EVALUATION OF THE EUROPEAN COMMISSION'S SUPPORT TO

THE REPUBLIC OF INDIA

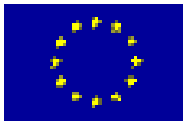
COUNTRY LEVEL EVALUATION

Final Report

Volume 2 - Annexes

August 2007

Evaluation for the European Commission



This evaluation is commissioned by:

The Evaluation Unit common to:

EuropeAid Co-operation Office,

Directorate General for Development and

External Relations Directorate-General

This evaluation was carried out by: EGEval II EEIG

The evaluation is managed by the evaluation unit who also chaired the reference group composed by members of the services.

The opinions expressed in this document represent the authors' points of view, which are not necessarily shared by the European Commission.

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Full reports can be obtained from the evaluation unit website:
HTTP://EC.EUROPA.EU/EUROPEAID/EVALUATION/EVAL_REPORTS/COUNTRY_REG

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ANNEX 1 – Terms of Reference

EUROPEAN COMMISSION

Evaluation of the Commission's support to INDIA

Country Level Evaluation

MODEL OF TERMS OF REFERENCE

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MANDATE

Systematic and timely evaluation of its expenditure programmes has been defined as a priority of the European Commission (EC), as a means of accounting for the management of the allocated funds and of promoting a lesson-learning culture throughout the organisation. Of great importance also, particularly in the context of the programmes of the so-called Relex Family of Directorates-General[1], is the increased focus on impact against a background of greater concentration of external cooperation and increasing emphasis on result-oriented approaches.

The present evaluation on the European Commission's support to the Republic of **India** (India) is part of the **2005** evaluation programme as approved by External Relations Commissioners.

BACKGROUND

The relationship between the European Union as a bloc and the Republic of India took root in their present form in 1963, when India was amongst the first developing countries to establish diplomatic relations with the then six-nation European Economic Community (following the European Community and, since 1992, the European Union). Since then, India and the EU have developed a close relationship that covers key areas such as political relations, trade and investment, economic and development cooperation and cultural exchanges. Important examples have been: in 1981 the signature signed of a five years commercial and economic cooperation between India and the EEC, the setting up of a Delegation of the European Commission at New Delhi in 1983, the launching of European Community Investment Partners (ECIP) in 1991 providing financing facility to promote EU-India Joint ventures among SMEs (small and medium enterprises) and in 1993 the EU support to a major sectoral programme in education (district primary education programme DPEP) with a funding of EUR 150 million.

The **1994 co-operation agreement** between the EC and the Republic of India on partnership and development provides for respect of human rights and democratic principles as the basis for EC-India co-operation. It also calls for mutually agreed priorities in pursuing project and programme efficiency, sustainability and respect for the environment. The agreement also puts considerable emphasis on economic co-operation "of the widest possible scope in order to contribute to the expansion of their respective economies and their developmental needs". The institutional basis for EU-India political dialogue is a **Joint political statement** signed simultaneously with the Co-operation Agreement.

The **Commission Communication for an "EU-India Enhanced Partnership" of June 1996** sets the stage for a comprehensive relationship between equal partners and emphasises the need for greater mutual understanding with special focus on supporting the civil society dialogue. It advocates for pursuit of equilibrium between economic growth, social progress and environmental conservation.

In November 2000, the Council and the Commission endorsed a Development Policy Declaration[2]that provides overall orientations for all future co-operation actions.

[1] Directorates General of External Relations, (RELEX), Development (DEV), Enlargement (ELARG), Trade (TRADE) and the EuropeAid Co-operation Office (AIDCO).

[2] Council document 13458/00

EC co-operation aims at underpinning and catalysing Government's efforts to improve India's human development and the performance of the Indian economy to the benefit of all citizens.
The EC co-operation strategy will take into account (1) discrepancies between the economically vibrant south and west and the less dynamic areas in the north, centre and east, (2) gender imbalance in terms of income, education and health indicators, (3) the continued population pressure severest in the poor regions, and (4) the rapid political and institutional transformation that the Indian Union is undergoing

The **EU-India summit** held in Lisbon and New Delhi in June 2000 and November 2001 respectively, have set out concrete action plans for the major policy areas of the EU-India relationship, including development co-operation and the broadening of our economic cooperation in a number of key areas such as transport, energy, IT, environment, science and technology and trade and investment development.

Within this framework in the particular case of India the **CSP**[3] , which covers the period from **2002 to 2006**, is build on the experience of two decades of successful co-operation and adapt its interventions to the changing political and economic landscape in India. It will assist India to build its "human capital" by dedicating its resources to

a) making elementary education universal
b) improving health services in favour of the hitherto deprived population groups
c) restoring and safeguarding a healthy environment

The EC will work with the Indian authorities to create an enabling economic environment. It will share its expertise, including in science and technology, to help India unlock the full potential of its economy, induce better returns on its vast economic assets through regulatory reform, privatisation and fiscal reform. It will also seek to facilitate the exchange of talented students, scholars and the collaboration of scientists from both sides.

The central **cross-cutting themes** for the EC's co-operation strategy will comprise improved governance, the devolution of decision making and management and the participation of stakeholders, in particular women and segments of the population traditionally disadvantaged in articulating their interests. The EC will assist communities at risk to be better prepared for natural disasters.

As political decentralisation in India is increasingly shifting the dynamics for change from the Centre to individual State governments, the EC will in the years to come invest resources in a "Partnership for Progress" with initially one Indian State that is committed to reducing poverty by pursuing a social and economic reform agenda.

In the pursuit of these objectives the EC will continue to work closely with and through Non Governmental Organisations, the Indian civil society and private sector. It is

[3] Country Strategy Paper for India
http://europa.eu.int/comm/external_relations/india/csp/index.htm

expected **€ 225 Mio** for the forthcoming five year period for EC development and economic co-operation.

The **Commission Communication** of 16 June 2004 was another milestone, as it sets out concrete proposals to up-grade the relationship to a Strategic Partnership. Council in its Conclusions of 11 October 2004 endorsed the Commission's approach

India is the world's largest democracy, ethnically and linguistically the most diverse nation state and, next to China, the only other population billionaire. India has made enormous strides since it achieved independence more than 50 years ago: Literacy, health and life expectancy have substantially improved, and poverty that once afflicted a majority of its citizens has been reduced dramatically.

India has developed the world's fourth largest economy with a growth rate that since 1980 ranks amongst the highest in the world, and a rapidly expanding global imprint in information technology. At the same time the challenges India faces are becoming more complex and urgent as the global village raises expectations and as people are demanding their fair share in improving their economic and social fortunes.

India's overriding challenge for the first decade of the new millennium is to lift between two to three hundred million of its citizens out of poverty. All of India's co-operation partners, including the EC, subscribe to this objective and are seeking to mobilise their particular strengths towards helping the Indian government to achieve this goal.

For a more comprehensive background on EU- India relations:
http://europa.eu.int/comm/external_relations/india/intro/index.htm

OBJECTIVES AND SCOPE

Objectives

The main objectives of the evaluation are:

- to provide the relevant external co-operation services of the EC and the wider public with an overall independent and accountable assessment of the Commission's past and current assistance to **India**;
- to identify key lessons from the Commission's past co-operation, and thus provide the Commission's policy-makers and managers with a valuable aid for the implementation of the current Strategy and Indicative Programmes and for future strategies and programming;

Scope of the evaluation

The scope of the evaluation is to evaluate the overall EC cooperation and partnership with India and in particular the Commission Country Strategies for the period from **1991.**

The evaluation should be **forward looking**, providing lessons and recommendations for the continued support to the partnership with India in particular as regards new

approaches in the light of India's role as an emergency global player and major regional actor.

The consultants should assess:

1) the relevance, coherence and complementarity of the Commission's overall country strategies for the period from **1991 to 2006.**

1) the consistency between programming and implementation for the same period;

2) the implementation of the Commission's support, focusing on effectiveness and efficiency for the period from **1991 to 2003** and on intended impacts for the period under the current strategy (2002-2006) ;

3) Based on the purpose of the evaluation to identify relevant lessons and to produce recommendations for the current and future strategy programme, the centre of attention should be on the following areas of cooperation: (a) education, (b) health, (c) institutional and capacity building and (d) trade and economic relationships.

4) *Note:*

Previous relevant evaluations, country level as well as global thematic evaluations relating to the country are important reference material to be taken into account. The team should not examine the points already covered by these evaluations but use them and go beyond them.

METHODOLOGY AND APPROACH

The basic approach to the evaluation will consist of three **main phases**, encompassing **five methodological components** at the core of which is a set of **evaluation questions** (see part 5)

Three Main Phases

1) Desk Phase

2) Field Phase

3) Final Report-Writing Phase

Five Methodological Components[4]

I. Structuring of the evaluation

II. Data Collection

III. Analysis

IV. Judgements

[4] These components are not entirely sequential

V. Dissemination and feedback

Desk phase

First, the contractor will present a *Launch Note*[5] which should contain: (i) the contractor's understanding of the Terms of Reference, (ii) the *provisional* proposed composition of the core evaluation team with CVs. The Launch Note will be referred to the Reference Group for comments.

Inception report

Once this note will be approved by the manager of the evaluation, work will proceed to the Structuring Stage, which shall lead to the production of an Inception Report.

The largest part of the work will consist in the analysis of all relevant key documents, including the relevant policy and programming documents, and also taking account of key documentation produced by other donors and agencies. On the basis of the information collected the evaluation team will:

- Reconstruct the intervention logic of the EC's support to the country. The reconstructed logic of the Commission's interventions will be shaped into one or more logical diagrams of impact which must be strictly based on official texts. Prior to the elaboration of the impact diagram(s), the team will have to prioritize the stated cooperation objectives and translate these into intended effects. These intended effects will form the "boxes" of the diagram(s). Possible "holes" in the intervention logic will be indicated and filled on the basis of assumptions to be validated by the reference group. The impact diagram(s) will help to identify the main evaluation questions.
- Select the evaluation questions and prepare for each explanatory comments. The choice of Evaluation Questions determines the subsequent phases of information and data collection, the methods of analysis, and elaboration of final judgements.
- In addition to the specific judgements on the Evaluation Questions but based on them, the evaluators shall prepare an overall assessment of the EC co-operation programmes and strategies with ***India.***

A first meeting will be held with the reference group to introduce the evaluation and propose the logical diagram(s) and the evaluation questions to be validated by the group.

- Identify appropriate **Judgement Criteria and preliminary indicators** once the evaluation questions are validated. For each Evaluation Question at least one Judgement Criterion should be identified, and for each such criterion appropriate quantitative and qualitative Indicators should be specified.
- Include a description of the co-operation context of the country.
- Propose suitable working methods to collect data and information in the Commission's headquarters and in the country and present appropriate

[5] In the case of a tender procedure, the launch note will be replaced by the financial and technical proposal of the tender

methods to analyse the collected data and information, indicating any limitations.

The Report will also confirm (i) if necessary, the final composition of the evaluation team, including national or regional consultants and short term experts as appropriate and (ii) the final time schedule, to be agreed between the Contractor and the Commission and confirmed through a formal exchange of letters. This time schedule should take into account any planned visits to the delegation and the national authorities by other Commission services.

This phase could include a short preparatory and exploratory visit by selected members of the evaluation team to the country.

Desk phase report

Upon approval of the Inception Report, the team of consultants will proceed to the final stage of the Desk Phase of the evaluation.

This final stage consists mainly in identifying and setting out proposals for:

- the **finalised quantitative and qualitative indicators**.
- the **first elements of responses to the evaluation questions** and the first hypothesis to be tested in the field.
- suitable methods of data and information collection in the country (already announced in the inception note) for example: interviews both structured and unstructured interviews, focus groups, questionnaires, additional literature, seminars or workshops, case studies, etc. - indicating any limitations and describing how the data should be cross-checked to validate the analysis.
- appropriate methods of analysis of the information and data collected, again indicating any limitations in India. It should include a proposed list of activities, projects and programmes for in-depth analysis in the field, examples of project assessment sheets, examples of interview guides, etc.

At the conclusion of this work, the evaluation team will present a **Draft Desk Phase Report**[6] setting out the results of this first phase of the evaluation including all the above listed tasks (the major part of the Inception report will be put as an annex of the desk phase report). The field mission shall not start before the proposed approach and methodology have been approved by the evaluation manager.

Field phase

Following acceptance of the Desk Phase Report, the Evaluation Team will proceed to undertake the field mission in India. The fieldwork shall be undertaken on the basis set out in the Desk Phase Report and agreed with the Delegation and the Reference Group. If during the course of the fieldwork any significant deviations from the agreed methodology or schedule are perceived necessary, these should be explained to the evaluation manager and the Reference Group.

[6] See annex 2 for the draft outline structure of the desk phase report

At the conclusion of the field study the Team will:

(i) have a detailed *de-briefing with the Delegation in charge of the country programme* on their preliminary findings;

(ii) present *the preliminary findings to the Reference Group*, shortly after the return from the field.

Final report-writing phase

The evaluators will submit the *Draft Final Report*, using the structure set out in Annex 2, taking due account of comments received during de-briefings. Apart from answering the evaluation questions, the final report should include a section synthesising the main overall conclusions of the evaluation.

If the evaluation manager considers the report of sufficient quality (on the basis of the grid in Annex 3), he will circulate it for comments to the Reference Group, which will convene to discuss it in the presence of the Evaluation Team.

On the basis of comments expressed by the Reference Group (which includes the Delegation and the geographical service concerned), the Evaluation Team should make the appropriate amendments. The revised draft final report will be presented at *a seminar* in India**.** The purpose of the seminar is to present (for discussion) the draft final report to the Delegation, to main national stakeholders and to other donors, with particular emphasis on draft findings, conclusions and recommendations. There are several points in favour of such a seminar: possibility of a last check of the factual basis and of the appropriate mix of sources; feedback on conclusions and recommendations; increased sense of ownership of the evaluation. The consultants should prepare a presentation (*power point would be preferable*) for the seminar. This presentation shall be considered as a product of the evaluation (like the reports).

On the basis of the comments expressed at the seminar and on the basis of further comments from the Reference Group, the EC Delegation and the evaluation manager, the Team will prepare the *Final Report*. The evaluators may either accept or reject the comments made by the Reference Group, the Delegation, geographical services or relevant stakeholders, but in case of rejection they shall motivate and explain their reasons in writing.

The final report (as well as previous reports and notes) must be of high quality (*the judgement will be done on the basis of the evaluation grid in Annex 3*). Conclusions and recommendations should be based on the findings. The findings, analysis, conclusions and recommendations should be thorough. They should reflect a strong methodological approach, and finally the link or sequence between them should be clear.

The (*power point)* presentation will be revised in accordance to the final report.

IDENTIFICATION OF THE EVALUATION QUESTIONS

The evaluation will be based on the five criteria endorsed by the OECD-DAC: relevance, impact, effectiveness, efficiency and sustainability. The criteria will be given different weight according to the precise evaluation questions.

In general, questions will refer to the following main areas:

- **Relevance of the overall strategy/programme and its evolution**: it includes both relevance to the EC general objectives and relevance to the country needs and

priorities (including the choice of target groups). It also includes the appropriation of the strategy (CSP/NIPs and other agreements) by the partner country and the coherence of the strategy with Country Five Years Plans. The evolution of the relevance of the strategy/programme during the period considered will also be analysed.

- **Design of the strategy/programme**: mainly concerns the extent to which the resources foreseen are adequate in relation to the objectives set out in the CSPs, co-operation agreements and other formal commitments.
- **Consistency of the implementation in relation to the strategy and its evolution:** the extent to which the following elements are consistent with the strategy defined in the programming documents (CSPs and equivalent): the type of intervention, the geographical distribution, the choice of beneficiaries, the aid delivery channels, the role of the partner country, and sectoral distribution,. This also concerns the comparison between the actual direct and indirect beneficiaries of the activities and the target groups defined in the programming documents (CSPs and equivalent). The team will also assess the extent to which the timing of the implementation corresponded both to the timeframe set out in the programming documents and to the evolution of the context.
- **Achievement of main objectives:** assessment of the extent to which the intended results and impacts were achieved (including performance against the indicators set out in the Indicative Programme). The consultants should identify all recorded results and impacts, including any unintended ones, and compare these to the intended results and impacts. The evaluation team will also have to identify the changes which occurred in the areas on which EC programmes were supposed to impact.
- **Efficiency of the implementation of the EC co-operation:** to the extent that the activities were effective, an assessment of the co-operation programmes in terms of how far funding, human resources, regulatory, administrative, time and other resources and procedures contributed to or hindered the achievement of the objectives defined in the programming documents (CSPs and equivalent), taking into account the specific context of the partner country.

    1. **Sustainability of the results and impacts:** that is the extent to which the results and impact are being, or are likely to be, maintained over time.
    2. **Key cross-cutting issues:** gender, environment, human rights, conflict prevention; this part should aim to analyse to what extent the respective documents/annexes to the programming documents were available during the reference period. It also includes the analysis of the extent to which these issues are reflected in the implementation modalities and in the effects of the EC's intervention.

1. **3Cs:** co-ordination and complementarity with other donors, particularly with Members States, coherence with EU policies (both EC and Member States), Regional Indicative Programmes and other Programmes funded by EC budgetary lines.

MANAGEMENT AND MONITORING OF THE EVALUATION

The evaluation is managed by the Joint Evaluation Unit (AIDCO 03) with the assistance of a *Reference Group* consisting of members of the services of the Relex family as well as other relevant Directorate Generals and, where possible, representatives of the partner country, under the chairmanship of the manager of the evaluation.

The Reference Group will in practice act as the main professional interface between the Evaluation Team and the Commission Services. The Group's principal functions will be, among others:

- to comment on the Terms of Reference;
- to provide the consultants with information and documentation;
- to discuss the inception notes and reports produced by the consultants;
- to advise on the quality of the work done by the consultants;
- to assist in assuring feedback of the findings and recommendations from the evaluation into future programme design and delivery.

DISSEMINATION AND FOLLOW-UP

After approval of the final report, the manager of the evaluation will proceed with the Dissemination of the results (conclusions and recommendations) of the evaluation: (i) make a formal judgement on the evaluation using a standard quality assessment grid (see Annex 3); (ii) prepare a Evaluation Summary (EvInfo) following the standard DAC format; (iii) prepare and circulate a three-column Fiche Contradictoire. All three documents will be published on the Web alongside the Final Report.

THE EVALUATION TEAM

The Evaluation Team should possess a sound level of knowledge and experience in: (i) evaluation methods and techniques in general and, if possible in the field of development and cooperation, (ii) the region in general, (iii) the following fields: ***health, education, institutional building, trade and economic development.*** It is strongly recommended that the team should include local consultants with in-depth knowledge of key areas.

TIMING

The dates mentioned in the following section are indicative and may be changed with the agreement of all concerned.

Evaluation Phases and Stages	***Notes and Reports***	***Dates***	***Meetings***
RG Composition	Notes	Early may	
ToR	Draft	Early June	
	Final	Mid - June	
Starting Stage	Launch Note	Early July	
Desk Phase			
Structuring Stage	Short presentation (logical diagram and EQ)	Mid- July	RG Meeting 19 July
	Draft Inception Note	Early-September	
	Final Inception Note	Mid- September	
Desk Study	Draft Desk Report	Mid October	RG Meeting 18 October
	Final Desk Report	End October	
Field Phase			
	Presentation	***End November***	RG Meeting 29 November
Final Report-Writing Phase	Draft Final Report		
	1rs draft Final	Mid January	RG Meeting 18 January
	2nd draft Final	Early February	
	Seminar	Early March	
	Final Report	April	

ANNEX 1: KEY DOCUMENTATION FOR THE EVALUATION

NB: the following list is indicative and has to be adapted/expanded where appropriate

All legal texts and political commitments for the periods covered

All Country Strategy Papers/National Indicative Programmes (and equivalent) for the periods covered

All Regional Strategy Papers/Regional Indicative Programmes (and equivalent) for the periods covered.

Annual reports and mid-term reviews

Relevant documentation from local authorities and other local partners

The relevant Commission Regulations

Other Commission/Government Agreements

Key Local Organisations and Government Policy and Planning Documents

Previous Evaluations and Monitoring Reports relating specifically to **India**

Previous Evaluations and Monitoring Reports (ROM database) relating specifically to **India**

Relevant documentation from other donors

ANNEX 2: OUTLINE STRUCTURE OF THE FINAL REPORT

The final report should not be longer than approximately 50/60 pages. Additional information on overall context, programme or aspects of methodology and analysis should be confined to annexes.

The detailed report structure will be agreed during the evaluation process, taking into account the lessons learnt from the ongoing Country strategy evaluations and the specificity of the present evaluation.

- Executive summary (5 pages maximum)
- Evaluation framework: brief background to the evaluation, the purpose of the evaluation, evaluation questions and evaluation methodology.
- Context (including Commission objectives, overall political economic social situation in **India,** Commission strategies and programmes for **India, and** regional programmes)
- Findings: they should be presented through answers to the evaluation questions. The analysis leading to findings must be clearly visible in the report.
- Conclusions: they will be organised by clusters (not necessarily following the order of the evaluation questions). Each conclusion should both include a synthesis of the related findings and express a judgement on the aspect of the EC support considered. This part will also include an overall assessment on the EC support to **India.**
- Recommendations: they should be clearly linked to the conclusions and prioritised, options should be presented)

Annexes should include:

- logical diagrams of EC strategies;
- judgement criteria forms;
- list of the projects and programmes specifically considered;
- project assessment fiches;
- list of people met;
- list of documentation;
- ToRs;
- any other info which contains factual basis used in the evaluation or tables
- etc.

ANNEX 3 - QUALITY ASSESSMENT GRID

Concerning these criteria, the evaluation report is:	**Unacceptable**	**Poor**	**Good**	**Very good**	**Excellent**
1. Meeting needs: Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
2. Relevant scope: Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
3. Defensible design: Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
4. Reliable data: To what extent are the primary and secondary data selected adequate. Are they sufficiently reliable for their intended use?					
5. Sound analysis: Is quantitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
6. Credible findings: Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
7. Validity of the conclusions: Does the report provide clear conclusions? Are conclusions based on credible results?					
8. Usefulness of the recommendations: Are recommendations fair, unbiased by personnel or shareholders' views, and sufficiently detailed to be operationally applicable?					
9. Clearly reported: Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered.					

ANNEX 2: List of Persons met

IN BRUSSELS

Chomel, J.L.. Head of Unit, EuropeAid's Evaluaiton Unit.

Daoudi, Hicham. Evaluation Manager, EuropeAid's Evaluaiton Unit.

Jauhari M.C., Senior Adviser, Indian Mission to the EU

Jonckers, Jos, AIDCO D1

Julin, Andreas. TRADE D2.

Kerstiens, Babara. AIDCO E3.

Mackie, Lisa. TRRADE D2.

Murengezi, Celesitn. AIDCO 04.

Pedersen, Tove. AIDCO E4.

Pennington, Michael. AIDCO D1.

Petrucci, Federica. Repsonsible Evaluation Manager, EuropeAid's Evaluaiton Unit.

Teerink, Rensje. RELEX H3.

IN INDIA

Agrawal, B.L.. Secretary, Department of Health and Family Welfare, Government of Chhattisgarh.

Amin, Kulan. Programme Manager, EC Delegation.

Bagchee, Aruna. Senior Governance Advisor, DFID, Delhi.

Bain, Thomas. Education Advisor, EC Delegation

Baishta Assam, Dr. SC. State Facilitator - Kerala, ECTA.

Balasubramanian, V.. Director-Finance, The Asian Heritage Foundation.

Bandyopadhyay, S. Senior Programme Officer, Rural Development, Aga Khan Foundation.

Bardhan, Parimal. Team Leader, Education Sector, EC Delegation.

Barnes, Sabina Bindra. Human Development Adviser, DFID

Barreira, Cristina Martins. Counsellor, Political Affairs, EC Delegation.

Bassi, Neeraj. Senior Medical Officer, CHC Shahzadpur, Haryana.

Bava, Ummu Salma. Associate Professor, Centre for European Studies, Delhi.

Benfield, Andy. Project Manager – Economic Cooperation, EC Delegation.

Bhambal, Pradbodh. Programme Officer, Health, Aga Khan Foundation.

Bharati, Muktikanta. Pune Division, Disaster Risk Management Programme, UNDP.

Bischoff, Juergen Dr. Director, GTZ-ASEM.

Buscosi, Giulia. Programme Manager, EC Delegation .

Cantagalli, Mariella. First Secretary, Trade & Economic Affairs, EC Delegation.

Chandra, Dr. Urvarshi. Advisor-Research and Impact Assessment, ECTA.

Chatterji, Dr. Anuradha. Coordinator, Centre for Science and Environment, Delhi.

Chaturvedi, Adesh. State Facilitator – Rajasthan, ECTA.

Chaudhary, Sushil. Programme Support Associate, Vulnerability Reduction and Sustainable
Environment, UNDP.

Chhabra, Sheena. Division Chief, Health Systems Division, USAID

Claeye, Etienne. Head of Operation, Cooperation, EC Delegation.

Costa, Cecili. Attache- Economic Cooperation, EC Delegation

D'Souza, Larry A.. Executive Director, Bombay Chamber of Commerce & Industry

Da Camara Gomes, F.. Head of EC Delegation.

Dayaram, Yadev. Senior Programme Officer – Education, Aga Khan Foundation.

Dhar, S.K.. Project Director/CCF - Haryana Community Forestry Project, Haryana Forest
Department.

Gatto, Stefano. Counsellor, Head of Section, Trade & Economic Affairs, EC Delegation.

Ghosh, S.K.. Corporate Representative for Gaz de France, India.

Grover, Anand. Lawyers Collective, New Delhi.

Gupta, Kamla. Field Coordinator, Mitanin Programme, State Health Resource Centre, State of
Chattisgarh.

Gupta, Suranjan. Economic Adviser, Trade & Economic Affairs, EC Delegation.

Haté, Nishikant. EC-DEL EC Adviser Economic Cooperation, Asia Invest, EC Delegation.

Heath, John R.. Evaluation Adviser, Evaluation Department, DFID.

Hota, PK. Secretary Health, Ministry of Health.

Jaitli, Harsh. Director, Participatory Research In Asia (PRIA).

Jha, Ashutosh. NGO Projects (Rural Development/Environment), EC Delegation.

Jha, Dr. Rakesh. State Facilitator – Bihar, ECTA.

Jharkhand. State Facilitator - Madhya Pradesh, ECTA.

Jonsson, Goran. Project Coordinator – Haryana Community Forestry Project, Haryana.

Joshi, Niraj U.. Manager (Research & Monitoring), Aga Khan Rural Support Programme.

Karanth, Anup. Project Coordinator-UEVRP Vulnerability Reduction and Sustainable Development, UNDP.

Kaul, Mandakini. Operations Officer and Partnership Coordinator, World Bank.

Kaur, Dr. Amarinder. CF ITC/M&E, Haryana Community Forestry Project, Haryana Forest
Department Van Bhawan.

Kaur, Manmeet. Consultant, State Facilitator, SIP Office.

Kavarana, Gita. Head – Institutional Development, Centre for Science and Environment.

Kellett, Jan. Recovery and Reconstruction Specialist, UNDP.

Kiran, V. Consultant, Health Community Coordinator, Ambala, Haryana.

Kolstad, Randy. Reproductive Health Division Chief, USAID

Koppmair, Richard. EU-India Project Manager, AeroSpace and Defence.

Kumar, Gopa. State Facilitator - Madhya Pradesh, ECTA.

Kumar, R. Ravi. Chief Manager (Admn.) & Secretary, Jawaharlal Nehru Port Trust, Mumbai.

Kumar, Ranjana. Health Adviser, DFID India

Kumar, Rhada Dr.. Adjunct Senior Fellow, Delhi Policy Group.

Kumar, Sudhir. Programme Associate, Disaster Risk Management Programme, UNDP.

Kumar, Sushil. Assistant Resident Representative, UNDP.

Le Danois, Laurent. Health and Gender Advisor, EC Delegation.

Manmeet, Kaur. Consultant, Health Sector Investment Programme, Panchkula, Chandigarh.

Marchal, Anne. First Secretary, Head of Development Cooperation, EC Delegation

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ANNEX 3 Selected Social and Economic Indicators

Indicators

Quality of life and social well being	
Under 5 mortality rate (per 1,000), 2003	87
Probability at birth of not surviving to age 40 (% of cohort), 2000-2005	16.6%
Births attended by skilled health personnel (%), 1995-2003	43%
Infant mortality rate (per 1,000 live births), 2003	63
One-year-olds fully immunized against measles (%), 2003	67%
Life expectancy at birth (years), 2000-2005	63.1
HIV prevalence (% ages 15-49), 2003	0.4-1.3%
Net primary enrolment ratio (%) 2002/2003	87%
Primary net enrolment ratio (female as % of male), 2002/2003	0.94
Primary education completion rate in 2002	77%
Public expenditure on education, pre-primary and primary (as % of all levels), 2000-2002	38.4%
Public health expenditure (% of GDP), 2002	1.3%
Economic development	
GDP per capita (US$), 2003	7.0
Aid per capita (US$), 2003	0.9
Direct foreign investment, net inflows (US$), 2003	4.3 billion
Total debt/GDP, 2004	17.6
Value added in agriculture (% of GDP), 2004	21.8
Governance	
Voice and accountability (country's percentile rank)	54
Political stability (country's percentile rank)	24
Control of corruption (country's percentile rank)	47
Governance' percentile	47
Confidence range	31-47

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EQ1: ALIGNMENT AND RELEVANCE OF EC INTERVENTIONS

Criteria Fiche 1.1:

1. Question EQ1: Alignment and Relevance of EC interventions

To what extent has EC development assistance been aligned to national policies and systems aimed at reducing poverty and improving relevance?

2. Judgment Criterion 1

Degree to which EC co-operation objectives support national priorities as formulated in key policy documents (for example, the National Five-Year Plans, Statements from Joint Commissions).

Comments on Criterion 1:
This judgment criterion is based on an analysis of the various policy documents, such as the Five-Year Plans, union budgets, and EC-Government of India (GoI) joint commission statements, where the policy priorities and, crucially, budget allocations are detailed. Many of these policy documents are quite comprehensive (for example, all Five-Year Plans and union budgets mention education and health as a priority), which has enabled the evaluation team to analyse comprehensively the degree to which the *specific* interventions fitted with the priorities of GoI.

3. Area Coverage by the EC Interventions

In general, this covers all EC interventions within development co-operation, as the overall aim has consistently been the reduction of poverty. In particular, the interventions within education, health, rural development and good governance have been analysed.

4. Indicators

The tentative desk phase indicators were:

1. Share of projects and programmes which 'fit' with project/programme objectives and those of GoI.
2. Number of GoI representatives stating that past and present projects/programmes reflected national priorities and objectives.
3. Number of projects and programmes continuing after the end of EC support (also related to sustainability).

- **Share of projects and programmes which 'fit' with project/programme objectives and those of GoI.**

Generally, the focus of EC support through its programmes and projects during the period under evaluation has been consistent with the objectives of the Five-Year Plans of GoI. The latest three Five-Year Plans (the 8th, 9th and 10th) all stress the importance of rural development, primary education, health and family welfare programmes, poverty alleviation, meeting the needs of the rural poor, scheduled castes (SC) and scheduled tribes (ST), women and children, and other deprived groups in India. It is interesting, though, that the external sector – including trade – and good governance were not focus areas in the 8th and 9th Five-Year Plans. In the 10th Five-Year Plan

(covering 2002-2007), these areas received separate attention due to their importance in reaching the goals of the plan.

Likewise, an interesting factor is the lack of focus in the Five-Year Plans on human rights, which are explicit areas of interest stated in the Co-operation Agreement between EC and GoI.[7] It should be stressed, though, that already in the 8th Five-Year Plan (covering from 1992-1997), there was to a large extent a focus on empowering the population through building local communities and organisations in ways that enhanced ownership of the programmes and projects. This, of course, can be seen as an implicit strengthening of democracy.

All the articles in the Co-operation Agreement are in line with the statements in the Five-Year Plans, albeit somewhat general at times, merely stating the frameworks res for the co-operation, without specific restrictions or obligations on either side.

During the Eighth Five-Year Plan (1992-1997) EC-India co-operation included a significant proportion of rural development projects in the portfolio. These projects were, on objective level, closely aligned to the Five-Year plan, which stresses rural poverty alleviation through higher productivity and enhanced participation of the poor in, for example, the (then) newly-established Panchayati Raj Institutions (PRI). However, at implementation level the projects at times had difficulties in operationalising these objectives as their rather technical focus on, for example, irrigation and crop production tended to favour better-off farmers and districts, as it was mainly those with productive assets that benefited.[8] Again, most of GoI's own development schemes and projects shared the same characteristics and, as a corollary, also the same flaws.

The Eighth Five-Year Plan was also quite explicit in the need to strengthen the PRI. It stated that:

> *"Panchayati Raj Institutions are in existence in almost all the States and UTs, but with considerable variations in their structure, mode of election, etc. However, Panchayati Raj Institutions suffer from inadequate resources, both financial and technical. In most of the States, they are not entrusted with enough powers and financial responsibilities."*[9]

While some of the rural development projects were started before the establishment of PRIs, others were not, and both had generally limited institutional integration into these permanent institutions, which was partly inconsistent with the stated strategy in the Five-Year plan. However, the EC was clearly not the only development partner being partly inconsistent with the national strategy at that point in time (even some GoI centrally-sponsored schemes violated this principle) and it was also rather quick – compared to the rather modest standards of donors – to change in phasing out such inconsistent practices.

The most significant programme of the EC during the Eighth Five-Year Plan was the District and Primary Education Programme (DPEP). The programme, as the name suggests, had the district as the focal point, a key tenet in the five-year plan strategy for addressing the educational challenges, as previous studies had indicated that inter-district variations were more significant than the inter-state variations. Moreover, the State was seen as too large and variegated an area to serve as a homogeneous unit for educational planning. Therefore, educationally backward districts would be identified and special inputs would be provided in proportion to the degree of backwardness. The DPEP did exactly this, and thus had a very high degree of alignment to the objectives of the

[7] The Co-operation Agreement provided the framework for bilateral co-operation between EC and India, whereas the Five-Year Plans were (and are) clearly national strategies, to which the Co-operation Agreements may or may not align.

[8] See e.g. Court of Auditors: 'Special Report on the Effectiveness of the Commission's Management of Development Assistance to India' No. 10, 2003. See also the judgment criteria fiches on environment and rural development, which deal with these issues in detail.

[9] Eighth Five Year Plan, New Delhi 1992.

national strategy as formulated by the Planning Commission. This can be explained due to the fact that GoI was the driver in formulating the DPEP, which was and is generally not the case for stand-alone projects. In this way, GoI ownership (at central level, at least) of the programme was far more pronounced than in traditional projects, and this clearly facilitated quick and smooth commencement of the programme. The successor to the DPEP, the Sarva Shiksha Abhiya (SSA), continues this concept and builds on even stronger GoI ownership and commitment.

Similarly, the Health and Family Welfare Sector Development Programme (HFWSDP), which was the second sector programme supported by the EC, was also essentially formulated by GoI and has also been strongly owned by GoI, although the start-up phase was marked by some problems with the EU TA team, which may suggest that the TA procedures (for example, tendering, contracting, etc.) were not fully aligned with GoI structures.

The State Partnership Programme will primarily be integrated into state-level strategies and planning processes, and thus are not derived from central GoI plans. Clearly, there are concerns at central level that such state-specific interventions, which involve the transfer of funds to these states, may undermine the formulae by which central government allocates resources to the state. However, given the comparatively modest size of the funds committed under the State Partnership Programme, this issue is arguably more a matter of principle.[10] On the other hand, the State Partnership Programme attempt to address governance issues, which is in line with the emphasis of the latest (10th) Five-Year Plan.

All in all, there has been a progressive shift towards better-aligned support at objective and strategic level, with the EC having identified the shortcomings of the previous projects within rural development, reacting by moving towards sector programmes formulated and owned domestically. This has been instrumental in securing strong GoI ownership and commitment, which in turn has facilitated relatively smooth implementation.

- **Number of GoI representatives stating that past and present projects/programmes reflected national priorities and objectives**

The number of GoI representatives interviewed was too small to allow for a meaningful quantitative survey. However, most GoI officials expressed the view that the sector programmes in particular were clearly aligned to national priorities and objectives. They also stated that past projects had been broadly in line with the then dominant priorities and objectives, although the degree of alignment had been less, primarily related to the fact that these projects and programmes were formulated, designed and, to a large extent, implemented by the EC.

Concerning the State Partnership Programme, the opinions were mixed, with central GoI officials being slightly critical of the degree of alignment with national level objectives, whereas state level officials expressed that the State Partnership Programme were rather closely aligned to their state-level objectives and priorities.

- **Number of projects and programmes continuing after the end of EC support (also related to sustainability).**

In general, it has not been possible, for several reasons, to quantify the number of projects and programmes continuing after project closure. First, most closed projects have seen some activities being continued and others being stopped, and in some cases only some of the beneficiaries were able to continue maintaining project structures. For example, in the Kerala Minor Irrigation Project

[10] Nevertheless officials from GoI expressed these concerns strongly, especially if other development partners also accelerate the tendency for state focus, in which case the funds involved may not be trivial, especially if directed at sectoral budgets.

(1994 – 2000, €12 million) 60% of beneficiaries were still depending on support from the project when it closed.[11] In general, however, sustainability seems to have been a major problem in most of the projects from the first period under evaluation, primarily because there were often weak linkages to domestic institutions. Thus, sustainability suffered when services and benefits supposed to be delivered beyond the project period were relying on structures and activities delivered by temporary project structures.[12]

For the sector programmes, both financial and institutional sustainability have been addressed from the onset, and this is one of the key reasons why the EC and other development partners have adopted the sector approach. Thus, most of the DPEP activities have been continued either by the successor programme SSA or by lower-level institutions involved in implementing DPEP. In general, GoI has allocated the agreed resources to the education sector programmes, ensuring a comparatively high level of financial sustainability, although concerns have been voiced about the fiscal implications of rising demands by contract teachers hired under DPEP who want to be regularised, having secure tenure and a substantially higher salary.[13] Similarly, while the health sector programme does have an inherently high degree of sustainability, there are concerns about the fiscal pressures on states, which are, of course, a general macro-economic problem.

