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Background Study for the Swedish
Country Strategy for India 2003–2007

Democratic Decentralisation in India

Foreword

It is clear that an honest effort to alleviate poverty and promote sustainable development in India requires considerable decentralisation of government authority, well beyond the state level. The passing of the 73rd and 74th Constitutional Amendments in 1992 was a crucial step in this direction, identifying Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as agents of self-governance and giving them the responsibility for preparing plans for promoting economic development and social justice.

While most states have ratified the 73rd and 74th Amendments in state acts and held elections, the quality of political, administrative and fiscal decentralisation varies widely from one state to the other. In general, states have not matched the functions devolved to local government institutions with the necessary administrative reforms, or by devolving financial powers. As a result, PRIs and ULBs have neither the capacity to implement assigned functions – which remain de facto under the control of state administration – nor do they have the control on resources to make relevant decisions.

The Swedish International Development Cooperation Agency (Sida) is currently preparing a new Country Strategy for India. As part of this exercise, the Embassy has asked Dr James Manor to provide an overview of the key challenges facing India in terms of decentralising powers and resources to PRIs, and guide Sida in how to speed up and strengthen this process.

We are pleased to share with you his findings and recommendations.

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The views and opinions presented in this report are solely those of the named authors
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1. Introduction

This report seeks to provide Sida's New Delhi office with information and suggestions that may help in developing a policy to support democratic decentralisation in India. The remainder of the report consists of three sections. Section 2 discusses the promise of democratic decentralisation in India and in less developed countries more generally, and Section 3 its limitations. Section 3 is far longer — not because limitations outweigh promise, but because they have more policy dilemmas for Sida. The material in Sections 2 and 3 was presented to governance specialists and others at Sida in Stockholm in January 2002, as a contribution to their current efforts to develop a global policy on democratic decentralisation. Section 4 of Report then examines issues and policy options that Sida faces as it seeks to support decentralised institutions in India.

2. The Promise of Democratic Decentralisation, in and beyond India

To place this discussion in an international context, let us briefly survey the most recent thinking on the promise of democratic decentralisation in less developed countries (LDCs). When democratic institutions at or not too far above the local level are given significant powers and resources – which are *essential* if such systems are to work well – many good things usually follow.

Popular participation in the policy process and in local politics almost always increases. More people participate, more often and in more ways — campaigning, contacting bureaucrats and elected representatives, protesting, petitioning, etc. Civil society is galvanised – more people join voluntary associations which become more active and numerous, and do more things. This strengthens “political and civic pluralism” which Sida rightly values.

When it works well, democratic decentralisation also enhances the transparency of government, and the flow of information between government and citizens (in both directions). Transparency increases because a much larger number of people than before can see how much money government has to work with, and what is happening within the policy and political processes. The amount of information passing up to government from citizens – through elected members of decentralised bodies – soars. And information passes down from government to citizens more effectively because elected representatives are far better than bureaucrats at explaining why government policies make sense, in language that their constituents can understand. This increases the uptake on, for example, vitally important health programmes.

Democratic decentralisation also tends to enhance accountability. Two kinds of accountability are involved here – the accountability of bureaucrats to elected representatives, and the accountability of the latter to citizens. It is not easy to make progress on either front, but if pressure is brought to bear – both from below and, especially, from higher up – significant change can occur.

Above all, when democratic decentralisation works well, it makes government more *responsive*. The speed and quantity of responses (actions, projects) from government increase and – more crucially – so does the quality, if we measure ‘quality’ by the degree to which responses from government conform to popular preferences.

For all of these reasons and more, systems that work well enhance the legitimacy of government in the eyes of ordinary people. They break down popular cynicism about government, and ease the frustration of small-time political activists by giving them offices that they can win.¹

3. The Limitations Democratic Decentralisation, in and beyond India

This section examines six problems that impose limitations on the contribution of democratic decentralisation to development, improved governance and social justice. All six can be found in numerous LDCs, but the last two have attracted particular attention in India. The explanation for that may be *not* that those problems are worse in India, but that Indians are more vigilant and outspoken about such matters than are others.

3.1 Democratic Decentralisation Often Fails to Work Well

The comments in Section 2 above referred to cases in which democratic decentralisation works well in LDCs. Unfortunately, it often fails to work well. Malfunctions usually occur because elected bodies at lower level have not been given adequate powers of resources, or (less often) because accountability mechanisms are weak. If any of these three essentials is *totally absent*, the system will *fail*. If (as is usually the case) one or more of them are *present but in weakened form*, the system will operate imperfectly. Imperfect systems can perform reasonably well, or limp along rather sadly. Most systems across Asia, Africa and Latin America – and in India – can be placed somewhere in this category. (See Section 4.9 below.)

3.2 Democratic Decentralisation and Poverty Reduction

Decentralised systems can help to reduce poverty that arises from inequalities *between* regions or localities – because it tends to provide all arenas with equitable representation and resources. But in LDCs, poverty arises more often from inequality *within* regions or localities. It is more difficult for democratic decentralisation to reduce that kind of poverty, because it entails the creation of political arenas at lower levels within which existing patterns of social relations (including inequalities) manifest themselves. This sometimes results in elite capture of new decentralised bodies. It also implies that decentralisation's impact on this type of poverty is thus usually neutral. It may even reinforce local inequalities in cases where it entails the transfer of powers to local arenas where prejudices against poor, excluded groups are stronger than at higher levels.²

Recent studies suggest however, that two things should be set against these rather grim comments. First, we have recently identified several sets of conditions in which democratic decentralisation may enhance poverty reduction *within* localities. Three of these are somewhat common in LDCs. They are as follows:

- a) when rival parties and/or elites in the wider political system and/or at lower levels, compete to appeal to poor voters, and/or

¹ For much more detail, see J. Manor, *The Political Economy of Democratic Decentralization* (World Bank, Washington, 1999), chapter six.

