3	8.7	173	173	100	306	56
		Chirola	Community Hall	168.8	8.7	177.5	177.5	100	534	32
2	Narsinghpur	Belkheda	CC Road (200 Mtrs)	92.9	4.9	97.8	97.8	100	954	10
		Thalwara	CC Road (200 Mtrs)	151.25	7.85	159.1	159.1	100	984	15
		Chhindkheda	Two Wells	155.33	8.17	163.5	163.5	100	486	32
		Ukasghat	Roads	200.98	10.42	211.4	211.4	100	810	34
			Two Culvert	74.46	3.84	78.3	78.3	100		
3	Shajapur	Bamniyakhedi	Construction of well	176.58	0	176.58	106.58	60	1200	15
		Khimapura	Pulia	251.11	0	251.11	251.11	100	612	41
		Kundlakhurd	Stop Dam	799.89	42	841.89	841.89	100	792	136
			Stop Dam	276.03	14.5	290.53	290.53	100		
		Bharbhuji	Stop Dam	1205	1159	2364	2364	100	780	154
4	Sidhi	Dhawai	2 Rooms in EGS	171	9	180	180	100	1200	14

The community infrastructure projects have been taken up only in 12 sample villages. While only 27 per cent of the proposed outlay has been utilized in 10 sample villages, the utilization of funds in the remaining two villages is above 100 per cent.

Besides, the PEO team also observed that though a very few activities under village infrastructure development were taken up in sample villages, the facilities created were found to be very useful to the villagers. **The low performance of these activities was attributed to non-constitution of VDCs and non-preparation of proper village plan.** Nevertheless a success case of **stop dam constructed in Bharbhuji village** was noticed by the field team. It was revealed that the stop dam was very useful to the beneficiaries even though they were paying Rs. 150 per bigha per year for utilizing its water for irrigation purposes. Besides increasing the vegetative cover of the area, the stop dam has helped in raising the water table also. This tends to suggest that if such viable sub-projects are taken up, there is a huge scope for area/community development.

Appendix Table 4.12
Activity-wise Contributions of DPIP and CIGs across Sample Villages

Sl. No.	Village	Beneficiary Activity	Allocation			Expenditure	Percentage Expenditure	Percentage CIGs Contribution
			DPIP	CIGs' Contribution	Total			
1	2	3	4	5	6	7	8	9
1	Kolaras	Land-based	1849	325	2174	2174	100	15
		Income-generating	93	16	109	109	100	15
2	Banskhedi	Land-based	867	166	1033	1033	100	16
		Income-generating	65	11	76	76	100	15
3	Kailaspura	Land-based	700	37	737	737	100	5
4	Gailon	Land-based	647	34	681	681	100	5
		Income-generating	53	3	56	56	100	5
5	Kasvamadhi	Land-based	1669	114	1783	1783	100	6
		Income-generating	314	17	331	331	100	5
6	Chirola	Land-based	364	20	384	384	100	5
		Income-generating	617	33	650	650	100	5
7	Gotegaon	Land-based	68	4	72	72	100	6
		Income Generating	135	7	142	142	100	5
8	Jhirikala	Income-generating	306	14	320	320	100	4
9	Belkheda	Income-generating	492	25	517	517	100	5
10	Thalwada	Land-based	58	3	61	61	100	5
		Income-generating	249	14	263	263	100	5
11	Chhindkheda	Land-based	181	10	191	191	100	5
		Income-generating	35	2	37	37	100	5
12	Ukasghat	Land-based	49	3	52	52	100	6
		Income-generating	3995	214	4209	4209	100	5
13	Bamniyakhedi	Land-based	241	22	263	263	100	8
		Income-generating	742	67	809	809	100	8
14	Khimapura	Land-based	125	16	141	141	100	11
		Income-generating	186	21	207	207	100	10
15	Amarkot	Land-based	109	13	122	122	100	11
		Income-generating	114	13	127	127	100	10
16	Nanyakhedi	Land-based	115	6	121	121	100	5
	Ahir	Income-generating	372	20	392	392	100	5
17	Kundla Khurd	Land-based	257	35	292	292	100	12
		Income-generating	130	7	137	137	100	5
18	Bharbhuji	Land-based	404	23	427	423	99	5
		Income-generating	855	48	903	903	100	5
19	Natwar	Income-generating	221	14	235	235	100	6
20	Nandini	Land-based	229	45	274	274	100	16
		Income-generating	44	3	47	47	100	6
21	Dhawai	Land-based	360	28	388	388	100	7
		Income-generating	380	20	400	400	100	5
22	Jhalwar	Land-based	500	36	536	536	100	7
		Income-generating	132	22	154	154	100	14
23	Patehra	Land-based	48	3	51	51	100	5
		Income-generating	347	20	367	367	100	6
24	Gopalpur	Land-based	203	11	214	214	100	5
		Income-generating	843	44	887	887	100	5
25	Total	Land-based	9043	954	9997	9993	100	10
		Income-generating	10720	655	11375	11375	100	6
	Grand Total		**19763**	**1609**	**21372**	**21368**	**100**	**8**

Chapter 5

Profile of Common Interest Groups

To achieve the ultimate objective of poverty alleviation, the project has conceived an innovative concept of formation of Common Interest Group (CIG) as a strategy to ensure effective implementation of development initiatives. The success of the project depends on sustainability of development activities which in turn depend on availability of critical services and facilities, viz.; availability of funds, interdependence of functions of CIG members and their status of functionality.

An attempt is made to analyse the data collected on the relevant aspects of CIG, viz.; availability of funds, functionality, profile and interdependence of functions of CIG members, which will have a bearing on their sustainability.

5.2 Availability of Funds across Types of Activities

The activities adopted by the sample CIGs can be broadly divided into two categories, viz.; land-based (LB) activities and income-generating (IG) activities. The LB activities include the construction and renovation of wells, bunding, land levelling etc., whereas, IG activities include goat husbandry, dairy farming, poultry farming, petty trading, band parties, bullock-carts and other services. Table 5.1 shows the availability of funds under DPIP for 96 sample CIGs and their contributions.

Table 5.1: Distribution of Sub-Project Investments across type of Activities

(In Rs.)

Sl. No.	Type of Activities	No. of CIGs	DPIP Investment	CIGs Contribution	Total
1	2	3	4	5	6
1	Land Based Activity	37	2502180	270636	2772816
		(39)	(43)	(10)	(44)
2	Income Generating	59	3336602	216754	3553356
	Activities	(61)	(57)	(6)	(56)
	Total	**lm96**	**5838782**	**487490**	**6326172**
		(100)	**(100)**	**(8)**	**(100)**

Figures in parentheses indicate approximate percentages.

The project guidelines stipulate that minimum 5 per cent of the cost of sub-project is to be contributed by CIG for enabling them to receive the first installment of the allocated funds. In this context, it is seen from the table 5.1 that while the contribution made by CIGs of LB activities is 10 per cent, it is 6 per cent by CIGs of IG activities, which is found to be much above the mandatory contribution of 5 percent.

This implies that the formation of CIGs comprised members with better financial status compared to those poor families who could not meet the requirement of mandatory contribution (5%) towards the sub-projects. Such poor families were, therefore, left out of the coverage of the project. As discussed in the preceding chapter under performance, the low coverage of target population is attributed to inability of poor families to meet the requirement of mandatory contribution towards sub-projects.

This tends to suggest that the mandatory contribution (5%) is a binding constraint on the poor (asset less) families to form a CIG which should not be the criteria for release of funds under the project.

5.3 Functionality of CIGs

Table 5.2 shows the distribution of CIGs according to type of activities and status of functionality.

Table 5.2: Distribution of Sample CIGs according to Type of Activities and Functionality

Sl. No.	Type of Activity	No. of CIGs	No. of fully functional CIGs
1	**2**	**3**	**4**
1	Land-Based	37	31
		(39)	(84)
2	Income-Generating	59	52
		(61)	(88)
	Total	**96**	**83**

Figures in parentheses indicate approximate percentages.

It is understood from the table that 83 CIGs have been found to be fully functional and the remaining 13 CIGs are partially functional. The term partially functional means having identified some bottlenecks in the implementation, the activities initially adopted by the CIGs are getting modified or altered to make them fully functional. Though the

partial functionality of CIGs belonging to LB activities is mainly due to lack of wholesome sub-project package, i.e., inadequate or no use of support/technical services by the CIGs, the partial functionality of CIGs in IG activities was due to disintegration of CIGs arising out of lack of interdependence in their functions.

5.4 Type of CIGs by Gender

Table 5.3 shows the distribution of CIGs by gender and type of activities undertaken by them. The figures indicate that **the percentage of CIGs formed by women is approximately 20 per cent against the desired target of 50 per cent.** This tends to suggest that the project has achieved only a **limited success** in empowering the rural women. Thus, the very objective of empowerment of rural women as originally envisaged did not receive due consideration in implementation. It is indicated that of the 19 CIGs formed by women, 16 CIGs (84%) have adopted IG activities which included goat husbandry, poultry, dairy farming, etc.

Table 5.3: Distribution of CIGs according to Gender and Type of Activities

Sl. No.	Gender type of CIG	No. of CIGs	No. of CIGs with LBA	No. of CIGs with IGA
1	**2**	**3**	**4**	**5**
1	Men	59	25	34
2	Women	19	03	16
3	Mixed	18	09	09
	Total	**96**	**37**	**59**

5.5 Social Category of CIGs

Table 5.4 gives the distribution of sample CIGs according to social category and type of activities adopted by them.

The CIGs formed by others have constituted the maximum of 52 per cent of the total groups. It is also found that while a majority of 69 per cent CIGs belonging to Scheduled Castes have adopted IG activities, the 57 per cent CIGs formed by Scheduled Tribes have undertaken LB activities.

Table 5.4: Distribution of CIGs according to Social Category and Type of Activities

Sl. No.	Social Category of CIG	No. of CIGs	No. of LBA CIGs	No. of IGA CIGs
1	**2**	**3**	**4**	**5**
1.	Scheduled Caste	32	10	22
		(33)	(31)	(69)
2.	Scheduled Tribe	14	08	06
		(15)	(57)	(43)
3.	Others(*)	50	19	31
		(52)	(38)	(62)
	Total	**96**	**37**	**59**

(Figures in parentheses indicate approximate percentages.)

(*) includes CIGs formed by members of OBC and General Category with dominance of the former.

Table 5.5 gives the distribution of sample CIGs according to social category and type of functionality.

It reveals that the percentage of fully functional CIGs was the highest among CIGs formed by the category of **others (90%)** which is followed by **Scheduled Caste (84%)** and **Scheduled Tribe (79%).** There is a marked difference of 11.43 per cent between the highest and the lowest levels of CIGs functionality belonging to different social categories. The variation in levels of CIGs functionality is explained by the type of activities taken up by them.

Table 5.5: Distribution of sample CIGs by Social Category and their types of Functionality

Sl. No.	Social Category of CIG	Total No. of CIGs	No. of Fully Functional CIGs	No. of Partially Functional CIGs
1	**2**	**3**	**4**	**5**
1	Scheduled Caste	32	27	05
		(33)	(84)	(16)
2	Scheduled Tribe	14	11	03
		(15)	(79)	(21)
3	Others(*)	50	45	05
		(52)	(90)	(10)
	Total	**96**	**83**	**13**
			(86)	**(14)**

(Figures in parentheses indicate approximate percentages.)

(*) includes CIGs formed by members of OBC and general category with dominance of the former.

5.6 Composition of CIG

On examination of the composition of CIGs, it is found that in majority of the cases (74%), CIGs were formed either by the members of one family or by the close relatives. Based on their characteristics, CIGs are classified into three categories, viz., CIGs formed by the members of one family (category A), by close relatives (category B) and by members not related to each other (category C). Table 5.6 depicts category-wise characteristics of sample CIGs.

Table 5.6: Category wise Distribution of Sample CIGs by Status of Functionality and Type of Activities Adopted

Sl. No.	Category of CIG	No. of CIGs	Functionality of CIG		Type of Activity	
			Full	Partial	LBA	IGA
1	2	3	4	5	6	7
1	A	24	23	01	14	10
		(25)	(96)	(4)	(58)	(42)
2	B	47	41	06	18	29
		(49)	(87)	(13)	(38)	(62)
3	C	25	19	06	05	20
		(26)	(76)	(24)	(29)	(80)
	Total	**96**	**83**	**13**	**37**	**59**

(Figures in parentheses indicate approximate percentages.)

The table reveals that about 25 per cent of sample CIGs were formed by the members of the same family, about 49 per cent by close relatives and only 26 per cent by those who were not related to each other. **This implies that there has been a deviation from the project guidelines which indicate that each member of CIG will represent one family based on common interest in development of any activity.**

It is also implied that having deviated from the project guidelines in CIGs formed the benefits of the project were allowed to extend to the non-disadvantaged group.

As far as functionality of CIGs is concerned, 96 per cent of CIGs in category-A are found to be fully functional followed by 87 per cent in category-B and 76 per cent in category-C. The variations in functionality status of CIGs are explained by internal conflicts, non-workable of the CIG concept in its formation, division of economic

assets among individual members due to lack of interdependence in their functions and presence of dominant members.

While 58 per cent of CIGs in category-A have adopted LB activities, the vast majority of the CIGs from the remaining two categories (B&C) are engaged in IG activities. The formation of majority in adoption of different development activities by CIGs is explained by the fact that the members of CIGs in category-A had large size of land holdings, where as, the members of CIGs belonging to other two categories are either landless or small/marginal farmers.

Table 5.7 depicting the distribution of sample CIGs by gender reveals that the CIGs formed by men are 75 per cent in category-A and 60 per cent in category-B implying the dominance of male over others.

Table 5.7: Distribution of CIGs according to Gender and Family-based CIG

Sl. No.	Gender Type of CIG	Total No. of CIGs	Member Relationship Category		
			A	B	C
1	**2**	**3**	**4**	**5**	**6**
1	Men	59	18	28	13
2	Women	19	03	13	03
3	Mixed	18	03	06	09
	Total	**96**	**24**	**47**	**25**

5.7 Functionality of CIGs across Sample Districts

An attempt is also made to analyse data on status of functionality and type of activities taken up by all CIGs in four sample districts.

Table 5.8 shows the distribution of CIGs by type of activities and their functionality.

It is revealed that while the LB activities are dominant in Guna district, the IG activities have formed majority in Narsinghpur district. Whereas, the districts of Shajapur and Sidhi represent the mixed composition of both activities. The functionality rate of CIGs with different activities across sample districts varies from the highest of 96 per cent in Narsinghpur to the lowest of 83 per cent in other three districts.

Table 5.8: Distribution of CIGs by type of Activities and their functionality across Sample Districts

District	Land-Based Activity			Income-Generating Activities			
	No. of Activities	Fully Functional	Percentage	No. of Activities	Fully Functional	Percentage	Total
1	2	3	4	5	6	7	8
Guna	17	13	76	7	7	100	20 (83)
Narsinghpur	3	3	100	21	20	95	23 (96)
Shajapur	8	7	88	16	13	81	20 (83)
Sidhi	9	8	89	15	12	80	20 (83)
Total	**37**	**31**	**84**	**59**	**52**	**88**	**83 (86)**

5.8 Field Observations

The poverty alleviation initiatives introduced on the basis of the concept of formation of CIG was unable to make much impact on the target population mainly due to mismatch between the requirements of the project design and the ground realities. In most cases, the concept of formation of CIGs introduced as an innovative strategy for implementation of development activities was a non starter due to peculiar characteristics of the target groups which do not warrant the formation of CIGs in desired manner as observed in the sample villages.

The project design envisages formation of CIG comprising the disadvantaged **groups of different families** around a common activity/interest. In the case of LB activities, it was observed that **such disadvantaged groups either do not possess land** or **have small landholdings that too are scattered around.** Besides, even the seemingly disadvantaged groups comprising small/marginal farmers could not reap the intended irrigation benefits of the project due to fragmentation of their land holdings. In this case, channalization/diversion of the irrigation water generated from one well to those fragmented pieces of land is, therefore, cost prohibitive. As a result, the benefits of wells/tubewells for irrigation purposes were inevitably extended to those large farmers who owned a large piece of land. In such cases, the members of CIGs were none other than those of the one family, which availed the benefits of the project or in other cases; the members of close relationship formed the CIGs. This

brings home the point that the formation of CIGs for the disadvantaged groups was not properly conceptualized *vis-à-vis* the grassroots realities.

The inter-district variation in implementation of the project in terms of coverage, functionality and performance of CIGs could be attributed to the following factors:

- In initial stages of the project, the implementation arms of the project at district and cluster levels were manned by highly motivated personnel whose initiatives resulted in high performance of the project.

- However, the positions at these levels of implementation machinery have been gradually taken over by bureaucrats thereby making departmentalization of the project implementation.

- Non-creation of proposed institutional structures has led to degeneration of functions of the implementation machinery at different levels and resulted in excessive work load on the existing functioning. For example, due to non-creation of ZPDPIS at district level and VDC at village level, the functions of the PFTs increased manifold which resulted in low coverage of the villages and target families.

Chapter 6

Sustainability of Sub-Projects

The cost benefit analysis has been attempted to assess the viability and sustainability of sub-projects of different types of activities adopted by Common Interest Groups (CIGs). It is difficult to work out the cost benefit analysis of social development projects, especially under the circumstances, when there is no acceptable evidence of monetary transactions by/among the beneficiaries, however, efforts have been made to arrive at realistic results. The viability of the sub-project activities adopted by the sample CIGs depends to a large extent on possession of entrepreneurship skills, proper management and development of mutual trust among CIG members.

For calculating the viability of activities, all the 96 sample CIGs have been taken into account. The sub-project activities can be broadly classified into two types, viz.; land-based (LB) and income-generating (IG) activities. Out of 96 CIGs, 37 opted for LB activities and the remaining 59 CIGs were engaged in IG activities. The LB activities according to similarities of functions under different activities have been further divided into four sub-groups and similarly the IG activities into seven sub-groups.

6.2 Computation of Net present Value (NPV) of Cost/Earnings

The costs of capital, maintenance, manpower and operation are shown as negative and revenue (earnings) as positive. The data on these costs have been collected to assess the viability of an activity. The capital cost of sub-project has been taken from registers maintained by individual CIGs. The data on maintenance and operation cost and annual earnings were gathered on the basis of discussions with CIG members. The records of earnings had not been maintained by the sample CIGs and hence no entry was found in their bank pass books. The information furnished by the CIG members was assessed to be reasonably credible.

The information collected from the CIGs on expenditure incurred on production of different crops, maintenance and manpower costs, etc, have been taken into account for computation of the net present value (NPV) of cost of LB activities. If the capital cost is incurred subsequently, it is discounted at 8 per cent per annum. The manpower

cost was calculated by multiplying the number of man days spent on the activity with wage rate prevalent in the sample villages.

The capital cost and discounted value of maintenance and other costs (operation, transportation, manpower etc.) have been added for calculation of NPV of cost for IG activities. Besides, 5 per cent of the total capital cost has been taken as operational and maintenance costs for subsequent years.

The earnings of subsequent years have been discounted for both the activities except for the first year. The CIGs were able to furnish the information on earnings only for one or two years as the project was started recently. Thus, the earnings of such CIGs for subsequent 10 years have been projected and discounted at the rate of 8 per cent.

The criterion of NPV with a discount factor of 8 per cent, 12 per cent and 15 per cent and an assumed life span of ten years for each sub-projects has been adopted to work out the viability of a particular activity. The activities having NPV of inflows, i.e., earnings more than the NPV of outflows, i.e., costs, have been considered to be economically viable. Table 6.1 presents the activity-wise viability of 96 sample CIGs. At 8 per cent discount rate, a total of 50 per cent of the CIG activities under DPIP are

Table –6.1 Viability of Activities

Sl. No.	Type of Activity	Type of Sub-Activity	No. of Activities	No. of Viable Activities	Percentage of Viable Activities	Aggregate Percentage of Viability
1	Land Based Activity	Construction of well/ Tubewells/Sinking of well	8	4	50	
2		Renovation of Wells	6	2	33	
3		Construction of well/tubewell with diesel/ electric pumps	18	10	56	43
4		Land Leveling & Bunding	5	0	0	
5	Income Generating Activity	Band Party	5	3	60	
6		Goat Husbandry	19	7	37	
7		Dairy	11	4	36	
8		Bullock & Bullock Cart	4	1	25	54
9		Trading*	5	4	80	
10		Poultry	2	0	0	
11		Others (Services)**	13	13	100	
		Total	**96**	**48**		**50**

*includes petty shops, tailoring etc.

**includes thrashing machine, centering unit, boring machine, tent house, mixer machine, blacksmith, flour mill, brick kiln etc.

found to be viable. While about 43 per cent activities are found viable in land-based, it is 54 per cent in the case of IG activities.

The reasons for viability of activities are given in the following paragraphs.

6.3 Land-Based Activities

Land-based activities include construction/installation/renovation of wells and land levelling.

6.3.1 Construction/Sinking of Wells

Of the eight CIGs engaged in construction/deepening/installation of wells, 50 per cent of them are found viable. The viability of these CIGs is mainly due to availability of water.

The non-viability of the remaining four CIGs is attributed to inability to get the technical inputs and lack of co-ordination among the members of the CIGs. Besides, lack of power supply compelled the members to hire diesel pumps resulting in increase in cost of operation.

6.3.2 Renovation of Wells

The renovation of wells was taken up by six CIGs of which only two CIGs were found viable. Availability of effective managerial skills, inclusion of close relatives/ family members in CIGs, capacity to hire diesel pumps, availability of adequate water etc. are the main reasons for their success. The non-viability of the remaining CIGs is attributable to fall in water level of the area leading to the shortage of water for irrigation, lack of co-ordination among the members of the CIGs and lack of skills to manage the available resources.

6.3.3 Construction of Wells with diesel /electric pumps and pipelines

Of the 18 sample CIGs engaged in construction of wells which required accessories, like, diesel/electric pumps and pipes, only 10 CIGs were found viable. The factors attributing to their viability are availability of adequate water in well, full utilization of land, sufficient use of fertilizers and formation of CIGs by close relatives and members of one family.

The non-viability of the remaining CIGs is mainly due to conflicts among CIG members, fall in water level of the well and erratic electric supply.

6.3.4 Land Levelling and Bunding

The land leveling and bunding activities taken up by CIGs are found non-viable. The reasons for non-viability are: (a) earnings of the CIGs were less than the capital cost and (b) it was more prone to mis-appropriation of funds.

6.4 Income-Generating Activities

Income generating activities included band party, goat husbandry, dairy farming, poultry farming, etc.

6.4.1 Band Party

It is found that of the five sample CIGs, three engaged in band party activity are found to be viable. The factors attributable to their viability are engagement of CIGs members in their traditional occupation which helped them in acquisition of requisite skills, their satisfactory service delivery according to the needs, flexibility in engaging the experts on hire and maintenance of latest instruments.

The non-viability of the remaining CIGs is attributed to sub-standard quality of instruments, poor management and lack of co-ordination among CIG members.

6.4.2 Goat Husbandry

Only 37 per cent of sample CIGs (19) which adopted goat husbandry activity are found to be viable. Their success is attributed to formation of CIGs with members of one family, attention given to prevention of disease and maintenance of good quality breeds. The non-viability of a majority of CIGs in this activity is attributed to lack of knowledge about medical and insurance resulting in high mortality rate, poor sanitation and lack of management skills.

6.4.3 Dairy Farming

Only 36 per cent of sample CIGs (11) engaged in dairy farming activity are found to be viable. The field observation made by the PEO **team revealed that**

these CIG members were comparatively better off and had established forward and backward linkages.

The majority of the remaining CIGs were not found viable due to division of assets among individual members, lack of sanitation, maintenance of local breeds, absence of backward and forward linkages, poor monitoring and weak interaction between PFT members and CIGs.

6.4.4 Bullocks and Bullock-Carts

Of the four sample CIGs engaged in this activity, only one was found viable. Its viability is attributed to formation of CIG by the members of the same family, usage of the services of assets for their own agricultural activities and proper maintenance of assets.

The main reasons for non-viability of this activity among other CIGs are: low demand for the services of these assets for commercial purposes, lack of co-ordination among CIG members and poor maintenance of the assets.

6.4.5 Trading Activity

Of the five sample CIGs, four engaged in trading activity are found viable. Their viability is attributable to proper coordination among CIG members, proper division of labour among members, complementarities in functions of members and equal distribution of earnings.

The non-viability of such activity in the remaining one CIG is attributable mainly to non-availability of adequate funds.

6.4.6 Poultry Farming

Two sample CIGs involved in poultry farming were found non-viable. The high cost of sub-project, lack of backward and forward linkages, division of assets among the individual beneficiaries and high mortality rate were the main reasons for their non-viability.

6.4.7 Other Activities

The other activities include thrashing machines, centering units, boring machines, tent houses, electric decoration lights, grinding mills, etc. All 13 sample CIGs engaged

in these activities are found to be viable. The success of these CIGs is attributed to high demand for their services with no rival competition and presence of dominant members in CIGs where other members worked as paid workers.

6.5 Testing of Viability

An attempt has also been made for assessing the economic viability with a discount factor at 12 per cent and 15 per cent and it is found that the viability of LB activities was less sensitive to the discount rate than that of IG activities. Thus, at 12 per cent discount rate, more than 40 per cent of LB activities were viable in comparison to only 30 per cent IG activities. At 15 per cent discount rate, the viability rate went down to 35 per cent in LB activities and to 24 per cent in IG activities.

This sensitivity analysis tends to suggest that some sub-projects of DPIP can generate adequate income for repayment (full/partial) of the investment, should they be undertaken through bank credit. In other words, through suitable modification of the selection criteria of DPIP, some activities undertaken by land- owning households can be brought under bank financing with token subsidy, if required.

The economic viability of individual CIGs does not necessarily imply the viability of the DPIP as a whole. The IRR of all the sample 96 sub-projects at 5 per cent to 8 per cent, 10 per cent, 12 per cent and 15 per cent discount factors has been calculated and found that if the cost of administration, establishment etc. is considered (as item of cost), it will raise the financial outflow, as a result of which IRR of DPIP in Madhya Pradesh would be negative.

The sustainability of CIGs is highly dependent upon its economic viability, proper participation, collective decisions, complete understanding among the members and control of the sub-projects.

6.6 Field Observations

The field observation made by the PEO Team reveals that the sustainability of sub-projects could be ensured to a great extent, if PRIs are also involved in planning, monitoring and implementation.

Chapter 7

Impact of the Project

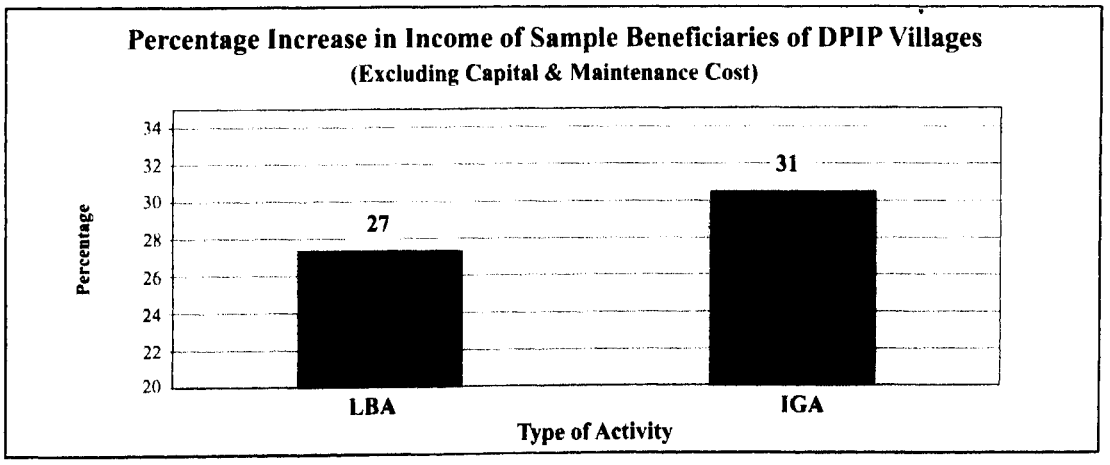
To make a dent on poverty alleviation, the DPIP intends to extend the benefits of development initiatives to the disadvantaged group including women by introducing development intervention through land-based and income-generating activities in the identified districts of Madhya Pradesh. Analysis of the data collected on relevant indicators, viz.; change in income, expenditure, agricultural production, cropping pattern, employment opportunities and seasonal migration is made for assessment of the impact of development initiatives on the well being of the poor.

While the assessment of impact in experiment villages was made by adopting with and without approach, an attempt was also made to analyse the relevant data collected from the respondents of control villages as standard of comparison for checking the results of the experiment villages.