The diversity of NGO projects also displays a very mixed picture in terms of sustainability, with some, such as BAIF, having strong focus on sustainability, whereas some of the NGOs in PESLE appeared to rely on continued donor funding.[14]

5. Issues of Procedures, Administration and Management

Generally, it seems clear that the programmes that have been formulated and designed by domestic stakeholders have been more closely aligned with national priorities and objectives, which has also been instrumental in securing a high degree of domestic ownership. Projects and programmes formulated and designed primarily by the EC have tended to be somewhat less aligned and also hampered by implementation delays.

6. Global Assessment

During the period under evaluation, the EC has increasingly aligned its projects and programmes to those of GoI. In particular, the two sector programmes have seen a strong and qualitative deepening of the dialogue. The EC has been a pioneer in supporting such sector programmes, which have allowed for close integration into domestic systems. In this process, the EC has gained significant respect in policy dialogue, with potentially far more widespread influence than any piecemeal project approach would have allowed for. This has clearly also improved relevance of EC support, although attributing the impact of the EC's input (financially or in terms of dialogue) is virtually impossible, as will also be clarified below. Fully realising this potential obviously depends on the effectiveness and impact of the government-implemented sector programmes.

Criteria Fiche 1.2

[11] Court of Auditors: Court of Auditors: 'Special Report on the Effectiveness of the Commission's Management of Development Assistance to India'.

[12] Ibid.

[13] See Arcadis: Final Evaluation of EC Support to DPEP.

[14] See e.g. PESLE Mid-Term Review (May 2006) where it is clear that continuation of activities of the involved NGOs (to a varying degree) hinges on continued donor support.

1. Question EQ1: Alignment and Relevance of EC interventions

To what extent has EC development assistance been aligned with national policies and systems aimed at reducing poverty and improving relevance?

2. Judgment Criterion 2

Degree to which the EC has used domestic implementation channels for its development assistance interventions.

Comments on Criterion 2

This judgment criterion is closely related to the above-mentioned judgment criteria on alignment to national objectives and priorities. There are various degrees to which the EC can align with domestic implementation channels, ranging from providing general budget support to sector budget support or mere reliance on common reporting procedures. This is assessed by taking into account the (then) prevailing mode of conducting development assistance, as, for example, the focus on general budget support has increased recently.

3. Areas of Coverage by the EC Interventions

In general, this covers all EC interventions within development co-operation, as the overall aim has consistently been the reduction of poverty. The interventions within education, health, rural development and good governance have in particular been analysed.

4. Indicators

The tentative desk phase indicators were:

1. Share of EC assistance recorded in the national budget.
2. Number of programmes in which the EC, other development partners and government conduct joint policy analysis and reviews.
3. Share of programmes and projects that use domestic reporting and monitoring mechanisms.
4. Degree to which inputs such as TA and funding are pooled and demand-driven.

- **Share of EC assistance recorded in the national budget**

This indicator examines the degree to which EC assistance is incorporated in domestic systems, and hence subject to domestic accountability systems, including parliamentary scrutiny and budget overviews. Increasingly, external development partners have realised that bypassing the national budget processes undermines national institution building (including paying high salaries for local staff). This is also consistent with the Rome and Paris declarations on aid effectiveness, for which the EC has been a consistent and vocal supporter.

In India, the EC has been a frontrunner in promoting on-budget support to GoI, starting as early as 1993 with the DPEP, which provided the bulk of the assistance as sector budget support. The early support from the EC had a catalytic role in encouraging other development partners to align their assistance better, and the impact was thus extended beyond the EC's assistance. This was later followed up by the health sector support programme, which also had a large element of sector budget support, as does the ongoing education sector programme, SSA. An analysis of financial data covering the period 1992-2005 (excluding the State Partnerships which will only start late 2006) reveals that 57% of all aid commitments have been of sector budget support (excluding TA and other EC earmarked contributions in the sector programmes), with a rising tendency. With the

forthcoming state partnerships, and the significant enhancements of EC contributions to the health and education sector programmes that are foreseen, this share is set to rise even higher, thus ensuring that the very early commitment to alignment and harmonisation is sustained and accelerated. According to current projections, the EC will thus be able to achieve the Paris declaration target of having at least 85% of aid flows to GoI being channelled through the budget.[15] Again, it should be noted that the EC, through its pioneering approaches in the education and health sectors, has probably acted as a catalyst for similar responses from other development partners, further strengthening alignment.

- **Number of programmes in which the EC, other development partners and government conduct joint policy analysis and reviews.**
- **Share of programmes and projects that use domestic reporting and monitoring mechanisms.**

These two indicators are closely linked, and hence treated simultaneously. A key issue related to alignment is the sharing of analytical work, evaluations and reviews among development partners (including GoI), which again has the potential to strengthen domestic accountability and governance structures while simultaneously reducing transaction costs.

In this area, the EC has again been a pacesetter with the DPEP, which to a large extent build upon a joint understanding of the policy analysis (initially made by GoI) of the education sector. As other development partners also contributed to the programme, a process of undertaking joint review missions evolved, which contributed to the lowering of transaction costs and provided a unified interface for discussing the overall strategic direction of the programme. The same approach applies to the SSA, where the leadership of GoI is further augmented. In both programmes, the monitoring systems were those of GoI.

However, while this process clearly supports government-owned systems, it has also been criticised for being a somewhat politicised exercise, as the review reports may be tabled in parliament. This has, to a degree, reduced their relevance as an instrument for critical (self) assessment, and external/independent reviews are generally not encouraged.[16] This indicates that while there is strong GoI ownership of the programme and significant alignment with its systems, the value and usefulness of the reviews may be compromised, in as much as they are not fully used as opportunities to learn and adjust the programme. Clearly, having an aligned and harmonised approach is only one step towards improved aid effectiveness. How effective centrally-sponsored government schemes – such as the SSA – are is perhaps even more important.

The health and family welfare programme also has a high degree of reliance on domestic systems, although the review process is primarily led by the EC. Also, the EC has provided the only donor support to the family welfare programme, although other donors will be forthcoming in the National Rural Health Mission, the implementation of which promises to be a more truly sector-wide programme.

For the rest of the EC's project portfolio, the degree of alignment is mixed. Some have traditional project structures (PMUs, project specific M&E systems and EC driven reviews), whereas other have more aligned processes.

- **Degree to which inputs such as TA and funding are pooled and demand-driven.**

[15] This does not include assistance under economic, cultural or academic co-operation, which is not defined as 'development assistance' under OECD/DAC rules.

[16] Interviews with key education stakeholders. See also Jagannathan: 'Program Based Approaches and International Collaboration'.

Increasingly, external development partners are recognising the need to make TA and other inputs more demand-driven in order to ensure better ownership and alignment. However, these principles can be difficult to adhere to, and progress towards genuine domestic ownership of TA often remains an aspiration rather than a reality.

In India, these difficulties have also been present and there are only a few examples of TA being partly demand driven, the health and family welfare programme being one such. In the education sector, all stakeholders agree that the EC-provided TA was not demand-driven, provided little added value, and generally was not utilised as expected. All available reports and evaluations confirm these findings.[17] The decision to also include supply-driven TA and other so-called 'capacity building' activities administered by the EC in the SSA is thus hard to fully comprehend, especially with GoI already having a Technical Support Group, which is charged with handling TA, using a demand-driven approach. Similarly, there were expressions by state government officials that the TA provided in the preparation of the SSP was not being fully demand-driven but rather accepted as a tacit contract of accepting TA as a condition for getting access to funding.[18] Generally, there seems to be a need to ensure improved consistency, with best practices in the area of TA taking into account both global and EC findings on the subject.[19] Clearly, GoI does need TA and will continue to do so, and the current TA offered under the health sector programmes seems to be well appreciated. However, it is the modalities by which such TA is provided that may need to be adjusted to reflect a higher degree of domestic ownership and demand.

5. Coherence, Co-ordination, Complementarity

The attempts made by the EC to align its implementation mechanisms with that of GoI in the sector programmes have substantially improved co-ordination and complementarity, especially as the EC has been able to act as a catalyst for support from other development partners. This is a significant achievement of the EC. However, it would appear that coherence with the principles of the sector approach (for example, demand-driven and aligned to domestic systems) has been slightly diminished by the insistence on EC TA and earmarked 'capacity-building' activities.

6. Issues of Procedures, Administration and Management

Again, it would seem that where the EC has relied on domestic channels of implementation, execution has often happened more quickly, as there has been no disagreement over contracting, tenders and other procedural issues that have often hampered aid effectiveness.[20]

7. Global Assessment

The EC has been pioneering an increased reliance on domestic implementation channels learning from the experience of past projects and adjusting the implementation modalities accordingly. This has improved implementation efficiency, reduced lead times and, perhaps most importantly, aligned EC support to domestic monitoring and accountability systems. However, alignment issues remain

[17] See e.g. Arcadis: Final Evaluation of EC Support to DPEP; Karikorpi, M.: EC Programme of Support for Primary Education in India – Final Report and Jagannathan: 'Program Based Approaches and International Collaboration'.

[18] Indeed, senior state officials stated that interacting with the EC TA diverted resources from their core tasks and did little to assist in capacity development.

[19] See e.g. EuropeAid: 'Institutional Assessment and Capacity Development' September 2005, UNDP: *Capacity For Development*, 2002 and DFID: 'A Vision for the Future of Technical Assistance in the International Development System' 2003.

[20] E.g. the Maritime Transport Project took almost a decade from conception to execution, whereas the DPEP had a lead time of less than two years.

with regard to TA and EC-managed 'capacity-building' activities, which in some cases have not been demand-driven, nor particularly effective.

EQ2: IMPROVING ACCESS AND QUALITY OF EDUCATION

Criteria Fiche 2.1

1. Question EQ 2: Education

2. Judgment Criterion 1

Degree to which EC interventions (most notably DPEP and SSA) have assisted in improving the capacity of the Indian education system to increase access and enrolment of the poorest groups (including girls and scheduled tribes)

Comment on Judgment Criterion 1
In order to improve access sustainably, it may not be enough to construct additional classrooms and schools. Often it is necessary to complement the delivery of 'hardware' with reforms in the governance and incentive structure, backed up by adequate and sustainable budget allocations. The EC has supported the government in doing both, as civil works and education reforms have featured prominently in the EC's support to the government.

3. Area Coverage by the EC Interventions

The main completed intervention has been the DPEP, which began in 1994 and which benefited from EC support of €150 million. In addition, the EC agreed in 2001 to support the SSA programme with €200 million, which is still ongoing.[21] These two sector programmes form the core of the EC's support to education, and both have the improvement of access and increased enrolment as key objectives. The DPEP was also supported by the World Bank, DFID (prior to 1997 ODA, UK), UNICEF and the Netherlands. The total cost of the programme was USD 1.6 billon. SSA is also supported by the World Bank (USD 500 million) and DFID (£190 million) and has an estimated total cost of USD 3.5 billon, with central GoI and states providing the residual funding.
In addition, the EC has also supported NGOs involved in education, most notably through the Programme for Enrichment of School Level Education (PESLE, €11 million), which aims to improve the quality of school-level education in selected states of India by mainstreaming innovative, small-scale experiments with a particular focus on marginalised and disadvantaged groups, and carried out by Indian NGOs.

4. Indicators

The tentative desk phase indicators were:

1. Gender (and if possible SC/ST and rural/urban) disaggregated net and gross enrolment rates in EC-supported districts compared with districts not supported.
2. Completion rate of Grade 5.

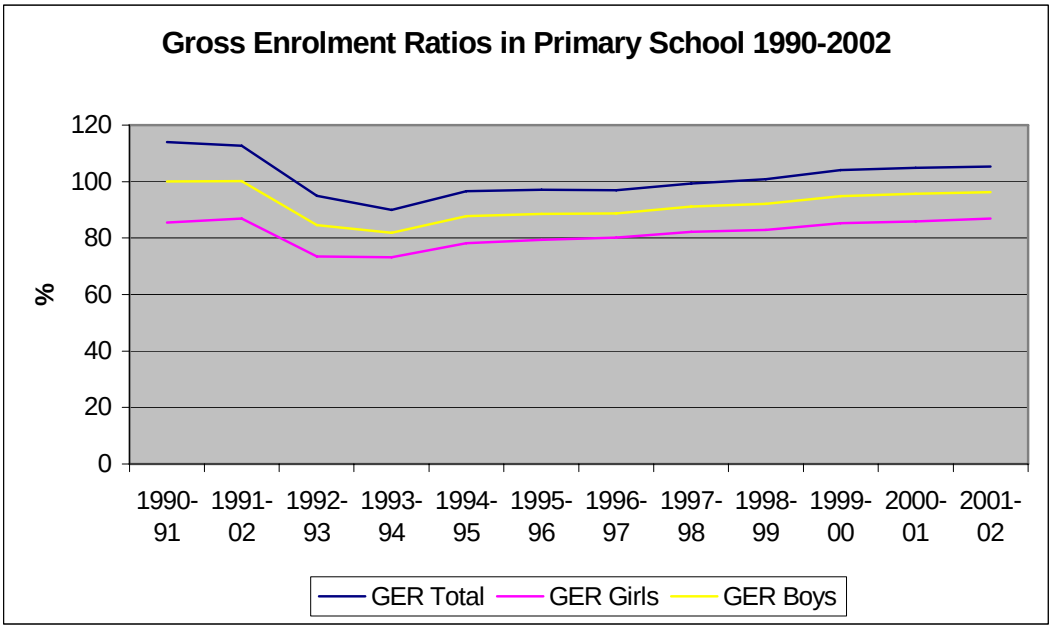
[21] However, the funding for these programmes represents less than 0.4% of India's public expenditure on elementary education during the same period.

3. Number of classrooms and other school facilities maintained post-programme.
4. Changes in direct and opportunity cost of education in supported districts.
5. Primary teachers with equivalent secondary education degree as % of total teacher population in supported districts.

- **Gender (and if possible SC/ST and rural/urban) disaggregated net and gross enrolment rates in EC-supported districts compared with districts not supported.**

Achieving universal education has been the long-term goal of GoI, and this is also reflected in both the DPEP and SSA. GoI's commitment to 'Education for All' at the world conference on education in Jomtien (Thailand) in 1990 was later reaffirmed in Dakar (Senegal) in 2000. In India, special attention has been paid to girls and students from SC and ST, as they were disproportionately excluded from access to education.
Overall, *national* educational indicators concerning both total enrolment and enrolment of girls has increased during the last decade, as shown in *Figure* 1.

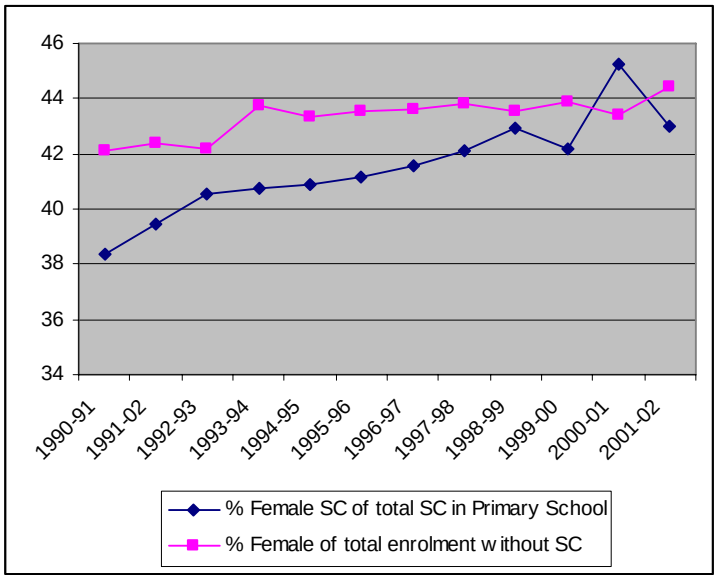
*Figure 1**: National Level Primary School Enrolment***



Source: Ministry of Education, India 2005

Similar gains have been made at national level in reducing disparities in SC enrolment, but up until 2002 they were still discriminated against, as can also be seen in *Figure* 2, which again is based on nationwide figures, not locations that have been specifically targeted by donor support.

*Figure 2**: Share of Caste and Gender in primary education, nationwide.***



Source: Ministry of Education India, 2005

It is against this background that the EC's interventions and its support to education will be evaluated - one of generally improving indicators for almost all groups, but from a very low basis and with continued gender, caste and tribal disparities that are only gradually being reduced.[22] Indeed, India's educational achievements are among the worst in the world, especially if comparisons are made on a state basis. Today, at every age, Bangladeshi girls have higher enrolment rates than Indian girls, although Bangladesh historically has had far worse educational and gender indicators than India.[23] This achievement is even more remarkable considering that Bangladesh public expenditures on education are only 2.3% of GDP in 2000, compared to India's corresponding figure of 4.1%, suggesting that additional funds and other supply-side interventions alone may not be sufficient to address the problem.[24]

Realising the importance of addressing educational shortcomings in a comprehensive manner, the two main EC-supported interventions have gone beyond merely the 'building more schools' approach to also addressing such issues as pedagogical process and the formation of village education committees.

There are clear signs that DPEP reached its objectives in EC-supported districts. The final EC-funded evaluation of DPEP concluded that gender and social disparities in primary education enrolment has been reduced to less than 5%, and similar positive views are also echoed in, for example, the World Bank's Project Completion Review (2003) of DPEP and the completion report from the EC's Programme Office. However, none of these compare DPEP-supported districts with non-supported DPEP districts that have similar socio-economic characteristics.[25] As stated by the World Bank review report:

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[22] Some recent estimates indicate that, at a national level, gender parity is now nearly 0.92 at primary level and that SC/ST enrolment is higher than their share in total population. However, significant regional disparities remain. (See SSA: '2nd Joint Review Mission, July 2005.).

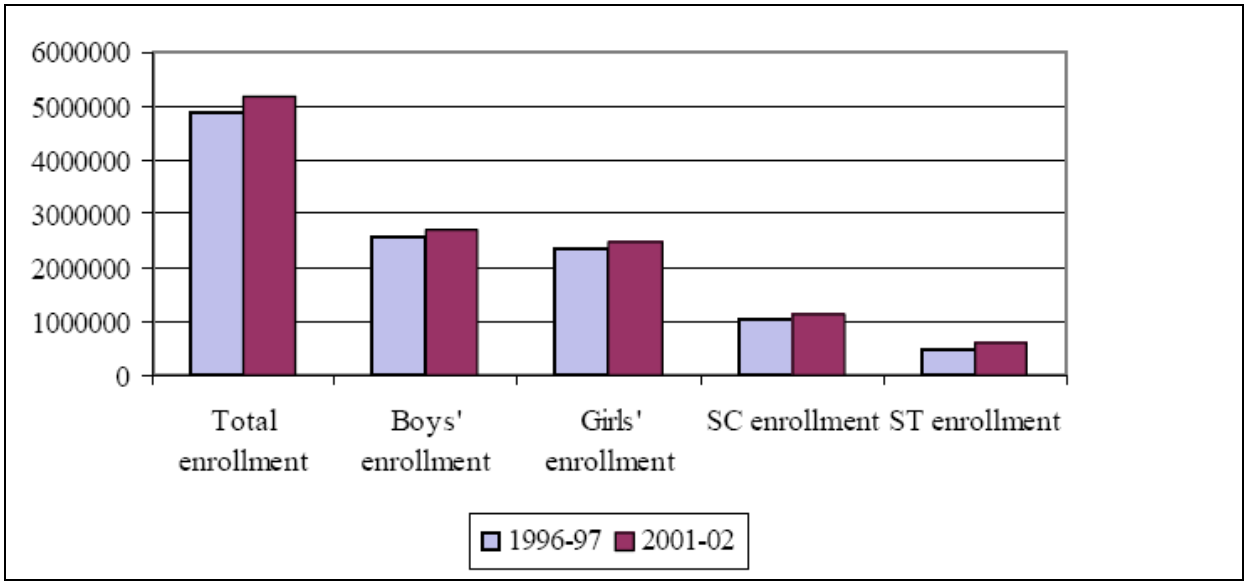
[23] World Bank: 'Attaining the MDGs in Bangladesh', February 2005.

[24] Interestingly, a key factor contributing to reducing Bangladesh's educational gender disparities is the use of demand-side interventions, most notably the stipend system for girls' secondary education. (See ibid.).

[25] It should be noted that Aggarwal attempted to compare DPEP districts with non-DPEP. However, this does not take into account that DPEP districts were chosen on certain criteria (which Aggarwal's non-DPEP were not)

> *"The original intent of this report was to evaluate the impact of DPEP I and II, based on an exhaustive literature review of the many studies conducted under the aegis of the programme. A genuine impact evaluation would assess the magnitude of the change in development objectives of the project that can be clearly attributed to the project itself, net of the effect of other programmes and external factors. Such an evaluation study would attempt to construct a counterfactual to answer the question: "What would have happened if DPEP had not been implemented?" Typical impact evaluation studies, for programmes such as DPEP, which are not nationwide but have partial coverage, and where certain pre-determined criteria were used to select the project districts (i.e. selection was non-random), use statistical methodologies (quasi-experimental or non-experimental) to compare project and non-project districts. These statistical techniques attempt to control other factors that could affect project outcomes. This report is, however, limited to research already done, as evident in the literature review. Unfortunately, however, this review revealed that, with the exception of Jalan and Glinskaya, none of the studies could qualify as true impact evaluations."*[26]

*Figure 3**: Enrolment in DPEP***



Source: World Bank: DPEP Project Completion Report.

The only methodologically robust evaluation thus appears to be the above mentioned Jalan and Glinskaya impact assessment of DPDP from 2003, where DPEP districts are compared to non-DPEP districts sharing the main socio-economic characteristics (mainly low literacy levels, especially among girls). They find that the net impact of DPEP (i.e. over and above achievements made in non-DPEP districts) amounts to an improvement of 1% on enrolment of all children. Similarly, there were small positive effects on SC and ST communities. However, the net impact on

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and thus the comparison is methodologically flawed. (See Aggarwal, Y.: 'Access and Retention under DPEP', National Institute of Educational Planning and Administration, New Delhi 2002.).

[26] World Bank: "A Review of Educational Progress and Reform in the District Primary Education Programme (Phases I and II)", Human Development Sector, South Asia Region, The World Bank: Washington, DC. September 1, 2003.

girls was negative (i.e. the non-DPEP districts demonstrated superior performance in increasing girls' enrolment than DPEP districts did.[27])

The ongoing SSA is also putting substantial focus on enrolment, and recent reports suggest that the enrolment drive has been accelerated in recent years, with nearly full access in terms of children being in school, and schools in every habitation. Expansion of access to children of all groups and habitations has been achieved primarily through building new schools, expanding existing schools by adding classrooms, and by spreading the net of Education Guarantee Schemes (EGS) and alternative school centres.[28] Further, available evidence indicates that the number of out-of-school children is dropping and that total enrolment is close to 94%. [29]

However, while the focus in both DPEP and SSA on ensuring enrolment may have instilled a sense of 'mission mode' among frontline providers, it has also distorted incentives to inflate enrolment numbers as allocation of teachers and other resources rely on these numbers.[30] Besides the allocation inefficiencies this may create, these figures may also be somewhat misleading as, for example enrolment does not imply attendance. That figure is only 72.7%.[31]. Finally, the degree to which the public sector (including DPEP and SSA) is responsible for the increases in enrolment is debatable. Recent official figures suggest that enrolment in government schools is stagnant, whereas private schools increase enrolment rates by 16% annually, even in rural areas.[32] Since the early 1990s the percentage of 6-to-14-year-olds attending private school has jumped from less than a tenth to roughly a quarter of the total in that cohort, according to the National Council of Applied Economic Research. However, this number is arguably a conservative estimate. Independent researchers have found that in some Indian slums about two-thirds of the children attend private schools, many of which are not officially recognized and so may escape the attention of nationwide surveys.[33]

It can also be questioned whether the construction of new schools is the most cost-effective way of increasing enrolment. While studies have shown that reducing the distance (and hence time) pupils have to travel to a school increases enrolment, the effect was rather small and not necessarily pro-poor.[34] Other interventions, such as increasing demand, raising quality and improving teacher attendance, may often have a much more substantial impact on increasing enrolment rates sustainably.

The NGOs supported by the EC seem to have been able to enrol some of the hardest-to-reach children and have pioneered new ways of attracting these children to school. However, the cost-effectiveness and replicability of these interventions are still to be robustly tested, and care should be taken to *a priori* assume that NGO-run schools are superior to government run, as, for example,

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27 It should also be noted that only in Madhya Pradesh did DPEP improve enrolment for scheduled tribes. In total, the net impact was close to zero.

28 See SSA: First Joint Review Mission, February 2005.

29 Ibid. and Pratham: Annual State of Education Report 2005.

30 See e.g. World Bank: District and Primary Education Programme. Implementation Completion Report. December 2003. This was also a direct observation during field visits of the evaluation team.

31 Pratham: Annual State of Education Report 2005.

32 GoI/DISE 2005 data reports that government schools *decreased* enrolment by 0, 1% between 2003 and 2004, while private schools increased enrolment by 17%. Private schools now account for over half urban enrolment, whereas almost 20% of rural enrolment is in private schools.

33 See e.g. Tooley and Dixon: *Private Schools for the Poor: A Case Study from India*, Newcastle University 2003.

34 Filmer, D.: 'If You Build It, Will They Come? – School Availability and School Enrolment in 21 Poor Countries' World Bank Policy Research Working Paper 3340, June 2004.

teacher absenteeism is equally common in both types of schools.[35] In quantitative terms, the reach of the EC-supported NGOs is marginal, considering the challenges facing India.

- **Completion Rate of Grade 5**

Nationally, completion rates have improved in India, as can been seen from Table 1, whereas repetition rates have remained more or less stagnant. Low-income groups (not reflected in Table 1) have a completion rate of 72% and a repetition rate of 10%. However, it is hard to get reliable data on DPEP performance compared to similar districts not receiving DPEP support. As an imperfect proxy, cohort progression can be used, which Jalan and Glinskaya (2003) did. They found a net positive impact overall for both SC and ST, but a net negative impact for girls, although the statistical uncertainty may at best equalise the net negative impact. Clearly, this does not imply fewer girls in DPEP districts were progressing to middle-level education, but only that similar non-DPEP districts manage to improve this indicator more than DPEP districts.

Table 1: Completion and Repetition Rates

Year	Primary Completion Rate	Repetition Rate
1995	77,6%	3,7%
2000	77,3%	3,7%
2003	80,9%	3,6%

Source: World Bank: World Development Indicators

- **Number of classrooms and other school facilities maintained post-programme**

DPEP had a substantial focus on the construction of new schools, as well as the rehabilitation of existing schools. The main aim was to ensure access in remote areas. However, total spending on this budget line was capped at 30% in order to ensure focus on other aspects, such as quality and institutional development. In total, more than 400,000 new student places were created during DPEP. This amounts to a doubling of capacity compared to pre-DPEP status, as was also the target at design stage.[36] While there is no data on non-DPEP districts, construction is probably one of the areas where DPEP outperformed similar non-DPEP districts. Although construction of additional classrooms can improve enrolment, international research also points to the need for complementary interventions, and it thus seems justified that DPEP insisted on capping construction expenditures. The same cap applies to SSA.

It has proved impossible to get reliable data on the degree to which new construction and rehabilitated premises have been maintained post-DPEP. Indications are that local authorities favour new construction over maintenance and rehabilitation, which is obviously not unique to India but also found in almost all other countries, including OECD. Similar preferences can be found among the NGOs.

- **Changes in direct and opportunity cost of education in supported districts.**

While construction and quality improvements should have lowered both direct and opportunity cost, there is no hard evidence available to substantiate this indicator. Judging from other indicators, such

[35] See e.g. Chaudhury, Hammer, Kremer, Muralidharan & Rogers (2005): 'Teacher Absence in India' in *Journal of the European Economic Association* Vol. 3, No. 2-3.

[36] World Bank: DPEP 'Implementation Completion Report' December 2003.

as enrolment, retention and completion of education, it would seem that DPEP has been successful in lowering both direct and opportunity costs. However, in comparison with non-supported districts, boys may have accounted for lower costs than girls, contrary to the intentions of DPEP. What seems clear is that the economic liberalisation initiated in the 1980s, and accelerated since 1991, has increased private rates of return to education, and hence also reduced opportunity costs in the long term. Combined with falling fertility rates, which again may have lower opportunity costs for families, this has probably increased significantly the demand for education.[37] This has been compounded by generally falling poverty levels, which has decreased the relative opportunity cost of education. Clearly, these factors are external to EC support to DPEP, SSA and PESLE, but may nevertheless have substantially greater impact on educational outcomes. It should be noted that the decrease in opportunity cost would be expected to be largest in the states with higher growth rates. Broadly, this is also supported by the evidence available, which suggests that the states with high enrolment rates are also the states with higher economic growth.

- **Primary teachers with equivalent secondary education degree as % of total teacher population in supported districts.**

Again, it has proved impossible to get reliable aggregate data on teachers' educational levels in DPEP districts, but it is estimated that there are more than 200,000 para-teachers, of which more than 100,000 work in Madhya Pradesh.[38] It is clear that under DPEP there has been an expansion of the number of para-teachers, variously called *acharya* (traditional teacher), *guruji* (honourable guide), *sahayika* (assistant) or *shiksha mitra* (friend of education). Indeed, a large proportion of DPEP funds has been used to finance the para-teachers.[39] These are paid a fraction of the salary of regular teachers and are on annually renewable contracts, making them both affordable and flexible. The main disadvantage is that their qualifications are often substantially lower than those of regular teachers, with no mandatory pre-service training and only very limited induction training. However, it has been argued that para-teachers have improved quality as they are more accountable to local communities.[40] But while para-teachers are often hired by local communities (and, in principle, accountable to them) on one-year renewable contracts, this does not necessarily translate into improved accountability. Thus, para-teachers have the same unacceptably high absence rates as regular teachers,[41] and hiring processes are characterised by corruption, to the detriment of the poor and minorities. This has led some observers to conclude that the expansion of the supply of para-teachers, combined with decentralisation, has reproduced social inequalities rather than reducing them.[42] Indeed, it has been argued that the proliferation of alternative schools staffed with para-teachers risks further segmenting the Indian educational system with a two-tier public education system.[43] On the other hand, more schools have opened, which, given the dire fiscal constraints of

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37 These arguments are forcefully made in the widely-published *Public Report on Basic Education* (PROBE), by the Centre for Development Economics, Delhi 1999.

38 GoI. DPEP Calling, Volume VI, No. 11, December 2000.

39 The Final Evaluation of EC support to DPEP (2002) estimates that more than 33% of DPEP funds allocated at state levels has gone on teacher salaries.

40 See e.g. Kingdon, Cassen, McNay & Visaria (2004): 'Education and Literacy' in Dyson, T., Cassen, R.H. and Visaria, L. (eds.). *Twenty-First Century India: Population, Economy, Human Development, and the Environment*, Oxford University Press.

41 Muralidharan, Karthik. 2004. "Teacher Absence in India." Presentation on behalf of Provider Absence Research Project Team, World Bank, at the GDN Workshop on *Tackling Absence of Teachers and Medical Personnel*, January 25-26, 2004, New Delhi.

42 Leclerq, F.: 'Education Guarantee Scheme and Primary Schooling in Madhya Pradesh' in *Political and Economy Weekly*, May 2003.

43 See Drèze, Jean and Amartya Sen (2002), *India Development and Participation*, OUP New Delhi.

most Indian states, would not have been possible if regular and more expensive teachers were to be employed. Most studies also indicate that educational outcomes of schools staffed with para-teachers are equal to schools staffed with regular teachers.[44] Given the poor quality of the regular public education system, this is, arguably, cold comfort for the pupils, but from a fiscal point of view it enables states to gradually lower teachers' salaries, although concerns have been raised that these para-teachers eventually will demand to be regularised, and hence will become more costly.[45] This may undermine fiscal sustainability.

5. Incidence of the EC Interventions in Terms of

5.1 Relevance

Overall, it has clearly been relevant to focus on wide-scale and systemic expansion of the education sector's capacity to increase access and enrolment, especially considering the number of children out of school in India. This was both relevant at the start of the period under evaluation (i.e. early 1990s) and, unfortunately, today. The only way to address this problem was to undertake fundamental reforms at a national scale. Piecemeal project approaches would not suffice, and hence the choice of going for a sector approach, at that time, was relevant and showed great foresight. However, there were assumptions that, arguably, were too optimistic with regard to the programme's ability to sustainably improve enrolment rates for girls and minorities (as is usual in many development programmes). Also, and again with the benefit of hindsight, relevance might have been improved had more attention been given to integration into (or direct replacement of) existing educational structures, which would arguably have been more conducive to improving the mainstream educational system's capacity to improve access and enrolment. Nevertheless, significant achievements have been made in this area, which testifies to the general relevance of the approach, although concerns have been voiced about the impact on quality and learning outcomes, which will be dealt with in judgment criteria 2.2. Also, while the DPEP had a stated goal of increasing girls' enrolment, no detailed analysis of the causes of low female enrolment was made.[46] This may also have reduced relevance. Under SSA, the drive to expand access for, and increase enrolment of, girls and minorities has continued, which again seems very relevant *per se*, but a key question remains about whether the lessons from the mixed performance of DPEP have been internalised in SSA, especially in relation to accountability and governance. High and continued levels of teachers' absenteeism, dramatically increased enrolment in private schools, and inefficiencies in resource allocations all testify to the still formidable challenges. Addressing these issues is partly outside the scope of SSA and relates more to issues of decentralisation, fiscal empowerment and management structures at the local level. However, without effectively addressing these issues, relevance may be compromised.

5.2 Effectiveness

Generally, enrolment and access has increased under DPEP, continuing into SSA, but the effectiveness of DPEP and SSA over and above what would have been the case had there been no such support may be less than what the relatively substantial amounts invested would intuitively

[44] Ibid. and Rana, Kumar, Abdur Rafique, and Amrita Sengupta: *The Delivery of Primary Education: A Study in West Bengal.* TLM Books, New Delhi 2002.

[45] Howes, Stephen, and Rinku Murgai: 'Subsidies and Salaries: Issues in the Restructuring of Government Expenditure in India' World Bank Working Paper, March 2004.

[46] Only in 2000 was a Lok Sampark Abhiyan survey made to analyse reasons for non-enrolment.

suggest. Also, the failure to increase girls' enrolment over and above trend suggests that DPEP was not effective in realising this objective. On the other hand, both the DPEP and SSA have promoted what various reports and reviews have termed a 'mission mode', which instils a sense of much-needed urgency among educational planners and managers, and policy dialogue between GoI and external development partners on educational issues seems better organised and improved. This was also reflected in the interviews during the field visits and from reading reports both from central and state governments, although it is sometimes difficult to separate information from promotion.[47] Despite such achievements and the well-acknowledged merits of having a well-organised and policy-focused forum for dialogue (which has reduced the transaction cost of aid delivery), this has so far failed to translate into substantially improved enrolment rates over and above what could be expected, even when using often inflated official educational data.

The NGOs supported by the EC seem to have been particularly effective in enrolling girls, who were often from families with no or very little tradition of accessing education. Again, the effectiveness in quantitative terms of increasing overall enrolment is negligible, but obviously the main objective of this support is to mainstream innovative approaches towards, for example, enrolment into the formal educational systems. While there are some examples of NGO-government partnerships, this has hitherto not been increased in scale to any significant extent.[48]

5.3 Efficiency

Generally, education expenditure in India is characterised by significant waste and leakages, partly due to rampant absenteeism of teachers and the widespread practice (illegal, but mostly unpunished) of regular teachers 'contracting out' their jobs to non-qualified substitutes. Thus, while public expenditure on education per capita in India is higher than in neighbouring Sri Lanka (both in absolute terms and relative to GDP per capita), educational outcomes are very different, Sri Lanka having literacy rate of almost 89%, compared to India's 49%.[49]

In DPEP, more than €1.5 billion has been invested by the EC, DFID, UNICEF, the World Bank and GoI, the latter being the largest contributor. The school system under DPEP covered more than 50 million pupils and 1 million teachers. This has generated tangible benefits in terms of improving access and enrolment, but the net impact is less than one would assume from reading most of the existing DPEP literature (generated from, for example, the Research Evaluation and Studies Unit of DPEP), which has focused on changes in access and enrolment *within* DPEP districts. Small net improvements in access have been achieved, but the benefits have mostly accrued to boys and SC, with virtually no impact on ST and girls. For SSA, the enrolment drive has been expanded nationwide, and it is therefore not possible to do a comparison with 'non-SSA' districts, but many of the modalities and operational guidelines from DPEP have been carried forward in SSA.

In some aspects, the DPEP has increased the overall *systemic* capacity to expand access and enrolment as, for example, significant civil works have resulted in additional school facilities. These have expanded access and, arguably, also enrolment. With rather strict auditing and monitoring mechanism in place, this construction has probably been efficient, relative to civil works carried out under mainstream government procedures.

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[47] An observation also made by Leclercq in his study of primary education in Madhya Pradesh. See Economic and Political Weekly, May 2003.

[48] E.g. the PESLE NGO *Bodh* signed an MoU with the Government of Rajasthan to implement the Programme for Universalisation of Equitable Quality Elementary Education for deprived urban children in Jaipur city. As part of the MoU, the programme has been accepted as a component of the Sarva Shiksha Abhiyan (SSA), Rajasthan.

[49] Sri Lanka spends 1.3% of GNP on education, whereas India spends 4.1%. Unesco: EFA Global Monitoring Report 2005.

Finally, there is also the issue of whether centrally-sponsored schemes (CSS) such as the DPEP and SSA are the most efficient avenue for addressing the educational challenges facing India. Indeed, most of the activities are taking place at state level and below, and the top-down approach of CSSs can have substantial leakages.[50] On the other hand, there is strong GoI ownership of these CSSs, and it is doubtful that the EC has any alternative for supporting education in India other than through these.

Whether the efficiency is satisfactory is obviously a matter of how 'value for money' is perceived, but it is noteworthy that very little attention and analytical efforts have been invested in robustly evaluating the efficiency of large-scale spending programmes such as DPEP.

