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RURAL WOMEN'S DEVELOPMENT AND EMPOWERMENT PROJECT

Ms. Fernandes sat at her desk, re-reading the imposing letter on the Human Resource Development Ministry letterhead. As a novice Task Team Leader (TTL) at the World Bank, Ms. Fernandes had a tough decision to make. The letter was requesting a two-year extension of the Rural Women's Development and Empowerment Project (RDWEP), also known as the Swa-Shakti Project. Her difficulty was twofold: first, to make her own judgment about the performance of the project, and second, even if she was convinced, to convince others in the World Bank to agree to the extension. There was a feeling that the project could not deliver on its objectives over the life span of five years.

The project was conceived as a learning pilot, and it was to have formed the basis for many important interventions in women's empowerment. However, there were significant delays in implementation: the Government of India (GOI) had initially not cleared it because it did not agree with the Bank's conviction that the program could be successful without a credit subsidy; then there had been bureaucratic delays in hiring appropriate staff and getting capable NGOs on board. In addition, disbursements had been consistently and chronically low; and even after canceling about a third of the loan, the project continued to be low in disbursing. The government's argument was that the project had been over-costed, and it actually took less money than had been envisaged to implement a "process" project, with few hardware inputs. But the Bank wasn't buying that argument. This had led to much disenchantment with the project within the Bank; and although the Bank believed that the project had gotten its act together more recently, there was a nagging feeling that it was just a temporary respite.

This case was prepared by Shreelata Rao Seshadri, freelance consultant on social development, Bangalore, India, with the collaboration of Rajesh Agrawal, Director of Finance at the International Crops Research Institute for the Semi Arid Tropics (ICRISAT), to serve as a basis for discussion and not to approve or criticize the programs or decisions described. The preparation of this case was sponsored by the World Bank. Nevertheless, the points of view and interpretations in this document are attributable to its authors alone. The facts and figures presented in the case are real but the characters and their views are imaginary.

Rural Women's Development and Empowerment Project

The Rural Women's Development and Empowerment Project (RWDEP) had its roots in the International Fund for Agriculture Development (IFAD) funded Tamil Nadu Women's Development Project. IFAD had, over a decade, funded several projects in India, focusing on the landless, small and marginal farmers and women. Support for women in the Tamil Nadu project was applied to the formation of self help groups (SHGs), supported by non-government organizations (NGOs) and animators, to mobilize women and build self-reliance through self-managed savings and credit groups, and improve access to credit for suitable economic activities. Other IFAD funded projects also incorporated similar strategies, such as the Maharashtra Rural Credit Project and the two Andhra Pradesh Tribal Development Projects.

The project was financed by a World Bank loan of US\$19.5 million. It was co-financed by IFAD for about the same amount. It had been under implementation since 1998, initially in six Indian states (Bihar, Haryana, Gujarat, Karnataka, Madhya Pradesh and Uttar Pradesh), and later in nine (Chattisgarh, Jharkhand and Uttaranchal).

While the states taking part in the project were responsible for the implementation progress of the project through their Women Development Corporations, the project was a centrally sponsored scheme, coordinated by the Department of Women and Child Development (DWCD) at the Ministry of Human Resources, GOI.

The overall goal of the project was to strengthen the processes that promote economic development of women and create an environment for social change. The specific objectives were to:

- establish women's SHGs to build self-reliance and self-confidence and provide them with greater access to and control over resources;
- sensitize and strengthen the institutional capacity of support agencies (government, NGOs and banks) to proactively address women's needs;
- increase the incomes of poor women through their involvement in income-generating activities, thereby contributing to poverty alleviation;
- develop linkages between SHGs and lending institutions to ensure women's access to credit financing; and
- improve access to better health care, education and drudgery reduction facilities.

Experience so far had shown that neither awareness building alone, nor economic activity alone could satisfactorily address the complex issue of women's economic and social empowerment. The project had, therefore, adopted a two-pronged strategy. The core activity of the project was to facilitate women's access to credit and skill development in order to improve their livelihoods. Along with this, the project also attempted, through women-owned SHGs, to promote the process of social empowerment by providing:

- opportunities for women to strive collectively for social change;
- a forum in which women could critically analyze their socio-economic situation and devise strategies to overcome their constraints;

- a framework for raising awareness, literacy and dissemination of information on health, nutrition, family welfare and legal rights.

The RWDEP could be characterized as follows:

- It was based on a bottom-up approach to women's empowerment, with a focus on the inclusion of marginalized groups;
- Rather than providing direct financial support, or credit subsidy, the model emphasized convergence with on-going programs, and acted as a catalyst to access and leverage resources already available in the public and private sectors;
- It was based on partnerships of individuals, groups and communities with public and private resources, mediated through NGOs.

Women in India: The Context

In India, as has been well-documented elsewhere:

- Women were paid less than men for the same jobs.
- There were intra-household disparities in access to nutrition and other basics.
- Opportunities for education, employment and credit were more limited for women.
- Women experienced powerlessness and voicelessness, within their households and within their communities.

Since independence, improved household food security, an expanding health system and maternal and child-care interventions had brought about significant improvements in indicators of women's wellbeing. Life expectancy at birth for women increased from about 32 in 1951 to 62 in 1998 (SRS, 1998). The maternal mortality rate was at about 453 per 100,000 live births (UNICEF, 2001). Female children became the focus of the universal primary education campaign, and in 1993-94, 71.4% of girls of primary school age were enrolled in school. However, much still remained to be accomplished.

The GOI had maintained strong support for women's empowerment in plan and policy documents, including in the Five Year Plans, the Panchayati Raj Act and the National Policy for Women. The RWDEP was launched with the goal of strengthening the processes, both social and institutional, which promoted the economic development of women and created an environment for social change.

Core Project Interventions

The core set of interventions, implemented in all states, were the following¹:

Component I: Institutional capacity building for women's development (US\$9.1 million; 18% of base cost):

a) Establishment of SHGs:

SHGs were collectives of 15-20 women, who came together with the common need to build up their savings, with the intention of eventually investing in livelihood opportunities. This was the entry point used by most of the intermediary NGOs; however, in some cases, the entry point was also health issues, or other social issues, which were identified by the NGOs as being more “real” to the women. Savings and credit were introduced after gaining the women’s confidence.

The project had established 17,647 SHGs, against an original target of 7,400, covering about 244,000 women from 7,531 villages across 335 blocks in 57 districts of nine project states. This was ten percent of all districts in India, giving the project a strong potential to scale up and replicate the lessons learned. The number of SHGs per village varied from a minimum of two in UP to a maximum of four in Bihar. These groups were provided with a forum for women to build self-reliance and self-confidence, and give them greater access to and control over resources. About 47 percent of SHG members in Phase I and II and 56 percent in Phase III² districts were able to travel outside their villages for various reasons, including training, exposure visits, and meeting government officials – while the baseline for 2000 reported this figure to be only about 25 percent and 44 percent respectively. Between 8 and 14 percent of the SHG members sampled across project districts acquired usable skills through training, representing a substantial increase over the two to three percent who reported having usable skills in the 2000 baseline. In family-level decision making, the percentage of members having a say in sending daughters to school recorded a major increase from under 0.5 percent in 2000 to almost 90 percent at present, while the corresponding numbers for members having a say in the selection of spouses for their children went up from about 63 percent to over 73 percent. Observations in the field indicated that, in many groups, women perceived social empowerment and increased voice in community and household decision making as the greatest benefit of having joined the groups.

b) Building the capacity of new and existing SHGs

A total of 218 NGOs were contracted as implementing partners. Most of them had received training on various project interventions based on a training needs assessment. The Concurrent Monitoring and Evaluation (CME) report noted that 211 NGOs were performing most of the activities detailed in their TOR satisfactorily. Support was withdrawn from 300 SHGs on an experimental basis in Madhya Pradesh. 94% of the groups had received basic training in the SHG concept, book-keeping and accounts, leadership, group dynamics and

¹ This section is taken from the Aide Memoir of the December 2003 Supervision Mission; and is based on the findings of the Concurrent Monitoring and Evaluation 7th Round.

² The original districts in six states had been taken up in two phases; at the MTR additional districts were taken up as Phase III in Gujarat and Karnataka and the project was expanded to Jharkhand, Uttaranchal and Chhattisgarh.

credit management; and the rest were to be completed as part of the revised Action Plans. An assessment was conducted in all states for further needs-based training of the groups in gender sensitization, conflict resolution, cluster/federation formation, skills training, legal rights, Panchayati Raj Institutions (PRIs) and health. Nearly 60% of the members had undergone advanced training and 20% had received training on income generation and micro-enterprise development, the latter two being needs-based. Nearly 15% of the members received skill enhancement training to enable them to increase their incomes from ongoing activities or through participation in wage labor. Teleconferencing emerged as a successful medium for training. Efforts were underway to have clear support, training and coordination structures in place at the state and district levels.

The impact of the training was varied: in Karnataka, where women and their households were involved in a participatory process for identifying the income-generating activity they wanted to pursue, the training was very effective, and resulted in high uptake of the activity. In some other states, women were provided training in groups of 40 or so, and actually only a small fraction of them were interested in the activity, so the training program was initially not very effective. Later, based on Karnataka's example, they followed a more participatory approach.

c) Promotion of SHG clusters and associations

The project also aimed at the formation of clusters of SHGs and associations of SHG clusters so that these structures would subsequently continue to provide support to the SHGs. Various models of cluster formation were initiated: some were demand-driven and their roles defined by the member SHGs alone, while others were created by the project implementing authorities on the basis of geographical proximity of groups, or other criteria.

Cluster formation of SHGs at the block/*taluk* level emerged as an important strategy for sustainability. Clusters were envisaged as the entities that could take over the facilitating role of the NGOs after they withdrew. They were expected to be supported by contributions from member SHGs, and to provide key support and back-up to individual SHGs in troubleshooting, collective bargaining, and strategy forming. The idea was that networking groups at a higher level would help support and sustain each other. However, this activity was yet to fulfill its objectives. While clusters had many sound objectives, cluster activities in reality varied according to age and interest, but minimally most were holding regular meetings. Understanding the reasons for forming clusters varied considerably among women – some said it strengthened their capacity to undertake activities such as approach line departments or the district administrations, and others stating they were set up as a project requirement. Interesting examples were found of where several self help groups had come together in support of a collective interest, e.g. crèche facilities, but did not regard themselves as a formal “cluster” in any sense other than this activity.

By September 2003, a total of 1,062 clusters had been formed, compared to a revised target of 1,185 clusters to be formed by project end. 11,812 SHGs out of the total of 17,416 SHGs were now part of a cluster. 30% of the clusters formed had bank accounts and 15% were already involved in providing forward and backward linkages for the SHGs. Inter-lending had also commenced in 15% of the clusters. Some clusters had put forward proposals for registration and some were already registered under the Societies Act. Discussions with the women in the field revealed that clusters were being seen as forums that provided the groups with collective strength to engage with *panchayats*, line departments and other service delivery agencies. Women were looking up to clusters for

social action, enterprise development, advocacy, and service delivery intermediation and also as credit institutions. In addition, Business Counseling Centers (BCCs) were being established in all states, with some like Karnataka in a more advanced stage. A detailed description of BCCs is given in **Exhibit 1**.

d) Strengthening participating agencies to support women's development

Banks were sensitized to the credit needs of the women, and a number of groups were linked with commercial banks. Banks started advancing larger loans to the SHGs as compared to the earlier situation where the banks strictly advanced loans on the basis of savings mobilized by the SHGs.

Component II: Support mechanisms for women-managed income generating activities (US\$20.3 million; 40% of base cost):

a) Mobilization of investment funds for income generating activities

SHG membership had contributed to both increased savings and incomes for their members. Total savings had increased from Rs. 1,284.2 lakhs³ in June 2003 to Rs. 1,607.6 lakhs in September 2003 – a 25 % increase in three months. This was an average across all states. Compared to about 62% of SHGs that were saving regularly in 2000, later data showed that over 80% of SHGs were saving regularly; average savings ranged from Rs. 20,051 in Karnataka Phase I & II districts, to Rs. 3,574 in Uttaranchal. Savings increased across the groups; and the ratio of savings to group inter-lending was now at 1:3, which was comparable to globally accepted levels. The amount inter-lent had increased from Rs. 2,785.7 lakhs in June 2003 to Rs. 3,869.5 lakhs in September 2003 – an increase of about 25%. 50% of the SHGs reported taking loans for productive purposes by mid-2003, compared to a target of 70-80% by the end of the project.

The ratio of consumption to productive loans had moved from 1:1 to 1:1.4. Borrowing towards expenses for health and education which contributed to Human Capital Development were also considered as productive investments rather than consumption-related expenses. 33% of SHG members were engaged in income generating activities after group formation, with Bihar at 92%. The average income of women engaged in income generating activities had gone up substantially, and these women now contributed almost 8% of household income – though the figure ranged from about 21% in UP to about 3.5% in Bihar. See **Exhibits 2** and **3** for more details.

The project had sought to link SHG members to formal financial institutions so as to decrease their reliance on informal sources of funds. Over 64% of the groups had now established sound financial management practices. All states had completed one (some have completed two) rounds of grading of SHGs. The grading was based on a number of indicators developed by NABARD (National Bank for Agricultural and Rural Development), and included regularity of meetings, maintenance of books and records, availing bank loans etc. The number of SHGs receiving loans directly from financial

³ One lakh is a numerical expression, equivalent to equals one hundred thousand.

institutions had gone up from the 4% reported in the previous survey (March 2003) to 25%. The number of groups receiving bank loans had increased from 5,423 in June 2003 to 6,666 in September 2003. The number of sampled members receiving funds from moneylenders had declined to under 1% from about 30% at baseline. About a third of SHGs were provided with Cash Credit Limits (CCL) from banks, with UP's achievements being significant in this regard, even as states like Jharkhand and Haryana lagged behind. The total amount of funds received as loans by the women from all sources was now Rs. 4,244 lakhs. This meant that, compared to a target of 1:4⁴, the savings to borrowing ratio had reached 1:3.3, up from 1:2.5 in March 2003.

b) Provision of business management and technical support services to SHG members for both on-farm and off-farm activities:

A comprehensive review of income generation activities (IGA) promotion was completed in August 2003⁵. The report noted significant differences across states, with some being in more advanced stages than others. This was understandable given the different baseline situations, infrastructure, and levels of poverty and literacy. RWDEP supported IGAs through opportunity identification, entrepreneur development, production training, setting up advice/support, and market linkages. Across the states, a total of 55,332 on-farm activities and 21,052 non-farm activities were set up under the project. It was observed during field visits that, even when additional incomes were low, the micro-enterprise served to provide incomes to households during periods of critical shortage, such as between cropping seasons. A number of techniques and good practices were emerging, which were being documented: for example the 'resource mapping' being done in Karnataka as a technique for opportunity identification. Such efforts resulted in uptake of profitable micro-enterprises. The 5th Round of the CME indicated that over 80% of the women beneficiaries of the project in Karnataka had seen an increase in their incomes since the beginning of the project.

Component III: Mechanisms to access social programs and leverage funds for community asset creation (US\$ 7.8 million; 15% of base cost):

a) Convergence of ongoing government programs to provide women with better access to health, education, literacy and drudgery reduction programs

The states were active in sensitizing and converging with many ongoing government programs. A total of 313 programs/workshops had been organized by September 2003 to invite line departments to share their programs with the groups. A total of 2,514 (15%) direct linkages were established by SHGs and a total of 4,723 (29%) groups had received benefits from various government programs, such as drinking water and sanitation, rural roads and SJSY. Among the agencies that collaborated with the SHGs were the RMK, SIDBI, UNICEF and NACO; and a total of about Rs. 466 lakhs had been leveraged through various programs ranging from information, education and communication (IEC) and training to creation of assets. A total of 2,193 SHGs had benefited through such linkages, of which 1,413 were from Karnataka. In addition, there was large scale acceptance of the need for a more synergistic relationship with the Panchayati Raj Institutions; however, the

⁴ Staff Appraisal Report: Rural Women's Development and Empowerment Project. Report, 1995.

⁵ R. Rajan and P. Lohan; Report prepared for the World Bank; August 2003.

experience was varied across states and the capacity of the facilitators to help women forge these relationships also needed improvement. Some states, especially Haryana, had recognized the need to work with the men in the community to deal with issues like female feticide, dowry deaths, abandonment, polygamy, etc.

Largely as a result of training efforts undertaken by the project, awareness among members about various issues had increased substantially for districts in all phases of the project (see **Exhibit 4**).

