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PRACTICAL WISDOM FOR GRANTMAKERS

## A CASE STUDY IN THREE PARTS

“These cases can be used in all kinds of settings as a springboard for discussions about the science and art of how we work as grant makers. In addition to the explicit learning obtained from the cases, I see them as a way to encourage practitioners to exchange knowledge about what they know but rarely get to share with each other.”

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*President and CEO*

*The Minneapolis Foundation*

“What a wonderful—and comforting—resource this is! While these cases are about grant making at a major national institution, I found them relevant to my experience in community and family foundations. They are full of rich and accessible lessons for any funder, a model for learning from one’s own practice.”

MELINDA MARBLE

*Executive Director*

*The Paul and Phyllis Fireman Foundation*

“These cases illuminate many of the key decision-making challenges that grant makers face in building strong programs. They’re an excellent resource for all types of foundations.”

KATHLEEN D. McCARTHY

*Director*

*Center for the Study of Philanthropy*

*The Graduate Center, CUNY*

# inheriting a grant portfolio: a case on grant making in water management

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*This case study has been adapted from classic training materials used for many years with new grant makers at the Ford Foundation. It is now part of the GrantCraft series of publications and videos, which invite foundation practitioners to join conversations and solve problems with their peers about strategic and tactical issues in philanthropy.*

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## How to Use This Case Study

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The following pages describe a real episode from the experience of one grant maker at the Ford Foundation. Except for a few identifying details, the circumstances presented here actually arose, and the staff member faced the same questions and choices that this case study presents to you. But the case isn't meant as a history lesson; it doesn't supply all of the grant maker's "answers."

Those are for you to choose.

In short, this is an exercise meant to prompt reflection and imagination. It may be helpful in framing a group discussion or as the basis of a training exercise. (In fact, it was originally written for that purpose.) But it can be just as useful if read in private. It's not a test — there are many possible approaches and solutions to the issues raised here. There are no "correct" ones unveiled at the end.

If you decide to use this case study with a group or in training classes, we suggest giving participants plenty of time to read and think about the case, well before the discussion. Because the case offers an opportunity for readers to put themselves in the place of another person, it may take several readings, or just some quiet time to think, before a reader begins to imagine what she or he would do in this situation. Circulating some open-ended study questions in advance might help to jump-start a discussion, or highlight issues of special importance to the members of your group. We offer some possible questions at the end of this case.

While teaching by case method was made famous by the Harvard law and business schools, its origins go back to medical education. Medical students presented with a live case — say, a person manifesting particular symptoms — would be asked by their instructors to make a diagnosis and to recommend a course of treatment. This mode of teaching

continues to dominate pedagogy in clinical medicine. Meanwhile, case teaching as a pedagogical device has spread widely in professional education.

So we offer this case in that spirit, as a learning exercise and a springboard for formulating ideas — but fortunately, without the life-or-death consequences that a medical case might pose. Several groups have used this case in training sessions or group discussions at the Ford Foundation, and in the process they arrived at different conclusions by different methods. Similarly, we encourage you to think of it not as a way of learning from someone else's experience, but as a way of expanding your own.

## Background

Grant maker Philip Andara knows water-resources management. He knows it as a scholar, having written a dissertation at Cornell on Indonesian irrigation and edited a book on water in Indonesia. And he knows it as a practitioner, having spent ten years working on water in Indonesia, the last three as the Ford Foundation's water-resources officer in Jakarta. When Stewart Stowe, the Ford representative in India, recruited Andara for a foundation water-resources job in Delhi, he wanted more than Andara's technical expertise. Stowe also valued Andara's experience in promoting participatory management of small-scale water resources — an area close to Stowe's heart and to the focus of Ford's work in India. Andara arrived in Delhi as well prepared as anyone without prior India experience could be. What his work in Indonesia had not prepared him for, however, was the immensely greater complexity of India's water issues.

## The Context

India has the world's largest irrigated area, covering nearly twice as much land as irrigation works in China. India also has extremely erratic water supplies for agriculture. Two-

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thirds of India's cultivated land is wholly dependent on rainfall in the form of the annual monsoon, and thus it is subject to both periodic drought and devastating floods. The great river system, which empties into the Bay of Bengal after crossing India (the Ganges) and Bangladesh (the Brahmaputra), produces a volume of floodwater second only to the Amazon. It carries more silt than China's famously muddy Yellow River.

For all its vastness, India's irrigation network is highly inefficient. The result is lower cropping intensity and lower agricultural productivity than on comparable land in many other parts of the world. When Ford first got involved in water management in the 1970s, a natural focus was large state-run irrigation canals that supply almost half the country's irrigation water. The sheer scale of these waterworks meant that the issues of wasteful and inequitable allocation of water appeared here in boldest relief. Water management was also a neglected area, since government agencies were then preoccupied with new construction programs. Ford's Delhi office was convinced that the best way to change attitudes within the bureaucracy was to focus on the systems in which irrigation officials were most interested.

By the early 1980s, other donors such as the U.S. Agency for International Development (USAID) and the World Bank had begun investing in water management to boost agricultural production, and the Ford Foundation thus shifted its attention to the problem of making water management a lever for alleviating poverty. At the same time, it changed its mode of operation from working mainly with government agencies to relying instead on nongovernmental organizations as a way of reaching out to the poor and gaining a better understanding of their needs. In the water-resources realm, this meant turning away from large irrigation systems and toward experimental work on the smaller systems that cover 60 percent of India's irrigated acreage.

The majority of these small waterworks, particularly groundwater pumps, are owned and managed by farmers themselves. As a result, they tend to generate higher yields from the land than state-run systems. Promoting better manage-

ment and fairer distribution of water from small irrigation systems therefore seemed to be a direct and efficient way of improving farmers' livelihoods. One favored approach was to encourage local water users' associations to take responsibility for the repair and management of village reservoirs. It was hoped that once farmers organized, they would feel empowered, and their water users' groups would then begin to lobby for other rights.

## The Legacy

Philip Andara came to India in October 1990 predisposed to support participatory programs like the water users' groups. He was also accustomed to working with a sharply focused grant portfolio. What he found in Delhi was almost the opposite: a \$6 million portfolio consisting of 62 grants, spanning nine states plus Nepal, covering a dozen themes, and involving a multiplicity of national, state, and local government agencies as well as nongovernmental organizations, or NGOs. He described this as "a recipe for frustration."

An average portfolio in the Delhi office was roughly one-third smaller than the one Andara was about to inherit. More recently, the foundation's senior managers had been urging field offices to keep caseloads even smaller. Andara noted that India's combination of ecological diversity and institutional richness tempted a grant maker to diverge in a hundred directions. But it was a temptation he was determined to resist.

Water management in India is formally a state government responsibility. Although the central government wields considerable influence through the power of the purse, states do their own planning and implementation. State governments tend to be jealous of this autonomy and reluctant to learn from one another. As Andara came to see it, working in nine states was like working in nine countries. Not only did the number of states in his portfolio have to be cut down, but the choice of where to continue operating would also have a major effect on the shape of the program.

## *‘A recipe for frustration’*

It could have been worse. Andara’s predecessor, Robert Watt, had been doing the work of two program officers. When he left, 17 grants on farming systems research were transferred to another officer. Even so, Andara was left with an unusual amount of unfinished business: 20 of his 62 grants had already expired and needed to be evaluated and closed out. In Indonesia, Andara had worked with the previous water officer for a year before replacing her. In Delhi, he had only an hour or two with Watt. He was left no annotated list of grants (though two months later Watt provided a long memo on the grant portfolio), no reading list, no list of useful contacts, not even an in-box of critical documents, just an 18-month-old budget that included some prospective grants that were never made. Andara now says that if he’d had Watt’s memo from Day One, he might have gained “a false illusion of the coherence of the portfolio.”

The eloquently argued memo did force Andara to review some of his initial judgments, though he did not end up changing them. He eventually saw it as “a blessing in disguise” that he was thrown in at the deep end.

Andara’s supervisor, Stewart Stowe, provided almost no explicit guidance at this stage. “Everybody agreed that the range [of Watt’s portfolio] was too great,” says Stowe. “We agreed simply on the need to focus and on criteria about government-NGO links and participation.” In corridor conversations with other program officers, Andara confirmed his prior understanding that Ford’s central interest was in social and management issues and only peripherally in technical matters. He also gathered that the Delhi office no longer supported basic research in hard sciences and that it preferred not to put money into hardware like irrigation works. He later learned, after fielding dozens of requests, that although there was no formal ban on funding study and travel for individual Indians, the Delhi office had virtually

stopped doing so. The demand for such grants was nearly infinite, and it was more efficient to channel that kind of support through host institutions. Another unwritten rule was that making a big impact did not necessarily mean tackling the biggest problems or the biggest projects. Replicability and scaling-up were considered crucial. If a small innovation had potential to reach tens of millions of farmers, that constituted impact.

Andara spent his first month in Delhi figuring out what to make of the body of work he had inherited. He categorized his grants, looking for thematic and geographic patterns, and soon found that decreasing the number of themes would have the added bonus of reducing the geographic spread of his activity and the number of official agencies with which he had to work. He charted grants according to expiration data and status of documentation and then wrote to organizations with expired grants, asking for final reports.

Luckily, he had no urgent decisions to make on requests for new grants or extensions of expired ones. In his first four months, Andara closed the files on eight grants, writing final evaluations that Stowe cited as models of their kind.

The people with the most intimate knowledge of Andara’s inherited grants were two Indian consultants who had helped Watt with his overload: A. B. Pant, a former government engineer who worked on water resources, and C. D. Anthony, an agronomist who supervised grants for farming systems. They offered advice on projects and grantees, though Andara later learned to be wary of getting ensnared in Pant’s old-boy networks. He also consulted Ford’s chief grants administrator and spoke to colleagues in other donor agencies: the World Bank, the European Community, USAID, and the Dutch aid agency.

Meanwhile, he checked in with India’s Ministry of Water Resources. But in these early days he did not seek out any water specialists apart from Pant, on whom he relied as a walking bibliography and Rolodex.

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## Into the Field and Narrowing It

After his crash review of his new task and work environment, Andara took to the road with Pant as his guide. From mid-November to mid-February he met all but one of his active grantees. For Andara, the tour was aimed at taking the measure of his grantees and their projects, and at beginning to make choices about how to reshape his grant portfolio. He was looking for strong programs to build on and competent institutions that might be induced to work together on similar problems. His starting assumption: “To work on cutting-edge issues, you need strong cutting-edge institutions.”

Andara’s next step was to define a sharp programming focus. His aim was to demonstrate the efficacy of using the management of natural resources as a vehicle for empowering communities. To meet this objective, he felt he needed visible — and mutually reinforcing — successes. He therefore decided to concentrate his grant making both thematically and geographically. He proceeded via a process of elimination. Andara immediately excluded all states where Ford was not already working. He also excluded Rajasthan, which had only a single, brand-new grant. His reasoning was that it would be wasteful to wander into new areas, since it took so long to find and firm up relations with good partner institutions.

One question that arose early on was whether to continue grant making in the country’s most impoverished region, eastern India. Most of the existing grants in that region — West Bengal, Bihar, Orissa and eastern Uttar Pradesh — came under the heading of farming systems research. Once these were taken away, he had only a scattering of active grants in the region. Bihar and eastern UP were difficult to work in, due to corruption and political unrest. But the very poverty and anarchy of Bihar, in particular, were also reasons not to abandon it. As it happens, Stewart Stowe had been wrestling with this same dilemma for the Delhi office as a whole, but he noted that given a choice between working in



*‘We’re here as pioneers.’*

a state most in need or one most likely to succeed, Ford veered toward the second. “We’re here as pioneers, showing how things can be done,” said Stowe. “So it’s important to have success.” Andara concluded that the remaining grants in eastern India were neither strong enough nor sufficiently relevant to build on, though they would be kept on as outliers until they expired.

Andara was now left with five states as candidates for new grant making: Maharashtra and Gujarat in the west; Andhra Pradesh, Tamil Nadu, and Karnataka in the south. What he would be looking for in these places was a cluster of capable institutions to deal with water questions. Most important would be to find state agencies showing some innovative spark, since government would become the key factor once experimental projects were scaled up. Ford’s mission, as interpreted by Andara, was to stimulate government to do its job better as a service agency. As partners for government, he looked to research centers to lend academic rigor, and to NGOs to infuse a grass roots perspective and act as brokers between farmers and outside agencies. NGOs also provided continuity, which was particularly important because government officials transferred frequently, and because the Indian government tended to fill top jobs with people who were close to retirement. The result was a severe lack of institutional memory in public agencies.

Andara believed that his emphasis on building institutional capacity and inter-institutional links was a departure from most of Ford’s previous water programming in the Delhi office. When government was the main partner, the goals of empowering farmers and alleviating poverty were neglected. When NGOs were the main vehicles, programs tended to stagnate at the level of isolated experiments. Andara’s objective — shared by Stowe — was to blend the best of both thrusts.



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## Finding a Focus

Andara decided that the immediate challenge was to select suitable themes of concentration. He would then pare down his list of states further. His initial conditions were that:

- Any field in which he concentrated should deal with alleviating poverty.
- There should be proven grantees already working in that field.
- There should be potential for NGOs and government to work together.

Based on these conditions, he identified ten possible themes:

- large dams
- interstate water disputes
- management of large irrigation canals
- watershed development
- international water disputes
- legal and constitutional questions relating to water management
- lift irrigation
- small-scale gravity irrigation
- groundwater management
- tank rehabilitation

He ultimately selected the last two on the list for immediate action: groundwater and tanks. Two others — legal questions and international water issues — he reserved for longer-term consideration.

Andara chose groundwater and tanks (really small reservoirs) because they accounted for more than half of India's irrigated land, and because they were mostly under private or community control, making them more amenable to participatory management than large government-run projects. While these fields constituted only a small part of Andara's inherited portfolio, in his view they included strong programs in states with good public and private agencies, and they offered potential for better collaboration among those

agencies. Andara believed that foundation assistance in these areas could have wide repercussions.

Andara postponed grant making with respect to water law for two reasons. First and primarily, he viewed the field as an adjunct to his chosen areas of concentration, not as a stand-alone subject. Second, Andara inherited a large ongoing grant in this area with plenty of money yet to be spent. He then put aside international water disputes because his existing grantees appeared to be covering the terrain for the time being, and were in no immediate need of additional resources.

Andara rejected the six remaining themes because he felt that each carried a significant liability. Large dams and interstate water disputes promised political controversy; thus grants in these areas might not get the government approval that India requires for all foreign-financed projects. The foundation had stopped most work on big irrigation canal management in 1984–85, and Andara did not wish to revisit this decision. Watershed development was attracting significant interest from NGOs as a means of boosting the incomes of poor villagers, but the field appeared to be mired in bureaucracy. Lift irrigation, which involved raising water from a river to nearby fields, did not play a significant role in the wider water scene, and it was well managed by existing water users' associations. And in India, just one struggling grantee worked on small-scale gravity irrigation, making it hard for Andara to see how his India portfolio could have much effect on that field. By contrast, the foundation had a strong gravity irrigation program already operating in Nepal.

Having chosen his themes, Andara returned to the question of where he would work. He immediately dropped Maharashtra from his list. While it was generally a progressive state with good institutions and four good ongoing grants on various topics, none of those topics involved small water systems. Andhra Pradesh seemed a more likely candidate, since it had more tanks than any other state, and it had local agencies that were already familiar to the Ford Foundation. But it had only one grant, and its irrigation department was not strong. So Andara decided to stay away.

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Tamil Nadu was a more obvious choice. The groundwater section in its irrigation department was considered the best in the country, and it had four strong academic institutions doing relevant work, plus a potential NGO partner.

Karnataka's work in tank rehabilitation also looked promising. Andara's predecessor, Robert Watt, had helped set up an NGO called Water Management Association with a two-year grant and a mission to promote links among agencies working on tanks. There were also several established institutions in the state capital of Bangalore, and a respected NGO working on tanks. It was also a drought-prone state that had been a pioneer in decentralized development.

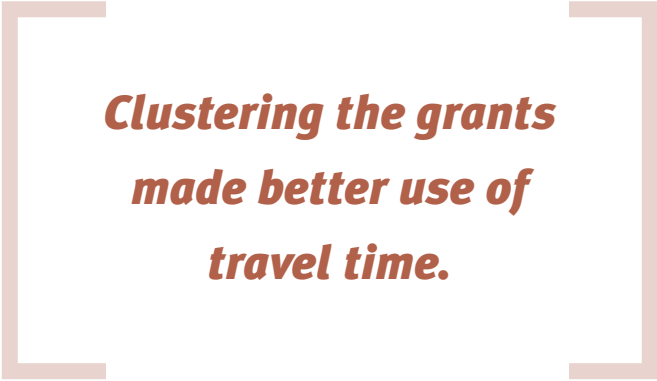
Gujarat had a similar combination of strong NGOs and good academic institutions with interests in both tanks and groundwater. Plus it had reasonably responsive government.

So Andara settled on these three states, where he had inherited good projects central to his chosen themes, and where other Ford program officers also had made good grants. Clustering grant making in three adjoining states would have the added advantage of making the most cost-effective use of his travel time. Geographic and thematic considerations converged to set Andara's agenda in Tamil Nadu, Karnataka, and Gujarat. He would concentrate his efforts in drought-prone areas that were among the poorest in the country, including indigent tribal populations. He describes his final choices for Year One grant making as "placing bets on the strongest ponies already in the race."

## Grant Making Begins

By the spring of 1991 Andara felt he had developed some familiarity with the field and a clear, if broad, sense of direction. He was now ready to consider making new grants. Ideally he wanted to end up with a mix of big and small, labor-intensive, and less demanding. (In Andara's experience, there is no necessary correlation between a grant's size and the amount of time it requires from the program

officer.) His working budget for new grants in the first year was \$720,000. Andara had anticipated a budget of approximately \$1 million, but his predecessor had made a series of last-minute grants that depleted Andara's first year resources. In subsequent years, Andara would have approximately \$1 million annually for new grants.



***Clustering the grants  
made better use of  
travel time.***

He had intended to allocate this money in roughly equal portions to the three Indian states, to Nepal, and to a handful of outliers. Yet he immediately ran into the need to make a large \$405,000 grant for work on farmer management of irrigation in Nepal, to be carried out by a distinguished international organization based in Colombo, Sri Lanka.

This was the third extension of a top-grade program in a world class institution. Watt had planned on allocating \$100,000 to this effort in the expectation that other donors would offer supplementary support. That did not work out as planned, however, and there was now some danger of losing the momentum that the program had begun to build. The farmer-management project needed to ensure its own survival, widen its scope and prepare the ground for other Nepali agencies to share its mission. Andara calculated that this would require some \$400,000 and that the opportunity was too valuable to pass up. Stowe agreed.

That left substantially less for his refocused program work in India. With the remaining funds, Andara made two grants totaling \$236,000 to projects directly related to his India themes:



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- \$164,000 over two years for research on groundwater in Gujarat, and
  - \$72,000 over three years for work on managing scarce and overexploited groundwater resources in drought-prone states.

He also made a grant of \$30,000 to support the writing of a book on irrigation. His final first-year grant, which had been in the pipeline and his budget when he arrived, was \$49,000 for farming systems research. Hence, of the five water-management grants Andara made in his first year, only two, representing less than a third of his budget, addressed his planned concentrations in India.

## Dealing With the Great and the Good

Andara receives more than 100 unsolicited grant requests each year. Most of these get polite letters of rejection, with a referral to other funders when possible. He never refuses an interview request. Andara believes that he has less trouble fending off political pressures than do most program officers because water management doesn't attract as many powerful or eminent figures as do some more glamorous areas of work. But he recalls two cases when he was approached by people with unmistakable clout.

In one instance, a group of retired senior engineers had talked with Watt about support for their recently-established NGO, and he had listed them among prospective grantees. Their mission was to organize water-users' associations, but none of the directors had previously done any grass roots organizing, and their budgeted salaries were unusually high for an NGO. The project appeared to be a job creation scheme for ex-bureaucrats, but because the leaders were senior people, Andara went to meet them. He explained that Ford did not want to support isolated projects, but preferred arrangements in which NGOs were collaborating with state governments. "They weren't visibly angry, though eyebrows

were raised during the discussion," he recalled. Later, without informing Andara, the men took their proposal directly to Stewart Stowe. He upheld Andara's rejection.

The most distinguished applicant to come to Andara was the recently retired chairman of the Central Water Commission, a very influential figure in water circles. He came on the advice of consultant A. B. Pant to ask support for a conference and book on state-of-the-art water management. There were several problems: Although his list of participants contained many big names, their subjects were wholly technical; and the chairman had allowed only two months' preparation time for the conference. Andara explained that time was too short to get government approval, that the group was not an authorized recipient of foreign money, and that Ford's current interest was in management, not in technical matters. The applicant agreed to beef up the management side of his agenda and to apply for grant-recipient status. Andara decided that this grant would be safe as well as small (\$25,000), that the product would be useful, if not particularly spectacular, and that it would require very little of his time. The fact that the ex-chairman was from Gujarat did not weigh heavily in his decision, Andara says, though the man's influence did. Andara discussed the matter with Stowe, and they agreed that if the applicant returned with a revised proposal, the grant should be made.

## One Year Down

By the end of his first year, Andara had closed out the 20 expired grants left over from his predecessor's work, made four new grants, and taken on four from other officers; but he had yet to affect the shape of the water portfolio. It was still too large – 50 grants – and too wide-ranging. During his second year, another 20 grants would expire, and he expected to make about a dozen new ones. It would take three years before new grants outnumbered old ones. Andara leaned back in his chair, reflected on his progress and contemplated next steps.

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## Sample Study Questions for This Case

In preparation for discussing this case, try answering the following questions and compare your responses to those developed by your study group partners.

- 1. Given the information in the case, what would count as success at the end of a five-year tenure for Philip Andara?**
  - What important milestones would you expect him to pass along the way?
  - How far would you expect him to get in the first year?
  
- 2. If you were Andara, what specific things would you want to do to get on track and stay there during the first year?**
  - How do the tasks you have selected compare with Andara's actual choices?
  
- 3. How would you characterize Philip Andara's operating style?**
  - How does his style compare with your own?
  - What do you see as Andara's strengths and weaknesses in relation to the tasks you believe need to be accomplished during year one?
  - How do you think Andara's operating style influenced his selection of activities?
  - How do you think your own strengths and weaknesses influenced the priorities you laid out in response to Question 2?
  
- 4. If you were in Philip Andara's shoes at the end of the case, what would you do next?**

A CASE STUDY IN THREE PARTS

# inheriting a grant portfolio:

a case on  
grant making  
in water  
management

PART TWO

**Two Grant Considerations**

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## Two Grant Considerations

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Early in his second year, Philip Andara, the program officer responsible for water policy in the Ford Foundation's Delhi office, faced two difficult decisions. The first involved an extension of a grant made by his predecessor — a grant that fell outside Andara's chosen focus both in subject and location. The second was on a proposal for a new grant that would support the groundwater and tank themes in Gujarat he had identified in his first year as a grant maker in India.

### A Flickering Candle in a Large Dark Spot

Early in the 20th century, timber contractors had moved into the east Indian state of Bihar and turned a forest in the southern district of Daltonganj into a degraded wasteland. Unlike most denuded forests, all of the land was still under private ownership — some large tracts held by the original contractors' descendants, some small plots owned by villagers. The primary use for the local land was grazing. In 1986, E.F. Gupta, an ex-forester and a veteran of a successful Ford-funded project in Haryana, came to Daltonganj to begin a cooperative-farming project involving a new vision of forest management. His dream was to reforest the district in five years and at the same time to make the barren land bloom. He initiated a form of passive land reform, brokering an agreement between landowners and a village association to allow unproductive land to be developed cooperatively, without any transfer of land titles. The produce, a variety of non-wood forest products, would be divided three ways: among the landlords, the association, and the farm workers, most of whom are tribals who share the lowest rung on India's social ladder.

Andara's predecessor, Watt, had given the project a three-year grant of \$50,000. And Gupta had also obtained planting materials and money from two other donors.

By 1991, when Philip Andara visited Daltonganj, the project had expanded from an initial five villages to 30, and the surrounding "wasteland had been turned into a vast market garden," producing a wide range of crops, including papaya, guava, eggplant, ginger, turmeric, bamboo, and eucalyptus. Farmers' incomes had tripled and outward migration had virtually stopped. As a result of a savings plan that was part of Gupta's project, villagers had access to personal credit for the first time.

But there were serious problems. Local buying power was extremely low and the market soon became glutted with papayas. Although local enthusiasm for the program was high, there were disputes about whether to plant for subsistence or for sale, and there was tension between tribal and non-tribal members. There was a concern that landlords, having seen the potential of their previously barren holdings, would cancel the informal agreement and withdraw their lands. The anticipated five-year timeframe for tree-planting was turning into eight.

The project's financial planning and reporting were weak and, as a result, outside funding had dried up. Gupta wanted more money from Ford to extend the project in time and geographic scope. Andara was concerned about the project's lack of administrative capacity and diversified funding, nor did it fit into his themes. Because of its inaccessibility, he also would not be able to give it much hands-on attention. But it was an innovative experiment that benefited not only the very poor but a whole, mixed community. And it might be replicable, if not in other parts of the country, at least in similar impoverished areas of the state. One of the hardest decisions Andara faced as he started his first full grant-making year was whether to risk further support for this "flickering candle in a large dark spot."

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## Poor Little Rich Agency

Next, Andara looked at the Rural Support Program, an NGO that was working in three rural districts of Gujarat on a wide range of small-scale water projects. It shared Ford's interest in developing local management of water resources and saw itself as a broker between government and villagers. The program encouraged villagers to articulate their needs and to form local associations; then it sought out government funds to finance those priorities, sometimes assisted by private sources. Nearly half of the \$3.6 million it had spent since the program began (six years prior) came from a single overseas funder. But it regularly looked for other partners. Ford was already working with the program on its forestry project.

Romesh Khan, the program's first and only chief executive, was an articulate ex-civil servant with personal connections to top government officials. His term had ended, but he was staying on until the program's board chose a successor. Neither Khan nor any of the program's staff were members of the Ismaili Muslim community, but Gujarat had been chosen by its lead funder at least partly because it had India's largest concentration of this minority group.

The program was carrying out several innovative experiments involving farmer management at that time. In Pingot, a poor tribal village in eastern Gujarat, they had received state permission to take over an inoperative reservoir and irrigation system and to run it on behalf of the local farmers. They discovered that the structures had major physical flaws, so had gone back to the government to negotiate for a repair budget. The work was carried out by villagers who earned much-needed extra income, rather than by a commercial contractor. The results were that a wasted investment became productive and poor farmers were able to raise commercial crops as well as to feed their families from household gardens.

The program's representative in the village was a Hindu woman from Kashmir, who communicated easily with the male farmers. Tribals take a more liberated view of women

than is often the case with the majority Hindu castes in India, and the women in Pingot had formed their own group, which succeeded in getting a share of water allocated to household gardens. As such, Pingot was a controlled study of the value of water users' associations. Half the village organized itself, and that half paid its water charges in full; whereas in the other half, where farmers had not joined, some failed to pay and thus failed to get water.

Andara spent five days in Gujarat, visiting the village and other sites. For two days Khan accompanied him, touring projects and conferring with the head of the state irrigation department to explore state backing for turning over other defunct irrigation works to users. Andara was surprised at how relatively little construction was needed to revive some of these incomplete and unproductive systems. He was also struck by the caution and unimaginativeness of many of the bureaucrats he met.