5.4 Possible Impact

EC support to the education sector has assisted in increasing access and enrolment by, for example, expanding physical infrastructure, hiring para-teachers and establishing 'alternative schools'. This has boosted enrolment and school participation, especially for first-generation learners. The degree to which the systemic capacity has been improved is somewhat debatable, as the structures of DPEP were in some respects parallel to the existing system, but efforts are being made under SSA to address this issue. As international research has shown, school construction/rehabilitation as a means to increase enrolment should be complemented by other interventions, such as quality improvements, which is the key issue in Judgment Criteria 2.2.

In conclusion, the impact in terms of enrolment and access has been overestimated in most of the literature produced by DPEP and the agencies supporting it, in particular with regard to the impact on girls' enrolment. This points to the need for all development partners to take impact evaluations far more seriously, both in terms of ensuring methodological soundness and acting on the findings of such evaluations.

5.5 Sustainability

Fiscal sustainability of both DPEP and SSA is comparatively high, with GoI (at both central and state level) being committed either to maintain or increase expenditure levels. However, much of the enrolment and access drive has come from civil works and the hiring of new teachers, and the degree to which existing infrastructure will be maintained is still an open question as anecdotal evidence suggests that there is still a strong bias towards new construction vis-à-vis maintenance, and as the large stock of dilapidated school buildings still testifies. Also, to ensure continuously high enrolment rates, quality will have to improve to make it attractive to enrol (and stay enrolled), which is the key issue for the next section.

As to the NGOs supported by the EC, their sustainability seems to hinge on either substantial integration into SSA or continued donor support. Thus, for some of the NGOs, the current cost structures are not viable without external support.

6. Cross-cutting Issues

The DPEP had a strong *gender* profile in the design, and gender gaps were substantially reduced, but to attribute this to DPEP is tenuous. More effort is now being invested under SSA, but the challenge of addressing the unacceptably high gender discrepancies still remains enormous.

[50] A former Indian Prime Minister once remarked that only 15% of GoI funds reaches the intended beneficiaries.

As stated above, the most pressing issue within the public education sector is, arguably, improving *governance*, and the efforts invested so far have not been proportionate to the scale of the problem. Clearly, the reach and capacity of the EC to influence such delicate and often political processes is limited, but greater effort could, arguably, have been made to achieve this. *Environmentally*, the various programmes and projects had negligible impact.

7. Coherence, Co-ordination, Complementarity

The EC has been a pioneer in ensuring drastically improved coherence in its support to the education sector and has acted as a catalyst for others to follow suit. Under DPEP, the government was strongly in the lead, developing guidelines and management structures, which made for vastly improved co-ordination and coherence. However, some activities, such as mid-term reviews and final evaluations, were not done in a co-ordinated manner and this has made it difficult to arrive at a definite conclusion on the exact outcome of the programme. The SSA, in contrast, seems to have applied a much more sector-coherent approach, learning the lessons from the pioneering DPEP.

The NGOs supported by the EC have been strategically selected with an intention of ensuring *complementarity* with EC government-based support to education. Thus, the NGOs were explicitly charged with mainstreaming innovative, small-scale experiments into the public-provided education system, with a particular focus on marginalised and disadvantaged groups. However, while some attempts have been made to ensure that these complementary interventions feed into the government system, this has to a certain extent remained an aspiration rather than a reality.

Concerning *co-ordination*, the support to the education sector is arguably one of the best examples of the EC acting as a catalyst both for member states (the Netherlands and UK under DPEP) and other external agencies (the World Bank and UNICEF) to improve co-ordination. Nevertheless, the various studies, mid-term reviews and final reviews were arguably insufficiently co-ordinated among all partners, which resulted in a rather fragmented and methodologically flawed approach to learning lessons from the DPEP. However, the SSA, under strong and dedicated GoI leadership, seems intent on ensuring better co-ordination of these aspects.

8. Issues of Procedures, Administration and Management

In terms of disbursement efficiency, support to the education sector has performed very well, and significantly better than most EC-funded projects. This has been attributed to a very flexible approach by the EC (not mechanically linked to expenditure levels), which involved close co-ordination between GoI, the EC Delegation and EC HQ in Brussels. This flexible and transparent approach was a key element of the design of both DPEP and SSA.

9. Global Assessment

Enrolment and access has improved in EC-supported districts, but with less than what is generally acknowledged and without significant improvements in gender disparities. While there is an argument for expanding access in some remote (often tribal) areas, the main issue of sustainably ensuring high enrolment rates appears to be only weakly correlated to the availability of additional inputs (such as schools, funds, and, nominally, teachers). Instead, a significant challenge still to be fundamentally addressed is to make schools more attractive to enrol in by, for example, increasing quality and learning outcomes, which is the key issue in the next judgment criteria 2.2.

Criteria Fiche 2.2

1. Question EQ 2: Education

2. Judgment Criterion 2

Degree to which the EC's support has improved quality and learning outcomes, especially for disadvantaged groups, including girls.

3. Area Coverage by the EC Interventions

The main completed intervention has been the DPEP, which began in 1994 and which benefited from €150 million. In addition, the EC in 2001 agreed to support the SSA programme with €200 million, which is still ongoing. These two sector programmes form the core of the EC's support to education, and both have the improvement of quality and learning outcomes as key objectives. In addition the EC has supported NGOs involved in education, most notably through the Programme for Enrichment of School Level Education (PESLE, €11 million), which aims to improve the quality of school-level education in selected states of India by mainstreaming innovative, small-scale experiments carried out by Indian NGOs.

4. Indicators

The tentative desk phase indicators were:

1. Level of completed education in supported districts, possibly disaggregated by gender, caste and tribe, compared to pre-programme and/or non-beneficiary districts.
2. Cohort progression (survival rate) in supported districts, compared to pre-programme and/or non-beneficiary districts, again preferably disaggregated.
3. Improvements in school examination results (applying above-mentioned methodology).
4. Level of teachers' absenteeism compared to pre-programme and/or non-beneficiary districts.
5. Degree to which curriculum revision reflects evidence-based findings for evaluations and surveys.
6. Share of teachers, head teachers and education planners who are recruited or promoted on merit.

- **Level of completed education in supported districts, possibly disaggregated by gender, caste and tribe, compared to pre-programme and/or non-beneficiary districts.**

Concerning indicator 1, the first major EC-supported programme, DPEP, made concerted efforts to improve completion rates, and reduce difference in these, among gender and social groups to less than 5%. For DPEP districts, a Lok Sampark Abhiyan (LSA) – People's Connect Campaign – survey in 2000 generally found that DPEP had achieved these objectives. A similar conclusion was reached by the evaluation of EC support to primary education in India (2002).[51] Based on figures from the LSA the EC-funded evaluation concluded that the gender equity index for enrolment improved to 97.3 (i.e. for 100 hundred boys, 97.3 girls were enrolled), with corresponding figures for the SC and ST indexes being 99.8 and 98.2 respectively. This, combined with improved drop-

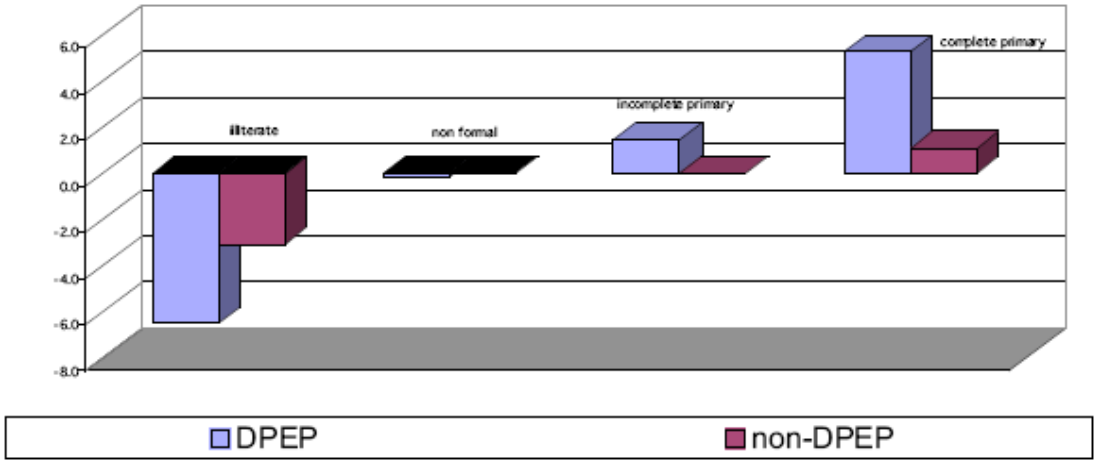
[51] Mercer, Alexander, Ramachandran & Singh: Final Evaluation of EC Support to Primary Education in India. Arcadis, 2002.

out and literacy rates, suggests that the level of completed education has increased in DPEP districts.

However, the EC sponsored evaluation of DPEP is seriously flawed methodologically, as it only evaluates changes within DPEP districts and not between DPEP and non-DPEP districts. As educational outcomes are influenced by many other factors outside the education system (for example, parents' income level), failure to compare achievements in DPEP districts with districts not benefiting from DPEP support is bound to limit the validity of the findings. This is rather unfortunate and points to the need for the EC (which drafted the Terms of Reference) to ensure methodologically sound evaluations of one of its most substantial and pioneering programmes, the DPEP.

Fortunately, there have been other analyses of DPEP, most notably Jalan and Glinskaya (2003), which has strived to apply more robust methodological principles, comparing educational indicators of DPEP districts with non-DPEP districts.[52] The non-DPEP districts were selected using the *propensity score matching method*, which provides the best analysis for obtaining the net impact of DPEP (i.e. the magnitude of the change in indicators of the programme that can be *clearly attributed* to the programme itself, net of the effect of other programmes and external factors). The non-DPEP districts used for comparison have been selected using the DPEP criteria, thus ensuring that they have comparable socio-economic and educational characteristics.

Figure 4: Change in level of education among all 11-13 year olds between 1993 and 1999.



Source: Jalan & Glinskaya, 2003

[52] However only the Jalan and Glinskaya study examines impact in a methodological robust fashion. The World Bank (2003), A Review of Educational Progress and Reform in the District Primary Education Programme (Phases I and II), does however contain a through assessment of progress made in relation to programme outcomes and interventions. Aggerwal (2000 and 2002) provides good overview of specific aspects of the DPEP, including the M&E system and achievements in access and retention. Also Anne Case (2001) in her 'The Primacy of Education (Princeton University) gives an illuminating analysis of the programmme and its features including why these makes its impact evaluation difficult. Finally Pritchett and Pande (2006) 'Making Primary Education Work for India Rural Poor' (World Bank) contains a precise analysis of the key governance failures that has impeded educational progress in India including DPEP, as well as a good case study on the DPEP in Madhya Pradesh.

As can be seen from Figure 4, DPEP districts registered a drop in illiteracy levels of 7%, whereas non-DPEP districts saw a drop of almost 4%. More impressive is the change in levels of completed primary education, which increased more than 6% in DPEP districts, compared to only marginal improvement in non-DPEP districts. This is clearly a major achievement of the DPEP.

However, disaggregated data from Jalan and Glinskaya (2003) reveals a more mixed picture of outcomes of DPEP. For girls aged between 11 and 13, the net impact on the education stock was at best zero, and at worst negative (allowing for statistical uncertainty), suggesting that DPEP did not manage to improve gender imbalance over and above the changes that would have occurred regardless of DPEP. Consequently, boys were the main beneficiaries of DPEP. On the other hand, for children from SC the level of primary education improved by more than 10 percentage points compared to non-DPEP districts among 11-13 year olds, but ST in DPEP districts fare considerably worse (-9 percentage points) than their peers in non-DPEP districts, the notable exception being that a higher proportion of ST children had completed non-formal education.[53]

The SSA programme provides significant evaluation challenges, not only because it is still ongoing, but also because it is nationwide, and hence there are no 'non-SSA' districts with which to compare impact. However, the first Joint Review Mission (February 2005) notes that higher completion rates have been achieved at lower primary level, especially in south India, but that the picture at upper primary level is of more concern, with states reporting decreased participation of girls, which becomes more pronounced at higher grade levels.[54] North Indian states in particular have persistent gaps in completion rates, with girls and SC/ST being left behind. On the other hand, the SSA also has ambitious plans for expanding the outreach of the EGS and Alternative and Innovate Education (AIE), which have proved (under inter alia DPEP) effective in improving completion rates for SC and ST. This also suggests that this indicator can be expected to improve over time.

The main non-state programme supported by the EC, PESLE, has targeted disadvantaged groups, explicitly reaching more than 1,200 schools with 220,000 pupils (of whom around 80% are disadvantaged). This seems to have improved completion rates substantially for the beneficiaries, underlining the NGOs' ability to engage with 'hard-to-reach' groups, although no precise data is available[55]. However, there are concerns about sustainability, as the unit costs for some of the NGOs are relatively high and budgets for financing recurrent expenditures for some of the infrastructure is still sketchy.[56] Nevertheless, attempts to link up to SSA have, somewhat belatedly, been accelerated, with the Rajasthan-based NGO Bodh, for example, entering a MoU with the government to implement a component of SSA.[57]

- **Cohort progression (survival rate) in supported districts, compared to pre-programme and/or non-beneficiary districts, again preferably disaggregated.**

The DPEP is the programme for which most data is available, but again most does not compare DPEP districts with non-DPEP districts. However, in drawing comparison with pre-programme levels, most reports indicate that significant advances have been made in improving cohort

[53] However, this is not surprising as many of the DPEP states invested heavily in alternative school centres in tribal areas.

[54] Sarva Shiksha Abhiyan: First Joint Review Mission, Aide Memoire, February 2005.

[55] The Mid-Term Review of May 2006 cited unreliable data as the key reason why it could not include a quantitative analysis of PESLE impact on disadvantaged groups.

[56] Based on field work in Rajasthan by the evaluation team and various monitoring reports/reviews. See also PESLE: Mid-Term Review May 2006.

[57] The PESLE Mid-Term Review (May 2006) notes that the decision not to conduct an impact study as recommended in the MRT of 2002 has limited the project's ability to promote and mainstream the achievements. The impact study is now planned for 2006, but in May 2006 'no progress has been made'.

progression, especially for ST and SC.[58] The only robust comparison between DPEP and non-DPEP districts is again Jalan and Glinskaya, who have estimated the impact on the proportion of children aged six to seven attending primary school in 1993-1994 who progressed to middle school by 1999-2000. They find that DPEP has made a net increase in progression compared to non-DPEP districts (4 percentage point difference), especially for ST and SC. However, the *net* impact on girls' progression is negative, which is obviously contrary to the stated intentions of the programme.
For SSA and PESLE, there is no comparable data available, but increasingly SSA is addressing progression issues, as the dramatic increase in enrolment will have to be followed up by better progression rates.

- **Improvements in school examination results (applying above-mentioned methodology).**

In DPEP, a key objective was to improve learning by increasing achievement scores at least 25% over baseline, while simultaneously ensuring equity in achievement. There has been no methodologically robust impact evaluation of the achievements or school examination results, but the World Bank's Implementation Completion Report of DPEP states that:

> "When average achievement scores of all states and districts are considered, DPEP has achieved substantial increases in learning achievements. Average mathematics and language test scores increased over time for students in both Class 1 and Classes 3/4. Three years of project implementation boosted scores 28 percent over the baseline in mathematics and 11 percent over the baseline in language for Class 1; 13 percent in mathematics and 19 percent in language for Classes 3/4. An additional three years boosted scores 20 percent over the mid-term level for both subjects at Class 1, and 45 percent in mathematics and 35 percent in language at Classes 3/4."[59]

However, comparing DPEP districts with national and state averages does not provide much insight into the impact of DPEP on learning achievements, as argued above. Also, there is limited gender, caste and tribe-disaggregated information available, thus making it difficult to judge the degree to which DPEP achieved its equity objectives.
The EC-funded evaluation of DPEP made no quantitative assessment of school examination results or learning achievements in general, but argued that in general the impact of DPEP on pedagogical renewal and changed classroom practices was limited.[60] On the other hand, the DPEP had, according to the EC-funded evaluation, contributed to significant debate among all main stakeholder (including parents, teachers and education managers) about what affects educational quality and how to improve this. In the process, transparency in decision-making has been improved. Unfortunately, there is limited evidence of the impact on learning achievements of these more qualitative processes.
For SSA, the national indicators are obviously identical to SSA indicators, as it is a nationwide programme. Here there are few examples of monitorable state-specific learning targets at the various grade levels. This points to the need to improve school or district-level evaluation of student learning, as well as for an assessment system to make information about student learning routinely available, and to allow individual states and districts to track learning trends.[61] No comparable data is available for PESLE.

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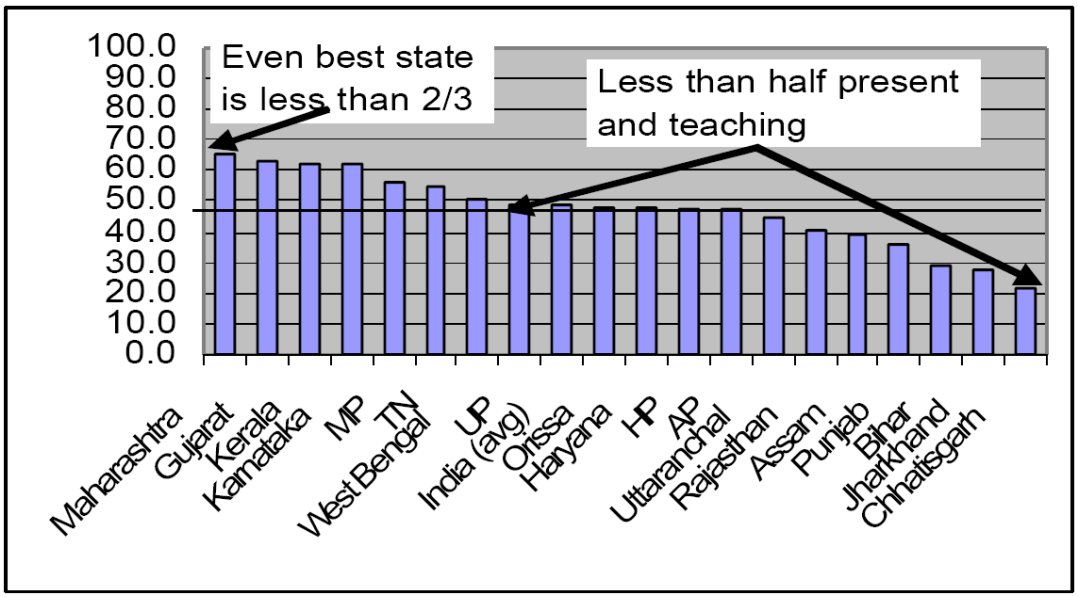
[58] See e.g. World Bank: 'Implementation Completion Report: District Primary Education Project' December 2003, and EC: Final Evaluation of EC Support to DPEP. February 2002.
[59] World Bank: 'Implementation Completion Report' p. 5.
[60] EC: Final Evaluation of EC Support to DPEP pp. 77-79.
[61] See also SSA: 'Aide Memoire' from the Joint Review Mission, February 2005.

- **Level of teachers' absenteeism compared to pre-programme and/or non-beneficiary districts.**

It has proved rather difficult to find any of information on the impact of DPEP on teacher absenteeism in any of the main evaluations and reviews. This could suggest that absenteeism is not an important issue, but that not the case. A recent study has shown that 25% of teachers were absent from school, and only about half were teaching, during unannounced visits to a nationally-representative sample of government primary schools in India.[62] In Chhattisgarh, a state that has received EC support to the education sector under DPEP and SSA (and will receive under the State Partnership Programme), teacher absenteeism reached 31%. The rate of teaching activity among the teachers assigned to the schools was only 21 % at the time of the visits. This clearly suggests that there is a severe governance problem (only one head teacher in nearly 3,000 public schools reported ever dismissing a teacher for repeated absence), which has substantial impact on learning achievements, as well as on drop-put rates. Absenteeism levels are not associated with teachers' salaries but are positively correlated to age, education and gender, with older male teachers with a higher education being significantly more absent than female teachers. Also, the existence of a Parent Teacher Association (PTA) is, in itself, not associated with lower absence rates, although higher frequency of PTA meetings tends to reduce levels of absence. Unfortunately for advocates of using local monitoring as a tool for school improvements, teachers hired from the local community have just as high absence rates as those hired from outside the community. Finally, teacher training, which is often used to enhance teacher motivation, does not correlate with absence levels, suggesting that training hitherto has been ineffective in motivating teachers to teach in schools.

Figure 5: Percentage of teachers present and teaching during school hours



Source: Chaudhury, Hammer, Kremer, Muralidharan & Rogers (2005), 'Teacher Absence in India: A Snapshot', in Journal of the European Economic Association, *Vol. 3, No. 2-3*

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The failure to openly discuss, let alone address, the problem of teacher absenteeism (and the associated problem of lack of teaching activity in the schools) in DPEP constitutes a serious

[62] Chaudhury, Hammer, Kremer, Muralidharan & Rogers (2005), 'Teacher Absence in India: A Snapshot', in *Journal of the European Economic Association*, Vol. 3, No. 2-3

omission, as this is arguably one of the key barriers to improving learning outcomes. In Chhattisgarh, for example, with only one in five teachers actually teaching during school hours, quality, retention, drop-out rates and, ultimately, learning achievements are bound to suffer.[63] Addressing this problem can be politically sensitive (resistance from unions and challenging vested interests), which external development partners may find difficult. However, given that India has one of the worst educational governance problems in the world, more should have been done in this area.[64]

Fortunately, the SSA programme has more frank and open discussions of the problem, yet still the recent Joint Review Mission noted that 'teacher absenteeism was not observed to be a significant issue (…) nor was it flagged as a problem',[65] which implies that there is reluctance, both among domestic and external development partners, to address the problem head on.

On the other hand, with more and more pupils quitting public schools, there seems to be a growing recognition among all stakeholders that more needs to be done, and that this may include systemic reforms.[66] Recent figures from GoI/District Information System for Education suggest a *decrease* in enrolment between 2003 and 2004 (most recent data) in public schools (-0.1%), whereas enrolment in private schools rose by 16.9%.[67] In particular, rural private schools have mushroomed in recent years, especially in areas with high teacher absenteeism, thus indicating that private schools are moving in where public schools are failing. There are thus clear indications that a significant proportion of the improved educational achievements have occurred as a result of private schools.[68]

In urban areas of India, the private sector is now enrolling more than half of all children, a higher share than Chile, a country that has deliberately encouraged the privatisation of education (see Figure 6).

Figure 6: Extensive de facto privatisation of primary education

[63] The upcoming EC-supported state partnership programme, which also includes education in Chattisgarh, does not mention teacher absenteeism or educational governance as a problem.

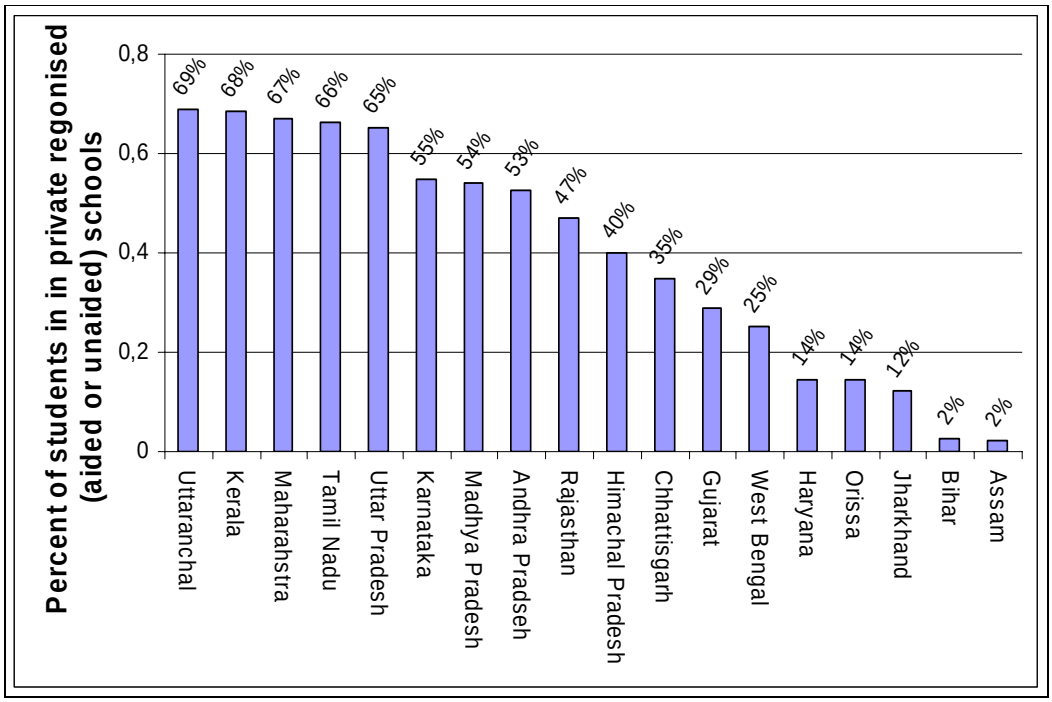
[64] Increasingly this is also recognised in the international press. See e.g.: *Economist*(2006): 'Two big clouds are hanging over India's shining prospects' August 10 and Financial Times (2007): 'India's poor spurn state schools for a private education' January 6.

[65] SSA-Joint Review Mission: 'Aide Memoire' New Delhi, February 2005.

[66] Interviews with senior SSA officials revealed that teacher absenteeism is now seen as a key explanatory factor for drop-out rates and low learning achievement. Partly for that reason, a 'time on task' study had been initiated.

[67] DISE: State Report Cards, 2005

[68] See Kremer and Muralidharan: 'Public and Private Schools in Rural India', Harvard, March 2006 and Kingdon, Geeta Gandhi: Private and Public Schooling: The Indian Experience', Oxford University, October 2005.



Source: DISE 2005.

Finally, it should be noted that many NGOs under PESLE are experimenting with significantly enhanced parental monitoring mechanisms of public schools aimed, *inter alia*, at improving the working of PTAs. The degree to which these models are replicable in the mainstream government system remains to be documented, but it is clearly important to follow up on these innovations.[69]

- **Degree to which curriculum revision reflects evidence-based findings for evaluations and surveys.**

Significant progress was made in DPEP to revise textbooks and reform/renew curricula, with much more active participation of teachers and the larger community in policy discussions. Also, gender and caste bias in textbooks and curricula has been more systematically addressed in DPEP, and in some states (for example, Kerala and, to a lesser degree, Madhya Pradesh) curriculum and pedagogical renewal processes have been widely discussed. These renewal processes have been relatively well informed by evidence, but renewing textbooks and curricula has proved easier than changing actual classroom practices. As stated by the World Bank Implementation Completion Report:

> *"More attention given to the cluster resource centres' role of providing regular on-site training could have facilitated teachers' adoption of the new methodology. DPEP would have benefited from an understanding of the theories on literacy acquisition and a more concerted emphasis on curriculum coverage and assessment."*

Similar sentiments were echoed in the EC-funded final evaluation of DPEP, and there seems to have been limited research into actual educational planning and management at district level and

[69] The 2006 MTR recommends an impact study of the PESLE outcomes. Hopefully, these will also reveal impact and causality of such governance issues.

below.[70] It is not that DPEP did not undertake research; more than 250 research studies were undertaken between 1994 and 2000, in addition to 4,000 examples of action research by teachers and other professionals.[71] However, these studies may not have been guided by strong strategic consideration, but rather ad-hoc, reflecting the research interest of particular researchers or research organisations.[72]

In SSA, the process of curricula renewal is continued and extended to upper primary classes, and there have been attempts to link these processes more firmly to evidence- based knowledge and evaluation, using *inter alia* the Technical Support Group under the Ministry of Human Resource Development (Dept. of Elementary Education).

- **Share of teachers, head teachers and education planners who are recruited or promoted on merit.**

Identifying the right recruits and rewarding well-performing teachers and education planners are key ingredients in improving the quality of education.[73] As a corollary, teachers failing to provide agreed levels of teaching/attendance should also face sanctions. In DPEP, there is limited evidence to suggest that recruitment and promotion played an important part in changing the incentive structures facing teachers and education managers, the main instruments for quality improving being additional teacher training and new infrastructure. However, while there seems to be some correlation between infrastructure and quality improvements, most research has failed to correlate increased training with enhanced teacher motivation and improved quality.[74] Indeed, there has been criticism that inappropriate training and numerous workshops (also under DPEP) have been a burden and a distraction from teachers' core function of teaching.[75] Instead, a recent report on the motivation of teachers in India concluded that:

> *"There is virtually no incentive for teachers who go beyond the call of duty and empower their students to learn and move on in life. On the other hand, teachers who network with political leaders and local bureaucrats manage plum postings and, if they are lucky, teachers' awards too!"*[76]

It has been argued that public sector workers such as teacher are de-motivated due to low salaries, relative to their private sector peers, which in turn encourages 'moonlighting' and increases absence rates. However, this is almost certainly not the case in India, where the salaries of regular public teachers are approximately five times the per capita GDP and significantly above comparable levels of pay in other low-income countries. Indeed, absenteeism rates tend to increase as the salary rises, and it is noticeable that teachers from private and NGO-run schools have lower salary *and* absenteeism levels.[77] Again, this indicates that the public sector schools suffer from a serious governance problem.

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70 See also: Karikorpi, M.: EC Programme of Support for Primary Education in India – Final Report, March 2003.

71 Ibid.

72 Idid. And Jagannathan, S: 'Programme Based Approaches in Asia' Paper to the LENPA Forum, Tokyo, June 2004.

73 See e.g. UNESCO: Education For All – Global Monitoring Report, Paris, 2005.

74 Ramachandran, V.: 'Teacher Motivation in India' April 2005, and Chaudhury, Hammer, Kremer, Muralidharan, and Rogers: 'Teacher absence in India', Forthcoming.

75 Ramachandran, V.: 'Teacher Motivation in India'.

76 Ramachandran, V.: 'Teacher Motivation in India' p. 36.

77 Ramachandran, V.: 'Teacher Motivation in India' April 2005, and Chaudhury, Hammer, Kremer, Muralidharan, and Rogers: 'Teacher absence in India'. However, despite lower absenteeism rates and better educational outcomes (controlling for parents' background), private schools also have governance problems and although not as severe as government schools, it still highlights the need to accelerate efforts to address these issues comprehensively.

While there is no hard data available to illustrate the trend in recruitment and promotion principles, it is still a serious problem that has not been sufficiently addressed hitherto, and it is also related to a too narrow and technocratic approach to capacity development (for example, more training). As Jagannathan has argued:

> *"Capacity development is linked to promoting incentives for performance and greater accountability for results within pubic service delivery systems. The programmes [DPEP and SSA] have so far not set standards in accountability and delivery."*[78]

As stated above, SSA increasingly addresses some of these issues of accountability and delivery, but the impact in terms of improving quality and learning outcomes remains to be seen.

5. Incidence of the EC Interventions in Terms of

5.1 Relevance

Overall, the decision to enter a sector programme with GoI as the key partner in order to improve quality and learning outcomes seems highly relevant, given the poor state of affairs both then and now. The piecemeal project approach that dominated interventions within the education sector prior to the onset of DPEP proved unable to fundamentally and systemically alter the factors underlying the poor quality and learning outcomes of public-provided primary education. Engaging with the government in a comprehensive and long-term fashion was thus correctly seen as a key prerequisite for improving quality.

The EC pioneered the sector approach in education in India (which also was one of the first globally that, given the widespread adoption, has proved to be a relevant approach. With the benefits of hindsight, it is now possible to see several flaws in the design and implementation, which reduced their relevance for quality improvements. First, the programme did not address all the main institutional bottlenecks head-on but chose on several occasions instead to create parallel structures (for example, the creation of state societies), which left the key institutions responsible for ensuring proper and continued quality without support. For example, the District Institutes of Education and Training (DIET) were, in effect, bypassed under DPEP, thus further undermining their role as promoter of quality education, as well as complicating reporting procedures.[79] It was more or less implicitly assumed that education management would become a self-correcting process, and that the motivation of teachers would happen almost automatically.[80] This proved not to be the case.

In addition, the relatively meagre outcomes of DPEP, in terms of raising quality and learning outcomes and their close association with governance problems at school level, suggest that too little attention was paid to the creation of better incentives to establish performance-oriented management, thus also reducing relevance. Arguably, the same applies to SSA, where only incremental governance reforms are being promoted, which again seems to reduce relevance in relation to the stated objective of improving quality. Clearly, the SSA is a domestically-owned programme with strong government ownership, limiting the influence of a minor donor such as the EC (providing less than 6% of SSA financing), and the issue touches on sensitive key political-economic aspects of public sector practices. Finally, relevance may also have been reduced by the limited efforts made to form partnerships with private providers of education and to learn from their experiences in improving quality.

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[78] Jagannathan, S: 'Program Based Approaches and International Collaboration – Experiences and Lessons from the Education Sector in India' p. 15.

[79] Dyer, C. & A. Choksi: District Institutes of Education and Training: A Comparative Study in Three Indian States, DFID, 2004.

[80] See : Final Evaluation of EC Support to DPEP p. 32.

On the other hand, the EC has supported various initiatives aimed at piloting new approaches to quality improvements by using NGOs. These have generally succeeded in raising educational quality, although the absolute number of children reached, as well as the aspect of sustainability, have been questioned, leading to concerns about the ability to replicate such initiatives. This is also a key reason why the EC, from the onset of PESLE, has promoted strong linkages with mainstream government educational activities, including SSA. However, while some linkages have been made (for example, the signing of a MoU between the NGO Bodh and the Government of Rajasthan on provision of education to poor urban children), the scale and intensity of these linkages are still limited, although the approach and concept remains valid.

Finally, the EC has also provided TA and earmarked funding for 'capacity building' for both DPEP and SSA. However, it seems clear that in both instances there has been no demand from the Indian side for such TA and 'capacity building' initiatives, as witnessed by the very low take-up of the EC twinning arrangements under DPEP and the reluctance of GoI to support the same activities in SSA.[81] Clearly this kind of support has been irrelevant, as well as being inconsistent with general EC policies that stress the need for demand-driven interventions.

5.2 Effectiveness

In general, the EC-supported programmes have reached most of their objectives, as documented by, for example, the EC's own evaluations and reviews, especially by reaching SC. The same applies to many of the inputs designed to improve quality, such as teacher training, teaching and learning materials (TLM) and textbooks. In addition, many contract teachers were hired with the dual objective of increasing access and improving quality. According to the EC-funded evaluation of DPEP, this has contributed to very effective performance in reaching the quality-related objectives.[82] However, the key question in this context, which none of the evaluations and reviews have addressed, is the degree to which these objectives would have been achieved regardless of the assistance from the EC, and other development partners. Here, the picture is less impressive, as demonstrated above, although improvements over and above what could be expected have occurred. Whether these somewhat marginal improvements (although with some variations between states) can legitimise the investment made in DPEP of more than €1.5 billion is another point, more related to efficiency. What can be said is that the overriding quality problem seems to be one of improving accountability between service providers (for example, teachers and education managers) and pupils and parents. As long as teacher absenteeism rates remain as high a 30%, and when only 1 in 5 teachers actually teaches in school at any given time during school hours, quality is bound to suffer. While there have been, and continue to be, individual success stories (often involving NGOs and community schools), hard data fails to show systemic and significant improvements in public sector schools. No data is yet available on the effectiveness of SSA in this respect, but the increased awareness of the impact on quality of governance problems and the continued flight to private schools has been a catalyst for some research and action in these areas.

[81] Jagannathan 2004 describes the EC TA and associated programmes as a 'visible failure', and reports from TA personnel also bear witness to frustration as to the role and function of the TA, as does the final EC-funded evaluation, which cautions against repeating the failure in SSA.

[82] See EC: Final Evaluation of EC Support to DPEP pp. 62-63.

5.3 Efficiency

Over €3 billion has been invested in DPEP and SSA, of which the EC has contributed approximately €350 million. As stated by Jalan and Glinskaya (2003), concluding the evaluation of DPEP:

> *"The unexpected element in our programme impact estimates is not that we find positive impacts of the programme on various outcome indicators for different sub-populations, but that the impacts are not as substantial as warranted by the massive amount of resources invested in the programme or as claimed in the existing DPEP evaluation literature."*

On the other hand, the efficiency benefits from using a pooled (partial) sector approach have arguably reduced transaction costs for GoI and can undoubtedly be judged as a far more efficient (and potentially sustainable) method of aid delivery. It has also provided a much more structured dialogue with GoI and other development partners on the long-term challenges within the education sector. This is something that discrete projects would never have been able to achieve. But improvements in the efficiency of aid delivery mechanisms have not fully been translated into improved efficiency in the ultimate delivery of quality education.

The EC-managed input provided for capacity building and TA was arguably not efficient in improving quality, as has been documented in almost all reports and reviews. Again, the lack of demand for this component, as well as the ambiguity about to whom the EC TA would report, reduced efficiency. In addition, the EC has invested significant resources (time and money) in setting up a 'co-ordination' office and the associated contracting and management issues, all of which has detracted from the EC's ability and capacity to focus on partnership with GoI. Even the EC DPEP Co-ordinator recommended that the EC should aim to bolster in-house capacities, rather than having externalised TA/Co-ordinators, in order to ensure more efficient policy dialogue[83].

For the SSA, the efficiency in terms of improving quality is still not thoroughly documented, but indications are that progress on community participation has been particularly strong, suggesting an enthusiasm and latent demand for access to quality education, and bringing some benefits in terms of accountability and efficiency of resource use.[84]

The NGOs supported by the EC have provided quality education, but the efficiency seems to have been comparatively low, with high unit costs. Nevertheless, there are clear examples of NGOs being able to drastically improve quality efficiently, which should warrant continued attention.[85]

5.4 Possible Impact

With the vast majority of EC funds to the education sector being channelled through GoI, it is virtually impossible to isolate the EC's impact on improving the quality of education. However, in quantitative terms, the EC contribution has been marginal compared to the total primary education budget of India. The approximately €300 million invested by the EC in primary education (SSA not being fully disbursed yet) in India during the last decade represents less than 0.4% of India's public expenditure on elementary education during the same period.[86] Consequently, impact in terms of schools built, textbooks procured, etc. is rather marginal, even though higher than judging from the

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[83] See: Karikorpi, M: 'EC Sector Programme of Support for Primary Education in India', Final Report of the EC DPEP Co-ordinator, March 2003.

[84] See SSA: 'First Joint Review Mission', February 2005.

[85] See e.g. Banerjee, Cole, Duflo and Linden: 'Remedying Education: Evidence from Two Randomised Experiments in India', November 2004.

[86] See: GoI: Ministry of Human Resource Development – Department of Elementary Education.

share, as most of GoI expenditures are directed to recurrent cost, particularly teacher salaries. Consequently, the additional EC funding may have had a somewhat higher impact than suggested by the figures. Nevertheless, the most important impact of the EC's support to DPEP is probably the policy dialogue and the catalysing effect of changing the donor-recipient relationship, not only between the EC and GoI, but also between GoI and other major external development partners, who later also adapted the sector approach.

The policy dialogue initiated by DPEP has proved to have had an impact on the overall modalities of interactions with the EC in development co-operation. Historically, GoI had presented a 'shopping list' of potential projects for annual consultations in the Joint Committee devoted to development, where discussions on the merits and demerits of these individual projects were discussed. This was gradually being changed into a more strategic and long-term process, as sector programmes became the dominant modality. Judging by the minutes from previous Joint Committees, and from interviews with key and long-term stakeholders, the introduction of DPEP thus also acted as a catalyst for a more focused and strategic dialogue. This also seems to be a noticeable impact in how the EC and GoI interact and work in partnership.

Returning to the key issue of ultimately improving quality and learning outcomes, it would seem that the impact has not been fully proportionate to the investments made, as also shown above, although measuring the impact is obviously methodologically challenging. However, it would be hard to disagree with Jagannathan (2004), who concludes that 'the results from DPEP have not been able to unequivocally demonstrate quality improvements'.

Why is the impact on quality and learning outcome rather disappointing? First, the drive to increase access and enrolment during the DPEP period (see Judgment Criteria 2.1) may have distracted the focus on improving quality and learning outcomes. Clearly, it is a challenging task to do both simultaneously, and having more children in the classrooms (which may require multi-class teaching) can result in stagnant or worsening quality indicators. Perhaps more fundamentally, it would seem that DPEP did not address the weak accountability structures in the education sector that result in high absence rates and little accountability of teachers concerning the results they deliver. When teachers are not teaching in schools or are completely absent, quality is self-evidently bound to suffer, no matter how many additional classrooms, TLMs and curricula revisions are made. The DPEP (and SSA) did include components aimed at improving local monitoring and accountability systems, such as the establishment of village education committees and school management committees, but the data available suggests that these efforts have not managed to improve the accountability of teachers and head-teachers. As a result, students, even in rural areas, are leaving public schools and opting for the booming private sector, which is able to achieve higher academic achievements at drastically lower cost, even after controlling for students' backgrounds.[87] Experience both from inside and outside India suggests that it is possible to address these issues cost-effectively, but often such interventions require a high degree of political willingness to address vested interests, as well as ensuring that complementary fiscal and governance decentralisation reforms are being implemented.[88]

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[87] Kingdon: 'Private and Public Schooling: The Indian Experience', 2005.

[88] E.g. Improved inspections, willingness to fire consistently absent teachers, and effective monitoring have been found to improve both attendance and quality. See e.g.: Duflo & Hanna: 'Holding Teacher Accountable – Evidence from a randomised evaluation in India', January 2005, and Chaudhury, Hammer, Kremer, Muralidharan, & Rogers "Teacher Absence in India". In addition, fiscal decentralisation to e.g. gram panchayats will also have to be accelerated to ensure real empowerment. See World Bank: 'India. Fiscal Decentralization to Rural Governments', January 2004.

5.5 Sustainability

The DPEP marked a qualitative and innovative change in the aid modalities, by which the EC supported education and ensured better sustainability, has been one major aspect of the key objectives. Other development partners were also spurred by the EC's decision to enter into a more strategic and long-term partnership with GoI. This partnership included commitment to sustaining the achievements of DPEP, which has also been reflected in rising budget allocations. However, there have been concerns about the sustainability of the institutional set-up utilising autonomous 'State Societies' specifically charged with implementing DPEP. These societies are staffed by regular GoI employees and cannot be characterised as traditional parallel Project Implementation Units. They are nevertheless set up to bypass existing structures, such as the State Treasury, in order to enhance programme implementation, instead of addressing existing institutional bottlenecks head-on. In addition, while DPEP did provide quality support in, for example, pedagogy and alternative schooling to education managers, some of the existing institutions – which were mandated to deal with these issues – were largely bypassed.[89] It was more or less implicitly assumed that since DPEP was designed as an attempt to improve the whole education system, the integration of DPEP and mainstream activities would take place.[90] This may have reduced sustainability. On the other hand, these lessons have to a large extent been incorporated into the successor programme, the SSA, where efforts are made to use all the existing institutions (although funds will still be transferred using state societies).

The sustainability of the NGOs' support depends crucially on their ability to access GoI resources through, for example, SSA, as their current relatively high cost-structure, combined with very poor target groups, will not allow cost recovery from beneficiaries. While there are encouraging signs for entering partnerships with government, at least some of the NGOs will have to rely on additional donor funding in a hoped-for second phase.

6. Cross-cutting Issues

The DPEP had a strong *gender* profile in the design and gender gaps were substantially reduced, but the causation and attribution to DPEP is tenuous. More efforts are now being invested under SSA, but the challenge of addressing the unacceptably high gender discrepancies still remains enormous.

As stated above, the most pressing issue within the public education sector is, arguably, improving *governance*, and the efforts invested so far have not been proportionate to the scale of the problem. Obviously, the reach and capacity of the EC to influence such delicate and often political processes is limited, but more efforts could, arguably, have been invested.

Environmentally, the various programmes and projects had negligible impact.

7. Coherence, Co-ordination, Complementarity

The EC has been a pioneer in ensuring drastically improved coherence in its support to the education sector and has been a catalyst for others to follow suit. Under DPEP, the government was strongly in the lead, developing guidelines and management structures, which made for vastly improved co-ordination and coherence. However, some activities, such as mid-term reviews and final evaluations, were not done in a co-ordinated manner, which has made it difficult to arrive at a definite conclusion about the exact outcome of the programme. The SSA, in contrast, seems to have applied a much more sector-coherent approach, learning the lessons from the pioneering DPEP.

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89 See e.g. Jagannathan, 2004.

90 See Final Evaluation of EC support to DPEP.

The PESLE programme and the various activities implemented by it, have been strategically selected, with the intention of ensuring *complementarity* with EC government-based support to education.[91] Thus, the NGOs were explicitly charged with mainstreaming innovative, small-scale experiments into the pubic-provided education system, with a particular focus on marginalised and disadvantaged groups. However, while some attempts have been made to ensure that these complementary interventions feed into the government system, this has to a certain extent remained an aspiration rather than a reality.

Concerning *co-ordination*, the support to the education sector is arguably one of the best examples of the EC being in lead, acting as a catalyst both for member states (the Netherlands and UK under DPEP) and other external agencies (the World Bank and UNICEF) to improve co-ordination. Nevertheless, the various studies, mid-term reviews and final reviews were, arguably, insufficiently co-ordinated among all partners, which resulted in a rather fragmented and methodologically suboptimal approach to learning lessons from the DPEP. However, the SSA, under strong and dedicated GoI leadership, seems intent on ensuring better co-ordination of these aspects.

8. Issues of Procedures, Administration and Management

Generally, the sector approach has eased the administrative and procedural constraints with fewer but larger disbursements, freeing up resources to concentrate on more strategic issues and for entering into qualitative dialogue with GoI and other development partners. In this context, it would seem important that the EC devotes sufficient resources to this very important dialogue and does not outsource these tasks to consultants or TA offices.

9. Global Assessment

Generally, quality and learning outcomes have improved in the districts supported by the EC. However, the degree to which indicators have improved and their attribution to the additional funds invested is tenuous and, arguably, below what could have been expected *ceteris paribus*. Two explanations, not mutually exclusive, offer themselves: 1) the drive to increase enrolment may have impacted negatively on the quality of education and also detracted attention from this aspect.

2) Much of the focus and attention has been on the delivery of inputs and pedagogical renewal, whereas the issue of enhancing local accountability systems and improving governance has been comparatively neglected.

Both the DPEP and SSA have made some attempts to address these systemic issues, and the EC and other development partners have also stressed the need for continued attention, but these efforts appear not to have resulted in any measurable improvements.

EQ3: DESIGN OF HEALTH INTERVENTIONS

Criteria Fiche 3.1 & 3.2

1. Question EQ3: Improving design of pro-poor health services

To what extent has EC support for the health sector been designed with a view to improving the health status of vulnerable groups?

[91] It should be noted that the EC has a general contract with AKF, which then has four NGO partners implementing various activities. The four NGO partners are: Aga Khan Education Services (India), Bodh Shiksha Samiti, Dr. Reddy's Foundation and Society for All Round Development The EC has not been involved in the selection of these NGOs.

2. Judgment Criterion 1&2

3.1 Increased priority, in the design of EC support, for states and districts most in need.
3.2 Increased priority, in the design of EC support, for population groups most in need.

Comments on Criterions 1&2
Judgment Criterion 1: Significant differences in health status exist between states and – within states – between districts. A focus both on states and districts with the poorest health status is justified.
Judgment Criterion 2: Specific groups within the Indian population carry a relatively high burden of disease. Cultural, political and other factors that cause this deprivation can be addressed by appropriately-focused policies and interventions.
These two criteria are combined in this fiche because they concern similar issues at different levels.

3. Area Coverage by the EC Interventions

The main EC support to the general health sector in India started in 1998 (ongoing until December 2006) with the Health and Family Welfare Sector Development Programme (HFWSD), designed to be a sector-wide approach (Swap). It is now implemented in 24 States, four cities and 73 Districts. The objective of this EC contribution to the National Family Welfare Programme (NFWP) is to provide "system support to enhance central, State and District capacities to implement the Family Welfare system policy reform and the target-free approach". The programme's total budget amounts to €240 million.

In addition, under the Thematic Budget Line Health, and under the broader NGO Co-financing Thematic Budget line, 12 projects, implemented by NGOs, have been financed. The health thematic areas include:

- Aid for policies and actions on reproductive and sexual health, and connected rights;
- Aid for poverty-related diseases: HIV/AIDS, malaria and tuberculosis.

These thematic programmes provide financial support for innovative actions, which are complementary to other EC-financed programmes. These interventions are discussed in a separate fiche.

4. Indicators

The tentative desk phase indicators were:

1. Average health status in EC-supported districts and states, compared to national averages.
2. Existence of adequate analysis of the reasons behind health status, leading to appropriately-designed interventions.
3. Share of EC support aimed at needy groups.
4. Existence of an analysis of reasons for poor health status of these groups upon which interventions are designed.

- **Average health status in EC-supported districts and states, compared to national averages.**

At the initial programme planning level (for example, Financing Agreement, Programme Preparation Phase document), there was no reference made to health status differences between or

within States. During programme implementation, the selection of States and Districts was based on the assessed ability of States to be "movers" towards Health Sector Reform[92]. The evaluation mission could not find documented evidence that the selection of Districts in State Action Plans has been based on health indicators. However, the mechanism of a Memorandum of Understanding between States and national health authorities was designed to have 50% of the undisbursed amount as of March 2002 be allocated to eight States with higher rates of population growth[93]. It could be argued that higher population growth and poverty are closely associated, and that this would thus be a more or less explicit pro-poor choice. To what extent this allocation has been realised in terms of expenditure could not be confirmed by the evaluation mission.

It is arguable whether a development programme that aims at health sector reform should, *a priori*, focus geographically on specific states with the poorest health indicators. The aim of the programme is obviously not to directly alleviate the suffering, as in humanitarian aid, but to strengthen the system's focus on the most deprived segments of the population. Hence, the ability of States and Districts themselves to plan "pro-poor" should have been considered as an objective in this programme. However, at State and District level, the plans that were reviewed by this evaluation mission did not make reference to the health status or deprivation of specific groups or areas. During the field visits, the mission noticed at District level the existence of District poverty analyses, but these were not used for planning in the health sector. A review of the relatively high number of documents produced by the TA team does not reveal attention to "pro-poor" planning at State or District level. The only reference to the poor was found in a working paper on user charges[94], which lists the possible considerations for fee exemption. Throughout the programme, it seems to have been assumed that the public health services will cater for the poor, wherever they are, and that improved public health services will be beneficial to the poorer segments of the population. A recent World Bank publication presents two studies from India that indicate that the non-poor benefit most from improved publicly-funded medical services, although the poor might benefit at a later stage[95]. According to this analysis, poorer Indians use public health services much less than do the better-off. It argues that the distribution of inpatient days, outpatient treatments and obstetric care at public facilities favours the higher expenditure quintiles, although immunisations and antenatal and postnatal care at public facilities and outreach programmes are much more evenly distributed. The authors suggest that financial barriers and user dissatisfaction are important reasons why the poor eschew public health services.

It also seems to have been assumed in the programme that decentralised planning will be needs-based, and thus provide specific focus on the most needy.

Several official schemes exist to alleviate poverty. These include ration mechanisms for food and other supplies (which for some items cover the vast majority of the population) and official recognition as being "Below Poverty Line" (BPL). On presentation of a BPL card, a person will receive free care in public health services, although some minimal cost was said to apply. During the evaluation mission's field visit, various patient registers in health facilities were reviewed. These registration books indicated whether patients were BPL or not. The percentage of BPL, and thus fee-exempted, patients were in all reviewed registers below 5%. This review is obviously by no means representative, but it might be a worrying illustration of a universal trend that subsidised services are often not used by the ones for whom they are intended.

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92 ECTA Technical Notes 2003/9

93 These are the so-called Empowered Action Group (EAG) States which registered higher population growth during the 1991-2001 decade.

94 ECTA Working Paper 01/47.

95 Reaching the Poor, Davidson R. Gwatkin, Adam Wagstaff, and Abdo S. Yazbeck, Wordl Bank 2006.

An associated observation is that the HFWSD programme neither has a mechanism in place to monitor utilisation by the poor, nor has it introduced such a mechanism as part of capacity-building for State and District health services management.

The 2003 Court of Auditors report concludes that "although no clear targeting of the poor was formulated in its design, an overall improvement of the public health system is expected to benefit poor people". It notes that "during implementation, measures were taken to direct the programme towards specific disadvantaged parts of the country, for example, certain States with poor health indicators or urban slum areas". But the report adds that the terms of reference for the monitoring component, under which regular reviews are to be carried out, contains no reference to specific targeting objectives.

The absence of "pro-poor" geographical focusing is confirmed in the final ECTA report[96]. It recommends, under "lessons learnt", that the geographical focus should be on the weaker States with poorer health indicators and a higher proportion of deprived and vulnerable communities. It recommends that future EC support should focus on the 18 States, which the new national health policy (NRHM) also focuses on.

The absence of monitoring certain aspects of a "pro-poor" approach, as noted by the Court of Auditors, has to date not been addressed.

The area where the HFWSD programme has explicitly addressed "pro-poor" planning is through its influence on the formulation of the NRHM. This comprehensive health policy, which incorporates the various health sector components (such as the Reproductive and Child Health programme), has, according to the policy documents, several decentralised planning processes that look at the most disadvantaged groups in the population. In addition, it focuses on the 18 most deprived States.

- **Existence of adequate analysis of reasons behind health status, leading to appropriately-designed interventions.**

The long list of programme documents, varying from policy discussion papers and planning guidelines to clinical technical instructions (for example, how to apply spinal anaesthesia), are very much focused on the management and operation of clinical health services. The only reference made to causes of ill health is in a theoretical brief on inter-sectoral co-operation, confirming that education of girls is the single most important determinant of the infant mortality. The concept of public health as being "to reduce exposure to disease", and an analysis of causes of disease[97], are not reflected in the various programme documents. The State and District situational analyses and plans reviewed by this evaluation mission centre on medical services management and do not go into the area of causes of illness. The conventional public health principle of inter-sectoral co-operation was not operationalised in the programme's guidelines for public health managers at the level where all sectors come together, the District and below. During the field visit, the various public health managers interviewed were not conversant with inter-sectoral co-operation and could not recall any professional interaction with other non-health departments. This was particularly striking because many major causes of illness have been widely discussed, not only in the professional publications, but also in the general media. The health aspects of unsafe water, the chemical industry, pesticides used in agriculture, air pollution in large cities and, for example, the major health effects of the world's largest ship-breaking industry in Gujarat are front-page issues. The District health authorities interviewed did not consider these occupational and environmental health issues as their prime responsibility, despite the fact that public health interventions may prove more effective and pro-poor than medical/clinical health service support.

[96] ECTA, Final Report, January 2000 to July 2005, EPOS-led consortium providing TA.
[97] As for example in the World Development Report, World Bank, 1993.

In general, the State and District health managers interviewed during this mission perceived themselves as managers of medical services, and not as public health authorities. The HFWSD programme has recognised this and confirms that "the Chief District Medical Officers (CDMOs) and District Medical Officers (DMOs) attain their rank by seniority from the ranks of government clinicians, who have not had any training in public health or management. Medical Officers in the Government sector, even senior ones, have been observed to be deficient in management skills."[98] To address these shortcomings, the programme has started a six-week training programme (the Professional Development Course in Public Health Management and Health Sector Reforms) for CDMOs and DMOs. The programme was instrumental in the formalisation of a ruling that CDMOs and DMOs can be appointed only if they have attended public health management training. However, a review of the course content shows a heavy focus again on the management of medical services and very little attention to causes of illness, preventive and promotive health, or inter-sectoral co-operation[99].

A recent review article, entitled *"Public Health in India: Dangerous Neglect"*[100], by a senior World Bank staff member confirms this observation of a very narrow focus by health authorities in India on medical services and an absence of due interest in public health in its wider sense.

It could, of course, be a conscious policy of the HFWSD programme to prioritise capacity-building in medical services management, while the broader public health concepts would be introduced at a later stage. However, such a strategic approach could not be confirmed to be in place as interviews with the ECTA team confirmed the medical bias of the programme.

- **Share of EC support aimed at needy groups.**

As discussed in the previous two paragraphs, the issue is not how much of EC funds would be allocated to specific groups, but rather the degree of support to the institutionalisation of "pro-poor" planning in the decentralised planning process. It is repeated here that the document review and the field visit indicates that there is not much attention to the specific problems of needy groups, as the HFWSD programme explicitly assumed that public health services are mainly benefiting the poor. In addition to what is discussed above about the recognised BPL status, it became clear to the mission during the field visit that there are also numerous "unofficial" poor. During the field visit, the mission noticed large groups of migrant farm workers living along the road in temporary shelters, in obviously deplorable circumstances. These people did apparently not have BPL status, since they could not fulfil the rather cumbersome administrative obligations to qualify because of their migrant status. From a public health perspective, as discussed above, these groups should have been of prime interest, not only because of their most deprived status, but also because of the high transmission of communicable diseases that can be expected to thrive in such circumstances. The district health systems visited apparently did not recognise this. The efforts by the HFWSD programme to strengthen district planning capacity do not focus attention on these specific needy groups. However, it must be mentioned here that the unofficial poor were included in health campaigns such as the polio eradication programme, which was supported by the EC.

- **Existence of an analysis of reasons for poor health status of these groups upon which interventions are designed.**

[98] ECTA, Final Report, January 2000 to July 2005, EPOS-led consortium providing TA.

[99] The EC Delegation disagrees with this observation. A detailed curriculum which could have led to a different conclusion was, however, not made available.

[100] EPW, 40-49 Perspectives, Monica da Gupta WB, December 3, 2005.

In the light of the above discussion, the mission concludes that there is hardly any analysis of the causes of ill health, and that there are even fewer specific interventions directed at the most needy.

5. Incidence of the EC Interventions in Terms of:

5.1 Relevance

In general, the EC involvement in the health sector is highly relevant, as it is widely accepted that poverty and health are intimately related[101] and because the commitment of the GoI to address inequalities in health has been strong.
During implementation, it seems to have been assumed that public services are primarily for the poor, but this has not been confirmed through a monitoring mechanism. In view of the risks of the less poor benefiting at the expense of the poorest, it would have been relevant to have had a more specific poverty focus and a mechanism to monitor access by the poor.

5.2 Effectiveness

Of the various results of the programme, the direct effectiveness of the programme towards pro-poor design is limited, as not much effort has been made to analyse poverty and health as a basis for priority setting. Nevertheless, if the arguments discussed under "efficiency" are correct, the effectiveness could even be optimal.

5.3 Efficiency

Some researchers and policymakers argue[102] (although the programme itself does not do so explicitly) that during the establishment and improvement of government health services, the most deprived segments of society will not immediately benefit, though at a later stage they will. If this is correct (which the mission can not confirm or deny in this context), the approach could be an efficient one.

5.4 Possible Impact

Despite the programme's limited (but possibly implicit) pro-poor design, it has contributed significantly to new national policies. These policies do have explicit pro-poor components. It could be argued that the programme has in this way indirectly contributed to pro-poor health policies.

5.5 Sustainability

If the new national health policies are implemented and pay attention to the pro-poor intentions, there will be a long-term effect, far beyond the duration of the EC-funded intervention.

6. Cross-cutting Issues

Gender, see fiche 3.3

[101] For example, World Development Report 2004, and DAC Guidelines and Reference Series, Poverty and Health, OECD, 2003.
[102] Reaching the Poor, Davidson R. Gwatkin, Adam Wagstaff, and Abdo S. Yazbeck, World Bank 2006.

7. Coherence, Co-ordination, Complementarity

See fiche 4.1

8. Issues of Procedures, Administration and Management

See fiche 4.1

9. Global Assessment

The EC-funded HFWSD programme has been successful, as indicated by various programme assessments, in assisting the decentralisation of State and District health services. It has also made a significant contribution to policy formulation, as is reflected in the NRHM, which has a real potential to address health issues of the poorest segments in society. Achievements[103] at national level include:

- Logistics and warehousing (policy documents)
- Operationalisation of First Referral Units (guidelines accompanied by funding for rehabilitation , equipment and training)
- Community-Based Social Marketing (funding NGOs to market contraceptives)
- Urban Health (participation in policy formulation)
- Tribal Health (participation in policy formulation)
- Pulse Polio Immunisation (funding)
- Information, Education and Communication (funding TV programmes)
- Policy Reforms Options Database (PROD) (initiating, funding, technical advice)
- Professional Development Course in Public Health (establishing and funding training course for District Medical Officers)
- National Workshop on Health Sector Reforms (organising and funding workshops)
- Development Partners Convergence (donor co-ordination)

Many of these initiatives and actions are relevant and are very likely to have contributed to health sector reform in India. A detailed analysis of these activities was not carried out in this evaluation as the scope was limited to the selected strategic issues covered by the evaluation questions.
At State and District level, the bulk of the EC funding was utilised. The activity areas include:

- Strengthening management structures and processes
- Renovation of health facilities (including the major post-earthquake reconstruction programme in Gujarat)
- Implementation of health services

The funding of these activities was based on plans formulated by States and Districts, and on progress made. This has contributed to health sector reform through a redefinition of roles and responsibilities, needs-based planning and performance-based funding. The funding mechanism was innovative, in the sense that although it was channelled through normal government channels, it would allow for much more flexibility than usual funds. Several aspects of this funding mechanism have been used in the new national health policy.
In general, the programme has certainly contributed to health sector reform, because the activities as such are relevant and have been effectively carried out. The programme was said to be highly

[103] Health and Family Welfare Sector Programme in India, Final Report, January 2000 to July 2005, EPOS Health Consultants.

appreciated at national, Sate and District level by all officials interviewed. However, in the current programme very little attention has been paid to explicit pro-poor planning of interventions. In addition, the scope of interventions has been limited to medical services. The assumption made by the programme that public medical services will be, by definition, pro-poor is a fallacy in the opinion of this evaluation mission. Research has shown that the presence of a public health facility has no impact on key health indicators, such as rural infant and child mortality.[104] The absence of specific pro-poor monitoring in the programme itself and in the capacity-building exercise is a shortcoming. Nevertheless, the current attention by the GoI and development partners to district health services (for which the HFWSD programme can certainly take credits) has provided a basis for further development of public health practice beyond medical services.

Criteria Fiche 3.3

1. Question EQ3: Improving design of pro-poor health services

To what extent has EC support for the health sector been designed with a view to improving the health status of vulnerable groups?

2. Judgment Criterion

Degree to which design of EC support has considered gender in health.

3. Area Coverage by the EC Interventions

See fiche 3.1.

4. Indicators

The tentative desk phase indicators were:

1. Increased consideration in the design of EC support of the role of women and men in health (notably, efforts to promote a sexual and reproductive rights approach)
2. Share of funding for health interventions with a pro-female profile (notably, sexual and reproductive health programmes).

- **Increased consideration, in the design of EC support, of the role of women and men in health (notably, efforts to promote a sexual and reproductive rights approach)**

The basic documents of EC support for the health sector and of the HFWSD programme stipulate that it aims to support the implementation of the core component of the national health policy, namely, the Reproductive and Child Health (RCH) programme. This programme comes down to decentralisation of family planning services and basic preventive and curative health services, mainly through the public health system. This explicit focus on the health needs of women in these documents is not accompanied by further analysis of gender and health. The RCH has, however, several activities based on gender analyses, as indicated in the following overview of RCH components below[105].

Hence, the HFWSD programme aims to support a range of interventions that address gender inequality. In addition, the programme has contributed significantly to the formulation of the successor programme, RCH2. In this programme, various new initiatives have been taken to address

[104] See Chaudhury, Hammer and Pruthi (2005).

[105] ECTA WP 2003/65, concept paper on PPP for the design of RCH2.

gender issues. The Accredited Social Health Activist (ASHA) component will train and support community health workers who are expected to pay considerable attention to women's health needs. The concept of Community Health Workers (CHWs) is rather controversial in the current international policy debate.[106] A CHW initiative has been piloted under the HFWSD programme, "Mitanins" (in the State of Chhattisgarh) and "Sanjeevanis" (in the State of Haryana). Several shortcoming of the ASHA design, as also raised in the international literature, were addressed by the HFWSD programme. Although the focus on women's health is laudable, there seems to be little attention to the position of men in this approach. Clearly, the role of men, especially in the more traditional segments of society, is crucial in addressing women's sexual and reproductive health rights.

STRATEGIC INTERVENTIONS UNDER EXISTING RCH SCHEMES

Scheme	Area of intervention
Social Marketing Programme	❑ Behavioural change through mass media, local folk media and inter-personal communication. ❑ Improved access to basic RCH products through commercial and community networks. ❑ Provision of selected RCH services through networks of private sector-based clinics.
NGO Scheme	❑ Maternal and Child Health: access to quality ANC, institutional deliveries, essential neonatal care, child survival interventions, and communication action for safe motherhood and child survival. ❑ Family Planning: demand generation, clinic-based FP services, community-based distribution of contraceptives. ❑ Adolescent Reproductive Health: supportive environment, access to counselling and clinical services, life-skills development. ❑ Prevention & Management of Sexually Transmitted Infections: behaviour change communication and social mobilisation, promotion of dual protection for condoms, case management, orientation of private practitioners. ❑ Termination of Pregnancy services: demand generation for quality services, increased access to legal, safe and quality care, follow-up services. ❑ Traditional midwife training: demand generation, provision of quality care. ❑ Violence against women: supportive environment & community-based mechanisms, service support. ❑ Male involvement: supportive environment, community outreach services, and access to sexual and reproductive health services.
Obstetric Care	❑ Recruitment of contractual personnel. ❑ Use of private anaesthetist services on a per case basis. ❑ Transportation of obstetric emergencies. ❑ Dai training. ❑ RCH camps.

Under the HFWSD programme, considerable attention has been paid in, for example, Haryana to the widespread practice of abortion when the foetus is female. The foeticide has resulted in an

[106] Health Policy and Planning 16(3):221-230, Community Participation in Health, Perpetual Allure, Persistent Challenge, Morgan L.

alarmingly skewed gender balance. Recent research indicates that about 10 million pregnancies with a female foetus have been aborted over recent years.[107] This has many gender consequences beyond the issue of safe abortions.
Despite these relevant gender issues addressed by the programme, a gender analysis has not been systematically used in its planning process. Gender has not been prominently present, as one would have expected, in the capacity-building strategy developed by the programme. This is reflected in the District plans reviewed by this mission, where gender is limited to women's health issues.

5. Incidence of the EC Interventions in Terms of:

5.1 Relevance

The relevance of the HFWSD programme to address gender is potentially high, as gender is a prominent aspect of health interventions. If gender is limited to "women's health", the potential is not utilised. The programme's relevance has thus not been optimal in this aspect.

5.2 Effectiveness

The HFWSD programme's effectiveness is discussed in another paragraph/chapter.

5.3 Efficiency

The HFWSD programme's efficiency is discussed in another paragraph/chapter.

5.4 Possible Impact

The programme's support to abandon prenatal sex selection and abortion might have a longer-term gender effect.

5.5 Sustainability

The possible impact is likely to remain after the current intervention is finished.

6. Cross-cutting Issues

See other paragraphs/chapters on gender, environment, governance and human rights.

7. Coherence, Co-ordination, Complementarity

See other paragraphs/chapters on gender.

8. Issues of Procedures, Administration and Management

See other paragraphs/chapters gender, for example, appropriateness of funding mechanisms, facilitating procedures and supportive management.

[107] See Jha P, Kumar R, Vasa P, Dhingra N, Thiruchelvam D, Moineddin R;: 'Low male-to-female sex ratio of children born in India: national survey of 1·1 million households' in *The Lancet* - Vol. 367, Issue 9506, 21 January 2006, Pages 211-218. For information on Haryana see e.g.: United Nations Population Fund. Sex-selective abortions and fertility decline: the case of Haryana and Punjab. New Delhi: UNFPA, 2001

9. Global Assessment

Although women's health is the core of the programme's support, a gender analysis, which forms the basis of initiatives and capacity-building action, is lacking.

EQ4: IMPROVING PERFORMANCE OF HEALTH SERVICES

Criteria Fiche 4.1

1. Question EQ4: Improving Performance of Health Services

To what extent has the EC support contributed to improved performance of health services?

2. Judgment Criterion 1

Degree to which the EC support for a comprehensive approach to capacity development, covering all health system aspects, has led to an improved organisational capacity for decentralised health services.

Comments on Criterion 1

Capacity development to increase the performance of a system has long been perceived as merely the training of health staff and providing TA. More recent insights have broadened the concept of capacity development to include organisational structures and incentive systems as determinants of the effectiveness of capacity development.

Decentralisation means the transfer of authority in public planning, management and decision-making, from the national level to sub-national levels, or more generally from higher to lower levels of government. Decentralisation can take various forms; the main ones are deconcentration, devolution and delegation, as well as privatisation. This means a shift from traditional technocratic and centrally-driven planning, which is recognised as having been ineffective in improving health outcomes, to strategic planning that takes into account the political process and makes it more participative and flexible. Quality services are responsive to needs, which are generally best addressed through decentralised systems.

3. Area Coverage by the EC Interventions

The same as in EQ 3.

4. Indicators

1. Capacity constraints in all aspects of health system defined, diagnosed and systematically addressed.
2. Human resource development policy includes measures to retain staff.
3. Roles and responsibilities appropriately (re)defined for all levels of decentralisation.
4. Comprehensive state and district strategic health plans and budgets are in place.
5. Local health authorities have authority on local health budgets and on personnel issues.

- **Capacity constraints in all aspects of health system defined, diagnosed and systematically addressed.**

The analysis in this chapter is limited to the public medical services on which the EC-funded programme has focused. Its limitations, as discussed under EQ3, will not be repeated here.
The HFWSD programme has developed a novel approach to capacity-building.[108] The programme has recognised that real capacity-building should go beyond the usual training. The approach makes a systematic analysis of the system to be strengthened, and identifies a pyramid of nine separate but interdependent components in the system. These form a four-tier hierarchy of capacity-building needs: (1) structures, systems and roles; (2) staff and facilities; (3) skills; and (4) tools.
The approach has made the point that it is useless to invest in one tier if the lower tier is not adequate, as tools without skills, skills without staff and buildings and staff without structures will obviously not work. The approach has been used in the programme as a planning instrument for the formulation of Sate and District plans. The targets of the Memorandum of Understanding (MoU, the contract between States and the National health authorities on which EC funding is based) are arrived at by using this instrument. The targets ("milestones") are set in such a way that these need to be met before capacity-building efforts in the next tier will be funded. This performance-based funding, with untied EC funds, has resulted in an enormous change in the planning and implementation practice, which had hitherto been expenditure focused. This instrument has not only guided the EC investment during the programme period, but also has provided the health system in general at various levels with the concept of capacity-building as much more than training.

- **Human resource development policy includes measure to retain staff**

Besides the training of District health authorities, the HFWSD programme has not been directly involved in human resource development for health services. In the programme's vast production of papers and documents, the topic of human resource development is hardly represented. However, through the decentralisation process in which the HFWSD programme played an important role, room was created for State and District health authorities to develop various initiatives to recruit and retain staff, and to increase and maintain their skills and knowledge. Such initiatives have then been EC funded under the programme. These initiatives range from various training programmes to incentive schemes, including renovated staff houses for health workers, and the production of films to recruit doctors for rural areas. This evaluation mission's interest in the issue of retaining staff stems from the widely-discussed "brain drain" to EU member states, which it is feared will deplete the Indian health services of much-needed staff. In the 1980s, more than half of doctors newly graduated at the All India Institute of Medical Sciences emigrated, mostly to the United Kingdom.[109] This trend has stopped and even reversed for some specialities, due to the rapid expansion of the private health sector in India. Interviews with health authorities during the field visit indicated that health workers in public services might opt for employment in the private sector in India, but that overseas employment is not a serious option for these cadres. The internal "brain drain" from public to private was said to be a serious problem, aggravated by the expansion of India's most advanced private sector to provide treatment for foreigners. Gujarat's State health authorities have even developed a "medical tourism" policy to promote this private health sector. To what extent this development would be at the expense of public health services, thus limiting services for the poor, is discussed in a recent editorial in the British Medical Journal.[110] The HFWSD programme has not addressed this in the form of policy or discussion papers, but this

[108] *Health Policy and Planning*; 19(5): 336–345, 2004; Systemic capacity building: a hierarchy of needs, Christopher Potter, Richard Brough.
[109] Perspectives on Migration of Health Workers from India to Overseas Markets: *Brain Drain or Export?*, Binod Khadria *Seminar on Health and Migration, 9-11 June 2004*, IOM.
[110] The private health sector in India is burgeoning, but at the cost of public health care, Editorial, BMJ 2005;331:1157–8.

might be well justified in the light of the multitude of issues from which the programme had to choose its priorities.

- **Roles and responsibilities appropriately (re)defined for all levels of decentralisation.**

The HFWSD programme's support for the decentralisation process in general and to the planning and implementation capacity of State and District health authorities has led to clear definitions of roles and responsibilities. This is not only documented in various publications, notably manuals for health managers, but was also confirmed during the mission's field visit, during which various State and District authorities were interviewed. It should be noted here again (as was discussed under EQ3) that roles and responsibilities were strictly limited to medical services management and fell short of broader public health roles (with the main aim of reducing exposure to determinants of ill health) that are accepted as best practice in most other countries. Another remarkable shortcoming in the definition of roles and responsibilities was that District health authorities did not see themselves as having a mandate to "guide" all health activities by all providers, including private providers. One of the well-documented problems in the health sector[111] is that the private health care providers are hardly regulated, and certainly not by the District health authorities. The mission saw little evidence of the governance concept of "Stewardship", as introduced by WHO[112] and generally accepted as a guiding principle, being appreciated at State and District level. This concept of "setting and enforcing the rules of the game and providing strategic direction for all the different actors involved" would be highly appropriate in the Indian context.

Two new sets of roles need to be mentioned here. In the first place, the merger of the various management structures for previously vertical health programmes into one body ("society") at District level. The comprehensive responsibility of this body will most probably contribute to more co-ordinated and coherent, and hence probably more efficient, health services in the Districts. At health facility level, committees have been formed with the responsibility of managing its operations and promoting its use. In view of the funds (from programme sources and user fees) that can be used at their discretion, these committees have not only been given the authority to execute it, but also the means.

- **Comprehensive state and district strategic health plans and budgets are in place.**

An instrument in the programme's operations and success was the introduction of MoU's between the States and Central Authorities.[113] These MoUs, with a sequence of activities, based on the hierarchy of capacity-building needs, formed the basis for State and District planning processes. TA provided by the programme to State and District authorities has lead to district health plans. The plans reviewed by this mission in Gujarat and Haryana showed a strong limitation of government health services and did in some cases not map out the vast private sector. These plans were, in that sense, not comprehensive, despite the programme's efforts in the field of promotion of a public-private mix. Despite these shortcomings, the programme has facilitated the piloting of various private-public initiatives, such as contracting medical specialists to carry out part-time tasks in public facilities where full-time employment would not be efficient. In other instances, private providers are contracted by District authorities to take care of obstetric emergencies.

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111 India Health Report, ICRIER, 2003.

112 World Health Report, WHO, 2000.

113 These MoU's are also supposed to improve governance in the states concerned. However, there has been no reliable indicators showing improvements, and continued high absenteeism rates among health staff suggest that the impact has (until now) been limited.

- **Local health authorities have authority on local health budgets and on personnel issues.**

The crux of health sector reform and its decentralisation component is the combination of the devolution of responsibilities and the financial means to take up these responsibilities. The HFWSD programme has played a crucial role in the decentralisation process by providing budgets to participating Districts, based on plans developed by the District authorities, next to the existing rigid expenditure-based funding from State and national level. This would allow a first experience of budgets that are "owned" by the Districts and which have a performance-based funding mechanism. The current level of authority is still relatively limited in view of the bulk of funding still coming through traditional channels, although it is expected that future funding (for example, under the NRHM) will follow the newly-developed mechanisms piloted under the HFWSD programme.
District authority on personnel issues was limited as State authorities play a major role in the complicated bureaucracy of health personnel. However, as indicated in previous paragraphs, local authorities have taken initiatives to improve staff welfare.
The most recent authoritative analysis of the health sector in India[114] highlights the weak management of government health services, listing specifically poor management of resources and centralised decision-making, low budgets, irregular supplies, large-scale absenteeism, corruption, absence of performance-based assessment, and conflicting job roles that make accountability problematic. Absenteeism of health personnel, whether authorised or unauthorised, has been reported in various studies. A recent study[115], which aims to be representative nationwide, quantifies absenteeism of health personnel at primary level up to an average of 40%. It furthermore found that absenteeism is relatively worse in poorer States. The HFWSD programme has, as is discussed in other paragraphs, directly addressed several of management aspects, such as decentralisation, planning and budgeting, and performance-based funding, and has in addition provided financial inputs for various activities. The programme has, however, not directly addressed the governance issues of large-scale absenteeism and corruption, because these had reportedly not been given the highest priority.

5. Incidence of the EC Interventions in Terms of:

5.1 Relevance

Although the programme has developed and applied an appropriate capacity-building tool, the aspects it has focused on have not been comprehensive, in the sense that the important "Stewardship" aspects were apparently not taken into consideration. Another missing aspect (multi-sectoral co-operation) is discussed in Fiche 3.1. The programme's attention to capacity-building has been very relevant, although shortcomings have been noted.

5.2 Effectiveness

Capacity-building for decentralisation has apparently been one of the most effective aspects of the programme, which has resulted in decentralised plans on which EC funding for Sate and District

[114] Report of the National Commission on Macroeconomics and Health, Ministry of Health and Family Welfare, Government of India, August 2005.
[115] Missing in Action: Teacher and Health Worker Absence in Developing Countries, Nazmul Chaudhury, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan, and F. Halsey Rogers, The Journal of Economic Perspectives, Volume 20, Number 1, Winter 2006.

activities was based, as well as increased implementation capacity. A total of 253 District Medical Officers have been trained in health service management.

5.3 Efficiency

The capacity-building component has, like most aspects of the programme, developed very slowly, leading to an unavoidable lower-than-expected efficiency.

5.4 Possible Impact

It is likely that the improved capacity has led to better managed services, but whether this has led to an improved health status is very difficult to assess.

5.5 Sustainability

It is very likely that several aspects of the capacity-building efforts will remain after the end of the programme.

6. Cross-cutting Issues

Good governance has not been consciously mainstreamed in this programme, although various governance issues have been implicitly addressed.[116] Participation and ownership has been improved at State and District level, where stakeholders were invited to take part in the planning process, and at health facility level, where community members participated in the management. Equity is likely to have been secured as the programme's methodology (a Sector Investment Programme) made the programme dependent on views and opinions of the key stakeholders. The organisational adequacy was secured as the programme fully operated within the framework of the Ministry of Health and Family Welfare. Transparency and accountability were addressed through an open and visible planning process at State and District level, and funding was performance related. Anti-corruption measures have not been directly addressed, although considerable anecdotal evidence exists about informal payments in the health sector.

7. Coherence, Co-ordination, Complementarity

Over the last two years, donor co-ordination was said to have improved. A review of minutes of donor co-ordination meetings suggests that considerable relevant information is exchanged. However, issues such as harmonised procedures and other measures to reduce transaction costs were not yet agreed upon. The level of coherence, co-ordination and complementarity would not fully meet the criteria to classify it as a Sector Programme.[117]

8. Issues of Procedures, Administration and Management

The funding mechanism using the existing government structures, but which allows for more flexible planning and performance-based funding, is seen as crucial in the effectiveness of the programme. Without the European Commission Technical Assistance (ECTA) team, very little would have been achieved, as the existing structures would not have been able to take the numerous

[116] The draft handbook on promoting good governance in EC development and co-operation has been used here as reference

[117] Guidelines for EC support to sector programmes, February 2003

initiatives to address capacity issues in the system. A temporary external team is most suited to kick-start change.

9. Global Assessment

The HFWSD programme's investment in the roles and functions of health authorities and in the physical facilities is very likely to have resulted in better functioning, were it not for the fact that many health facilities were, before the programme's investment, often seriously dilapidated, and in the State of Gujarat worsened by the devastating earthquake.
The evaluation mission could not be provided with figures that would, for example, indicate that these strengthened and renovated institutions are increasingly taking care of the unmet needs regarding obstetrical emergencies (which is closely associated with the Maternal Mortality Rate). If they simply compete with the vast private sector, and not provide additional care opportunities to those people who would otherwise be deprived of services, the investment will not have been very effective. The current health management information system cannot provide this information. Hence, the programme itself and the authorities it wishes to help build capacity should have (as discussed in other paragraphs) introduced "pro-poor" monitoring, to ensure that the investment reaches those for whom it is meant.

Criteria Fiche 4.2

1. Question EQ4: Improving Performance of Health Services

To what extent has the support contributed to improved performance of health services?

2. Judgment Criterion 2

Increased quality and accessibility of health services in EC supported areas.

Comments on Judgment Criterion 2
Quality of services is defined here as technically effective, culturally and gender appropriate, available and affordable. This criterion covers the spectrum from the selection of services up to the actual use by the population for which it is intended, because technically-sound interventions are not contributing to health if they do not meet these quality aspects.

3. Area Coverage by the EC Interventions

See Fiche 3.1.

4. Indicators

The tentative desk phase indicators were:

1. Selection of essential health services includes the most cost-effective services with a large potential impact on health outcome, especially for the poor, notably curative and preventive services for HIV/AIDS, Malaria and Tuberculosis and Sexual and Reproductive health services.
2. Proportion of the poorest segment of the population having access to essential services.
3. Child immunisation rate (percentage of children aged 12-23 months for measles, DPT3, Pol3, HepB3, BCG) and percentage of children fully immunised below the age of one year.
4. Financing scheme in place, with exemption mechanism for the poor.

- **Selection of essential health services includes the most cost-effective services with a large potential impact on health outcome, especially for the poor, notably curative and preventive services for HIV/AIDS, Malaria and Tuberculosis and Sexual and Reproductive health services**

The health services supported by the HFWSD programme are very likely to have improved, especially during the last two years, when the programme's activities really took off. The investment in infrastructure, as detailed in the various reports and as observed during the field visit, has changed often-dilapidated facilities with few instruments and supplies into working facilities. The programme has, as discussed in other paragraphs, effectively combined this investment with other capacity-building activities, such as the establishment of health facility management committees, and with a certain financial autonomy. The package of services provided in the health facilities visited did cover the most relevant curative health interventions, including HIV/AIDS. The merger of previously vertical programmes into one management structure can be expected to lead to more efficient and effective services, although some development partners expressed some reservations about this assumption, as they feared that the tuberculosis programme's effectiveness might suffer if "diluted" in a comprehensive programme.

- **Proportion of the poorest segment of the population having access to essential services.**

As discussed in another paragraph, the HFWSD programme has not monitored the utilisation of renovated health facilities as per socio-economic background of the user, and the existing health information management service does not provide this information. In the facilities visited, the percentage of BPL patients was relatively low (below 5%), although it should be noted that this observation has no representative value and can serve only as an illustration to follow up. In addition, it was noted by the mission that there are segments of society that are not formally registered as BPL, such as migrant farm labourers. It is impossible to say at this stage whether the EC-renovated and strengthened health services have been beneficial to the poorest segments of the population.

- **Child immunisation rate (percentage of children aged 12-23 months for measles, DPT3, Pol3, HepB3, BCG) and percentage of children fully immunised below the age of one year.**

The relevant data could not be obtained during the mission, but as there is no baseline for comparison, a static figure would have no meaning as an indicator of effectiveness of EC funding. It should, however, be noted that the HFWSD programme has provided a €25 Euro input into the "Pulse Polio Immunisation" campaign, together with other development partners. This contribution is very likely to have significantly increased the polio immunisation rate. Since this campaign covered every child that the campaign came across, it can be assumed that the poorest segment of society has also benefited from this investment.

- **Financing scheme in place, with exemption mechanism for the poor.**

The BPL mechanism described above and in other paragraphs is an exemption mechanism, though it might overlook the poorest-of-the-poor segment of society. The HFWSD programme has undertaken several initiatives to address health financing and exemption mechanisms through the formulation of policy documents. The mission was informed that these documents have contributed to new exemption mechanisms that are currently being developed as part of the new national health policy, NRHM.

5. Incidence of the EC Interventions in Terms of:

5.1 Relevance

Access to effective health services is one of the most important determinants of health[118] and is in India very limited for the poorest segments of the population[119] . Combined with the strong commitment expressed by GoI to address this, the programme's aim – to increase the quality and accessibility of health services – is highly relevant.

5.2 Effectiveness

The programme's approach to improving health services through the process of health sector reform and capacity-building is globally seen as best practice. The 2003 Mid-Term Review concludes that there is at that time "no clear indication of an improved quality or utilisation of health services".[120] The ECTA team has argued[121] that this slow progress might be unavoidable as system change is a slow progress. The mission agrees that the programme's first three to four years can be seen as a necessary preparation for meaningful investments. Since the Mid-Term Review, the investment in health infrastructure, and thus the programme's expenditure, has risen sharply. One of the reasons is that administrative and planning procedures were changed to facilitate fewer delays between planning and implementation. The results to date, in terms of renovated health facilities, improved management at facility and District level, would support the programme's claim to have been effective in strengthening the health infrastructure. There is a strong likelihood that this has lead to higher utilisation of these facilities, although, as discussed in other paragraphs, the actual utilisation by the poorer segments of the population has not been monitored.

5.3 Efficiency

In the absence of programme evaluations or other studies that have looked at efficiency, it is difficult to evaluate in this mission the overall efficiency of the programme. However, the very slow progress due to inappropriate procedures, which were noted in the Mid-Term Review, and the repeated extensions of the programme suggest a less than optimal efficiency.

5.4 Possible Impact

The impact on the health status of the target population cannot be assessed in view of the short period that the health system has shown improved functioning.

5.5 Sustainability

At health facility level, two aspects have been addressed during the programme: renovation of facilities, and strengthening the management structures. The sustainability of the renovations will obviously be dependent on future availability of funding. This is difficult to predict, although the new national health policy and the interest of development partners in the sector makes it likely that

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118 DAC Guidelines and Reference Series, Poverty and Health, OECD 2003.

119 Report of the National Commission on Macroeconomics and Health, Ministry of Health and Family Welfare, August 2005.

120 Report of the Mid-Term Review, July 2003, consortium Saniplan-Integration.

121 Final Report January 2000 to July 2005, ECTA, Health and Family Welfare Sector Programme.

the health infrastructure will continue to receive considerable attention in the foreseeable future. The management structures that were developed with programme support are less dependent on future external financial support. The participation of elected representatives in health facility management is likely to continue after the end of the programme.

6. Cross-cutting Issues

Gender: see fiche 3.3
Governance: see fiche 4.1

7. Coherence, Co-ordination, Complementarity

See fiche 4.1

8. Issues of Procedures, Administration and Management

See fiche 4.1

9. Global Assessment

It is easy to conclude that the quality and accessibility of public health services in the EC-funded areas have improved, because of the services' severely dilapidated state prior to the investment. Whether or not this improvement has been beneficial to the poorer segments of society cannot be assessed, as neither the programme nor the health services have monitored this specific aspect.

EQ5: ENHANCING TRADE AND ECONOMIC CO-OPERATION

Criteria Fiche 5.1

1. Question EQ 5: Enhancing Trade and Economic Co-operation

2. Judgment Criterion 1

Degree to which the EC's interventions have facilitated increased trade, investments and economic growth.

Comments on Judgment Criterion 1
The EC has supported a number of projects aimed at promoting investments (for example, Asia Invest, a regional programme), trade (for example, Maritime Transport Project) and general economic growth, and this judgment criterion will aim to assess the outcomes of these interventions.

3. Area Coverage by the EC Interventions

Support to trade and economic co-operation has been relatively minor compared to EC support for social sectors and poverty reduction. According to CRISS data, only 4% of all funds have been allocated to economic co-operation (broadly defined) during the evaluation period. The main projects and programmes that have been subjected to closer assessment by the evaluation team are: Asia Invest (phase 1 started in 1997; phase II started in 2003 and is scheduled to end in 2007), The

Maritime Transport Project, which started in 2000 and ended in 2003, received a total of €10 million, of which the EC contributed €8 million. Finally, the EC and GoI have just started the implementation of the Trade and Investment Development Programme (TIDP), which is scheduled to be implemented over a five-year period, with an EC contribution of €13.4 million.

4. Indicators

The tentative desk phase indicators were:

1. Share of companies who have been successfully assisted in EC interventions (for example, Asia Invest)
2. Improved efficiency and productivity of the Indian port sector (for example, resulting from the Maritime Transport Project) thus facilitating trade
3. Number of exports and/or investors (or their associates) stating that trade has been facilitated by specific EC support.

- **Share of companies who have been successfully assisted in EC interventions (for example, Asia Invest)**

Asia Invest is the programme, which has aimed to assist companies most directly and India has been a beneficiary since the commencement of Asia Invest in 1997. In total 28 projects have been financed with an EC contribution of €3.1 million.[122] The evaluation team was not able to sample a representative number of companies that have participated in Asia Invest, but judging from individual case studies, as well as the general evaluations and reviews available, performance has been mixed. As stated by the mid-term review of the overall programme from 2002: *"Asia Invest is itself not sustainable at present as it has failed to meet the expectations of the private sector"*, which in turn was due to the *"inappropriately high level of bureaucracy inherent in the award of grants utilising the EC's Practical Guide to EC External Aid management and the original design faults of the programme"*.[123] The more recent review, in 2005, noted that the programme was relevant to the EU priority of strengthening mutual trade and investment flows, but that application procedures were too complex and the programme still suffered from limited sustainability. The Asia Invest programmes thus have limited appeal for many companies and organisations, regardless of nationality, in part at least due to the inherent complexities in complying with the procedures and regulations.[124] On the other hand, Asia Invest still seems highly relevant, especially given the substantial potential for further expansion of trade and investments between the EU and India, but the programme has so far failed to fully exploit this potential.

India has also benefited from Asia IT&C, a programme that co-financed mutually beneficial partnerships in information technology and communication between Asia and Europe. The programme has now been closed, but many of the projects will be eligible under Asia Invest.[125] Approximately 25 projects have involved one or more Indian partners, with an average EC contribution of €270,000. Generally, the programme was appreciated for its focus, which obviously was relevant to India, but the same procedural constraints that have limited the impact of Asia

[122] See http://europa.eu.int/comm/europeaid/projects/asia-invest/html2002/fundedprojects_india.htm. Many of these projects have other Asian beneficiaries and the 'real' figure for India is thus lower.

[123] Global Partners: 'Mid-Term Review of the Asia-Invest Programme', Brussels, March 2002.

[124] As a consequence, the Confederation of Indian Industry has shown limited interest in continued involvement in Asia Invest.

[125] The phasing out of Asia IC&T forms part of the regional strategy to concentrate and focus the EC's multi-country programmes in order to ensure that they correspond to the priorities of the EC and the resources available. See EC: 'Strategy Paper and Indicative Programme for Multi-country Programmes in Asia', Brussels, 2004.

Invest have also characterised Asia IT&C.[126] The Bombay Chambers of Commerce India estimates that the Asia IT&C programme has a 15% success ratio in match-making.[127] It is not possible to quantify this into real numbers due to lack of tracking mechanisms.

Finally, since 1982 the EC has also attempted to assist businesses by supporting the Council of European Union Chambers of Commerce in India (CECCI) and by establishing a European Business Information Centre (EBIC) in Mumbai in CECCI's premises, from 1995 till 2002, when it was merged into the EC Delegation and *de facto* closed. The fate of EBIC is illustrative of the difficulties in providing support to businesses, as several Member States are doing exactly that on a fee basis. These Member States were critical of the services rendered both by EBIC and CECCI, which they considered, partly at least, to be in competition with their own services.[128] Also, CECCI became involved in managing Asia Invest projects and, gradually, attention shifted from the core objective of serving their members towards managing EBIC and Asia Invest projects. The CECCI was consequently in serious financial difficulties when EBIC was closed in 2001. However, according to CECCI, the crisis resulted in a much-needed reorganisation, which reconnected it with its members and refocused its operations on core activities.[129]

- **Improved efficiency and productivity of the Indian port sector (for example, resulting from the Maritime Transport Project), thus facilitating trade.**

Ports are a crucial part of the transportation infrastructure of India, and since the early 1990s the total port traffic has increased by approximately 10% annually, with container traffic volumes increasing on average by 14% annually. Maintaining and possibly accelerating such growth rates will be crucial to maintaining the high levels of economic growth that are prerequisites for effective poverty reduction.

Indirectly, the Maritime Transport Project has thus also facilitated EU-India trade and investment by improving port efficiency and productivity. The project was conceived after the economic reforms of 1991, where port efficiency was correctly identified as a bottleneck. In 1994, the terms of references for the project were finalised, but only in 1999 was a memorandum of understanding signed. Actual project implementation started in late 2000 and ended in December 2003. The total project cost was €10 million, with the EC contributing €8 million. This made the project the largest intervention within economic co-operation at the time of signing the MoU. The project purpose was to increase efficiency and productivity of Indian ports by providing TA and training to Jawaharlal Nehru (JNPT, close to Mumbai) and Chennai Port Trust Authorities. These ports were characterised by significantly lower vessel turnaround time, equipment utilisation and labour productivity than, for example, Colombo port, not to mention European ports.[130] This hampered exports and imports, and increased transaction costs. The project thus addressed a relevant problem, which was also recognised by the final evaluation of the project.[131]

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126 See e.g. EC: Final Review of Asia IT&C Programme, August 2005

127 Personal communication, December 2005. The corresponding number from the Asia Invest Programme is also around 15%. See Atos: 'Asia Invest Programme Review', June 2005

128 This has been a consistent criticism already in the process of establishing EBIC. See note dated 29/4 1994 from Theoleyre, F.: 'Establishing an EBIC located with the Council of EC Chambers', and also ACE Consortium: 'Evaluation of EBIC India', October 1997.

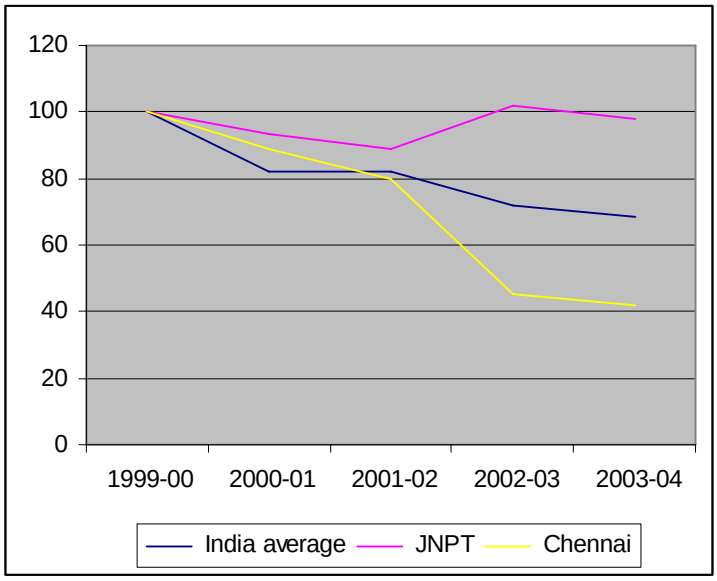
129 Personal communication with Secretary General of CECCI, 5 December 2005.

130 See Sundar, S: *Port Restructuring in India,* The Energy and Resource Institute, New Delhi 2001.

131 Jacobs: 'Evaluation of EU-India Maritime Transport Project, September 2004.

However, this evaluation is salient on the degree to which the project achieved its core purpose of improving efficiency and productivity of the two ports, when compared to international efficiency and productivity standards.[132]
In the project document, it is stated that the 'final objective' is improved vessel turnaround time compared with other ports. The evaluation does provide information on this issue, but fails to compare this data with either international levels or Indian levels. Instead, most of the attention is devoted to somewhat immeasurable aspects, such as 'quality of manuals' and 'level of awareness'. The evaluation thus fails to analyse this key aspect of the project, which is rather unfortunate as this reduces the value of the evaluation because fewer lessons learnt can be extracted.
While it is beyond the scope of this country-level evaluation to re-examine the project, we have nevertheless managed to compare a few key indicators, as shown in Figure 7.

Figure 7: Vessel Turnaround Time (1999-2000=100, lower is better)



Sources: Economic Survey, Department of Shipping, JNPT and Chennai Port Authority

As can been seen from Figure 7, the two ports supported by the project have shown very divergent performance on this key indicator. While all India ports have seen a considerable average improvement, JNPT has seen more or less stagnant turnaround times, whereas Chennai port has seen substantially better performance than the national average, although before 2001-2002 the port's performance was below national average.
What is the explanation for this divergent performance of the project? Judging from interviews with key stakeholders and from the data available, the key issue would seem to be ownership. Whereas JNPT continued to be under government ownership, Chennai container port was transferred to a private operator in 2001, after which performance improved substantially.
While the project may have been relevant when it was conceived in the early 1990s, this relevance was severely reduced as project implementation was delayed by almost a decade. Realising the need to fundamentally improve port efficiency, GoI decided in 1996 to allow the private sector to construct and operate ports themselves, thus introducing competition to the public ports. This has

clearly been the key driver of efficiency improvements in the India port sector, which arguably render EC support a rather insignificant variable when explaining the divergent performance of the ports. This finding that was also substantiated during interviews with key project stakeholders.[133]
The Maritime Project also had other outputs aimed at supporting the overall objective of improving port efficiency, such as the implementation of Electronic Data Interchange (EDI) systems at the ports, as well as streamlining customs procedures. While some pilots were made in EDI, it was not implemented during the project period, and only gradual and minor customs reforms were being made, mainly due to the politically-sensitive nature of such reforms, which the project did not address.[134] In sum, the project correctly identified a serious bottleneck for expanding trade, but the overly-technocratic approach of supplying TA (exclusively from the EU) failed to act as a catalyst for substantial improvements in port efficiency. As mentioned above (and also tacitly acknowledged in the project-specific evaluation report), the main drivers of such efficiency improvements were privatisation of port management and political commitment to streamline customs procedures. The project had only limited influence in either of these aspects, nor was it designed to.

- **Number of exporters and/or investors (or their associates) stating that trade has been facilitated by specific EC support.**

It has not proved possible to fully quantify the number of exports and investors who have benefited from specific EC assistance, but generally the number has been minute compared with the total number of EU investors and exporters to India (which has increased tremendously in recent years). Consequently, the impact of these schemes, whether positive of negative, is relatively minor.
Generally, the beneficiaries have stated that the programmes (such as Asia Invest, Asia-IC&T) are relevant, but most also state that administrative and procedural requirements are excessive, limiting take-up. Given these issues, the increased focus is on addressing systemic issues, such as customs and compliance with EU/WTO standards now being addressed under the TIDP, but actual performance cannot be evaluated as implementation is only starting now (January 2006) after numerous delays. These delays appear to have been caused by several factors. First, the institutional complexity of the TIDP involving several different ministries has prolonged preparation efforts, as all involved partners had to agree before the whole programme could commence. Second, there are also some indications that not all aspects of the programme preparation efforts were fully owned and led by GoI (the identification and appraisal missions were mainly driven by the EC and its consultants). This may have contributed to the rejection of one of the components of the TIDP (i.e. sustainability impact assessment), which also conspired to delay implementation. This could indicate the need for closer involvement of GoI in all phases of programme preparation, as is also the case in the social sector programmes, which have generally displayed higher GoI ownership and commitment.

5. Incidence of the EC Interventions in Terms of:

[133] In an interview with JNPT's Chief Manager and Secretary it was made clear that efficiency levels under public ownership would never be able to match those under private ownership given the strength of unions and the degree of political interference.
[134] Indeed the project was designed to deal primarily with technical issues and this was also reflected in the recruitment profile of the consultancy team.

5.1 Relevance

Given the rapidly increasing trade and investment volumes between India and the EU, and the still significant potential for further expansion, it seems relevant to facilitate these flows by addressing bottlenecks. Initially, the relevance was reduced by the very fragmented and scarce interventions in the area, while administrative and procedural complexity also diminished relevance. Also, the long lead time from conception to implementation has in some cases reduced relevance considerably, as in, for example, the Maritime Transport Project. Also reducing the relevance of the Maritime project was the relatively narrow focus on TA, with only limited efforts made at supporting key policy decisions which ultimately proved to be *the* key factor determining port efficiency.[135]

5.2 Effectiveness

Because of the limited efforts made in this sector, the effectiveness has also been correspondingly low. Several of the regional programmes (for example, Asia Invest and Asia IT&C) have also seen effectiveness compromised by overly complex procedures, which has reduced the attractiveness of these instruments for the intended beneficiaries. For the Maritime Transport Project, effectiveness was compromised by unwillingness on the part of GoI to implement key reforms that had proved effective, but which were politically difficult (for example, strong labour unions in public ports). Under continuous public ownership, port operational efficiency was not improved as envisaged at the start of the project, partly because there was 'little evidence of change in core values, management style and empowerment' at the ports benefiting from EC assistance.[136] Also, the training (supposedly one of the most important components of the programme) was exclusively delivered in the last three months of the project (which had a lifespan of three years), thus reducing its effectiveness.[137]
On the other hand, efforts within the sector are now being accelerated with the launch of, for example, TIDP, which has a far greater focus on gaining political commitment to the objectives of the programme, which could potentially result in improved effectiveness.

5.3 Efficiency

The use of EC TA as the dominant approach in the Maritime Transport Project arguably reduced efficiency. Indeed, the significant amounts invested in European consultants could arguably have been more efficiently used for, for example, compensating employers during port privatisation, which would, without doubt, have led to dramatic and sustainable port efficiency improvements. Relatively few resources have been invested in the regional programmes in India, but the limited take-up and the substantial transaction costs involved suggest that there is still room for improving efficiency of these programmes, which is partly why they are now being rationalised and streamlined.[138]

5.4 Possible Impact

Concerning direct interventions, there have been few and fragmented interventions within the sector. These have had a commensurately limited impact, especially in the first part of the period

[135] This is also a key finding of the project evaluation report.
[136] Jacobs: Evaluation of Maritime Transport Project' p. 19.
[137] See e.g. Ibid and EC: Final Review of EU India Maritime Transport Project.
[138] See e.g. EC: Asia Strategy Paper, 2005-2006.

under evaluation. In general, the main impact seems to have derived from general policies from both sides, such as the Generalised System of Preferences of the EU (of which India is the largest beneficiary from), as well as the GoI decision to allow private port operators. This seems to suggest that discrete interventions with predominately technical focus have yielded limited impact, whereas those supporting concrete reforms tend to have very significant impact. It is noteworthy that the Maritime Transport Project initially focused on reforming public port management, but achieved relatively few tangible improvements, as even the limited management changes were not replicated as envisaged.[139] Due to a rapidly changing economic policy environment, the project ended up subsidising public port operators competing with private operators (including EU operators). Container shipping lines, some of which also involved container port management, were 'reserved in their judgment of project achievements'[140]. This support may also have diminished the urgency of GoI to implement much-needed reforms in the sector, although there is limited evidence to substantiate this.[141] The impact of the regional programmes (Asia Invest and IT&C) has generally been assessed to be mixed, with limited information sharing and dissemination of results, which would be necessary considering the limited amount of projects and funding.[142]

5.5 Sustainability

Overall, the general trading and investment opportunities offered by global schemes and policies (for example, GSP) have generated a very sustainable impact. Reversal of these gains would require significant backtracking on previously-made pledges or the rise of protectionist forces in India. However, these factors are partly outside the scope of this evaluation. Judging both from field work and other independent evaluations and reviews, sustainability has been mixed. The sustainability of port efficiency improvements are generally high, but are mainly associated with the introduction of private operators, who have far higher efficiency levels. As for the EDI component, implementation was not achieved, but, given the global drive to use EDI, this will probably be implemented eventually, though in general the project had no clear mechanism to maintain project benefits.[143] For the regional programmes, sustainability obviously varies substantially between the different partnerships, but generally most projects had questionable sustainability, partly because the partnerships that have been driven by EU partners are not fully reflecting the needs of their Indian counterparts.[144] However, the merger of Asia Invest and IT&C, and the administrative changes, may improve the sustainability of future partnerships.

6. Cross-cutting Issues

For the regional programmes, gender, environment, (public) governance and human rights have not been featured prominently, with most of the beneficiaries being men. There seems to have been no attempt made to incorporate these issues systematically, although gender and environmental issues are now included in the evaluation grid for assessing potential proposals.[145] Arguably, emphasising

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139 See EC: 'Final Review EU-India Maritime Transport Project', EuropeAid, December 2004.

140 Jacobs: 'Evaluation of Maritime Transport Project'.

141 However, there is also no evidence to suggest the contrary; that the project facilitated accelerated reforms.

142 This is also a recurrent point in all the evaluations and reviews of Asia Invest and Asia IC&T.

143 This is reiterated in both the EC Review and the external evaluation.

144 See e.g. EC: 'Final Review of Asia IC&T'.

145 However, these cross-cutting issues are mentioned only as examples of 'added value', which has been assigned a weight of 5%. See: 'Asia-Invest II Programme − Call for Proposals 2005 − Guidelines for Applicants'.

these aspects more would run the risk of overloading the programmes with additional objectives, which would further reduce their already low efficiency and effectiveness.
The Maritime Transport Project has not addressed any cross-cutting issues, but a governance analysis of the differences in public and private management practices would probably have made clear that the main strategy should be readjusted to focus on privatisation, instead of on incremental improvements of an inefficient public undertaking.[146]

7. Coherence, Co-ordination, Complementarity

Coherence between the EC's internal and external polices has generally not been a main issue with economic co-operation. However, co-ordination has at specific points in time been an issue when supporting the European Business Information Centre (EBIC), which was perceived by some Member States as potentially competing with their own fee-based business services. While the EC did consult Member States continuously, the underlying tension was solved only with the closure of the Centre. The regional programmes have generally been seen as complementary to similar business co-operation schemes of Member States, and there has not been any serious issue of lack of co-ordination. As for complementarity, some Member States have argued that EBIC was overlapping too much with existing services provided by them, and in this instance the EC could arguably have done more to ensure complementarity. However, these are relatively minor issues which also reflect the rather insignificant direct interventions in the area.

8. Issues of Procedures, Administration and Management

The fact that the Maritime Transport Project was proposed in the early 1990s and implementation did not start until almost a decade later is obviously an indication of severe problems in execution of the EC's strategies within economic co-operation. Numerous resubmissions of proposals, re-tenders, cancellations and bureaucratic inertia on both the European and Indian sides conspired to create this large delay, which jeopardised relevance and impact. Also, the regional programmes have been consistently criticised for substantial procedural obstacles to effective implementation, which has dented the relevance. Efforts have been made to streamline the administrative burden in Asia Invest II, but reviews and field interviews both indicate that the programme is still perceived as being procedural focused rather the outcome focused.

It would seem that there is a need to continue to focus on procedures and administration as delays have also occurred in the implementation of the recently-started TIDP, partly due to the programme having several ministries involved, and partly due to the fact that GoI did not display full ownership of all components. The latter issues may partly reflect the fact that much of the identification and formulation process was driven by EC and EU consultants, which can have the effect of decreasing ownership.[147] This could indicate that projects and programmes should aim for simplicity and strong domestic ownership. Finally, it should be noted that the EC (DG Trade) has concurrently implemented various ad-hoc 'micro interventions' in the form of individual training courses in, for example, EU standards and technical barriers to trade, which have been highly appreciated and also implemented relatively efficiently and in a timely manner. The TIDP is intended to address some of these issues in a more comprehensive fashion.

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[146] On the necessity to bring in the private sector, see e.g. Haralambides and Behrens: 'Port Restructuring in a Global Economy: An Indian Perspective' in *International Journal of Transport Economics,* Vol. XXVII, No 1, 2000.

[147] In contrast, the two large sector programmes in health and education were formulated and designed by domestic stakeholders, which has produced far better ownership, as well as commitment to implementation.

9. Global Assessment

The global trade and investment policies both of India and the EU (including GSP) have, over the evaluation period, allowed for drastic increases in bilateral trade and investment volumes. This has had tremendously positive impact for EU and Indian businesses and consumers and has played an important part in raising economic growth rates, a key prerequisite for effective and sustainable poverty reduction.

For the specific direct interventions, the relatively few and fragmented interventions have not fundamentally altered trade and investment flows, or the policy environment. The projects and programmes have generally been relevant at design stage, but have been hampered by procedural and administrative obstacles that have caused delays and diminished impact. However, there are signs that these constraints are being addressed as, for example, the Civil Aviation Project is progressing according to plan. Nevertheless, past experience would suggest that complex multi-ministerial interventions, as well as intervention primarily driven by Europeans, can reduce both effectiveness and impact.

EQ6: ENVIRONMENT/RURAL DEVELOPMENT

Criteria Fiche 6.1

1. Question EQ 6: Environment/Rural Development

To what extent has the evolving EC support to the environment assisted India in balancing environmental concerns with the need for accelerated economic development?

2. Judgment Criterion 1

Degree to which the EC has successfully mainstreamed environment into its development support to India.

Comments on Criteria

The concern for the environment features prominently in all strategic policy documents covering the period from 1994 to 2004. At the same time, the approach of the EC to supporting environmental conservation and protection has changed over the years:

- The 1994 Co-operation Agreement and the 1996 Communication (COM (1996) 275) on the EU-India Enhanced Partnership envision EC support for concrete areas, including sustainable forest management and sustainable management of natural resources in general, prevention of industrial pollution, etc. In addition, however, "environment" is also introduced as a cross-cutting issue that would have to be taken into account in all other areas relevant to the EU-India partnership.
- In the period after 2002 (upon drafting of the new CSP), the EC has consolidated its support in a smaller number of sectors, and addresses "environment" or even "natural resource management" only as a "cross-cutting issue" (along with human rights, democratisation and gender) to be integrated in each of the priority areas. This applies to the federal level (i.e. co-operation with the centre), as well as for co-operation envisioned under the (not yet started) state-focused "partnership for progress". The rationale behind this approach is that environment "will be developed as a cross-cutting component, thus grounding the sectoral

work on sustainable development parameters". Or, as expressed in connection with the partnership for progress, "environment" will be developed as a cross-cutting component.

The question will examine what effect this shift in strategy has had on the treatment of environment in the EC development co-operation strategy. The evaluation team will collect evidence on the outcomes of the earlier environmental projects and will contrast this evidence with an analysis of the extent to which "environment" has in fact been mainstreamed in the sector activities of the EC. The evaluators will examine the degree to which the evolving strategy in the environmental sector has helped India to find a sustainable balance between needed economic growth and the necessity for restoring and safeguarding a healthy environment. The analysis will look in particular at what effects EC support in this sector has had on the poor. To the extent possible, the evaluators will take into account the activities financed from the relevant thematic budget lines (in particular environment).

3. Area Coverage by the EC Interventions

In the period from 1991 to 2004, the EC has pledged to address environmental issues in two ways:
a) By providing project support to specific environmentally relevant areas, including sustainable forest management and sustainable management of natural resources, prevention or reduction of industrial pollution, etc. The main interventions were a range of rural development projects that were financed particularly, but not exclusively, in the first half of the evaluated time-period, and on a number of environmental projects financed through regional programmes, such as Pro-Eco or Asia-Urbs.
b) By pledging to address "environment" as a cross-cutting issue in all other policy areas in the EU-India partnership. This became the primary avenue for addressing environmental issues, in particular after 2002, when the EC began to phase out its rural development projects in an attempt to consolidate its support in a smaller number of sectors.

4. Indicators

The tentative desk phase indicators were:

1. Existence and utilisation of institutionalised administrative mechanisms to ensure consideration of environmental concerns in implementation and monitoring and evaluation of EC-financed activities (consultations, etc, environmental impact assessments, existence/promotion of environmental management systems, where appropriate, environmental auditing and reporting and adherence to internationally-agreed codes of conduct).
2. Awareness of key stakeholders in relevant sectors of the prevalent environmental problems in their area of influence.
3. Reference to "environment" in EC-Indian policy/political dialogue.

- **Number/quality of references and institutionalised mechanisms to ensure integration of environment in key EC planning documents (CSP and specific documents for relevant sectors such as health, trade, economic support, education, governance).**

On the global level, the EC has developed a series of guides that are supposed to promote the mainstreaming of environmental issues in EC development activities. In June 1993, DG Development issued the *User's Guide* and the *Source Book to Environmental Procedures* in order to assist African, Caribbean and Pacific States and the EC itself to incorporate environmental considerations into development projects under the Lomé IV Convention. The Guide draws upon

information from the OECD, European Union legislation on environmental assessment, Member States' own assessment procedures, and relevant World Bank Directives. In 1997, DG Relex presented the *DGIB Environmental Impact Assessment Guidance Note* that set out the relevant procedures for carrying out Environmental Impact Assessments for EC-financed development projects financed in the Mediterranean, Middle East and Near East, Latin America and South/South-East Asia.[148]

The 2002 – 2006 CSP for the EC co-operation with India mentions the restoring and safeguarding of a healthy environment as one of the major goals to which the EC would dedicate its resources, but did not operationalise this pledge in the document as such Table 2 presents the results for a selection of India and four other Asian countries of an assessment of 60 CSPs, and the degree to which environment was mainstreamed and key tools (see above) had been integrated into these documents. The assessment shows that the CSP 2002 –2006 makes no reference of any multilateral environmental agreements (MEAs) or the use of strategic environmental assessments (SEAs), nor does it contain the Country Environmental Profiles (CEP) that is supposed to be included in the Annexes of each CSP. However, it has to be noted that these elements were not yet mandatory elements of CSP at the time when the current CSP for India was drafted. The assessment also finds that, in comparison to other CSPs, the India strategy contains a relatively limited analysis of environmental issues and also offers only limited information on the environmental response strategy of the EC.

Table 2: Comparative Ranking of mainstreaming in selected CSPs[149] (selected criteria only)

Country	***EC response strategy[150]***	***CEP[151]***	***Good analysis of env. issues[152]***	***CSP refers / Indicates other donor[153]s***	***CSP contains Poverty Env. Indicators[154]***	***MEA[155]***		***SEA***	***TOTAL***
						Any mention	***EC support***		
Bangladesh	2	0	0.25	0.5	1	0	0	0	3.75
China	5	0	0.50	0.5	0.5	0	0	0	7.50
India	2	0	0	0.5	0.5	0	0	0	3.00
Malaysia	1	0	0	0.5	0	0	0	0	1.50
Philippines	1	0	0.25	0.5	1	0.5	0	0	3.25
Maximum Score possible	**5**	**1**	**0.5**	**0.5**	**1**	**0.5**	**0.5**	**1**	**10**

[148] It should be noted that although the EIA procedures of two Directorate Generals involved in development co-operation are presented in two different sets of documentation, they are based on very similar approaches.

