INDIA: Evaluating Bank Assistance for Social Development in the 1990s

A Country Assistance Evaluation

Warren A. Van Wicklin III
ENHANCING DEVELOPMENT EFFECTIVENESS THROUGH EXCELLENCE
AND INDEPENDENCE IN EVALUATION

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<td>ASTHR</td>
<td>Asia Technical Department, Human Resources Division</td>
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<td>CAE</td>
<td>Country Assistance Evaluation</td>
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<td>CBO</td>
<td>Community Based Organization</td>
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<td>DPIP</td>
<td>District Poverty Initiative Project</td>
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<td>EDI</td>
<td>Economic Development Institute</td>
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<td>Government of Andhra Pradesh</td>
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<td>GOI</td>
<td>Government of India</td>
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<td>ICR</td>
<td>Implementation Completion Report</td>
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<td>IWDP</td>
<td>Integrated Watershed Development Project</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>NDO</td>
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<td>PCR</td>
<td>Project Completion Report</td>
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<td>PME</td>
<td>Participatory Monitoring and Evaluation</td>
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<td>Participatory Rural Appraisal</td>
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<td>SASSD</td>
<td>South Asia Social Development Sector Unit</td>
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<td>SDU</td>
<td>Social Development Unit</td>
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<td>ST</td>
<td>Scheduled Tribe</td>
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<td>VIP</td>
<td>Village Immersion Program</td>
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<td>VWSC</td>
<td>Village Water and Sanitation Committee</td>
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<td>WBI</td>
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Preface

This paper is one of the background papers prepared as an input to the India Country Assistance Evaluation (CAE, Task Manager: Gianni Zanini) by the Operations Evaluation Department (OED) of the World Bank. This paper is based on primary and secondary sources of information. In 1997 the author conducted impact evaluations of involuntary resettlement in two irrigation projects (in Karnataka and Maharashtra) as part of the OED study Recent Experience with Involuntary Resettlement. In 1999 the author did further field research in India as part of the OED Participation Process Review, mainly on the Karnataka Rural Water Supply and Environmental Sanitation project, and an audit of the Upper Krishna II Irrigation project. The author convened a Social Development Workshop with NGOs (nongovernmental organizations) in New Delhi on April 30, 1999 to discuss the Bank's work on social development in recent years. The author also discussed this work with Bank staff at both headquarters and the field office, and reviewed relevant documents. No additional research was undertaken beyond the work mentioned above, including any field research on indigenous peoples or social assessment. The report covers the period 1994-1999, with selective updates of events in 2000. The draft version of this paper was presented by Jack van Holst Pellekaan in a workshop on April 3, 2000 at the Bank's New Delhi office. Several dozen NGO, government, and other workshop participants provided substantial comments which have been incorporated into this final report.

An earlier version of this paper was reviewed by members of the Bank's India social development team, including Ellen Schaengold, David Marsden, Lars C. Lund, Reidar Kvam and Suryanarayan Satish, and by the Government of India's Ministry of Social Justice and Empowerment. The paper also benefited significantly from the extensive comments at the April 3, 2000 workshop. The author is grateful for all comments received, which have been taken into account in this revised version. However, the views expressed in this paper remain entirely those of the author. They do not necessarily represent the views of OED or the World Bank.

1 Recent Experience with Involuntary Resettlement: India—Upper Krishna (Karnataka and Maharashtra), OED, Bank Report no. 17542, June 2, 1998.
2 The author was not a member of the CAE mission team, so this note is not comparable to reports by team members.
Executive Summary

1. Social development issues received inadequate attention until 1994. Problems had reached unacceptable levels, requiring enormous remedial work by the Bank and the government. There were widespread problems in involuntary resettlement operations, limited stakeholder participation in Bank operations, few social assessments, and little attention to indigenous peoples issues. It is easy to forget how undeveloped and unsophisticated the Bank's work was on social development issues only six short years ago. The Bank has taken major actions to emphasize social development in its operations, first focusing on resettlement, but since 1995, on participation and social assessment, and more recently on indigenous peoples and other issues.

2. Much of the Bank's social development work has not had as much results on the ground as the Bank and NGOs hoped. As the 1998 OED involuntary resettlement evaluation found, the main failings were not due to lack of Bank attention or commitment as to the difficulty of reaching Bank objectives, relying on public sectors agencies with limited capacities, the appropriateness of Bank interventions, and follow through. This is true of the social development agenda more broadly. The Bank needs to find ways to achieve greater government commitment, or else be more selective in its involvement. The Bank cannot afford to compromise its principles; this would be an abdication of responsibility. But the Bank needs to remain engaged, to promote more effective government approaches to poverty alleviation. Most Indian government programs tend to be too centralized, not very participatory, and not very effective at reducing poverty. Because the GOI's anti-poverty programs' $2 billion of annual resources dwarfs the Bank's program, the Bank's influence on GOI programs may well make more of a difference than improving the Bank's own programs. So far there has been inadequate connection between Bank and government plans and programs.

3. Recent Bank initiatives are promising. The India social development team has made major strides in just the past five years, but the outcomes of those efforts will require a longer time horizon to evaluate with confidence. Even so, there is preliminary evidence of success in some areas, especially participation. Each new round of projects builds upon the lessons of previous efforts to achieve new higher levels of participation. For example, the Karnataka rural water supply project built upon lessons from participation in the Maharashtra water project, which in turn led to improvements in the participatory approach in the Uttar Pradesh water project. Good practices are extending throughout sectors across India. The assumption now is that participatory projects are the norm, not the exception. A broad strategy is emerging for improving government performance through decentralization, increased transparency and accountability, and community empowerment. Given that past strategies have not reduced the number of people living in poverty, this relatively new social development strategy should be given a fair chance to determine its efficacy and sustainability.

4. Nonetheless, social development remains insufficiently mainstreamed and integrated into the core of Bank operations. Civil society observers of the Bank emphasized that the Bank needs to believe in what it promotes, and to demonstrate real commitment. Some NGOs especially feel that there is a lot of talk, but not enough results, and are starting to become skeptical. They believe social development should be about empowerment and social change. These NGOs are pressing for a much more proactive social development agenda, and the Bank is caught in between as government has not been able to respond quickly to Bank social development

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1 Taped participant comment. India CAE Workshop on Social Development, New Delhi, April 3, 2000.
initiatives. More time is needed to see significant improvements, although clearly there has been
progress over the last 10 years. The tension is more over the rate of progress. NGOs urge the
Bank to take the initiative with other donors to move the social development agenda forward.²

5. Although this is a brief review, some conclusions are apparent.

- **The impact of assistance for social development needs to be increased through quality
enhancement and working more on the policy level.** Even though the Bank has made major
progress on social development in its operations in India, there are many areas of
shortcomings and excessive unevenness in the quality and impact of the work. Social
development work needs to move more to the policy level. Achieving government ownership
and capacity to effectively implement social development are crucial. Holding government
accountable, and creating or supporting the local level institutions to do this is the key.

- **The Bank needs to take a more institutional, capacity-building approach, to social
development.** The Bank has tended to take a project approach, but that raises questions of
sustainability. Institutional structures are the instruments by which social development
interventions can be sustained. This means both promoting increased government capacity,
and local institutions that represent the interests of the poor and vulnerable.

- **The Bank has progressed further in rethinking its approach to social development than in
implementing it.** The DPIPs have been in preparation for five years, and were approved only
in 2000. The Inclusive Institutions proposal has not yet been implemented. Many approaches
still need to be field tested. The criticism that rhetoric is outpacing results is fair.

- **The quality and impact of social assessments needs to be significantly improved.** Social
assessments should be carried out by competent and credible organizations and of sufficient
quality to improve the design and implementation of projects. Social assessment needs to be
an ongoing process throughout the project, not a one-off data collection effort. The impact
that high quality social assessments made reinforces the need for quality.

