



WFP Innovating with India

Improving Food Security and Nutrition for the Most Vulnerable

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World Food Programme

WFP's TPDS 3S Model Strengthens the World's Largest Social Safety Net, the Targeted Public Distribution System



TPDS 3S Model - Secure Strengthen Save

The World Food Programme (WFP) signed a Memorandum of Understanding with the Ministry of Consumer Affairs, Food and Public Distribution to strengthen the existing Targeted Public Distribution System (TPDS). WFP led the development of the TPDS 3S model – which serves as a national level, technology-led, best practice framework for subsidised food delivery. The TPDS 3S model can be fully adapted given specific State level contexts.

Over a number of years, WFP has worked with the Government of Odisha to test, design and share TPDS best practices. This work included testing state-of-the-art technology such as biometrics. The TPDS 3S model is based on WFP's work in Odisha, as well as other best practice examples from across the country.

The TPDS 3S model supports State Governments in India to:

1. Ensure food **security** for the most vulnerable people, for example with better targeting of the entitled individuals. WFP will also support State Governments and beneficiaries, to turn the massive efficiency savings expected through the TPDS 3S model into delivery and promotion of more nutritious foods.
2. **Strengthen** States by developing the skills and capacity of Government and staff.
3. **Save** money through technology-driven efficiency savings.

WFP provides State Governments continuing technical advice and support to implement fully customised versions of the TPDS 3S model and works with them to build a system that puts people and accountability at the heart of subsidised food delivery.

The System

India's subsidised food distribution system, the Targeted Public Distribution System (TPDS), currently serves around 65 million of the poorest families across India, with vital monthly supplies of subsidised wheat, rice, sugar and kerosene oil.

The TPDS is one of the world's largest food distribution systems with a long and complex supply chain: from procurement, transportation, storage and distribution through 500,000 dedicated Fair Price Shops across the country.

The Problem

There is significant variation in the performance of the TPDS across the country. Studies over the last decade have found that an estimated 30-58% of food grains do not reach the intended families. Vulnerable families are poorly targeted and a lack of transparency has led to 'leakages' – food that leaves the system illegally.

There have been a number of corrective measures to the system; however there is no consensus and inefficiencies remain with grave implications for the most vulnerable

people. Various pilots designed to offer solutions have had varying degrees of success but none has been shown to be scalable across the country.

The Opportunity

The need to improve TPDS is even more critical with the recently passed National Food Security Act (NFSA), which increases the population entitled to subsidised grains. With the passing of the NFSA around 67% of individuals in India - more than 10% of the entire world population - will be covered by the legal right to access subsidised food. The NFSA also means State Governments are now legally responsible for any failure to provide food entitlements to citizens.

The increased coverage of the NFSA therefore provides an opportunity to strengthen the TPDS. The political commitment has been backed with financial provision by the Government of Rs. 884 crores (US\$165 million) in the first phase of TPDS computerisation. This phase focuses on digitisation of beneficiary records, supply chain automation and effective ways through which the public can raise complaints or concerns about the delivery of their subsidised food.

Other significant factors in the supporting environment include an expansion in rural infrastructure with electricity and data connectivity to more than 90% of India's villages. India's biometric-linked unique ID, Aadhaar, which uses cutting edge technology for iris and fingerprint recognition is also moving ahead at a fast pace. Aadhaar can authenticate beneficiaries in real-time for some 31 different welfare programmes. Over 400 million Indians have already enrolled under Aadhaar; the entire population of India is expected to be covered by the end of 2014. Full Aadhaar enrollment provides a huge opportunity and a cornerstone for the WFP led TPDS 3S model.

The Urgency

Despite India's economic growth trajectory over the last two decades, significant pockets of hunger remain. Although India grows enough food to feed itself, in 2013 it is still home to around 25% of the world's undernourished people. According to the Government around 43% of children under the age of five are malnourished and more than half of all women of childbearing age are anaemic. Given the scale of malnutrition there is an urgent need to ensure TPDS serves vulnerable people.



The urgency to strengthen TPDS is also needed to meet the strict timelines outlined in the NFSA. WFP believes that the time is right for a coordinated, large-scale effort across multiple States to ensure this once in a lifetime opportunity to transform the TPDS is taken up.

The TPDS 3S Model Explained

The TPDS 3S model, built together with the Boston Consulting Group, aims to support State Governments to accurately target those most in need of food subsidies – ensuring the most vulnerable are included and those who are not entitled are excluded. The Aadhaar biometric ID can be leveraged to help authenticate the right beneficiaries. The TPDS 3S model also helps State Governments to reduce the level of illegal transfers of the food subsidy and aims to give everyone involved particularly service providers and beneficiaries, more convenience in delivering and receiving their food entitlements.

From the food storage warehouse to the point of sale to a beneficiary – the TPDS 3S model recommends end-to-end computerisation to improve efficiency and transparency of delivery. This will not only better serve those in need but it will improve accountability of the system and reduce food being illicitly diverted from intended households.

An overview of some of the options for what is possible with the TPDS 3S model



De-duplicated and clean beneficiary list



As WFP's Rayagada experience shows, beneficiary lists can have duplicate claimants. Digitising beneficiary lists and removing the duplicates is important to reduce this risk. Depending on time and budget there are various options for State Governments to undertake this (from replacing existing cards, to overhauling the whole system). Biometric 'de-duplication' is the most reliable and secure method and Governments can leverage Aadhaar ID coverage, which can be mapped to the ration card data to weed out duplicates.



Ration card database maintenance system



Currently State Governments can struggle to maintain accurate data – given changes of address, births and deaths and with migratory workers. Easily accessible facilities for beneficiaries can support easy modifications to data. These can be managed at Block level, Panchayat offices or through Common Service Centres, which can offer other management solutions too, including a walk-in complaints and redressal system.



Automated food stock monitoring systems



Existing paper-based procedures mean there is scope for manipulation of stocks allocated to sales reports and many shops report a zero balance with additional grains siphoned off. Point-of-sale devices connected to a centralised database can facilitate better monitoring of actual sales. Stock allotment can be more responsive to demands and support people's choice of the Fair Price Shop they actually buy from.



Automated SMS dispatch notification



Community based vigilance committees are central to monitoring stock delivery. SMS text messages with stock delivery notifications sent to vigilance committees and all members of the community involves important stakeholders in monitoring.



Point-of-Sale online transactions



Under the current TPDS there is potential for misreporting of sales. Point-of-sale devices make stock ordering and the actual sales recorded more accurate, and root out opportunities for corruption. With 90% connectivity of villages (through mobile phone technology), this is a real possibility even in remote areas.



Freedom to purchase from any Fair Price Shop



Under the current system beneficiaries are tied to a single Fair Price Shop regardless of the service or performance of the shop. This dependency and imbalance of power leads to poor service. There is no disincentive to provide bad service and likewise there is no incentive to perform better with only a fixed number of ration cards for each shop to serve. The TPDS 3S model advocates a market mechanism where people are free to choose which shop they purchase from - beneficiary choice and convenience will weed out bad service.



Improved viability of Fair Price Shops



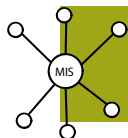
Despite being central to the process, few Fair Price Shops are actually financially viable and this is a significant cause of pilfering. Support and collaboration of shop owners is critical for the success of changes in the system. Shop owners need to understand and operate new tools, technologies and processes. Further incentives need to be incorporated to help make the shops viable.



Accessible, effective complaints system



Currently TPDS lacks accountability to those it aims to serve. The National Food Security Act makes redressal procedures integral to TPDS. An effective system needs to log and track complaints and offer proper and timely solutions. The TPDS 3S model recommends multiple channels for complaints to be registered (e.g. online, letters, toll-free help-lines). A redressal manager and vigilance committees can also be closely involved.



Management Information Systems



In the existing TPDS it is difficult to understand gaps in service and to offer tried and tested solutions. A robust Management Information System would capture data accurately and convert this into useable reports for analysis so relevant authorities can take appropriate actions and relevant stakeholders can be informed. All stakeholders need to be able to access information to improve the system and to track changes made to it. Vigilance committees and beneficiaries should be able to access reports on the TPDS 3S model via a public transparency portal.