[149] Source: Dávalos P, María Eugenia (2002): Mainstreaming Environment in the Country Strategy Papers – A Review of 60 Countries, Brussels.

[150] Possible score from 1 (poor) to 5 (excellent). The EC response strategy has a weight of 50% of the total score.

[151] Possible score from 0 (no CEP) to 1 (CEP). The Country Environmental Profile has a weight of 10% of the total score.

[152] Possible score between 0 (poor / not included) and 0.5 (excellent). The quality of analysis of environmental issues has a weight of 5% of the total score.

[153] Possible score between 0 (CSP does not refer to other donors) and 0.5 (CSP refers to other donors). This criterion has a weight of 5% in the compiled total score.

[154] Possible score between 0 (no inclusion of poverty-environment indicators in CSP) and 1 (very good inclusion of poverty-environment indicators in CSP). Criterion has a weight of 10% in the compiled total score.

[155] Possible score between 0 (no mention / no EC support) and 0.5 (mentioned / EC supported) for both sub-criteria. Each sub-criterion has a weight of 5% in the total score.

The EC sector support programmes make virtually no reference to environmental issues. In the health sector, environmental health issues, such as unsafe water, the toxic pollutants from chemical industry, pesticides used in agriculture and air pollution, were largely unmentioned and were not addressed by the capacity-building strategy supported by the EC, despite their obvious impact on public health, for which interventions are often more cost-effective (from a health point of view) than interventions on health services.[156] District health authorities interviewed did not consider environmental health issues as their prime responsibility.

- **Existence and utilisation of institutionalised administrative mechanisms to ensure consideration of environmental concerns in implementation and monitoring and evaluation of EC-financed activities (consultations, etc, existence/promotion of environmental management systems, environmental auditing, etc).**

The profile of the environment sector in the EC Delegation in Delhi is relatively low. This starts with the fact that the only staff member who is officially addressing environment as a cross-cutting issue does so as an additional responsibility on top of an already full workload. The evaluators were not made aware of any institutionalised mechanisms and procedures that were followed in order to ensure the integration of environmental concerns in EC-financed activities.

- **Awareness of key stakeholders in relevant sectors of the prevalent environmental problems in their area of influence.**

It was not possible to collect sufficient information on this indicator to comprehensively assess the extent to which key stakeholders (in this case, mainly EC staff members) were aware of prevalent environmental problems in their sectors. Based on anecdotal evidence, staff members of the EC Delegation were sensitised and aware of environmental challenges, including the importance of environmental health in the health sector or the need for environmental education in the education sector, in order to promote behavioural changes that can benefit the environment.

- **Reference to "environment" in EC-Indian policy/political dialogue.**

Environment has been part of the EC-Indian policy dialogue throughout the period that is included in the evaluation, albeit in changing forms. The earlier policy documents[157] make reference in particular to sustainable forest management and sustainable management of natural resources in general, prevention of industrial pollution, etc. Most recently, the 2005 joint action plan has devoted an entire sub-chapter on environment, raising issues such as climate change, eco-labelling, etc. The plan also specifically calls for the strengthening of the political dialogue on global environmental issues, including the UN Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and other multilateral environmental conventions. The joint action plan also foresees holding meetings of the Joint Working Group (JWG) on environment on a yearly basis and instigating high-level visits between the two partners.

Despite this high-level commitment to policy dialogue on environmental topics, the activities of the EC Delegation in this area are limited. The political section is largely not involved in political dialogue on environmental topics. In the development section, the staff member, who is officially in charge of environmental matters, handles this in addition to an already full workload.[158]

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156 See e.g. Pritchett et al: Better Health Systems for India's Poor, World Bank, 2002.

157 E.g. the 1994 co-operation agreement.

158 Individual interviews during the country visit to India, 12/2005.

The main initiative is thus taken from EC HQ in Brussels, through the India Desk in DG Environment.[159] However, the assessment of staff members of the EC concurrent with the assessment of representatives of other development partners in the sector suggested that this set-up would limit the chance of an ongoing political dialogue,[160] partly because the EC would not have the ability to react flexibly to offers or demands from the GoI.[161]
Despite the limitations in staff, the EC was able to establish contacts with a few key environmental NGOs, including the Centre for Science and Environment (CSE), an organisation that was instrumental in some of the key environmental reforms in India.[162]
It also should be noted that the ProEco Programme, one of the current main instruments in environment, is not primarily based on policy dialogue but instead is working through calls for proposals. Respondents to these calls come primarily from EU member countries and not from India. Creating interest and ownership of these initiatives on a higher political level becomes very challenging, and according to the findings during the field visit, has not yet been achieved.

5. Global Assessment

Overall, environmental mainstreaming has yet to happen in the case of India. The EC's involvement in and support for the two major social sectors (health and education)[163] have so far not taken on board environmental elements that potentially would be within their remit. EC-Indian political dialogue addresses environmental challenges at the highest level. However, following up this high-level dialogue with concrete initiatives is only beginning. More work can be done here.

Criteria Fiche 6.2

1. Question EQ 6: Environment/Rural Development

To what extent has the evolving EC support for the environment assisted India in balancing environmental concerns with the need for accelerated economic development?

2. Judgment Criterion 2

Degree to which EC support to the environment has helped to equitably sustain or increase the economic potential of (direct and indirect) beneficiaries.

3. Indicators

The tentative desk phase indicators were:

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159 Most notable in the past year were two workshops (CDM seminar and Environment Forum on Waste Management), organised by the Indian Ministry of Environment and Forestry. The EC Delegation assisted the GoI with organising the participation of the EC and with liaising between the MOEF and EC HQ. In addition, EC HQ provided thematic input into the both workshops. The participation of the EC in these events was well received by the Indian counterparts, who welcomed the co-operative attitude of the EC, and was also commented on favourably by other partner organisations of the EC during individual interviews.

160 The fear was that, after the recent workshops, a slow follow-up on the part of the EC would damage the contacts that had just been established.

161 This notion that establishing partnerships in India required a longer-term involvement of local counterparts was confirmed by the representative of another international aid donor, which was mainly involved in the environment sector.

162 Among other things, the CSE had a leading role in the enforcement of the regulation on conversion of public buses, auto-rickshaws, etc. to run on CNG, through the initiation of a case before the Indian Supreme Court.

163 E.g. with regard to the promotion of environmental education.

1. Level of satisfaction of (direct and indirect) project beneficiaries with economic prospects after start/implementation of project (with particular attention paid to affected adivasis/scheduled tribes).
2. Number and intensity of economic activities originating from intervention.
3. Change in incomes (individual, family and community level) before and after implementation of EC-financed projects (with particular attention paid to affected adivasis/scheduled tribes).

- **Level of satisfaction of (direct and indirect) project beneficiaries with economic prospects after start/implementation of project (with particular attention paid to affected adivasis/scheduled tribes).**

One part of the environmental portfolio of the EC in India over the last 14 years is made up by the various rural development and agricultural projects that more often than not also address issues of sustainable management of natural resources and other environmental challenges.

Due to the short duration of the country visit to India and the field visits to certain projects in particular, it was only possible to collect anecdotal evidence on the level of satisfaction of beneficiaries of EC-financed projects. In the case of both rural development projects that were visited,[164] beneficiaries were largely satisfied with the benefits from the project interventions and reported increased agricultural yields, income from animal husbandry, etc. In both projects, benefits accrued primarily to the landowning community members, but also extended to landless groups, who had taken up or expanded on a variety of income-generating activities, thanks to micro-loans from micro-credit schemes managed by community self-help groups, ranging from small shops to carpet weaving. Beneficiaries also reported on a considerable reduction of seasonal migration, thanks to higher income-earning potential in their communities.

An analysis of a selection of evaluation, mid-term review and monitoring reports confirmed this generally positive picture in these projects. The CMNR led to a steep drop in seasonal out-migration, at times from 90% of the community to only 10% of the community, indicating general satisfaction of project beneficiaries with the benefits.[165] Similarly, project reports of SCALE speak of good potential for positive economic impact.[166] Similar satisfaction was reported from the Haryana Community Forestry Project. However, the Mid-Term Review noted that landless community members and scheduled castes benefit relatively less from the projects and felt at times excluded from decisions on development options for the village, including the distribution of benefits from common property resources. The 2003 Special Report of the Council of Auditors states that the BAIF project had largely succeeded in providing benefits, in the form of increased agricultural production or other small-scale income generating activities, to its beneficiaries.[167] But not for all projects was the tally so positive: some other projects for which documents were reviewed had experienced considerable delays in their implementation that had to a large extent kept benefits from materialising.[168]

Information on the level of satisfaction of beneficiaries was not available for the other projects, such as projects funded under Asia ProEco or the relevant thematic budget lines, in particular forestry and environment.

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[164] The Haryana Community Forestry Project and the NGO-run project Sustainable Community-Based Approaches for Livelihood Enhancement.

[165] CMNR Final Review and Appraisal Mission Report, August 2001.

[166] Joint Monitoring Mission Report, May 2004.

[167] 26,000 families in 2003, with a final target of 33,000 families.

[168] In particular, the Tank Rehabilitation Project in Pondicherry and the Saline land reclamation in Maharashtra, Phase II

- **Number and intensity of economic activities originating from intervention.**

Economic activities promoted by the rural development/agricultural projects most often evolved around the more sustainable use of natural resources, and thus targeted primarily – but not exclusively – land-owning community members or groups. Land-owning beneficiaries gained economically from increases in agricultural yields due to (improved) irrigation and ameliorated soil,[169] and the diversification into cash crops, including fruit. Community forestry provided members with readily-available firewood, which freed up time for other productive activities.[170] The landless benefited through their participation in animal husbandry schemes (often cross-bred dairy cows with higher yields) and other income-generating activities.[171]

Again, the drop in seasonal out-migration[172] indicates that the intensity of the generated economic activities was at least high enough to provide a viable alternative for many of those who saw themselves forced to leave their families and to earn money elsewhere for part of the year. Beneficiaries interviewed during the field visits confirmed the reduced need to migrate to other areas during the year.

To some extent, however, the specific choice of supported activities limited the poverty orientation of some of the projects. Projects that give support and promote more sustainable use of natural resources, or try to increase the productivity of an existing natural resource (land) through irrigation, provide primary benefits to those members of the community who have access to productive assets, such as land. The SCALE Joint Monitoring Mission Report of 2005 ascertains that a certain tension exists between the NRM focus of the project and the poverty orientation. According to the report's assessment, small-scale, non-land-based enterprises could provide much higher returns to the poor than NR-based interventions – a fact that had also been illustrated by the positive experiences with these types of interventions in the EC-funded BAIF project.[173]

However, EC-funded rural development projects (in particular CMNR and SCALE) seemed to have performed better at targeting the poor than pure agricultural projects focused solely on technical measures, such as improved irrigation.[174] These agricultural projects often defined their targets solely in technical terms, such as the number of irrigation schemes to be realised, the number of kilometres of irrigation canals, or the surface in hectares of agricultural land to be irrigated. In these projects, the measure of project success was thus not the number of poor people successfully targeted and lifted out of poverty, but rather the success of the physical intervention, which might or might not have led to the desired reduction in poverty. In contrast, the rural development projects offered clearer opportunities for direct individual targeting of poor people in the project areas and generated economic benefits for a wider array of beneficiaries.

No comprehensive assessment of the economic impact of the projects financed under the regional programmes (for example, Asia ProEco) exists. The mid-term evaluation of the ProEco Programme only notes that selected Indian projects have helped companies to save costs and improve the

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169 E.g. due to reduced erosion after contour-bunding.

170 Feedback (anecdotal evidence) from community members during field visits and reports in different evaluation and monitoring reports.

171 Quantitative data not always available. The mid-term review (2003) of the *Haryana Community Forestry Project (HCFP)* stated that about 136 SHG (in approximately 300 villages) were involved in IGAs, most of them in vermi-composting (in 2003, about 60 out of 125). Other IGAs are candle-making, soap, durries, pickles, setting up shops (Mid-Term Review HCFP, 2003. Planting of woodlots. Overall, 153 SHGs promoted in 91 villages by April 2005.

172 CMNR Final Review and Appraisal Mission, 2001.

173 SCALE Joint Monitoring Mission Report, 2005.

174 In particular, the Kerala Minor Irrigation Project, Kerala Horticulture Project and Sidhmukh and Nohar Irrigation Projects.

efficiency of their operations,[175] but that for the most part up-scaling of project outputs (i.e. a wider impact) was unlikely.[176]

- **Change in incomes (individual, family and community level) before and after implementation of EC-financed project (with particular attention paid to affected adivasis/scheduled tribes).**

A review of monitoring and evaluation reports produces a largely positive picture with regard to the changes in income among beneficiaries of EC-funded rural development interventions. Overall, these reports attested that these projects had a positive influence on the income-earning potential and incomes earned of the project beneficiaries,[177] although at the same time many reports noted that it was not possible to definitively attribute these changes to the project.[178]

Anecdotal evidence collected during the field visit confirms this picture and also suggests that farmers could improve their income as a result of the EC support. In Gujarat, farmers could buy motorbikes, migration decreased, farmers could increase the number of harvests, and they could employ landless villagers during the harvests. In Haryana, farmers mentioned income from fertiliser production, income from guarding the woodlots/common lands, etc.[179] It is not clear, however, to what extent these activities will yield reliable income and thus will be sustained by the project beneficiaries once the project comes to an end.

The distribution of benefits among different strata of the community turned out to be a little more problematic. Most reports noted some concern about the situation of marginalised groups, including members of scheduled tribes, landless, and also – in some communities – women, who were seen as being in danger of not receiving a proportional share of the benefits. For example, the mid-term review (2003) of the Haryana Community Forestry Project found that income from project activities would accrue primarily to better-off land-owning men. Accordingly, women and other disadvantaged groups perceived the most important benefit of the project to be wage labour – often labour paid from project funds, which limits the sustainability of this benefit. The report even found that the danger existed that the situation of marginalised groups (landless) was worsened, as their access to community lands that were being used for community forestry might be restricted.[180] A similar situation and similar assessments existed for other projects.[181] However, in all cases project staff seemed aware of these limitations, and in particular in the case of SCALE were making active attempts to generate more benefits for marginalised groups.[182]

The degree to which women benefited from project activities differed widely among the projects, depending on the socio-economic conditions in the project area and the traditional position of

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175 Asia ProEco Mid-Term Evaluation – appendices, p.60.

176 Asia ProEco Mid-Term Evaluation, p. 65.

177 E.g. CMNR Final Review and Appraisal Mission, August 2001; SCALE Joint Monitoring Mission Report, May 2004; Haryana Community Forestry Project - Joint Monitoring Mission Report, May 2004; BAIF Mid-Term Review, May 2002.

178 E.g. BAIF Mid-Term Review, May 2002, p. 14.

179 Field visits to Gujarat and Haryana, 12 / 2005.

180 In the case of the Haryana project, income-generating activities might provide some income to landless groups, i.e. in particular vermin-composting, the dominant activity that was being promoted. However, as of July 2003, only about 40% of produced compost had been sold; the rest was held in stock. Also, no clear marketing strategy for vermin-compost existed in 2003 or in 2005. According to information received by the evaluators during the field visit, the market for compost, which at the time and, according to information from the villagers, was still more expensive than regular fertiliser. The Mid-Term Review finds that most IGAs still have to be established as viable enterprises. Other benefits for landless accrues from grass grown between the trees on community woodlots. However, it can be expected that the yield will decrease as the trees mature and the canopy closes.

181 In particular, SCALE and CMNR.

182 See internal SCALE / AKRSP document on Strengthening & Mainstreaming Poverty Focus in AKRSP.

women in the community before the project. The situation in Haryana, where women are in a much weaker position than in, for example, Gujarat, and where women did express the sentiment of being excluded from project benefits and from decisions on their distribution, has already been noted above. In other projects, the situation was at times very different. Evaluation and monitoring reports noted the positive influence of self-help groups[183] on the income-earning potential of women, which had led to overall empowerment, increased confidence and – based on anecdotal evidence – even to the creation of Women's Federations out of a grouping of individual SHGs in a particular area.

4. Global Assessment

Overall, the EC-financed rural development projects generated new income-earning opportunities for beneficiaries. It was a challenge for some projects to reach the poorest of the poor in the targeted communities and also to include women in the income-earning schemes. Here, some projects fared better than others, also partly depending on the socio-economic and cultural context (in particular, the traditional position of women) in the project areas. In some projects, a possible trade-off existed between the focus on environmental/NRM activities in the communities and the goal of poverty reduction, as non-NRM activities that potentially could have produced a higher economic return for the beneficiaries were not promoted by the project. Overall impact and sustainability, however, will most probably be limited as the projects were not able to feed results into a wider policy arena or to identify organisations that could continue to carry forward and maintain the achievements of the projects after financing comes to an end.

Criteria Fiche 6.3

1. Question EQ 6: Environment/Rural Development

To what extent has the evolving EC support to the environment assisted India in balancing environmental concerns with the need for accelerated economic development?

2. Judgment Criterion 3

Degree to which EC support to India has contributed to sustaining and improving the integrity of the natural environment in India.

3. Indicators

The tentative desk phase indicators were:

1. Change in the natural environment during/following implementation of EC-financed interventions (change in key environmental indicators – to be selected according to type of project/programme under investigation)
2. Percentage of local stakeholders (project beneficiaries in particular) who see an improvement in environmental conditions since the start of the EC project
3. Degree to which stakeholders/sector experts attribute positive environmental change to EC interventions (percentage of stakeholders who attribute positive environmental change to EC interventions).

[183] E.g. in Gujarat (SCALE) and in the BAIF project (SCALE Joint Monitoring Mission Report, 2004 and BAIF Mid-Term Review, 2002).

- **Change in the natural environment during/following implementation of EC-financed interventions.**

A review of monitoring and evaluation reports of the EC-financed rural development projects showed small-scale environmental benefits that were largely limited to the project areas. According to a Court of Auditors (CoA) assessment, the Doon Valley Integrated Watershed Management Project had largely achieved its objectives of stopping land degradation and improving farming methods, in combination with conscious management of natural resources in an area covering some 300 villages with a population of about 400,000 people. In the case of the Haryana Community Forestry Project, the record was mixed: whereas the originally intended rehabilitation of arid and semi-arid sand dune areas was not successful, the project did contribute to the rehabilitation of common lands through the planting of woodlots, and also contributed overall to the national policy goal of increasing forest cover in India to 30%, partly through linear planting of trees along roads and the establishment of village woodlots. Both the SCALE and CMNR projects[184] were judged to have good potential for positive impact[185] and – in the case of CMNR – had already contributed to the recharging of ground-water levels, the reduction of soil erosion, and the improvement of drinking water quality in the project area.[186] Similar positive assessments were made for the environmental impact of the BAIF project.[187]

The Asia ProEco mid-term evaluation does not provide sufficient India-specific information to comprehensively assess the direct environmental benefits of the funded projects. Brief case study profiles of the Indian projects that were included in the evaluation give a mixed picture, where the assessments of the effectiveness of the projects ranges from "less than satisfactory"[188] to "highly satisfactory".[189] However, the evaluation concluded that overall (for the entire programme), as well as in the case of the Indian projects that had been visited, the wider impact on the policy level of the funded projects would probably be rather negligible. One common feature of the Indian projects was that the formulated objectives were too ambitious, given the small scale and short duration of the projects. In particular in large countries such as China, India and Indonesia, it was not realistic to expect that a consortium of European and Asian partners, brought together around a small project with a short duration, would have significant policy implications.[190] Also, the programme guidelines do not specifically call for an impact on policy making, so projects are generally not focused on this aspect.[191]

- **Percentage of local stakeholders (project beneficiaries in particular) who see an improvement in environmental conditions since the start of the EC project.**

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184 Implemented by AKF through their project partners in Gujarat and other states.

185 Joint Monitoring Mission Report, May 2004; SCALE Monitoring Report (MR-20156.02), 05/11/04.

186 Final Review and Appraisal Mission, August 2001.

187 BAIF Mid-Term Review, May 2002.

188 Project on "Industrial Water Efficiency" (INDUS), Asia ProEco Mid-Term Evaluation, June 2004.

189 "ECOPROFIT", a project to strengthen the environmental dialogue between Europe and India.

190 The evaluation concludes that the causes for this are not potential flaws in the individual project that is receiving funding, but rather are caused by inherent characteristics of the ProEco Programme as a whole (Asia ProEco Mid-Term Evaluation, p. 44).

191 The Mid-Term evaluation noted that ECOPROFIT, a project to strengthen the environmental dialogue between Europe and India and to encourage the adoption of policies, cleaner technologies and practices, formed a notable exception to that rule, as it had successfully established linkages with policy makers and also had paid attention to the further commercialisation of the approach / technologies that had been developed (Pro-Eco Mid-Term Evaluation, 2005, p.vi).

- **Degree to which stakeholders/sector experts attribute positive environmental change to EC interventions (percentage of stakeholders who attribute positive environmental change to EC interventions).**

The limited availability of data does not permit a comprehensive, quantitative assessment of the percentage of stakeholders who attribute positive environmental changes to the EC interventions. Instead, a review of monitoring and evaluation reports yields a largely positive picture.[192] Anecdotal evidence from the field visits supports this picture, where beneficiaries pointed out village woodlots with maturing trees, afforested community forests, etc, as evidence of the positive impact of the projects. However, all the environmental benefits that were identified were clearly limited to the direct project area. No evidence was produced that would point to a wider impact of financed activities.

As mentioned above, the mid-term evaluation of the ProEco Programme concluded that overall (for the entire programme), as well as in the case of the Indian projects that had been visited, the wider impact on the policy level of the funded projects would probably be rather negligible. One common feature of the Indian projects was that the formulated objectives were too ambitious, given the small scale and short duration of the projects. The evaluation concluded that in particular in large countries such as China, India and Indonesia, it was not realistic to expect that a consortium of European and Asian partners, brought together around a small project with a short duration, would have significant policy implications.[193] EC staff agreed with some of the challenges that ProEco projects face in making a larger-scale impact on the environment in India. Although the topics addressed by the project were often good and highly relevant in the Indian context, the project results were not systematically fed downstream into policy,[194] which ultimately limited the impact of the interventions.

A representative of a major environmental NGO also saw only limited impact emanating from the Asia ProEco Programme, often due to the – in the view of the representative – low level of relevance of the projects. This was exemplified by the fact that the majority of the project proposal was submitted by European organisations, and only a small fraction by Indian partners. The ProEco mid-term evaluation confirmed this picture. As of June 2005, approximately 79% of lead applicants came from European Countries. Applicants from India had submitted only a total of five project proposals, four of which were not funded so that by June 2005 only one project that had been submitted by an Indian organisation was receiving funding. India's share of project applicants was a mere 3%. Its share of project partners was only insignificantly higher, 5% out of the total number of projects under ProEco to that date.[195]

4. Incidence of the EC Interventions in Terms of:

4.1 Relevance

Overall, relevance for co-operation between the EC and India in the area of environment is high. India is facing a wide range of environmental problems, in rural areas and increasingly in urban areas, that are often associated with rapid and yet resource-intensive economic growth. Growth of

192 For details, please see the text for Indicator 1.
193 Asia ProEco Mid-Term Evaluation, p. 44.
194 Individual interviews during country visit of evaluation team, 12/2005.
195 Asia ProEco Mid-Term Evaluation, p.21.

population and the economy is likely to increase even further the pressure on India's natural resources and global environmental public goods (clean air, ozone layer, etc).[196]
In particular, environmental challenges in urban areas have become more of a concern in India and globally. Therefore, programmes such as Asia ProEco have the potential to address key environmental challenges.

4.2 Efficiency

A lack of focus on the regional programmes might lead to some degree of inefficiency in the implementation of these programmes. The ProEco mid-term evaluation found that the same proposal meets the submission criteria, and therefore may be submitted to several of the regional programmes, including ProEco, Asia-Invest, Asia-Link or even the Economic and Cross-Cultural Programme (India). This overlap can cause confusion among applicants and programme staff and is inefficient both for the submitters of proposals and the European Commission. The EC has already started to address this problem, for example, by combing the AsisUrbs and the ProEco programme.
A second observation from the ProEco programme was that the time actually spent in the partner country (India) is short in relation to the time allocated in the budget. The Eco-design project and Indus project, both in India, are good illustrations. Whereas dozens of months are allocated for work in their home countries, only a few days are actually spent in the country.[197]

4.3 Possible Impact

Overall, and despite some positive developments, the potential for impact beyond the project areas is small. On a positive note, the CMNR final review mission finds that the activities under the project are widely replicable in other areas of rural Gujarat and other semi-arid areas of neighbouring states.[198] Similarly, the SCALE JMM finds that the project – due to the presence of the implementing partners in fours states and a well-established network of experienced partner agencies – has an "excellent" potential for wider impact in semi-arid western and central India. It should also be noted that the SCALE project features one component to foster and promote outreach to other development partners, in order to enable learning and up-scaling of the efforts undertaken by the project.[199] However, at the same time, the JMM states that, in order to capitalise on this potential, the existing network must collaborate more effectively to promote innovation, and that partners must actively seek external knowledge and scientific inputs.
As noted above, the potential for a wider policy impact of environmental projects funded under ProEco is limited.

4.4 Sustainability

The prospects for the sustainability of project results were mixed. In some projects,[200] sustainability was specifically considered during the design phase. Elements to ensure sustainability, such as the

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196 For a description of the environmental challenges of India and its global implications, see *State of the World 2006*, WorldWatch Institute, January 2006.

197 Asia ProEco Mid-Term Evaluation Report, June 2005.

198 CMNR Final Review Mission Report, August 2001.

199 SCALE Joint Monitoring Mission Report, May 2004. Staff at the EC Delegation also state that, in their view, SCALE had promoted the development of state-level policies in several states. (e.g. the "Participatory Irrigation Management Act" in Gujarat).

200 In particular in the cases of the Kerala Minor Irrigation (KMIP), Sidhmukh and Nohar Irrigation, Doon Valley Integrated Watershed Management Project and the BAIF project (CoA Special Report, 2003).

design of the Kerala Minor Irrigation Project, included economic feasibility assessments, a focus on operation and maintenance, and the planning for farmers' participation. However, even in projects that showed weaknesses in this area in their design, sustainability, particularly the institutional aspect, received more consideration during the implementation. Most projects involved beneficiaries and mobilised local communities by encouraging them to set up various types of beneficiaries' organisations or user associations.

However, even where participation and community empowerment were part of project design and implementation, sustainability was not automatically ensured. In the case of KMIP, the project put too small a focus on training farmers in operation and maintenance and other activities to ensure the sustainability of the community-based organisations that had been supported by the project.[201] As a result, 60% of the beneficiary farmer associations were still deemed to depend on external support at the end of the project. Their sustainability was thus in question. According to the CoA, the Sidmukh and Nohar Irrigation Project failed to set up water-use associations during the life of the project. Similarly, the Saline Land Reclamation Project in Maharashtra (Phase II) ran into legal problems in the establishment of user associations[202] and which only now are being solved. In the case of the Haryana Community Forestry Programme (HCFP), the mid-term review (2003) saw room for doubt whether the social and institutional mechanisms that had been established or supported by the project would in fact prove sufficiently robust to manage and equitably distribute the project benefits after operations came to an end.[203] [204] The participatory focus in the SCALE project was considered to be a clear strength, in particular its focus on capacity-building[205] in these organisations.[206]

The issue of sustainability touches directly on the issue of local governance structures in the relevant sectors, in particular irrigation.[207] In most states, the responsibility for the maintenance of the primary and secondary canals lies with the Irrigation Departments.[208] Therefore, the extent to which the project succeeded in establishing linkages with these Departments – and to what extent communities can expect that the Departments follow through with their responsibilities – has a major influence on the chances of sustainability for the project. Here, even those NGO-run projects with better records in terms of capacity-building in CBOs still display some weaknesses. For example, in the case of SCALE, the JMM labelled this as an area for necessary improvement. Up to that date, little attention had been paid to the role of other institutions that do or could do work with the user associations, such as government, PRI or also private sector institutions. Despite positive mention of the role that the project played in identifying government-funded poverty alleviation

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201 CoA Special Report, 2003.

202 Review report of the Saline Land Reclamation in Maharaschtra, Phase II, 2002; ROM Report MR-20085.03 – 02/04/04.

203 Mid-term review for the Haryana Community Forestry Project, p.4. The ROM report (MR-200088.04 – 01/04/05) came to a similar conclusion and stated that while many user associations would show signs of improvement in their capacity, more needed to happen to further consolidate them, in particular with regard to their financial capacity. Positive in this regard is that – according to information from the EC Delegation – the participatory approach followed by HCFP has been incorporated in the training curriculum of the forestry civil servants.

204 According to information from project staff and EC Delegation, the Haryana Community Forestry Project has engendered supplementary support from the Japanese Co-operation Agency (JICA) for a similar project covering Haryana, Punjab, Gujarat and Rajasthan.

205 Implemented by the AKF and its partners in the field (see SCALE JMM 2004).

206 The SCALE monitoring reports also stress the high potential for sustainability of the project, in particular because of the organisational strength of the user associations (e.g. MR-20156.02 – 05/11/04).

207 The term "governance structures" is meant to refer to the formal and informal political, economic and social institutions that affect the incentives of politicians, bureaucrats, and private economic agents alike and determines the terms of exchange among citizens and between them and government officials.

208 CoA Special Report, 2003.

schemes and empowering the communities to access and take full advantage of these schemes,[209] both the JMM and selected ROM reports concluded that stronger institutional linkages could contribute significantly to the effectiveness and sustainability of the project.[210]
Another question was to what extent the projects were able to identify and build up suitable "drivers of change" that can continue the efforts once the project comes to an end. In principle, this challenge exists for all projects, no matter if it is implemented by an NGO or the government. For example, in the case of the Haryana Community Forestry Project, one of the crucial preconditions for sustainability was that the Forestry Department was able to drive the participatory approach of the project after project completion. This was not clear at the time of the visit, and no clear strategy for handing over the project seemed to exist yet.

5. Cross-cutting Issues

Gender
Most rural development projects address gender issues, although some are more successful than others in empowering women and allowing them to participate and take decisions in the development processes in their communities. In some projects, women are mostly included in SHGs, whose links to the wider user associations are often tenuous. In these situations, women are often not able to influence decisions on community development issues or on distribution of project benefits.
Governance
In particular, the sustainability of the projects is closely linked to the quality of local governance structures in the project areas. Linkages between user associations (for irrigation or other services) and the locally-elected bodies, and their integration into these structures, are an important means of ensuring that project benefits can be sustained after activities come to an end. Here, most projects still encounter considerable challenges.

6. Global Assessment

Overall, EC-financed projects were able to achieve small-scale environmental improvements. However, these improvements were limited to the project areas, without sufficient evidence that could suggest an upscaling of project achievements to a greater area. Also, sustainability of these achievements depends on the stability of user associations and their links to locally-elected bodies (PRIs) and other state institutions, which, in the case of most projects, remain tenuous.

EQ7: GOVERNANCE

Criteria Fiche 7.1

[209] SCALE Monitoring Report (MR-20156.02); Date of Report: 05/11/04.
[210] SCALE Joint Monitoring Mission Report, May 2004; MR-20156.02 – 05/11/04. It has to be noted that AKRSP (the implementing NGO) was aware of this issue during the project visit and could provide the evaluators with basic statistics about the number of village institution members who had been elected to local PRIs. According to that data, a total of 91 VI members out of 50 villages (53 male and 38 female) had been elected either Sarpanch (head of Panchayat) or committee member during 2002 – 2005 in the Bharuch-Narmada-Surat programme area of AKRSP(I).

1. Question EQ 7: Governance

To what extent does EC governance support have the potential for contributing to an improvement of governance in India?

Note: The field of governance has only recently assumed increased importance for the EC, with new tools being designed, new concepts being introduced, etc. Key EC initiatives that are intended to advance the cause of improved governance in India are also only now being finalised, such as the State Partnership Programme. Under these circumstances, it makes sense to not exclusively examine actual effects of programmes, but also to assess in more detail the design principles, quality of design, and organisational capacities of the EC in this area, all of which add up to the actual potential of EC interventions for impact. Nonetheless, the evaluators will also examine the actual effects of EC governance support, for example, in the context of the EC support to DPEP.[211]

Rationale for the Question

The 1994 co-operation agreement between the EC and the Republic of India on partnership and development defines respect of human rights and democratic principles as the basis for EC-India co-operation. In addition, governance or, more specifically, the pursuit of good governance, is one of the central cross-cutting themes in the co-operation strategy of the EC, as defined in the current CSP. The strategy itself is directed at, among other things, improving governance with a view to reducing poverty. The 2004 Communication on the EU-India Strategic Partnership calls for, among other things, the promotion of democracy, human rights, the rule of law and good governance as guiding objectives in a new co-operation strategy between India and the EU.

The various strategic (i.e. policy) documents list a wide range of issues that should be addressed as part of the EC's commitment to improved governance:

1. The CSP stipulates that a number of more specific areas that are understood to be covered under this broader heading are the devolution of decision-making and management, and the participation of stakeholders, in particular women and segments of the population traditionally disadvantaged, in articulating their interests. In addition, the CSP makes reference to its intention to share its experience in improving systems of economic governance.
2. Both National Indicative Programmes (NIP 2002-2003 and NIP 2004-2006) pledge to contribute to good governance by supporting India's academic institutions, think-tanks and social advocacy groups, specifically through the EU-India Think-Tank programme. In addition, the NIP 2002-2003 stipulates that the Disaster Preparedness Programme was intended to focus on improving relevant governance structures. The NIP 2004-2005, on the other hand, refers to good governance as one of the four guiding principles of EC co-operation with India, to be promoted through the effective and transparent management of public resources.
3. Governance is also referred to as an important cross-cutting theme in the State Partnership Programme. According to the most recent NIP, the underlying strategy of the partnership, which is supposed to mould the sector-wide approaches in health and education into a single "partnership package", is to strengthen governance at the State level towards more inclusive policy (and presumably service) delivery in sectors such as health and education. The

[211] In 1994, the DPEP started addressing governance issues, e.g. by establishing 291,000 Village Education Committees, 143,000 School Management Committees and 196,000 Mother and Parent Teacher Associations formed, and by training 3 million community members to carry out village/school planning and management.

rationale for focusing on governance at the state level is that lack of good governance in the states impedes the success of federal policies.

Given the wide scope of the EC support to governance (for example, addressing such diverse issues as economic governance, the management of public resources, the effectiveness and efficiency service delivery, etc), and the fact that it is being addressed as a cross-cutting issue, it will not be possible to assess the overall effectiveness or even impact of the EC's support in this area. Instead, the evaluators will start by mapping out in what specific areas the EC concentrates its governance-related interventions in India and which instruments it uses for its support. The evaluators will then attempt to assess the potential of the EC approach to successfully promoting governance reforms in India, looking in particular at: a) the degree of external co-ordination[212] of the EC initiatives, in particular with other relevant development partners in India; b) the extent to which the EC approach has been internally coherent over time and across different sectors; and c) the degree of local ownership of EC supported/financed governance reform initiatives.

2. Judgment Criterion 1

The extent to which the EC approach to supporting improved governance (including its approach to mainstreaming governance) has been internally coherent over time and across different sectors.

Comments on Criterion 1
Coherence will tell us something about to what extent "lessons have been learned" between different programmes and have been taken up in respective programmes (i.e. with regard to design of TA, etc).

3. Indicators

The tentative desk phase indicators were:

1. Number and quality of conceptual linkages between governance support strategies in different sectors/arenas (i.e. state vs. central level, etc.) and among different projects supporting governance reform.
2. Number/strengths of contacts between different stakeholders involved in promoting good governance on behalf of the EC (for example, at delegation level, EuropeAid, DG Dev, etc).
3. Degree of awareness among EC staff of governance elements in different EC sectoral policies (if applicable), for example, education, health, trade, etc.

- **Number and quality of conceptual linkages between governance support strategies in different sectors/arenas (for example, state vs. central level, etc) and among and within different projects supporting governance reform.**

Overall, conceptual linkages between governance elements of EC-financed interventions in different sectors – for example, the identification and framing of key governance challenges across sectors and the formulation of corresponding response strategies – are not clearly defined. Although EC-financed interventions in the health and education sector and ongoing projects in rural development are facing challenges that can be traced back to the common cause of absent or weak accountability systems at the local level to monitor and enforce the delivery of basic social services

[212] Insights from examining the degree/quality of co-ordination among donors in the area of governance will be fed into the answer to EQ 8 on the 3 "Cs".

(for example, health, education and irrigation), the EC has not yet successfully directed its attention and support to distilling key governance lessons and addressing this cross-sectoral challenge through its sector support, or through other means.

In the health sector, the weak institutional capacity of PRIs largely prevents these bodies from playing an effective role in the delivery of basic health services in India. At the same time, the HFWSD programme to promote reforms of governance structures at central, state and local level has not addressed or worked towards improving the capacity of these bodies. Officially, focus areas of the programme did include the strengthening of capacities for decentralised local planning and management, financial management and audit, and community participation.[213] Likewise, the 1997 Financing Agreement between the GoI and the EC highlights three areas for particular attention: community participation, public private partnership, and the involvement of PRI. However, a review of the supported reforms shows that in particular the involvement of PRIs has not materialised.[214] The programme has built capacity primarily within the line ministries and associated bodies on the central and state levels, thus bypassing the PRIs.