- **There needs to be more training and capacity-building of all stakeholders in all areas of
social development.** Participation, social assessment, indigenous peoples, and involuntary
resettlement are all at fairly early stages of development. While some individuals and
organizations are quite advanced, most are not. This is generally the case at lower levels of
government. The capacity exists in India, much of it in NGOs. Their skills and experience
need to be shared much more broadly, especially with government. Tripartite (the Bank,
government, and civil society) programs are one means of capacity building. Even Bank staff
need to develop their social development skills, especially at the sector and country level.

- **Relations with NGOs and civil society should be better organized, with more continuity and
follow-up.** NGOs should not be brought into consultations on a random, occasional basis.
Instead, a long-term partnership should be forged. Currently the situation does not reflect a
genuine, equal partnership. There should be more systematic communication and
interaction. NGOs and communities have a lot of valuable experience, and the Bank should
be learning from that experience, trying to strengthen and support it, not reinvent it.

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² Taped participant comment, India CAE Workshop on Social Development, New Delhi, April 3, 2000.
Participatory monitoring and evaluation (PM&E) would provide greater accountability to clients, greater transparency, increased learning, and a focus on results. Too often the Bank has not followed up its worthy efforts which end up wasted. The 1998 OED resettlement evaluation found far too many completion reports with inadequate reporting on resettlement outcomes. The focus had been on acceptable plans at appraisal, but plans do not necessarily lead to results. The social development team has made progress in shifting its focus towards results, but putting PM&E systems in place—especially in projects—would help a great deal.

The involuntary resettlement and indigenous peoples policies require raising the issue at the level of policy dialogue to achieve greater Indian government ownership of these issues. Pursuing these policies on a project by project basis is inefficient. If the Bank cannot succeed in getting its policies and standards applied to non-Bank projects, the Bank is protecting only people affected by projects its assists, at a high cost, and not very effectively. The Bank is raising the issue in policy dialogue, and needs to follow through until government takes ownership of these issues.

Integration of social development work yields higher returns. High quality social assessments contributed to good designs for participation in several projects. The work on indigenous peoples and involuntary resettlement benefited from a more participatory approach. Inclusive Institutions is a promising framework for integrating the social development approach. Whereas previously social development tended to apply to only one theme or component of a project (e.g. resettlement), more recently social development has been the underlying project concept (e.g. the DPIPs). Designing projects starting with social development should be further developed and tested.

Social development requires more resources. Participation, and social development more generally, have been underfunded. For example, about 2 percent of the project budget in the Karnataka water supply project is devoted to participation, but it has made a significant difference to the project. The UP water supply project invested about 7 percent on participation and that has allegedly led to even better participation and project effectiveness. Much of the social assessment work was financed by Strategic Compact funds which have ended, so new sources will be required, if social assessment work is judged worthwhile.

Work with international and local development partners to promote the social development agenda. NGOs and CBOs have much valuable experience on participation and other social development tasks. They have a sustained presence in communities, and therefore outlast Bank projects. They can contribute to the institutional mechanisms that can sustain and advance social development. International partners can help mobilize consensus for promoting the social development agenda, and often have comparative advantages in skills and experience. Even within government, there are individuals and agencies that are internal champions of participation and social development. The Bank should seek opportunities to develop partnerships with all these allies to promote social development.

The Bank should stay the course on its participatory, decentralized poverty alleviation strategy. It is still too early to evaluate the longer-term results and sustainability of this strategy. We can only observe the improved participatory process and differences in short-term outputs and outcomes. Nonetheless, the approach appears to be paying off based on early indicators. The Bank should work with the government to strengthen the panchayat raj system and to make it more participatory, democratic, and responsive to communities.
1. Introduction

1.1 Social development is a relatively recent priority in Bank operations, not just in India. The work of the Participatory Development Learning Group (1991-94) and the Bankwide Resettlement Review (1993-94) contributed to an increased emphasis on social development issues. The social development team within the Asia Technical Department (ASTHR) significantly expanded as a result of problems identified by the India Resettlement Review. Therefore the increase in staff was initially devoted to work primarily on involuntary resettlement issues.