Over 22% of the members were now represented in grassroots level institutions as compared to 0.7% at baseline. More than 10% of the women were interacting directly with line departments, and almost 25% of the members were interacting with *panchayats* to access information and services. Over a quarter of group members were now attending *gram sabha* meetings, compared to 2.4% for Phase I & II districts and 14.5% for Phase III districts at the 2000 baseline – although the performance ranged from 77% in Bihar to about 4% in Haryana.

b) Participatory exercises involving all community members (including men) in deciding on community needs that the SHG could address as part of their social mobilization efforts

Community asset creation had emerged as an important activity that helped women meet some of their basic needs. Such activities included: construction of bathrooms near wells; soak-pits near the wells, homes and other water points; and construction of meeting places. Women had sought help from the village men and the *panchayats* to augment the contribution from the project that was providing the SHGs with seven to ten bags of cement. With women experiencing significant success in creating an identity for their groups by providing a community asset with support from the project, this initiative was taken up enthusiastically. Women used this as an important platform for negotiating with the community, the *panchayats* and line departments for additional support to create community assets.

By September 2003, a total of 1,612 community assets had been created, which included community halls, toilets, bathing ghats (slopes), school sheds, drains and hand pumps. The overall value of these assets created was about Rs. 73 lakhs, of which the project funds were Rs. 17 lakhs, and the balance was provided by the communities in cash or kind (land, labor). An important aspect was the leveraging of funds from local *panchayats* to augment the resources provided by the project. In addition women were able to leverage funds, material and support from other programs, *panchayats* and communities to a total of Rs. 56 lakhs.

Component IV: Provide effective project management systems (US\$6.8 million; 13% of base cost):

a) Strengthen capacity of central and state level agencies to manage the project based on feedback provided by the project-based MIS, as well as the findings of the concurrent monitoring system

Although there were chronic problems with project management, particularly with staffing and recruitment, there were some areas, such as the concurrent monitoring and evaluation system (CME) and the project financial management system (FMS) that

performed very well. The quality of the data was reliable, and data was routinely used for making management decisions. Findings were analyzed and widely disseminated and discussed down to the level of the field workers. Accounts were maintained appropriately, audited, and presented to the lending agency in a timely manner. Seven rounds of CME were completed, and the eighth round was underway. This exercise had provided a wealth of information on project activities and outcomes at the field level, which were widely disseminated and utilized by project management. The formats were being further refined with inputs from the Bank, and it was expected that the CME would provide even more useful information in the coming months.

Women's Development Corporations

Most of the states supported the project through the Women's Development Corporations (WDCs). The exceptions were the new states of Chattisgarh, Jharkhand and Uttaranchal, where societies had been set up by the new governments, specifically for the implementation of the project. With the project imminently coming to an end, the scope of these societies was planned to be broadened to include other women-oriented activities as well. WDCs were responsible for overall quality control, for channeling funds to NGOs, and for overseeing training and other project inputs. They were also responsible for monitoring and reporting on progress.

The WDCs had been established with the specific mandate to assist women in their quest for economic independence, and were therefore thought to be the most appropriate organizations at the state level to oversee the implementation of the project. The overall responsibility for implementing the project was vested with the Managing Director of each WDC. Their main responsibilities were to:

- provide overall direction and guidance to the project, including safeguarding the project concept while responding to women's evolving needs and priorities;
- coordinate the required project inputs for the mobilization of women, nurturing SHGs and accessing resources;
- contract NGO partners;
- monitor and supervise project implementation;
- prepare annual action plans and release the required funds.

The State Project Management Units were created within the WDCs to facilitate fulfilling the above responsibilities. The model was adopted from IFAD's Tamil Nadu project, where it was reported to have worked well.

However, the capacities of the WDCs in various states were not uniform. Some, such as in Karnataka and Gujarat, were strong, and had activities, roles and funding independent of the project. Others, such as UP, were bankrupt, and often project funds were misutilized for non-project activities, leaving the project under-funded. In addition, despite the project's overall objective of strengthening the WDCs, all capacity building and inputs were in fact restricted to the SPMU and its staff. This created a lot of resentment and

negative reactions, particularly since project staff were contractual staff, often with better terms than the regular government staff in the rest of the WDC.

In order to redress some of these issues, the project tried to reframe the charters of three WDCs – Karnataka, MP and Jharkhand – so that their long-term role in women’s empowerment would be ensured, partly through the establishment of a corpus fund which would provide funding for SHG-based activities in the future, and also by developing the capacity of the WDC as an organization to act as a resource for all women’s economic and social empowerment programs in the state. Despite the best efforts of both the states and the funding agency, this effort did not finally succeed, mainly due to changes in management in both the project and the funding agency – the new managers on both sides did not concur with the proposals made by the previous managers. By the time a fresh round of thinking and consultation was initiated, it was already too late into the project to be able to make any sustainable changes.

Decision-making Process

The decision-making process followed in the project was, for the most part, participatory. Initially, the CPSU followed a fairly directive approach, particularly when it was felt that the state agencies were under-staffed and suffered from low capacity. However, over a period of time, state level teams developed substantial experience and expertise, down to the district and field levels. After this point, regular Project Director’s meetings, District Project Manager meetings, as well as meetings of the Training Coordinators and Monitoring Officers were held in order to discuss key issues and invite the views of all stakeholders. The same was true of the NGO partners: initially, they were treated as mere implementers, with guidelines and requirements being decided by the SPMU. However, over time, they were able to establish their credibility, and demonstrate that they were capable of implementing certain activities – such as group level basic training – more effectively than the SPMU. Subsequently, several NGO partner consultations were held.