7.2 Change in Income

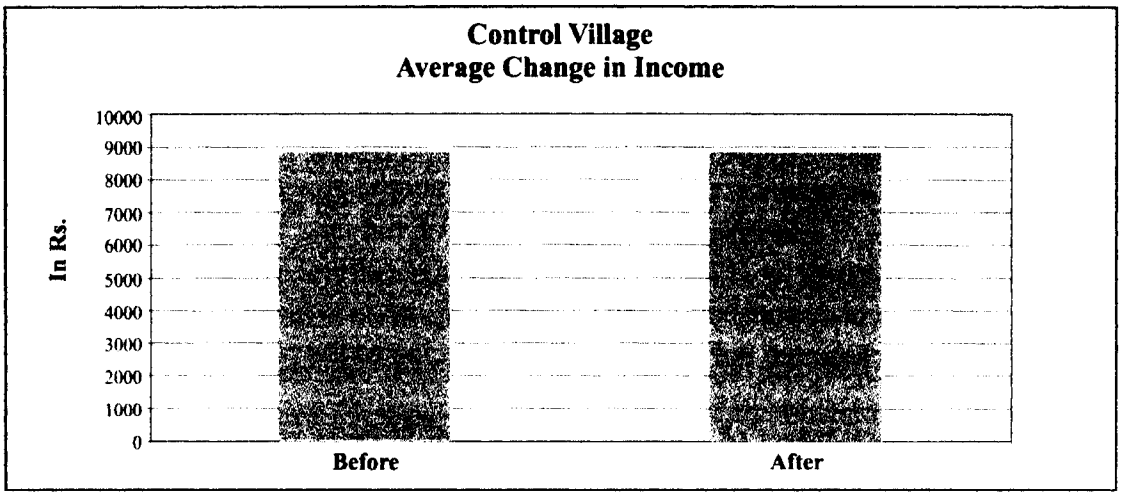
The comparative picture arising out of the changes in income of 192 sample beneficiaries from 24 experiment villages and 16 respondents from 8 control villages is presented in Charts 7.1 and 7.2 respectively.

Chart 7.1



It is noted that while the annual average household income rose by about 27 per cent in land-based (LB) activities, the increase in income was about 31 per cent in income-generating (IG) activities after the implementation of DPIP.

Chart 7.2

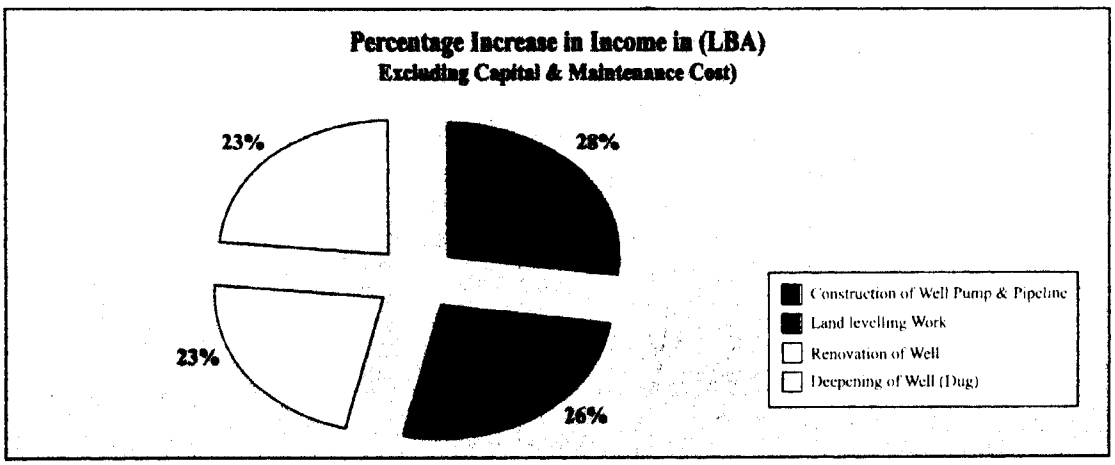


However, no change in average household income is noticed in control villages during the corresponding period.

7.2.1 Change in Average Income from Land-Based Activities

The Pie chart 7.3 shows the percentage increase in annual average income of CIGs with LB activities.

Chart 7.3

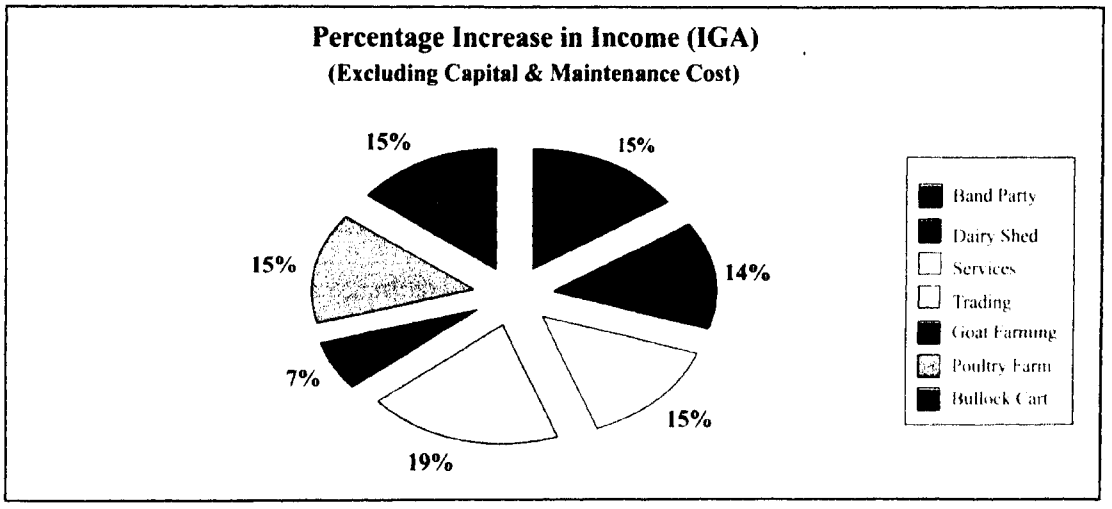


The LB activities taken up by the beneficiaries included mainly construction of wells, land leveling, renovation and deepening of wells. The increase in average income of the CIGs arising out of these activities is in the variation of 23% for renovation and deepening of wells to 28% for construction of wells. This tends to suggest that investment in creation of irrigation facilities under DPIP has enabled the CIGs to earn more income than that of the investment made in IG activities

7.2.2 Change in Average Income from Income-Generating Activities

The Pie chart 7.4 shows the percentage increase in annual average income of sample CIGs with IG activities.

Chart 7.4



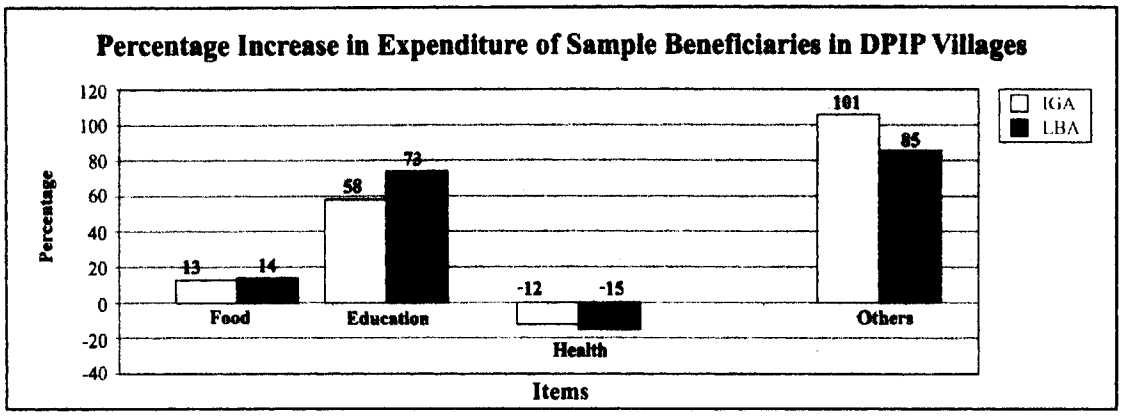
It is seen that IG activities taken up by CIGs under DPIP have enabled them to increase their average income varying from a minimum of 7 per cent in goat husbandry to a maximum of 19 per cent in trading.

7.3 Change in Expenditure

The bar charts 7.5 and 7.6 show a comparative picture of changes in annual average expenditure incurred on food, education, health and items included under others by the beneficiaries and respondents of experiment and control villages respectively.

On the whole, the average household expenditure rose by 28.6 per cent for all sample beneficiaries. While the maximum increase in expenditure is 29.9 per cent for

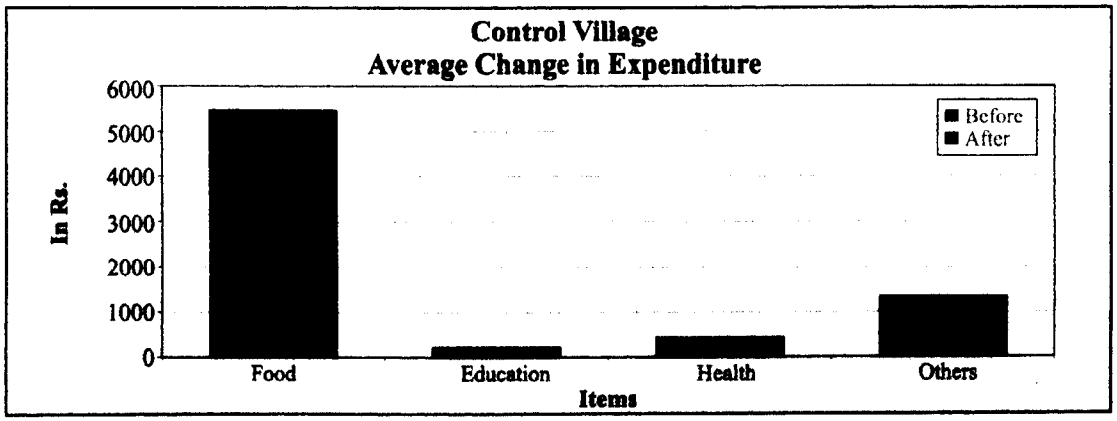
Chart 7.5



the beneficiaries of IG activities, it is increased by 26.1 per cent for the beneficiary households of LB activities. The increase in expenditure of beneficiaries belonging to both LB and IG activities on items included under others which comprise purchase of livestock, clothing, construction/repairing of house, etc. grew by above 80 per cent which was followed by above 60 per cent on education and about 13 per cent on food. However, the expenditure on health care declined by around 13 per cent.