In the education sector, the situation is similar. In many states, weak accountability mechanisms at the local level continue to be key obstacles to improving the delivery of basic education[215]. Neither the DPEP not the SSA successfully addressed this problem. Teacher absenteeism, a key indicator for governance problems in the delivery of education services[216], remained high throughout the lifetime of the DPEP[217]. Ultimately, this limited the effectiveness of the programme and led to insufficient delivery of services. At the same time, the SSA, as the follow-up programme to the DPEP, also failed to adequately address this key issue.[218] The review of the SSA programme in fact showed that addressing key governance challenges, such as the incomplete fiscal empowerment and inadequate management structures at the local level, was at least partly outside the scope of the programme.[219]

This situation creates a potential conflict with the intention of the EC to support the devolution of decision-making and management and to promote the participation of stakeholders in decision-making.[220] It can be argued that solely supporting sector-specific reforms in India has the potential to slow down the progress of decentralisation and the empowerment of the PRIs. This partly has to do with the particularities of the Indian political system and the ongoing decentralisation. PRIs have

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213 HFWSD Final Report, EC & GoI, 2005

214 The Final Report on the HFWSD programme concludes that the involvement of PRI in the programme has been an area of relative weakness. According to the report, a decision was taken fairly early not to rely on PRI structures for the establishment of district management bodies because of concerns about the capacity of PRI structures. At the same time, the report calls for the inclusion of PRIs in future programmes, and it remains to be seen to what extent this will become reality.

215 See the education fiches for evidence.

216 High levels of absenteeism of both school teachers and health care providers, which commonly is being interpreted as pointing to prevailing and serious governance challenges centred on weak accountability of service providers to their constituents at the local level (see World Development Report 2004, World Bank, 2004).

217 It has to be noted that in DPEP, the EC was not actively involved in any capacity-building measures at central, state and district levels. The assessment of the EC involvement in the education sector shows that the EC-managed input provided for capacity-building and TA was not effective in improving quality. Moreover, the finding is that the EC has invested significant resources (time and money) in setting up a 'co-ordination' office and the associated contracting and management issues, all of which have detracted from EC's ability and capacity to focus on working in partnership with GoI.

218 The 2005 review of the SSA programme finds that "School effectiveness as a systemic issue which is intimately linked with teacher absenteeism, is yet to be tackled in all its dimensions".

219 In addition, SSA and DPEP are relying on State Societies for channelling funds to the local level, a set-up that again bypasses the PRIs as local bodies that – based on the decentralisation agenda of the GoI – are supposed to play an increasingly important role in the local delivery of education services.

220 CSP 2002 – 2006.

essentially been superimposed on the district administration, which is run by the line departments of the central or state governments. Therefore, essentially two local governments exist at the district, sub-district and local level: one – the more powerful one - runs the state bureaucracy, and the other is run by locally-elected representatives. Moreover, PRIs are as of now operating with what Mathews (2004) calls the "permissive functional domain", where state legislatures in most cases have not carved out exclusive functional areas for the PRIs, but merely "permit" them to operate within the functional domain of the states. This leaves the PRIs, which often lack the resources to perform even basic assigned functions, in an undefined and therefore weak position as opposed to the better-equipped line departments.[221] By primarily relying on supporting centrally-sponsored schemes both in health and education, the EC might be in danger of contributing to "tipping the balance" in favour of the line departments in both sectors – and the corresponding departments at state level.[222]

The primary reliance on user associations for improving accountability of service providers to local communities potentially adds to the institutional challenges of local PRIs, in particular if the accountability mechanisms established by these associations are not integrated with or linked to these locally-elected bodies. Most EC-financed interventions support the formation or empowerment of user associations to play a central role in the delivery of key services.[223] However, not all projects effectively link these associations with the local PRIs. The community associations supported by the NGO-run rural development projects operated outside existing PRI structures. The official rationale here was that corruption in these institutions would make it hard for the NGO and the supported water management committees to work effectively.[224] The Haryana Community Forestry Project also used community-level associations to manage part of the programme activities, but created these as part of the local PRIs. As mentioned above, sector programmes in health and education supported user associations for managing and overseeing the delivery of services, but essentially bypassed the local PRIs. The evaluation has found no evidence that the EC is systematically distilling lessons from these experiences in order to address these challenges in the support of ongoing or future programmes.[225]

- **Number/strengths of contacts between different stakeholders involved in promoting good governance on behalf of the EC (for example, at delegation level, EuropeAid, DG Dev, etc).**

As mentioned in the criteria fiche on "capacity" (fiche 7.3), contact exchanges among staff members on the issue of governance were limited. Exchanges took place on an ad hoc basis, linked to specific interventions, in particular, but not exclusively, the State Partnership Programme.[226]

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[221] See Mathew (2004); Local Democracy and Empowerment of the Underprivileged. An Analysis of Democratic Decentralisation in India; a case study from Reducing Poverty, Sustaining Growth. What Works, What Doesn't, and Why - A Global Exchange for Scaling Up Success.

[222] This notion was confirmed in individual interviews during the field visit to India.

[223] The HFWSD programme has supported the formation of committees of community members to manage the operations of health facilities and to promote their use. In EC rural development projects, the formation of water user associations is also common practice, as is the formation or support of village-level associations for the management and overview of local schools.

[224] A GoI official conceded that there are times when it is not possible to rely on the local PRIs to deliver services that are essential for the livelihood of communities, such as water for irrigation. However, the introduction of the Haryali Guidelines of 2003 has now put PRIs at the centre of the managing watershed programmes.

[225] It is outside the scope of this evaluation to determine which approach is preferable in India – in particular because this most probably will vary, depending on the specific local conditions on the ground, e.g. the existing organisational capacity in specific PRIs, etc.

[226] For details, see the criteria fiche on capacity (fiches 7.3).

Contacts between the Delegation and EC headquarters on governance seemed limited, based on feedback from Delegation staff on this issue.[227] Staff members were by and large not familiar with the details of the 2003 Communication on Governance and Development, nor the corresponding Handbook.

- **Degree of awareness among EC staff of governance elements in different EC sectoral policies (if applicable), for example, education, health, trade, etc.**

Interviews in the EC Delegation indicated that staff members were generally aware of the importance of governance issues in the different programmes supported by the EC.

4. Global Assessment

The EC's focus on offering sector-specific support to centrally-sponsored schemes does not optimally support the ongoing political, administrative and financial decentralisation and devolution of powers to the PRIs. Support is channelled primarily to line ministries at state and central level, and in effect bypasses the locally-elected PRIs. This creates a potential conflict with the EC's objective of supporting the decentralisation and democratic empowerment of people at the local level. The support of community-based user associations through EC-financed projects can potentially have a similar effect, if these associations are designed to take over responsibilities for the delivery of services that normally would be in the responsibility of local PRIs, and if the user associations were created outside the accountability mechanisms of the locally-elected bodies. The EC has not systematically distilled key lessons from its past projects and programmes to better address these challenges in the future.

Criterion Fiche 7.2

1. Question EQ 7: Governance

To what extent does EC governance support have the potential for contributing to an improvement of governance in India?

2. Judgment Criterion 2

Harmonisation of EC governance support with other external relevant stakeholders (bilateral and multilateral donors, NGOs) in India.

3. Indicators

The tentative desk phase indicators were:

1. Number, type and intensity of contacts for co-ordination between EC staff/financed stakeholders and staff/stakeholders associated with other key development partners addressing governance reform (occasional meetings, institutionalised co-ordination mechanisms, etc).
2. Degree of coherence between approaches of external actors (in particular, donor agencies), supporting governance (coherence of definitions of "governance" or other statements about scope of governance support).
3. Degree of complementarity between EC support and support of other development partners.

[227] In individual interviews during the evaluation country visit to India in 12/2005.

- **Number, type and intensity of contacts for co-ordination between EC staff/financed stakeholders and staff/stakeholders associated with other key development partners addressing governance reform (occasional meetings, institutionalised co-ordination mechanisms, etc).**

Contacts between EC staff and governance advisers from other donors are established mostly in the context of the EC sector support to health and education. Interviews with the EC's partners in the health sector showed that EC staff[228] was maintaining close contact with the key governance adviser in DFID, most importantly in the context of the RCH and RCH II programmes (health). The DFID counterpart reported very favourably about the quality and intensity of the co-operation. The evaluators could not find evidence of an ongoing dialogue on issues of governance between the EC and the WB. The perception was that the EC focused primarily on sectoral issues and less on cross-cutting issues, including governance.[229]

Co-operation and exchange on governance between other donors (in particular, the WB and DFID) tends to be more intensive and regular. Staff from both organisations felt that close co-operation had led to a considerable degree of complementarity in addressing governance in India, where each organisation would contribute resources according to its own comparative advantages (i.e. the WB contributing knowledge and providing policy leverage, with DFID providing "cheap", untied grant money for project implementation).

- **Degree of coherence (external) between approaches of external actors (in particular donor agencies), supporting governance (coherence of definitions of "governance" or other statements about scope of governance support).**
- **Degree of complementarity between EC support and support of other development partners.[230]**

On a conceptual level, there is general agreement between the EC and other development partners on the scope of governance support. General definitions of governance or "good governance" cover roughly the same elements and attach the same level of importance to improving governance or achieving good governance as a prerequisite for sustained poverty reduction. The elements mentioned in the 2002-2006 CSP (for example, effective and transparent management of public resources, devolution of decision-making and management, increased participation of stakeholders, etc) broadly match the priorities of other donors, such as the WB, DFID and UNDP.

By spearheading the sector approach in the education sector and by supporting a sector-wide approach in the health sector, the EC has contributed to the alignment and harmonisation of donor support to the GoI in both sectors. This helped to avoid possible negative consequences on national governance structures from projectised support to these sectors.[231] Beyond that, the EC has entered into a close co-operation with DFID, in particular around the GoI's Reproductive and Child Health (RCH) programme, where the EC contributed technical expertise from the EC-financed TA team (for example, on financial management issues or on organisational restructuring of Regional Health Institutes). In the education sector, the DPEP marked a positive move towards greater alignment

[228] Including the EC TA team in the health sector.

[229] Another related perception that was repeatedly expressed in interviews was that the EC was staffed primarily with sector specialists and only to a lesser extent with people focusing on cross-cutting issues, in particular governance.

[230] Coherence and complementarity of governance support by the EC and other donors will be discussed together, because they are closely related on a conceptual level.

[231] The term "governance structures" is meant to refer to the formal and informal political, economic and social institutions that affect the incentives of politicians, bureaucrats, and private economic agents alike and determines the terms of exchange among citizens and between them and government officials.

and harmonisation that encouraged other development partners to enter into a more strategic and long-term partnership with GoI that also increased coordination and coherence of donor support to the sector.

Beyond the sector programmes, however, the EC approach to supporting governance reform differs from that of other donors. The EC's governance profile and visibility in this area is relatively low.[232] EC governance expertise and input is primarily linked to sector interventions, such as the ECTA team in the health sector and its corresponding studies, technical papers and other governance-related inputs. In other governance-related projects, such as the UNDP-led Disaster Preparedness Project, the EC Delegation has only limited substantive input. Also, the EC's approach to promoting governance reform is less clearly defined than that of other donors. Despite the fact that most governance-financed and generated expertise is tied to specific projects, no major efforts – to the knowledge of the evaluators – have been undertaken to distil key governance lessons from the EC's sector projects and programmes and to forge these lessons in a country-specific, EC-owned governance approach.

In particular, the WB, DFID and UNDP have a more deliberate, more clearly specified and cross-sectorally defined approach to governance support:

- DFID supports governance reform through different routes: a) by promoting governance elements through interventions in other sectors (for example, health or rural livelihoods, as does the EC); b) by directly financing governance initiatives of reform-minded stakeholders to contribute to knowledge generation in the field, but also to increase demand for good governance. Examples include the support for the establishment of a Centre for Good Governance in Andhra Pradesh, a GoAP-owned initiative to improve management of governance reform processes in the State, or the Orissa Public Sector Reform Programme, a Government of Orissa (GoO) initiative that aims to help the GoO) to allocate increased resources to the needs of the poor and to improve the effectiveness of resource use.
- Similarly, UNDP directly promotes the capacity development of PRIs in a project aimed specifically at politically empowering women and women's groups to allow them to participate in the process of local governance, or a project promoting Rural Decentralisation and Participatory Planning for Poverty Reduction, aimed at strengthening decentralisation of decision-making and planning, improving the fiscal situation of PRIs, strengthening accountability mechanisms, etc.[233]
- In addition, both DFID and WB invest time and financial and staff resources in building up and maintaining informal contacts with change agents with the GoI, the identification and analysis of governance lessons of past donor-financed projects and other Indian success stories,[234] and into channelling customised governance know-how and experience into the policy process of the GoI and State Governments, often, but not exclusively, by means of the previously mentioned network of reform-minded change agents.[235]

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[232] Based on an assessment of the organisational resources devoted to governance and on feedback from GoI officials and donors during individual interviews in India.

[233] See UNDP country office website at http://www.undp.org.in/pratice.htm.

[234] The DFID governance adviser interviewed during the field mission stressed that in India a fair amount of experimentation in the area of governance would already take place, driven by reform-minded people within the GoI. DFID would thus, among other things, see its role in highlighting these success stories and elevating them to a higher level – through publications, compilations of lessons learned that can be fed back into the policy process, etc.

[235] Representatives of both the World Bank and DFID also ascertained that supporting governance reform in India would not necessarily need a lot of money. Reform efforts could be funded with small sums of money to target very focused reforms (e.g. the development of a better human resource databases, or an improved file management system). The key importance was that the money had no immediate strings attached, i.e. that its disbursement was not

4. Global Assessment

Joint support of sector policy initiatives of the GoI and the use of GoI-owned institutions for disbursements of the funds in education and health has helped to avoid the negative consequences of projectised aid on governance structures in India. However, harmonisation is less pronounced in the promotion of governance reform (going beyond a "do no harm" approach), exemplified by the relatively rare contacts between the EC and other donors on issues of governance, and the correspondingly low level of coherence and complementarity that has been achieved.

Criteria Fiche 7.3

1. Question EQ 7: Governance

To what extent does EC governance support have the potential for contributing to an improvement of governance in India?

2. Judgment Criterion 3

Availability of organisational resources for promoting governance.

3. Indicators

The tentative desk phase indicators were:

1. Availability of human resources for the promotion of governance.
2. Existence of capacity development strategies (governance-related training, etc) at Delegation level
3. Existence of mechanisms, procedures and resources to monitor, evaluate and review policies and practices (towards becoming a learning organisation).
4. Existence of mechanisms and channels to network and dialogue with different types of stakeholders related to governance.
5. Existence of adequate institutional incentives to engage in governance-related processes and activities.

- **Availability of human resources for the promotion of governance**

EC staff members primarily address governance challenges through their sectoral work, in particular in health and education, but also in the context of the State Partnership Programme with Chhattisgarh and Rajasthan. However, staff time and resources are limited to distil and address cross-sectoral governance challenges, such as the weak state of local governance, the establishment of local accountability mechanisms, etc, that have hampered the implementation of EC-supported sector policies in health and education. Exchanges on governance issues among EC staff occurred more on a case-by-case basis and not systematically.

At the same time, EC staff members are aware of the importance and the benefit of treating governance issues in this cross-cutting manner, and expressed the desire for increased cross-

tied to the achievements of other outputs that might necessitate the cutting of corners with regard to achievements in improving governance structures.

fertilisation on this topic among the different sectors. Among other things, staff listed the following challenges that prevented a more systematic treatment and discussion of governance:

- A lack of time to engage in any kind of more intensive, substantive work, even on sectoral issues and especially on cross-cutting issues, such as governance.
- An overabundance of communications, handbooks and guidelines on cross-cutting issues, including that of governance[236], in particular in light of the very limited time that staff had available for policy-related work.[237]
- An overly-complex and diverse situation in India when it comes to governance, which prevents staff members from penetrating the important issues to any meaningful depth, given their other responsibilities.

The Political Section of the EC Delegation has only recently been involved more intensively in the formulation of governance-related elements of EC-financed interventions. Particularly in the context of the preparations for the State Partnership Programme, representatives from the Development Section and the Political Section participated in round-table discussions, exchanged views on the selection of States for the partnerships, requested political analyses of prevailing political stability, and levels of corruption in the States, etc. Consultations also occurred in the context of other programmes. However, these were often on a more informal basis. The barriers to a more systematic co-ordination and co-operation between the Political Section and the Development Section, particularly at the level of project managers, are similar, if not the same, as the ones mentioned above. One additional challenge is the physical separation of both units, as they are currently housed in different locations.

Feedback from development partners underscores the impression voiced by the EC staff itself that the Commission could benefit from increasing its profile and staff capacity in the area of governance. Representatives from other donors perceived the EC to be strong on sectoral issues, but relatively weak on governance issues.[238] Similarly, a senior GoI official stated that, although his overall experience in working with the EC had been positive, he had perceived the people in the Delegation to be demarcated (too) clearly along policy-sector lines, which detracted from the necessity to "stitch everything together" in the end.[239] Even the EC DPEP Co-ordinator recommended that the EC should aim to bolster in-house capacities – in education, but arguably also in governance[240] – rather than having externalised TA/Co-ordinators – in order to ensure more efficient policy dialogue.[241] On the other hand, the existence of "governance advisers" on the staff of external donors clearly also touches on political sensitivities in the GoI.[242]

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[236] Most EC staff members were not familiar with the Communication on Governance and Development (COM (2003) 615) or the Draft Handbook on Promoting Good Governance in EC Development Co-operation.

[237] Several staff members expressed the sentiment that they worked more like administrators, and, as such, did not have the time to get involved and familiarise themselves with the relevant policies that underpin their work.

[238] In the opinion of one interviewee, this contributed to a rather "hands-off" governance approach of the EC.

[239] Individual interviews during India country visit, 12/2005.

[240] Other donor agencies in India devote more attention and staff resources to governance resources. DFID had, at the time of the field mission, a total of 6 people working in the governance team– one central adviser and one adviser in each of the five state-level partnerships. The World Bank had two governance experts on its payroll in Delhi at the time of the interview.

[241] See: Karikorpi, M.: 'EC Sector Programme of Support for Primary Education in India', Final Report of the EC DPEP Co-ordinator, March 2003.

[242] This was confirmed by interviewees from partner donors who had encountered and had been confronted with respective sentiments in their contacts with GoI officials.

- **Existence of capacity-building strategies (governance-related training, etc.) at Delegation level.**

The management team in the EC Delegation expressed the desire to increase the internal profile of governance as a cross-cutting issue and to improve the cross-sectoral linkages in the Delegation on this issue. This should in particular raise the capacity of the Delegation to look at financed initiatives from a governance angle, to increase cross-fertilisation and to assess more comprehensively the possible and potential impact of financed interventions on the governance structures in India. However, no specific actions were pointed out to the evaluators.

- **Existence of mechanisms, procedures and resources to monitor, evaluate and review policies and practices (towards becoming a learning organisation)**

To date, there are only a limited number of evaluations that rigorously examine the lessons to be learned from past governance experiences of the EC. The assessment in the health sector found that the programme has no mechanism in place to monitor key indicators, such as utilisation of health services by the poor that would inform the EC and other stakeholders on the success or failure of the respective capacity-building measures for improved pro-poor planning at State and District levels. More importantly, the programme does not seem to have promoted such a mechanism as part of capacity-building for State and District health services management.[243] Neither the World Bank nor the EC-funded evaluation of the DPEP programme elaborates significantly on the governance challenges in the sector and the appropriateness of the programme's response. Several project evaluations, particularly in rural development, investigated the degree to which local CBOs were integrated with the local elected governing bodies (the PRIs), a key governance element of these projects.

The evaluators could not find any evidence that governance lessons from past evaluations were being systematically gathered, analysed and fed back into the programming process for future initiatives. This is particularly significant as knowledge creation and the identification of best practices or lessons learnt have crystallised as one of the areas where donors can play a role in enriching the governance reform agenda of the GoI.[244] One important step in this regard would be to capitalise on lessons learnt in GoI-driven and donor-supported reform programmes and sector policies, particularly as lessons learned from nationally-owned programmes would most likely receive more internal support and would, arguably, be better adjusted to the very specific Indian situation than lessons and best practices from other countries.[245] However, there has generally been

[243] The absence of such a mechanism had already been pointed out by the Court of Auditor report of 2003 (CoA Special Report No 10/2003 concerning the effectiveness of the Commission's management to development assistance to India.

[244] This was expressed by several donors who were active in governance reform and also by a senior GoI official who stated that he would see a role and function for donors in the provision of customised know how and expertise on overcoming governance challenges in India.

[245] DFID's senior governance adviser ascertained that "experimentation" in the areas of governance would not necessarily be donor-financed or donor-driven, as India can in many sectors provide more than sufficient examples of innovative practices around the country. Donors could then concentrate on supporting processes to capitalise on these experiences and to provide feedback loops to other reform-minded GoI stakeholders. The World Development Report 2004 stated that possibly the biggest benefit from jointly-financed sector-wide approaches would materialise when donors were helping to generate knowledge —as, for example, in donor-financed impact evaluations that could reveal what works and what does not work in service delivery (World Development Report 2004; *Making Services Work for Poor People;* World Bank, Washington, DC).

an absence of robust impact evaluations of all EC support projects and programmes, which has diminished the ability of all partners to learn lessons and to scale up successful approaches.[246]

- **Existence of mechanisms and channels to network and dialogue with different types of stakeholders related to governance.**

Interviews with Delegation officials, GoI representatives and CSOs suggest that the EC has forged multiple contacts with GoI representatives, mostly at the central level, but also – and increasingly so – at the State level, particularly in Chhattisgarh and Rajasthan, through its work in sectors such as education, health, trade or rural development/environment, but also during the preparations of the State Partnership Programme.[247]

In particular, feedback from GoI representatives was largely positive, reflecting partly the EC's achievement of spearheading the adoption of Swaps in the education sector, but also the generally "receptive" attitude of the EC during the formulation of the State Partnership Programme with regard to the design of the relationship between the EC and its partner states in relation to the obligations of the States vis-à-vis the centre.[248] The EC (partly through the EC TA team) has established a very good and constructive relationship with the GoI at central level.[249] The ECTA team seems to have been closely involved in the formulation of the National Rural Health Mission, and contacts with other stakeholders at central level also were good in terms of exchange of information and frequency. The Political Section of the EC Delegation has established contacts with a wide and diverse range of people in different positions in the GoI, civil society, etc.[250] The Delegation has maintained a close relationship with the Election Commission of India.

At the same time, certain challenges still remain:

- The Delegation's success in engaging in a constructive dialogue with government stakeholders at the State level[251] is limited.[252] Most contacts are still established at the central level. In the context of the State Partnership Programme, the feeling was expressed that, despite the EC's best efforts to bring governance issues to the table, their counterparts would often come back and resort to discussions of rather technical issues, which would make it hard for the EC to promote broader ideas about addressing governance challenges through its programmes.
- In the health sector, the EC was faced with a trade-off between building up and maintaining a working relationship with States and Districts – which they needed in order to advance their health-related work – and the need to address the real governance challenges – corruption and absenteeism – that hold back the delivery of services to the poor.[253]

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246 The EC is certainly not the only donor with weaknesses in this area. A recent OED evaluation of the World Bank support to capacity-building in Africa has found that the Bank has devoted inadequate effort to deriving lessons along sectoral dimensions and fostering country-led capacity-building planning within sector-wide programmes. (see World Bank (2005): *Capacity Building in Africa – An OED Evaluation of World Bank Support).*

247 Interviews with EC Delegation staff, GoI representatives and civil society representatives, Field Visit Delhi, 28.11. – 14.12.2005.

248 This assessment is based on statements of senior GoI officials during individual interviews and official debriefing meetings during the visit of the evaluators to Delhi.

249 EC funding was channeled through the central level to States and below.

250 According to the assessment of EC Delegation staff.

251 E.g. during the preparation of the State Partnership Programme.

252 Based on feedback from EC staff members. One view expressed was that, to date, the EC Delegation lacked the ability to "build a coalition of like-minded people among government officials to create a constructive dialogue on governance issues".

253 Members of the ECTA team expressed the view that in particular in the past the issues of corruption and absenteeism were not taken up with GoI counterparts, in order not to endanger the ability of the ECTA team to build up or maintain good working relationships with these actors.

- Political dialogue on governance outside of sector interventions is also still limited to selected issues, including elections and minority issues.

It is clear that the federal structure of India limits the EC's ability to establish contacts with sub-national stakeholders. At the same time, the ongoing decentralisation makes it increasingly important for the EC to establish contacts at the State and District level. The State Partnership Programme is, therefore, a step in the right direction. EC staff members expressed acute awareness of the need to establish contacts with players below the state level and also outside GoI circles.[254]

- **Existence of adequate institutional incentives to engage in governance-related processes and activities.**

The management team in the EC Delegation clearly sees the need for the organisation to more systematically engage in and follow-up on the treatment of cross-cutting issues such as gender, but also in particular governance. Staff members are therefore in principle encouraged to deepen their understanding of these issues. At the same time, all staff members who expressed a keen interest in governance issues and considered it important for the success of the work of the EC in India also stated that their regular work schedule would simply not allow them to deal with these issues during regular work-hours, mainly because the administrative workload, for example, the preparation of contracts, for relatively small projects financed under the thematic budget lines, would not allow it. Any engagement with these issues would therefore have to happen after the end of the regular work-day, which creates a significant disincentive to take up these issues.

4. Global Assessment

The organisational resources of the EC Delegation are currently primarily utilised for: a) the management and implementation of project and programme-specific administrative activities; and b) the fulfilment of associated administrative tasks. In addition, no mechanisms or internal capacity-building strategies are currently being utilised to capitalise on past and current experiences in addressing governance challenges through EC projects. This limits the overall organisational capacity to address governance issue with development partners outside of sector interventions in a cross-cutting manner

Criterion Fiche 7.4

1. Question EQ 7: Governance

To what extent does EC governance support have the potential for contributing to an improvement of governance in India?

2. Judgment Criterion 4

Local ownership of EC-supported/financed governance reform initiatives among relevant governance stakeholders (centre, state, civil society).

3. Indicators

The tentative desk phase indicators were:

[254] One EC staff member mentioned NGO governance as another relevant field where the EC could become active, and where it could promote good governance principles within the NGO community.

1. Demand for EC governance support among different political stakeholders in governance reform (Parliaments, social and economic players, municipal and other decentralised authorities, regional and supranational bodies).
2. Coherence between the governance reform agenda of the EC and the reform agenda of national/state/local development partners.

- **Demand for EC governance support among different political stakeholders in governance reform (Parliaments, social and economic players, municipal and other decentralised authorities, regional and supranational bodies).**

It is widely acknowledged that governance reform has to be driven "from within" and that donors do well when they can provide support based on specific demand from such drivers of reform from within the Government structures or civil society. This is particularly so in India, a country that is not aid-dependent, and which has a well-established political structure with well-trained civil servants. Demand for governance support in India also clearly differs among stakeholders, depending on their own interest, their position in Government hierarchies, their functions, etc.

By spearheading the adoption of a sector-wide approach in education and health, the EC put a strong emphasis on providing demand-driven support. Both the DPEP and the SSA are domestically-owned programmes with strong government ownership. In the health sector, the EC also supported and is supporting government-owned and driven programmes. Positive feedback from senior government officials confirms that the EC's promotion and adoption of Swaps in these sectors has largely responded to prevailing preferences for donor involvement in India within the GoI.[255]

On a more micro-level, however, the picture becomes slightly more diverse and complex. In the education sector, the EC provided TA and earmarked funding for "capacity-building" for both DPEP and SSA. In both instances there has been no obvious demand from the Indian side for such TA and "capacity-building" initiatives, as witnessed by the very low uptake of the EC twinning arrangements under DPEP and the reluctance of GoI to support the same activities in SSA.[256] Clearly, this kind of support has been irrelevant and is inconsistent with general EC policies that stress the need for demand-driven interventions. In the health sector, participation and ownership was ensured at State and District level, where stakeholders were invited to participate in the planning process, and at health facility level, where community members participated in the management.

The State Partnership Programme is a good illustration of the difficult playing field for reacting to stakeholder demand. Here, perceptions and demand for support (and the kinds or scope of support) clearly differ between stakeholders at the centre and the states. Senior officials of the central government voiced discontent over the fact that the EC was engaging in direct partnerships with the states. On the one hand, the EC had been perceived as being very "receptive" for concrete suggestions from GoI officials on how to tailor its relationship with the two target states, in the light of state obligations in the ongoing decentralisation process. However, the fear still prevailed, and the assertion was made that the State Partnership Programme had the potential to distort national priorities, and would nonetheless (despite the overall receptiveness of the EC during programme

[255] Feedback from senior GoI official during official debriefing workshop of evaluation team, country visit to India, 12/2005.

[256] As mentioned in the fiche on education, Jagannathan 2004 describes the EC TA and associated programmes as a 'visible failure', and reports from TA personnel also bear witness to frustration as to the role and function of the TA, as does the final EC-funded evaluation, which cautions against repeating the failure in SSA.

formulation) weaken the incentives of the selected states to promote the decentralisation and the strengthening of PRIs.[257]

In a country such as India, reacting to "demand" for governance support is rarely a clear-cut and straightforward affair. In the experience of other donors, reacting to demand clearly first requires the identification of reform-minded stakeholders, making and maintaining contacts in different positions at the centre, state and district level, and then engaging in a comprehensive dialogue, at the end of which there might (or might not) be a specific demand for governance-related input and expertise of the donor.[258] Feedback from EC staff, GoI development partners and other donors suggest that the EC is currently still facing considerable challenges in engaging in this kind of dialogue.[259]

- **Coherence between the governance reform agenda of the EC and the reform agenda of national/state/local development partners.**

The definition of governance in India's 10th Five-Year Plan of the GoI (2002 – 2007) [260] matches broadly with the governance definition in the EC's Communication on Governance and Development. The GoI definition covers all three dimensions of governance (i.e. the technical, social and political dimension), but without specifically referring to the concept of human rights.[261] The plan also formulates a list of concrete governance priorities that are broadly coherent with the six clusters to good governance in the EC governance handbook (see Table 3).

Table 3: Comparison of GoI governance priorities with Six Clusters to Good Governance (EC)

Six Clusters to Good Governance[262]	***Priority Areas of 10th Five-Year Plan, GoI***
Support for democratisation	**People's Participation:** The involvement and participation of the people at all stages of planning, implementation and monitoring
	Right to Information: to make available information to the citizens, as a matter of right. The right to information is referred to as the starting point for much of the governance reforms proposed.
Promotion and protection of human rights	**Empowerment of the Marginal and the Excluded:** to establish countervailing forces or pressure groups in society to resist bad governance, and check the deterioration in governance standards and personal exploitation by others; equipping the marginalised in

[257] Comments during individual interviews and official debriefing workshops with senior GoI officials, country visit to India, 12/2005.

[258] Interviews with representatives of the World Bank and DFID during the team's visit to India, 12/2005.

[259] See also the fiche on criterion 7.3 on the organisational capacity of the EC Delegation for promoting governance issues.

[260] 10th Five-Year Plan (2002 – 2007), as approved by the National Development Council (http:// http://planningcommission.nic.in/plans/planrel/fiveyr/welcome.html).

[261] "Governance relates to the management of all such processes that, in any society, define the environment which permits and enables individuals to raise their capability levels, on one hand, and provide opportunities to realise their potential and enlarge the set of available choices, on the other. These processes, covering the political, social and economic aspects of life, impact on every level of human enterprise, be it the individual, the household, the village, the region or the national level. It covers the State, civil society and the market, each of which is critical for sustaining human development. The State is responsible for creating a political, legal and economic environment conducive to building individual capabilities and encouraging private initiative. The market is expected to create opportunities for people. Civil society facilitates the mobilisation of public opinion and peoples' participation in economic, social and political activities." (Definition of governance as introduced in GoI's 10th Five-Year Plan (2002 – 2007)).

[262] See Draft Handbook on Promoting Good Governance in EC Development Cooperation, EC, Brussels, Introduction.

Six Clusters to Good Governance[262]	***Priority Areas of 10th Five-Year Plan, GoI***
	the society to fight for their legitimate rights.
Reinforcement of the rule of law	**Judicial Reform** with a view to speeding up the process of delivering justice.
Enhancement of the role of civil society	**Civil Society:** Involve VOs in the task of planning and implementation and being the interface with the public; develop core competencies and professionalism; broaden the base and scope of voluntarism; create an enabling environment for greater involvement of the voluntary sector; initiate a shift towards increasing the financial contribution of civil society to the development process, etc.
Public administration reform	**Reforms of the Revenue System:** reform the tax administration to make it more transparent, equitable and user-friendly, including a review of the system of rewards and punishments for violations and also the procedures for the same.
	Mobilisation of Other Resources: identifying and addressing administrative and policy practices that hinder economy in the expenditures, particularly in the area of non-developmental activities of the State. Includes the issue of subsidies, both direct and implicit.
	Civil Service Reforms: aimed at improving transparency, accountability, honesty, efficiency and sensitivity in public administration at all levels.
	Procedural Reforms: covering all aspects of government's interface with the public. Elimination of unnecessary procedural controls and regulations that stifle entrepreneurial energy, breed corruption and affect the common man.
	Programme/Project Formulation: ensure formulation of programmes, projects and schemes in a more systematic and professional manner. Programmes/projects/schemes must have clear goals and objectives; strategies and action plans; and well-defined delivery mechanisms. Responsibilities for implementation at various stages must be clearly identified.
	Project Based Reform Linked Support: enhancing the scope of project-based assistance to States and development agencies/institutions, based on the notion that project-based assistance has been more effective in meeting its objectives and is more amenable to monitoring and better targeting.
	Creating **Synergy and Co-ordination** between different public and para-statal agencies engaged in development to obtain the maximum benefit from limited resources, for minimising overheads, checking duplication of efforts and using resources and person-power.
	Improved and increased monitoring to review the performance of the Central Ministries' plan, programmes and schemes, both from the physical and financial points of view, correlate the two, identify constraints and bottlenecks, and suggest remedial measures.
	Using Information Technology (IT) for Good Governance in order to bring about better governance, which has been termed as SMART (simple, moral, accountable, responsive, and transparent).
Decentralisation and local government reform/capacity building	**Democratic decentralisation of governance** to accelerate the socio-economic development within a participatory framework at the grass-root level.
	Rationalisation of Centrally-sponsored Schemes (CSSs) and Central Sector Schemes (CSs) Using Zero Based Budgeting (ZBB) to improve efficiency or public assets and the quality of expenditure of the public sector through rationalisation by way of convergence, weeding out and transfer to the States.

With the support of sector programmes in health and education, the EC clearly and directly responded to the demand of the GoI. The type of aid offered is therefore broadly coherent with the priorities of the GoI. At the same time, however, this support strategy is partly incoherent with the decentralisation agenda of the GoI and civil society, and, here in particular, the strengthening of the PRIs to empower them to take up the responsibilities for ensuring self-governance at the local level. All five-year plans that fall within the time period covered by this evaluation stressed the importance of strengthening the role and, as a prerequisite, the capacity of these bodies. The 8th Five-Year Plan (1992 – 1997) speaks of the genuine need for the government to push towards

people's participation and decentralisation, which would involve in particular the strengthening of the PRIs and the integration of all the village-level programmes under the charge of these bodies.[263] The 9th Five-Year Plan (1998 – 2002) also calls for the strengthening of PRIs and the widening of their responsibilities, including their central role in performing key functions in the development process, such as the identification of local needs, the mobilisation of local resources, and the monitoring of local projects. The plan expresses the hope that democratic decentralisation will help overcome the problems posed by the vertical operation of multiple development programmes, and the resulting inefficient use of resources, through local pooling of central and state-level resources for programmes in education, health, social welfare and poverty alleviation. The plan also states, however, that effective decentralisation will depend on the effective devolution of financial powers and capacity-building in these institutions.[264] The 10th Five-Year Plan essentially echoes these notions and also notes that, contrary to the intentions of the 73rd and 74th amendment, the political structure in many States has seen the increasing concentration of administrative and financial powers in the state-level secretariats and directorates.[265]

Although the EC-financed health sector programme in particular contributed to the advancement of the decentralisation of resources and functions to the state and district level, it did so exactly within the organisational structures of the involved line ministries. Officially, focus areas of the programme did include the strengthening of capacities for decentralised local planning and management, financial management and audit, and community participation.[266] Likewise, the 1997 Financing Agreement between the GoI and the EC highlights three areas for particular attention: community participation, public private partnership, and the involvement of PRIs. However, a review of the supported reforms shows that the involvement of PRIs in particular has not materialised.[267] The programme has built capacity primarily within the line ministries and associated bodies on the central and state levels, thus bypassing the PRIs.

In the education sector, the situation is similar. In many states, weak accountability mechanisms at the local level continue to be key obstacles to improving the delivery of basic education.[268] Neither the DPEP nor the SSA successfully addressed this problem. Teacher absenteeism, a key indicator for governance problems in the delivery of education services,[269] remained high throughout the lifetime of the DPEP.[270] Ultimately, this limited the effectiveness of the programme and led to

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263 8th Five-Year Plan, New Delhi, 1992. The plan was also quite explicit in the description of the needs and weakness of the PRIs: "Panchayati Raj Institutions are in existence in almost all the States and Union Territories but with considerable variations in their structure, mode of election, etc. However, Panchayati Raj Institutions suffer from inadequate resources, both financial and technical. In most of the States, they are not entrusted with enough powers and financial responsibilities."

264 9th Five-Year Plan, New Delhi, 1998.

265 10th Five-Year Plan, New Delhi, 2002.

266 HFWSD Final Report, EC & GoI, 2005.

267 The Final Report on the HFWSD programme concludes that the involvement of Panchayati Raj Institutions into the programme has been an area of relative weakness. According to the report, a decision was taken fairly early not to rely on PRI structures for the establishment of district management bodies because of concerns about the capacity of PRI structures. At the same time, the report calls for the inclusion of PRIs in future programmes, and it remains to be seen to what extent this will become reality.

268 See the education fiches for evidence.

269 High levels of absenteeism of both school teachers and health care providers, which commonly is being interpreted as pointing to prevailing and serious governance challenges centered around weak accountability of service providers to their constituents at the local level (see World Development Report 2004, World Bank, 2004).