1.2 The Bankwide trend towards decentralizing staff to the field has progressed further in the India Department than for most other countries, and has facilitated the increased emphasis on, and integration of, social development work in the India portfolio. The Social Development Unit (SDU) was established in the New Delhi Office in 1995 to provide increased and more continuous presence on social development issues. The SDU contains the largest cluster of social development specialists of any Bank field office, nine upper-level staff by 1999. Since 1995, the SDU's work has significantly broadened to cover the full range of social development issues, including participation, civil society, indigenous peoples, social assessment, and others. Because most of this work is fairly recent, changes are not readily apparent among completed projects, the typical subject of OED analysis. Therefore this note also examines projects under preparation and implementation to provide a more timely and dynamic evaluation of social development in Bank operations in India.

1.3 Another caveat is that this paper is the first one to cover social development in a country assistance evaluation (CAE). Therefore there is no tested and accepted methodology or format. Rather it is new and evolving. Social development is not a sector in the standard Bank sense, but more like a theme. Unlike sectors, social development does not have established targets, policies, a sector strategy, and other standards or measures by which to be evaluated. Social development has not been evaluated in other countries to provide a comparative framework. Therefore the evaluation has had to infer relative, not absolute, standards. The implicit comparisons are: (1) performance during 1995-99 compared to 1990-94, and (2) performance in India compared to other large Bank clients. That contributes to this paper being more descriptive than evaluative compared to other background papers prepared for the India CAE.

1.4 This note provides a brief overview of social development in Bank operations in India since 1994. The next section outlines significant changes in the India social development team's (part of the South Asia Social Development Sector Unit, SASSD) focus and approach over the last six years. Separate sections on participation, NGOs, involuntary resettlement, indigenous peoples, and social assessment discuss changes in the strategy, strengths and weaknesses in Bank and Borrower approaches, and lessons. This paper is by no means comprehensive. Gender issues are evaluated in a separate paper. The Executive Summary contains the conclusions and recommendations.

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1 Resettlement and Rehabilitation in India: A Status Update of Projects Involving Involuntary Resettlement (2 volumes), India Country Department, April 22, 1994.
2 Ananya Basu, Gender Concerns in World Bank Operations in India during the 1990s, background paper for the India CAE, OED, 2000.
2. The Changing Focus And Approach To Social Development In India

2.1 The shift in focus of work on social development issues in India has paralleled that of the Bank. It can be generally described as moving beyond “do no harm” to “do good.” The two social safeguard policies—involuntary resettlement and indigenous peoples—were the focus of Bank work on social development starting with the adoption of those policies in the early 1980s until the mid-1990s. Previously projects were designed—and social development components were added—primarily to mitigate negative social impacts, largely because of Bank concern over the negative publicity generated by project failures and shortcomings on these issues. Beginning around 1994 there was a significant expansion of the work on participation and social assessment, to more proactively seek opportunities to promote social development in Bank operations. An important dimension of the work is that it goes beyond projects to encompass conceptual and operational frameworks, thus reflecting an evolution in assisting social development.

2.2 Bank work on social development is evolving quickly, so evaluating it is chasing a moving target. If this review assigned ratings, they would be higher for FY97-00 than FY94-96, which in turn would be higher than for FY90-93. In the last two to three years a latest generation of projects have been designed with social development objectives as their starting point. For example, three District Poverty Initiative Projects (DPIPs, in Rajasthan, Andhra Pradesh, and Madhya Pradesh) two rural development projects (West Bengal, Orissa), and an integrated watershed development project (IWDP II, five states) are designed to empower the poor through participatory formation of community groups. The DPIPs represent a fundamental shift in the approach to participation: from product to process, from project to program, and from service delivery to empowerment. A 1999 QAG review endorsed the DPIP design as appropriate, despite the heavy focus on process. The DPIPs were approved in 2000. Social development is still a recent agenda in an early developmental stage.

