

Process Monitoring in Andhra Pradesh: An Award-Winning Innovation in Project Supervision

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Given the limited budgets allocated to supervision activities, supervising World Bank projects has long been a serious challenge—particularly in sprawling rural areas with small poor communities spread out over vast distances. Innovative ways of sharing monitoring and supervision roles and responsibilities with local partners, therefore, carry important practical implications for project managers, whose own capacity to monitor developments and identify challenges is limited by distance and time constraints.

Shifting a proportion of these roles and responsibilities to better situated monitoring agents not only relieves project managers of functions they are ill-placed and under-resourced to undertake, it serves other, more important purposes as well. It greatly expands the number and variety of monitoring sources. Where sufficient capacity exists or can be fostered locally, participatory monitoring by stakeholders can enrich the quality of information available to project managers while building ownership among those stakeholders. The question of capacity, indeed, becomes an essen-

tial issue. At the same time that active participation in monitoring requires capacity on the part of community-based organizations, the participation itself offers an important opportunity to build that very capacity. Community stakeholders who proactively identify and resolve challenges and opportunities are an invaluable resource in achieving important development impacts.

SHARED MONITORING AND LEARNING IN ANDHRA PRADESH

In the South Indian state of Andhra Pradesh, two massive poverty reduction projects undertaken by the State Government with World Bank support have succeeded in building ‘cultures of supervision’ in which community-based organizations monitor the *processes* that impact project outcomes (World Bank, March 2006). The very scale of the Andhra Pradesh District Poverty Initiative Project (APDPIP) and the Andhra Pradesh Rural Poverty Reduction Project (APRPRP) suggest the scope of both the challenge and the accomplishment. The APRPRP is one of the largest Bank-supported, multi-sector, community-based projects now underway in the developing world. The project involves over 600,000 female self-help groups, federated into some 29,000 community-based organizations across the state. The supervision budget earmarked by the World Bank for the project meanwhile stood at a clearly insufficient US\$ 75,000. Innovation was, therefore, very much an imperative.

“Processes” was used to refer to the ways in which project activities are undertaken, and to how project inputs are transformed into project outputs (Naidu, Uma, and Reddy 2006). Process monitoring was intended to provide a fuller, more complete and timely picture of the causal relations at play in shaping outputs and effecting project effectiveness.





It was designed to capture and monitor qualitative information on processes like:

- the participatory identification of the poorest
- the organization and promotion of self-help groups
- the development of book keeping and self-monitoring skills within self-help groups and village organizations
- the federation of self-help groups into village organizations and of village organizations into district and block level organizations
- the sensitization of community and business leaders about the needs of the poorest, out-of-school children, and individuals with disabilities
- the development of links between village and district organizations and bankers.

Process monitoring would be undertaken both internally as community self-monitoring and externally by the Society for Human Rights and Social Development, which was commissioned by the Government of Andhra Pradesh's Society for the Elimination of Rural Poverty (SERP)—the implementing agency of both the APDPIP and the APRPRP.

The information gathered through process monitoring would be related to information gathered by the other three sub-components of the APRPRP's monitoring and learning system. In addition to process monitoring, these consisted of *community-level self-monitoring, input-output monitoring using a specialized management information system, and impact evaluation*. The integration of information from these related sources would yield practical knowledge to inform decision making at all levels of project implementation. It also suggests the extent of knowledge sharing the monitoring and learning system would entail. Common ownership of the information collected marked a departure from the conventional practice of participating or commissioned monitors gathering the information and then reporting it to responsible project managers based in Hyderabad or Washington.

The project objectives of the APDPIP and APRPRP were to improve social and economic opportunities for the rural poor and to enable them, particularly the poorest of the poor, to improve their livelihoods and livelihood security. Supervision and monitoring would, therefore, focus on processes and activities related to livelihoods and livelihood strategies among the rural poor. The constraints that kept people poor and vulnerable and the factors that enabled some to escape poverty and achieve substantial levels of security could aptly be characterized in terms of processes. In Andhra Pradesh the critical constraint of seasonal food insecurity that had long limited the poor's ability to save was a particularly urgent priority in reducing vulnerability. Open market bulk purchases of rice by village organizations at reduced cost and manageable repayment rates proved to be an effective inroad to mitigate this constraint. The factors that enabled people and households to escape poverty related to processes that enabled the poor to expand their asset base, and to gain access to land, credit, and public services. These processes likewise involved expanding opportunities for gainful employment, including the kind of off-farm economic opportunities that serve to diversify Andhra Pradesh's rural economy.