Comparative Analysis of Project Outcomes

This section looks at broad differences in outcomes among the nine states, and some of the key issues that contributed to these differences. While all the states implemented the core package of activities, some performed better than others. In addition, some states took on issues of local relevance and innovated activities that were not in the original design. For example:

Shifting priorities – social empowerment: The dwindling sex ratio in Haryana (861:1000) and more so in Sonapat (project district) at 839:1000 posed a major challenge. There was an increasing incidence of female feticide owing to a mushrooming of sex determination test centers in the state. Better economic status and better access to information in the state were actually resulting in a negative impact on the survival of girl children; and an increasing demand for dowries had led to larger incidences of dowry deaths, abandonment, and informal second marriages. This pointed to an emerging need to involve men as partners in the program, actively pursuing with them the issue of gender inequalities; the project intervention was guided by the successful pilot of this type undertaken by the UNFPA project in two backward districts. Subsequently, men were supportive to women’s

SHGs after the groups were able to demonstrate positive outcomes like ensuring the regular visit of doctors and teachers through collective action.

In addition, due to the relatively better economic status of the women, savings were high, but inter-loaning continued to be relatively low at about 50% (average) of savings, and was mainly used for consumption purposes. This was reflected in the low number of groups linked with banks, a prerequisite for investing in larger scale micro-enterprises. This indicated that the economic basis for the group was not as fundamental as in some other states, but the social need for the women's groups was strong. The project focused on awareness campaigns and confidence building for the women; as a result, women were now more confident about themselves as evidenced by them now bringing a wooden bench for themselves when participating in meetings with outsiders, rather than sitting on the ground as was done traditionally. The awareness campaigns to get women out of purdah were also effective in that women were now able to meet with government officials on their own, with no male escort.

Building on past experience/existing models: Gujarat and Karnataka, particularly, were able to build on the vast previous experience in those states with SHGs and micro-credit. Gujarat, home of the Self-Employed Women's Association (SEWA), was able to utilize the expertise of that organization in many of its initial training programs. In fact, several of the field staff at the district level had previously worked with SEWA; and finally, being an experienced NGO, SEWA was entrusted with project activities in several areas. In addition, the Friends of Women's World Banking, another Ahmedabad-based institution working in the field of rural micro-credit, provided useful inputs to the project on parameters for measuring the performance and grading of SHGs, as well as micro-enterprise development.

Karnataka, similarly, had close ties with MYRADA, one of the first organizations to embark on SHG-based programs in the country. MYRADA already had the experience of forming SHGs, building up their capacity and developing viable micro-enterprises. Ex-MYRADA personnel were available to associate themselves with the project at both the state and district levels; also NGOs had been working with MYRADA for many years and were familiar with the model being promoted under the project, and willing to partner with the project. There were existing networks of NGOs promoting SHGs, both at the state level, and some even at district level. In addition, several large NGOs, particularly in Kolar and Chitradurga, had formed clusters and federations of SHGs; these skills were then transferred to the new SHGs being formed by less experienced NGOs. This enabled Karnataka to scale up the project quite rapidly, with suitable NGO partners. In fact, due to these advantages in Karnataka and Gujarat, and the fact that both places had, for various periods of time, excellent MDs in the WDCs as well as competent implementing teams at the state and district levels, during the MTR, the program in both the states was substantially expanded.

Decentralization of implementation authority to the district level: The project had planned to establish a DPIU (District Project Implementation Unit), staffed with a District Project Manager (DPM), a Business Development Officer (BDO) and support staff. Although this was to be the main point of contact with the project for the NGOs and their field staff, the role of the DPIU had not been thought through during preparation, as is evidenced by the lack of mention in the Staff Appraisal Report of the responsibilities and terms of reference for the DPIU. In the initial phase of implementation, the staffing of the SPMU was a priority, with the DPIUs coming a poor second. Until the MTR, in fact, several of the DPIUs had still not been set up, and the advantages of having a strong coordinating mechanism at the district level had yet not been recognized.

Subsequently, however, Madhya Pradesh took the initiative of decentralizing many of the implementation, coordination and monitoring functions to the DPIU. This happened accidentally: the SPMU in MP was without a Project Director for several months, and several key staff positions had also not been filled. On the other hand, the DPIUs were staffed and functioning, and were de facto running the project. As it happened, the arrangement worked very well, and the project made good progress in MP as a result; this was then implemented in other states such as Gujarat and Karnataka. With the DPMs and BDOs taking on more responsibility under the project, some changes needed to be made in personnel, and more competent candidates were chosen for these positions. Special meetings and training programs were undertaken for the district level staff. The relationship between the NGOs and the project had improved substantially, since problems could be sorted out immediately in the field, without making constant reference to the SPMU, except in special circumstances; the district staff were better able to monitor the activities of the NGOs since they were in constant field contact with the NGO functionaries; the BDOs were able to provide timely inputs to the women on the different types of IGAs they could take up, which was highly appreciated by the SHG women; and, now that they were empowered, the district level staff were taking an active interest in project outcomes. This is reflected in the disproportionately better outcomes in both individual member and group performance in MP on key parameters, particularly when seen in the context of management constraints such as rapid turnover of staff in that state.

Emphasizing the participatory approach: Some states laid particular emphasis on the participatory approach. The project promoted participatory methods in all phases, and generally in the early phases of identifying potential members and formation of SHGs, PRA (participatory rural appraisal) techniques were used in all states. Thereafter, however, participatory methodology was not used as consistently, and, for example, the formats for participatory M&E at the group level had been developed only recently. These were now being implemented regularly in several states, with the result that groups were introspecting on their performance, and identifying their areas of weakness, based on which they were able to demand inputs from their field workers. One round of participatory grading of SHGs was completed in all states, and a second round was about to commence. This led to a sharpening of project focus and inputs; as well as a healthy competition between implementing NGOs and SHGs to improve their relative ratings on various parameters.