2.3 There has been an effort to better integrate work on social development, among social development issues and with operations more generally. In the past, resettlement components tended to be isolated from the main project, and from other social development issues, such as social assessment. Resettlement was seen as a project add-on, a necessary component to meet Bank policy, but not an integral part of the project. More recent resettlement operations have been conceived of as development projects themselves, not inconvenient add-ons to infrastructure projects. Social assessments also tended to be somewhat isolated, a pre-appraisal information collection activity, rather than a major factor in guiding project design and implementation. Social assessment has recently been broadened to be more inclusive of all social development issues, and to provide a project design for participation. The 1999 “Inclusive Institutions” proposal provides a framework for integrating the Bank’s social development work. The objective is to improve results through capacity-building of accountable and participatory institutions. This complements government and Bank efforts at decentralization. Key tools include participatory monitoring and evaluation (PM&E) and a learning process approach.

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5 Alexander McCalla, RDV, Office Memorandum to Prem Garg, QAG, August 3, 1999, p. 9.
6 “Inclusive Institutions: An Agenda for Operational Learning and Analytical Work in South Asia,” SASSD (South Asia Social Development Team), June 28, 1999, p. 17. This proposed work program includes significant ESW as well as operational support.
3. Participation

3.1 Participation, as a means and an end (empowerment), has become the central focus of the social development strategy for Bank operations in India. In fact, India had the second highest percentage (81 percent) of Bank-assisted projects approved during FY94-98 with community participation among all Bank borrowers with more than 10 projects. The Bank’s South Asia region aims to reduce poverty by working directly with the poor. Much of the reason appears to be frustration with previous development efforts that lacked participation. The government of India (GOI), including the state governments, has had significant difficulties in effectively reaching the poor, especially in rural areas. Historically, government departments have been too hierarchical, and field level staff usually lack discretion, to foster community level initiatives. Critics characterized many government officials as not inclined to reach out to communities and to see themselves as public servants, but rather as an authority “above” their clients, and therefore not obligated “to serve” their clients. Instead, they preferred their clients to come to them and petition their help. This mentality and behavior, a remnant of the colonial legacy, has been an obstacle to development project effectiveness, and a frustration to the Bank.

3.2 Government attitudes about participation started to change more rapidly in the early 1990s. The 73rd and 74th Amendments (1992) to the Indian Constitution enhanced the environment for participation by giving greater powers to the three lowest tiers of local government (the panchayat raj system, including zilla and gram panchayats). The amendments required that the panchayats be elected and one third of the members be women. Decentralizing power is necessary, but not sufficient, to generate broader participation. Many panchayats are controlled by local elites, even when members are elected. Previously panchayats often failed to include women, lower castes, and other marginalized groups, and if they do so now, these members seldom hold officer positions or exercise real power. Nonetheless, the qualitatively different composition of panchayats, with the presence of women and minorities, has made a difference. Further efforts are required to make the local government system a means for more participatory development. That is a major objective of the Inclusive Institutions initiative.

3.3 The Bank’s approach to participation has several elements. First, the Bank has encouraged Indian government agencies to adopt a more results-based, demand-driven, customer-service orientation, shifting the role of government from provider to facilitator. For example, Bank-assisted forestry projects have promoted joint forest management which shifts the government role from policing to facilitating community self-policing (see Box 1). Second, the Bank has enlisted allies to help educate and persuade the elements in the government that are the most skeptical about participatory approaches. The Bank is increasingly involving civil society and communities in Bank-assisted projects. As the report on the design of poverty alleviation projects declares, “The formation of community-based organizations (CBOs) is the key to reaching the poor.” This second element complements the first in that involving civil society provides Indian government agencies experience with—and helps reorient them towards—a more participatory approach. In the Karnataka rural water supply and environmental sanitation project, the government became less skeptical about participation as it worked with NGOs and communities in project implementation, and saw first hand the benefits of participation. There have been some tensions (discussed later), but the strategy is bearing fruit. Third, the Bank is