WFP Innovating with India

WFP draws on more than 50 years of experience in India to support the Government in finding solutions to strengthen the country's food safety nets in order to address existing levels of malnutrition and food insecurity in the country. Over the last few years, WFP has transitioned from direct provision of food aid, into delivering advice and technical support to the Government of India to improve delivery of subsidised food through the TPDS.

State Governments are free to adapt TPDS to their local contexts allowing a great deal of flexibility in running



what is a massively complex system. However, until now this has meant State Governments have had to make decisions based on limited evidence of successful innovations. Transformation of TPDS based on a model developed from tried and tested processes is most likely to succeed. For TPDS to run efficiently, WFP advocates State Governments to consider the TPDS 3S model.

The proposed TPDS 3S model is flexible and can be scaled-up across States; and would cost an estimated Rs. 3000 –3600 crores (US\$500-600 million) to be implemented nationally. This is projected to result in savings to the tune of Rs. 6000 crores (US\$1-2 billion). **WFP estimates that about Rs. 12-15 crores (US\$2-2.5 million) can be saved per district per year by implementing the TPDS 3S model. Nationally these savings could total 8-10% of the current food subsidy - representing a return on investment within less than one year.** Financial savings are crucial for the investment needed to improve the nutritional content of the food rations provided.



WFP in Odisha - The Rayagada Experience

WFP understands the real complexities of running the TPDS. WFP has several years of first-hand experience of working with the Government of Odisha, in Rayagada district where more than one million people are served through nearly 400 Fair Price Shops. Rayagada is a difficult place to operate with a 60% population of tribal groups, high illiteracy rate, poor infrastructure and high levels of pilfering of food stocks from the TPDS.

WFP tested TPDS reforms using various Information and Communication Technologies including trials of a biometric-led TPDS system. The TPDS 3S model is based on the Rayagada experience as well as a 6-month comparative study of TPDS models across the country, which WFP undertook with the Department of Food and Public Distribution.

WFP's experience in Rayagada has demonstrated real impact by improving the targeting of the most vulnerable people, reducing leakages of food from the system and by giving people more convenience when they access their right to subsidised food. Biometric 'de-duplication' for example uncovered more than 10,000-duplicated families. It is probable that a technology led TPDS, including through the TPDS 3S model, will find similar scenarios across the country, with 'ghost' claimants and duplicated families registered.

Following WFP's work in Rayagada, 27 Fair Price Shops in urban areas of Rayagada and 6 in rural areas now operate Point-of-Sale machines that biometrically authenticate beneficiaries. More than 53 Fair Price Shops in rural areas are upgrading to the TPDS 3S model and the Government is now in charge of day-to-day operations.

AADHAAR NFSA
FPS TPDS
FOOD SECURITY TPDS 3S MODEL

How WFP Can Offer Support

The TPDS 3S model is guided by the principles that genuine beneficiaries should not be denied service and that technology can make delivery of food rations more efficient. WFP uses its extensive ground level experience to support State Governments across the country, offering support, advice and on-going technical assistance, through what is a complex but urgently needed undertaking to strengthen the TPDS.

There is a great deal of diversity across the country in operating conditions. To cope with these varied contexts WFP works closely with State Governments to tailor and customise best practices. WFP's plan for a coordinated large-scale engagement with the TPDS 3S model proposes three-levels of intervention that range from full engagement in State TPDS implementation efforts through State Project Management Units, to an advisory and advocacy focused role.

WFP support can come in the form of:

- Customising TPDS 3S model Solutions Packages - working alongside State Governments with practical support (this consists among others of tailored TPDS 3S model designs, standard operating procedures, implementation plan, costs, timelines and best practices, contingency plans for system malfunctions and glitches).
- WFP can support State Governments with its expertise, advice and analytical support. There is the option to have WFP staff embedded within Government structures, as a way to give more direct support in the day-to-day monitoring of how the system is working in specific contexts.
- WFP can also act as a repository for learning and best practice for TPDS. Working closely with State Governments on TPDS reform allows WFP to share lessons learned through its field experience.

The proposed TPDS 3S model addresses all major implementation issues to improve TPDS efficiency. This requires a focused effort from State Governments and all stakeholders to ensure food entitlements reach the most vulnerable.



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