Withdrawal Strategy

Discussions on the withdrawal and sustainability strategy had started with the Project Launch workshop. Participants included representatives from the Department of Women and Child, GOI; representatives from all the project implementing units, at the central and state levels; partner NGOs; representatives from the Lead Monitoring and Evaluation Agency; representatives from the Lead Training Agency; professionals working the area of women's empowerment; the World Bank Supervision team; and a representative from IFAD. A detailed withdrawal strategy had been worked out by the mid-term review. This was subsequently refined and worked on, with state-level workshops and papers produced, and culminated in the Withdrawal/Sustainability Workshop in January 2003. The project had been concerned about a dependency relationship developing between the SHGs and the intermediary NGOs. The idea was that the NGOs would "withdraw" their support from the SHGs and leave them as self-sustaining entities by the end of the project, leaving in their place organizations such as clusters and federations of SHGs which would provide on-going support to individual SHGs and their members. The conclusion of the Workshop was

that ending the project should not mean an abrogation of responsibilities on the part of the implementing/funding agencies. When referring to withdrawal and sustainability, what was never envisaged was a “walk-away model”, where the women and the groups were left to fend for themselves after a period of support and targeted interventions. Clearly there was a need for continued support to rural poor women. Many of the recommendations of that workshop were implemented by the project states.

- Steps were taken to strengthen the Women’s Development Corporations (WDCs) and to establish them as nodal agencies for women’s economic and social empowerment at the state level;
- Additional support agencies were established, including cluster-level associations and Business Counseling Centers, to provide on-going technical, financial and moral support to SHGs after withdrawal of NGO support;
- A strong training component was implemented to ensure that SHG members had the necessary financial and technical skills to handle a range of micro-credit and micro-enterprise issues;
- Convergence of the groups with existing government programs in health, education, agriculture, animal husbandry etc. was pro-actively pursued, so that women could approach such agencies independently after the project.

In spite of these initiatives, an unfinished agenda remained. SHGs at this stage were at different levels of implementation and maturity⁶. The project had been envisaged as a learning pilot; and as such, many useful lessons were emerging with regard to what it takes to create strong, cohesive, productive and sustainable women’s collectives.

The government’s proposal attempted to answer several of these questions, but it raised more questions than it answered: most had to do with the measurement and monitoring of social sector projects, particularly those dealing with complex and hard-to-define issues such as women’s empowerment. Many of these could be extrapolated to many other issues relating to gender, marginalization, collectivization etc.

The DWCD Proposal

It was the government’s view that, in order to consolidate the gains made under the project, as well as to complete the unfinished agenda in fully achieving the development objectives of the project, an estimated additional two years would be required beyond June 2004. This proposal was supported by the participating states. The proposal made to the World Bank and IFAD for a two-year extension of the project mainly focused on the following:

⁶ In quantitative terms sustainable groups are to reach certain identified benchmarks such as all SHGs managing their own affairs, at least 60% of SHGs acquiring skill training, 100% of SHGs interloaning, at least 90% of SHGs repaying their loans well in time, at least 60 to 70% of groups linked with the Banks/FIs, at least 90% of SHGs networked into clusters and federations, at least 70% of the clusters and federations registered with appropriate authorities, at least 80% of SHG members involved in IGAs/GEs, at least 60% of the SHGs operationally linked with the other schemes and at least 50% of the villages covered by Community Asset Creation Programs.

Institutional Development

The project had supported many interventions designed to create a viable institutional framework for a sustainable model, both financial and institutional, as well as in the development of skills and capacity. Several steps were identified as essential for putting in place a coherent institutional framework, including:

- Grading of SHGs based on a sustainability index, and evaluation of their performance.
- Training of leaders.
- Transferring NGO responsibilities to clusters or associations of SHGs.
- Formalizing the roles, responsibilities and activities of various actors in the institutional structure: SHGs, clusters/federations, WDCs etc.

Of the above, a process had been put in place for the first two steps; and several rounds of grading of SHGs on the basis of agreed parameters had been completed. Based on the grading exercise, the states had developed a capacity building mechanism to systematically address areas of concern and provide support for SHGs that required special attention.

Cluster Formation. Step 3, creating clusters, had been initiated, but needed to be completed. Clusters of several groups at the block level, and federations of such clusters at the district level had been formed under the project, with the objective of supporting and nurturing the groups beyond the project, and after NGO withdrawal. About 1,062 clusters of about 12,000 SHGs had already been formed under the project. There were many areas in which clusters were yet to be formed for a variety of reasons; and nowhere had the next step of forming clusters into federations been promoted. The effectiveness of federating clusters had been envisaged as an important lesson that would emerge from the project, since much debate persisted in the field of micro-credit/enterprise on this issue.

Moreover the clusters needed to be considerably strengthened in order to make them effective. At the time, only about 30.3% of the clusters had their own bank accounts and 13% clusters were involved in providing forward and backward linkages to SHG members. While about 69% of the clusters were meeting regularly, only about 17% of the clusters were as yet undertaking inter-loaning between their groups (Source: WDC Implementation Progress Report Sept 2003). The registration of clusters as legal entities had begun; however, further discussion on this was required, since no clear precedent existed. The capacity building of clusters had just started and the project was exploring the best law to register the clusters/federations so that it could meet legal requirements and be also able to avail the maximum benefits from other government/non-government programs for which a registered body was mandatory.

WDC Strengthening. Step 4, formalizing the roles, responsibilities and activities of partner organizations, including WDCs, had been initiated, but needed to be completed. The Staff Appraisal Report, while identifying the WDC as the implementing agency for the project, identified several constraints to their functioning effectively, including: 1) lack of adequate financing to undertake the full range of activities required for providing genuine support for women entrepreneurs; 2) inadequate staffing, and inappropriate skill mix; 3) weak management procedures; and 4) lack of follow-up support to women entrepreneurs.