270 It has to be noted that in DPEP, the EC was not actively involved in any capacity-building measures at central, state and district levels. The assessment of the EC involvement in the education sector shows that the EC-managed input provided for capacity-building and that TA was not effective in improving quality. Moreover, the finding is that the EC has invested significant resources (time and money) in setting up a 'co-ordination' office and the

insufficient delivery of services. At the same time, the SSA, as the follow-up programme to the DPEP, also failed to adequately address this key issue.[271] The review of the SSA programme, in fact, showed that addressing key governance challenges, such as the incomplete fiscal empowerment and inadequate management structures at the local level, was at least partly outside the scope of the programme.[272]

Essentially, the centrally-sponsored schemes in both sectors (education and health) effectively bypassed the PRIs and failed to build organisational capacity in these bodies. This is incoherent with the decentralisation agenda of the GoI as described above. As has been argued above, solely supporting sector-specific reforms in India without taking into account the institutional needs of PRIs has the potential to slow down the progress of decentralisation and the empowerment of the PRIs. This partly has to do with the particularities of the Indian political system and the ongoing decentralisation. PRIs have essentially been superimposed on the district administration, which is run by the line departments of the central or state governments. Therefore, essentially two local governments exist at the district, sub-district and local level: the line departments run the state bureaucracy, whereas the locally-elected PRIs often operate at the mercy of the more the more powerful state institutions.[273] By primarily relying on supporting centrally-sponsored schemes in both health and education, the EC might be in danger of contributing to "tipping the balance" in favour of the line departments in both sectors – and the corresponding departments at state level.[274] Sani [275] elaborates on this notion by describing the achievements and (to date) weaknesses of the donor community to address governance bottlenecks at the local level, in particular through sector-specific programmes (see *Box* 1). Sani ascertains that a perspective of viewing local government as the tail end of an administrative hierarchy rather than units of self-governance, and the reliance on supporting medium-term to long-term investments to create the necessary preconditions for good governance, have led to the failure of donor interventions to institutionalise the link between sector-specific programmes and local government.[276]

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associated contracting and management issues, all of which has detracted from the EC's ability and capacity to focus on working in partnership with GoI.

[271] The 2005 review of the SSA programme finds that "school effectiveness as a systemic issue which is intimately linked with teacher absenteeism is yet to be tackled in all its dimensions".

[272] In addition, SSA and DPEP are relying on State Societies for channelling funds to the local level, a set-up that again bypasses the PRIs as local bodies that – based on the decentralisation agenda of the GoI – are supposed to play an increasingly important role in the local delivery of education services.

[273] Mathew (2005) states that Panchayats are as of now operating in the "permissive functional domain" of the state, where state legislatures in most cases have not carved out exclusive functional areas for the Panchayats, but merely "permit" them to operate within the functional domain of the states. This leaves the Panchayats, which often lack the resources to perform even basic assigned functions, in an undefined and therefore weak position opposite the better-equipped line departments (see Mathew (2004); *Local Democracy and Empowerment of the Underprivileged. An Analysis of Democratic Decentralisation in India*; a case study from *Reducing Poverty, Sustaining Growth. What Works, What Doesn't, and Why - A Global Exchange for Scaling Up Success.*).

[274] This notion was confirmed in individual interviews during the field visit to India.

[275] Sani (undated): Engaging with Participatory Local Governance in India, PRIA (www.pria.org), Delhi, India.

[276] The underlying challenge here is that Panchayats have essentially been superimposed on the district administration, which is run by the central line departments. Therefore, essentially two local governments exist at the district, sub-district and local level: one – the more powerful one - run by the state bureaucracy and the other by locally-elected representatives (see Mathew (2004); *Local Democracy and Empowerment of the Underprivileged. An Analysis of Democratic Decentralisation in India*; a case study from *Reducing Poverty, Sustaining Growth. What Works, What doesn't, and Why - A Global Exchange for Scaling Up Success.*).

Box 1: Major Donor Interventions and Decentralised Governance – an Analysis[277]

Major Donor Interventions and Decentralised Governance

- [Donors have achieved a] clear articulation of agenda for 'good governance' and its link to poverty reduction. Decentralisation, accountability, transparency seen as essential ingredients of 'good governance'. This has helped [to:]
  a) Push policy frameworks (both central and state governments) into more pro-decentralisation mode;
  b) 'Crowd in' investments across the donor community in support of decentralisation agenda.
  c) Enlarged space for civil society to engage at local and national level and to create an enabling, supportive environment for local governments.
- However, donor interventions have failed to institutionalise the links between sector-specific programmes and local government, on account of:
  a) A perspective which continues to view local government as the tail end of an administrative hierarchy rather than units of self-governance;
  b) Readiness to create project-led structures (user groups, committees, project units) parallel to or in competition with local government.
  c) Reliance on project cycles and relative reluctance to underwrite investments in medium-long term processes experimentation which creates necessary pre conditions for good governance.

Feedback from representatives of a major CSO working on governance issues in India corroborated this assessment. Moreover, PRIs were considered to be the basic component on which donors should build their governance agenda, encourage public participation, public accountability, etc, in order to address the essential challenge of effective last-mile delivery of basic services to poor households.[278]

In summary, the EC is finding itself in a paradoxical situation where it is in danger of failing to advance the decentralisation agenda of the GoI while it is supporting or exactly because of its support to GoI-owned sector policies in education and health. Deepening the analysis of this complex situation and weighing its precise costs and benefits is beyond the scope of this evaluation. However, it seems valid to conclude that the EC – and the other donors who are supporting the same or similar programmes – can benefit from jointly investigating their impact on the advancement of the decentralisation agenda in India.

[277] Taken from Sani (undated): Engaging with Participatory Local Governance in India, PRIA (www.pria.org), Delhi, India.

[278] Individual Interview with the President of PRIA (http://www.pria.org) during country visit, 12/2004.

4. Incidence of the EC Interventions in Terms of:

4.1 Relevance

Adopting Swaps in the health and education sector was highly relevant to the GoI's own agenda of promoting centrally-sponsored schemes in both sectors (DPEP, SSA for education; HFWSDP for health). The HFWSDP has been relevant in promoting the decentralisation of State and District health services, and has helped to develop clear definitions of roles and responsibilities within the line departments. It made a significant contribution to policy formulation, in particular with regard to the NRHM. In education, the EC had a negligible impact on reforming the governance structures in the sector, as the issue was not high on the agenda of the GoI and because the TA function of the EC support was largely not utilised.
EC support in all sectors largely bypassed the PRIs that – as foreseen by the 73rd and 74th amendment of the Indian constitution – are supposed to take over central responsibility in the delivery of basic services.

4.4 Possible Impact

The possible impact of the EC's governance-related work on the overall development and poverty reduction in India is mixed. In the education sector, DPEP overall has not in all cases yielded the expected results. In particular, obstacles to effective delivery of education services, such as teacher absenteeism, which is generally associated with weak accountability and limited provider incentives for performance at the local level, have limited the overall impact of the programme.[279] The most important impact of the EC's support to DPEP is probably the policy dialogue and the catalysing effect of changing the donor-recipient relationship, not only between the EC and GoI, but also between GoI and other major external development partners, who later also adopted the sector approach. The policy dialogue initiated by DPEP has proved to have had an impact on the overall modalities of interactions with the EC in development co-operation. In the health sector, the ECTA team has produced valuable and valued input that has contributed to the effective decentralisation of functions from the centre to the states and districts. Room was created for State and District health authorities to develop various initiatives to recruit and retain staff, and to increase and maintain their skills and knowledge. At the same time, the 2003 Mid-Term Review concludes that there is "no clear indication of an improved quality or utilisation of health services".[280] In the other programmes, no systematic assessment of possible impacts was possible, due to a lack of reliable data.

4.5 Sustainability

Because the EC has supported GoI-owned initiatives, the chance of sustainability is generally high. However, one area of concern is the reliance by GoI on "state societies" in the education and health sector to facilitate the disbursement and channelling of funds to the local level. In the education

[279] In Chhattisgarh, a state that has received EC support for the education sector both under DPEP, SSA and in the forthcoming State Partnership programme, teacher absenteeism reached 31%. The rate of teaching activity among the teachers assigned to the schools was only 21 % at the time of the visits. This clearly suggests that there is a severe governance problem (only one head teacher in nearly 3,000 public schools reported ever dismissing a teacher for repeated absence), which has substantial impact on learning achievements, as well as drop-out rates.

[280] Report of the Mid-Term Review, July 2003, consortium Saniplan-Integration. The ECTA team has argued that this slow progress might be unavoidable as system change is a slow process.

sector, these societies are generally staffed by regular GoI employees and cannot be characterised as traditional parallel Project Implementation Units. They are nevertheless set up to by-pass existing structures, such as the State Treasury, in order to enhance programme implementation, instead of addressing existing institutional bottlenecks head-on. In addition, while DPEP did provide quality support in, for example, pedagogy and alternative schooling to education managers, some of the existing institutions – which were mandated to deal with these issues – were largely by-passed.[281] On the other hand, these lessons have to a large extent been incorporated in the successor programme, the SSA, where efforts are made to use all the existing institutions (although funds will still be transferred using state societies).

EQ8: CO-ORDINATION, COMPLEMENTARITY AND COHERENCE

Criteria Fiche 8.1

1. Question EQ8: The 3Cs - Coordination, Complementarity and Coherence

To what extent has the Commission's India strategy been complementary to, and co-ordinated with, actions of other donors, in particular EU Member States, and simultaneously been coherent with other EU policies?

The EC has an obligation to ensure that its actions are co-ordinated with those of other actors, most notably EU member states. The Treaty establishing the EC provides that the Community and the member states shall co-ordinate their development co-operation policies and consult each other on their aid programmes, including in international organisations and during international conferences. The possibility of joint action and a contribution by member states towards community aid programme implementation are also mentioned.

In India, the EC is not one of the biggest donors (for example, World Bank, DFID and Japan are all contributing substantially more resources), and joint implementation has been limited to the education sector (the DPEP and the follow-up, SSA). In addition, GoI does not seem to provide strong leadership in co-ordination of aid interventions.

In 2003, the Indian government decided to accept only government-to-government aid from five donor countries (UK, Germany, Japan, Russia and USA), whereas multilateral aid (including the EC's) was allowed to continue. While GoI has subsequently allowed the conditional return of some of the smaller bilateral donors and all G8 members, it has nevertheless maintained its medium-term to long-term ambition of gradually phasing out dependence on foreign aid. In this context, there is an opportunity for the EC to improve co-ordination with the reduced number of donors, and also to ensure that the views of the smaller EU donors now phasing out their bilateral government-to-government assistance (for example, Denmark and the Netherlands) are being represented.

In terms of coherence, some EU policies, notably the Common Agricultural Policy, can be inconsistent with the EU's development policy objectives. However, distorted tariff regimes and agricultural subsidies are not present only in the EU. India itself also has considerable barriers to trade within agriculture, both in the form of high tariffs and by subsidising farmers (for example, providing free water and electricity). Thus, India is arguably also pursuing incoherent policies, but this is obviously not an issue that in itself is subject to evaluation in this report. This aspect of the question deals primarily with how the EC has attempted to improve coherence in its own policy

[281] See e.g. Jagannathan 2004.

regime and to assist India in overcoming any adverse impacts of other EU policies. As stated in question 5, it is beyond the capacity and scope of this evaluation to undertake a comprehensive econometric impact analysis of, for example, CAP on the Indian economy, and hence the evaluation will point only to specific incidences of coherence (or lack thereof).

2. Judgment Criterion 1

Degree to which the EC's interventions complement those of other development partners in India.

Comments on Judgment Criterion

The EC is committed to improving aid effectiveness by promoting complementarity with other development partners, not least Member States. The evaluation team views the recent concentration on two key social sectors and the gradual reduction of the rural portfolio as one possible way of improving complementarity.

3. Indicators

1. Changes in number and focus of interventions in various sectors, both absolute and compared to other development partners.
2. Share of other development partners stating that the EC is actively promoting complementarity.
3. Degree to which analytical work at country strategy and programming levels reflect the EC's comparative advantages, and degree to which the EC has designed interventions accordingly.
4. Degree to which funding allocations of both state and non-state actors reflect thorough analysis of how these actors can complete each other.

- **Changes in number and focus of interventions in various sectors, both absolutely and compared to other development partners.**

Over the period under evaluation, there has been a concentration of resources in fewer and more complementary interventions. At the start of the period, the EC had comparatively many bilateral development projects, especially within rural development and environment. Many other bilateral and multilateral donors (including Member States) also had several projects within these sectors, and while these projects individually may have been relevant, generally there was relatively limited overall strategic complementarity, as each project had its own objectives, procedures and management structures independent of other donors and, perhaps more importantly, GoI.[282] This reduced the degree to which the EC projects were complementary to the activities of other partners. However, the EC was already then contemplating a significant strategic shift in development support modalities as the DPEP became operational in 1994, at which time preparation for sectoral support to the Health and Family Welfare Programme was already well advanced.[283] These programmes, which gradually came to absorb the majority of EC funds, were explicitly designed to improve complementarity with GoI support and other development partners by, for example, ensuring that EC funding was additional to GoI and by having well-structured and strategic discussions with GoI and other development partners how to *inter alia* improve complementarity.

[282] This is evident in the EC strategy from 1994. See EC: India and the European Community: Cooperation Strategy to the Year 2000. September 1994.

[283] See e.g. EC: India EC Joint Commission, Brussels, 10-11 October 1994 : Agreed Minutes.

The context for ensuring complementarity among India's external development partners changed with the decision of GoI in 2003 to reduce the number of donors, which has also impacted on several EU member states.[284] On one hand, this decision has reduced the funds available for development assistance, possibly also contributing to the reluctance to contribute to a trust fund for the health and education sectors. [285] Thus there will probably be less additional funds available to complement the resources of GoI. On the other hand, the fact that there are fewer donors has eased the task of ensuring complementarity.

Concerning internal complementarity of the EC project and programme portfolio, with the gradual proliferation of thematic budget lines and co-financing – combined with the deconcentration process of the EC – the number of NGO projects administrated by the delegation in India has increased substantially. The degree to which these projects complement other development interventions varies significantly, but generally the modalities by which these projects are selected for funding reduce the potential complementarities they have, as eligibility criteria are not necessarily consistent with promoting complementarity in India. However, there are efforts underway to ensure improved complementarity by, for example, including these NGO projects in future CSPs.

- **Share of other development partners stating that the EC is actively promoting complementarity.**

Most development partners stated that the EC has been actively promoting complementarity, especially in its sector work, where there have been deliberate attempts to share the analytical work between the various partners. The EC took a pioneering role in this and was generally acknowledged to have been a lead donor in pursuing better complementarity at sector level. However, some development partners argued that the EC tended to 'outsource' its comparative advantages to consultants and TA teams, which could undermine long-term efforts aimed at establishing a firm and in-house competence that could complement other development partners.

At strategic level, the EC has accelerated its efforts to complement its interventions with those of other development partners. In the first part of the period, there were only limited attempts to ensure that the country strategies where co-ordinated. The 1994 Co-operation Strategy thus mentioned that 'mutual interest and complementarity will be the focal point for justifying any action […] and additionality will be sought for actions at a Community level that offer comparative advance for a Community approach'.[286] The strategy was mute on how this should be operationalised, and it contained no information on the activities of other development partners. At that point in time, many Member States had numerous projects and programmes within the same sectors as the EC, thus underlining the need to ensure complementarity. However, it should be noted that when this co-operation strategy was formulated (1994) there were no guidelines to inform those drafting the strategy, and the issues of complementarity and coordination were not as high on the development agenda as now. Thus, most development partners were equally inattentive to the need to ensure complementarity at strategic level, and several did not even have an explicit strategy. This was acknowledged by most development partners in India. At project/programme level, most development partners (again) praised the EC for being innovative and pioneering in ensuring

[284] In January 2005, the UPA government issued new guidelines for development co-operation with bilateral partners, which re-opened the possibilities for EU member states to grant development assistance to India, provided they commit an annual minimum of USD 25 million. However, none of the previously excluded member states have returned.

[285] Several member states expressed the view that their development relation with India was an on/off affair, and hence they were unwilling either to return or to contribute to a trust fund.

[286] See EC: India and the European Community: Co-operation Strategy to the Year 2000. September 1994.

complementarity of its assistance in, firstly, the education sector programme, and later in the health sector.

Strategic complementarity was significantly enhanced with the publication of the 2002 CSP. This strategy had been drafted under the guidance of, for example, the EC Development Policy (2000), which stated that: *"The preparation of country strategy papers provides a special opportunity for promoting complementarity. The concentration of Community activities in a more limited number of sectors is wholly consistent with this approach."* The CSP had fully internalised these points and contained elaborate matrixes covering all main development partners in India, with due consideration to Member States. It also continued and made explicit the need to concentrate resources in areas where the EC was perceived to have a comparative advantage with the ambition of improving complementarity. Hence, the substantial portfolio of rural development projects was gradually phased out. Development partners (and the evaluation team) have generally welcomed this sharpened focus of the EC, although there were also concerns among the development partners that the process, by which the 2002 CSP was made, was less than satisfactorily and not sufficiently consultative, perhaps reflecting that the CSP drafting exercise was primarily driven by Brussels.

At project and programme level, efforts to ensure complementarity was continued with strong and close involvement of other development partners, including Member States. These efforts have been highly regarded by all (including GoI) and demonstrated the strategic and visionary role of the EC. Thus, on several joint review missions for the sector programmes, the EC complemented other development partners by contributing pre-agreed expertise within a specific subject. While the EC has generally improved complementarity through sector programmes, it can be argued that not sufficient effort has gone into addressing governance issues in the programmes by any partner. The EC, which attaches significant importance to governance, has not been particularly active in governance in the education sector, nor has any other development partner. More conscious deliberations by all partners on this issue could have been warranted.

The projects not originating from the CSP, but mainly from the thematic budget lines, seem at times less complementary, both in relation to other development partners' projects and also internally with EC interventions. Again, this obviously relates to the procedures and criteria by which these projects are selected.

The next CSP promises to explore the possibilities for a country-specific menu of options for actions (co-ordination of policies, joint-multi-annual programming, complementarity, and common framework for aid implementation) together with the GoI and the EU Member States.[287] This should also open up further prospects in the shift from stand-alone projects towards a more sector-wide approach of the EU co-operation in India, through identification of complementary actions. At project level, the concentration within the two core social sectors is maintained, but efforts to diversify into non-traditional areas, such as culture and exchanges (for example, cultural and academic) are accelerated. This seems an interesting effort to complement the portfolio with new and innovative interventions.

- **Degree to which analytical work at country strategy and programming levels reflect the EC's comparative advantages, and the degree to which the EC has designed interventions accordingly.**

The first country strategy from 1994 had very limited analysis of the EC's comparative advantages, and no analysis of how the EC's comparative advantage should be operationalised into prioritised

[287] Generally, there are now close in-country co-ordination mechanisms between EU Member States and the Commission that are sufficient to provide coherence between their co-operation programmes. See Paper to EU Heads of Mission from Development Counsellors: 'Status of Aid Effectiveness in India', 1 December, 2005.

interventions. However, while such analyses were absent from the 1994 co-operation strategy paper, the EC nevertheless did make elaborate analysis of how to harness its comparative advantages. For example, the EC in 1997 stated that:

> *"While the broadly-based agricultural portfolio represents a substantial development effort, it is however acknowledged that the implementation of the projects is considerably delayed and that some have achieved only a small part of their simplest targets. The effective improvements brought about by the projects are in most cases difficult to measure. The reasons for these shortcomings are various, but an important factor has been the insufficient involvement of farmers and prospective implementing agencies during project identification and preparation. This has been exacerbated by management weaknesses, and cumbersome procedures for channelling financial resources to the projects and clearing Technical Assistance."*[288]

The frank assessments of the shortcomings of the EC's assistance was clearly instrumental in accelerating further concentration and focus in the EC's development assistance portfolio, and facilitated the gradual phasing out of the rural development portfolio. This translated into substantial focus on the sector programmes, in which there was very explicit analysis of the EC's comparative advantages. This demonstrates an ability to learn lessons from past successes and failures, and also highlights the need to continuously evaluate the performance of the various programmes and projects.

The 2002 CSP had far more elaborate analysis of the EC's comparative advantage, and thus reflected the actual thinking and strategy as it had evolved. The questionable degree of sustainability of the past rural development projects was explicitly acknowledged:

> *"While distinct new project structures with the support of national and international technical assistance were created during project implementation, long-term institution building proved much more difficult to achieve, given the predominantly technical focus of the interventions. Therefore, the sustainability of the new approaches is less than certain."*[289]

Again, this is a rather balanced and well-informed judgment of why the EC should withdraw from certain activities and augment its support in others. This was also reflected in continued support for the sector programmes, which, from a comparative advantage point of view, thus seems very justified, given the longstanding support and experience the EC had accumulated. This is reiterated in the draft 2007-2013 strategy, where the EC's comparative advantage in these two sectors is seen as an important justification for continuing social sector support. Also, attempts are ongoing to seek better integration of thematic budget lines into the sector programmes by, for example, mainstreaming support for the fight against AIDS, TB and malaria (Global Fund) into the next phase of the health sector programme. While it is obviously premature to draw conclusions on the effectiveness and impact of such mainstreaming efforts, it is nevertheless an acknowledgement of the need to improve the complementarity of the thematic budget lines. This is also related to the last indicator:

- **Degree to which funding allocations of both state and non-state actors reflect thorough analysis of how these actors can complement each other.**

Non-state actors from the civil society can often complement state actors both in providing advocacy and in pioneering innovative approaches. In addition, civil society organisations can

[288] EC: 'EC-India Joint Commission – Annotated Agenda, New Delhi, May 1997'.

[289] EC Country Strategy Paper, September 2002.

sometimes have a wider and deeper reach than state actors, which can result in better (and more cost-effective) assistance to the poorest.

In India, the EC has provided comprehensive support to NGOs throughout the period covered. Much of the 'bilateral' (i.e. not financed from the thematic budget lines) support for NGOs has clearly been granted on the basis of what was perceived to be their superior performance in terms of reach and innovation. Already in the 1994 Co-operation Strategy, NGOs were singled out as important beneficiaries of EC support, with the 1996 'EU-India Enhanced Partnership' document stating that the EC would use 'NGOs, particularly local, which had shown to be most effective partners in fighting poverty alleviation [sic] at grass root level'. This resulted in a number of NGO-projects at grassroots level, which had various degrees of success in achieving often very narrow project objectives, but due to 'the multiplicity and geographical dispersion' they 'tended to have limited and localised impact with little influence over policy', as the 2002 CSP succinctly pointed out. Consequently, the focus on affecting policy and systemic reforms, primarily through the sector programmes that were already introduced in 1993, was further accelerated. However, there have been attempts to use NGOs more strategically to complement other interventions, one of the most notable being the PESLE education project, which was explicitly meant to mainstream innovative approaches into the government system, using the sector programmes as a vehicle for achieving this. However, results in this respect have been somewhat disappointing, partly because replicability is hard to achieve, partly due to reluctance from GoI.[290] Nevertheless, these efforts mark a deliberate effort by the EC to improve the complementarity aspects of its portfolio.

In contrast, the NGOs funded under the thematic budget lines have been used neither as deliberately complementary nor strategically during most of the evaluation period, partly because the selection procedures limit the degree to which this is possible. However, the draft CSP for 2007 to 2013 does (perhaps somewhat belatedly) attempt to integrate these NGO projects more closely into the country portfolio.

4. Global Assessment

The EC has progressively enhanced its efforts to promote complementarity during the period under evaluation. The EC has deliberately exited from the rural development sector, based on careful analysis of how it could best complement the efforts of other development partners (including GoI) and provide value added. Similarly, in the sector programmes where the EC has developed capacities within specific areas thus complementing other partners. However, there have been concerns about the degree to which the EC has actively sought complementarity within governance areas, despite this being a prominent feature of the 2002 CSP. Also, there are some instances where internal complementarity between interventions funded by thematic budget lines could have had improved complementarity with the CSP priorities, although efforts are underway to address this issue.

[290] The Mid-Term Review of PESLE of May 2006 also cites the lack of documentation of impact as a reason.

Criteria Fiche 8.2

1. Question EQ8: The 3Cs - Co-ordination, Complementarity and Coherence

To what extent has the Commission's India strategy been complementary to, and co-ordinated with, actions of other donors, in particular EU Member States, and simultaneously been coherent with other EU policies?

2. Judgment Criterion 2

Degree to which EC strategies and programmes are co-ordinated with member states and other external development partners.

Comments on Judgment Criterion 2
This question is a 'classical' issue for the EC, but increasingly the focus on harmonisation and alignment has subsumed the issue, in the sense that aligning and harmonising the development modalities in order to improve co-ordination should be the logical consequence. Thus, considerable elements of the analytical work related to answering question 1 on alignment will also feed into this judgment criterion. In the Indian context, the decision to reduce the number of bilateral donors (including some EU member states) should increase the scope for co-ordination. In addition, co-ordination at sectoral level is also an issue, with, for example, the education sector programme (SSA) being co-funded by other development agencies, including Member States.

3. Indicators (distinct from indictors on alignment)

1. Number and effectiveness of donor co-ordination meetings.
2. Degree of progress in making joint assistance strategies/programming at country and sectoral levels.

- **Number and effectiveness of donor co-ordination meetings.**

The EC has been committed to effective donor co-ordination throughout the period under evaluation, and regular meetings appear to have taken place between development counsellors of Member States, although the frequency of formal meetings has been lowered as a result of the reduced number of aid donors. On the other hand, with only the UK and Germany having a substantial development portfolio, informal co-ordination has arguably been improved with close relations between the remaining donors. GoI is no longer active in *general* donor co-ordination (the most recent Paris donors' group meeting was held in 2000). The lack of 'donor round tables' is clearly not an expression of lack of government ownership of the development process. On the contrary, it is more an example of the GoI not perceiving itself as a traditional aid donor, which may also be part of the reason why India has not produced a separate PRSP.
Co-ordination of the CSP process has also improved throughout the period reviewed, given that the first 1994 Co-operation Strategy was produced with virtually no consultations with Member States or GoI, let alone other development partners. On the other hand, it should be recognised that the 1994 Co-operation Strategy (which itself was based on the mutually agreed Co-operation Agreement on Partnership and Development from 1993) was made at a time when many external development partners had no, or only very sketchy, country strategies. While the 2002 CPS did include consultations with Member States and GoI, most have characterised these as inadequate,

which was partly also the reason why some of the proposed actions did not materialise.[291] As stated previously, the 2002 CSP was mainly driven by EC HQ, which is an explanatory factor for the limited co-ordination that characterised the drafting process.

In contrast, the preparation process for the 2007-2013 CSP has hitherto been far better co-ordinated, with extensive consultations with GoI, Member States and other external partners, partly as a result of the deconcentration.

At sectoral level, GoI is far more active in ensuring co-ordinated and aligned approaches, most notably within the education sector, where GoI has ensured a highly co-ordinated approach. Internally, the three donors to the education sector programme have also established well-functioning co-ordination.

GoI ownership and control of sector programmes has generally increased during the period: Under DPEP, donors had both joint and individual monitoring mechanisms and launched various studies and reviews, often with only limited co-ordination. With the launch of the SSA, GoI took over co-ordination almost completely, with donors having very little influence over programme design and being restricted to visiting programme activities only twice a year on pre-scheduled joint missions. This is an example of very effective co-ordination, although concerns have been raised about donors' ability to effectively discuss key issues on, for example, governance.[292]

In the health sector, co-ordination is also improving, with more donors expected to join the sector programme pioneered by the EC. Thus, the National Rural Health Mission (the successor to the health sector programme) will also include the World Bank and DFID, with strong technical inputs from WHO, UNFPA and UNICEF. Again, GoI seems to be taking on a greater lead in ensuring that co-ordination is strongly encouraged and supported by the EC.

- **Degree of progress in making joint assistance strategies/programming at country and sectoral level.**

At country level, no such joint assistance strategies have yet been made, but according to a paper to EU Heads of Mission from Development Counsellors**,** in-country co-ordination mechanisms between EU Member States and the Commission are sufficient to provide coherence between their co-operation programmes. In consultation with the UN Resident Co-ordinator, who performs a convening role on development issues among the donor community, the Commission and Member States monitor progress on aid effectiveness in India against the Paris indicators, and report as appropriate.[293]

At sectoral level, progress has been far more substantial, with GoI leading in, for example, the education sector, whereas external development partners are mainly signing up to the sector policy. The main sector analysis is done by GoI, and hence the possible flaws and omissions that GoI are making are also reproduced in the sector policy framework to which external development partners align their support.

In other sectors, joint programming is less advanced, although Joint Country Environmental Analyses (CEA) are being undertaken in some states, led by the World Bank, DFID and the state governments.[294]

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[291] E.g. the 2002 CSP proposed establishing an 'EU India Think Tank Network', but GoI later insisted on participating in the selection of Think Tanks, which is not in line with the EC Financial Regulation. Hence, the project was dropped. See e.g. Ecorys: 'Review and programming mission for EC CSP India', March 2005.

[292] This concern has been voiced both by EC and World Bank staff, who, while appreciating the strong ownership, were critical about GoI's commitment to tackling sensitive issues related to governance.

[293] EC/DFID, dated 1 December 2005.

[294] See www.aidharmonization.org, Country Implementation Tracking Tool for more on updates on improved co-ordination initiatives in India.

Apart from the education sector, there have generally been joint efforts with other development partners in the first part of the period under evaluation.

4. Global Assessment

The EC has been pioneering the promotion of better co-ordinated approaches, and remains committed to honouring the renewed obligations as stated by the Rome and Paris Declaration on harmonisation and aid effectiveness. Strong GoI ownership of many of the development programmes has further facilitated better co-ordination, and at strategic level the deconcentration has empowered the Delegation to improve co-ordination efforts. Hence, there has been a gradual increase in co-ordination efforts throughout the period under evaluation, but there is still no joint country strategy of EC and EU member states. On one hand, this should be possible, given the limited numbers of EU donors left in India. On the other hand, exactly because of the limited number of EU aid donors, the need for such a joint strategy is probably limited, given the intensive formal and informal co-ordination efforts between, especially, the UK (DFID) and Germany (GTZ and KFW).

Criteria Fiche 8.3

1. Question EQ8: The 3Cs - Co-ordination, Complementarity and Coherence

To what extent has the Commission's India strategy been complementary to, and co-ordinated with, actions of other donors, in particular EU Member States, and simultaneously been coherent with other EU policies?

2. Judgment Criterion 3

Degree of coherence of the EC's policies.

Comments on Judgment Criterion 3

Other EU common policies can unintentionally impact both adversely and favourably on the EC's development policy, and this criterion aims at providing partial evidence on the extent to which that has occurred in India, and how the EC has attempted to mitigate any possible adverse impacts.

3. Indicators

1. Degree of fit between the strategy in India with EC policies on development instruments, including democracy/human rights, education and health.
2. Instances of coherence (and incoherence) between the EC's India strategy and the EU's common policies.

- Degree of fit between the strategy in India with EC policies on development instruments, including democracy/human rights, education and health.

In general, there has been a good fit between EC global policies and the operationalisation of those in India, in the form of CSPs, sector strategies and project objectives. Indeed, in the early period under evaluation, the Delegation in India was arguably ahead of EC global policies by being one of the first promoters of the sector approach to support education and, a few years later, health. In a sense, the Indian experience helped inform global EC policies. With the EC's strong support for the MDGs, combined with India's crucial importance for reaching them, the focus on health and

education seems well founded and visionary at the time when the strategy and programmes were planned.

The increasing focus at global level on governance has also been reflected in the 2002 CSP and in the planning of the next CSP. However, translating general statements on the importance of governance into concrete and effective interventions in both projects and programmes has been a significant challenge, and will probably remain so. Nevertheless, more analytical and policy dialogue efforts should arguably have been made in addressing the governance problems seriously affecting the delivery of pro-poor social services, most notably within education and health. These governance problems are arguably the single most important constraint facing India in achieving the MDGs and accelerating poverty reduction. The lack of sufficiently strong operational level response to the strategic level importance attached to governance thus seems incoherent. Similarly, coherence (and complementarity, as discussed above) could also be improved between the two substantial sector programmes and numerous small-scale projects, often financed from thematic budget lines.

Related to governance is the promotion of democracy and human rights, which are also values that the EC seeks to promote in its partnership with third world countries. India, being the world largest democracy, with a diverse population, generally has a good track record in protecting minorities and freedom of speech and the UPA government has repealed the controversial Prevention of Terrorism Act (POTA) and has softened federal government educational policies that at times in the past fostered resentment.

At objective and strategic levels, there has been strong coherence between support in economic co-operation and development co-operation. Most projects under economic co-operation have focused on accelerating economic growth and improving trade between EU and India, by lowering transaction costs (for example, port facilitation, aviation and information on trade barriers such as SPS). As economic growth is the key precondition for effective poverty reduction, there has thus been a high degree of coherence, and expanding trade between the two partners will most probably further accelerate poverty reduction. However, the individual projects implemented under economic co-operation have to some extent failed to fully utilise the potential, as very long delays and substantial bureaucratic procedures have reduced their impact.

- **Instances of coherence (and incoherence) between the EC's India strategy and the EU's common policies.**

Obviously, with a complex and wide-spanning set of policies such as the Common Agricultural Policy, food safety and EC trade policies, inconsistencies with other policies, such as the development policy, can become an issue.[295] However, contrary to popular opinion, the impact of these policies is far from clear-cut, as some may actually favour some Indian exports (for example, those getting access to sell in the EU at prices higher than the prevailing world price), whereas other producers may suffer. Also India is now the biggest beneficiary of the Generalised Scheme of Preferences (GSP), which grants preferences to more than half of India's exports to the EU. Also, the degree to which India actually takes advantage of the preferences (the so-called utilisation rate) has been around 80% during the last decade, one of the highest utilisation rates globally.[296] In this sense, there has been a reasonable degree of coherence between the EC's policies. There have, of course, been several trade disputes with the India, which in some cases have been perceived by the

[295] See e.g. World Bank: *Global Agricultural Trade*, Washington 2005. It is also recognised by the EC in its Communication 'Policy Coherence for Development' COM (2005) 134. However the scope of the evaluation did not allowed for a thorough econometric analysis quantifying the impact.

[296] EC – DG Trade: 'GSP Statistics India', 2005.

Indian side as an expression of the EU's incoherence, but generally the EU's and India's exports are more complementary than competitive.
In addition, the EC has offered tailor-made assistance to India to address some of the trade-related barriers, which has proved very cost effective and with a minimum of bureaucracy involved. However, these interventions have been relatively minor in scope and duration.

4. Global Assessment

Coherence between the various EC policies has been improved over the period under evaluation, with the EC in India actually informing EC's global policies in the early part. Also, while incoherence across a complex and far-reaching set of policies is inevitable, the impact has arguably been negligible, although this may change in the future if the composition of the Indian export portfolio changes substantially and thus becomes more directly competitive with sensitive EU products. The issue merits more analytical efforts than this evaluation has been able to devote.
Coherence with the EC's global policies on governance and efforts made in India could arguably be strengthened, at least analytically and in the policy dialogue with development partners. Finding appropriate direct interventions for addressing these issues will remain a significant challenge for all development partners, but more efforts are needed to jointly formulate strategies aimed at reducing the governance failures that reduce the impact of the EC's support for health and education.

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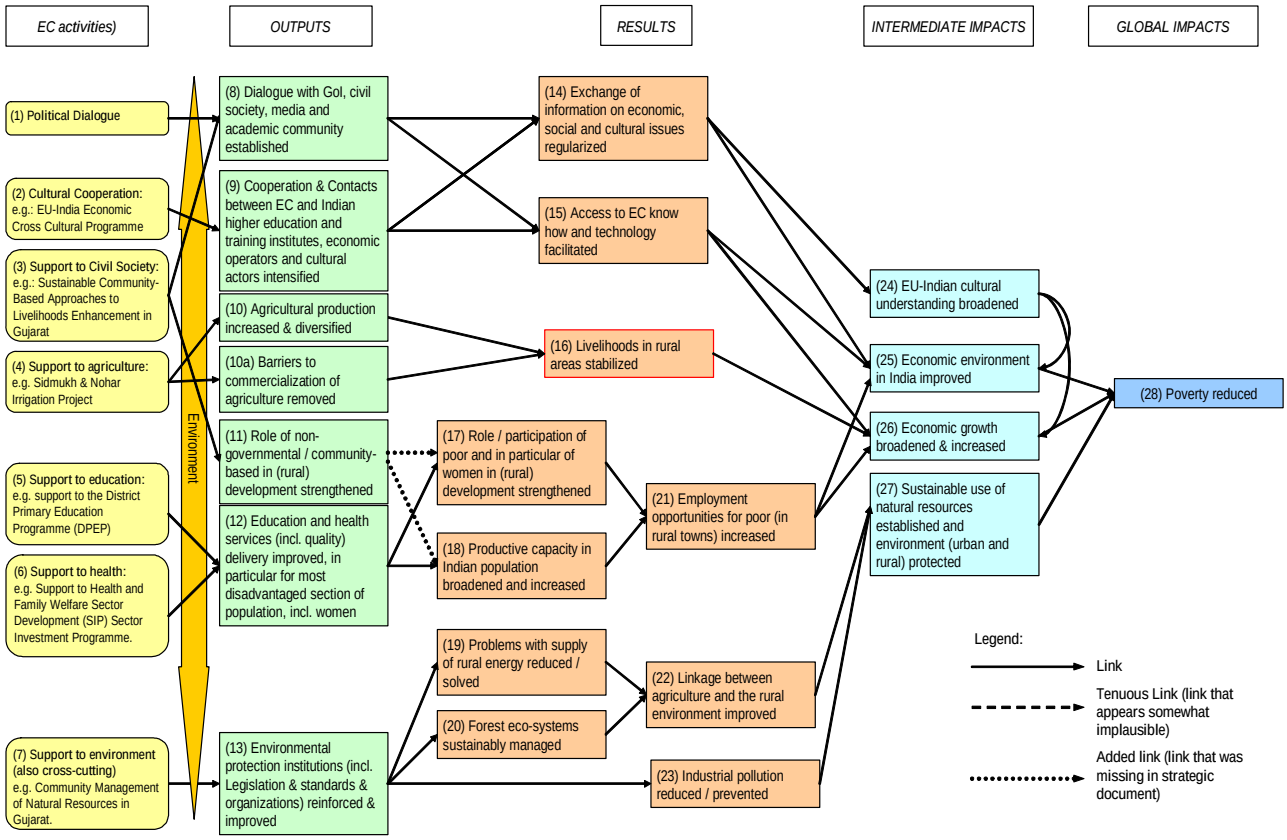
ANNEX 6: Intervention Logic Diagrams

EC SUPPORT TO INDIA, INTERVENTION LOGIC1991-2001



EC SUPPORT TO INDIA, INTERVENTION LOGIC2002-2006