² *Ibid.*, pp. 105–07.

- b) when poor and/or formerly excluded groups gain sufficient seats on decentralised bodies to make it necessary for leaders to create alliances with some of their representatives, and/or
- c) when the vast majority of people living within an arena served by a decentralised body are poor.

These circumstances arise often enough to ease some of the anxiety about decentralisation's impact on poverty.

There is a second mitigating point. *Over time*, poorer, previously excluded social groups can be expected to acquire more skills, confidence, contacts, and organisational strength as forces contending for influence within decentralised systems. They begin with far less of these things than prosperous, higher-status groups. But in time, they begin to catch up. Elite capture thus becomes more difficult, and poor groups may wrest more from the system than at first.

3.3 The Problem of 'Long-Term Planning from Below'

Democratic decentralisation seldom results in effective long-term (two- to five-year) planning from below. This comment may come as a surprise, since there are numerous detailed articles and books analysing such planning processes. But most such exercises only *appear* to occur (because governments insist that they take place), while in reality do not. Elected members of councils usually fill out forms containing essentially fictional 'plans' to satisfy bureaucrats, without any intention of following them.

This 'limitation' is not, however, a serious problem. It is actually not a bad thing that the technocrats' ideal of a long-term plan is sabotaged. Elected representatives have good democratic reasons for this. They do not want their hands tied years in advance of who knows what – a drought, a flood, an outbreak of disease, or even a change in popular preferences. They want to be able to respond to the unexpected, and to maximise their discretion. They want this in order to remain popular, but it also helps to promote more responsive government – a very welcome outcome. Here as on many other fronts, untidy democratic 'politics' produces better results than fastidious 'technocracy'.

3.4 Multi-Purpose Decentralised Bodies and Single-Purpose User Committees

One further trend – which ought not to impose 'limitations' on *panchayats*, but which often does – is the recent proliferation of 'user committees' linked to programmes in a wide diversity of fields (watershed development, joint forest management, education, health, etc). Such committees are theoretically intended to promote the participation and influence over policy of local residents who provide most or all of the committees' members.

So many such *single-purpose* committees have emerged since the mid-1990s across LDCs that we can describe this as a 'second wave' of decentralisation – after the 'first wave' which saw the creation of *multi-purpose* elected bodies at lower levels from the mid-1980s onward in a huge number of countries. Decisions to decentralise in the first wave were largely taken by LDC governments – donors trailed behind. But the second wave is mostly donor-driven. LDC governments have less commitment to the idea, and they tend more often than during the first wave to seek to maintain tight top-down control over them.³

³ Certain types of user committees are more likely than others to be controlled from above or captured by local elites. The 'more likely' types include those which are in sectors that are technologically complex (such as watershed development) and those in which the state or private interests or both stand to gain substantial surpluses from resource management (such as forestry)

Difficulties tend to arise in the *inter-relationship* between multi-purpose elected bodies and single-purpose user committees. The two types of bodies often exist at slightly different levels – with, for example, one covering a single village and the other a cluster of villages – which makes synergy between them difficult. There is often confusion about which of the two types of bodies has jurisdiction over a particular topic – water use, education, etc. Such confusion is sometimes deliberately sown by politicians and/or bureaucrats at higher levels, to weaken bottom-up development processes.

Most or all members of user committees are often chosen by nomination from above rather than by elections (through which members of most multi-purpose councils are selected). Bureaucrats may nominate pliable locals as user committee members, or politicians may pack them with loyalists of the ruling party. This difference in modes of selection often produces dissonance between the two types of bodies – and sometimes politicians set these bodies against one another, again to weaken bottom-up development processes.

Finally and crucially, user committees often have far more funds than do multi-purpose bodies – and sometimes far more funds than they can manage effectively. This can create a doubly invidious situation – feast and famine, cheek by jowl. It can mean that user committees struggle to manage *excessively funded mandates*, while in the same place, multi-purpose bodies groan under the weight of *unfunded mandates*. (Possible Sida responses to these problems are set out in Section 4.14 below.)

3.5 The Problem of Chairpersons' Dominance of Elected Village Councils

There are indications that this problem is developing in several countries, but it has attracted more attention in India than elsewhere. A number of enlightened observers of decentralisation there have recently become concerned that the chairpersons of *Village Panchayats* often exercise too much dominance over them – and that this limits the contribution that decentralisation might make to local development. (See also, however, the comments on *panchayats* at *higher* levels in section 3.6 just below.) For example, both N.C. Saxena (former Member-Secretary of the Planning Commission) and Digvijay Singh (Madhya Pradesh Chief Minister) have formed this opinion independently. The latter has responded by empowering *Gram Sabhas* as an antidote to this problem. But that experiment with direct democracy is a leap into the unknown, and may not work well.

One way to tackle this problem is to support work by civil society organisations (CSOs) among members of *panchayats* and citizens — to acquaint them with their powers and rights, and to give them the skills, confidence and wider contacts that they need to exercise these. The great difficulty with that approach is that only a small proportion of the people in need can be reached. (See in this connection Section 4.10 below.)

3.6 The Problem of Chairpersons' Weakness at Higher Levels

Ironically, those who chair elected councils at higher levels – in many countries — often suffer the opposite problem: excessive weakness which imposes other kinds of limitations. In India, the problem is especially acute at the *district* level, the highest tier in the decentralised system. The problem is the result of the jealousy of legislators and ministers who see District *Panchayat* leaders as potential threats and seek to weaken them. Many Chief Ministers, who depend on legislators for their survival, agree to assist. Such weakness at the district level is thus a very widespread phenomenon – even in Indian states with otherwise ‘strong’ systems. It constitutes a serious ‘limitation’ on the potential of democratic decentralisation. (A strategy to ease this problem is discussed in section 4.5 below.)

4. Implications for Sida – Issues and Policy Options

4.1 Should Sida (or the CSOs that it Supports) Form Partnerships with Government Institutions?

Sida has chosen to support democratic decentralisation in India mainly by funding the work of CSOs, rather than by developing direct partnerships with government agencies. A separate report on Sida support for one such set of CSOs indicates that this strategy is well-chosen and working. But should Sida or CSOs that it supports develop partnerships with government institutions? Four points are worth noting.

First, insofar as partnerships are contemplated, it makes more sense to consider partnerships with *state* governments rather than the Government of India. The latter, even when it is favourably disposed towards decentralisation, is too remote to make much impact. (See, however, Section 4.4.)

Second, the most effective way to develop partnerships is for Sida to support CSOs that (i) have ‘local knowledge’ about which sorts of links are most promising and (ii) can focus their efforts where they will have maximum impact. Partnerships linking Sida directly even to state governments that strongly support decentralisation would mean less effective targetting and would become entangled with bureaucratic/institutional inflexibility and other bad habits that persist among many officials, especially at lower levels.

Third, Sida and the CSOs that it funds should remain aware that governments are not monolithic. Certain elements within them (for example, state legislators) are likely to be more hostile to decentralisation than others. The attitudes of officials at different levels will also vary – those at and below the block level may be less enthusiastic about empowerment for *panchayats* and more corrupt than those elsewhere. Certain institutions may be especially eager to collaborate with CSOs in supporting decentralisation. They include Election Commissions (see Section 4.3 just below),⁴ various types of ombudsmen (*Lokayuktas*, etc.),⁵ and certain individuals and types of officials who are openly sympathetic to decentralisation. The available evidence indicates that Sida’s CSO partners are well equipped to discern which elements of various state governments make the most promising partners.

Finally, insofar as Sida seeks to encourage partnerships between CSOs and state governments, it should work through CSOs that stress quiet diplomacy and polite lobbying over strident advocacy in their dealings with those governments. (This is not to say that strident advocacy should go unsupported – see Section 4.10 below.) Sida should take care to ensure that CSOs have substantial autonomy and influence in such partnerships — which can pose two dangers: (i) governments may assume too much control over them, and (ii) slow, inflexible government procedures may destroy creativity.

4.2 Support for CSO Collaboration with State Election Commissions

Most state Election Commissioners welcome non-partisan CSO awareness campaigns before *panchayat* elections. These include efforts to inform citizens of the dates of those elections and the potential powers of *panchayats*, to acquaint them with the unusual ballot papers they will use, and to urge them to support honest, responsive candidates. By targetting women and members of the

⁴ The recent field work by my two colleagues and me, and comments from persons whom we have consulted, suggest that most state Election Commissions welcome CSO assistance in the vein.

⁵ In several states – this is vividly apparent, for example, in Karnataka — Lokayuktas have recently become more assertive and influential. They tend to feel isolated and thus to welcome CSOs’ help.

Scheduled Castes and Tribes, organisations like Participatory Research in Asia (PRIA) and its partners helped to encourage people from these groups to vote in great numbers, as they do in state and national elections.⁶ This also legitimises their role in the public arena and encourages them to raise their special concerns during and after elections.⁷ (See also, Sections 4.7 and 4.8 below.)

An especially important to inform citizens of the need and the opportunity to check electoral rolls before polling day. These rolls often contain serious errors (sometimes introduced by interested parties). This is not something that CSOs can do – only citizens have the necessary local knowledge. But this is in one way an advantage. It means that CSOs need involve themselves only briefly with citizens in order to get the job done, so that they can reach a great many local communities in a short time. In Madhya Pradesh, we saw one CSO that had reached 5,000 localities at the last election, and at the next they expect to reach 10,000. That would be fully 25% of the total in that state – a remarkably high proportion.

When CSOs earn the thanks of Election Commissions by playing these roles, it helps them to win respect in government circles more widely – respect which will enable them to intervene more effectively on other matters.

4.3 Changes in State Governments' Attitudes towards Civil Society and PRIs

Certain important elements within some state governments are becoming more willing to develop partnerships with CSOs – both for development programmes in general and, more specifically, to support *panchayats*. This is not yet a powerful trend, but there are signs of it even in states like West Bengal and Andhra Pradesh⁸ where ruling parties have been hostile to civil society, and in states like Uttar Pradesh and Andhra Pradesh where they have been hostile to *panchayats*. It is encouraging that talk of greater generosity to *panchayats* often emerges just before elections, since this suggests that ruling parties see that such generosity conforms to citizens' preferences.

Several things have contributed to this change of view. First, fiscal crises have crippled or nearly crippled the ability of most state governments to pursue development. Some of them are therefore looking for help from non-state actors on a scale not seen before. Second, in some cases, certain key people in state governments have begun to accept the idea – long current in discussions of development – that civil society can be a constructive partner with government, and that both sides can gain as a result. Finally, some people in government have seen what CSOs like PRIA can do to strengthen *panchayats*, and they are responding. This was clearly evident among state- and district-level officials in Madhya Pradesh. This idea has also gained some ground in Chhattisgarh and Rajasthan thanks to PRIA and its partners, and much ground in Karnataka thanks to other organisations – and the list does not end there.

4.4 Working in Parallel with the Government of India on One Front

We noted in section 4.1 above that Sida's main focus should be *state* governments. However, recent developments within the Government of India suggest one way in which Sida might usefully become its ally, working in parallel with it. The central government has recently shown greater interest

⁶ Indeed, in those higher-level elections, a greater proportion of Scheduled Castes voters than voters from other castes tend to turn out.

⁷ PRIA, Programme for Strengthening Panchayati Raj Institutions: Narrative Report, July–December 2000, pp. 9–10.

⁸ CSO leaders in India see Andhra Pradesh as the most difficult state for civil society activity. Most of the once substantial development CSOs there have been weakened in the last five to six years. But some government ministers – so far a minority – seek to change that. Senior politicians in West Bengal, after many years of impeding the work of CSOs, have recently requested help from leading CSOs to enliven civil society – partly because it helps to break down immobilism and unresponsive ways of ruling party cadres at lower levels.

than before in encouraging CSOs.⁹ It is also thinking of putting pressure on state governments to strengthen decentralisation, and of offering them incentives to do so. In 2000, India's Finance Minister stated that 25% of central government funds would go to states that supported *panchayats* and *Gram Sabhas*.¹⁰ New Delhi is now considering pressure to ensure that *panchayats* have greater influence with single-sector user committees, and that they receive greater powers and resources from state governments. Sida (and other donors which Sida could encourage) could lend further weight by informing state governments that funding to support *panchayats* would depend substantially on their decentralisation policies. Sida and other donors might also seek to ensure that *panchayats* have more influence with single-sector user committees in programmes that *they* fund. (Some donors – notably the World Bank – need more persuading on the second matter than does the Government of India.)

Some people might (understandably) feel uneasy with this approach, since it smacks of conditionalities. But it would reinforce national policy and the Government of India's efforts. Such incentives from donors seldom have as much effect on India's *central* government as they do in aid-dependent countries, but many *state* governments face such crippling financial crises that this approach might get results.

4.5 Support for Associations of District Panchayat and Urban Council Chairpersons

This writer has encountered many chairpersons of District *Panchayats* and urban councils all over India. Most are impressive figures – resourceful and clever, with a rough but reliable understanding of the eminently democratic business of delivering results to voters in return for political support.

It is easy for them to feel and *be* isolated in their small bailiwicks. And yet when they are integrated into state-wide associations with adequate administrative resources, and when they are able to communicate and to meet often (in state capitals and – in large states – in sub-regions), such associations can play important roles. They enhance the collective voice and confidence of chairpersons. They enable these leaders to share ideas about development successes, ways of strengthening decentralised bodies, and strategies for coping with bureaucrats and higher-level politicians. They thus advance the causes of advocacy and capacity-building for decentralisation. For all of these reasons, they richly deserve support — which can be provided both in the form of direct grants to associations (to help them develop administrative capacity and to meet and communicate regularly), and through CSOs working to assist them.

4.6 The (Underestimated) Importance of the District Level

One further word on the district level is in order. There are now a great many donor and other programmes, all over India, that support Village *Panchayats* – many of which focus on *Gram Sabhas*. But few deal with the district level where *panchayats* have (or, in states where governments have not been generous, might have) substantial influence. District *panchayats* can provide the whole enterprise of democratic decentralisation with formidable champions. It is at the district level that those champions usually grapple with jealous legislators and ministers from the state level. And it is often at the

⁹ See in this connection the Report of the Steering Committee on the Voluntary Sector for the 10th Five Year Plan prepared by the Planning Commission (Government of India, New Delhi, 2002), and the consequent discussions at the conference on "The Role of the Voluntary Sector in National Development", Vigyan Bhawan, New Delhi, April 2002.

¹⁰ Certain states with dismal records on this, but with good political connections – notably Andhra Pradesh — have still received the 25%.

district level that the urban and rural sectors meet. For all of these reasons, Sida might consider setting an example for other donors by concentrating a portion of its funding for decentralisation at that level. (One way to do this might be to fund an expansion of PRIA's well-judged work on small and medium-sized urban centres, when they are district headquarters.)

If Sida adopted this idea, they might also wish to encourage PRIA and others to increase their efforts to promote vertical integration between Village *Panchayats* (and *Gram Sabhas*) and *panchayats* at higher levels. Note that different Indian states have given different powers to district and block *panchayats*. The usual practice is to provide greater powers and funds to the district level, and less to the block level. But where significant powers have been given at block level, integration with that level is important too.

4.7 Targetting Efforts on Women and Scheduled Castes and Tribes

Sida has rightly chosen to emphasise support for citizens and elected *panchayat* members who come from these disadvantaged groups. It has also correctly chosen to work with CSOs that know how to pursue this goal effectively. Government agencies' efforts in this vein have been unimpressive. One Scheduled Caste *panchayat* member in Madhya Pradesh told us that government training exercises were "not serious", but that CSO exercises helped them to understand documentation, proposal writing, the management of meetings, etc. Her comments are corroborated by evidence from several other Indian states.

Our joint report on PRIA states that there is also some merit in targetting *panchayat* members who do not come from these disadvantaged groups. We said this (i) because since their uncooperative attitudes towards such groups needs to be (and to a degree *can* be) changed, and (ii) because they usually dominate PRIs. But while some support in that vein is worth providing, an emphasis on the disadvantaged is worth continuing.

4.8 Networking among Women and Scheduled Caste and Tribe Chairpersons of Village Panchayats

The chairpersons of village *panchayats* who come from these three categories often feel isolated and lack confidence. These problems can be eased significantly if CSOs are able to promote periodic meetings, communications and networks among them. This is well worth supporting.

Two specifics should be stressed here. First, efforts should focus not on state-wide networks (which are bound to be too tenuous) but on networks within individual districts or even blocks. Those units are small enough to make continued contacts feasible, and to ensure that chairpersons will face rather similar problems. Second, CSOs should build *separate* networks within each of the three categories. Throwing the three groups (which face different difficulties) together in one large network containing people who do not feel entirely comfortable with each other will be less effective than the more homogeneous networks that will develop from separate efforts.

As in the previous section, only CSOs can do this effectively. Most governments are not interested. Those that are have proved quite ineffective.

4.9 Different Strategies in Different States

Sida might consider varying its approach in different Indian states, according to the degree of support that state governments give to *panchayats* (see the comments in Section 4.3). In states with strong *panchayats* (see the lists below) it might emphasise funding for CSOs to assist them. In states with

weak *panchayats*, it might emphasise advocacy for more generous policies towards them. In ‘middling’ states, it could mix the two approaches.

A few specific policies, which make sense in *all* circumstances, might be pursued everywhere. These include support for CSO work (a) with associations of district *panchayat* chairpersons, (b) with state Election Commissions, and (c) to strengthen networks of larger and grassroots CSOs within individual states in ways that draw them into work with *panchayats*, and (d) to disseminate information [see Sections 4.12 and 4.13 below] on panchayats (on laws, their powers, and funds available to them) among elected members and citizens – especially citizens from poor, low status and previously excluded groups.

Here are the lists of the three groups of states.¹¹

States with strong *panchayats*: Gujarat, Karnataka, Kerala, Madhya

Pradesh, Maharashtra, Rajasthan, and West Bengal

‘Middling’ states: Assam, Delhi, Haryana, Jammu and Kashmir,

and Uttaranchal – plus two states that are possibly moving

into the ‘strong’ category: Chhattisgarh and Himachal Pradesh

States with weak *panchayats*: Andhra Pradesh, Bihar, Jharkand, Orissa,

Tamil Nadu¹² and Uttar Pradesh

In our joint report on PRIA, we stated that efforts even in states with weak *panchayats* are worthwhile – partly in the advocacy mode as noted just above, and partly because (i) such efforts will increase pressure from below for more generous treatment of *panchayats*, and (ii) there are signs that some state governments with ‘weak’ systems are considering more generous treatment. The fact remains, however, that much more can be expected of *panchayats* in states where they are strong – and somewhat more can be expected from ‘middling’ states. So Sida might wish to consider providing greater funds in those states – and to publicise the fact, since this would increase pressure on state governments for greater generosity.

4.10 Capacity Building and Advocacy – Two Important Areas that Must Be Viewed Together

To support *panchayats* in India, Sida should mainly invest in two types of initiatives: (i) efforts to build the capacity of *panchayats* and of citizens, especially from disadvantaged groups, and (ii) advocacy efforts to persuade state governments to deal generously with *panchayats*.¹³

These are different activities, which cut across each other to some extent. An organisation that aggressively engages in advocacy – by, for example, criticising a state government in the press or suing

¹¹ These lists are based on consultations with leading Indian authorities on PRIs. Certain small states have been omitted.

¹² Tamil Nadu has empowered the block level but not the village and district levels.

¹³ A possible third type of initiative – research on PRIs – deserves a comment. There is an abundance of researchers – in India and beyond – studying this subject, and an abundance of funds for their work. It is therefore unnecessary for SIDA to invest much in research. Any investment that it makes in research should be part of its larger investment in the two areas identified in the text, capacity building and advocacy. Research is an essential element in both of those sectors, but it should be seen as subsidiary to those two larger purposes, and not as a separate end in itself.

it — will find that government reluctant to permit it to engage in capacity building. It therefore makes sense to support different organisations to perform these different tasks. Happily, NGOs are available in India which — by international standards — are particularly effective at tackling each of these tasks. PRIA (and its partners) are reliable at capacity building, and the Institute for Social Sciences (ISS) at advocacy (although, as we see below, it is a little more complicated than that).

(a) *Capacity building*: There is a great need for efforts to enhance the capacity (the awareness, skills, confidence, contacts, and organisational strength) of individuals and associations among the disadvantaged to relate effectively to *panchayats*. There is also a need to strengthen the capacity of *panchayat* members to operate effectively — especially to maximise bureaucrats' accountability to them, and their accountability to citizens. Evidence from several Indian states indicates that an investment in this area will produce solid results. Substantial funding from Sida on both fronts is warranted. But more effort should be devoted to elected members than to citizens, since the numbers involved are more manageable and since former are crucial actors.

One problem here is the high turnover of members of *panchayats*. Most fail to be re-elected, in India and globally (although the turnover rate tends to decline over time). If Sida funds efforts to build their capacity, it will be targeting people who may only hold office for five years. Consider, however, that those who benefit from capacity-building and then lose the next election will remain *in their communities*, will continue to be active in public affairs, and may win later elections. Your efforts will not be wasted.

Sida should not provide administrative salaries for *panchayat* offices. That is the government's responsibility. Note, however, the case in Section 4.5 in favour of such funding for associations of *panchayat* chairpersons. Sida might consider funding some training or sensitising by CSOs (not governments) for bureaucrats, but money is better spent on citizens and elected members of *panchayats*.

(b) *Advocacy*: In the past, Sida has supported ISS in programmes that combined capacity building and advocacy. This support ended when Sida rightly grew dissatisfied with ISS's work in the former sector. It should, however, be recognised that ISS is more effective at aggressive advocacy for democratic decentralisation than any comparable organisation known to this writer in any less developed country. ISS maintains a formidable and valuable programme of documentation in support of advocacy, through books and a periodical which has no equal anywhere. Its Director is the most authoritative voice for *panchayats* in Indian newspapers. And it has bravely filed successful public interest law petitions on their behalf. These efforts deserve financial support.

There is, however, another kind of advocacy which ISS — because it is so aggressive — is ill-equipped to pursue. This is the kind of gentle, persuasive advocacy practiced in private, via quiet diplomacy. It is best pursued by organisations like PRIA and its partners since they have carefully adopted moderate postures and have cultivated congenial ties to bureaucrats and even some politicians. This kind of advocacy sometimes produces important results and — along with the more aggressive variety — deserves support.

What should be the balance of funding between capacity building and advocacy? The former task is vastly bigger and more onerous than the latter, in part because India is so enormous. Sida could invest twenty times more money in capacity building than in advocacy and still fall further short of adequate support for it than for advocacy. For this reason — and because capacity building is of greater direct benefit to poorer, socially excluded groups — funds should therefore be concentrated mainly upon that former task.

4.11 Replicating Isolated Successes in Capacity Building

Organisations that Sida funds to build capacity among PRIs and local citizens' associations often succeed in the limited geographical areas in which they are working. But India is so vast that they cannot reach most places. So what chance is there that their successes can be replicated more widely?

There are clear limitations on this kind replicability, but the situation is not hopeless. Two frameworks can help – the *panchayati raj* system and networks of CSOs. Within each state, the *panchayati raj* system provides a structure through which information about local successes tends to be disseminated fairly effectively. This is especially true when governments seek out such information and distribute it more widely, and/or when associations of heads of *panchayats* (see Section 4.5 above) have substance. But even in the absence of these things, word tends to spread to a surprising degree. All-India CSOs specialising in documentation – most notably ISS – also assist by giving successes within individual states national exposure. Within states, state-level CSOs – most notably PRIA and its partners — and their networks of organisations at lower levels perform a similar function. The strength of such state-level CSOs is greater in India than in nearly all other less developed countries. All of this makes the very real problem of replicability less severe in India than in similar countries elsewhere.

4.12 Support Efforts to Provide Access to Information

This is one of the most promising areas available to Sida. The section below focuses on access to information at the grassroots, rather than on state or national 'right to information' laws which have lately proliferated across India. But it is worth noting that the CSOs through which Sida addresses *panchayats* can help to ensure that those laws have at least a modest impact. In eastern Uttar Pradesh, for example, PRIA and its partners were the ones who told bureaucrats that such a law had been passed in the state — their own government had not informed them!¹⁴

Sida currently supports CSOs' efforts to provide *panchayat* members and citizens with access to information about the workings of the decentralised system. All of these efforts have considerable value. There is some hope that they may become largely self-sustaining. And one type of initiative has a potent activating impact upon citizens. Let us consider these three points.

The concealment of information by low-level bureaucrats in India has long done great damage to the well being of ordinary people, not least the poor. Democratic decentralisation holds great promise for curtailing concealment, but both citizens and elected *panchayat* members must learn how to extract information from government agencies. They first need to learn what questions to ask. Sida currently supports the publication of bulletins by NGOs which give *panchayat* members and citizens lists of the many government programmes which are supposed to provide *panchayats* with development funds, including the sums available under each. In most states, there so many such programmes that situation is extremely complicated – so complicated that many sources of funds might go untapped. By publicising these, NGOs help *panchayat* members to maximise their resources. They also acquaint citizens with information that enables them to see when *panchayat* members are (a) concealing information themselves, or (b) failing to access available funds.

Once *panchayat* members become familiar with the many programmes available to them, they quickly learn how to extract information about them from lower-level bureaucrats. And once citizens develop an understanding of the same thing, they recognise the need to press both the bureau-

¹⁴ Interview with Rajesh Tandon, New Delhi, 1 May 2002.

crats and *panchayat* members for such information. This does not mean that NGO efforts to disseminate such information can or should cease. But the need for those efforts will diminish over time, because the process will be in large measure sustained by *panchayat* members and citizens.

One type of effort to facilitate access to information tends to have an *especially powerful activating impact* on ordinary people, especially the poor. When lower-level bureaucrats and/or *panchayat* members are required to display documents showing the names of (often poor) beneficiaries of government programmes, and when (as often happens) those documents do not conform to the actual delivery of benefits, local residents tend to react indignantly. Thereafter they become far more vigilant and active in the pursuit of information. This change is *far more dramatic* than the mainly incremental changes that usually occur as a result of democratic decentralisation. The same thing happens when contractors selected by *panchayats* are required to reveal documents listing official pay rates for labour on local projects, and local residents (including labourers) discover that the pay received falls short of the rates listed there. This sort of thing becomes possible when ordinary folk develop the habit of demanding information – a habit which is encouraged by NGO efforts to make information on programmes for *panchayats* available.

For all of these reasons, it is important that Sida continue to support efforts to facilitate access to information at the local level. Indeed, such support might be increased.

4.13 Working with the Mass Media

Some efforts have been made to involve the mass media – specifically radio and newspapers/fortnightlies – but CSOs supported by Sida might be encouraged to do even more in this vein. One group – which developed a 26-part, entertaining soap opera that included a great deal of information about *panchayats* – achieved a wide audience out of the All India Radio station in Mysore. Many newspapers and fortnightlies, enlightened reporters looking for good stories worth cultivating to write material favourable to *panchayats*.

4.13 Making Gram Sabhas More Effective

In India, *Gram Sabhas* (periodic meetings of all adults in a locality to discuss PRI affairs) are intended to be the main device which gives ordinary citizens a voice, and one important device for ensuring accountability. They are afflicted by serious problems. Elected members of *panchayats* do not enjoy such meetings. They therefore often claim to have held them when they have not done so, or they hold them unannounced at hours when most people are otherwise occupied, to minimise participation. And even when they are held, it is unusual for large numbers of people to attend them.

There are ways to combat these problems, but they are beyond Sida's control – they rest mainly with state governments. If lower-level bureaucrats are pressed to ensure that real *Gram Sabha* meetings occur, then there is some hope that this will happen. If such meetings deal with important local issues and development projects, and if discussions have some impact on these things, then more people will attend them. Sadly, meetings usually do little other than discuss who should benefit from government programmes – if that.

Sida might urge the NGOs with which it works to encourage citizens to demand and attend such meetings, and (at the meetings) to demand a voice in decisions. The NGOs might also monitor this process and report findings. But this is unlikely to produce substantial results. The best that can be hoped for is that more state governments will follow the examples set in Madhya Pradesh, Kerala, and perhaps in Maharashtra and Rajasthan, where efforts have been made to enhance the influence of *Gram Sabhas*.

Sida should make sure that it uses appropriate yardsticks for measuring the success of *Gram Sabhas*. The Indian and the international norm for the proportion of PRIs actually holding genuine *Gram Sabhas* is close to *zero* percent. Thus, if a state succeeds to reaching figures of, say 17 or 22 percent, this represents a considerable success. Sida should not make the mistake seen in the unfortunate set of World Bank studies of seven states – which was to assume that ‘success’ was something close to 100 percent. Those studies wrongly concluded that figures of 17 or 22 percent were disastrous when in reality, they were remarkably high.¹⁵

4.14 Should Sida Go beyond PRIs and Address User Committees?

We saw in Section 3.4 above that single-sector user committees often control more funds than do multi-purpose *panchayats*, and that they are usually not chosen by such reliable democratic processes as are *panchayats*. We also saw that sometimes they are in conflict in *panchayats*, and sometime not.

In an ideal world, such user committees would be made subordinate to *panchayats*. But this is unlikely to happen in more than a small number of cases in India. And yet when we consider the abundant funds available to many user committees, they are hard to ignore. There is therefore great merit in (perhaps experimental) CSO efforts to work with some user committees. In cases where user committees are not in serious conflict with *panchayats*, CSOs supported by Sida might engage with members of those committees and with ordinary people – to promote citizens’ access to information and influence over user committee proceedings.

4.15 Appropriate Yardsticks and Expectations When Assessing Decentralised Systems

There are numerous ways in which decentralised systems in India have been unfairly assessed by people who use inappropriate yardsticks and unrealistic expectations. Sida must avoid this. Four examples are worth noting. The last three suffer from excessively high expectations. The first is merely perverse.

In Madhya Pradesh, we heard an official of the British Department for International Development (DFID) say that the government of that state would not qualify for substantial support – for *panchayats* or anything else — until it improved its allegedly dismal record on governance, corruption, and fiscal discipline. These comments come from an agency that recently provided a huge grant to the Andhra Pradesh government whose governance record (which includes intense hostility towards *panchayats*) is far worse, whose corruption vastly outstrips that in Madhya Pradesh, and whose fiscal indiscipline has been monumental.¹⁶ If Sida officials interact with their DFID counterparts, they should be alert to the double standards that prevail there, and avoid them.

When we visited Madhya Pradesh, we spent a morning with some of the state’s leading analysts who mainly complained of numerous shortcomings in that state’s *panchayati* system. Most of their criticisms were valid. The system is imperfect. But their *conclusion* – that the system was failing – was wrong. If we compare that system with others, in India and in the less developed countries, we see that despite its problems it produces far better results than almost all others. Perfection is not an appropriate yardstick for such systems.

¹⁵ See World Bank, Overview of Rural Decentralisation, volume II, Approaches to Rural Decentralisation in Seven States (World Bank, New Delhi, 2000).

¹⁶ This writer led a team that produced a detailed and damning report to DFID on governance and development in Andhra Pradesh.

In 2000, the World Bank sponsored studies of *panchayati* systems in seven Indian states.¹⁷ The analysts who did these began with such vastly exaggerated expectations that they concluded, bizarrely, that several of the most successful systems on earth were little better than failures. With the curious exception of their report on Andhra Pradesh, these studies – and the yardsticks that they employed – should be ignored by donors working with *panchayats*.

Finally, this writer knows a senior UNDP official in New York who habitually proposes toasts to democratic decentralisation because he believes that it will produce rapid and radical social transformation. His expectations are dangerously inflated. They are unfair to, and endanger, democratic decentralisation – as I believe people at Sida understand. Decentralisation almost always induces slow, incremental social change. When *panchayats* are given (usually) limited powers, they tend to reflect the existing balance of social forces. At first – and often for long periods – prosperous, higher status groups tend to exercise greater influence than do poorer and previously excluded groups who learn how to assert themselves only gradually. For the latter, progress comes very slowly – although there are clear signs that in many parts of India, this is beginning to happen.

Similarly, it is unfair to expect dramatic change from Sida's support for CSOs that operate with finite funds in an inevitably limited number of areas across India. Substantial change will only occur over the long term. Sida needs to recognise (and, fortunately, appears to recognise) that its programme must be seen as a long-term investment. The question to ask about this is not why change does not happen quickly but whether initiatives other than support for *panchayats* would produce greater benefits. This writer believes that Sida's support for democratic decentralisation – which rightly concentrates heavily on poor, low status and previously excluded groups – is justified.

4.16 The Problem of Measurement

It is understandable that Sida should want precise measurements of the efforts and impacts of organisations that it funds. However, serious difficulties arise when those organisations work in the governance and social (rather than the economic) spheres. Impacts in these spheres are best measured in *qualitative* not *quantitative* terms. We can quantify the number of *panchayats* contacted, the number of information bulletins distributed, etc., and such benchmarks should be used. But it is impossible to make quantitative measurements of some key impacts – for example, on the awareness or capacity of citizens or *panchayat* members.

The best way to proceed in the face of this difficulty is to ask organisations to provide *qualitative* assessments of their impact in these areas. Or Sida might wish to invite independent analysts to make such judgements – as they have done in the study that parallels this one. The best way to measure those impacts is through 'before and after' studies. Such qualitative assessments will always lack the rigour of quantitative measurements used to analyse economic development. But they are the only valid way to judge the most important changes in the governance and social spheres – and if they are done carefully, the judgements should be reliable. This problem is inescapable, but it can be minimised – and the governance and social spheres are too important to ignore simply because they cannot be assessed with quantitative precision.

¹⁷ World Bank, Overview of Rural Decentralisation

Annexure 1: Terms of Reference

Background

Sida is in the process of preparing the country strategy for India to be operational from January 2003. The DCS is preparing the country analysis and results analysis for the decentralisation programme in India.

A Joint Independent Review of Sida's support to PRIA is due in April and May 2002. The independent review will be conducted by a team of two Indian consultants.

It is proposed to request the services of Mr. James Manor, an international expert on decentralisation to advise the DCS in finalising the draft notes on country analysis and results analysis and also advise in the joint review process of Sida's support to PRIA.

Purpose

- To assist the embassy in preparing an analysis of the decentralisation-process in India for the Country-Analysis document;
- To provide inputs into an independent review of Sida's support to PRIA.

Specific Tasks

The Consultant shall:

- make a presentation of the outcome of the discussion on Sida's strategy on decentralisation held in Stockholm with Sida;
- review the existing literature on the decentralisation (73rd and 74th amendments) strategy in India and provide inputs on the draft note on country analysis developed by DCS;
- Outline the possible country strategy for India in the area of decentralisation (73rd and 74th amendments);
- participate in the joint review of Sida's support to PRIA (Terms of Reference enclosed) by travelling to one of the field sites;
- comment on the draft report of the review of Sida's support to PRIA;
- advise the Indian consultants on the conclusions and recommendations from the joint review and;
- make recommendations on future support to PRIA.

Reporting outcomes

- a) A draft country analysis note on decentralisation in India;
- b) An issue paper on the suggested country strategy for India on decentralisation;
- c) A brief report of not more than 5 pages outlining the recommendations on Sida's future support to PRIA;

- d) A brief summary note of not more than 10 pages outlining Sida's strategy for future support to the decentralisation process in India.

Time schedule

The assignment shall take 12 days, out of which 5 days will be spent on review of PRIA, and be completed before end of May.

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