The project attempted to overcome some of these constraints by putting in place a capacity building program for WDC staff; augmenting the staff with consultants designated to the project, who had provided technical assistance on a range of issues including entrepreneurship and business development, marketing, IEC, monitoring and evaluation, and social empowerment; and streamlining some of the systems and procedures, including financial management, procurement, and M&E. However, many of these improvements remained confined to the project staff and activities, and had not been absorbed into the WDC's functioning, as had been hoped.

In addition, three appraisals were commissioned of the appropriate role for WDCs in women's economic and social empowerment⁷. Their recommendations were that:

- 1) strengthening the organizational structure and clarifying the role of WDCs would help them to be more effective as catalysts for women's empowerment;
- 2) WDCs should expand their horizons to include social empowerment and advocacy to their ongoing programs for economic empowerment;
- 3) budgetary support to WDCs should be increased so as to support new initiatives in economic and social empowerment initiated through SHGs;
- 4) WDCs should develop a pool of expertise in the above areas, and become the nodal agencies at the state level for the promotion and development of women's empowerment programs.

Given that one of the project's objectives had been to strengthen the institutional capacity for sustaining efforts towards women's empowerment, and that the WDCs had been established expressly for this purpose, there had been intensive dialogue with the states on the issue of WDC strengthening, mediated by the Bank, taking into account all of the issues detailed above. This resulted in several states (Gujarat, Karnataka, Madhya Pradesh) going through a detailed process of receiving clearances from their respective state governments for a package of WDC reforms. Subsequently, DWCD, GOI undertook to develop a comprehensive framework for all the states, based broadly on the recommendations of the studies.

A draft proposal to this effect was completed, and was presented to GOI for clearance. Once cleared, the project would require a timeframe of about 12 months to implement the activities outlined in the proposal; subsequently, it was envisaged that the WDCs would be established as independent entities, with adequate capacity and resources to provide support for women's empowerment activities after the project was closed.

Increase in Income

Increasing incomes of poor women was the single most important goal of the project. To this end, the project was able to successfully form SHGs of women who were saving regularly, inter-loaning their savings, linking up with banks for larger loans, establishing micro-enterprises and earning incomes.

⁷ Appraisal of Women's Development Corporations; Women's Development Division, National Institute of Public Cooperation and Child Development; 1989.
 Role of Women's Development Corporations; Sarojini Kumatkar, Center for Social Development; 1994.
 Strengthening Women's Development Corporations; Professor Ramachandran; Institute for Human Resource Development; 2001.

The project had undertaken a range of activities to enhance the outcomes of this component, including promoting bank linkages by conducting the activities such as bankers sensitization programs, exposure visits of bankers, grading of the SHGs as per the Bank's requirements, maintenance of books of accounts as per the requirement of the banks, preparation of business plans in a more professional manner, to achieve bulk loans through clusters to minimize the transaction cost and ensure high repayment percentages, etc. However, much more remained to be done; and when the SHGs had stabilized, the scope was substantially greater for expanding the activities under this component for better impact.

Extending the project would provide an opportunity to focus more intensively on promotion of Income Generation Activities. This could lead to sustainable impact on income levels through building a cadre of skilled entrepreneurs. In the extended period, more emphasis would also be given to opening and strengthening Business Counseling Centers, conducting market surveys and establishing forward and backward linkages, transfer of low cost technology, skills development training, facilitation of group enterprises and formation of association and creating awareness for increases in the utilization of local resources.

The Dilemma

Ms. Fernandes now needed to make up her mind whether this project deserved to be extended. She was being asked various questions within the Bank. Was the model sustainable? What mechanisms had been built into the project to ensure sustainability? Not just sustainability of the institutions, but of the benefits to individual women? Had their incomes really increased, and was the increase enough to lift them out of poverty? The Bank had serious doubts about the ability of project management to actually achieve what they claimed they wanted to achieve in the following two years. The argument was: if they couldn't do it in five years, would another couple of years make a difference? When there were continued management problems that had hampered implementation since inception, why should it be different now? There were issues like those in a "process" project: where outcomes are complex and long ranging, how could one use measures of project effectiveness to determine success? Even if the project was to be extended, should it be extended across the board, or only in those states where there was some likelihood of assured success, even though the poorer performing states were precisely where such a project was required?

However, thinking over the issue, she was reminded of the fact that The IFAD-assisted Tamil Nadu Women's Development Project, which had served as the model for this project, needed to be extended well beyond its initial seven years to make the groups sustainable and achieve the envisaged objectives/benefits. The Dhan Foundation's Kalanjiam model (in Tamil Nadu) had also evolved over a period of 12 years, and was only now beginning to establish autonomous federations that were fully self-sufficient and able to meet all costs of operation. It was the government's view that with additional effort, the project would be able to consolidate the investments and gains of the previous five years, and provide valuable lessons for the further scaling-up of the SHG model across the country. □

Acronyms

BCC	Business Counseling Center
BDO	Block Development Officer
CCL	Cash Credit Limit
CME	Concurrent Monitoring and Evaluation
CPSU	Central Project Support Unit
DPIU	District Project Implementation Unit
DPM	District Project Manager
DWCD	Department of Women and Child Development
FMS	Financial Management System
GOI	Government of India
IDA	International Development Association
IEC	Information, Education and Communication
IFAD	International Fund for Agricultural Development
IGA	Income Generation Activity
LM&EA	Lead Monitoring and Evaluation Agency
MDG	Millennium Development Goals
MIS	Management Information System
MTR	Mid-Term Review
NACO	National AIDS Control Organization
NGO	Non-Government Organization
PRI	Panchayati Raj Institution
RMK	Rashtriya Mahila Kosh
RWDEP	Rural Women's Development and Empowerment Project
SC/ST/BC	Scheduled Caste/Scheduled Tribe/Backward Classes
SEWA	Self-Employed Women's Association
SHG	Self-Help Group
SJSY	Swarna Jayanti Swarojgar Yojana
SPMU	State Project Management Unit
UNICEF	United Nations Children's Fund
WDC	Women's Development Corporation

Exhibit 1

RURAL WOMEN'S DEVELOPMENT AND EMPOWERMENT PROJECT

Business Counseling Centers

Business Counseling Centers (BCCs) had a large role to play within the larger context of convergence, withdrawal and sustainability. Convergence was essential not only to promote access to social programs such as health, literacy and child-care, but also to enhance access to MED/training programs offered by other line departments. BCCs were conceptualized as multi-purpose/utility centers, based on feedback from Swa-Shakti women and the community at large. Apart from providing guidance and counseling on enterprise development, the BCCs also acted as facilitators to enable poor women to access different schemes and programs both of the *panchayats* and the line departments.