The decrease in expenditure on health can be attributed to increase in awareness about hygiene and consumption of quality food by the beneficiaries of DPIP. On the other hand, a substantial rise in expenditure of DPIP households on education suggests that project has enabled them to realize the value of education for their wards. With increase in income, the beneficiaries were observed to have been investing in income generating assets also. Besides, PEO team observed that there had been an

Chart 7.6



improvement in their living standard and social status. It was also observed that many of the beneficiaries had increased the level of expenditure on marriage ceremonies after implementation of the project.

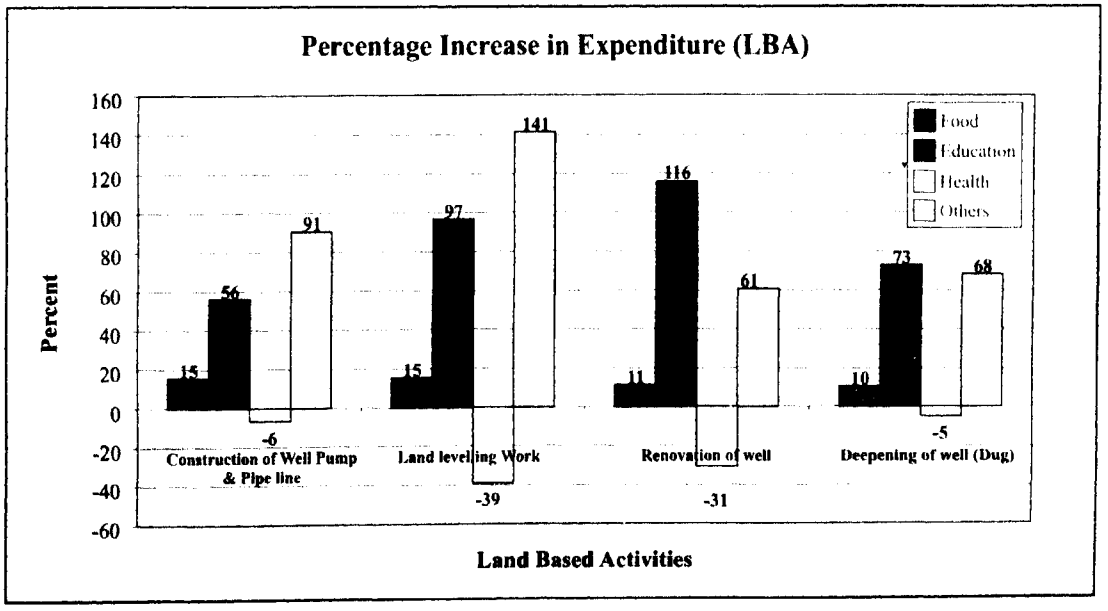
However, the expenditure behaviour of non-beneficiaries in control villages is found to static in comparison to those of experiment villages during the corresponding period of project implementation. It is seen from Chart 7.6 that while the maximum expenditure incurred by the respondents of control villages is on food items, the lowest expenditure is on education. Moreover, their expenditure on health care is quite high in comparison to DPIP beneficiaries implying the low level of their economic well being.

7.3.1 Change in Average Expenditure from LB Activities

Similarly, the analysis was also attempted to assess the change in annual average expenditure on food, education, health and items included under others incurred by those beneficiaries who have adopted different types of LB and IG activities.

Chart 7.7 depicts the percentage increase in expenditure of CIGs engaged in LB activities including, construction of wells, land levelling, renovation and deepening of wells/tubewells.

Chart 7.7

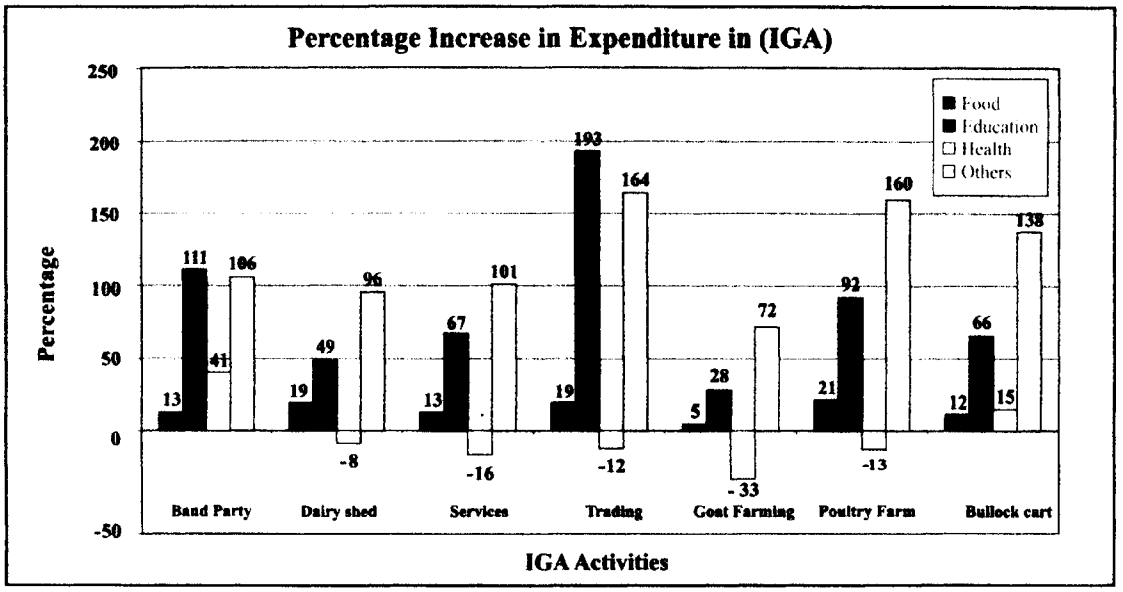


It is seen that though expenditure has increased on food, education and other items, expenditure on health has declined.

7.3.2 Increase in Average Expenditure from IG Activities

Chart 7.8 shows the percentage increase in expenditure of CIGs engaged in IG activities including band party, dairy farming, trading, goat-husbandry, poultry farming, bullocks and bullock carts and other services.

Chart 7.8



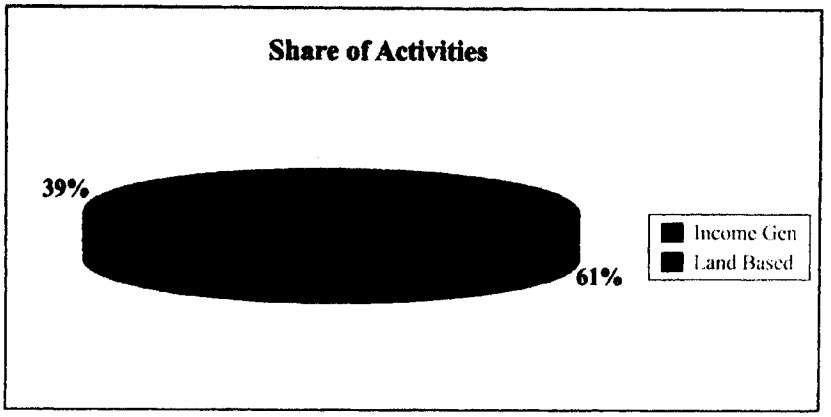
The spending behaviour of CIGs is seen more or less the same as noticed in the case of CIGs engaged in LB activities. On the whole, though the expenditure on food, education and others has increased irrespective of the types of sub-projects chosen by the beneficiaries, the expenditure incurred on health by the beneficiaries of many sub-projects has declined.

7.3.3 Composition of Development Activities

The Chart 7.9 shows the percentage share of LB and IG activities taken up by the sample CIGs

It is indicated that while the share of IG activities has constituted 61 per cent, it is 39 per cent by LB activities. The dominance of CIGs with IG activities over LB

Chart 7.9



activities is primarily due to predominance of landless target group in the sample villages.

7.4 Land Use Pattern

With installation of tube wells and construction of wells for providing assured irrigation facilities under the project, the beneficiaries of CIGs have been substantially benefited in terms of increase in cultivable area, introduction of new crops in rabi season, change in cropping pattern in favour of fine cereals and increase in yield per hectare.