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7 This data is derived from the Social Development Department database on participation in Bank-assisted projects.
9 Personal communication, Sushma Vinayak, SAVE (Society for Action, Vision, and Enterprise), Lucknow, India, May 5, 1999.
10 Taped participant comment, India CAE Workshop on Social Development, New Delhi, April 3, 2000.
choosing projects where implementing agencies are more willing to take a participatory approach. This is most prevalent among irrigation, rural water supply, forestry, and watershed development projects. While selectivity has more often been predicated on commitment to policy reform (for example, in fiscal reform, water or electricity pricing), participation is also a valid criterion for targeting lending.

Box 1: Rejuvenating India's Decimated Forests through Community Participation: Lessons from the Andhra Pradesh Forestry Project

Across Andhra Pradesh the state government (GOAP) has introduced joint forest management as a participatory approach to sustainable management of forest resources. The Forest Department, once regarded as a rule-bound and hostile bureaucratic police force is now often recognized by rural people as a friendly promoter of their development.

Less than a decade ago Andhra Pradesh forests had become severely degraded by unchecked illegal tree cutting. The GOAP Forest Department had proved unable to effectively control the continued destruction of the forests and the necessity for a new approach was obvious to all. In 1988, the Government of India introduced a new forest policy that radically altered the aims of forest management, from commercial and industrial exploitation to restoring environmental sustainability and meeting the basic needs of people living in or near forests. The policy clearly directed that forests be managed first as an ecological necessity, second as a source of goods for local people, and only third as a source of wood for non-local people. In 1990, the GOI directed states to develop a participatory approach to restore the nation's degraded forests. In 1992, GOAP issued orders to develop a participatory program for Andhra Pradesh.

The Forestry Department organizes and provides technical and administrative support to village organizations (VSS) established to protect forests. Most VSS have 75-150 members, two per household, one of whom must be a woman. The VSS elects a managing committee of 10-15 members, 50 percent of whom must be women. The Forestry Department gradually transfers responsibility to the managing committee. The VSS and the Forestry Department use participatory rural appraisal (PRA) to develop a microplan for that village, and then sign a legal memorandum detailing duties and entitlements. As compensation, the VSS is entitled to 100 percent of that forest's produce, 50 percent of beedi leaf sales, and 25 percent of the fees from fines for offenses (e.g. encroachments) detected by the VSS.

Since 1994, the project has formed 6,575 VSS with 1.3 million members covering 1.6 million hectares of forest area, about 25 percent of the forest area in Andhra Pradesh. Women constitute 600,000 of the members and 192 of the VSS chairpersons. Scheduled castes and scheduled tribes account for 550,000 members. About 250 NGOs are working in the project. To date 1,144 savings clubs have been established.

Modern nursery technology is used to improve the quality of planting stock. VSS members use grafts to accelerate and improve regeneration of the forests. This has led to increased yields of fodder, fuelwood, and non-traditional forest products. The forests yield more than if they were converted to agricultural or grazing land. Over 25,000 hectares of former agricultural land has been restored to forests. Joint forest management has generated employment and reduced migration of labor to rural areas in 78 percent of the VSSs. The project has also promoted alternative sources of energy, improved water harvesting and irrigation, and other village development activities. All of this has taken place in the last five years, and the project is accelerating.

Sources: "Rejuvenating India's Decimated Forests Through Joint Action: Lessons from Andhra Pradesh," Project Brief, South Asia Rural Development Sector Unit, November 1998; Shivdas D. Mukherjee, Principal Chief Conservator of Forests, GOAP, seminar at the World Bank, December 1, 1999.

3.4 The Bank has adopted a more participatory approach in a number of projects in different sectors, principally in irrigation, water supply, forestry, watershed management, land reclamation, health, and education. Every stage of the project, or at least of the community subproject, has the potential for participation. Recent projects have shown increasing levels of participation in preparation, moving from consultation to collaboration. While the frequency of participation in projects is increasing, that does not say anything about the quality or impact of

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