Khan presented Andara with a verbal proposal for support for the program's work on water resources. Funding would cover the costs of training and travel expenses for NGO staff, farmers, and government officials plus monitoring and documentation of its ongoing programs. These included action research on ways to make water use more cost-effective by such methods as changing cropping patterns, increasing pumping efficiency, or building wells inside percolation tanks to stop water flowing out to sea. They also wanted to continue and expand efforts to mobilize farmers to rehabilitate and manage small irrigation systems.

The Gujarat government was eager to let the program take over non-functioning water systems scattered throughout the state. "They want to give us a burning house," one member noted. Khan's hope was to induce government to provide money to repair or rebuild tanks and canals by offering matching private funds. Khan's estimate for reviving defunct irrigation works — at that time, he reckoned there were as many as 200 statewide, some of them financed with \$30 million of World Bank money — was \$133 a hectare, compared with state norms that were more than ten times higher to build an irrigation scheme from scratch. He asked

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Ford to supply half the estimated cost of a three-year program covering 5,000 hectares – about \$350,000. Khan argued that cost-sharing would help him leverage money out of a reluctant government. It would also enable him to insist that training and user-participation be part of any reconstruction plan. He had dreams of expanding the program horizontally into other states and scaling-up vertically into larger irrigation schemes. He turned to Ford for support because the program's lead funder would not pay for hardware and because the program's board was ambivalent about the agency's focus on irrigation. Andara agreed to review Khan's two-part request.



A CASE STUDY IN THREE PARTS

# inheriting a grant portfolio:

a case on  
grant making  
in water  
management

PART THREE

## **Epilogue**

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## Epilogue

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Andara decided that cutting off the impoverished tribals of Daltonganj would be “ruthless.” He also concluded that even if Gupta's approach would only be replicable elsewhere in the state, the area was so large and needy that this could count as success. He made the decision in principle to provide the project with additional support: \$100,000 for staff salaries and overhead. Although Gupta was very keen to expand and scale up, Andara advised caution. He asked his predecessor, Watt, to spend some time on site to decide on the timeframe for the new grant. He also decided to look for a partner agency – perhaps Catholic Relief Services – to help out on the ground. A partner agency might provide direct inputs such as farmer wages to help stabilize the project’s chaotic finances.

In Gujarat, Andara was impressed by the Rural Support Program’s work and by its high-caliber leadership. But he remained concerned because Romesh Khan was about to leave, the board of directors was not enthusiastic about irrigation projects, and the state government might not come through with funds for reconstruction. There was also a risk that the government of India would hold up approval for a second Ford grant to the project less than a year after its forestry grant. Still, he was ready to provide about \$120,000 over three years for “software” – that is, for training, travel, and documentation, though the exact sum would depend on the number of sites and staffing needs. But Andara resisted Romesh Khan’s entreaties for help with building costs, which would be a huge part of his annual budget, and instead suggested another possible source of funds.

Elsewhere, Andara’s choice of geographic focus, which appeared so safe, hit trouble in the southern Indian state of Karnataka. New state leaders were too preoccupied with pursuing a dispute with a neighboring state, Tamil Nadu, over contested river-water rights to focus on tanks and groundwater. Their efforts to recentralize power also undermined the local authorities which Ford had hoped would be its partners in restoring rundown tanks, and a central government agency that funded NGO projects held up approval of funds. In addition, the large, established NGO which was doing tank rehabilitation did not want to expand this work

and so was not generating the hoped-for momentum. But the most serious problem was a civil war inside the Water Management Association, the NGO grantee which Watt helped set up. The head of documentation was suing the NGO director for breach of contract and cited conversations with Watt in evidence. This was the first time Ford had ever been involved in a lawsuit in India. Andara’s first priority was to extricate the foundation from the suit.

The grant to the Water Management Association ran until the end of 1992. Andara planned to reassess his focus on Karnataka at that point, perhaps replacing it with work in Maharashtra and Andhra Pradesh. For the time being, he decided to let things take their course in Karnataka and concentrate his efforts on Tamil Nadu, Gujarat, and Nepal. His experience with the Water Management Association made Andara leery of getting involved in creating grantee agencies.



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