Yet not all the processes that may require monitoring can be known to project planners prior to implementation—not if the project is to be demand-driven (Ibid, 2006). In a demand-driven project it is not at all inconceivable that priorities and objectives will change within the life of the project, and that the processes and indicators that require monitoring will change accordingly. In conventional supervision, instances of divergence from project objectives tend to be seen as deviations and, as such, inherently undesirable. Yet stakeholders' priorities and objectives may well be changing for very good reasons—reasons which are not necessarily evident in the periodic snapshots of project status observed by visiting project supervision teams. Many such 'deviations' may be rational and appropriate responses to changing cir-



cumstances that require mid-course adjustments in project implementation. An initial focus on monitoring for deviations from intended processes, therefore, gave way to greater openness to such unanticipated changes of course. Some of these revealed themselves as adaptations and improvements that represented new good practices and that warranted replication rather than correction. The indicators, participatory methods, and monitoring tools for tracking processes were, therefore, fine-tuned continuously as the project evolved to meet demand, requiring the development of new indicators. Indeed the approach to process monitoring itself would change during the life of the project.

Served by the broader range of information sources available from internally monitoring participating stakeholders and external monitoring by commissioned agents, project managers are better and more completely informed. The expanded number of information sources, including the kind of “micro-information” offered by self-monitoring community-based organizations requires project managers to be attentive listeners. Access to new sources of information—many of them embedded in situ within households and villages—carries real operational significance. For instance Bank supervision missions would be preceded by community supervision activities. Briefed by project field staff and chairpersons of block-level federations, supervision teams could focus more selectively and purposefully on issues and locations that communities had identified as particularly problematic or particularly promising and innovative.

Achieving such levels of consultation enables managers and supervision teams to form more effective working partnerships with stakeholders, who were once thought of as passive beneficiaries. Communication and knowledge sharing between these partners enables a highly responsive form of decision making, based on more timely and thorough information that makes project implementation more adaptive to changing circumstances—including changing demand on the part of participants themselves. Decision making that is informed by constant flows of “real time” guidance and feedback from communities and field-based project staff becomes decidedly more adaptive as problems and opportunities are recognized more promptly. Solving problems and replicating successful innovations becomes more proactive: risk taking becomes more calculated and rational. When communities identified poor recovery rates by the project’s investment fund as a serious problem, they took it upon themselves to stop all fund disbursements until recovery

rates improved. Through their own internal efforts, which took into account the results of monitoring by project field staff, recovery rates quickly increased from 60 to 95 percent, at which time disbursements were resumed (World Bank 2006a).



Given the large geographic and programmatic scale of many Bank operations, the efficiencies and time and cost savings achieved through process monitoring suggest the method as well worth replicating elsewhere, and in this sense, the Bank itself is an important beneficiary. Given that the same factors made the transaction and monitoring costs prohibitively high for most private financial institutions, the presence of self-monitoring agents that regularly and transparently track information, like repayment rates and history, removes a major category of cost.

CAPACITY BUILDING AND SOCIAL MOBILIZATION

In Andhra Pradesh the formation of self-managed, self-monitoring community-based organizations had become a signature of participatory development by 2003, when the APRPRP became effective. Self-help groups, typically consisting of between 10 and 15 women, came together as thrift and credit associations seeking to expand their own livelihood opportunities. Some were organized around other common interests, like mothers, school education,

and watershed committees and forest groups. The influence of these groups would expand as they networked across particular issues and interests and combined into village organizations, which in turn expanded and federated into sub-district block federations and district level federations—*mandal samakhya*s and *zilla samakhya*s. These community-based organizations and federations of organizations represented significant contact points for engaging the poor—and very largely on their own terms. The challenge was to increase the capacity of existing community-based organizations to participate directly in project (and sub-project) planning and implementation.

Expanding the coverage of the state's poverty reduction programs would mean facilitating the formation of new self-help groups and community organization where these were not yet in place. Both group formation and capacity building would entail identifying and training a variety of community activists, facilitators, resource persons, paraprofessionals and other grassroots actors—instructing them in important facets of project management. Members of the local community were trained to identify problems and good practices and, in so doing, learn about the operational significance of the processes and indicators being watched.

Improving these groups' ability to leverage financial and technical resources, gain access to public services, and attract investment from banks and other commercial organizations was an important means of empowering them, and of providing instruments that reduce their vulnerability to a variety of risks. A Community Investment Fund was set up to transfer financial and technical resources to these participating

organizations and agencies, and to support demand-driven sub-projects involving livelihood improvement, social development, community infrastructure, and land purchases.

Enabling poor, vulnerable, and marginalized groups to participate in local economies was a necessary but not sufficient condition to their empowerment. There was also the matter of their participation in local, district, and state political economies. Improving the interface between local communities and local governments was an important objective of institutional capacity building, both within community-based organizations and within local government agencies. While participation in process monitoring and other facets of project life would improve peoples' ability to define and articulate their interests, social mobilization would lend them the voice to effectively assert those interests as politically-potent demands.

RECOGNITION

In October 2005 the APDPIP and APRPRP received the World Bank's Golden Plough Award Good Practice in Project Supervision for Agriculture and Rural Development based on their innovative application of process monitoring. More specifically the Award was based on the method's pro-activity in identifying and resolving project challenges and their focus on achieving development impacts. Candidate projects needed to "regularly identify challenges in implementation and show how they resolved them while building government and stakeholder ownership in the project. They also needed to develop supervision approaches that could easily be replicated by other projects."

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