The experience of Gujarat would be useful to study. Gujarat had set up a number of BCCs: two in Sabarkantha, one in Bharuch and three in Panchmahals. These centers operated twice a week. One SHG member was chosen as the BCC coordinator, to ensure that the center ran smoothly, and that materials were regularly available. Government officers were present at the center: either the Block Development Officer or a nominated official, visited regularly and provided additional information/advice to the women attending the center. The BCCs were located so that they were convenient for all the women: a participatory exercise was undertaken to decide the location. Currently, the centers averaged about 25-30 visitors a day, mainly SHG members, although the service was available to the community at large.

Services provided

- Guidance on entrepreneurship and income generating activities.
- Information on
 - How to proceed to set up a new business
 - Where women could access resources related to their specific business
 - Training institutes
 - Loan procurement
 - Raw materials
 - Book keeping
- Application forms for different schemes.
- Assistance in filling out bank forms as well as other forms.
- Directory of important addresses.
- Awareness programs for various government schemes.

Inputs Required

- Provision of an appropriate venue by the block authorities.
- Participatory processes for determining the coordinator for the BCC from SHG members.

Exhibit 1 (continued)

- Training for the BCC coordinator.
- Materials for the BCC: forms, brochures, publicity materials etc.
- Buy-ins by the local pressure groups: local administration, PRIs etc.

Transition Strategy

Several measures were being taken to ensure the sustainability of the BCCs after the project closed:

- The District Rural Development Authority (DRDA) was being asked to adopt the BCCs as a joint platform and make these centers available to all SHGs formed and facilitated under other programs as well. It would take care of operational expenses after the project closed.
- It was proposed that token fees be charged from SHG members and others who used the center.
- Application forms for various schemes would be sold for a small fee.

These measures would provide the BCC with a small income which would enable them to pay a coordinator to regularly run the BCC; make frequent visits to the block office to procure information on government schemes; organize awareness programs, including in some places, health camps etc; ensure the attendance of block officials to lend support and additional resources to the center; and build partnerships with other local level organizations, including other NGOs working in that area, PRIs etc.

Exhibit 2

RURAL WOMEN'S DEVELOPMENT AND EMPOWERMENT PROJECT

Activities	June 03	Sept. 03
Clusters formed	898	1,062
Group Savings (Rs. Lakh)	1,284	1,607
Groups Inter-loaning	14,441	15,730
Amount Inter-loaned (Rs. Lakh)	2,785	3,869
Groups linked with Banks	5,423	6,666
Amount loaned by banks (Rs. Lakh)	1,199	1,328
Convergence initiatives	161	238
Community Assets created	678	1,120

Exhibit 3

Increased Incomes of SHG Members Engaged in IGA

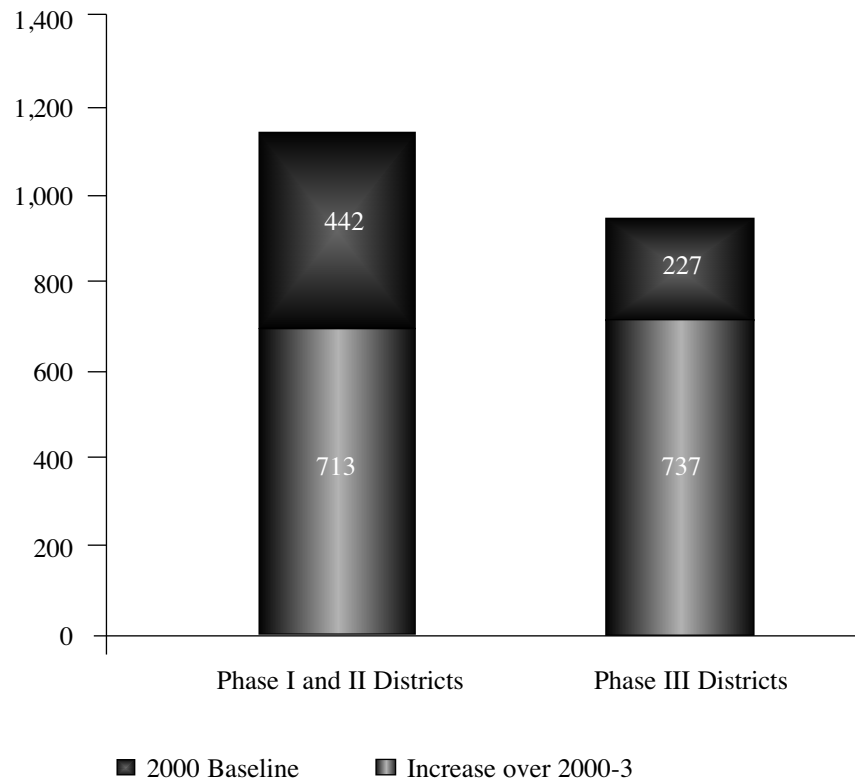


Exhibit 4

Increased Awareness Regarding Various Issues among SHG Members

