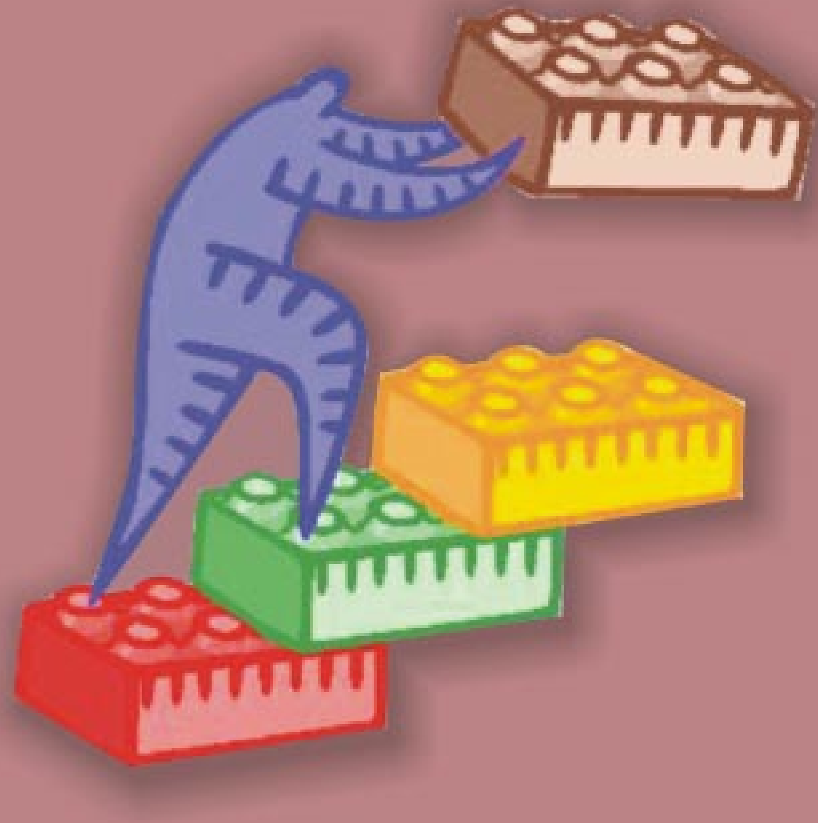
For Better Governance – Efforts Do Matter



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CUTS International

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Foreword

My association with Consumer Unity & Trust Society (CUTS) dates back to 1995 when Pradeep S Mehta, its Secretary General, invited me to a regional training seminar on international trade issues in Kathmandu, Nepal. I was very much impressed by the professionalism and thoroughness, which were brought to bear on the preparations for the seminar. That association cemented when I participated in a series of seminars and conferences organised by CUTS preparatory to the Singapore Ministerial Conference of the WTO in December 1996. Later, CUTS persuaded me to become the Vice Chairman of the International Advisory Board of Centre for International Trade, Economics & Environment (CUTS CITEE) that was launched the same year.

When CUTS decided to celebrate its 20th Anniversary in March 2003 by organising a 'Partnership Conclave' at New Delhi, to mark the celebrations on March 12-14, 2003, I consented to be the Chairman of the Steering Committee set up for the purpose.

Since the beginning of 1990s, CUTS has been methodically working towards empowering people to comprehend the dynamics of globalisation, dispassionately and positively. It has also been advocating better equity between and among nations and the design and implementation of safety nets at the domestic level. This involves a combination of research and advocacy, networking and communication, reaching out to the large community of civil society and policy-makers all over the world – in the rich and poor countries alike.

In 2003, CUTS completed 20 years of its existence and it shared this vast experience at an international forum, 'Partnership Conclave,' held in New Delhi, with the theme *'Governance and its Relationship with Poverty Reduction'*. The purpose of the Conclave was to look at rights-based approach on issues of governance, which affects development, in particular, poverty reduction. The objective was also to help a larger civil society community to understand the processes, imbibe the praxis into their own work philosophy, and advocate for making lives better for people through evidence-based, dispassionate and reasoned approaches.

Background

The process of globalisation is popularly described as integration of economies, coupled with liberalisation and a gradual removal of barriers to trade and investment between nations. It aims to achieve economic efficiency through competitiveness while pursuing the broader objectives of economic and social development leading to creation of more jobs, better standards of living and crucially, reduction of poverty in developing countries. But there are many misconceptions about globalisation and opposition to liberalisation.

These misconceptions have generated uncertainty and anxiety among a large number of people and have raised public concerns. Any restructuring would have losers and gainers, but there are no perfect answers to all the problems. Perhaps, there are many who have better hopes but their voices are not loud enough.

Case Studies

The event was a forum for civil society, media, academia, policy makers and other stakeholders across the globe. It showcased case studies of successes and non-successes in the realm of social change from three different spheres:, civil society interventions, state initiatives interventions and international cooperation. The studies were selected by looking at the various governance areas where rights-based advocacy groups, that include consumer organisations, have made efforts in the following areas:

- economic policy and legal issues;
- consumer-citizen action and legal issues; and
- people's empowerment and mobilisation.

This volume is another good step initiated by CUTS to compile the case studies presented at the Conclave. The rich and the diverse cases would be of particular interest to not only the people at large but also civil society organisations (CSOs) and the governments. Each case study provides in-depth learning from which a wide array of stakeholders could draw conclusions and chalk out appropriate strategies. I would like to refer to a sample of case studies in this context.

People's Participation

India has a 6,000 km coastline and a prime example of people's participation relates to the action initiated by small fishermen against the government's decision to permit mechanised boats to fish close to the shores adversely impacting the fish catch of about 12 million traditional fishermen. They organised themselves and pressurised the government to formulate zonal regulations, which ensured that mechanised boats could not encroach upon their fishing areas.

At the same time, there are cases where the government has taken action without involving and consulting the people that has led to a backlash. The case study from Bangladesh relating to the Flood Action Plan (FAP) where a Compartmentalisation Pilot Project aroused anxiety and anger of the local people who feared adverse impact on their livelihood and with the support of an association of lawyers challenged the FAP. The struggle continues as the government is dragging its feet over settlement of claims for compensation.

Civil Society Interventions

The tribals living in Udaipur and Chittorgarh districts of Rajasthan secured their freedom from the clutches of banks and government officials – thanks to the intervention of *Bandhua Mukti Morcha* supported by CUTS. Tribal people were being exploited by bank and government officials who were mercilessly depriving them of their land against the small loans they had raised. Humiliated by instances of stripping and flogging, some even ran away from their villages. Their demands were taken to the Supreme Court and since then not only the tribals from southern Rajasthan but also elsewhere have recourse to justice.

The adverse impact on the health of the residents of Delhi due to high pollution levels led another NGO, Centre for Science & Environment (CSE) to seek to replace diesel by Compressed Natural Gas (CNG) despite the strong diesel lobby. Inspite of hurdles, CSE stuck to its guns and the capital city now has cleaner air.

State Initiatives

One of the case studies shows how, by formulating a pro-people National Drug Policy, Bangladesh set an example for other similar countries to bring the prices of essential drugs within the reach of majority of the population even in the face of an aggressive disinformation campaign initiated by the trans national pharmaceutical companies.

At the same time, the case study of privatisation of water resources in West Africa shows that the process in Guinea, Senegal and Cote d' Ivoire resulted in increased prices due to lack of an effective regulatory mechanism.

The Hindustan Lever Ltd (HLL) Bhutan case shows how the government in pursuance of its de-monopolisation policy in 1994 threatened the recalcitrant HLL with cancellation of its dealer's licence that resulted in appointment of another dealer by HLL. As a consequence, everyone benefited – the consumers as well as HLL itself whose business tripled.

Conclusion

Based on the experience it has accumulated over the last 20 years, CUTS is poised for taking new initiatives and blazing new trails in furtherance of its Vision 'Consumer sovereignty in the framework of social justice and equality, within and across borders'.

Through this Foreword I convey my very best wishes and appreciation to CUTS for this laudable initiative.

Muchkund Dubey
Former Foreign Secretary of India and
Chairman, Council for Social Development, New Delhi

Preface

Independence can bloom only when the marginalised and the underprivileged are empowered. Even after five decades of Independence, poverty in India has come down but over half the population is yet to be free from hunger and want. Poverty imposes an oppressive weight on the country, especially at the grassroots where almost three out of four Indians and 77 percent of the Indian poor live. Hence, stringent efforts are still required to free the enslaved masses from its clasp.

Governance has been interpreted in many diverse ways, so as to encompass many different aspects of social organisation and the institutional framework within which social and economic activities are performed. In the discourse on development, good governance has been accorded a central place. The need for some robust government interventions was felt for ensuring that the benefits of liberalisation reach the unprivileged. Consequently, governance and poverty are the issues that have presently come to the forefront of the development agenda.

A 'Partnership Conclave' manifested the 20th Anniversary celebrations of CUTS in March 2003. The theme of the conclave was *'Governance and its Relationship with Poverty Reduction'*. This was an endeavour in envisaging a better-informed civil society as well as an enabled international community. The Conclave aimed at adopting and advocating similar cogent approaches in the future and challenge the notions of sceptics and anti-globalisers to present a positive view of the changes taking place.

A case study approach was taken up to provide an in-depth examination of the issues addressed at the Conclave and discern whether the execution was in compliance with its intent and whether it would help to appreciate concerns about the implementation problems.

Experts from a range of fields presented their experiences to an audience of more than 200 people from across the globe emphasising the action that civil society can take like providing services, advocating for policy change and spreading information.

The motive was also to facilitate the civil society to take on a positive approach by understanding the challenges of globalisation better and to accelerate innovative approaches to decentralisation, facilitating devolution of power to local governance. In addition, it also aimed at enhancing the representative capacity of people through mobilisation and create and absorb ideas as well as concepts for future action on governance and its relationship with poverty diminution.

This book contains 32 case studies presented during the 'Partnership Conclave' contemplating on specific aspects of the institutions of governance namely, governance at the level of local communities. The focus of these case studies entails a range of concerns for the involvement of community-based organisations in the local affairs and the relevance of all these reforms to poverty alleviation.

The cases were selected by looking at various governance areas where rights-based advocacy groups, governments and international organisations have endeavoured in the economic policy and legal issues, consumer-citizen action and legal issues and for the empowerment of the marginalised. While compiling the case studies, we have tried to maintain the originality of the cases, so as to convey the message given by the authors effectively.

This project is another good step initiated by CUTS to compile the case studies presented at the Conclave. The rich and the diverse cases would be of particular interest to not only the people at large but also CSOs and governments. Each case study provides in-depth learning from which a wide array of stakeholders could draw conclusions and chalk out appropriate strategies.

Expected Impact of the Book

This volume of case studies endeavours to encourage forms of governance and development based on rights-based approaches to overcoming helplessness and enhance the political will to regulate national and international economy in the interest of human development. It also tries to evolve and share ideas between CUTS and other partner institutions as well as the civil society at large for envisaging innovative work relating to poverty reduction.

My sincere thanks to Prof Muchkund Dubey, former Foreign Secretary of India and architect of the UN Development Decade and Chairman of the Council for Social Development (CSD) for writing the Foreword. Credit is also due to Dr Gautam Vohra, President, Development Research and Action Group for contributing in writing the introductory chapter and editing the case studies as well.

Pradeep S Mehta
Secretary General

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This volume owes much to the efforts of several people who contributed by writing for it. Many of them during the 'Partnership Conclave' also made significant contributions by presenting the case studies.

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Acronyms

ADMARC	:	Agricultural Development and Marketing Corporation
ARDC	:	Agriculture Refinance Development Corporation
BDA	:	Bangalore Development Authority
BDO	:	Block Development Officer
BoP	:	Balance of Payments
BSNL	:	Bharat Sanchar Nigam Limited
C&FT	:	Competition and Fair Trading
CBI	:	Central Bureau of Investigation
CBOs	:	Community Based Organisations
CCHPs	:	Comprehensive Council Health Plans
CDC	:	Community Development Council
CFRs	:	Community Forestry Resources
CHMTs	:	Council Health Management Teams
CIDA	:	Canadian International Development Agency
CIFSS	:	Community Initiative for Food Security and Safety
CIs	:	Community Institutions
CL	:	Competition Law
CPCB	:	Central Pollution Control Board
CPRs	:	Common Property Resources
CNG	:	Compressed Natural Gas
CO	:	Carbon Monoxide
CP	:	Competition Policy
CSE	:	Centre for Science of Environment
CSIR	:	Council for Scientific and Industrial Research
CSOs	:	Civil Society Organisations
CVC	:	Chief Vigilance Commissioner
DEL	:	Direct Exchange Line
DPCB	:	Delhi Pollution Control Board
DRAG	:	Development Research & Action Group
DRDAs	:	The District Development Agencies
DWCRA	:	Development of Women and Children in Rural Areas
EAS	:	Employment Assurance Scheme
EGS	:	Employment Guarantee Scheme
EPCA	:	Environment and Pollution (Prevention and Control) Authority
ESCOM	:	Electricity Supply Commission of Malawi

FCB	:	Food Corporation of Bhutan
FEDCOT	:	Federation of Consumer Organisations
FEVORD	:	Federation of Voluntary Organisation for Rural Development
FON	:	Fibre Optic Network
FPMI	:	Forest Produce Marketing Initiative
FWT	:	Fixed Wireless Terminala
GB	:	Grameen Bank
GCS	:	Grameen Classic System
GKY	:	Ganga Kalyan Yojana
GP	:	Grameen Phone
GPL	:	Grameen Phone Limited
GOs	:	Governmental Organisations
GSFDC	:	Gujarat State Forest Development Corporation
GSM	:	Global System for Mobile
GTC	:	Grameen Telecom Company
HMIS	:	Health Management Information System
IAS	:	Indian Administrative Service
IDRC	:	International Development Research Centre
IMCI	:	Integrated Management of Childhood Illnesses
IMF	:	International Monetary Fund
IOC	:	Indian Oil Corporation
IRDP	:	Integrated Rural Development Programme
ISBTs	:	Inter-state Bus Terminals
JFM	:	Joint Forest Management
JGSY	:	Jawahar Gram Samridhi Yojana
LPG	:	Liquefied Petroleum Gas
LMS	:	Learning Management Systems
LSD	:	Low Sulphur Diesel
MACRA	:	Malawi Communications Regulatory Authority
MDC	:	Malawi Development Corporation
MDGs	:	Millennium Development Goals
MDI	:	Malawi Daily Industries
MFALs	:	Marginal Farmers Agricultural Labour Agencies
MINSOC	:	Management Institute for Social Change
MKSS	:	Mazdoor Kisan Shakti Sangathan
MoPNG	:	Ministry of Petroleum and Natural Gas
MoU	:	Memorandum of Understanding
MTI	:	Ministry of Trade and Industry
MTL	:	Malawi Telecommunications Limited
MWS	:	Million Wells Scheme

NABARD	:	National Bank for Agriculture and Rural Development
NCPRI	:	National Campaign for the People's Right to Information
NDP	:	National Drug Policy
NEC	:	National Economic Council
NGOs	:	Non-governmental Organisations
NOx	:	Nitrogen Oxide
NTFP	:	Non-Timber Forest Product
PAC	:	Public Affairs Centre
PAN-AP	:	Pesticide Action Network of Asia and the Pacific
PAR	:	Participatory Action Research
PCC	:	Petroleum Control Commission
PCL	:	Press Corporation Limited
PCOs	:	Public Call Offices
PDS	:	Public Distribution System
PFM	:	Participatory Forest Management
PGKS	:	Prashasan Gaon Ke Sang
PIL	:	Public Interest Litigation
PMGY	:	Pradhan Mantri Gramodaya Yojana
PPC	:	Petroleum Pricing Committee
PSI	:	Population Services International
PSK	:	Persatuan Sejahtera Kuantan
RBPs	:	Restrictive Business Practices
RLEGP	:	Rural Landless Employment Guarantee Scheme
RMMKK	:	Rajasthan Mazdoor Kisan Morcha
RTF	:	Rural Telecom Foundation
RTI	:	Right to Information
RTU	:	Remote Terminal Unit
SAP	:	Structural Adjustment Programme
SC	:	Supreme Court
SEWA	:	Self Employed Women's Association
SFDAs	:	Small Farmers Development Agencies
SJGSY	:	Swarna Jayanti Gram Swarojgar Yojana
SJSRY	:	Swarn Jayanti Shahari Rojgar Yojana
SHGs	:	Self-help Groups
SIDA	:	Swedish International Development Agency
SITRA	:	Supply of Improved kits to Rural Artisans
SKI	:	Sustainable Kuantan Initiative
SMGH	:	SEWA Mahila Gram Haat
SMS	:	Short Message Service
SPAM	:	Sardar Patel Aarogya Mandal
SPWD	:	Society for Promotion of Wasteland Development
STFC	:	SEWA Trade Facilitation Centre
SUMI	:	Sustainable Urban Management Initiatives
SUSDEN	:	Sustainable Development Network

TDG	: TeleCommons Development Group
TEHIP	: Tanzania Essential Health Interventions Project
TF	: Tribhuvandas Foundation
THC	: Thana Health Complex
TNCs	: Transnational Companies
TNM	: Telecom Networks Malawi
TRYSEM	: Training of Rural Youth for Self-Employment
ULSD	: Ultra-low Sulphur Diesel
UNCED	: United Nations Conference on Environment and Development
UNFCCC	: United Nations Framework Convention on Climate Change
USAID	: US Agency for International Development
VHW	: Voluntary Health Worker
VMS	: Voice Mail Service
VPP	: Village Phone Programme
VP	: Village Phone
VTC	: Village Telecom Centre
WAP	: Wireless Application Protocol
WB	: World Bank
WDR	: World Development Report
WHO	: World Health Organisation

Introduction
Reaching Out To The Marginalised

*– Gautam Vohra**

There is a cause to celebrate. Some remarkable work is being done at the grassroots, which has been captured in this volume. The community-based organisations (CBOs)/ NGOs have demonstrated an innovative capacity as well as dedication, and have thereby introduced significant changes that have benefited the hitherto neglected communities.

Some of the most dramatic work has been done in Rajasthan. Two of these NGOs have gained widespread recognition. Tarun Bharat Sangh's (TBS's) Rajendra Singh and the Mazdoor Kisan Shakti Sangathan's (MKSS's) Aruna Roy have both won the Magsaysay Award. By promoting an inexpensive traditional technology, the TBS enabled the villagers to store rainwater, which re-charged ground water and thus made irrigation facilities available to a water-starved region.

The TBS had not entered the area to provide irrigation. Its initial purpose was to spread literacy in the villages, i.e. to awaken the people to fight against injustice. But like responsive and flexible NGOs, it learnt from the villagers that their need was to raise their income through agriculture. The best way was to revive *johads*, mud and rubble barriers built against the slope to check rainwater from escaping.

That is what the NGO thereafter focused on. But its key contribution was to involve the community. Without that, the *Johads* could not have been built on the extensive scale that they have been, and the region revived: more crops, more income, greater education and health facilities, a richer community life – all thanks to an NGO understanding the needs of the people and responding to them with energy and enthusiasm.

Like TBS, livelihood was central to the Mazdoor Kisan Shakti Sangathan's (MKSS) concern; and like it, the MKSS achieved its objective by mobilising people. Development funds provided by the government to *panchayat* were being siphoned off by a few; the poor who were supposed to benefit, were either duped, or entirely neglected. With the support of the villagers, the MKSS began to demand that *panchayat* furnish the financial record of how the funds were utilised: through this mechanism it was able to demonstrate that these were being misappropriated.

Moreover, the MKSS drew attention to the fact that the minimum wages were being denied, and drought relief works were not being made available – all these touched the

* *President, Development and Research Action Group, New Delhi*

survival of the poor and the authorities turned a blind eye to the activities of the relatively powerful in the rural areas interested in preserving *status quo*. Initially, the MKSS relied on friendly *panchayat* and district officials to make the records available, but it realised soon enough that to have a significant impact, these should be open to scrutiny by the people as a right.

Hence, the 'right to information' movement was launched and the law accordingly came into force in Rajasthan. A major achievement, by any standards.

The Self Employed Women's Association (SEWA) struggle is essentially on livelihood issues. It has got poor women in the unorganised sector to get together in order to secure a better deal. Self-employed women who work in the markets, homes and workshops of Ahmedabad were registered under the Indian Trade Union Act, and thereafter the SEWA unions spread to villages and cooperatives. Set up to fight injustice, which exists at various levels – government agencies, policy level etc – the unions are owned, managed and run by the women.

Not only have the trade unions enabled women to increase the employment opportunities, but also their income, not to mention securing other benefits. As the case study shows, SEWA has gone in for several other activities that not only sustain, but also empower women.

Another example of the fight for livelihood is the efforts made by the fisher folk's organisation to take care of the interests of small fishermen, who live along the 6,000 km coastline of the country. In its attempt to modernise fishery operations and increase the catch, the government encouraged mechanisation. Larger mechanised boats began to operate close to the shore, even as they went in for bottom trawling and purse seining.

Moreover, the Government did little to check the depredations of foreign trawlers from operating close to the Indian coast. All these developments adversely impacted the fish catch of the 12 million odd traditional fisher folk. The threat to their livelihood forced the fisher folk to organise themselves and over a period they were able to get the government to formulate zonal regulations. These ensured that the mechanised craft did not operate within the fishing areas of the small fishermen, but further afield, as they were expected to. There were several other struggles as well, depending on the coastal area. The fisher women in West Bengal, for instance, drew attention to their displacement from net making as a consequence of the import of Japanese machines. Transporting the catch from the coastal areas to the markets has been the other problem faced by traditional fisher folk.

While agitations have secured several of their demands, fresh developments have created other dilemmas. Coastal industrial aquaculture, which has led to promoting shrimp cultivation in the coastal areas in defiance of a Coastal Regulation Zone (CRZ) notification, leads to the destruction of mangroves, as well as salination, water logging and pollution, as a result of the use of fertiliser feeds. Not surprisingly, these damage the adjoining agricultural land as well.

The struggle of the weak against the strong is an on-going process: the tribals, living in Udaipur and Chittorgarh districts of Rajasthan, secured their freedom from the clutches of unscrupulous moneylenders – thanks to the intervention of the Bandhua Mukti Morcha, supported by CUTS. In many cases, the exploiters were bank and government officials who were depriving the *adivasis* of their land and whatever other possessions they had, because of small loans they had taken. Indeed, at times, the tribals unable to repay the loan were stripped and publicly flogged. Some felt so humiliated that they even left the village.

The cases of the harassed and the damned were taken to the Supreme Court. Since then, not only the tribals of south Rajasthan, but also others facing a similar fate throughout the country have recourse to justice – no mean achievement. Apart from livelihood issues, NGOs have addressed sectoral issues too, such as health and education.

The *Tribhuvandas Foundation* (TF) has been taking care of the community health needs in the 900 odd villages of Kheda Block in Anand district of Gujarat. The novel aspect of its intervention has been to seek to provide health insurance to the villagers who need hospitalisation, while *Sardar Patel Aarogya Mandal* (SPAM), a separate trust, introduced this scheme. As per the scheme, one rupee of the Rs 26 collected by TF as membership fee from the farmers (milk producers), as well three paise per litre of milk collected from them, goes to SPAM to build a corpus. The interest generate from it is used to provide insurance coverage.

The insurance takes care of the entire hospitalisation bill, but does not include the cost of medicine and transport. The average sanction is between Rs 7,000 and Rs 10,000. The scheme is at the moment not self- sufficient. But the TF is working towards making health insurance through SPAM independent of Amul, which at present foots the difference between what SPAM covers and what it cannot. There are other difficulties, such as the spurt in hospitalisation even for minor ailments, but these need to be addressed, for insurance coverage has provided healthcare to those who could not afford hospitalisation without it.

The impact on the health of the residents of Delhi as a consequence of the high content of pollutants in the atmosphere, led another NGO, the Centre for Science and Environment (CSE), to seek to replace diesel used by transport vehicles by Compressed Natural Gas (CNG). It was a tough battle, for the diesel lobby was a powerful one. The shortage of CNG – lack of availability during the time of the shift to it–further strengthened their hands. But CSE stuck to its guns and we have now, by most estimates, cleaner air in the Delhi, once among the most polluted cities in the world, causing grave damage to the health of the residents of the Indian capital city.

The high level of school dropout rate and illiteracy has prompted a significant number of NGOs to try and take up this challenge. Among them, *Pratham's* initiative is noteworthy. For, it maintains that the development of reading skills lays the foundation of literacy. So, it has pursued this objective by devising creative methods to enable students to learn reading in less than a month. Once the child is able to do so, he/she begins to educate himself. *Pratham* has tested this method in eight states and two rural blocks (of Maharashtra) and has collaborated with the Municipal Corporation of Delhi (MCD) to cover all primary school children of one ward (of the nine) in the capital.

To take the literacy campaign forward, *Pratham* has offered to train the teachers of other agencies, as indeed it has done with those in the Development Research and Action Group (DRAG) school in West Delhi, with remarkable improvement in their teaching skills, which has had a positive impact on the 300 students in an area that has no municipal or government school for the children of labourers and other unskilled and poverty-stricken members of society.

NGOs have also put pressure on the governments to do their job better. This has sought to be achieved by preparing a citizens' report card on public services in the five cities of Ahmedabad, Bangalore, Calcutta, Madras and Pune. The Public Affairs Committee (PAC), in Bangalore, questioned not only the middle and upper classes, but also the poor, on what they thought of the public services, such as telephones, electricity, water, postal service, public transport, the public distribution service, and so on. The findings were highlighted in the press, even as the PAC brought these to the attention of service providers, and held workshops and meetings with NGOs and members of the public to encourage follow up action.

The above are, in the main, examples of NGOs confronting or pressurising governments to take care of the needs of the marginalised. Now, we examine an issue where the NGOs have collaborated with the government with varying degrees of intensity, to enable the affected people to get a better deal.

In India, unlike, say, in Brazil, there are not many areas where the government has collaborated with the NGO sector. The protection of the interests of forest-dwellers, which essentially means their rights over forests and forest produce, is one where this has occurred. Recognising the fact that the forest department was not in a position to cope with the needs of the forest dependent population, the Indian government launched the social forestry programme in the 1980s. This led to the introduction of the Joint Forest Management (JFM) programme to re-generate forests whose bounty the stakeholders, the people (represented by NGOs) and the forest department, would share. The case study discusses the impact of JFM programmes in Andhra Pradesh, Orissa and Karnataka.

In Andhra Pradesh, the interaction between civil society and the forest department has been strengthened through seminars and workshops, where the NGO sector is able to get across its point of view to the government agency, and hence the JFM exercise is relatively successful. The relationship between the two in Karnataka has, after all, not been as smooth as in Andhra Pradesh. In the 1980s, civil society began a tentative relationship with the government, which consulted them on some issues, but since the demands of the NGOs were not met by it, the relationship between the two has not flourished: FEVORD and *Aranyavedika* have been asking for a drastic change in JFM policy design and implementation.

Though district level meetings between them continue, they are not always cordial, as differences have not been resolved.

The NGOs are not satisfied with the level of people's participation permitted by the forest department in managing the common property resources. In Orissa, the NGOs did not seek to collaborate with the government, as they feared being co-opted, thereby losing their autonomy. But, the forest department needed their assistance in the JFM project and has been interacting with a select group – *Vasundhara* and *Agragamee*. The government may share the NGO perspective that: (a) forest management needs to be decentralised; and (b) it is intricately linked to livelihood issues of forest dwellers. Be that as it may, not much has been achieved on the ground, since some forest officials do not want to let go of their powers and have felt that financial misappropriation is a likelihood expose at the community level.

Even so, the Orissa Government has recommended greater role for NGOs in the JFM programme, including providing training to forest department staff. Herewith are a number of cases, where the government has initiated steps to benefit the marginalised without any pressure from the NGO sector. But not all have been unqualified successes.

The Government of Rajasthan decided to address the problems of the poor in the rural areas by taking the administration to their doorstep. It did so through the mechanism of camps in the villages, in which 17 departments, including revenue, rural development, irrigation and animal husbandry were involved. The issues addressed included: conferment of land rights; possession of allotted land; restoration of agricultural land illegally occupied by SC/ST members; atrocities committed against women; and electric supply to the remote villages. The government felt pleased with the scheme as it had the cooperation of the people's representatives. Faith of the common man in the administration was considerably enhanced.

In an unusual precedent, the 550-strong IAS officers' association in Uttar Pradesh (UP) decided to elect the "three most corrupt officers" in the state through an opinion poll. This was conducted, despite sharp opposition by powerful groups, and the two polls threw up the same set of three names, which were confidentially communicated to the UP Government by the association. Among the most deadly viruses corroding the civil service, corruption particularly impacts the common man, and the methodology adopted by the UP IAS cadre helped to bring fresh energy to the rotting bureaucracy and strengthened the hands of the honest officers, no matter how briefly. Many other measures need to be taken, but the unique exercise of the UP IAS cadre has pointed the way.

Among the anti-poverty programmes, the *Antyodaya* scheme of Rajasthan, along with the Employment Guarantee Scheme (EGS) of Maharashtra, are generally accepted to be the two more effective ones. The *Antyodaya* programme, that seeks to assist the poorest of the poor in the countryside, was launched in 1977 and was incorporated in the Integrated Rural Development Programme (IRDP).

The novelty of the *Antyodaya* programme was lost as it got absorbed in the IRDP, which has been re-named the *Swarna Jayanti Gram Swarojagar Yojana* (SJGSY). Since then, it has faced several limitations during implementation: while under the *Antyodaya* programme only the five poorest families in every village were benefited first, prior to the others, under the SJGSY, the selection of below the poverty line families is conducted every three years. Many families, not among the most deprived, somehow secure assistance, which earlier was not the case. This is just one of the several shortcomings.

Securing the land records' document that confirms the land rights, among other things, is undeniably the most important piece of paper for the agriculturist. Indeed, this was once again highlighted when Rajasthan Government decided to take the administration to the doorsteps of the villagers, as the majority of cases concerned land rights (see above). The problem is that the manual maintenance of land records, the states leaves a lot to be desired, in causing untold hardship to the agriculturist.

For this reason, Karnataka Government decided to computerise them, an easy decision to take, but hard to implement. For it, as a preliminary step, required an agency with the requisite manpower and computer skills to take up the vital but enormous task. Indeed, the Federal Government first initiated it in the 1990s, but it failed for want of a clear strategy that spelt out, among others things, how the database was to be updated and distributed to the farmers, and the fate of the manual records. After analysing the reasons, Karnataka hired the National Informatics Centre (NIC). It developed the *"Bhoomi"* software for data collection, which provided detailed guidelines on how this was to be accomplished. The process was implemented in a phased manner and now the landowner can secure his land records from any one of the various centres, almost for the asking.

Like most state electricity boards, the Orissa State Electricity Board (OSEB), the owner, operator and regulator of the electricity sector, suffered from poor technical, commercial, and managerial efficiency and thus sustained losses year after year. Orissa decided to introduce power sector reforms, consequently becoming the first state to do so. The reforms included forming separate corporations for generation, transmission and distribution; privatisation of hydro-generation and thermal generation; competitive bidding for new power generation; and introduction of cost-based tariff. As a result of these reforms, there have been some improvements, but the achievements have been far less impressive than expected.

In a class on its own is the gram-phone project that the Rural Telecom Foundation (RTF) has been seeking to promote. It wants to provide voice communication to the rural poor. The gram-phone is based on the party line system; it is low-cost and easy to deploy for the last mile telephone access. If accepted, this system will overcome the digital divide between rural and urban areas. At present there is only one phone per 100 people in the rural areas.

While many organisations are working on low-cost solutions to provide telephone cover, the RTF is a proven wire-line technique called party lines, most popular in Europe and North America during the last century. It was utilised by 75 percent of the telephone subscribers in the US during the 1950s. As incomes rose, people chose private connections.

The RTF has adapted the party line used in the West to the existing rural exchanges operated by the Government-owned Bharat Sanchar Nigam Ltd (BSNL). The two disadvantages of party lines – quality of service and lack of privacy – are more than compensated by the advantages, which include reduction of trips to the nearest town to get work done; quicker communication with government/business enterprises; and capacity to receive unlimited incoming calls not possible through village public phones. Hence, better communication is expected to enhance prosperity in the countryside.

Apart from six major cities, the above projects have been undertaken in most parts of the country. The largest number of case studies is on action taken in Rajasthan. This is not surprising since it is among the more backward states, with a large share of its population living below the poverty line. We have looked at efforts to help the marginalised in Maharashtra, UP, Gujarat, Karnataka, Orissa, Andhra Pradesh and the fishing community in Kerala, West Bengal, and Tamil Nadu, among others. Significantly, we have no case studies from the northeast of India, a troubled region; perhaps grassroots movements have yet to establish a firm hold there.

We have also no case studies from the northwest; this may be because Punjab and Haryana are relatively prosperous states. And until not too long ago, the separatists created a reign of terror in the land of the five rivers. For this very reason, the voluntary movement is not strong in Jammu & Kashmir either.

Now we turn to people's movements and government's intervention on behalf of the neglected communities in other countries of the South. We have case studies from Asia – Malaysia, Bhutan, Bangladesh and Pakistan; from Africa – Tanzania, Malawi, and Kenya – not to mention countries in west Africa that have gone in for privatisation of water; and from Latin America – Brazil and Paraguay. We have one case study from the Solomon Islands and one from a developed country, Canada, where we look at the impact of bank mergers.

There are several reasons why civil society has made deep inroads in Latin America, and not the least because the Church has given birth to a substantial number of NGOs. As the case study of Brazil highlights, they play a significant role not only in introducing change at the grassroots, but also impacting policy. In India, the NGOs have made a mark only in the one, not the other. At the level of policy, the NGO sector here cannot be said to have made much headway. The occasional committee of one or the other ministry, at the Centre or the States, enables the NGOs in Delhi and the state capitals to voice their opinions, and to let the government know what they think. The government listens all right, but rarely acts on the advice. It goes by its own norms, those formulated by the bureaucratic, and to some extent, the political elite.

The Third Sector in Brazil has grown by 44 percent in five years and in 1995 employed over a million people. This sector comprises CBOs, social movements, and charitable organisations, apart from activist professional associations. Studies undertaken in the 1940s show that NGOs are, in the main, dependant on foreign funding. This trend is changing and increasingly their governments and the corporate sector are supporting them. Even the World Bank and IDB have stepped in with "small grant funds" from the bank-funded projects, for they have realised that NGOs are essential to effective development at the grassroots.

The increasing NGO-government collaboration in Brazil is evident in a diverse range of areas. They participate in national citizen-government policy council in spheres such as children's rights, health and the environment and women's rights. Another form of NGO-government collaboration is the provision of technical assistance by the voluntary sector to local and state officials in the field of environment and urban transportation. What is perhaps striking is that NGO leaders have been elected to public office as mayors, city council members and congressional representatives.

Among the more remarkable NGO success stories in the developing world is that of the Grameen Bank (GB) of Bangladesh. The GB was launched in the late 1970s as an action research project to ascertain whether banking facilities could be extended to poor men and women and with what consequences. The initial results indicated that the project could work, and ever since it was launched, the concept has taken off. The novel aspect is not to demand collateral for the money; the banking system is based on mutual trust.

This approach has worked so well that the GB now covers 2.4 million borrowers, accounting for 60 percent of the villages in the country; and 90 percent of the borrowers are women. They were permitted equal access to the schemes and they turned out to be not only reliable customers but also astute entrepreneurs. Even as they enhanced their status and lessened their dependence on their husbands, they improved their homes and provided better nutritional fare to their children.

The spin off from the GB is the creation of the Grameen Network that includes such new organisations as the Grameen Telecom, Grameen Software, Grameen Information Highways Ltd, among others. Here, we take a look at two of them, the Gram Phone Ltd, and the Grameen Telecom Company (GTC), towards the end of this section.

The above is an example of how an NGO has benefited the poor in Bangladesh. We have another, in which, when the people's welfare was neglected, an NGO stepped in to voice their concerns and win for them their basic rights. Bangladesh is a flood prone country and after the two consecutive floods in 1987 and 1988 the government decided to institute permanent measures to check the havoc they consistently wrought.

The Flood Action Plan (FAP) identified projects to limit the losses caused by floods: a major component included the construction of embankments, as well as the implementation of the Compartmentalisation Pilot Project (CPP), which involved enclosing an area by an embankment through which the inflow and the outflow of water could be controlled to the requirements of the people in the project area.

The authorities, though, failed to consult the people, or involve them in any way in the CPP. Not surprisingly, the projects aroused anxiety, and anger of the local people who feared that these would adversely impact their livelihood by affecting agriculture, fisheries, livestock, and indeed the environment. A public interest group of environmental lawyers, the Bangladesh Environmental Lawyers Association (BELA), decided to challenge the FAP on two grounds: (i) designing and implementing the CPP; and (ii) violation of the laws on compensation by the project authorities. The victory for BELA was a victory for the people. Still, the situation is not static. The struggle continues, as the government drags its feet over settling the claims for compensation.

In the case studies on India, we came across an example of government-NGO collaboration. Here, we glance at collaboration between the local government and the community. The following are two examples of linking global aims with local needs:

There is the perception that invariably when governments, central or local (municipal/civic), take the initiative to involve the community, it is invariably "induced", or "co-opted", rather than "facilitated". This need to be avoided. The Sustainable Development Initiative (SUSDEN), Malaysia, launched the Sustainable Kuanten Initiative (SKI), whereby there was genuine people's participation. This was achieved through: (i) institutionalising local ownership of the initiative (about 15 well-known community leaders were selected to discuss the initiative); (ii) they agreed to take on the ownership of the initiative, which meant the leadership and decision making responsibility.

SKI has begun to link the community with national and global campaigns, such as climate change, genetic engineering and agrochemical watch. It is also a part of the safe food campaign of the Pesticide Action Network.

Another project that sought to link local needs and aspirations to the global scenario reflected in the Millennium Development Goals (MDGs), was initiated in Carapegua, located near the capital, Asuncion, in Paraguay. It was decided that in the short term "Carapegua in Development" project, the social capital should be strengthened through four components**:**

- communications;
- training of local leaders;
- creation of a community development council; and
- constant monitoring of the process.

At a mass meeting, 28 possible projects were drawn attention to, of which 10 included primary healthcare, running water, sewer system and family nutrition. Moreover, a social project management course was launched and the selected students, among other things, had to assist 10 neighbours on nutrition and basic healthcare issues. The result was that the global focus, as represented by MDGs, acted as a catalyst to the achievements, which could not have been possible. The presence of reputed international institutions gave an additional fillip and helped to create a "Carapegua team spirit" to achieve the local objectives.

The case studies on India reflect a major NGO contribution. If government has intervened, it is essentially the Central/Federal Government. The case studies from the south, on the other hand, reflect a major government contribution, and not just Federal Government, but also local government initiatives. Following are examples of another two countries, which cater to the shelter needs of the people.

In Kenya, the Central Government's guidelines, revised and updated, were not accepted, for they did not take care of local/grassroots realities. Indeed, it was not until such realisation dawned on it that the requisite changes were made, which the local authorities found acceptable. These amendments to the building code were applicable to low-cost housing and the Minister of Local Government formally gazetted the revised bylaws in 1995. Hence, the local and the civic agencies are enabling low-income households to mobilise resources for house construction. The bylaws now accept the use of rough and ready materials that most people utilise for house construction. The people start with a very basic structure and add on to it as and when they can afford to do so.

The above is a case of the central government adapting to local realities, to enable local government to promote bylaws that could encourage local initiatives on low-cost housing. In the Pakistani city of Karachi, the initiative in providing low-cost housing was taken by an NGO. The Orangi Pilot Project (OPP) was launched in 1980, in Orangi, which is a *Katchchi Abadi* (slum dwelling) with a population of one million. Eight years later, the OPP was upgraded into four autonomous institutions, which tackle a range of issues.

The Research & Training Institute undertakes low-cost sanitation, housing and education, as well as provides training in these spheres. The low-cost Housing Programme extends loans and technical assistance, while the Education Programme upgrades the physical conditions and academic standards of private schools in Orangi. The Karachi Health and Social Development Association manages the health programme, which is linked to local private clinics. The Orangi Charitable Trust provides credit to small family businesses – without collateral and red tape.

Now we glance at initiatives taken by the Federal Government to benefit the people. These include the area of health, the formulation of a drug policy that provides medicines at prices people can afford, as well as a few water privatisation efforts.

The Tanzania Essential Health Interventions Project (TEHIP) grew out of the World Development Report, which, among other things, drew attention to the enormous imbalance in healthcare spending and the neglect of primary health. In its effort to tackle this problem, TEHIP sought to improve healthcare at the district level by addressing the following issues:

- Can Tanzanian health plans be more evidence-based?
- Can these plans be enforced by a decentralised district system?
- At what expense and to what extent can evidence-based plans impact the health of the people?

Towards this end, the TEHIP has evolved a range of planning tools and strategies. The research is an ongoing endeavour.

By formulating and implementing a pro-people National Drug Policy, Bangladesh has set an example for the countries of the South. The death rate of the population and infant and maternal mortality was frighteningly high. An improved healthcare, wherein essential drugs were not out of reach of the majority of the population, was a crying need of the hour. Indeed, because of its commitment to reform this sector, Bangladesh did not sign the Paris Convention of Patents.

The Transnational Corporations (TNCs), not wanting to lose their projects and afraid that if Bangladesh succeeded, other Third World countries would follow suit, launched an aggressive disinformation campaign and did all they could to prevent Bangladesh from introducing the new drug policy. They did not succeed and prices of essential drugs fell. Production of domestic companies increased and the quality of the products improved too.

Privatisation of water resources began in west African countries as far back as 1960 and continued into the 1990s and the current century: Cote d'Ivoire (1960), Guinea (1989), Mali (1994), Senegal (1995), Gabon (1997), Burkina Faso (2001), and so on. The case study examines the privatisation process in Guinea, Senegal, and Cote d'Ivoire. The dominant players have been two French companies, SAUR and Vivendi. What the case study brings to the fore is that while the price of water went up, tariffs and billing improved. It is not clear whether the supply increased. The higher rates must have adversely impacted the poor segments of society. The private companies certainly gained (in profits), and regulations remained ineffective.

The institutional reforms were launched by Malawi in 1982, under the Structural Adjustment Programme, to cope with the domestic and external imbalance as well as promote efficient growth, by enabling the market mechanism to come into its own. For, most goods in Malawi are produced and distributed under monopolistic conditions. The industrial sector is almost entirely dominated by a few companies. Cartels operate with impunity and any number of well camouflaged restrictive business practices flourish. The vested interests are so strong that laws introduced by the government to improve competition and fair trade, as well as other measures to ensure efficiency, have not had the desired result. Can the consumer movement take on the elements in society that want to maintain the *status quo*?

We have also two cases of government and industry conflict, where the former has tried to reduce the dominant position of the latter for the benefit of the consumers.

In Bhutan, wholesale dealerships are held by 16 Bhutanese business houses/distributors for over 900 items supplied by 171 Indian companies. Through the Ministry of Trade and Industry (MTI), the Bhutanese Government sought to increase the number of dealers/distributors. Before the MTI introduced its de-monopolisation policy in 1994, a handful of Indian business houses dominated the market, in particular Hindustan Lever Ltd (HLL), which was operating through the Tashi Group of Companies that had been appointed wholesalers in 1977. HLL refused to cooperate, maintaining that the market in Bhutan was too small and hence more wholesalers would be redundant.

The MTI threatened to cancel the licence of its dealer, which would impose a ban on HLL's products in the country. The HLL caved in, and authorised yet another dealer to distribute its products. As a consequence everyone has benefited, the consumer and even the company, with HLL's business having tripled. Now, we look at the case history of a country of the North.

In Canada, three major banks, The Royal Bank, Bank of Montreal and Canadian Imperial Bank of Commerce-Toronto-Dominion Bank (CIBC-TD) Bank want to merge on the grounds that they will thus offer superior services. Are they justified in making such a claim? The major bank, the Bank of Tokyo-Mitsubishi, the biggest of them all, is in financial trouble. A study of the banking industry in Australia has shown that for mergers, the efficiency gains are overstated.

A US study on mega-mergers found that there were no cost savings and no significant efficiency gains. On the other hand, there appears to be higher returns to scale for banks with total assets of about or less than US$500mn. Besides, mergers may remove competitive pressure, reduce managerial efficiency and thereby adversely impact the product quality. The Canadian Government's Competition Act has been invoked to deal with the anti-competitive implications of the merger.

While the Bhutan and Canadian Governments are fighting monopolistic tendencies, in Bangladesh we have two companies which are taking a lead to reach out to the consumers, in particular the rural poor.

The Grameen Phone Limited (GPL) is a venture among four companies located in three continents. It aims to place at least one phone in each village in Bangladesh. The Village Phone Programme (VPP) provides an essential service in remote rural areas, as well as an income generating opportunity for village phone operators, especially poor women. Since the state-owned fixed-line telephone network is not extensive enough, GPL developed an alternative network of mobile phone users, which enables it to penetrate the lower segment of the market, leading to poverty alleviation.

A sister concern of Grameen Phone Ltd. (GPL), the Grameen Telecom Company (GTC), has sought to bring the benefits of the information revolution to the countryside. The GTC holds 35 percent share of GPL. The GTC purchases airtime from GPL in bulk, for all village phones, at a discounted rate. GPL prepares the monthly bill and delivers it to GTC, which makes the payment. In most villages, the GTC-provided village phones are located in areas where signals fluctuate; there are several drop-calls and customers lose revenue.

The GTC tackled this problem by providing high-gain antennas. Now that village phones have been made widely available, as many as 12.5 million rural people have telephone access. The benefits of this facility have gone largely to the poor, and several developing countries, having observed GTC's success, are interested in replicating it.

The Solomon Islands case presents a dismal scenario. The development strategy pursued by the ruling elite is such that it enhances their bank balance even as the country's resource base is being crippled. The politicians in power did not like the slow progress registered during the first eight years after independence (1978-1986). So, to force the pace of development, they decided to export the country's tree wealth in return for cash: round logs were sold to Southeast Asia at throwaway rates. Another equally harmful decision of the rulers has been to import five million tonnes of toxic Taiwanese waste, which has been dumped on one of the islands, without regard to the deadly impact on the population living in and around it.

These quick and easy 'solutions' to attain development have been fuilures, if not disastrous, but a route that is part of the Dominant Development Culture promoted by the World Bank, that many Third World ruling elite have embraced. The salvation for the countries of the South, argues the writer, lies in adopting the Alternative Development Culture (ADC) that promotes technology in harmony with the needs of its people. The ADC's focus is to ensure the development of the economy in a manner that provides the people with opportunities for sustainable livelihood.

To conclude, the case studies from India draw attention to the remarkable work done by NGOs to ameliorate the conditions of the weaker sections of the population. The Indian state has not remained a mere spectator either. It has reached out to the poor as evident from the 'administration to the doorstep' project and the *Antyodaya* scheme, to mention just two cases. There is also an example of NGO-government collaboration in India in the field of managing common property resources. In Brazil, on the other hand, the NGO-government collaboration is on a much wider scale, with the NGO sector impacting policy and its leaders winning electoral office.

Anyhow, the case studies from countries of the South reflect less on the NGOs' contribution to addressing grassroots needs and more on government initiatives to tackle people's problems. Indeed, not only the Federal Governments, but also the local governments have taken a number of initiatives, which have, among others, dealt with global goals in relation to local requirements. There have also been private enterprises seeking to reach out to the poor, the Grameen Phone Ltd being a case in point. All in all, a wide ranging study for the students/researchers as well as policy makers looking for development initiatives was undertaken by the whole gamut of actors.

Civil Society Intervention

1
People's Right to Information

– Aruna Roy and Nikhil Dey***

Introduction

The *Mazdoor Kisan Shakti Sangathan* (MKSS), a grassroots organisation based in Rajasthan's centrally located Rajsamand district, describes itself as a 'non-party political formation'. It relies for support less on its relatively small formal membership than on its much larger informal following. The driving force behind the MKSS is a combination of local residents and a handful of committed activists from other parts of India, who, since the late 1980s, have made the area their home.

Over the past four years, the core group has been joined by others from outside the area on a rotation basis. The MKSS distinguishes itself from conventional NGOs in so far as it does not depend on, nor does it focus on external funds or on service-delivery. The MKSS addresses the issues of concern to the poorer sections of the society.

MKSS' interest in the Right to Information (RTI) arose from its work in the late 1980s and early 1990s on livelihood issues. These included the failure of the state government to implement minimum wage regulations, drought relief work and provide availability of subsidised food and other essential commodities through the Public Distribution System (PDS). It objected to the illegal occupation of government land by powerful local interests, etc.

MKSS is also active on a number of other fronts, like protesting against atrocities on lower castes, religious minorities and women. Its work pertaining to wages and prices generated a belief that access to official documents was an essential part of the struggle to demand accountability of local authorities.

Its work on minimum wages, for instance, highlighted the role of corruption in the underpayment of wages, as it became clear that the local authorities were billing the central and state government for the full amount. This led to greater awareness of other malpractices, which local workers had observed first hand but had no method of documenting. These included inflated estimates for public work projects, use of poor quality materials and over-billing by suppliers.

By mid-1994, MKSS had formulated a specific demand for copies of financial records of expenditure incurred by the *panchayats* (village councils). However, since there

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was no legal entitlement to relevant information even within the *panchayat*, the MKSS had to mostly rely on sympathetic officials for accessing the documents. Once these records were secured, the people of the *panchayats* concerned, subjected them to scrutiny and organised public hearings (the first public hearing was held in December 1994), where people turned up in large numbers and gave individual and collective testimonies regarding the work done by their *panchayats*. Through this method of 'social audit' (verification by the people), the people of the area were able to forcefully assert their right to transparency and accountability from public institutions. The struggle for the RTI had begun.

A comprehensive legal entitlement to the RTI was required. With the government officials refusing to part with the records and the Rajasthan Chief Minister failing to keep assurances made in the State Assembly, a three-year struggle was waged to make relevant amendments to the *Panchayati Raj* (local governance) Rules and enact the legal entitlement for the people's RTI.

In July 1997, the Government of Rajasthan amended the *Panchayati Raj* Rules. After a sustained campaign, the Rajasthan State Right to Information Act was finally enacted in May 2000.

However, this Act carries several lacunae. The RTI campaign in Rajasthan continues to highlight these shortcomings through its persistent attempts at operationalising the Act for ordinary people. Public hearings continue to be held and have gone beyond development work and progressed to many other areas of democratic rights.

The RTI is of utmost importance in preventing anti-people policies and is a crucial part of the larger movement to deepen democracy and ensuring democratic rights. With this understanding, the National Campaign for the People's Right to Information (NCPRI) was created in 1996. The NCPRI works towards drafting and campaigning for the legislation to be passed at the Centre (Parliament) and in the states as well as to support people's struggles and group agitation for accessing government records.

Since 1996, RTI laws have now been enacted in the States of Tamil Nadu (1996), Goa (1997), Madhya Pradesh (1998), Rajasthan (2000), Maharashtra (2000), Karnataka (2000) and Delhi (2001). The content of the National Bill, which was placed in Parliament in June 2000, was before a Select Committee, which has now placed it before the Lok Sabha (Parliament).

Background

Grassroots Struggle to Access Information

The RTI has been widely accepted as a prerequisite to the efficacy of a functioning democracy. In India, the courts have held that the RTI is implicit in the Fundamental Right to Freedom of Speech and Expression under Article 19 (1) A of the Constitution. The demand for a comprehensive legislation to operationalise this right has surfaced at regular intervals in independent India. For the past few years though, the demand has been particularly energetic. It is voiced now, not only in academic and intellectual circles but also by ordinary people. It is demonstrated persistently by village folk of central Rajasthan in their quest for better governance as they seek to question development carried out in their name

Since mid-1990s, the MKSS has tried to move various levels of the government, from the *Gram Panchayat* (village council) to the Centre to take notice of this persistent voice of the ordinary village people in central Rajasthan. This voice, we believe, endows a fresh perspective to the discourse on the RTI, not just in India but also beyond national confines by trying to present a model of accountable and transparent governance that would be meaningful to ordinary citizens in all democracies.

When workers employed on government projects in villages of central Rajasthan found that they were not being paid the standard minimum wages, they decided to demand copies of the accounts of money spent in their name either in the form of wages or on infrastructure.

This was the beginning of what is generally known as the MKSS movement for the people's Right to Information in the mid-1990s. Under the slogan "*Hamara Paisa, Hamara Hisab*" (our money, our accounts), the MKSS launched with the peasants and rural workers of central Rajasthan, a movement that has had a direct impact on the lethargic and corrupt functioning plaguing the development machinery of our country. The struggle that began for copies of bills, vouchers and muster rolls of development work has spread to a demand for a comprehensive law covering all spheres of democratic functioning.

The villagers of central Rajasthan have understood and have made a large section of enlightened opinion in the country understand that access to records of development work in villages would help in obtaining the minimum wages, entitlement under the ration quota and medicines for the poor in public health centres. Further, it would also check abuse by the police and prevent delay and subterfuge in implementation of other livelihood entitlements.

It is this perspective that led to the issue becoming a part of the mainstream political debate in Rajasthan and led to the passage of the RTI provisions in the State *Panchayati Raj* Act and then of a State Right to Information Act.

Collective Exercise of the Right to Information

In Rajasthan, the first demand was for access to records of the *Panchayati Raj* Institutions (PRIs). A series of public hearings or *Jan Sunwais* in villages demonstrated the power of information in fighting corruption and in ensuring accountability of public functionaries. They also exposed entrenched opposition to information sharing by the latter. The demand grew into a full-fledged mass agitation.

As a result, the entitlement was included in the Rajasthan *Panchayati Raj* Act Rules in 1996. Since then the MKSS and the villagers of Rajasthan have made extensive use of these provisions through a series of *Jan Sunwais* (public hearings) in fighting corruption, ensuring accountability from public functionaries and mobilising people for effective participation in democratic governance. One lesson clear from this experience is that it is only with the help of agitation and pressure from people that these provisions can be implemented.

The *Jan Sunwai*s have demonstrated that when exercised collectively, the RTI can have an impact on development by plugging pilferage and potentially ensuring people's control over PRIs, particularly if the entitlement is institutionalised through processes like the *Ward Sabhas* (smallest administrative unit under local self governance) and Social Audit.

How did a typical *Jan Sunwai* unfold? During the run-up, the MKSS and the villagers obtained photocopies of all accounts relating to development work in a given *panchayat*, in keeping with the provisions of the Rajasthan *Panchayati Raj* Rules Section 321-328. These accounts were then carefully cross-checked through visits to the relevant sites, discussions with the villagers and enquiries from labourers employed for development work. Following this, there were questions and statements from the public and cross-examination from the panellists.

Sometimes, in the presence of government officials, an attempt was made for the administrative and legal solutions of the irregularities identified. Usually the kind of frauds discovered in the *Jan Sunwais* related to purchase over-billing, sale over-billing, fake muster rolls, underpayment of wages, and tinkering with labour-material ratio in development works etc.

Systemic Resistance to RTI

While the power of information unshackled in public hearings forced many *Sarpanch*es (head of a village or villages) to concede fraud and return the embezzled money to the *panchayat* fund, it also exposed the fraud committed by the entire chain of development administration from *Panchayat* Secretary to Junior Engineer, Block Development Officer (BDO), *Pradhan* (village head) and the district administration. Not surprisingly, the public hearings brought out the deeply entrenched opposition to information sharing with the public and alongwith it the lesson that any loophole would be exploited to deny people this basic entitlement. It also underlined the need for a strong enactment, if the legislation is to be made effective on the ground.

While attempts by the administrative machinery to block information abound in our experience in Rajasthan, two cases stand out as being representative of the resistance.

Members of the *Rajasthan Mazdoor Kisan Morcha* (RMKM), an ally of the MKSS and active in *Kishangarh tehsil* of Ajmer district, sought information related to development works of *Harmara Panchayat*. They had to undergo the ordeal of visiting various offices from the *panchayat* to the district collector as many as 60 times between January and June 1998 in their quest for the information.

Then threatening a state-wide agitation, the RMKK announced a big rally on the eve of which partial information was released to them. Fearing that this information would establish irregularities, the *Sarpanch* of *Harmara Panchayat* disbursed money to the entitled people but did not spend on construction of houses under the *Indira Awaas*

Yojana, or construction of latrines or payment of wages for work under the *Jawahar Rojgar Yojana* and other schemes.

Inhabitants of *Janawad Panchayat*, district *Rajsamand*, were involved in a historic struggle to obtain information of the work done during 1995-2000 by their *panchayat*. When the villagers saw a board displaying the large number of work (under section 323 of the Rajasthan *Panchayati Raj* Act Rules) carried out by the *panchayat* in the last five years, they were taken aback. The board showed large sums of money spent on development work supposed to have been undertaken in the village. But, there was nothing to show for it on the ground.

Some of the citizens then applied for information in February 2000 under sections 321-328 of the Rajasthan *Panchayati Raj* Act Rules, 1996. In spite of a letter from the Chief Executive Officer, *Panchayati Raj* of the district to the *Panchayat* Secretary in May 2000 to give the sought information, it was not provided to the people for three months.

Although a new *sarpanch* took over in February, the *Panchayat* Secretary remained unmoved. The previous *sarpanch* managed to pressurise the new *sarpanch* against giving the information. He also got the *gram sabha* (village council), which met only in name, and the *gram panchayat* to pass illegal resolutions to the effect that giving information would cause a law and order problem. The activists of the MKSS lodged protests with the district and state officials against this and renewed the request for information.

With the intervention of the Minister and the Secretary of Rajasthan *Panchayati Raj* Department, the illegal resolutions were cancelled. But even this could not ensure the implementation of the law. When the people of *Janawad* and the MKSS started an agitation, the *Pradhan* of the block issued an order that information need not be given for another two months, as a committee constituted by him under the BDO would inquire into the case. Incidentally, the BDO would be one of the accused if the fraud of that *panchayat* were to be exposed.

The state government once again issued an order in November 2000 to the BDO that information be given to the people. This was also ignored by the *Panchayat* Secretary and instead he provided a new interpretation of the law by saying that citizens only had the right to inspection but no right to obtain copies. When the state government called for the records in order to give its copies to the MKSS, the *gram sewak* (a junior official under the *Panchayat* Secretary) disappeared with the records and got a stay order from the Jodhpur High Court. Although months have passed since then, the stay to date has not been vacated.

Grassroots Lessons

The lessons are inherent in such instances of flouting. In the absence of penalty for non-compliance, independent appeal and specific liability for providing information, the *Panchayati Raj* Act Rules have proved toothless. On their own, they are unable to ensure compliance. It is only through public pressure and agitation that the ordinary citizen can wrest information from the system under the Rajasthan *Panchayati Raj* Act Rules.

Other Micro Level Experiences

Lest this recap of MKSS experiences convey that the RTI is relevant only to *Panchayati Raj* and fighting corruption in rural development work, we must draw attention to other experiences, i.e. in the areas of PDS, environment, employment, atrocities against women and other human rights violations.

Through executive initiative in Bilaspur division of Madhya Pradesh, in 1996-97, the RTI was extended to the citizens in a number of areas. It would be pertinent here to share a few illustrations from the Bilaspur experience.

Public Distribution System (PDS)

The PDS provides subsidised grain, particularly in tribal regions. The significant gap in the PDS and market prices results in flourishing black markets in most regions, so that the vast subsidies invested in PDS are actually diverted from food security of tribal people to unscrupulous traders and officials.

In Bilaspur, this was selected as the first case to apply the peoples' Right to Information. All food grains diverted to the black market are usually shown in the records of PDS shops as having been distributed to poor consumers.

The Bilaspur Divisional Commissioner (DC) passed an administrative order enabling citizens to get copies of both the allotment and distribution register of all PDS sale outlets, thereby enabling PDS consumers for the first time to have documentary evidence that grains were being distributed against the names, which never reached them. The impact of this order was dramatic – the off-take in the PDS shops in Bilaspur in the months after this order dropped by half.

Employment

For many young people in villages and towns, the ultimate dream is to get a government job. They register themselves with the employment exchange and await call letters for interviews, which rarely come and when they do, they are faced with nepotism and corruption, rather than merit and qualification that govern the selection of candidates.

The Bilaspur DC first passed orders that the copies of registers of candidates in employment exchanges can be received, along with detailed rules about how candidates are selected (by a rotation system), from an interview call. For the first time, candidates were enabled to ensure that these selections were done fairly and with transparency. The second order was that in any selection to a government job, anyone can ask for a list of candidates, who applied with relevant qualifications and the procedure and criteria for selection.

Public Work

For all public tasks implemented by local governments and officials in the rural as well as urban areas, citizens are entitled to seek copies of all relevant records. These include muster rolls, which indicate who was given wages and against what quantity of recorded work. Likewise, bill and measurement books and vouchers indicated details of purchases and use of materials.

Public Contracts

The award of contracts is another notorious area of corruption. Through administrative orders of RTI in contracts, citizens were empowered to seek lists of all applicants for any contract with relevant details of their qualifications and bids. The public authority was also required to provide the basis and procedures for selection, for award of any contract. Rights, like the one to relevant information, once again enabled citizens to control corruption in the awarding of public contracts.

Pollution Control

The Bilaspur DC also took an important step to contain pollution levels in air and water caused by industrial installations in Korba township. The DC's order made it mandatory for these industrial units to publish details of polluting effluents released into air and water by them in newspapers every day. The published details would mention the standard permissible limits of these effluents in air and water and that actually released by these units.

Information Sharing in Rajasthan on Atrocities against Women and Human Rights Violations

Apart from Bilaspur, there is an interesting experience in Rajasthan on transparency with regard to cases of atrocities against women and general human rights violations.The Government of Rajasthan was denying the public information on the issue of increasing crimes against women. Women rights and human rights groups found it difficult to prove that there were delays or irregularities by the police in taking action relating to arrests and filing of charge sheets in serious crimes, like rape, sexual assault, battering, domestic violence, etc. There was no accountability of the police towards the people, including the complainant.

Organisations working towards justice for women came under the banner of *Mahila Atyachar Virodhi Jan Andolan* (People's movement against atrocities on women), Rajasthan in 1996. After much public, the state government set up a forum of dialogue and information sharing with the women rights and human rights group under the chairmanship of the Home Secretary.

This forum met on a monthly basis. The Additional Director General of Police and the Superintendent of Police (SP), Women Atrocities, along with the lower officials would sit with women activists and kin of the complainant, and scrutinise irregularities or negligence at the police station level in the state on a case-by-case basis. The fact that this forum provided for openness and that any case could be subjected to public scrutiny led the police to become more accountable.

An order was also issued by the Home Department that information regarding crimes against women would be collated at the district level on a fortnightly basis and on a monthly basis at the state level. Apart from the fact that it resulted in each police station incharge and each District Superintendent of Police working hard to show that they were swift in responding to cases, it also got the activists information on a regular basis from the office of the Home Commissioner and the SP.

The success of this forum resulted in similar fora being set up at the district level. Today the message is clear that the police and police stations have to be transparent, accountable and provide information to the people. This has had a positive impact and has resulted in improved police accountability even with regard to cases of general human rights violation and custodial crimes.

Conclusion

MKSS has waged a campaign to secure the right of ordinary people to gain access to information held by government officials even in the absence of a statutory entitlement. In the process of experimenting with methods for compiling, sharing and verifying expenditure data at local levels, the MKSS has developed a radical interpretation of the notion that citizens have a right both to know how they are governed and to participate actively in the process of auditing their representatives.

Chronology of the Making of the Right to Information and its Impact

December 1994

2 First public hearing in Kot Kirana, Raipur tehsil, Pali district by MKSS.

7 Second public hearing in Bhim, Bhim tehsil, Rajsamand district by MKSS.

17 Third public hearing in Vijaypura, Devgarh tehsil, district Rajsamand by MKSS.

January 1995

7 Fourth public hearing in Jawaja, Ajmer district by MKSS.

30 Presentation of public hearing findings to M L Mehta, Chief Secretary, Rajasthan by MKSS.

February

Presentation of public hearing findings to Yugandhar, Secretary, Rural Development, Government of India by MKSS.

April

5 Announcement by the Chief Minister (CM), Rajasthan in the State Assembly that the people of Rajasthan will be granted the Right to Information and that they can obtain copies of documents, including details of development expenditure of last five years of *Panchayati Raj* bodies. He added that this would help in recovering money that has been defrauded from the *panchayat*. He also stated that a special agency would be set up to look into the corruption cases that will be exposed by exercising this right.

25 Public hearing in police station, Mandal block, Bhilwara, organised by a *sarpanch*, who is also a MKSS activist. Block level officers attend the hearing for the first time.

September

25 Rajasthan State level Convention on the Right to Information held in Beawar, demanding that an order be issued on the CM's statement in the State Assembly in April 1995. K R Venugopal, former Secretary, Prime Minister's Office was the chief speaker in the meeting.

October

6-7 National meeting held in the Lal Bahadur Shastri Academy of Administration in Mussorie. The Academy gives a commitment on the issue.

1996

April

5 One year after CM's announcement in the State Assembly, a 40-day *dharna* (protest by sitting) begins in Beawar by the MKSS, demanding an executive order on the CM's announcement on the Right to Information.

6 Government issues an incomplete order, giving only the Right to Inspection of records, including bills, vouchers and muster rolls and not the right to obtain copies of records. MKSS rejects the order and fights for right to obtain copies of documents. *Dharna* continues and was supported by Nikhil Chakravorty, Kuldip Nayyar, Swami Agnivesh, Medha Patkar, Prabhash Joshi, Harsh Mander, Khairnar etc.

May

6 *Dharna* simultaneously begins in Jaipur with the support of all groups from all over the state.

16 *Dharna* lifted after the decision of the government of setting up a committee under Arun Kumar, Additional Chief Secretary, Rajasthan for looking into the possibility of granting copies of documents to the people under *Panchayati Raj*.

July

20 MKSS *Jan Sunwai* on corruption in Beawar in Ajmer, Rajsamand and Bhilwara districts attended by media persons from Delhi.

21-22 Meeting in Jaipur on the Right to Information convened by the Pink City Press Club. Participants included CM, Justice Sawant of Press Council of India, journalist unions, senior social activists, etc.

August

1 National Campaign on people's Right to Information held in Delhi with a core group of senior media persons, lawyers, environmentalists and other activists.

10 Press Council of India holds a high-power meeting on the Right to Information with the participation of former Prime Minister VP Singh, Chief Ministers, Attorney-General and other legal luminaries, media persons, other activists. Core Committee to draft the Bill on the Right to Information formed.

30 Arun Kumar Committee report submitted to the government. Report in favour of giving copies at *panchayat* level. Report declared a secret document.

Right to Information order issued by the Bilaspur DC on the PDS. Till April 1997 Bilaspur DC issues six orders.

September

25 '*Jan Sunwai*' in Alwar, village Sarekhurd, on the issue of forcible sale of land of farmers to RIICO and Kedia, organised by *Bharat Gyan Vigyan Samiti* (BGVS), Rajasthan.

30 Press Council of India finalises draft Bill for a central legislation on the Right to Information and submits to the PM and sends to all CMs.

October

2 '*Jan Sunwai*' in Bilaspur district, Madhya Pradesh by BGVS MP on the use of the first Right to Information order issued by the DC.

October-November

Campaign reaches Madras, Hyderabad and Bangalore. Meetings organised with NCPRI representatives.

December

24 State level meeting on the Right to Information.

1997

February

17-19 Division level *dharna* begins from Ajmer division in Rajasthan, organised by the NCPRI (Rajasthan), demanding the right to obtain copies of records for all construction work and PDS.

April

15-17 Division level *dharna* at Kota for three days.

17 Tamil Nadu State has a Right to Information law.

HD Shourie Committee on the Freedom of Information submits its draft Bill and report to the United Front Government.

May

5-7 Division level *dharna* at Udaipur.

19-21 Division level *dharna* at Bikaner.

23-24 Division level *dharna* at Jodhpur.

26 State level *dharna* begins in Jaipur. *Dharna* continues for 53 days.

June

8 "*Ghotala Rath Yatra*"(a procession highlighting scandals) begins in Jaipur.

July

13 Dy CM announces that the RTI was granted on December 30 in the *Panchayati Raj* Act Rules 1996. (More than 50 departments issued an order on the Right to Information)

15 *Dharna* lifted with the position that RTI was granted in *Panchayati Raj* only on the day of the announcement, on July 13.

30 MP Cabinet takes a decision to make all its departments transparent and grant the people the Right to Information.

Goa Act passed in July and then amended in December.

August

24-25 State-level meeting on the Right to Information, organised by NCPRI on the use of the right granted in *Panchayati Raj* Rules.

September

8 Chief Secretary issues instructions directing administration to implement this right in *Panchayati Raj*.

January 1998

9 *Jan Sunwai* in Kukarkheda, Bhim tehsil by the MKSS. *Sarpanch*, Basanta Devi returns Rs 50,000 of the Rs 100,000 embezzled by the *panchayat* on development work. Promises to return the rest in the next two months.

19 *Jan Sunwai* in Surajpura, Jawaja. Out of six *sarpanches* taking part, *Sarpanch*, Rawatmaal returns Rs1,47,000 and *Sarpanch*, Surajpura returns Rs1,16,000. VP Singh also participates.

February

MKSS makes RTI an election issue in Lok Sabha election.

April

Rajasthan Mazdoor Kisan Morcha activists beaten up by *Sarpanch, Harmara,* for seeking information on development work expenses.

24 MP State Assembly passes a Bill on the Right to Information. To date, the Bill is awaiting President's assent.

July

4 Big rally by *Rajasthan Mazdoor Kisan Morcha* activists in Kishangarh as they were denied information by the Harmara *Panchayat* in spite of visiting the BDO office, *panchayat* and the district collector 53 times.

20 MKSS *gherao* the SDO office in Bhim as *Sarpanch*, Basanta Devi of Kukarkheda withdraws the amount she had deposited at the instance of the CEO of Rajsamand.

October

1-20 Urban Development Minister, Ram Jethmalani's attempt to enforce transparency in his ministry is revoked by the Prime Minster's Secretariat.

November

Right to Information made a State Assembly election issue by the MKSS.

December

'*Ghotola Rath Yatra*' taken out for a week in Delhi, along with a play on the RTI. Activists lobby with the Vajpayee Government to initiate a public debate on the contents of the proposed RTI Bill, meet MPs and President in Delhi.

January 1999

11 NCPRI delegation meets new Rajasthan CM, who asks Prof VS Vyas to set up a committee headed by him as his (CM's) advisory group on the Right to Information.

March

26 Government issues notification for constituting a committee of eight secretaries under the chairmanship of PN Bhandari, IAS, on the Right to Information. Vyas is also named a member. He refuses to be a member.

29 NCPRI delegation meets CM demanding that the committee must have public representatives, academicians movement activists and citizens. CM refuses to change committee members but assures that the voice of the public will be heard by the committee.

April

6 RTI committee issues notice in all the newspapers asking the public to send suggestions on the Right to Information.

12 MKSS and NCPRI delegation meets the committee. Committee says that a law cannot be made by the state government, as RTI falls in the central list. They quote Soli Sorabjee, Attorney General's observations in this context. They ask NCPRI to prepare a draft executive order.

19 NCPRI (Rajasthan) agrees and decides to conduct meetings all over the state and then present a draft executive order on June 7.

May

5 NCPRI (Rajasthan) prepares draft order and gives to PN Bhandari for comments. Comments of government enclosed.

23 Meeting in Bikaner on the draft executive order.

24 Meeting in Jodhpur.

26 Meeting in Udaipur.

27 Meeting in Ajmer.

28 Meeting in Kota.

30 Meeting in Jaipur.

2

Combating Auto Pollution

*– Sunita Narain**

The Background

In 1996, the Centre for Science of Environment (CSE) blew the lid on smog and smog-makers in its book, 'Slow Murder: The Deadly Story of Vehicular Pollution in India', and launched a 'Right to Clean Air' campaign to improve air pollution control policies. Vehicles contribute a shocking 70 percent to the total air pollution load in a city like Delhi. Lack of composite air quality planning, outdated engine technology, poor quality fuel and lack of transport planning were responsible for this state of affairs.

While India's economy has grown two-and-a-half times since 1975, the pollution load from industries has gone up four times and from vehicles a shocking eight times. Yet the smog-makers – automobile, fuel industries and transport planners – escape strictures while commoners are harassed to get their tailpipes checked to certify "Pollution under Control".

Even a cursory look at the air pollution levels of Delhi is bound to shock anybody concerned about the health of the city populace. More shocking is the fact that of all the measures taken to control the rising pollution levels, none has come from the government except the routine setting of emission norms for vehicles every five years, which in any case is too lax to make any impact. It has introduced the practice of 'tailpipery', which is entirely ineffective in controlling pollution. Even this exercise started as late as in 1991, moved at a slow pace until the Supreme Court (SC) advanced the norms in 1999 by almost five years.

The CSE study exposed that the government was indulging in the game of blaming the victims instead of attacking the actual, big culprits. The hype over the official drive to test tailpipe emissions was cosmetic and diverted public attention from more serious issues only to the "tailpipe of the problem".

Following media reports on 'Slow Murder: The Deadly Story of Vehicular Pollution in India', in November 1996, the SC had issued a *suo motu* notice to the Delhi Government to submit an action plan by December 1996, the Delhi Government submitted its first ever action plan. A year later, in November 1997, CSE publicly criticised the government inaction and also the SC orders for lacking in comprehensiveness. Along with this was released its latest finding that more than 52,000 people were dying prematurely every year due to air pollution-related diseases in Indian cities.

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* *Environmentalist, political activist and director of Centre for Science and Environment, New Delhi*

Reacting to this, Union Environment Minister, Saifuddin Soz, issued a white paper on Delhi's pollution within a month i.e. on December 02, 1997. Soon after, in January 1998, the SC set up the Environment and Pollution (Prevention and Control) Authority (EPCA) with statutory powers to control pollution in Delhi. CSE Director, Anil Agarwal, was appointed a member of this committee.

Since 1999, the campaign against diesel to reduce health risk from its toxic particulate emissions has gathered momentum and catalysed EPCA recommendation to the SC that private diesel cars in the NCR should be banned. The SC, in the meantime, ordered the entire public transport system in Delhi to begin using Compressed National Gas (CNG) by April 2001 and slapped "Euro II" norms on all new cars, both petrol and diesel, in the National Capital Region (NCR) from April 2000.

The Problem of Polluted Air

When the air quality of Delhi is compared to that of other cities in the world, it emerges as one of the most polluted cities, if not the most polluted city. The most critical pollutant in the city's air has been suspended particulate matter, which has been rising constantly through the past decade.

Scientific studies conducted across the world show that particulate matter poses the worst threat to living beings' health and the smaller the particles, the more dangerous they are. International studies also show that mostly vehicles emit these fine and ultra-fine particles. The worst culprits are those running on diesel fuel, and particles emitted by them have been branded as a possible human carcinogens and toxic air contaminants. In this context, since the greatest challenge in Delhi is to reduce toxic particulate pollution, implementation of the SC ruling on CNG is crucial.

Intervention by the Judiciary

Though a public interest litigation (PIL) on air pollution in Delhi was filed in 1985, the Delhi Government took more than a decade to come up with a comprehensive action plan to tackle the menace from public transport. Till then the measures-taken followed a piecemeal approach. There were long deliberations on introducing propane, CNG and catalytic converters and other possible measures.

The two main orders issued by the SC till the time EPCA was appointed were the introduction of unleaded petrol and catalytic converters for all new cars.

In the absence of an air quality management programme from the government, the recommendations of EPCA added impetus to the vehicular pollution control initiatives taken by the SC.

The number of measures taken in the short time – between 1998 and 2001 – under the directions of the court were targeted to address the inaction of decades. The SC set the following action agenda with timeframe in its order, dated July 28, 1998:

- to restrict, by October 2, 1998, plying of commercial vehicles including taxis, which were more than 15 years old;
- to restrict, by December 31, 1998, plying of goods vehicles during daytime;

- to expand, by December 31, 1998, the number of pre-mixed oil (petrol and 2T) dispensers at petrol outlets;
- to ban, by December 31, 1998, the supply of loose 2T oil;
- to augment, by April 1, 2001, public transport (stage carriage) to 10,000 buses;
- to eliminate, by September 1, 1998, leaded petrol from the National Capital Territory;
- replacement, by December 31, 2000, of all pre-1990 autos and taxis with post-1996 vehicles;
- no eight-year-old buses to ply except on CNG or on "clean fuel" by April 1, 2000;
- entire city bus fleet to be converted into CNG by March 31, 2001;
- Gas Authority of India Limited (GAIL) to expand number of CNG outlets from nine to 80 by March 31, 2001;
- Central Pollution Control Board (CPCB) and Delhi Pollution Control Board (DPCB) to set up new stations and strengthen existing air quality monitoring system by April 1, 2000;
- to set up two independent fuel testing laboratories; and
- to build two new Inter-State Bus Terminals (ISBTs) at entry points in north and south-west Delhi to avoid pollution due to entry of inter-state buses.

Where is the Scope for Controversy?

The transition of public transport to CNG was portrayed as a highly controversial affair, which could have been a smooth process. Then why this apparent controversy? Even a superficial look shows that all this confusion had three main reasons: lack of political will, bureaucratic bungling and deliberate attempts by certain quarters to derail the process.

There were additional factors, too. There were deliberate attempts from some automobile manufacturers to mislead the court and the public. Through their misinformation campaign they built enormous resistance to the court orders. The absence of proper information in the public domain to counter misinformation, poor governance and lack of transparency on the part of the government and business houses fuelled the controversy. Moreover, since the initiative came entirely from the judiciary, the official resistance built up, too. This put onus on the civil society groups to fight the misinformation campaign.

A look at the calendar of events of just one year makes this amply clear.

The Calendar of Inaction

March 2001: The confusion game began. When the deadline for converting the entire public passenger transport fleet to CNG expired, all parties concerned, thronged the Supreme Court to air their grievances – schools, private bus operators, auto drivers' unions, etc. They either pleaded for more time or planted doubts about the CNG technology, or questioned the wisdom of depending on an untried technology. The court, in its order of March 26, granted a conditional extension to commercial transport to run diesel vehicles till September 30, 2001.

Now that the court was standing firm, there was one big change in the strategy and there was one big new entrant to the messy picture – the Ministry of Petroleum and Natural Gas. For full 32 months, the Ministry of Petroleum and Natural Gas remained inactive, but realising that the court was serious, suddenly came alive. Taking a cue from the July 28 court order itself, which said that these vehicles should run on CNG or other "clean fuels", the the Ministry of Petroleum and Natural Gas asked the court to define clean fuel. After all, Sweden uses diesel with just 10 parts per million (ppm) or 0.001 percent sulphur diesel. Why can this not be considered clean fuel?

The court directed the EPCA to file a report on whether 10 ppm sulphur diesel could be considered as clean fuel, and also as to what other fuels were clean, those that were not harmful to the environment "or otherwise not injurious to public health".

The saboteurs began the game of 'zeroes' to confuse all. New fangled terminologies – ultra-low sulphur diesel (ULSD) and low sulphur diesel (LSD) became fashionable overnight. The trick was the use of zero without explaining the difference adequately. While LSD has 0.05 percent, sulphur ULSD has less than 0.001 percent sulphur – a difference of 50 times. But proponents of diesel glossed over this difference and talked publicly that ULSD would be an easier and cleaner alternative while actually meaning LSD. They also did not explain that this diesel was already available in Delhi and that it would be 30 times more carcinogenic than CNG, according to most international studies.

Meanwhile, rival political parties got busy accusing each other for the ongoing mess. Parvez Hashmi, then Delhi's Transport Minister, demanded *ad nauseam* an alternative fuel, though he never cared to spell out one. The Union Minister of Petroleum and Natural Gas, Ram Naik launched a campaign to get the existing diesel in Delhi – 0.05 percent or 500 ppm sulphur diesel, introduced only a few months ago in Delhi – to be declared a "clean fuel".

April 2001: Demands for "clean" diesel begin

The Chief Minister of Delhi, Sheila Dixit, and Union Petroleum Minister Ram Naik met and decided that they were on the same side. They agreed that the city's transport could not be run on one fuel, that any accident in the pipeline would bring the entire transport system in Delhi to a standstill. They asked the EPCA to recommend "diesel with 0.05 percent sulphur is world standard clean fuel" and should be accepted in place of CNG. "This is ultra-low sulphur diesel", (note that they have the zero wrong) claimed Naik and Dixit.

A spurious CNG cylinder exploded injuring six people. Dixit accused the Centre for failing to come up with safety norms for CNG. On April 8, 2001, seven cars were found to have fake CNG cylinders.

May 2001: Private CNG buses come on the road

Clashes between diesel and CNG bus staff, as both competed for passengers on the roads were reported. As more and more CNG buses started coming on the roads, queues began to grow. Bus operators waited in queues the entire night to get their vehicles filled with CNG. Indraprastha Gas Limited (IGL) officials kept saying that the problem would be solved soon.

June 2001: More vehicles, longer queues; IGL fails to deliver in time

The Delhi Government stated that the non-availability of gas could lead to another transport crisis. It filed an affidavit in the court saying that the September 30 deadline could not be met, as the Ministry of Petroleum and Natural Gas was not supplying adequate CNG. IGL promised to install booster compressors in their daughter stations – stations without any compressors – and convert them to daughter boosters – stations with compressors – by September, which would reduce queues.

July 2001: Now the queues are long, indeed

Media reported heart-rending stories of how several nights are spent by the drivers at CNG stations in the sweltering heat. They do not get to see their children, do not sleep, do not bathe. Queues stretched for two-three kilometers. Still there was no action. Delhi Government announced that Delhi needs another five years to implement the SC order. Transport operators threatened an indefinite strike over CNG short supply.

August: CNG crisis comes to a head

August 5: Five people were injured as a Telco CNG bus caught fire. Media, politicians and experts rushed to discredit the technology labelling it as being unsafe. The next day in the Parliament, members expressed concern maintaining that CNG technology was neither safe nor viable. Members asked the government to inform the court.

Naik informed the Parliament that it would take four-five years to increase CNG supply beyond the existing capacity to meet Delhi's vehicle needs. "No more gas is available physically." He repeated that it was "neither practical nor desirable" to have all public vehicles operating on CNG.

Madan Lal Khurana, former CM of Delhi and local *Bhartiya Janta Party* (BJP) leader, stated that central ministries – including the Ministry of Environment – had decided to file a joint affidavit in the SC asking to consider other clean fuels, including 0.05 percent low sulphur diesel. He called for a strike by transporters.

The Congress General Secretary, Kamal Nath, however, defended the CNG decision. He stated "CNG is the most clean fuel and that the only problem was with its supply".

The inquiry report on the CNG bus fire clarified that CNG leakage was not the cause of the accident. Fire was caused by a short-circuit in the electrical system near the engine.

August 10: Opportunistic politics took over. The city was brought to a halt as politicians competed for public approval. BJP's Khurana led one rally to the Supreme Court. His group included diesel-run bus and taxi operators. Their war cry was alternative fuel, namely diesel, should be allowed by the court. He blamed it on the Delhi Government, as it did not inform the Centre about the "correct demand" of CNG. His colleague, BJP MP, Vijay Kumar Malhotra, declared that the Parliament would appeal to the SC to review its decision on the CNG issue. Khurana and his pack told the press that Naik had assured them that his ministry would file an affidavit, stating therein that the government could not supply gas to the vehicles registered after September 30 – the court deadline for conversion.

Delhi Transport Minister, Hashmi, led the second group of transporters and their demand to the Centre was to ensure adequate supply of gas. Delhi CM wrote to the Prime Minister asking for his intervention before a 'serious law and order situation' developed. 'I draw your attention to the urgency of ensuring adequate and reliable supply of CNG. I have noted my concern that the Centre has not notified safety and emission norms for CNG fuel'. But her Transport Minister was not convinced. He stated: "The recent bus blast has left us jittery. We are not sure if CNG is a safe option. We want other fuel options which are safer and more easily available".

New bait is thrown

Naik suggested that instead of CNG, let them drive on imported Liquefied Petroleum Gas (LPG) and maintained that due to limited CNG reserves, the government has decided LPG should be made available. CNG queues continued to grow longer.

August 13: The Energy and Resources Institute (TERI), in a press conference stated that air pollution had actually increased in the city. "We believe ultra-low sulphur diesel is a far superior option compared to CNG." The rain is responsible for clean air, not CNG, say the scientists. The Central Pollution Control Board (CPCB) scientists refuted the study strongly, stating: "TERI should get its measuring instruments properly calibrated by us". They argued that this year we have had stable wind patterns, which would have increased pollution. But pollution levels have been lower than the last year.

August 16: Delhi ministers met the Union Petroleum Minister. All agreed that efforts would be made to explore alternative fuels and that this would be conveyed to the SC.

The same day, Dinesh Mohan, Henry Ford professor at IIT Delhi, released a study sponsored by the Indian Oil Corporation (IOC). He stated that pollution levels would increase if the SC's order is implemented. "Contrary to popular perception, CNG will not reduce pollution. It will lead to more carbon monoxide (CO), hydrocarbons and nitrogen oxide (NOx) emissions as compared to 500 ppm sulphur diesel," stated the learned professor. His study was based on the assumption that people will switch from using CNG buses to two-wheelers and this would add to pollution.

August 17: Affidavits were filed in the court. Delhi Government wanted the court to allow low sulphur-diesel, but it qualified that this is till CNG supply became adequate and asked the September 30 deadline to be extended. The Central Government, however, took a more anti-CNG position and sought a ban on conversion of private vehicles to CNG. It wanted other "green fuels" to be used in commercial vehicles. It defined "green fuel" as the existing diesel. It requested the court that Euro II-compliant diesel buses be allowed in Delhi.

"Now CNG and diesel options are almost comparable – both having their own merits – with CNG buses having marginal advantage in respect to particulate matter emissions", claimed the Oil and Gas Ministry in total disregard to scientific evidence. It exposed its inability to manage technology change, saying that to get this "marginal benefit from CNG buses, high levels of safety requirements have to be ensured".

The court held firm. It rejected all affidavits, which it stated must be given to the *amicus curiae*, but was annoyed at the long queues and inadequate supply. “We have been repeatedly told that supply is adequate and that IGL is prepared to meet future demands. Even today we are informed that there is no shortage of CNG to meet the present demand as also the future demand to implement the orders. Can you tell us who is taking us for a ride” demanded the judges? Holding fire, at least for the moment, the court order stated that “there appears to be mishandling of the CNG supply issue. The Union of India as well as IGL should have taken adequate steps. But they do not seem to have taken the matter seriously”.

The court then directed the amicus and counsels of different parties “to work out some solution and see to it that the difficulties being faced by the commuters as well as by consumers, who have spent a lot of money to convert their vehicles to CNG, are redressed at the earliest”. The next hearing was scheduled for September 21, by which time, the court said, “We hope we shall be informed that proper remedial steps have been taken and there are no queues of autos and buses and other vehicles to get CNG at the filling stations”.

August 19: With the failure of the court strategy, new games began. Delhi Government announced that it would levy a sales tax on CNG.

August 21: CM ruled out proposal to impose CNG. She met Ram Naik once again to push for supply and safety. Naik maintained that further registering of CNG vehicles would be a problem. Gas supply at the national level would not improve, he said, so LPG was a better option.

August 28: Khurana led transporters to another strike. Political rival, Delhi Government, took an offensive position, saying licences of striking bus operators would be cancelled. Strike was a partial success.

Khurana refused to give up. He then proposed that the Central Government should issue an ordinance saying that existing diesel would be allowed as clean fuel. He assured striking transporters that this would be done. He and his pack of Delhi MPs met Home Minister L K Advani, along with Petroleum and Surface Transport Minister. Enormous pressure was mounted. Press quoted Law Minister Arun Jaitley, who attended the high-level meeting, as saying, “We have come to a conclusion today that the crisis can be solved only if there is a limit on vehicles that run on CNG and if we allow buses to run on LSD and three-wheelers on petrol”. BJP sources told the press that the Centre had agreed to promulgate an ordinance.

August 30: Prime Minister, Atal Bihari Vajpayee, convened a meeting at his residence. The Home Minister, the Petroleum Minister and the Surface Transport Minister were present. TR Balu, Environment Minister, and DK Biswas, CPCB chairperson, were also asked to attend, for once. The Prime Minister took an active interest in the issues, said the reports. The Environment Minister took a tough stand arguing that the existing diesel was not an alternative.

Khurana was disappointed. The meeting rejected the idea of an ordinance on allowing the existing diesel vehicles to ply in Delhi. There were conflicting reports but all appeared to agree that the only solution was to ask the SC to allow the use of alternative fuels (but did not agree as to which fuel should be proposed). It was also decided, said Naik, to appoint a committee under RA Mashelkar, Director-General, Council for Scientific and Industrial Research (CSIR), to work out an auto-fuel policy.

January 2002: The Mashelkar Committee came out with its interim report on auto-fuel policy. It toed the line of the Ministry of Petroleum and Natural Gas and said Euro II diesel was good enough for Delhi and recommended Euro III from 2005.

April 5: The SC issued a landmark judgment, imposing a fine on the government for inaction and the defaulting transporters. Not stopping at this, it directed the government to explore extension of the Delhi order to other polluted cities in the country. It came down heavily on the Mashelkar Committee Report.

Framing Policy: The Judiciary, Executive and the Civil Society

What do you expect the government of a critically polluted city to do? The straight answer would be to frame a time-bound policy to reduce the levels of air pollution. There would be immediate (short-term) goals, there would be mid-term goals and there would be long-term plans; in short, a comprehensive action plan with specific targets.

Yet, nothing came from the government, for which it can take credit. It stands out entirely for the wrong reason – for doing almost nothing. This has resulted in spiralling levels of pollution in the cities and small towns of India.

What do the people do when the government fails to protect their interests (read health)? Civil society is increasingly utilising the instrument of Public Interest Litigation (PIL) to enable the judiciary to play a more interventionist role in areas where the country's executive has failed.

But vehicular pollution issues are technically complex and need technical assessment on environmental impact of action plan. The judiciary, therefore, needs to draw heavily upon the technical back-up, which, in this case, is being provided by the civil society.

Civil society will continue to depend on the courts till the time air quality governance improves in the country.

3
Local Environment Agenda

*– Bishan Singh**

Introduction

A good government is one that governs and not one that rules. A better government is one that governs less and facilitates people to govern themselves more. The best government is one that allows people to govern themselves and remain their guardian – providing security, law and order and the administration of justice.

In a democracy, people's participation in governance is a prerequisite for attaining life-centred and sustainable development. Life-centred and sustainable development is the one that is socially just, ecologically regenerative, economically viable, politically participatory, culturally vibrant and spiritually fulfilling. These are six pillars propagated by Management Institute for Social Change (MINSOC) towards attaining a life-centred sustainable development option. People's participation must not be induced or co-opted; rather participation should be facilitated and allowed to mature according to its own momentum, capacity and capability.

According to the findings of the MINSOC, people's participation in local government initiatives like the implementation of Local Agenda 21, are more induced and co-opted than being facilitated. In most cases, the local authorities are in the driver's seat. People are the passengers. Since people are mobilised to participate in such situations, illusions are often created that the people are in charge. It is true that people are participating in such initiatives but they are not in charge. They are not the designers and owners of the process – they are mere participants.

The challenge is, how do we facilitate people's participation in designing a process for local governance and, at the same time, make them become owners of that process. This is the challenge, which Sustainable Development Network (SUSDEN) Malaysia wanted to initiate. With the help of MINSOC, SUSDEN Malaysia launched the Sustainable *Kuantan* Initiative (SKI) pilot project. The case study of SKI as a community initiative for local governance can be mentioned here as a contribution to the Local Agenda 21.

Background

SKI is a pilot initiative of the SUSDEN Malaysia. SUSDEN Malaysia was born out of the United Nations Conference on Environment and Development (UNCED) and the Rio Earth Summit process. Hence, the implementation of Agenda 21 is the major mandate and work of SUSDEN.

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The purpose of SKI was to facilitate community participation in local governance and promote sustainable development. The aim of the pilot project was to test and learn through a hands-on approach, which involved developing a methodology for community participation and engagement in local governance and sustainable development.

The project was launched on August 05, 2000 and was to be completed within a stipulated period of three years. It successfully celebrated its first anniversary on August 04 and 05, 2001. It celebrated its second anniversary on August 03 and 05, 2002. The celebration culminated in the formation of a new association called *Persatuan Sejahtera Kuantan* (PSK) that is the Association for Sustainable *Kuantan*. This action is innovative as it leads the initiative into a sustainability mode.

Strategies and Principles

The conceptual framework of SKI was developed based upon the research and work of the MINSOC on people's participation in development initiatives. MINSOC acts as the advisory and technical support organisation of SUSDEN to build its capacity to become one of the lead CSOs to promote a life-centred sustainable development option. To facilitate genuine participation of the stakeholders, to ensure continuity and sustainability of the initiative, there are a number of strategies and principles involved. There are a number of strategies and principles involved to facilitate genuine participation, are discussed below:

Institutionalising Local Ownership

The first strategy SKI took was to institutionalise local ownership of the initiative from the beginning. SUSDEN was the facilitator of the process. About 15 well known community leaders were identified as core representatives of the community and invited for a consultation on the idea. Adequate racial and gender representation was ensured according to the composition of the local population. At the consultation, the concept of SKI was presented to the participants.

Agreement and Commitment

The group brainstormed the concept and agreed to take ownership of the process and move forward. SUSDEN, working in collaboration with MINSOC, agreed to provide basic resources, guidance and advice to the group until the process institutionalised as a process of the community, by the community and for the community. Duration of a three-year support period was agreed upon during the pilot phase.

Handing over Responsibility

Institutionalising ownership required that responsibility, particularly for leadership and decision-making, be handed over to local leaders. A working committee comprising seven of the 15 local leaders was appointed. One representative each from the Chinese and Indian community was secured. Three members of the working panel were women leaders. This arrangement was made to ensure gender equity and to strengthen gender partnership in decision-making and local governance.

Sharing Ownership and Building Alliances

The group brainstormed and agreed upon a minimum work programme of three activities to start the process. The initiative was called a process because development initiatives are notable. The aim of the three activities was basically to share the ownership of the initiative with the community and the stakeholders and to ensure commitment for action among them. The three activities were:

- to seek endorsement, support and partnership of local groups, local municipality and the state government;
- to organise SKI launching ceremony in collaboration with, and cooperation of, key community organisations, chambers of commerce, trade and professionals, and local and state governments; and
- to organise a one-day community consultation workshop to obtain endorsement, get inputs for a community vision and develop a community plan of action.

Providing Basic and Start-up Support

SUSDEN agreed to act as the secretariat and provide basic support to the working committee to launch the initiative. This was important because participation of the community in developing initiative, needed to be facilitated and motivated with investment, at least with basic support, to build the capacity for future sustainability.

It is naive to think that when an idea is mooted, it can be converted into people's participation without investment, support and capacity building. However, such support and investment must be in context of true partnership – that is working with the people and not for them. A time period is absolutely necessary. People must know from the beginning when they are to take over and own the process.

SUSDEN agreed to be a partner in this process for three years. After that, local leadership and the community would be responsible for institutionalising the approach as a part of community responsibility.

Progress of SKI

Mobilising Participation

The working committee, with the support of SUSDEN, successfully obtained the endorsement of the state government; and the State Exco Member for Housing, Local Government and Environmental Protection launched the SKI Project committing the state government's support for the initiative. It was hoped that such initiatives could be shared and started in other municipalities in the State of Pahang. To ensure the sustainability of the initiative,
the SKI Fund was launched. The state government provided Malaysian Ringgit 1,000 (US$308)as a start-up contribution.

The *Kuantan* Municipal Council picked up the cost of the launching activity and the one-day community consultation. Key officials of the council participated actively in the process.

About 75 participants from 50 targeted community organisations participated in the launching and community consultation. They also endorsed and gave their mandate to leadership of the working committee providing leadership.

Box 1: Vision of Sustainable Kuantan

We, the residents of *Kuantan* are one community living in harmony with ourselves and with others to ensure our security, rights, health and livelihood. We recognise *Kuantan* as our Home and Habitat and commit as residents to cooperate, collaborate and work hard to keep *Kuantan* safe, clean, beautiful, friendly, peaceful and protected for our present as well as future generation.

- As a community, accept the diversity of our races, languages, faiths, and traditions as part of a multi-racial society, infused with tolerance understanding and goodwill, we shall, as members of the community continue to strengthen our cooperation, collaboration, solidarity and unity.
- As citizens, participate actively in the local governance to ensure transparent, cost effective, accountable and well managed municipality of the people, by the people and for the people.
- As an integral part of the state and the nation, we accept the social responsibility and the sacred task of protecting the ecology and the life support system to ensure its harmony and balance.

As human beings, we shall endeavour that everything we do is infused with moderation, love and spirituality.

Developing a Community Vision

One of the objectives of the community consultation was to engage in a community envisioning exercise. Participants brainstormed and provided inputs to a community vision. A workgroup under the leadership of one of the working committee members was assigned to develop a draft community vision from the inputs. The draft vision was distributed among community groups and other stakeholders for discussion and feedback.

The feedback and comments were processed in a workshop held among selected community leaders and other stakeholders. They developed a second drafted vision – a vision with greater consensus. This vision was distributed for further review and discussions. It was finally endorsed at the SKI's first anniversary community consultation on August 04, 2001 as the SKI Vision for Sustainable *Kuantan*.

Ideas for Community Action

During the community consultation, commemorating the first anniversary of SKI, 10 ideas were selected as the work plan of SKI for the year 2001-2002 including:

- to promote education, and sustainable lifestyle among various nationalities that is healthy, tolerant and enhances understanding;
- to initiate and operate community support services to help people seek redress for their problems, especially related to local government services;
- to tackle teenage problems and help build a sense of social responsibility among the youth;
- to undertake a study of the perspectives of *Kuantan* residents and establish a monitoring and evaluation centre to ensure a healthy and fulfilling life for all;
- to organise citizens' community fora and establish a Consultative Citizens' Council to help in the formulation of appropriate development policies for the municipality;
- to undertake activities to green the municipality and promote sustainable urban agriculture;

- to undertake activities to promote protection and conservation of the environment and the habitat;
- to set up a centre to take care of stray animals and pets;
- to increase productivity and sustainability of the local economy through training programmes for the local communities; and
- to organise and undertake the celebration of SKI's anniversaries and ensure the formal institutionalisation of the initiative.

Other Developments

In the course of the implementation of SKI, a number of new ideas and initiatives were generated. The three most important initiatives are discussed briefly.

SKI Fund

SKI launched the SKI Fund and engaged in mobilising local resources to support its initiative. The SKI fund built the capacity of SKI to continue and sustain itself. In addition, there was the idea that the Municipal Council should provide an annual grant from the tax revenue for SKI. This was because of the role SKI would begin to play to supplement and complement the Municipal Council; it would function as an effective CSO to strengthen the institution of democracy. This idea required more lobby work.

Sustainable Kuantan Association

The first anniversary community consultation of SKI has already set up the *pro-tem* committee for this new association with the specific mandate to get the organisation registered and functional by the second anniversary of SKI. The organisation was formed on August 04, 2002, at the SKI's second anniversary. This action is innovative, as it lead the initiative into a sustainability mode in the last phase of the project. With the formation of the association, SKI would be institutionalised.

Finding Local Solutions to Global Problems

SKI started making linkages with global and national campaigns along with helping such campaigns at community level. It supported the national and international network on Climate Change with a SKI Community Campaign on Climate Change. Second, it linked up with the global and national campaign on Genetic Engineering and Agrochemical Watch. Third, it was part of the "Safe Food Campaign" of the Pesticide Action Network of Asia and the Pacific (PAN-AP).

In response to the September 11 tragedy and the "culture of aggression and fear", SKI started its own SKI Community Peace Campaign. It developed a half-a-day student's module that groups and schools could use for mutual training and learning, to reduce the "culture of aggression and fear" and in its place, promoted "a culture of peace and love".

Action Plan for 2003

The Association for Sustainable *Kuantan* met on December 20 and began a planning process that was finally adopted on January 10, 2003 as its work plan for the year. This plan reflected how communities could help manage and improve local governance. The 2003 action plan covered five programme areas summarised below.

Programme Area 1: Administration and Organisation Management

The aim of this programme was to administer and manage the organisational operations and functions effectively and successfully. The programme had seven components:

- Component 1: office premise – the rental and operation of an office for meetings and get-togethers, and to undertake the administration and management of the organisation;
- Component 2: core staff – the appointment and supervision of a full time PSK Administrator and Coordinator to handle the day-to-day administration of the office organisation on a part time basis;
- Component 3: SKI anniversary – commemorate Sustainable *Kuantan* Day – August 05 with annual dinner, community forum and the association's annual general meetings;
- Component 4: quarterly newsletter – publish and distribute PSK Quarterly Newsletter in Bahasa Malaysia;
- Component 5: fund raising and fund management – develop annual estimate of expenditure, fund raise and manage the funds for the development of the organisation;
- Component 6: committee meeting – regular fortnightly committee meeting with other programme groups to manage the affairs of the organisation; and
- Component 7: volunteer pool – recruit, train and deploy volunteers, both to serve the community as well as be role-models for promoting social responsibility for community development.

Programme Area 2: Sejahtera Kuantan Initiatives or Sustainable Kuantan Initiative (SKI)

This programme aimed to promote "participatory democracy" of the community in "local governance". It had five components, namely:

- Component 1: promote the sustainable *Kuantan* Vision to create awareness, educate and mobilise the community to participate actively in the administration and management of the local council and the district to attain the vision;
- Component 2: organise and institutionalise a "Community Forum Series" as a regular community activity to sensitise the community on issues, share experiences and increase community knowledge as a community capacity building activity;
- Component 3: operate a "Community Service Centre" to monitor, evaluate and research on specific services and issues that relate to the welfare and quality of life of the people in *Kuantan*;
- Component 4: establish and operate "SKI Community Consultative Council" to follow and monitor local governance policies and projects to provide feedback, inputs and support advocacy campaigns. The "Community Councillors" were to be drawn from experts, distinguished residents and senior citizens; and
- Component 5: establish and operate "Community Service Projects" that undertake special community projects, like old folks homes, child care centres for poor working women, homes for stray animals, control of pigeon and swallow population, and also support the work of the Municipal Council, other government agencies and community groups.

Programme Area 3: Community-based Initiative for Climate Change (CBICC)

The aim of this programme was to provide local solutions to the global problem of climate change. Climate change is considered one of the most serious threats to the sustainability of the world's environment, food security, human health and well-being. The programme supports the objectives of Agenda 21, United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol – the three agreements to which Malaysia is a signatory. This programme area also has five components:

- Component 1: establish and operate a "Climate Change Community Information Service", which will proactively gather and disseminate information to create awareness, educate and mobilise community participation to curb climate change;
- Component 2: develop and coordinate a campaign for improved and less polluting transport for the municipality and district of *Kuantan*. The work will include research, education, community mobilisation and advocacy work for a more efficient and a less polluting transport system;
- Component 3: develop and coordinate a campaign to reduce energy use, improve energy use efficiency, explore non-renewable energy usage and control pollution. The campaign should involve all – individual consumers, industries and government agencies;
- Component 4: greening and pollution control campaign shall be a special campaign to get people and industries to conserve the forest cover, plant more trees and curb open burning, especially around forested and grassland areas; and
- Component 5: undertake the resource mapping of the district of *Kuantan* with its flora and fauna, natural resources, biodiversity endowments, etc., as the baseline and benchmark. Thereafter, to undertake an annual audit on the state of resources and the impact of development on air pollution, water and the sustainability of environment.

Programme Area 4: Community Initiative for Food Security and Safety (CIFSS)

The aim of this programme was to ensure food security and safety for the community and promotion of a lifestyle that contributes to sustainable resource use and utilisation. The programme supports the FAO Food Security Initiative and the Pesticides Action Network for safe food campaign. Three major components will constitute the programme:

- Component 1: campaign for sustainable agriculture and organic production of food that is possible locally and in local conditions, safe for consumption, culturally acceptable and nutritionally adequate. This includes encouraging urban agriculture for food, herbs, and health;
- Component 2: community watch on genetically modified (GM) crops and animals and the use of agro chemicals especially in food production; and
- Component 3: community campaign for sustainable lifestyle of moderation, judicious use of resources along with regeneration and conservation of important resources like water, soil fertility and the protection of biodiversity.

Programme Area 5: Community Initiative for Multi-racial Unity and Harmony

The aim of this programme was to promote multi-racial unity, inter-faith dialogue, religious tolerance, social harmony and peace as a Malaysian social practice and norms for development that are socially just, culturally vibrant and spiritually fulfilling. This programme comprises three components:

- Component 1: join SUSDEN's participatory action research to develop a guide for a Malaysian identity and a social behaviour norm for multi-racial harmony, religious tolerance and peace. Promote awareness, education and knowledge to promote multi-racial harmony and religious tolerance at policy, community and individual levels;
- Component 2: as counter-measures to the increasing culture of violence, especially propagated through the electronic media and terrorism, PSK is to campaign in its place a culture of peace, ethical and humane behaviour that ensures peace and builds a caring society. This is the *Kuantan* Peace Initiative; and
- Component 3: to undertake a "poverty alleviation and capacity building" programme to support the poor and help them attain better livelihood options. Peace is only possible with a decent quality of life. The existence of hardcore poverty is an indicator of failure of local governance and society.

The Lessons Learnt

There are several lessons emerging from the SKI experience. The three important ones are as follows:

The first lesson from this pilot project that we are learning is that facilitating people's participation is more than getting them to participate in a project or activity. It means bringing the people to the centre of decision-making and giving them the responsibility of the decisions taken and to own the process. For example, if the resources and responsibilities of Local Agenda 21 were given to a CSO, like SUSDEN to initiate community participation and start the process of implementation of Local Agenda 21, instead of the local councils doing it themselves, the outcome will be different.

Today, people largely perceive the Local Agenda 21 as yet another local government activity, where people are invited and encouraged to participate. They do not see it as a partnership initiative and eventually own it as a community responsibility.

Second lesson emerging out of this experience is that many people are not fully aware of their role as citizens. People are still dependent for services on the government and, in particular, the local council. To some extent, we have found that the local councils also lack awareness, knowledge and skill to promote people's genuine participation. They, in fact, work for the people and not with them. Hence, the demand and expectation from their services are very high. If they begin to work with the people, they will begin to share responsibilities with them and will begin to respond effectively to the community needs and local priorities.

The third lesson unfolding from the SKI experience is that people's participation in local governance is much wider and more holistic in scope and action than Local Agenda 21. Participating in local governance in the case of SKI is demonstrating the assertion of both rights and responsibilities of the people as citizens for their common welfare and well-being. The process is not only building social responsibility but also the responsibility of stewardship to our life support system, social, political and economic justice and the care for our future generation. The process is contributing to the building of a better human character and the creation of a better society.

Future Potential

There are also a number of potentials this experience is unfolding, in particular for SUSDEN to fulfil its mandate. Three important ones are as follows:

This initiative is poised to become the "lighthouse" and "demonstration" site to promote a community-led initiative for local governance to other communities. SKI is becoming SUSDEN's model for Sustainable Urban Management Initiatives (SUMI). With the built-up capacity of SUSDEN and with SKI as the demonstrating and training site, SUSDEN is set to become the resource organisation to support replication and scale up the approach to other municipalities, both in Malaysia as well as outside.

Drawing on the experiences and lessons from SKI, SUSDEN, with the help of MINSOC is now finalising up plans to develop a training programme to train trainers on a possible methodology and approach that will seek to strengthen the participation of communities in local governance and sustainable development. This programme could well be an annual activity of SUSDEN.

With the capacity of SUSDEN, built with new knowledge, skills and expertise in involving people's participation in local governance, SUSDEN is set to be an important focal point to act as an advisory and referral centre to support other community initiatives in imitating SKI. This potential needs to be strengthened further.

Conclusion

SKI is an innovative pilot project of the community, by the community and for the community. The main feature of the project is the use of community-centred participatory approaches to local governance.

The aim of the project is to strengthen the capacity of the local communities to work together amongst themselves and with the local authorities in adopting development strategies that address local priorities and find local solutions to global problems, particularly those related to the conservation of the environment and development that is sustainable. SKI has the support of the community, state government, local Municipal Council and more than 50 other CBOs in *Kuantan*.

4
Public Services Report Card

– Dr Sammuel Paul and Sita Sekhar***

The purpose of this paper is to present the findings of an assessment of public service providers in five cities in India. Feedback from citizens on the service(s) providers they deal with is the basis of this assessment. This information has been used to 'rate' the service providers and to give a "report card" on their performance. Since citizens have direct experience of public services, their assessment of the efficiency, reliability and adequacy of services and the problems they face in their interactions with service providers can provide valuable information for improving service delivery.

The private sector in many countries is known for its systematic collection and use of customer feedback on its products and services. In contrast, public service providers seldom seek or use any feedback from their customers. This paper argues that in the monopolistic world of public service providers where competition cannot indicate improved performance, public feedback and report cards can be used to give 'voice' to the people to demand greater accountability from public agencies.

It is widely believed that public services in India's cities are unsatisfactory and that, for the most part, they are deteriorating. In a given geographical area such as a city, public services are managed and regulated by authorities and corporations established for this purpose by the government. Being public agencies, they operate under certain political and administrative constraints that often do not apply to similar sized private enterprises. In many cases, the rapid expansion of urban areas has added to their burden without a corresponding expansion of resources.

It is not clear, however, whether their poor performance can be attributed solely to these factors. According to well-informed observers, the monopolistic nature of their services, inadequate supervision and lack of initiative by the citizens in demanding better services have collectively limited these agencies' responsiveness to the public and their motivation to improve services even within the confines of available resources.

When citizens assess different services and agencies based on their interactions with the agency staff, it is possible to rank the agencies involved in terms of their service performance. An interesting outcome of this exercise is a "report card" on the public agencies involved that can be used to stimulate some introspection by those responsible for the agencies as well as the public at large. Even if the subjectivity and incomplete

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information underlying user ratings are conceded, there is no gainsaying the fact that public perceptions do matter especially when clear patterns emerge from the analysis of the experiences of a large number of people.

When users identify specific features of services as problematic, the feedback offers pointers to the agencies and the government to further explore and rectify the problems, if real, or to take steps to change public opinion if the perceptions were based on misunderstandings.

The studies reported below were initiated by the Public Affairs Centre (PAC), an independent, non-governmental research-cum-citizen action support organisation in Bangalore. PAC's objective was to stimulate citizen action and provide response through the dissemination of the findings of these studies. The responses and actions that followed the studies are summarised towards the end of the paper.

Scope and Methodology

The studies discussed in this paper covered the cities of Ahmedabad, Bangalore, Kolkata, Chennai and Pune. Though they were not representative of the urban population of the country, these cities were drawn from different states and regions. They ranged in population from 3 million in Pune to over 11 million in Kolkata.

The basic questions behind this public evaluation were threefold: how satisfactory are the public services that matter most to the citizens of the cities of Ahmedabad, Bangalore, Kolkata, Chennai and Pune? What specific aspects and features of their working are satisfactory or unsatisfactory? What does it cost the users to get the services or to solve the problems associated with/while obtaining these services?

The studies were conducted during 1992-95, and consisted of several components. Focus group discussions and mini-case studies were undertaken in the first phase to gain a better understanding of the issues and to sharpen the focus of the sample survey. Each city was stratified according to the age of the localities. Within each selected area, sample households having interacted with a public service agency in the preceding six months were identified using random numbers. Structured questionnaires were administered to the respondents by trained investigators. Show cards were used to help respondents specify their ratings on satisfaction with a service. The sample size in each city was such that the error ranges were well within the generally accepted statistical norms.

Separate random sample surveys of general households and the urban poor were conducted mainly because it was felt that the problems faced by these two populations differed significantly. The types of services that matter to the poor and their experiences with service providers could be different from those of the general households (middle and upper class). Questions and interview methods had therefore to be tailored to the context of these two groups. It is to be noted that more than a fifth of most large Indian cities consist of slum dwellers.

Major Findings

From a study of the profiles of the respondents of both categories, it was observed that people in all the cities covered, were reasonably similar in terms of income and education. Therefore, it was reasonable to assume that the population of the five cities were comparable. However, no effort was made to compare their expectations about the different services. The sample sizes in non-slum households ranged from 783 to 862 and for the poor households the corresponding range was between 301 and 542.

Findings from the Survey of General Households

The relative importance of the public agencies to citizens

The studies did not focus on a pre-determined set of public agencies or services. Instead, respondents were asked to identify the agencies, which they had to deal with to solve a problem or to get a service. Only those agencies that prominently appeared in the responses were then taken up for further analysis. In all cases, respondents were asked to comment only on those providers with whom they had interacted. Table 1 gives the extent of interaction that the respondents have had with service providers in general. The extent of interaction ranges from 26 percent in Kolkata to 48 percent in Pune.

Table 1: Extent of Interaction with Agencies

City	Interaction with agencies (%)
Ahmedabad	36
Bangalore	36
Kolkata	26
Chennai	46
Pune	48

A Report Card for the Agencise

Respondents were asked to state how satisfied or dissatisfied they were with the public agencies they had interacted with. They were asked not only for an overall assessment

Table 2: Overall Satisfaction with Public Agencies (% of users satisfied)

Agency	Cities				
	Ahmedabad	Bangalore	Kolkata	Chennai	Pune
Telephones	15	9	17	55	26
Municipal Corporation	4	5	20	24	8
Electricity	17	6	15	66	9
Water		4	7	43	
PDS			37	37	7
Health		25	38	67	
Postal Service	3		7	44	
RTO	4	1			7
Local Bus Transport	4	14			4
Development Authority	0	1		35	
Public Sector Banks		20		72	
Police			10	30	

Note: RTO-Regional Transport Office; PDS-Public Distribution System for food items

Table 3: Key Dimensions of Satisfaction					
Dimension	**Ahmedabad**	**Bangalore**	**Kolkata**	**Chennai**	**Pune**
Satisfaction with behaviour of staff (%)	24	25	45	72	12
Percentage of those, who made three or more visits to the agency	34	25	52	47	34
Problem resolution rate (%)	40	57	46	82	54

based on their recent experience, but also about specific aspects of the service such as behaviour of the staff, quality of information provided and their satisfaction with the speed with which their problem was solved. To make their responses comparable across agencies, they were asked to choose a point on the scale of one to seven that approximated their views. Table 2 gives a comparison of the satisfaction levels of the citizens of the five cities with the important public service agencies.

On the whole, the satisfaction of citizens with the agencies in all the cities was quite low. This reflects poorly on the efficiency of the agencies. However, the citizens of Chennai were relatively more satisfied with most agencies than their counterparts in the other cities. Pune agencies were least satisfactory with less than 10 percent respondents being satisfied with most agencies except for telephones, which show a satisfaction rating of 26 percent. The situation in Bangalore and Ahmedabad was no better where citizens of Kolkata rated services marginally better.

Comparing across the cities by agency, it was found that electricity and health service providers in the other cities might have some lessons to learn from those of Chennai (about 66 percent satisfaction). Other agencies listed in Table 2 have mostly scored very low on satisfaction among their clients in all the cities.

Detailed analysis of the dimensions of satisfaction with the agencies provides an insight into the aspects of service that may require improvement. Table 3 shows that less than 30 percent of the respondents in Ahmedabad and Bangalore and less than 20 percent of respondents in Pune were satisfied with the behaviour of the staff in the public service agencies.

The only exception was Chennai where 72 percent of the respondents were satisfied in this regard. The fact that 25 to 52 percent of the citizens who interacted with an agency had to make three or more visits to the agency to get their work done in all the cities, exposes the disregard of service providers for the convenience of the customer and possibly reflects the inefficiency of their staff. Except for Chennai where 82 percent of the respondents reported that their problems were resolved, in all other cities the problem resolution rate was well below 60 percent.

The Speed Money Phenomenon

The sample survey has clearly brought out the fact that respondents often had to pay “speed money” (bribe) to agency staff to get a decision in their favour or just to avoid harassment and non-response. Table 4 shows that speed money was paid by citizens in

Table 4: The Speed Money Phenomenon		
City	**Percentage of persons who paid speed money**	**Average amount paid by a person (in Rs)**
Ahmedabad	10	500
Bangalore	14	857
Kolkata	5	533
Chennai	22	178
Pune	4	350

all cities. However, the extent to which this corrupt practice is prevalent varies from one city to another. Chennai tops the list with 22 percent of the respondents admitting to having paid bribes, while the agencies of Pune were found to be the least corrupt with only four percent people having paid speed money. Other cities fell in between. It was, however, interesting to note that though the incidence of extra-legal payments is highest in Chennai, the quantum of bribe per transaction there is the least among all cities. On the other hand, in Kolkata though only five percent of the respondents had paid speed money, the average amount paid by a person to an agency was much larger. The highest average amount paid was, however, by citizens of Bangalore (Rs 857).

Willingness to Pay for Services

In the preceding discussion, a detailed analysis of speed money payment was presented. To help suggest measures to cope with this phenomenon, the respondents were also asked whether they would be willing to officially pay more for the services if improved quality was assured. The responses to this question are presented in Table 5. Contrary to popular belief, in all the five cities, 37 to 59 percent of the respondents were willing to pay more for improved services. The constant complaint of all public agencies of the lack of funds could be addressed if the agencies increase user charges with improved quality of services.

Table 5: Willingness to Pay More for Services					
Willing to pay	**Ahmedabad**	**Bangalore**	**Kolkata**	**Chennai**	**Pune**
Yes (%)	54	54	40	59	37
No (%)	30	35	40	23	43
Not sure (%)	16	11	20	18	20
Sample size	783	807	862	850	840

The Costs of Public Services

There are three types of costs that the public incurs for the use of public services. First, there are the official fees and charges, which often are the smallest costs incurred by the citizen. Second, there is the speed money that is invariably required to be paid at various stages. The third element is the cost of the unproductive investments the citizens incur in order to compensate for the inefficiency and unreliability of the services provided. From a purely resource point of view, this is the most important but least appreciated element of cost. As is clear from Table 6 that people in all the five cities have made heavy private investments in a variety of assets that can be directly linked to the inefficient and unreliable infrastructure in the cities. Based on the data on the

Table 6: Investment in Coping Mechanisms (Rs in mn)					
Asset invested in	**Ahmedabad**	**Bangalore**	**Kolkata**	**Chennai**	**Pune**
Underground water tank	2840	1500	2470	6000	760
Overhead tank	2880	2335	2790	2240	1350
Water pump	230	**	778	140	80
Borewell	6740	2685	6039	6480	210
Voltage stabiliser	50	500			190
Water filter		1750	120	80	
Total investment***	12750	10000	9823	9540	2590

Note: US$1= Rs 35
***Empty cells imply negligible investments or non-reporting.*
**** Includes other investments that are not listed here.*

proportions of households that own these assets and their current unit prices, an overall estimate of the total investment at current prices is offered in the table.

The total investment ranges from a staggering sum of Rs 12750 million in Ahmedabad, to about Rs 10000 million in Bangalore/Kolkata and Chennai. Pune is the exception with Rs 2590 million having been invested. This data clearly shows that the people indeed are paying a heavy price for the inefficiency and unreliability of the public sector.

Public Services and the Urban Poor

The previous section examined in detail the large quantum of investment made by households in the five cities to cope with the unreliability of the services provided by the various agencies. These were households from the middle and higher income levels that could afford to think of such alternatives. However, as shown below, the urban poor face other problems and it is beyond their means to counter poor services through private investments.

To begin with, the survey findings show that the extent of interaction between the urban poor and public agencies is much less than it is in the case of general households. Their reluctance to deal with public agencies could be traced to a range of factors like lack of information on what needs to be done, the cost of time to pursue such matters, lack of self-confidence and possibly fear of adverse repercussions if they complained. Among the samples of the present study, as shown in Table 7, the proportion of the urban poor who contacted some agency or the other, stands at a low of 13, 16, 18, and

Table 7: Percentage of Respondents Reporting Interactions	
City	**Reporting (%)**
Ahmedabad	18
Bangalore	22
Kolkata	44
Chennai	13
Pune	16

22 percent respectively in Chennai, Pune, Ahmedabad and Bangalore, though it was relatively higher in Kolkata at 44 percent.

Overall Satisfaction with Public Services

Before assessing the satisfaction of the poor with public services, it is important to know whether they have access to services, where they are located and, if services are available, do they use them? The question of satisfaction arises only if services are available and being used. The data on the levels of availability, usage and satisfaction with different public services reported are described in Table 8.

In terms of the services provided, Pune leads in all three dimensions measured i.e. availability, usage and satisfaction. Availability of public services evidently does not seem to be a major issue, with this measure being responded to in the affirmative by well over 50 percent in all the cities; the sole exception to this was the response to availability of health services, which was low in all the cities except Chennai. Similarly, with the exception of a few services in some cities, usage of the services was reported to be 60 percent by the poor; usage of police services was reported to be quite low in all the cities and in Chennai, usage of sanitation services was low with only 19 percent of the respondents reporting in the affirmative.

In contrast to availability and use, satisfaction levels were found to be generally much lower in almost all the cities. Pune led in satisfaction with four out of eight agencies evaluated (water, electricity, PDS and health) scoring over 80 percent in satisfaction. In Kolkata, services offered by five out of the seven agencies assessed were instituted satisfactory by more than 60 percent of the slum dwellers.

Bangalore's urban poor have rated five of the six services at above 60 percent, making it the third in terms of satisfaction with public services among the urban poor. Public services in Ahmedabad, (where eight services were analysed) can be ranked fourth among those in the five cities compared in this paper. The public service providers in Chennai were the least satisfactory among the five cities in general.

Table 8: Satisfaction of the Poor with Public Services in Five Cities in India (%)

Services	Ahmedabad			Bangalore			Kolkata			Chennai			Pune		
Water	A*	U*	S*	A	U	S	A	U	S	A	U	S	A	U	S
	77	93	35	74	81	63	97	98	61	42	50	23	95	80	80
Electricity	53	100	48	63	100	71	82	84	75	50	49	90	96	100	85
Sanitation**	70	82	30	52	64	31	80*	95	23	36	19	48*	84	99	24
PDS***		94	47		85	79	97	86	64	100	85	57		94	94
Health	34	95	67	39	70	80	25	54	65	67	73	96	11	74	98
Street lights	56	68		76	56		81	64	65	90	90	40	99	87	
Garbage	58	98		47	100		61	97		7	62	36	60	98	
Police		35	51		23	69	93	19	20	67	11	49		19	100

*Note: * A- availability, U- usage, and S- satisfaction.*

*** For Kolkata and Chennai, figures for sanitation are arrived at, by averaging the percentages for toilet and drainage facilities.*

**** Public Distribution System*

When satisfaction levels were compared agency-wise among the five cities it was found that the electricity service providers received a relatively high rating in most of the cities, ranging from 71 percent in Bangalore to 90 percent in Chennai; Ahmedabad was the only exception with just 48 percent of its slum dwellers being satisfied. Sanitation services fared dismally in all cities.

There was much disparity among the cities regarding the provision of water supply. Water suppliers of Pune were the best among the five cities scoring 80 percent while those of Bangalore and Kolkata performed reasonably well at 63 and 61 percent respectively. Slum dwellers in Ahmedabad and Chennai were extremely dissatisfied with their water providers, rating them at 35 and 23 percent satisfaction levels respectively.

Health services performed relatively well in all the five cities, scoring over 60 percent especially in Pune, Chennai and Bangalore where they were credited with 98, 96 and 80 percent satisfaction levels respectively; the corresponding figures for Ahmedabad and Kolkata were 67 and 65 percent. The PDS was considered highly satisfactory in Pune (94 percent), Bangalore (79 percent) and Kolkata (64 percent) but a little less in Chennai (57 percent). Its performance, however, was the worst in Ahmedabad at 47 percent. The urban poor of Kolkata report 60 percent satisfaction with street lighting while those of Chennai report dissatisfaction with this service by rating it at a low of 40 percent.

The Pune police had the distinction of being rated as 100 percent satisfactory by the urban poor (it is to be noted that only a small 19 percent of the urban poor in Pune had interactions with the police). The Bangalore police were next with 69 percent satisfaction among the 29 percent slum dwellers that dealt with them. The performance of the police was considered average at 51 and 49 percent satisfaction with their services in Ahmedabad and Chennai (the usage levels were 35 and 11 percent respectively). The Kolkata police got only a 20 percent satisfaction score.

Key Dimensions of Agency Responsiveness

With a view to obtaining a clearer picture of the quality of services provided by public agencies, the residents of slums were also asked to state whether they were satisfied with the helpfulness of the staff, the time taken to attend to problems and the time taken to solve the problem at each agency. The number of visits made to the agency

Table 9: Key Dimensions of Agency Responsiveness in Cities

Dimensions	Ahmedabad	Bangalore	Kolkata	Chennai	Pune
Staff helpfulness	14	40	43	19	45
Time taken to attend to problem	25	38	47	20	36
Time taken to solve problem	15	26	44	16	36
Three or more visits to agency	63	71	55	71	55
Number of problems solved	21	38	44	34	55

Note: Figures presented are the percent of respondents satisfied in the case of first three items and the percent agreeing with the statement in the case of last two items. Also, a weighted average of the figures for all agencies is used in each cell throughout the table.

was also recorded, as it would reflect the efficiency of the agency to a certain extent. Information on the proportion of cases solved was estimated with the same purpose in mind. User responses on these issues are presented in Table 9.

Given the low level of expectations of the urban poor about public agencies and their responsiveness, the very low rating of the public agencies by them on different aspects of responsiveness is striking. Government has certainly increased the availability of services to the urban poor. But its agencies are unable to deliver the quality of services considered adequate by the poor. Their customer orientation and responsiveness to problems leaves much to be desired.

The fact that over 70 percent of the urban poor have had to make three or more trips to an agency to solve a problem in Bangalore and Chennai amply demonstrates the apathy towards the poor in these cities. The state of affairs in the remaining three cities was only a little better, with visits by 63 percent in Ahmedabad and 55 percent in both Kolkata and Pune to various agencies. Despite the several visits made to the concerned agencies, only 21 percent of the slum dwellers were able to get their problems solved in Ahmedabad. The success rates were somewhat higher at 34, 38, 44, and 55 percent in the other four cities of Chennai, Bangalore, Kolkata and Pune respectively.

The Speed Money Phenomenon

The findings on speed money raise complex issues such as the pervasiveness of the problem, lack of transparency and the low ethical standards among the service providers. It is difficult to say who demands or offers speed money and who is at fault. One can only surmise that the poor would not be voluntarily encouraging such practices.

As can be observed in Table 10, Bangalore led in the prevalence of corruption among service providers with every third slum dweller having to pay a bribe to get his job done. Things were no better in Chennai with every fourth resident of slums paying speed money. Ahmedabad and Kolkata were not far behind in corruption with one in five and one in eight slum residents respectively resorting to payment of speed money. Again, Pune set an example in performance for the other four cities with just one in seventeen slum dwellers having to pay speed money.

From the above analysis it is evident that public services for the urban poor leave much to be desired in terms of service quality as well as responsiveness in almost all the cities with Pune presenting a relatively better picture of the efficiency of public service providers. The low incidence of the speed money phenomenon in Pune stands out and should be an inspiration for all other cities.

Table 10: Speed Money Phenomenon

City	% of Poor Persons Who Paid
Ahmedabad	20
Bangalore	33
Kolkata	12
Chennai	26
Pune	6

Willingness to Pay More for Better Services
As part of their assessment of public service providers and their responsiveness, the urban poor of these cities were also asked whether they would be willing to pay extra for the provision of services such as water taps and toilets in their homes. It was surprising to find that despite the meagre resources available to them, a substantial 71 percent of the respondents in Bangalore as well as Ahmedabad were willing to pay extra for water taps.

The willingness to pay among slum dwellers in Pune was also quite high at 60 percent. However, the availability of water taps at the personal level was pathetically low at one percent in Chennai and at six percent in Kolkata, only 40 and 19 percent of the slum residents were willing to pay extra for a water tap in their homes. Similarly, the survey results confirmed that the poor were willing to pay extra for the provision of toilets in their homes.

Impact of the Report Card Studies
Did the report cards have any impact on the behaviour and responsiveness of the public service providers involved? How did the Public Affairs Centre (PAC) use the studies to bring about changes in the delivery of urban public services? Impacts and systemic reforms take time and are not easy to predict. Nevertheless, these are fair questions to ask. We now turn to review the actions taken by PAC to create public awareness of the study findings and goad public agencies to become more responsive.

PAC adopted a three-pronged approach for dissemination of its report cards. The best example of its work is in Bangalore where it is located. First, its reports were sent to the government and all the service providers who were covered in the studies. Second, the results were made known to the press, which brought them to public attention. Third, workshops and meetings were held with citizen groups and interested NGOs to discuss the findings in depth and encourage them to take follow-up action. In other cities, the dissemination work was undertaken at varying degrees by partner organisations that had collaborated with PAC in these studies.

While the dissemination by the media was encouraging, the response of the service provider agencies to the PAC studies varied a great deal. It is not perhaps surprising that some of them ignored the study findings; a few indicated their interest in using the findings to improve their performance. But two agencies in Bangalore responded positively and sought PAC's advice and assistance to improve their responsiveness to the public.

A number of citizen groups and NGOs have taken this methodology further and have started a dialogue with public agencies that they deal with. It is difficult to say what the ultimate impact of these ripples will be. Brief highlights of how this process is moving are presented below:

- The Bangalore Development Authority (BDA), which received the worst rating in the study, requested PAC to conduct an in-depth report card study on its services in four of its layouts. BDA's objective was to generate new a insight relating to the problems encountered in its functioning and to take necessary steps for improvement in its services. Subsequent to this study, which pointed towards the behaviour of the staff as a major area of weakness, BDA commissioned PAC to review its systems and conduct training programmes for its staff.

- Subsequent to the report cards, BDA and the Bangalore City Corporation jointly created a forum for a select group of NGOs in the city to work together on a number of urban management issues of concern to the citizens. Although many factors contributed to this development, leaders of these agencies have acknowledged that the PAC studies acted as a stimulus. This new forum has enabled citizen groups to network and exert pressure on the agencies to improve the responsiveness of these public agencies.
- Following the report card on Ahmedabad, the Foundation for Public Interest, an NGO in that city, initiated a fresh probe into the quality of services being provided by public agencies for the city's working poor women. The study was conducted in partnership with PAC. Several follow-up actions such as training programmes for working women for lodging complaints and monitoring public services, and dialogues with the municipal authorities for using public feedback on services have since been initiated.
- The Federation of Consumer Organisations (FEDCOT) in the state of Tamil Nadu has not only disseminated the study findings on Chennai but also has applied the report card methodology in its assessment of the state's PDS. FEDCOT's staff has been trained by PAC for this purpose. The findings of this study were used by FEDCOT to advise the state government on the reforming of the public distribution system.
- The meetings of the Prime Minister of India with the Chief Ministers and Chief Secretaries of the state governments on the theme "Responsive Government" highlighted the importance of using public feedback to improve the quality of services being delivered to the people. The Government of India sought PAC's assistance in preparing the messages to be spread through these meetings. This is in part, recognition of PAC's work on the report cards in different cities. The concept of the report card is thus slowly gaining acceptance with government agencies in India.

Conclusions and Policy Implications

The survey results from the five Indian cities are a verdict by the people on the quality and responsiveness of their public service providers. When public feedback gathered through large scale and systematic surveys reveal certain patterns in the quality, reliability and problems of services, they signal to the problems that those in authority must address. They cannot ignore these problems as anecdotal or inconsequential. Report cards have the strength of collective voice and could be used as a basis for collective action by citizen groups to improve the state of public services. The conclusions emerging from the foregoing analysis are summarised below.

First, the levels of public satisfaction with the performance of public agencies in Indian cities are uniformly low despite the marginally better ratings of some agencies. The ratings received by the same kind of service provider also varies considerably across cities. The pervasive corrupt practices in these agencies have perhaps aggravated the public dissatisfaction. It is not surprising, therefore, that significant numbers of respondents are willing to officially pay more, provided better and more reliable services are available. In developed countries, it is customary for similar public agencies to work towards an 80-90 percent public satisfaction. Anything below this level is not considered good enough.

Second, the study highlights the need to probe the factors underlying the extreme public dissatisfaction with the services. It is obvious that lack of customer orientation, inadequate provision of information, non-transparent practices, and inefficient and ineffective management systems are among the key factors at work. Public utilities are "production" organisations with definable outputs or products in most cases. But very little attention is given to holding them accountable for these outputs and services. Complex laws and regulations governing public agencies and instability in the tenures of agency leaders who get transferred frequently have no doubt exacerbated the problem. Report cards are not designed to provide an in- depth assessment of what needs to be done to resolve these issues. But they do help to put the spotlight on the basic problems and to stimulate public interest in addressing them.

Third, though there is much scope for improvement in public services in all the five cities, there are interesting contrasts among them that deserve deeper study. The incidence of corruption in Pune and Kolkata was much lower than that in the other three cities. Comparison across agencies shows some services to be relatively better in performance in most cities (electricity, for example). It would be instructive to find out what lessons the better services or better served cities have to offer in this regard.

Fourth, the popular belief that public services are cheap is a myth. It is true that the official fees and charges are often small, but there are several other costs. Speed money, repeated visits to the agencies, and delays in getting the job done certainly add to the citizens' costs. Most of all, the unproductive investments made by citizens to cope with the unreliability and inefficiency of the public services are a major cost to the users of services. Investments in generators, borewells, overhead tanks etc., are examples of such waste of scarce resources.

The report card studies presented in this paper have several important implications for governments and the public at large.

Most governments have focused on plans and public expenditures as their primary measure of performance. It is true that outputs and outcomes of services are not always easy to measure and assess. Often, aggregate output measures hide the key issues of quality and reliability that matter to people. Measures such as rates of return on investment are also partial indicators when monopoly conditions exist in service provision. Users must pay the prices set by the providers irrespective of their quality, reliability and responsiveness.

It is high time that user satisfaction with services factored is an important dimension of the performance of service providers.

Contrary to popular belief there are many things that a government and its public service providers can do at negligible cost to improve service delivery and public satisfaction. Improvements in areas such as public information and guidelines to help customers or to aid streamlining of internal systems, and training of staff are certainly not capital intensive. Clearly, a radical change in the mindset of those responsible for managing public agencies is called for.

Imaginative approaches to the pricing of public services deserve special attention in light of the finding that citizens, whether from the general households or from the slums, are willing to officially pay more, provided efficient services are assured. This means that for a substantial number of people, access to quality service and reliability matter more than subsidies in name.

The time has come to think about options such as "dual tracks" for services. This has been tried out by some agencies (e.g., for getting new telephones, passports, etc). A major challenge is to demonstrate a distinct improvement in services while raising fees. This would also help agencies to generate the much-needed resources for improving services.

Traditionally, citizens have left it to the government to devise and enforce accountability for its performance. Our report cards hopefully will stimulate the public to find new and better ways to demand accountability from public agencies. NGOs and community associations, for example, could play a major role in monitoring public services for the urban poor and help improve their access to essential services.

Citizen groups and resident associations in cities need to play a watchdog role in relation to the conduct of monopolistic service providers. Watchdog organisations should also demand competitive options for service delivery wherever they are feasible and practical.

Finally, the studies reported here show that public feedback is an appropriate tool for evaluating public services. It brings the oft-neglected voice of the people to the table. The evidence provided by such feedback will not only generate information on the strengths and weaknesses of service providers and act as a proxy for competition, but will also signal the underlying factors and behavioural trends that need to be corrected. Inter-city variations in corruption, responsiveness, staff behaviour, etc., are factors which when studied in-depth could offer lessons for the low performers in the public sector.

The methodology for undertaking these studies is relatively simple and is within the competence of many organisations in developing countries. In fact, governments could require their service providers to initiate such studies on their own. NGOs including civic groups need to play a proactive role in promoting the use of public feedback.

5
The Dynamics of Corruption in Civil Services

*– Raju Sharma**

A visit to the electric crematorium in a large town in India to perform the last rites of a loved one is likely to elicit the following experience. As you enter the dark surroundings, it is with difficulty that a benumbed mind understands the hierarchy of officials there.

The impression given is that the electric chamber has a fault or is due for repair. You are vaguely informed that the rites may take some time… delays are inevitable and there is some sort of a queue. How long will it take is unclear. You are an epitome of grief as you plead again. Some officials lament that the crematorium is perpetually short of funds, there is no money for basics like detergent, brooms and antiseptic agents. How does one pull on? Before you know it, you promise donation and fulfill the bargain.

The official praises your sensitivity to all present. The rites are performed. But not before you have performed some obscure rituals that cost some amount of money. What about the urn of the remains – "the ashes"? There are non-committal shrugs. Duties change. Someone else will take over at some indeterminate time. Dusk has fallen and without saying it, the official has sown the seed of doubt. Unless you water the entire garden, fulfill the obvious desires, you cannot be sure when and whose ashes you will get finally.

So you pay for the marking of the urn, its safe deposit and identity, and its unimpeachable delivery. By early next morning, you leave with the ashes, having bribed your way to the tune of Rs 1,000 or thereabouts. You have paid to make the uncertain certain, the unknown known. It may sound dramatic, but it is true.

Case Study of Uttar Pradesh, India

In 1996, a remarkable, though highly unusual, experiment was conducted in Uttar Pradesh (UP). The 550-strong UP Indian Administrative Service (IAS) Officers Association decided to elect the "three most corrupt officers" in the state through the device of an opinion poll.

After a protracted and intense struggle, a group of radically active and committed officers convinced the general body of the Association to identify the three most corrupt and undesirable officers in the UP IAS cadre.

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A secret ballot was organised and the poll was supervised by an eminent panel. In order to protect the democratic and representative nature of the opinion poll, it was also decided that a name would be disclosed only if a minimum number of 100 votes (around 20 percent of the total) indicated that name.

The opinion poll was held twice, amidst serious opposition arising out of powerful and vested interests. Both the polls revealed the same set of three names as the 'winners', so strong was the consensus. Although the names were not formally disclosed (since the numbers fell short of 100), they were confidentially communicated to the government by the Association. In any case, the names became known.

Besides being a unique exercise in introspection, self-criticism and correction, this exercise was a runaway success in breathing a burst of fresh energy in the rotting body politic of bureaucracy. In one stroke, it dismantled the carefully crafted dominance and autonomy of a small number of highly powerful and corrupt elements of the bureaucracy.

The Ingrained Malady - Corruption

Among the maladies afflicting public life, corruption is the one that is best known and the most debated, being deeply entrenched in public administration. It is only in the last decade or so that serious academic attention has been focused on corruption as a disease debilitating developing countries. Many international agencies including the oft-quoted Transparency International, rate countries on a perceived corruption index. India has consistently scored very poorly in these ratings.

In public discourses, the problem of corruption is usually mixed with issues such as decline in moral standards, bad electoral practices, funding of elections, political interference in administration and the infamous criminal-bureaucrat-politician nexus. The Chief Vigilance Commissioner (CVC) of India has famously said that corruption persists because it has become a "high-profit, low-risk" venture.

Even the reforms process and the setting up of new market-oriented institutional structures (including the regulatory bodies for important sectors, such as power, insurance, telecom and finance), has been beaten up on account of recurring scams of considerable proportions. Each scam has shown the regulatory system in an extremely poor light. The weaknesses of the judicial system have resulted in ineffective deterrence and punishment. Overall, the vulnerability to insidious and corrupt practices in India is quite high indeed.

Types of Corruption

Scams are one kind of corruption that arise on account of illegal and irregular operations and violations of law and procedures. They involve collusive, illegal practices. The other kind of corruption is what is also called "speed money", completely pervading the Indian polity today. It is the expropriatory rent charged by the provinces of authority; it is an extortion or mutually beneficial charge or claim made by a public official to do what is his legitimate duty. It involves various kinds of work; locating a file or pushing it; speeding things up; granting certificates and registration, and mundane ones like correcting a bill or even delivering mail.

This type of corruption is really the currency of the informal domain. It formulates and underpins the relations of exchange and trust in the informal system. Since behaviours of each province of authority are highly uncertain and varying, where conclusion of a decision path is not assured, the client invests money (pays a bribe) to buy certainty of behaviour and valid conclusion of the appropriate decision path. When the client and office interaction is recurrent, speed money also buys certainty of behaviour and trust for the future. This type of interaction is predominant in monopolistic public sector utilities like water, power housing, municipal services and so on.

Thus, we have distinguished two broad streams of corrupt practices. The first is a collusive practice in which the official and the client, both, are engaged together in an illegality, which results in expropriation of public funds (or the government's share) for mutual private benefit. Examples are awarding of contracts and licences or granting of an illegal benefit. These practices occur at managerial and decision-making levels.

The number of such instances may be relatively small (that is, less pervasive or ubiquitous) but the scale of operations is substantial. Paying a 'commission' or 'cut' becomes common practice for agencies and organisations that do business with the government. Often the practices become institutionalised. One hears of "fixed rates" in terms of percentage of turnover that has to be paid at various levels of operations and decision making in several departments. These stories are not without substance and are, more often than not, true. As such practices become embedded and institutionalised, the methods of cornering (or sharing) the benefits of these illegal and corrupt practices become refined and efficient.

Ultimately, it leads to a situation where the monetary value (i.e., the amount that can conceivably be expropriated) of a post or position is assessed by an informal auction. In a sense, officials bid for posts and the most effective bidder gets it. He then generates more than the bid amount from the public power or public funds at his disposal. Eventually, organisations learn from each other and the manner in which corrupt practices are arranged and organised are quite similar across departments and agencies.

The weakness of the formal system and control ensures that regular illegal operations may continue for years. Everyone knows about them informally, but the formal process does not sight it. Most major scams have this sort of growth.

The other stream of corruption is the charge that is collected to do what legitimately should be done. It is far more dysfunctional in that it has an almost viral effect as it spreads and infects each activity of the government. It is like a rent that is assigned to every conceivable aspect of a province of authority (which, in government, is a table).

The ineffectiveness of the formal system makes it possible in the first instance and then, as charging of the rent becomes a normal practice, it is the motive to further undermine the systems of the formal domain (for example, bribe is routinely demanded and obtained to find or lose a file or some record).

Yet, the two systems of corruption are not all that distinct. They are, in some way, inextricably linked in a strong, mutually reinforcing network. When illegal payments are made for awarding of benefits or contracts, such payments are distributed right down the line and to all levels. Similarly, the rentals charged at lower levels are accumulated and the proceeds are shared at higher levels also. Even when the proceeds are not shared, this is the confidence (of tacit acceptance or approval) that underwrites the sheer spread and brazenness of the practice.

Paying bribe to obtain what is legitimately your right is like an imposition of private tax. Its ubiquity and ease of manner is indeed remarkable. The consequences have many extreme and strange variations. For example, it is common that field level officials employ private helpers to carry out their tasks and also facilitate their illegal collections. The clients they are expected to serve meet day-to-day expenses of a large number of officers.

This process is accelerated because most offices do not have adequate operational funds to meet even their legitimate expenses. Thus, the officers and their strong clients are bound together in an extra-legal alliance *ab initio*.

Rent seeking corrupt behaviour is so common that it requires no elaboration or separate proof. In Uttar Pradesh, a state in the Gangetic belt of India, the transmission and distribution losses in the supply of power (basically power theft in collusion with officials) is now more than 50 percent. But the corrosion the phenomenon causes and the economic loss that it entails cannot even be imagined.

Consider the following example: A person from an adjoining village comes to sell vegetables in a city on a daily basis.

On his tractor or handcart, as he crosses the bridge, he pays a toll tax, which is twice the normal rate (extortionary practices by the toll tax licence). Then he pays successive taxes (often illegal or much higher than the stipulated amount) to park his tractor or handcart and to use a space for display and sale of his wares. The tax is called a '*Teh-Bazari*' tax and is one that is imposed by the local municipal body. Extortion is so rampant that he pays this tax at multiple points to several groups of people. It was calculated that an average vegetable seller in a small city (Farrukhabad in this instance) had to pay as much as Rs 40 a day, just to find a place to sell vegetables.

Dynamics of Corruption

The payment of a bribe is still a private event between the official and the client (or applicant), yet the remarkable attribute now is the ease and openness with which the money is demanded and given. It usually occurs in open or tacit knowledge of others (officials and clients), who may be present in the vicinity. This is what lends a sort of quasi-public nature to the exchange and, in a sense, sanctifies and even blesses it. The official is able to lend a touch of quasi-legitimacy to the whole operation by infusing it with this limited public-ness.

And thus, it becomes a quasi-norm, which gets strengthened as more and more people participate in it or a belief is sustained that 'everyone is involved'. The case of corruption is further aided by political agents and middlemen whose job it is to provide a cloak of regular business to such transactions. The secrecy of the formal process is the other ally of a corrupt transaction because it ensures that information and certainty is revealed only in the informal domain. Another important problem for the client is the ill-defined nature of the front end of an office, which is where decisions are conveyed or received.

In most offices, this front end (a reception or customer care centre or an information desk) does not exist in any effective way. This forces the client to approach the operational or back end of offices and walk his case as described earlier. Yet the biggest reason why corruption persists as the norm (in the sense of being the only efficient or possible solution) is the absence of immediate rectifications. Once a client is faced with an obstruction, other than paying a bribe, his only resource is to file a formal grievance petition.

The formal system is so devised that this action initiates a separate sequence of what is called as "grievance redressal". The irony is that the procedure of grievance redressal is quite like the procedure against which the grievance was made in the first place. Hence, the focus of action shifts from the original purpose to a process of inquiry into the 'case' and the client has no choice but to await the result of this procedure sequence. This happens because parallel alternatives do not exist.

Typically, if 'A' is not doing a client's job or is posing a problem, the client should be able to find 'B' who does his work instead. Not all officials are alike and for every 'A' there will be a 'B' in all likelihood. But the provinces of authority do not allow episodic replacements and flexibility. Hence, in most cases, grievance redressal, even when implemented with seriousness, is and cannot be a preferred option.

A great deal of discussion, especially among those offices, who are concerned or troubled about option, centres around the extent of corruption. This extent reflects how many of their peers are corrupt, as described earlier how such discussions in the public sphere cause a tear between them, and self and the system. Therefore, corruption and other related ills became the other from which the self, i.e. the subject is distinct and separate and untouched.

Of course, the general expression is that corruption is rampant. In fact, one argument for corrupt behaviour is the perception or belief that corruption is universal, which is another way of saying, 'Everyone is corrupt' or 'The system is totally corrupt'. Such deliberations are misplaced and statistical. The unit of analysis should be behaviour and not persons or their totals. It is the behaviour that is corrupt and it may change from event to event and from time to time.

There are two clear and important properties of corruption that need to be stressed. The first is that the phenomenon is not a sum or collection of isolated or individual acts of corruption. It is rather a thick network of behaviour with complex interdependence. The second is that corrupt behaviour is a dynamic concept and exhibits all the properties of a complex variable. Therefore, the problem of corruption should not strategically be viewed as an ethical problem (which is essentially related to an individual) but as a social dysfunction.

In fact, a couple of critical features of corruption may be noted in the following manner; it seems that the present dynamics of corrupt behaviour are such that the perception or expectation of corruption (in the eyes of an official or even the client public) is always more than its actual existence. Which is why the dynamic pushes corruption levels upwards all the time.

Secondly, the phenomenon of corruption seems to be obeying the conception of increasing returns to scale (which means the greater the frequency or level of corruption the better are the chances of success and protection; thereby triggering an upward spiral). This implies a positive feedback loop like a self-fulfilling prophecy or wish. Essentially, such a system is in an unstable equilibrium and chance and small encounters may tilt the balance (the level of corruption) by large amounts on either side.

In other words, in these situations it is not possible to balance cause with effect on some uniform scale. Infinitesimal and innocuous events may result in large levels of corruption in the system. On the other hand, small but appropriate deterrent signals may collapse the level of corruption quickly and decisively.

While seeking solutions to this abject malaise, it needs to be remembered that it is conceptually weak to categorise people as corrupt or honest. It is a question of degrees and response. A person may exhibit corrupt behaviour in one set of circumstances and may decide to be honest in another set of circumstances. And circumstances are strongly influenced by perception and environment.

Unfortunately, the methods and mechanisms of control have a statistical and impersonal bias. The tacit assumption of principle is (when it is meant sincerely): corruption must be rooted out, which is a typical 100 percent approach, that is, whoever lets himself be caught is punished. This is atypical 100 percent approach. Moreover, or whoever lets himself be caught must not be spared. Also, in effect, this approach treats all cases with an equal measure of competence or incompetence. This is essentially a reactive approach and assumes that signals or intent have no role in determining corruption levels.

The situation is similar to what was discussed on the monitoring system and the deception framework. This informal domain has extensive knowledge of where and how corruption exists, who makes money and how, and how is the ill-gotten wealth hidden or invested and so on. Yet the formal process takes no leads from the informal knowledge. The tacit idea seems to be corrupt behaviour and its pervasiveness is all right until a person happens to be caught by the formal process (it may be an audit report, a spot inspection or an adverse inquiry report).

That is why a majority of disciplinary proceedings and anti-corruption measures are concerned with small and trivial cases of violation of procedure and most of them are directed against the lower levels of bureaucracy. This also explains why the vigilance department and the vigilance commission seem to be totally inadequate and unfair to their task. The fact is that the bodies and structures devised to confront and tackle corruption do not take a proactive and dynamic stance.

Further, the rate of success in punishing the guilty is abysmal and it is especially so at the higher levels. The anti-corruption measures ignore the fact that the act of corruption may have a cascading effect in engendering further corrupt practices. So in the private domain of behaviour, corruption levels remain incessantly high and the perception of corruption even higher; thus it sustains an upward spiral of corrupt practices.

In a parallel dysfunction, public discourse and action become increasingly ritualistic and hawkish. Every change in government or a change in the top position of a department or organisation elicits the rhetoric and slogans for rooting out corruption. "Corruption will no longer be tolerated," is the statement that is announced with ever increasing flourish and ritualisation.

It is accompanied by *ad hoc,* ill-conceived and episodic actions, suspensions, raids and an ostensible crackdown. Often these actions are wrong and akin to witch hunting, resulting in distrust and evasive behaviour. Thus a paradox is created; a hawkish public discourse on rooting out corruption and punishing the guilty lives alongside the ever-rising levels of corrupt practices.

The dynamic nature of corruption reveals the critical significance of three factors: a) the perception of corruption at any time; b) the fund of dedicatedly honest officials; c) the fund of dedicatedly dishonest, i.e. corrupt people at any time.

From the point of view of implementation, the positive feature is that in either direction a log rolling or bandwagon process ensues once the push is given. It seems true that a high expectation value (say 50 percent) of corruption and a low fund of honest officers as compared to dishonest ones initially (say, 20 percent honest and 25 percent dishonest and rest on margins) may start a bandwagon to establish very high levels of corruption (say 80 percent) and a higher fund of honest officers initially (say 30 percent compared to 20 percent dishonesty at the start) may roll the bandwagon in the opposite direction and set up corruption levels close to zero.

This is the analysis that showcases the critical importance of signals and intent in tackling corruption. The practitioners of administration know from experience that one outstanding success in nailing one high profile case of corruption may generate the impact of cleansing the organisation most effectively.

An Assault from Within

The UP experiment was truly the first instance of a successful and open joint assault on corruption from within. For a short time, it created spaces for those groups, which were interested in the idea of a strong, honest and well-meaning bureaucracy at higher levels. Yet, as would happen, things regained their old form after a while. Besides the evident success in cleansing the system for a while (as a signal and a symbol, which is the key in confronting dynamic dysfunction), the effort reveals a number of important insights:

- Secret ballot is an expression of private preference. The opinion poll thus infused private views into a public discourse on corruption thereby destroying the distortion caused by the variance between private and public opinion;

- It illuminated the inadequacy and hypocrisy of the formal system in tackling corruption;
- It proved that confronting corruption at higher levels requires joint and transparent action;
- It justified the immense need of group efforts in undertaking advocacy and protection of the non-corrupt elements at higher levels;
- It showed how peer pressure can be utilised positively in infusing better values and attitudes among the higher bureaucracy; and
- It showed how clear intent and signals are far more effective in stemming the rot of corruption rather than a mechanical reliance on ritualistic institutional controls.

In accordance with the proposition and analysis, the incredible success of the opinion poll experiment lay in the following facts:
- It afforded a group identity and protection to the fund of honest officers (thereby increasing their number and size);
- It put strong adverse pressure on the fund of dishonest officers thereby contracting their size and dominance; and
- More importantly, the experiment lowered the expectation values of corruption (in that period of turbulence and energy) thus creating conditions for a possible bandwagon for drastic reduction in corruption levels.

It is sad that the powerfully positive currents released by this experiment were not tapped by the formal system in its avowed goal of eliminating corruption. If anything, it proved its non-seriousness. Yet the experiment does show ways and strategies that may sustain the process of generation of positive signals.

Cleansing the Civil Service and Tackling Corruption

The Action Plan of the Government of India voices the problem in the following way: "It is not an exaggeration to talk about corruption in terms of a crisis or a cancer endangering Indian society, polity and economy…. Evidence points to an increase of corruption in higher bureaucracy and elected political functionaries, often in collusion or in nexus with criminal elements. Corruption is rampant in administration of welfare schemes, public distribution system, police, revenue and irrigation departments and several other sectors where people come into contact daily with administration. Corruption at lower levels takes the form of speed money or bribes for twisting rules. A matter of grave concern is the vertical integration of corruption at various levels of government between officials and politicians and the inability of the top functionaries to check the prevalence and growth of corruption…"

The Action Plan proposes a slew of measures to eliminate corruption in public services, many of them familiar and long in operation and include strengthening of preventive surveillance and deterrent punishment; premature retirement to weed out corrupt officers, especially at higher levels; autonomy of watchdog and investigating institutions; changes in regulations of *benami* (unnamed) properties acquired by public servants by corrupt or illegal means and prompt penal action in respect to proven holding of assets, disproportionate to known sources of income.

In recent years, there have been some ‘star’ cases of scams and corruption involving both politicians and bureaucracy at high levels. Their investigation and prosecution have produced a mixed bag of results and the signals they have sent are not all that strong or unambiguous. But there has been positive fallout. The monitoring by the higher courts has armed the institution of the CVC with statutory powers and autonomy. The Central Bureau of Investigation (CBI) is vested with relatively greater powers and autonomy.

In the context of UP, there are several destructive features of the phenomenon of corruption that require to be reiterated:

- The pervasiveness of corruption is not reflected in the records and documents of the formal process. The appraisal records would not show the existence of a high level of corruption. Nor would the operational files. This is the reason why it is so difficult to sustain disciplinary action. Premature retirements are attempted rarely. Whenever they are, the orders cannot be sustained in the courts. The knowledge and information about corrupt and illegal practices resides largely in the informal domain. Unless this changes, reforms based on “tightening procedures” are practically useless;
- The approach towards corruption (in practice) is reactive and episodic, not proactive. Further proactive episodes are largely centred on the lower levels of bureaucracy and mainly concern procedural irregularities. Unless action is directed at the higher levels, deterrent signals remain weak and practically non-existent. The institutions of the Vigilance Commission and the *Lok Ayukta* (public commissioner) have remained weak in terms of proactive presence. Their degree of autonomy, statutory power and prestige is low in practical and effective terms;
- Essentially, the dynamics of a corrupt and unjust bureaucratic process is stable in UP. Not only is the equilibrium stable, its gradual shift is in a downward direction. The position is that the perception or expectation of corruption is invariably higher than its incidence at a given time. So, in a dynamic context, it has led to worsening of the position. Organisations have succumbed to increasing levels of corruption and a decline of performance, standards and controls. The dynamics of corruption is characterised by a downward bandwagon. More officials change their behaviour from non-corrupt to corrupt rather than the other way round. The alarming and distinctive situation now is that in terms of numbers, influence and effectiveness, corrupt behaviour is dominant. The operational spaces for proper and honest conduct have reduced considerably;
- The phenomenon of transfers and postings is the great engine and fuel of corrupt practices. It aids and abets corruption, particularly at middle and higher levels. Consequently, an honest and well-meaning bureaucrat is in a particularly weak and ineffective position to make interventions through the formal framework of deterrence and controls;
- The existing framework of rules and regulations is ineffective in tackling or dealing with corruption at the higher levels. In a hierarchical (and non-transparent) system, those who control the controls cannot be controlled themselves unless exogenous and external forces are brought into play;

The result is a great deal of ritualisation in anti-corruption measures and actions. The emphasis is on numbers: action, which is extensive but thinly spread; a large number of cases but usually trivial and dealing with petty corruption cases. Besides the well-known and obvious measures to cleanse the public services (as outlined in the Action Plan) the following measures or approaches will be necessary if a forward movement has to be gained:

- Reversal in the dynamic downward slide of corruption can be achieved in only two ways: one by lowering the perception or expectation of corruption and by increasing the operationally effective spaces of the honest officers. The second is a conscious and particular measure while the first is a question of signals and intent. Wiping out corruption does not mean that each corrupt practice has to be caught and tried. Rather than inclusive, widespread action, it requires an intensive and focused drive against only a few 'star' cases.

  Once the signal is clear, unambiguous and sustained, the bureaucratic conduct would show a dynamic shift from corrupt to non-corrupt behaviour. A valid and appropriate push in the right direction is the requirement. One believes that private opinion (even-among bureaucracy) is largely in favour of a cleaner administration. But as we showed in the dual preference model analysis, the evidence of private opinion is not translated into actual behaviour on account of persistence of the prevailing equilibrium;

- It would be desirable to constitute the State Vigilance Commission on the same lines as the CVC. Its statutory prestige needs to be enhanced and appointments of the chairman and members should be through a statutorily constituted select committee. The institution of the *Lok Ayukta* should likewise be strengthened;

- Each department may be asked to publish the proceedings of their three top anti-corruption cases (once they have been concluded either in terms of punishment or acquittal) every year. The Vigilance Commission may make a choice of these cases on the basis of the rank of the concerned officer and the seriousness of the charges. In any case, once the proceedings are concluded, the concerned files should be open to public access. This would strengthen the hands of media and other watchdogs and concerned institutions in public scrutiny and comment on the actions of the government;

- A ratings system may be introduced to measure the corruption perception index of major departments and institutions. Various national and international bodies have evolved effective instruments to measure the corruption levels. They take into account the opinion of the users and citizen groups also, besides the internal parameters. The rating should be duly published. One of the major tasks of Heads of Departments (HoDs) and high-ranking officials would be to see that the index declines over the time;

- Granting of autonomy and stringent powers to the control and investigating agencies raises the real and ticklish problem of 'controlling the controllers'. There is always the spectre of misuse of powers to victimise and settle scores with adversaries and so on. So restraint in the nature of roadblocks and multiple checks and balances is essential. Transparent and robust disclosure norms also help. The problem needs to be watched carefully for the higher levels and positions.

An excellent suggestion in this regard is to make cent percent investigation/probe of the assets of all officers above a certain level (say, all HoDs, secretaries to government and equivalent or higher levels in the state government). A 100 percent verification of assets of all such offices will lessen the possibility of victimisation and will be an effective process to establish the sanctity and seriousness of signals and intent. It is essential that the outcome of these verification exercises be made public. This may be a sustained and regular process;

- The system of 'ombudsman' needs to be strengthened and dispersed. At present, there is a single institution of *Lok Ayukta*. This institution has not been able to contribute significantly in tackling corruption. There are many reasons for this and most have to do with the scope of powers, inability to make their advice or findings binding (morally or otherwise) and related legal infirmities.

  However, the principle of an ombudsmen who is powerful and has great positive value provides a parallel system for redressal of grievances and problem solving. It enables grievances and complaints about corruption to escape the iron hold of hierarchy and directly reach a higher, statutory authority. It would be a good idea to appoint district ombudsman. That is, an ombudsman to hear complaints and grievances about administration and public services at the district level. Obviously, the key issue would be how the ombudsman is appointed in the first place. The dispersal of the ombudsman approach to district levels may not yield results in the short term. One should anticipate a deluge of complaints often guided and organised by the political and administrative machinery to serve vested interests. Yet, the institution is a powerful tool of transparency and openness and has a capacity to evolve self-regulatory mechanisms to ensure its sanctity and quality;

- *Lok Adalats* (public courts) and public hearings must be held regularly by all the major departments and agencies. Organisations with substantial public contact should institutionalise this practice as a regular platform to resolve grievances, settle complaints across the table, obtain user feedback and promote direct contact between the higher management and the user groups.

Charter of Ethics or Code of Conduct for Civil Services

There is a view that the existing conduct rules are sufficiently strong and elaborate to punish misconduct, dereliction of duty and corrupt behaviour. In a mechanistic sense it is true. For instance, the prevailing conduct rules do prohibit the use of external or extraneous pressure (the informal domain) to obtain undue benefits or obstruct standard procedures and service conditions.

The view holds that the problem is one of lack of will in implementing the conduct rules. Yet this is not the whole story. The existing conduct rules are framed in the context of a generally healthy and normal bureaucratic system where misconduct is an exception, an aberration. It assumes that the normative structure is generally intact (in practice).

Therefore, the present conduct rules are pale and weak in the wake of pervasive dysfunction and pathologies. The system prescribes what should not be done, what is prohibited. It then prescribes punishment. But it does not explicitly state the normative standards of a bureaucrat in a positive active sense. In short, it does not clearly state what a bureaucrat should do stroke, should be, especially in the context of formal conflicts and informal pressures. This states the need for a rewriting of the code of conduct.

The objective of reforms in the code of conduct would be to expand the formal operational spaces and effectiveness of the honest and 'correct' bureaucrats. To give them explicitly stated formal support, some elements of reforms in the code of conduct are listed below:

- To state that the primary duty and obligation of a civil servant is to the Constitution and the rule of law;
- To commit him to upholding the principles of transparency, openness and access to users and citizens;
- To prescribe a clear procedure to resolve events where the civil servant is in a decision making conflict with his executive or political superior;
- To prescribe a clear mechanism to document and bring the conflicts with superiors to a higher authority for resolution and settlement. The present system has few safeguards of this type;
- To ensure that dissent and refusal to obey wrong or illegal orders of superiors do not become grounds of insubordination or misconduct (or victimisation);
- To incorporate the concept of public trust in the carrying out of functions and duties;
- To prescribe standards of accountability;
- To grant a procedure of joint and open action for the preservation of the independence, integrity and dignity of public officials;
- To grant a right of public comment and disclosure of information consistent with the transparency codes of the government; and
- In short, to create a normative framework of a positive, open, accountable and responsive bureaucrat in a proactive capacity rather than a passive, secretive and faceless public official forever operating behind the scenes.

6
Community-based Health Initiative

*– Akash Acharya**

Tribhuvandas Foundation (TF), named after one of the pioneers of the *White Revolution* and founder chairman of Amul Dairy, the late Tribhuvandas Patel has been actively involved in various development-oriented activities, particularly concerned with the health of women and children of the villages of Kheda/Anand in the districts of Central Gujarat since 1980.

When Tribhuvandas Patel retired from the chairmanship of Amul, the milk producers of the district gifted Rs 6.5 lakh to him as a symbol of respect for his services to the farmers. He handed over the entire amount plus the sum he received as a part of Magsaysay Award to Dr Kurien, the key architect behind the *White Revolution*, and requested him to use it for improving the health of milk producers, particularly women and children. Today, the foundation covers 638 of the 900 villages of Kheda/Anand districts. It has its headquarters at Anand and four sub-centres at Kapadvanj, Balasinor, Kheda and Tarapur.

Health – The Major Focus of the Foundation

Respiratory problems, tobacco-related problems, snakebite and accidents are common among men. Almost 40 percent of women are anaemic. Death due to blood loss during delivery and uterine cancer is common among women. Malnutrition is a serious problem among children. There is one Voluntary Health Worker (VHW) in each village that TF covers. They have been trained at TF headquarters to treat primary illnesses and to identify all-risk cases so that they can be referred to TF.

The delivery kit made by TF is not only known in rural areas of Gujarat but in some other states of India as well. TF also runs *balwadi* (pre-school classes) and stitching programmes, in which women are trained in tailoring, embroidery, etc. It operates marketing outlets, where it sells the work done by village women (TF Annual Report 2000-2001).

The Scheme

The scheme named *Sardar Patel Aarogya Mandal* (SPAM) came into existence on the day when Gujarat earthquake occurred i.e. January 26, 2001. TF was already providing primary health care through its well-networked infrastructure, but it felt the need for a health insurance scheme that could cover the expensive hospitalisation. So SPAM was created to handle in-patient care and TF handled the out-patient care.

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SPAM is a separate trust with a separate board. Insurance companies were also approached but the chairman of Amul felt that the administration with insurance companies would create problems apart from being expensive. So it was decided that TF would itself launch the scheme.

Premium

Three paise per litre of milk plus Rs 26 (Rs 25 for TF membership and Re one for SPAM) per year is collected as premium. The idea was to build a corpus of Rs five crore, so that interest can be paid from the corpus. But, the corpus is still hovering around Rs two crore. Every year, Rs26 has to be paid in July and the membership card has to be renewed. Although there is no waiting period, membership cannot be claimed by paying a premium at the time of illness.

Number of members

In all, there are 1,13,883 families from 645 dairy cooperatives.

Enrolment Conditions

- Only those who are members of both the milk cooperative (*doodhmandli*) as well as TF can enroll in the scheme.
- They must deposit a minimum of 300 litres of milk per year. If they cannot they are not entitled to the benefits.
- Members must not sell any amount of milk to TF competitors. If they are found doing so, they are disqualified from participating in the scheme since these are expensive.
- Members must not get admitted in special rooms of hospitals.

Coverage

Entire hospitalisation expenses (excluding medicines, transport and other indirect costs) are covered. According to Pragnesh Gor, a senior TF executive, they have sanctioned up to Rs one lakh in case of need. But on an average they sanction claims between Rs 7,000 and Rs 10,000 per hospitalisation.

Scheme Design

Under this scheme, members when in need, have to approach the TF or any of its sub-centres for hospitalisation recommendation. After getting a reference slip from the TF doctor, they can approach any of the nine approved hospitals. In life-threatening emergencies, the patient can be directly admitted to the hospital but before taking the discharge from the hospital, the relatives of patient or VHW have to approach the TF appointed doctors for referral slip.

TF has entered into a Memorandum of Understanding (MoU) with these hospitals. All hospitals have been selected after careful consideration of factors like geographic location, quality of the health care provided, level of expenditure and support of the management. TF management had extensive dialogue with trustees of these hospitals.

The hospitals are Shri Krishna Hospital at Karamsad, Cambay Medical Relief Society General Hospital at Khambhat, Methodist Hospital at Nadiad, Maha-Gujarat Hospital at Nadiad, BD Patel Hospital at Umreth, Kacheria General Hospital at Balasinor, Gayakwad Hospital at Bayad and Roberts Mission Hospital at Borsad.

One common element among all these hospitals is that they are all trust hospitals. According to Pragnesh Gor, at least trustees are committed to serve the poor in trust hospitals compared to private for-profit hospitals.

Patients can be admitted into the hospital by showing the membership card. This card (in fact a small booklet known as *chopdi* among the community) contains the name of family members and is valid for seven years. Every year it has to be renewed. If someone reports more than six family members, he has to show the ration card as proof. Members do not have to incur any out-of-pocket expenditure at the time of hospitalisation. All nine hospitals send bills to the TF office on a monthly basis and they are scrutinised by the TF office staff.

TF might not sanction the bills, or delay it, if it feels that bills are inflated. According to Dr Kharod, doctors tend to perform many unnecessary laboratory tests since they know that the patient is insured. TF has to become strict so that hospitals do not take undue advantage out of SPAM. Periodic meetings are also held with trustees and doctors of hospitals. The rejection rate is around five to seven percent.

Exclusions

Angiography, angio-plasty, bypass surgery, all cancers, major orthopaedic operations (joint replacement) kidney transplant and AIDS are not covered. TB is also not covered as government gives free treatment for tuberculosis.

SPAM only covers in-patient care. OPD costs are not included. Since doctors used to overprescribe the drugs, hospitalisation related drug cover has been withdrawn. Thus, members have to pay for the medicines.

Promotion

No special tools were used to promote SPAM. The community was already acquainted with the idea of insurance as they had experience of the previous scheme (see Ranson 2002 for more details). Information on the new scheme was circulated through the *Patrika* (newsletter) distributed at all milk collection counters in villages. Since literacy level is high in the villages of Kheda district, at least one person per family can easily read the information. The new scheme was also discussed during the routine milk cooperative meetings.

MIS System

With the help of an external software programming agency, TF has designed a software for SPAM. All membership record is kept in this software, which is also available at hospitals. Doctors can see the membership card and verify the record on his/her computer before admitting the patient. This does not mean there are no frauds. There are many. Since there is no photograph attached with the membership card, non-members can take the card of members showing false identity. TF is now becoming strict and has started seizing the membership cards as and when they come across such misuse.

TF is improving the software so that information like, in which village the hospitalisation rate is highest, cost of hospitalisation expenses per village etc., can be obtained and sent to each *gram sabha* (village meeting).

Fund Management

The amount collected through premium, naturally falls short to cover the cost of hospitalisation. For example, Rs 27 lakh were collected through premium last year and the total cost of hospitalisation exceeded Rs 125 lakh! Moreover, although there is no additional manpower for SPAM, Rs 7-8 lakh have to be earmarked for administrative cost. Thus, there is wide deficit, which is filled by Amul. The corpus, which is created by collecting three paise per litre of milk is not touched to pay for hospitalisation expenditure.

Community Response

There was no community participation at the time of designing of the scheme. We visited a village named *Mogri* in Kheda district and met the field worker Kalpnaben, VHW Shardaben, one beneficiary and one person whose claim was rejected and he did not get *mafi* (waiver).

Shardaben is trained by TF in primary health care management. She keeps a first aid box at the *doodhmandli* office and provides consultation in the morning. In the afternoon she visits different *falia* (area in the village) and approaches people to discuss their health problems. She visits homes of people from all castes and also accepts water as well as food. In times of emergency, she accompanies the patient to the hospital and personally visits TF on behalf of the patient to collect the required referral slip from the TF doctor.

Rameshbhai's eight-year-old son fell from the roof of the house while playing. His left hand was fractured. He was immediately rushed to the TF-approved hospital. He says, "The behaviour of the nurse was very rude with me. When I gave the *chopdi* (membership card) to her she said that do not come with all this TF material here. TF is going to be closed in a short time. What will you do then?"

Rameshbhai did not get *mafi* (waiver) and had to bear the cost. He was angry and has decided that he will not pay Rs 26 this time. "What's the purpose of paying Rs 26 when I am not getting *mafi* even after showing my *chopdi*"? According to Shardaben she has to listen to such complaints. People usually blame her and not TF. She feels that Rameshbhai might also mobilise others and will try to convince them that the scheme is useless and no one should pay Rs 26 from now onwards.

According to TF executive, Prithviraj Rajput, these are isolated cases and by and large people are very happy with SPAM. The problem is, people are completely unaware of the exclusions. No one could name a single disease when we asked, "Do you know the diseases for which you cannot get *mafi?*" Even the VHW was in a dilemma when asked whether a fracture was covered under SPAM or not, as there are some cases where the patient did get *mafi* in case of fracture. This confusion creates dissatisfaction and frustration among the community.

Conclusion

Since the scheme is a little older than a year, it would be pre-mature to draw any concrete conclusions. But looking at the enrollment conditions, it is evident that the scheme excludes those people who cannot deposit 300 litres of milk in a year. This means, those households, which are poor and cannot afford to own a MILCH animal, stand to lose. Moreover, the level of community participation is quite low. It seemed, during our course of discussion with TF executives, that TF is not particularly concerned about what the community thinks, what are its priorities, etc.

Moreover, Dr Kharod is not in favour of the concept of health insurance. He feels that such schemes tend to encourage hospitalisation for even small illnesses. The whole purpose of setting up TF was to provide primary and preventive care to avoid hospitalisation, which is defeated by the introduction of such schemes.

7
Universalising Primary Education in India

*– M Rajan**

The Problem

What ails primary education in India is principally the inability of the schools to retain and educate the children who get enrolled. Published data reveals:

- 11 out of 100 Indian children do not enter school;
- 35 drop-out before completing four-five years of education;
- 30 more drop-out before reaching Class VIII; and
- less than half of the remaining (say about a dozen) complete secondary level education.

Pratham conducted a door-to-door survey of 6 to 14 year-old children in nearly 100,000 slum households of Mumbai and six other cities of Maharashtra (one of the better providers of education in India). The summary of the findings is:

- 94 percent of the children between 6 and 14 years are in school;
- 23 percent can read with some fluency;
- 33 percent can read words, but not sentences;
- 27 percent can identify alphabets, but no more; and
- 17 percent can read nothing.

The situation in many north Indian states is far worse. Even if the results of Maharashtra were extrapolated to the entire country, the situation of primary education is a cause for alarm. There are currently about 140 million children in primary schools, of whom:

- 24 million cannot read;
- 38 million can read only letters;
- 46 million can read words; and
- 32 million can read paragraphs.

At least 24 million children in primary school cannot read and the number is likely to be between 30 and 60 million. Surveys by Ministry of Human Resource Development (MHRD) indicate similar numbers since its data indicates 40 percent of the children (about 56 million) will not complete standard IV.

The experience of many NGOs related to the field of education, including mass-scale India-wide experience of *Pratham*, indicates that the major cause of drop-outs is poor quality of learning.

** Managing Trustee, Pratham, New Delhi*

Unless education in government schools becomes effective, there is little hope that India would achieve its goal of ensuring that every child goes to school.

A Possible Solution

Without the foundation of good reading skills, no worthwhile formal education is possible. Hence, ensuring that children can read is possibly the first step in moving towards quality education.

Pratham has been experimenting with an innovative method, which combines various techniques to accelerate the reading skills among children in less than a month. The children who can read words but not sentences make the transition to reading simple sentences and paragraphs within days and progress to reading stories. Those who can read letters but not words, on an average take longer – about three weeks to read simple sentences and paragraphs.

Those who start with no knowledge of alphabets take on an average about four weeks to begin to read simple sentences. This has been demonstrated by a sample of children from slum communities and shows that within four weeks the percentage of children who know nothing drops to near zero, and the percentage of children reading simple sentences exceeds about 60 percent within the same time period. Of course, the end result also depends upon the baseline distribution of the class, apart from other parameters including the teacher's understanding of the method. Many children start writing independently too.

The *Pratham* network across eight different states has tried to develop and test this method over the last three months. Over 100,000 children in various *Pratham* programmes have either learned to read, or are learning to read using this method.

Use of this method is being piloted in two rural blocks in Thane and Nasik districts of Maharashtra. Teachers of government schools are trying out the method. The early results are good and the pilot would be taken to scale in the next academic year to benefit over 450,000 children in these districts.

Pratham, in collaboration with the Municipal Corporation of Delhi (MCD), is launching a programme to cover all primary school children in one ward with the objective of making all of them fluent readers in two months. The success of this pilot programme is expected to result in a massive reading programme covering about 900, 000 children in 1,800 primary schools of the MCD during the summer of 2003.

In other cities such as Ahmedabad, Patna etc., large numbers of children will participate in summer reading camps this May-June.

Reading is the first step… it is established that children who learn in school do not drop out. If all children could learn to read and comprehend in a short time, they would continue in school much longer. Parents are motivated to not only enroll children, but also to ensure their continued attendance if the school is effective.

The technique is simple and easily replicable. There is visible change in the attitude of teachers, children, parents, and observers. The cost per child is between Rs 15 (schools as implementers) and Rs 50 (*Pratham* as direct implementer) to go from not reading to reading. This technique can provide a strong foundation for improving the quality of education in government (and private) schools and is capable of changing home learning in middle-class families too – introduction to early literacy at home and in pre-schools.

The Read India Campaign is not a government campaign but a collaborative campaign of government and the people. *Pratham* plays the low-key leader to motivate and activate others and also provides critical manpower and financial support.

The Next Step

Pratham invites other partners to take this campaign to new areas and to larger number of children. We are offering to train groups of trainers from other agencies interested in using this technique.

At the same time, efforts continue to fine-tune the technique and to expand the programme beyond reading under the leadership of Professor Jalaluddin, the internationally known education expert. As he puts it, it is imperative to move from ‘learning to read’ to ‘reading to learn’.

Pratham is on the look out for collaboration in the area of publishing and distribution of books appropriate to primary school age children, which will improve the quality of their learning and their life.

(Similar programmes are under consideration in Assam, Karnataka and some other places. Please visit website www.pratham.org to learn more about this programme as well as other activities of *Pratham*.)

8
Maintaining the Eco-Balance

*– S N Sangita**

Common Property Resources (CPRs), like forests and village commons, have declined or degraded over the years. The decline had an adverse impact not only on the livelihood systems and biomass needs of the forest-dependent population but also affected regeneration and bio-diversity of forests, which were vital for the maintenance of the eco-system (Jodha, 1989; Nadkarni, *et al.*, 1989; Poffenberger, and McGeam, 1996; and Ravindranath, *et al.,* 2000).

In the last few decades, many initiatives had been taken by both state (government) and CSOs to regenerate, conserve and develop the local community forests.

In this direction, the Central Government launched a social forestry programme in 1980, to meet the needs (fuel wood, fodder and small timber) of rural communities and reduce the pressure on the forests (Agarwal, 2001; and Ravindranath, *et al.*, 2001). Subsequently, a major programme, known as Joint Forest Management (JFM), was initiated in 1990, to regenerate the degraded forests and support the livelihood systems of the people inhabiting the forests, with the joint responsibility of government and the people to share the benefits equally.

At the same time, CSOs, like village communities, youth clubs and village elders, were also protecting vast tracks of local forests in different parts of the country. Most of these groups came into existence on the basis of self-initiatives, in response to the livelihood, bio-mass and other needs of the people. (Ravindranath, *et al.*, 2000; and Poffenberger, *et al.,* 1996).

The performance of the above participative management institutions was not uniform throughout the country. The performance of JFM in Andhra Pradesh was very good. It occupied the first place in terms of the number of Village Forest Committees (VFCs) and the area covered with plantation. Nearly 6,575 VFCs, covering 33 percent of the total forest area (16,322 sq kms), had been established in Andhra Pradesh since 1990.

However, their coverage was moderate in States like Karnataka and Orissa. So far, 3,066 VFCs have been formed in Karnataka, covering 10.78 percent of the total forest area (8,135 sq kms), while in Orissa, 3,704 VFCs have been established, covering 20.33 percent of the total forest area [(4,193 sq kms) (Bahuguna, 2000; Mitra 2000; and Ray, 2000; cited in Ravindranath *et al.*, 2000)].

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The performance of forest management under the Community Forest Management (CFM) had been very high in Orissa, while it was moderate in Karnataka and Orissa. In Orissa, 5,622 CFMs have been protecting 27 percent of the forest area (74,000 hectares). In fact, its number increased over the years, although there have been different estimates. (Singh and Singh, 1994; Poffenberger 1996; Nayak, *et al.*, 2000; and Orissa Forest Department, 1993).

On the other hand, the highest number of *Van Panchayats* (Forest Councils) existed in Uttaranchal. Nearly 4,058 *Van Panchayats* were protecting 2,20,000 hectares of forests (Arun Agarwal, 2001). In fact, there was a phenomenal increase in their number.

This paper analyses the role of government and CSOs at the state level for promoting self-governing institutions for management of community forestry resources. The paper argues that neither the state nor CSOs could alone address the problem of community forestry regeneration and conservation. Both the state and civil society, with mutual cooperation, could produce more goods and services, as well as generate natural resources**.**

The main issues raised in this paper are:
- why were some Participatory Forestry Management (PFM) systems, like JFM, CFM and Village Forest *Panchayat* (VFP), successful in some states, in terms of number of VFCs and protected area?
- to what extent could this be attributed to the state-civil society synergies (complementary or contesting)?
- whether the socio-politico-economic conditions prevailing in the states had any influence on the synergies?
- does the state provide an enabling environment (responsive bureaucracy, favourable policies and transparent laws) for promoting development?
- whether CSOs (like an ideological opposition party, autonomous peoples' groups and movements and the media) had any influence on such outcome?
- was there synergy between the government and CSOs at the state levels in promoting PFM, with a view to understanding the causes and consequences of such synergy?

The paper is based on the field data collected from Andhra Pradesh, Karnataka and Orissa, which represented different patterns of state-society synergies and performance. Andhra Pradesh represented a strong state and a strong civil society, with high levels of performance of JFM both in quality and quantity, while Orissa represented a strong civil society and a moderate state, with high levels of performance in CFM. Karnataka represented a moderate state and civil society, with a moderate level of performance.

The paper has been divided into four sections: the first section deals with the nature of Governmental Organisations (GOs) and CSOs involved in Community Forestry Resources (CFRs); the second section deals with the mechanisms for synergies between the GOs and CSOs; the third section deals with the implications of these partnerships on JFM policies and performance; and the fourth section deals with the socio-economic factors responsible for their cooperation or conflict in the management of community forestry resources in the three states of Andhra Pradesh, Orissa and Karnataka.

Analytical Framework

The nature of synergy/partnership between the state and the civil society (cooperation and confrontation) or polity determined the character and the outcome of policy (Robinson, 1998). In closed politics, policy-making, i.e., the manner in which the policy was deliberated, formulated and implemented, was likely to be centralised, secretive and non-responsive, while in democratic politics, policy-making was likely to be decentralised, dispersed, consultative and responsive (Grindle, 1980). Policy-making (agenda setting, choice of policy and implementation) in many developing countries has become the prerogative of a small highly-knit group of technocrats, civil servants and politicians.

Except in democracies, policy-making was confined to organised interest groups (business class, rural rich and organised workers) with economic and political power. Now, developing states (strong vision and commitment of political leaders to develop the country) had designed various institutions to have wider consultations with stakeholders, including the poor in the form of commissions, periodical consultations and specific issues and policies, deliberative policy-making bodies, and steering committees, with the representatives of the government and stakeholders. At the same time, CSOs were also influencing state policies, through lobbying, protests, civil disobedience and other forms of non-compliance.

The synergy between GOs and CSOs in policy-making was taking place in two ways, collaborative and contesting. In collaborative synergy, the CSOs were part of the policy network, influencing policy makers as insiders, while in contesting synergy, CSOs influence policy formulation and implementation, by staying outside the formal structures and networks. Sometimes, this interaction was based on mutual antagonism and counter-claims, on the basis of certain guidelines and rules.

In this synergy, CSOs also preferred to avoid formal or informal relations with the government, on the basis of ideology. Collaborative synergy between the GOs and CSOs could further be classified under three categories, on the basis of mechanisms through which public policies were formulated. The first type of synergy related to the preparation of the policy document or preparation of a report (which became a major source for policy input) jointly by both the GOs and CSOs, as equal partners.

The second type of synergy related to formulation of policy through consultations, discussions and deliberations with the representatives of the CSOs, workshops, seminars, formal meetings or the media through which these interactions take place. The third level of collaborative synergy related to formulation, implementation, monitoring and evaluation of policy through deliberative councils/committees and other forums, having the representatives of both GOs and CSOs. Such committees existed at state and sub-state levels. The NGOs present in these meetings made critical comments and suggestions to help identify the flaws in both policy and implementation for corrective action.

Contesting synergy could also be classified under three categories. The first type of contesting synergy was NGOs' criticism against the laws and policies of the government, through newspapers, seminars, pamphlets and other forums. These criticisms and suggestions were based upon an objective analysis or a critical scientific study. In the second one, CSOs acted as pressure groups and lobbied with the policy makers and political parties, in articulating their demands.

Taking a delegation to the minister or political parties or international developmental agencies like the World Bank favouring or disfavouring a particular policy could be mentioned in this regard. In the third one, CSOs took a very critical stand against the forest based on their distrust. In this, the CSOs tried to influence policies through protests and other civil disobedience movements. Some of these movements were violent. The People's War Group (a Naxal outfit) and *Raithcoolie Sangha* movements in Andhra Pradesh and the forest movements in Orissa could be cited as two such violent movements.

All these interactions had a wide variety of outcomes. However, these classifications could not be made neatly, as there was overlapping in the CSOs' strategies. For instance, some CSOs, which were acting as insiders, also adopted contesting strategies to influence the policies. Similarly, the CSOs, which were outside the government network, could, and did, cooperate with the government in formulating policies.

Government Organisations

The forest department was mainly responsible for JFM in all states. It formulated policies, guidelines and operational rules within the policy framework of the national government and international obligations of funding agencies. While formulating policies, inputs from cabinet, legislatures, judiciary, funding agencies and other interest groups were taken into consideration. However, in the context of JFM, the inputs from funding agencies and CSOs were very critical for the policy design, since they played a crucial role.

In states like Andhra Pradesh, departments like tribal development, *Panchayati Raj* (local governance) and rural development, irrigation, revenue and animal husbandry were involved in formulating and implementing JFM. The programme was mainly implemented through a separate wing or through an existing territorial division (circle, division, range and VFCs).

In recent times, emphasis has been placed on executing the programme through the territorial administration. For instance, the responsibility of the management of VFCs under the Western Ghats Forestry Project (WGFP) in Karnataka was transferred to the regular division, after the termination of the project in 2000. Similar initiative has been taken to merge the social forestry wing with the regular forest department in Orissa.

Civil Society Organisations

State level networks of CSOs had emerged in the recent years in three states with a view to represent the interests of the forest-dependent people, although there was a variation in their composition, organisational network, leadership style of interactions with the government and strategies adopted for mobilising the people. They were:

- NGOs participative committee in Andhra Pradesh;
- *Aranyavedika* in Karnataka; and
- *Orissa Jungle Munch* (OJM) in Orissa.

However, along with these, there were other networks and NGOs interacting with the state GOs. For instance, in Orissa, organisations like *Vasundhara* and other NGOs were serving in the state level steering committees, independent of the OJM. They were also forming district level networks with NGOs and JFM representatives.

Andhra Pradesh NGOs came into existence in 1992, when 37 NGOs came together to lobby for the promotion of participatory forestry. Now, it has emerged as a federation of 200 NGOs, operating in 17 districts of the state. In Orissa, the OJM came into existence in March 1999, with the organisation of a state level convention with the community forestry groups, NGOs and scholars involved in the community forestry movement. This movement was a culmination and convergence of a number of processes initiated at different points of time in the latter half of the 90s, in which the need for a state level network was felt.

Aranyavedika in Karnataka, with the network of forest NGOs, was spreading throughout the state since 2000. Previously, the forest management issues were represented by the Federation of Voluntary Organisation for Rural Development (FEVORD), where a state level network was started in 1984. It represented the interests of the forest people by serving in the state level steering committees and also mobilising people on various issues to influence the policies at different point of times. In fact, it was instrumental in influencing the JFM policies in the Western Ghats.

The main objectives of the state level CSOs networks were:
- to provide a platform for a democratic and participative consultation and decision-making for all organisations involved in community forestry;
- to represent the interests of the forest communities by acting as a pressure group and mobilising people for pro-people's forest policies;
- to empower the forest communities to fight for their rights with the information regarding forest acts, policies and programmes; and
- to act as a watchdog by monitoring and reviewing the government forest programmes and suggesting modifications for improvement.

However, emphasis on these activities varied from state to state.

Thus, in Andhra Pradesh and Karnataka, the committees were mainly constituted of the NGOs involved in JFM activities, while in Orissa the membership was mainly from the forest communities, although representatives from the NGOs and research organisations were nominated to these bodies. These committees were supported by research organisations and academic institutions to strengthen their articulations by proper documentation and scientific studies.

For instance, there is Centre for Environment Concern, a Hyderabad-based NGO in Andhra Pradesh, Ashoka Trust in Karnataka and Regional Centre for Development Corporation (RCDC) in Orissa. These research organisations were, in turn, supported by the Ford Foundation, OXFAM, Society for Promotion of Wasteland Development (SPWD) and they undertook documentation, research studies, publishing of newsletters, holding workshops and seminars, strengthening the NGO/forest group network/ federations.

The state level federations had adopted different tiers/organisational structures to manage the forest problems. Andhra Pradesh had adopted a three-tier structure – general body, state committee and steering committee for its management. All grassroots NGOs involved in forestry management were members of the general body. Three to four members from each district (either elected or nominated by the district level committees) were represented in the state level committee, which was responsible for providing guidance and direction.

The steering committee, with three representatives from each region (Coastal, Rayalseema and Telengana), including a woman representative, were constituted to assist the state level committee. The general body meets once in two years and elects or nominates members of the state and secretariat committees.

Orissa had adopted a three-tier structure of governance – state, district and community levels. The general council at the state level is the supreme body. It consisted of 120 representatives from 30 districts (four each, either nominated or elected) and 20 nominated members, representing research and academic institutions, NGOs and forest groups. District level federations/forums were constituted with elected or nominated members from community forestry groups.

Similar committees were constituted at the sub-district or cluster level. Sufficient freedom was given to the local level institutions to decide the structures, composition and powers of the committee. Interference from the state level organisations in their internal functioning of the local committees was minimal.

Unlike Andhra Pradesh and Karnataka, the headquarters of OJM was located at Nayagad district, where people's movements were very strong. Similarly, *Aranyavedika* also formed various committees to manage their day-to-day affairs. Besides the state level committees, it also constituted various sub-committees for activities like research and policy, including documentation and publication, natural resources, legal issues, conflict resolution, finances and so on.

Interface between GOs and CSOs

Consultation with CSOs over policy design

In all the three States, JFM guidelines were issued after consultations with the NGOs and other research organisations, although the inputs provided by them varied. Consultations were mainly held through workshops and seminars, although details regarding inputs provided by various CSOs were not available. Seminars and workshops with GOs and CSOs were organised to evolve appropriate strategies.

NGOs were invited to interact with funding agencies, like the World Bank, Department for International Development (DFID) and the Swedish International Development

Cooperation Agency (SIDA), in all the three states through formal and informal interactions regarding policy issues. To what extent the inputs provided by the CSOs were relevant and to what extent their views were taken into consideration, while formulating policy document, will be discussed here.

Andhra Pradesh

In Andhra Pradesh, the synergy between GOs and CSOs was a result of the initiative of the state. The state created the necessary conditions for CSOs to cooperate with the state. This facilitated the adoption of complementing/collaborative synergy for policy formulation and implementation. Interactions through consultations, seminars, and workshops were dominant. Interactions were often made through the statutory institutions (committees/councils) constituted with GOs and NGOs representatives at the state, district and sub-district levels. However, some CSOs outside the forest sector were adopting contesting synergies to influence forest policies.

In Andhra Pradesh, the synergy among GOs, CSOs and funding agencies appeared to be very high and there was coordination among various departments connected with the JFM. This helped to pool the resources available under different programmes for undertaking soil conservation and silvicultural activities in an integrated manner. For instance, "Food for Work", "*Neeru Meeru*" (soil and water conservation) and tribal development programmes were integrated with JFM.

The good understanding between the state government and funding agency (World Bank) facilitated the availability of funds for the second phase of JFM, unlike in Karnataka and Orissa. The active collaboration of government with the CSOs facilitated the extension of this programme Nearly one-third of the total VFCs were formed with the assistance of NGOs.

Frequent interactions through seminars, workshops and consultations provided opportunities to NGOs to point out the flaws in the policy design and corrective action thereof. For instance, this was evident from the Andhra Pradesh NGOs' meeting with the members of the pre-appraisal team of the World Bank (for extending the second phase of the work), held at Hyderabad, on September 24, 2001.

In this meeting, issues like eviction of tribal people from *podu* cultivation, affecting their livelihood systems, low payment for *beedi* leaves, preference to industries, delays in bamboo harvesting, differences between working plans and micro-level plans and so on were raised by the NGOs. There was even a proposal from an NGO for an independent study of the first-phase of the programme, for which forest department readily agreed.

These interactions helped to point out the drawbacks of the programme implementation. For instance, this was evident from one of the seminars held at Hyderabad with the forest department and the NGO representatives. The NGOs raised various issues like overspending, overstaffing, irregularities, legal status of *van samrakshan samiti* (VSS, forest protection committee), *nistar* rights as exist in Maharashtra, role of VSS both in micro and working plans, Non-Timber Forest Product (NTFP), non-payment of compound fee and so on.

The forest officials had clarified some of these issues and agreed to rectify the same. This was evident from the reply given by the Principal Chief Conservator of Forests in the seminar. He assured that corruption at the departmental level would be addressed. He promised that he would verify the complaints against erring officials and VSS presidents. He said that already action had been initiated against 125 erring forest department officials. He also mentioned that the forest department would like to have more interactions with the NGOs to strengthen the JFM. According to him, the feedback from the NGOs and people was very vital in designing the second phase of JFM. The forest department would like to be much more responsive and transparent to make JFM effective.

The regular meetings through the statutory bodies, also helped the CSOs to raise the problems faced by the field level NGOs. In these meetings, they critically reviewed and monitored the progress and brought field problems to the notice of the higher officials for corrective actions. For instance, the letter written by the Andhra Pradesh NGOs' committee on the JFM to the Chief Conservator of Forest, on August 05, 1998, was critical about the happenings in the field. It highlighted field problems like non-demarcation of VSS boundaries, non-execution of MoUs, non-issuance of identity cards to VSS members, clearing of existing forests and felling of trees, mechanised ploughing through excavators, planting of eucalyptus trees, violation of norms, lack of transparency, non-payment of funds to the NGOs, non-payment of compound fee and so on.

While arguing with the forest department, they presented evidence containing VFC and district-wise details in which these incidents took place.

They gave evidence of non-payment of compound fee for the smuggled wood caught by VSSs in Kurnool and other districts, with details regarding the quantum of wood seized along with the dates. They highlighted the lack of transparency in regard to the payment of the honorarium to NGOs, although guidelines insisted upon payment through cheques. They had made suggestions for the improvement of the programme. Some of these problems, according to the NGO representatives, were solved by the forest department. These interactions helped develop mutual trust and cooperation for an effective formulation and implementation of JFM policies.

The contesting synergies from the forest NGOs have weakened in recent years, although they approached the courts and organised protest movements against the forest department in the past. Nevertheless, CSOs like *Raithacoolie Sangha* and People's War Group (PWG) were very active in the tribal villages. We came across instances where these organisations instigated the tribal people not to cooperate with the forest department in establishing VFCs. They opposed plantation on *podu* cultivation lands, which were under the control of the tribal people, and encouraged the tribal people to demand higher wages for their plantation work.

There were instances where forest officials and VFC members were intimidated. For instance, one of the VFC presidents in the neighbouring village, Sunnampadu, was beaten up by the PWG for cooperating with the forest department. In Sunnampadu, the president and members were warned on several occasions against plantation on *podu* land.

The frequent interactions between GOs and CSOs resulted in finding solutions for the following problems. First, NGOs at the grassroots had been involved in large numbers in the JFM programme. They were motivating the people to form VFCs and also organised training programmes for building their capacity. The honorarium for NGOs' assistance to the forest department had been fixed by the forest department in consultation with the NGOs. Second, NGOs were associating with the steering committees constituted at various levels.

This provided an opportunity to review and monitor the programme. Third, NGOs' demands regarding prices of NTFP and the payment of compound fee of smuggled wood to VSS were met. Fourth, the fodder policy desired by the World Bank had been withdrawn, as a result of NGOs' criticism. Fifth, the views of the NGOs were incorporated in the proposed amendment to the Forest Act, giving more powers to the VFCs.

Karnataka

In Karnataka, the synergy was more confrontational, although complementarities between GOs and CSOs prevailed in the initial phase. In recent years, the interactions between GOs and CSOs through the meetings and seminars, have not been very productive. Mistrust about each other prevails. It was evident from our interviews that some forest officials were not keen to collaborate with the NGOs, who viewed them as their adversaries. Forest officials were very critical of NGOs' role in JFM. However, some officials were comfortable with a few NGOs, who were cooperating with them. In fact, some of the NGOs were initiated by retired forest officials.

On the other hand, a number of the *Aranyavedika* members were very critical of the forest department for putting down their suggestions for effective implementation of JFM on several occasions. One of its member mentioned to us that the points on which agreement was reached between GOs and CSOs in the presence of the Development Commissioner were not honoured by the forest department. Now, the *Aranyavedika*, representing the interests of the forest, has adopted an aggressive attitude towards the GOs.

In Karnataka, the initiative for creating synergy between GOs and CSOs for forest resource management dates back to 1982. The initiative had come from CSOs and it has been institutionalised, in the form of sub-groups, with the NGOs and GOs representatives for various sectors. This, ultimately, contributed to the promotion of complementary synergy, in the form of consultations and membership in the deliberative bodies.

However, the complementary synergy could not be sustained due to non-fulfilment of the demands of the CSOs. This, ultimately, encouraged the CSOs to resort to protests against the GOs. This situation continues till today, in spite of having a strong developmental state under a dynamic Chief Minister. As a result, the relations between GOs and CSOs in the management of forestry resources were far from satisfactory.

The synergy has not been institutionalised in Karnataka, in the absence of the initiative of the State. Naturally, the synergy depends upon the attitude of the officials holding important positions in the forest department. Radical officers, who were sympathetic to people's movement, encouraged the NGOs to take active part both in policy-making and implementation. This is evident from the support, which the CSOs got initially when they approached the government. In other words, when the FEVORD met the Chief Secretary in 1982 and requested for active collaboration between GOs and CSOs, the government responded positively.

Since then, the FEVORD members have started receiving government orders, circulars and policy papers. Subsequently, in 1984, a consultative group of NGOs (including FEVORD), representatives and heads of departments, under the chairmanship of the Development Commissioner was set up to bring synergy between the government and CSOs. Similar consultative groups were set up at the district level, with government and NGO representatives under the district head. (District Magistrate). In 1989, policy advisory groups, known as "sub-committees", with representatives of NGOs and concerned departments were constituted on certain areas of government activities.

However, the synergy could not be sustained in a meaningful way by the leaders who succeeded them. With the result, these groups could not deliberate on important policy issues. For instance, the sub-committee on forest and wasteland development had rarely met (Potter, 1998: 124).

Much the same is true regarding the interactions in the steering committees at the state level. Sympathetic officers gave importance to NGOs' participation in deliberations. For instance, in one of the standing committee meetings, the views of the NGOs were considered favourably. The steering committee meeting held with the representatives of the NGOs and forest officials on November 29, 1990, under the chairmanship of the Development Commissioner regarding the involvement of village communities and voluntary agencies in regeneration of degraded forest lands, reflected the role of CSOs in policy design.

Hiremath, the NGO representative, pleaded to widen the scope of the common property resources by including revenue and C and D class lands, in addition to degraded forest lands. He further argued for the constitution of forest consultative committees at the district, *taluka* (administrative division) and village levels, with NGO and forest department officials on the basis of the recommendations of the workshop held in September 1989 at the Centre for Ecological Studies, Indian Institute of Science, Bangalore.

After analysing the various viewpoints, the committee decided to take action on two fronts:

- It was decided to prepare a policy document on the basis of the existing government orders and circulars (guidelines as indicated in the Government of India letter No. 6-21/89 F.P. dated 1.6.1990) and the deliberations of the meetings;
- It was decided to prepare an action plan by pooling resources from various departments and voluntary agencies. The action plan was to be formulated by the forest department to regenerate degraded forest lands and ensure people's basic requirements (in respect of fuel-wood, fodder, small timber, etc).

It was also decided in the meeting to invite eminent experts to seek their opinion in this regard. On the basis of the suggestions, several persons were invited. They included EB Eswaran, Society for Promotion of Wastelands Development, New Delhi, Kulkarni, Taralabalu Rural Development Foundation, Sirigere, Dr NS Jodha, International Centre for Integrated Mountain Development, Kathmandu, and Dr KC Malhotra, Indian Statistical Institute, Kolkata.

However, the trust between GOs and CSOs has declined over the years. CSOs felt that their voice had not been the adequately impacted policy form. This was evident from FEVORD's role in influencing the WGFP funding of the Overseas Development Administration (ODA) through various lobbies and networks. In July 1988, the Karnataka Forest Department (KFD) requested ODA funding for tree plantation in the Western Ghats. This request, known as a "red book", was circulated among interested parties, including FEVORD, and a seminar was held at Dharwad in June 1989 to discuss the same. FEVORD and others felt that there was inadequate provision for people's participation and suggested improvements in this regard.

According to FEVORD, people were involved as beneficiaries or labourers and not as active decision makers. On the basis of these suggestions, a draft was prepared by FEVORD, which was discussed in the seminar held at the Centre for Ecological Sciences in September 1989. A revised draft, known as the "green book", was prepared and circulated among the participants. This draft is an improved version of the earlier draft and some of the suggestions of FEVORD regarding participation were included.

However, FEVORD was not satisfied with this and wanted to bring some more changes for effective participation of village communities and NGOs in the project (Potter, 1998). Finally, the ODA project document was produced in April 1991 and was approved. This document referred generally to local people playing a major role in the planning, management and protection of the forest and NGOs having an important role in assisting the JFM process.

Meanwhile, FEVORD approached various international organisations and built pressure on the ODA to include their suggestions regarding participative management. They had gone to the extent of influencing the Minister of Overseas Development and the Prime Minister of England to include their suggestions. The result was the ODA postponed the signing of the agreement with KFD.

Many changes were suggested by FEVORD-Karnatka (FEVORD-K) in the JFM Order of the Karnataka Government, April 1993. They included:

- extending the JFM to degraded lands, to benefit tribal people, instead of restricting to 25 percent canopy criteria;
- restricting the powers of the forest department in nominating NGOs and dissolving VFCs;
- encouraging women's participation by including two members from each household, instead of one;
- more autonomy to VFCs in conducting of meetings and holding open discussions;
- simplification of procedures and transparency in sharing and disposal of produce; and
- abolition of the "tree-pattas" scheme. (Potter, 1998)

The forest department overlooked many of these holistic proposals and converted the JFM into a scheme with several restrictions and ambiguities, which, according to Saxena (1997), continue to constrain meaningful involvement of local resource users in forest planning and management. This, automatically, according to him, widened the gap between the forest department and NGOs. The NGOs took a lead in criticising the JFM GO for its restrictive prescriptions. This distrust between GOs and NGOs had remained even after a decade, since the preparation of the JFM policy document (Saxena, 1997).

Some protests were noticed whenever the NGOs' demands were not met through the formal institutions. For instance, FEVORD expressed serious concern about the implementation of social forestry programme in the late '80s. It was critical, particularly with respect to the plantation of eucalyptus and lack of people's participation under social forestry. In this regard, it addressed a joint memorandum, dated November 28, 1985, to the Chief Minister, the President of World Bank and the head of the ODA, suggesting a number of improvements in the social forestry project for active involvement of the people. Similarly, on some other occasion, it launched a protest movement, civil disobedience and other forms of non-compliance against the forest department.

The protest movement launched by FEVORD in Karnataka from 1984 to 1993 against the government, to return 30,000 hectares of village forest and common lands to village communities is worth mentioning. Karnataka Pulp Wood Limited (KPWL Karnataka's share is 51 percent, while Birla Company-Harihar Polyfibres' share is 49 percent) acquired village lands to raise eucalyptus plantations for the exclusive use of the Harihar Polyfibre factory, located on the Tungabhadra River in Dharwad district.

This is one of the longest non-violent struggles against KPWL by the people, FEVORD and many other organisations in Karnataka. They organised many protests, rallies and *satyagrahas*, including '*Kittico Henchiko*' (pluck and plant) *satyagraha* in 1988, during which many people were arrested. As a part of these struggles, the FEVORD filed a writ petition in the Supreme Court as a public interest litigation, to which the court responded favourably. The struggle went on for years and was finally succeesful in restoring the land back to the villagers (Potter, 1988).

Aranyavedika, which represents all NGOs, and JFM network in Karnataka had been insisting on a drastic change in the JFM policy design and implementation. The differences between the forest department and *Aranyavedika* were further widened. The interaction among them was not very cordial. The state level meetings between the governments and NGO level meetings were discontinued, although district and sub-district level meetings are taking place. The lack of trust in the forest department is evident from letter addressed to the Chief Minister, highlighting the limitations of the existing JFM due to flaws in the conceptual and implementation design.

According to the letter, "It is not just that the implementation of the JFM is faulty, but that the very conceptual and policy framework underpinning people's participation in forest management and the accompanying legal, administrative and fiscal arrangements need to be thoroughly re-examined. The time has, therefore, come for people not to just demand government's support for continuing the current JFM programme but, rather to revitalise the campaign for a truly participatory, sustainable, equitable and economically viable model of people's participation in forest management". The NGOs opposed all types of loans, including foreign funding for JFM activities.

The letter further said: "The past eight years of experience with the JFM in Karnataka, as implemented by the KFD, was disappointing, notwithstanding small benefits". According to it, "the JFM has neither made a serious dent in forest degradation or deforestation nor has it benefited local communities significantly, whether in subsistence or income terms". The main reasons for this, according to research studies, were:

- lack of clear and adequate rights over land and produce;
- lack of sufficient autonomy in day-to-day management;
- ambiguity in the existing rights and privileges, leading to intra-village inequalities in forest access;
- lack of security of tenure and sustainability of institutions, due to the project and fund-oriented nature of implementation; and
- focus on only degraded forest department lands, leading to only partial coverage of the public lands used by the villagers.

Further, the memorandum, addressed to the Chief Minister, said, "JFM has not been implemented uniformly in all parts of the state and local communities are not in a position to ensure its implementation". The memorandum further said: "PFM is a system of governance of natural resources, not a short term project or programme. PFM is a basic right of all communities that derive direct or indirect benefits from forests and public lands. This right must be given by law and must be available everywhere in the state; it must not depend upon GOs or project funds".

The other demands, according to the letter, include:

- extending JFM to protect all public lands, irrespective of physical conditions and legal status;
- absolute autonomy to VSS by making forester a member without voting rights;
- rights to harvest, permitting consumption and sale of the surplus of all products that are permitted for sustainable use; and
- restricting borrowings from foreign agencies.

As a part of this strategy, the NGOs organised rallies and public meetings at district and sub-district levels and collected signatures with the help of their network, to submit to the Chief Minister. They availed this opportunity to involve political leaders, journalists, intellectuals and other prominent persons, in order to sensitise the public. Two such rallies were held at Sirsi and Chikmagalur attended by MLAs and even Ministers. Even they were planning to lobby with the floor leaders and ministers with the help of intellectuals and administrators of highest credibility before submitting the letter to the Chief Minister. They were planning to spread this movement to other districts and an action plan was prepared in this regard.

Orissa

In Orissa, the initiative for synergy between GOs and CSOs came neither from the government nor civil society. They acted independently, although synergies were prevailing in the past. Civil society, on its own, had taken many initiatives in protecting the forest. It was not interested in collaborating with GOs, fearing that it might lose its autonomy and resources to the forest department.

On the other hand, the forest department was interested in handing over the CFMs from the CSOs under JFM, which was resisted by the people. The result was that the confrontationist synergies dominated in Orissa, although some CSOs supported the government. They were co-opted in various committees or deliberative councils, which did not enjoy the support of the forest groups. This, ultimately, contributed to non-cooperation between the GOs and CSOs at the grassroots level.

In Orissa, the forest department interaction with the OJM in this regard appeared to be minimal. However, NGOs like *Vasundhara* and *Agragamee* are represented in the state steering committees. They were interacting with the forest department over seminars and workshops. In one of the workshops organised by *Vasundhara* and the forest department, on July 30-31, 1996, the importance of people's participation in forest management was highlighted.

While inaugurating the workshop, the Minister for Forests emphasised the importance of forest – both in the global and local context. He observed: "While restoring bio-diversity the issue at local level is more related to livelihoods of a vast majority of forest-dependent groups".

According to him, "Forest management should provide wider scope for the better distribution of benefits and services. Forest management is no longer a technical issue alone, but is intricately linked to livelihood issues of the poor. Forest dependent communities should have a definite say in the management. At the local level, forests are important because they contribute to the day-to-day livelihoods of the people". He emphasised that tenurial issues were of utmost importance and there existed a need for changes in the forest tenure. To ensure community involvement in forest management, it was important that exclusive rights over a particular (well-specified) forest area be assigned to a specific local community in proximity to the forest area.

Even the Chief Conservator of Forests expressed similar sentiments. He hoped that some of the outcomes from this workshop would be able to influence policy decisions. He especially emphasised the need for people-oriented NTFP policy. He opined that only active involvement of local people could salvage the present situation. He urged his colleagues to work towards the implementation of JFM with a missionary zeal and noted that local people had remarkable knowledge about their environment and resources and we needed to respect local knowledge.

Yet, another forest official urged his colleagues that they should not have any doubts with regard to the need for decentralising forest management. He pointed out that there was no way that the forests could be managed by the forest department alone and people's involvement could not damage the forestry situation. He also offered his cooperation and support for promoting JFM in Orissa.

However, some of the forest department officials expressed doubts about the suitability of devolving more powers to local communities. Some of them felt that there would be more financial misappropriation at the community level. They also expressed doubts regarding enforcing accountability under the community leaders. Even they felt that the stage had not yet come to transfer financial powers to community institutions (CIs).

Notwithstanding these differences, the following recommendations have been made for effective management of community forestry resources: NGOs should have an important role as facilitators in JFM. Some of the specific roles that were listed for NGOs were:

- documentation;
- providing training to members of CIs and the forest department staff to bring attitudinal change;
- NTFP value addition, processing and marketing; strengthening institutions at the community level; and
- networking amongst community institutions, formation of federations of CIs and information dissemination.

A formal consultation with the OJM appeared to be less in Orissa, although informal consultations at the individual level were prevailing. In Orissa, the CSOs had considerable influence on forest policies, since a large track of forest land was managed by the community forestry groups. They were resisting the implementation of JFM, fearing that they would lose the forest which was maintained by them. This was one of the reasons why VFC formations in some districts had not even crossed three digits. On the other hand, they were asking for legal rights over the existing forests. Whenever they were asked to interact with the funding agency, they were very critical of the manner in which the social forestry programmes were implemented by the forest department under SIDA assistance.

In fact, one of the important leaders of the OJM had gone to the extent of saying to the SIDA representatives that “it was better to sink their funds in the Arabian Sea rather than assisting the Orissa Social Forestry programmes”. According to him, funds meant for social forestry were being wasted and the people’s rights over the common lands were being taken away. They mobilised people to fight for their rights by organising demonstrations in different parts of the state in recent times.

The poster campaigns regarding wood tigers in Nayagad district, exposing the connivance of forest contractors, *panchayati* presidents and forest officials in selling wood lots raised under social forestry at a low price could be mentioned in this context. In recent times, a number of demonstrations were held against the forest department.

Similarly, the protest movements were common in Orissa. One that was launched in the 1990s to prevent the selling of wood lots at a lower price for industrial use was very innovative. Many village communities were persuaded by forest department officials and contractors to sell matured wood lots raised under social forestry at a lower price for industrial use. In order to prevent this, a movement, known as “Forest Produce Marketing Initiative” (FPMI), was launched in 117 villages in Nayagad and

Kurdah districts. Meetings and workshops were organised in these villages; leaflets and booklets and posters were used to educate the people.

The poster containing “Beware of Wood Eating Tiger” (Forest Contractor) was very popular and effective in these villages. This campaign not only helped to prevent hundreds of acres of plantation from exploitation but also strengthened the bargaining power of the people for obtaining fair prices for the trees ready for harvesting (Human and Pattanaik, 2000).

Similar campaigns were launched by *Brikshya O’Jeevar Bandhu Parishad* (BOJBP, Friends of Trees and Living Beings) and the *Mahasangha,* opposing the JFM resolution and its subsequent implementation in Orissa. The BOJBP and the *Mahasangha* did not evince much interest in JFM since the beginning. However, their opposition was manifested in 1995 when they started a signature campaign demanding changes in the JFM resolution. Their demands include more decision making powers to village communities and withdrawal of forest officials from the managing committee and sharing of harvest equally between the forest department and village communities. The BOJBP also instigated people to oppose the implementation of JFM.

During 1996 and 1997, the campaign against JFM was strengthened. Members and staff of the *Mahasangha* travelled extensively in the areas where the forest department was trying to implement it, explaining that the intentions of the forest department were to gain gradual control over forest resources that had been regenerated and protected by the village communities.

They maintained that when the forester became the secretary of the forest protection committee, the autonomy of the village in managing the forest and forest produce would disappear. They pointed out that even to take a single piece of fuel wood from the forest, villagers would technically need to take the permission of the forest department (Human and Pattanaik, 2000).

Implications for the Participatory Forestry at State Levels

In this section, the implications arising out of the interactions between the GOs and CSOs are discussed. The synergy between GOs and CSOs appears to be one of the factors responsible for establishing the highest number of VFCs (6,575 VFCs, covering 32 percent of the total forest area) in Andhra Pradesh. Even in terms of regeneration, the programme appeared to be a success.

However, the programme had limitations because of the following reasons:

- Wastage of funds appeared to be very high; big money had brought many problems. A large percent considered this programme as employment generation and creation of assets for the community.
- Many NGOs came into existence to avail the funds of JFM. This created many controversies among NGOs. