

**Implementation Status & Results**  
**India**  
**Karnataka Panchayats Strengthening Project (P078832)**

Operation Name: Karnataka Panchayats Strengthening Project (P078832)	Project Stage: Implementation	Seq.No: 12	Status: ARCHIVED	Archive Date: 21-Oct-2012
Country: India	Approval FY: 2006			
Product Line: IBRD/IDA	Region: SOUTH ASIA	Lending Instrument: Specific Investment Loan		
Implementing Agency(ies): Government of Karnataka				

**Key Dates**

Board Approval Date	29-Jun-2006	Original Closing Date	31-Mar-2012	Planned Mid Term Review Date	Last Archived ISR Date	24-May-2012
Effectiveness Date	04-Oct-2006	Revised Closing Date	31-Dec-2012	Actual Mid Term Review Date		

**Project Development Objectives**

Project Development Objective (from Project Appraisal Document)

**The development objective of the project is to improve the effectiveness of service delivery by Karnataka Gram Panchayats (village governments) particularly with respect to the management of public resources and the delivery of relevant services that the rural people prioritize.**

Has the Project Development Objective been changed since Board Approval of the Project?

Yes     No

**Component(s)**

Component Name	Component Cost
Block grants to Gram Panchayats	93.82
Information Systems for Constituents	1.30
Building Capacity of Panchayats	7.30
Building Capacity of the State	1.65

**Overall Ratings**

	Previous Rating	Current Rating
Progress towards achievement of PDO	Moderately Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Satisfactory
Overall Risk Rating		Moderate

**Implementation Status Overview**

An implementation support mission was carried out during July 3-5th for the project. The mission noted substantial progress has been made since the last support mission in August 2011. In March 2012, Government of Karnataka requested the Bank for extending the project by nine months for completing the remaining activities. As the credit is expected to close on December 31st 2012, the mission focused on three issues: (i) assessing the progress made in implementing the remaining activities based on the previous extension of nine months and agreeing on an action plan for completing the activities within the remaining period; (ii) sustaining the institutional development objectives of the project; and (iii) learning

from the project experience to inform the decentralization debates in India. Key issues that emerged from this mission included:

- (i) Sustaining the institutional development outcome of the project. Remarkable efforts have been made since the last mission in sustaining the good governance practices the project promoted at the Gram Panchayat (GP) level. Various guidelines on procurement, environment and disclosure of information are in the process of being developed, however the project needs to complement these efforts with regular training and capacity building of the GPs on implementing these guidelines and proactively providing feedback on the issues/ constraints faced at the GP level.
- (ii) Ensure full implementation of the block grant component. The project since 2006 has released an amount of Rs. 500.8 crores as Block grants and has collected Rs. 407.6 crores as utilization certificates from Gram Panchayats. As of now Rs. 93.2 crores of the block grants have not been accounted for by the GPs. Another Rs. 9 crores is expected to be disbursed in the next two quarters. Given the unaccounted balance, there is a risk that the block grant component will not be fully allocated or spent before the current closing date. Under the Bank's policy, any unspent balance on the closing date will become ineligible and will have to be reimbursed to the Bank.
- (iii) Additional funds due to exchange rate fluctuations. Due to exchange rate fluctuation, the total project amount when expressed in INR is INR 88 crores greater than the originally allocated amount. The assessment of the Bank team is that the project cannot make use of the additional funds before the project closing date.
- (iv) The procurement of SATCOM studios has been delayed for over two and half years in the project. The Bank team was informed the bidding process for procuring equipments would be completed by end August. The time line has again passed and the process has been further delayed. It would be difficult to have fully functional SATCOM studios by the project closing date. The KGSP team was requested to pursue the matter with ANNSIRD, which has been delaying the matter for the past several years.
- (v) Procuring Hand-held devices for a pilot and increasing the coverage based on the experience. For increasing the compliance of own source revenue, generation of digital tax receipts is currently undertaken as a pilot. However, the procurement of the 32 devices has been delayed due to internal government approvals. The pilot, if successful in one district was supposed to cover all the 1341 GPs but given that there are only three months remaining in the project, it seems unlikely that the coverage of the pilot can be extended to other GPs. If the project is extended then some of the additional funds that are there due to exchange rate fluctuations can be used for extending the coverage of the Hand-held devices.
- (vi) End-of-project survey and impact evaluation. This project envisages an impressive evaluation strategy and end-of-project survey. The project has an excellent opportunity to provide rigorous evidence of impact of introducing participatory and transparent governance standards in GPs on quality of GP's development interventions and household perceptions through the impact evaluation work. Lessons learnt can be applied to non-project Gram Panchayats in Karnataka and in other states of India. This work will also contribute to the ongoing debate on decentralization issues in India. It is unlikely that the impact evaluation work and the end-line survey which are elaborate and time consuming tasks will be completed by the current credit closing date. The project has recently awarded the contract to a firm for conducting the end-line survey and carrying out the impact evaluation study.

At the end of the mission, Government of Karnataka expressed its interest in seeking another one-year extension for completing the remaining activities and the impact evaluation study along with the end-line survey. However, the project needs to agree on a timeline and framework for spending the additional funds as well as completing the pending activities.