7.4.1 Change in area under Rabi Crop

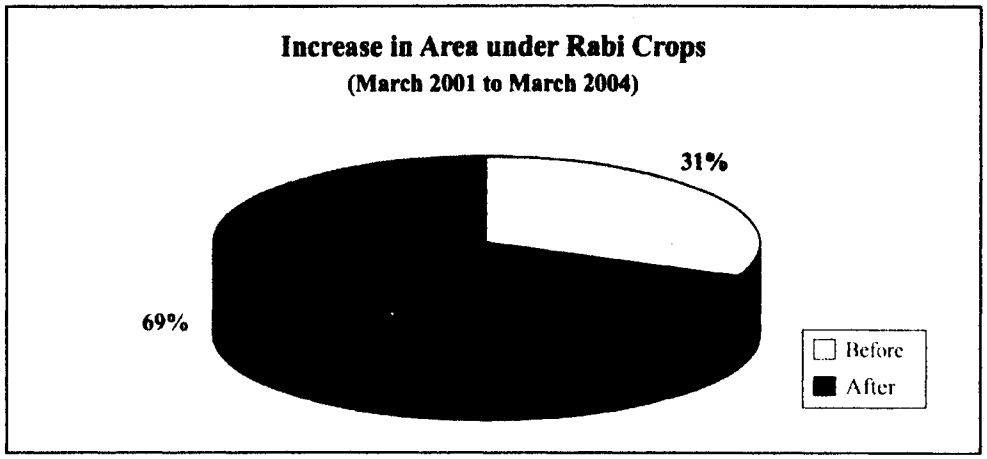
While the crops were grown mainly in kharif season under rainfed condition, only a few crops especially coarse grains were grown in rabi season before implementation of DPIP.

As can be seen from pie chart 7.10 that the area sown under rabi crops has substantially increased from 31% to 69% after availability of assured irrigation facilities under the project.

7.4.2 Cropping Pattern

Following the agricultural activities in project areas, there has been an increase in gross cropped area (GCA), gross irrigated area (GIA) and change in cropping pattern.

Chart 7.10

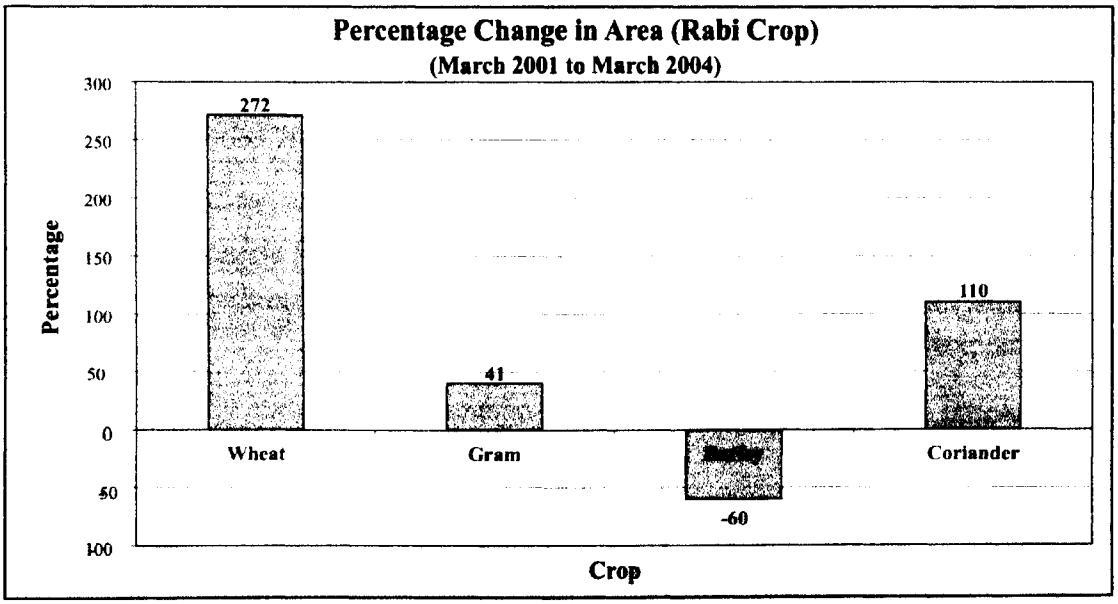


There have been instances of wasteland being developed into a fertile land resulting in increase in income level of households.

The bar chart 7.11 shows the change in area under rabi crops.

It is seen that after availability of assured irrigation, the cropping pattern has gone up in favour of wheat (272%) followed by coriander (110%) and gram (41%).

Chart 7.11



This tends to suggest that the farmers started growing not only cereals and pulses, but also cash crops in place of coarse grains (barley) after implementation of the project.

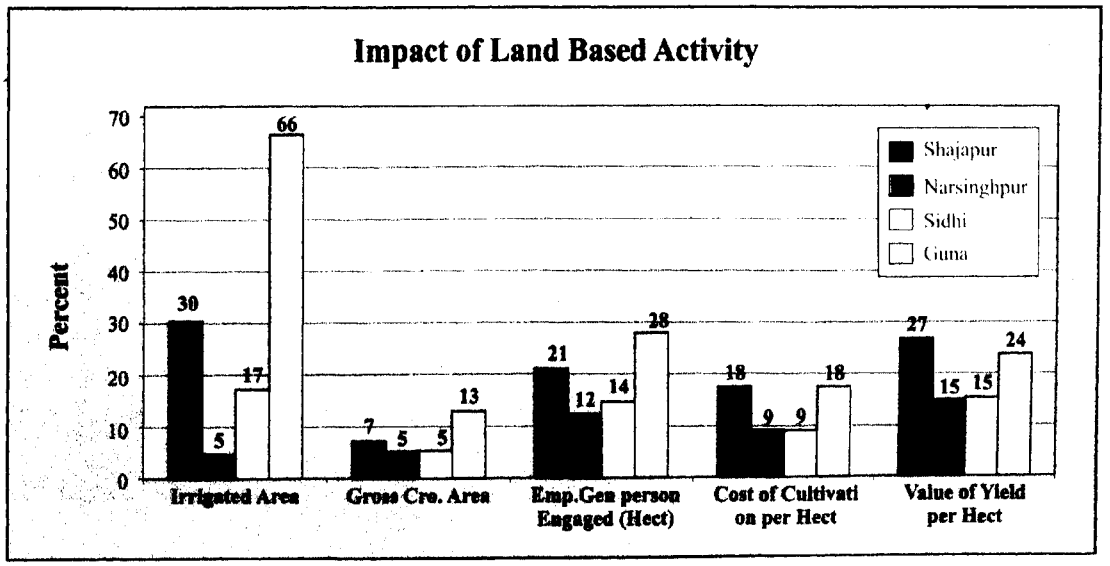
7.4.3 Other Impact of LB Activities

The assured irrigation facilities provided under land based activities of the project have not only changed the cropping pattern, but also impacted on increase in gross irrigated area (GIA), gross cropped area (GCA), employment opportunities per hectare, cost of cultivation per hectare and value of yield per hectare.

The results of data collected on the identified performance indicators for assessing the impact of agricultural activities across 4 sample districts is present in bar chart 7.12.

On the whole, it is seen that Guna district stands out to be the first in achieving the highest results of the identified performance indicators for agricultural activities except in value of yield per hectare. The GCA has risen by 13 per cent in Guna followed by 7 per cent in Shajapur and 5 per cent in Narsinghpur and Sidhi. The increase in irrigated area is found to be the maximum of 66 per cent in Guna followed by 30 per cent in Shajapur, 17 per cent in Sidhi and 5 per cent in Narsinghpur. The value of yield per hectare has gone up by 27 per cent in Shajapur which is followed by

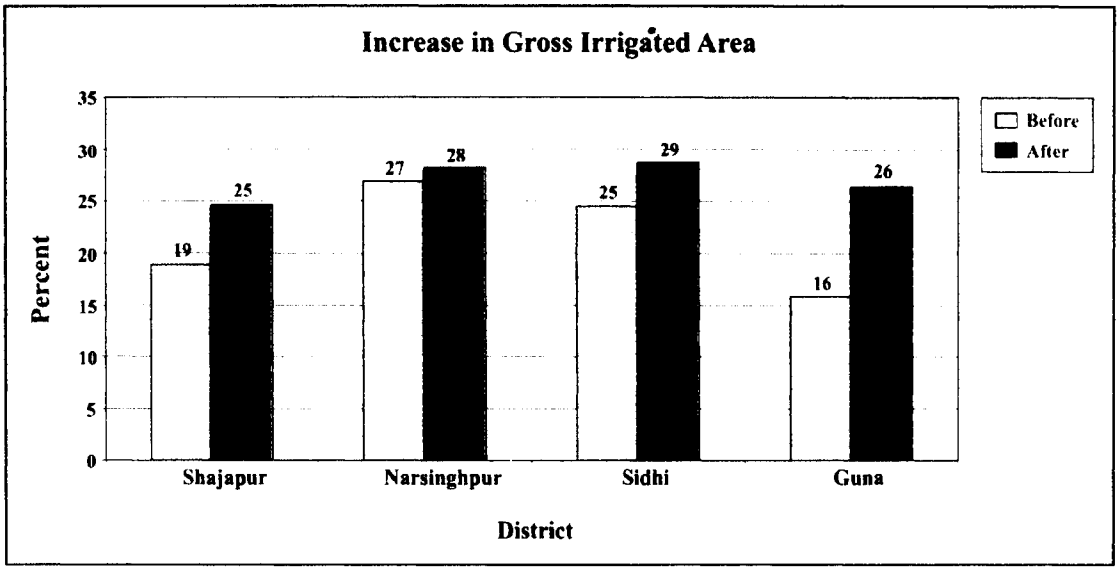
Chart 7.12



24 per cent in Guna and 15 per cent in Sidhi and Narsinghpur after implementation of the project initiatives. Availability of employment opportunities per hectare has also gone up by 28 per cent in Guna followed by 21 per cent in Shajapur, 14 per cent in Sidhi and 12 per cent in Narsinghpur.

Similarly, there has been an increase in gross irrigation area (G1A) across four sample districts after implementation of the project as shown in bar Chart 7.13.

Chart 7.13



7.4.4 Results of Control Villages

The results of the data collected on the relevant performance indicators of agricultural activities from the respondents of control villages are presented in bar charts 7.14 and 7.15.

It is seen from the charts that there has been no change in cropped area during *Kharif* and *Rabi* seasons. Besides, gross irrigated area, gross cropped area and availability of employment opportunities per hectare have also not changed in the control villages during the corresponding years of project implementation.

Chart 7.14

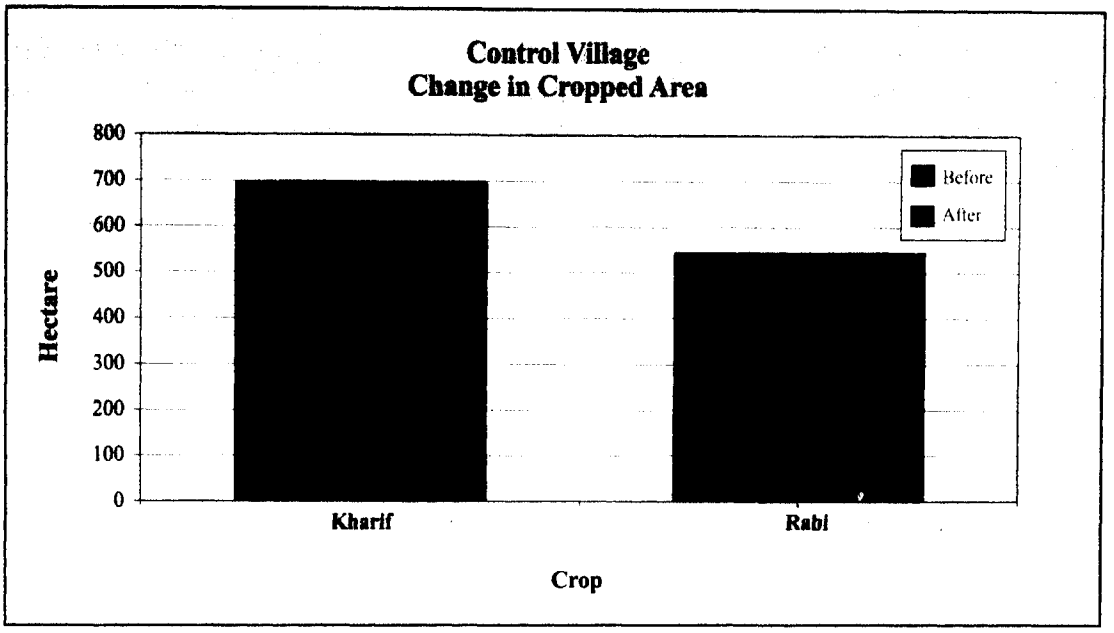
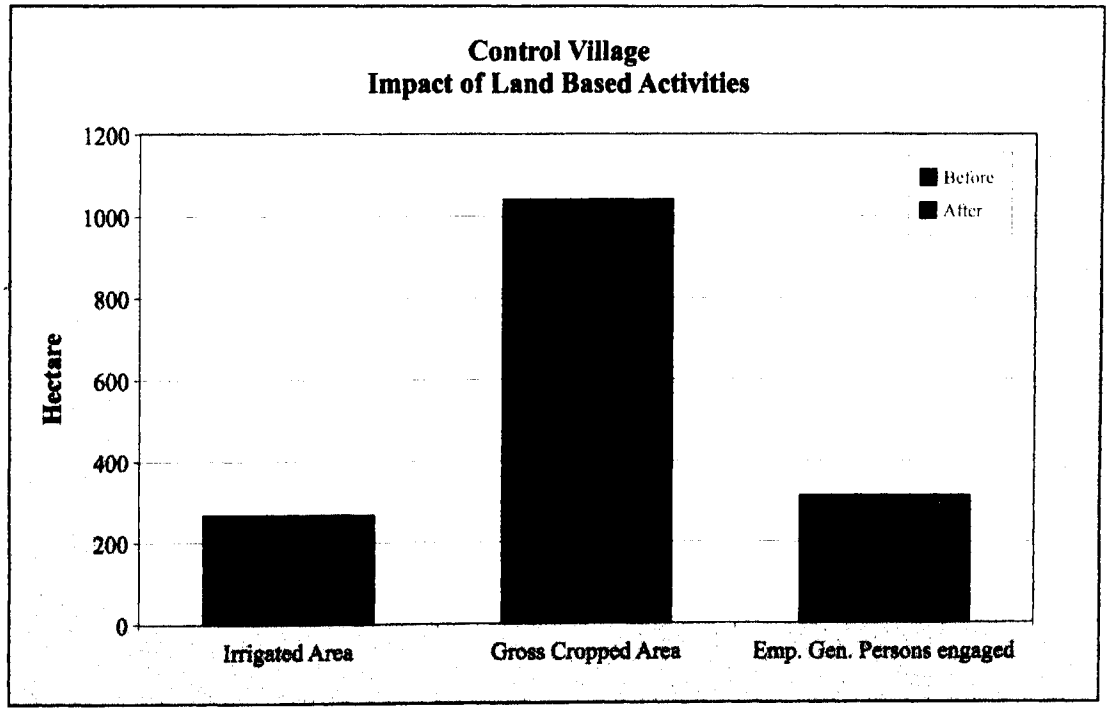


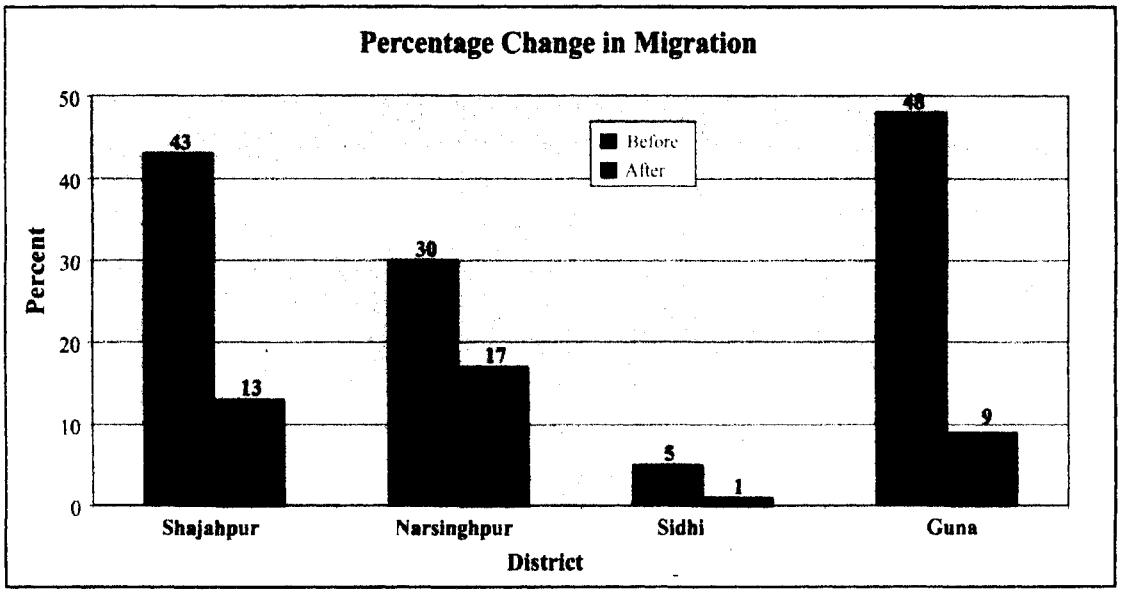
Chart 7.15



7.5 Migration

Exodus migration of people to other places for seeking wage employment due to non-availability of local employment opportunities was the serious problem being faced by the people of the sample districts. But, after introduction of poverty alleviation initiatives through both land based and income generating activities, the out migration of the people was substantially reduced. At the aggregate level, it is found that the seasonal migration has reduced from 31.5% to 10% in sample districts. The results of data collected on migration before and after implementation of the project are presented in bar chart 7.16.

Chart 7.16



It is observed that the seasonal migration of 43% in Shajapur and 48% in Guna before DPIP has come down substantially to 13 per cent in Shajapur and 9 per cent in Guna after implementation of the project.

Similarly, the Chart 7.17 depicts the phenomenal reduction in migration in some sample villages due to availability of local employment opportunities after implementation of the project initiatives

However, no change in seasonal migration is observed among the people of control villages. As can be seen from the chart 7.18 that there is no reduction in out

migration of the people of the control villages during the corresponding period of project implementation.

Chart 7.17

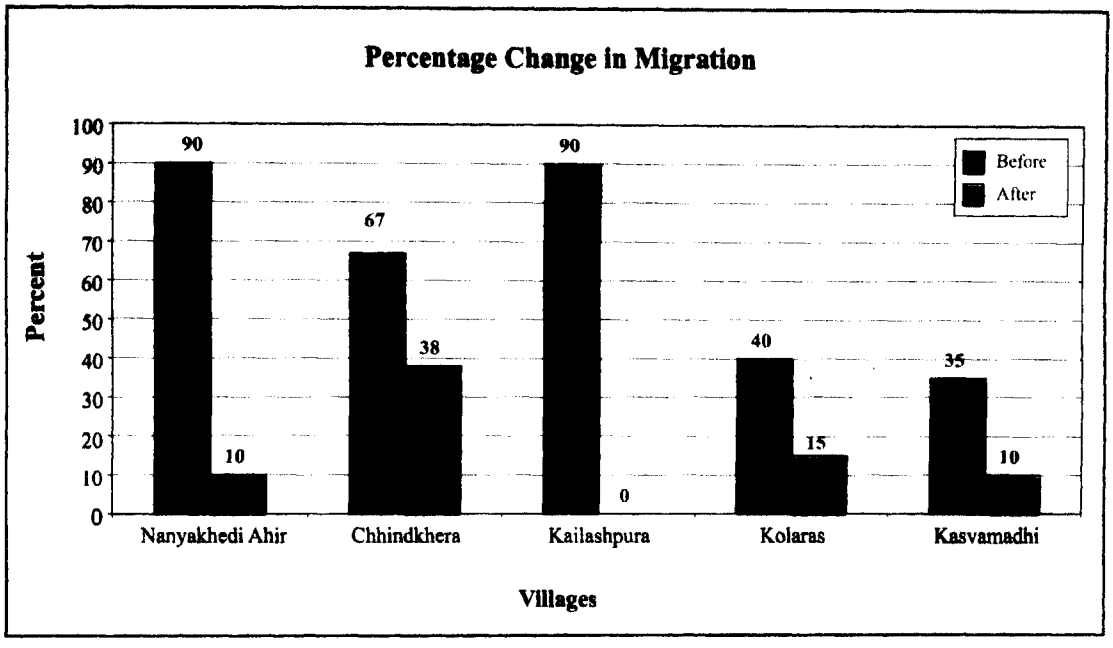
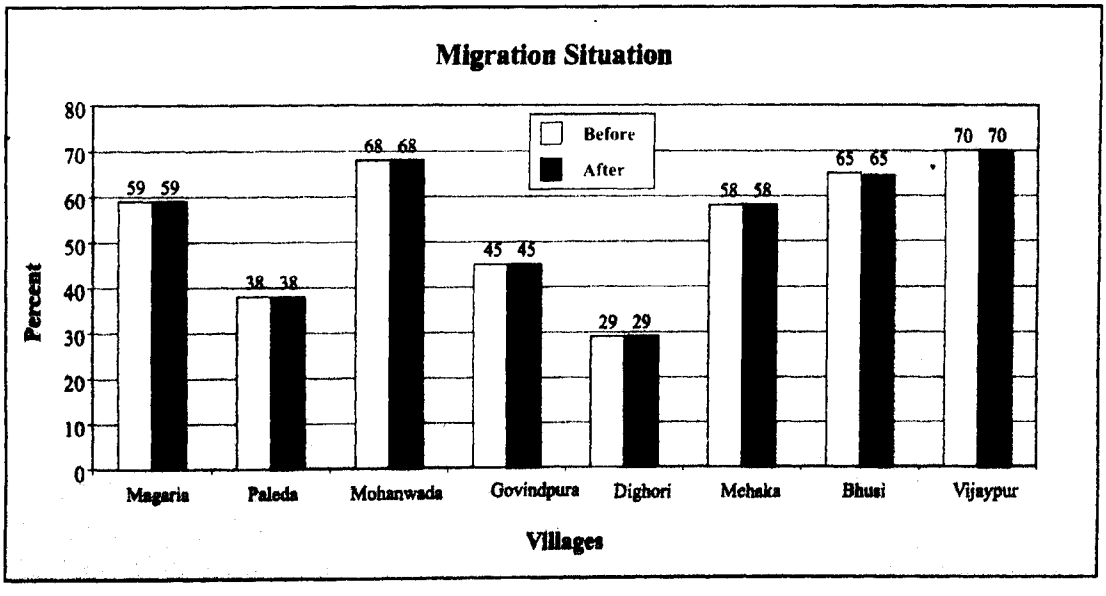


Chart 7.18



7.6 Empowerment

Among others, the project aims at empowering the disadvantaged group including women. To see whether the objective of empowerment was realized, the PEO field team made an assessment of empowerment of the target families by observing the changes in bahavioural pattern, communication skills, level of confidence, status of independence in decision making, etc.

It was observed by the field team that by and large the sample target families had attained fairly a good deal of empowerment in terms of improved status in economic independence, level of confidence, general awareness, etc. For instance, it was observed by the study team that though the number of CIGs formed by women were limited to a few, they were found to be functioning well in all 24 sample villages. These women were found to be quite confident in expressing their views before PFT members for improving the functioning of project activities.

Similarly, it was also observed by the PEO team that the CIGs were formed for land based activities in one of the most inaccessible Chhind Kheda village of Narsinghpur district inhabited by the primitive tribals. The beneficiaries of these CIGs who were dependant mainly on forest produce earlier have now started earning reasonable income from agricultural activities after implementation of the project.

Chapter 8

Lessons and Suggestions

The concept of CIG adopted in implementation of DPIP as an innovative strategy is found to be a non–starter for most of the activities undertaken. In the LB activities, the beneficiaries had to form CIGs with their own family members or their near relatives which is against the project requirements. In many IG activities too, the concept is not a workable proposition, as assets were divided among individual members of CIGs due to lack of complementarities of functions.

8.2 Thus, if the emphasis was on poverty alleviation, the strategy of implementation should have been devised on the basis of grassroots realities. On the other hand, if the objective was to propagate the concept of CIG as a strategy for poverty alleviation intervention, care should have been taken to identify only those activities, which exhibit natural complementarities of functions (e.g., band parties, blanket weaving, centering materials in construction activities) that can be performed by different CIG members to produce output/outcome.

8.3 The wealth ranking of households, through a participatory process, for identification of the poor adopted in MPDPIP, seems to be a good method of screening the non-poor out of a poverty alleviation scheme. The institutional mechanism at the district/sub-district level as **originally envisaged** for implementation of DPIP is also appropriate for such a scheme. Much of the **errors of exclusion and inclusion** and the consequent **leakages of benefits** and **welfare losses** that take place in targeted schemes can certainly be minimized.

8.4 The committees of the PRIs at the village and district levels, which were to undertake the tasks of allocation of funds, approval of sub-projects of CIGs, undertaking community infrastructure projects and monitoring were **actually not constituted**, and hence they did not play any role in the implementation of DPIP. In effect, though well designed, DPIP became **another departmental project.** The DPSUs, which are the primary control units of DPIP, are manned by **government servants**. The Project Coordinator of the SPU, who is the overall in-charge of DPIP, is a senior government officer. The PFTs are also generally run departmentally, with

only 10% of PFTs being run by NGOs. The implementation of DPIP clearly shows how a **well-designed development intervention got degenerated** into a typical departmental project for not adhering to the **institutional arrangement** as originally envisaged.

8.5 The lack of involvement of the PRIs has led to weakening of guards against **transparency and accountability** in the use of DPIP funds. The absence of VDCs led to non-adherence to the principles of CIG formation, sub-project selection, formulation and implementation (monitoring) and low utilization of community infrastructure fund. Similarly, the absence of ZPDPIS, which was to oversee the budgetary allocation, and activities of PFTs and VDCs, has also weakened the monitoring and review activities of DPIP. The fall-out of their absence has been the **disintegration of many CIGs**, absence of capacity building at PFT and CIG levels, **misappropriation of money at the CIG level** and **unjustifiable expenditures** on official monitoring/learning. The PEO field teams found that the accounts of many CIGs are in total disarray. All this tends to suggest that an **independent monitoring** and **accountability system** must be put in place to prevent misuse of public funds and to ensure realization of intended goals.

8.6 While at the planning stage the complementarity between CIG activities and community infrastructure was kept in view, the actual implementation of community infrastructure project was sluggish because of absence of VDCs, which were entrusted with the task of operating the Community Infrastructure Fund. This aspect may have a bearing on the **sustainability** of some sub-projects like minor **irrigation** (without water harvesting) and **dairy** (without link roads).

8.7 The implementation of MPDPIP has failed to keep pace with the physical and financial targets set at the planning stage. This time over-run has serious implications for the viability of the project as it has raised the **share of administrative and organization costs** on the one hand and will lead to an **increase** in the **duration of the project (beyond five years)** on the other. Both high administrative cost and slow progress are primarily due to **departmentalization of DPIP.** The implementation delays arising out of limited organizational capacity can be avoided by delegating the responsibility of implementation to the NGOs and by constituting the ZPDPIS and VDCs at the earliest.

8.8 The poorest of poor did not directly benefit from DPIP to the desired extent as they could not be motivated to form CIGs and contribute their share to the CIG fund.

Since the beneficiaries of DPIP have received **non-refundable funds** from the government, this group must be brought within the purview of the project, perhaps, by **exempting** them from the mandatory contribution (5%), through **capacity building** for self-development and by exploring the possibility of forming CIGs of the (resource) poor for conservation and regulated use of **common property resources.**

8.9 The other areas of activities for such CIGs could be renovation of abandoned/ unused water bodies for irrigation and development of watersheds in villages, which should be initiated and managed by the PRIs. Initiation of such activities, which are designed to convert dead/unused assets into capital, however, presupposes the existence well-defined property rights and transaction rules (*a la de Soto*). To enhance the resources-base for such innovative schemes, the DPIP resources can be supplemented by that from "SGRY, SGSY and other rural development programme" through convergence at the PRI/VDC level.

8.10 Finally, the sub-optimal performance notwithstanding, the MPDPIP model holds **potential** in rural poverty alleviation. In addition to addressing the institutional weaknesses referred to above, there is need to put in practice the lessons drawn from the Bangladesh's *Grameen* Bank model, which, too, did not yield the desired results for a number of years initially. As in the case of *Grameen* Bank, the success of DPIP, too, hinges critically on the **capacity** and **dynamism** of the poor to change their life situations by taking advantage of the existing opportunities for change as well as by overcoming the constraints in the process of self-development. For this, the animators/ facilitators, i.e., the PFTs, will have to be motivated, like the staff of the *Grameen* Bank, to undertake the massive capacity building exercise for the poor. The PFTs then will have to be **manned by highly motivated** (sensitized) and **trained** (say, graduates in rural development/ management) **personnel** and should have the necessary decision-making authority. It is difficult for the government organizations/servants to discharge this responsibility. Giving this responsibility to NGOs with adequate safeguards against misuse and misappropriation would be appropriate.

8.11 It is also thought be useful to establish a forward linkage between the Bangladesh *Grameen* Bank and DPIP, Madhya Pradesh to resolve some of the issues concerning design and implementation as raised in PEO evaluation study.

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