**Locations**

Country	First Administrative Division	Location	Planned	Actual
India	State of Karnataka	State of Karnataka		

**Results**

**Project Development Objective Indicators**

Public Disclosure Copy

Public Disclosure Copy

Public Disclosure Copy

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Rising number of Gram or Ward Sabhas with agendas relevant to improving service delivery.	<input type="checkbox"/>	Text	Value	4,305 sabhas 747,946 participants	5,530 sabhas 656,862 participants (30 Taluks) Reports from 9 Taluks are awaited.	
			Date	05-Oct-2006	26-Sep-2011	25-Oct-2012
			Comments		Gram and Ward sabhas held: 2006-07 : 4305 2007-08 : 4709 2008-09 : 5602 2009-10 : 5664 2010-11 : 7274 2011-12 : 5530 (30 Taluks) Gram sabhas in all 1341 GP's have completed. Reports from 9 Taluks are awaited.	
Total amount of revenues generated from own sources by all village governments in the project area.	<input type="checkbox"/>	Text	Value	INR 30.7 crore	INR 36.58 crore	US\$ 16 million
			Date	05-Oct-2006	21-Jul-2012	25-Oct-2012
			Comments		2006-7: Rs. 24.72 crore, 31% collection rate 2007-8: Rs 29.63 crore, 34% collection rate 2008-9: Rs 26.54 crore, 34% collection rate 2009-10: Rs 29.07 crore, 31% collection rate. 2010-11: Rs.36.34 crore, 30% collection rate. 2011-12: Rs.36.58 crore, 36.41% collection rate (36 Taluks) Reports from 3 Taluks are awaited.	
Rising satisfaction of village residents with service delivery by gram panchayats.	<input type="checkbox"/>	Text	Value	NA		60%
			Date			
			Comments		Finalization of agency for 'Impact Evaluation and end-line survey' is underway.	

Public Disclosure Copy

**Intermediate Results Indicators**

Public Disclosure Copy

Public Disclosure Copy

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Increased block grants to poor Panchayats equal to IDA disbursements based on formula	<input type="checkbox"/>	Text	Value	0%		100%
			Date	05-Oct-2006	21-Jul-2012	25-Oct-2012
			Comments		GoK statutory grant was Rs 5 lakh per GP at Project Preparation. It was increased to Rs 6 lakh per GP and full amount released. It's now Rs. 8 lakh per GP having below 10000 population and Rs. 10 lakh per GP having above 10000 population. IDA block grant release each year: 2006-07: Rs 46.8 crore 2007-08: Rs 77.6 crore 2008-09: Rs 125 crore 2009-10: Rs 120 crore 2010-11: Rs 84 crore 2011-12: Rs.46.13 crore 2012-13: Rs.1.15 crore	
GP revenues, expenditure and procurement decisions publicly disclosed	<input type="checkbox"/>	Text	Value	3%	95%	90%
			Date	05-Oct-2006	21-Jul-2012	25-Oct-2012
			Comments		Out of 1341 Gram Panchayats of the project area, 1273 GPs have regular disclosure practice information. 2006-07 : 1259 2007-08 : 1324 2008-09 : 1322 2009-10 : 1309 2010-11 : 987	
GPs that have implemented the new Financial Management and Accounting System	<input type="checkbox"/>	Number	Value		1341.00	
			Date		21-Jul-2012	31-Mar-2012
			Comments		Out of 1341 project GPs, 1075 GPs have completed BRS and 875 GPs have completed year-end process for the year 2010-11.	

**Data on Financial Performance (as of 06-Sep-2012)**

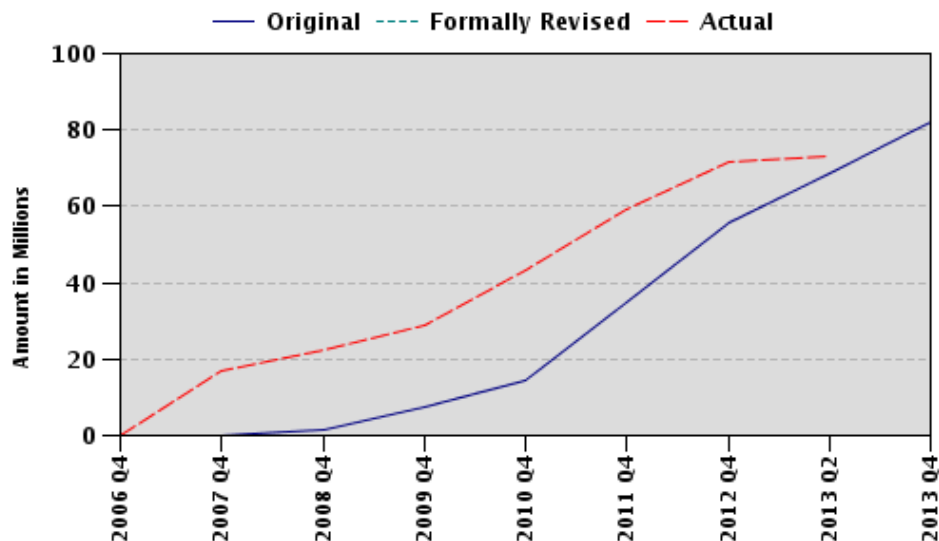
**Financial Agreement(s) Key Dates**

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P078832	IDA-42110	Effective	29-Jun-2006	24-Jul-2006	04-Oct-2006	31-Mar-2012	31-Dec-2012

**Disbursements (in Millions)**

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P078832	IDA-42110	Effective	XDR	82.20	82.20	0.00	73.10	9.10	89.00

**Disbursement Graph**



**Key Decisions Regarding Implementation**

Impressive track record in implementation of the PanchaTantra and in building capacity of the Panchayat officers in financial management, procurement, environment and other activities. About 1.5 lakh workers, officials at the GP level have been trained under the project. Works undertaken with the block grants are of good quality and follow transparent procurement procedures for the 1341 GPs covered by the project.

**Restructuring History**

Level two Approved on 26-Mar-2012

**Related Projects**

There are no related projects.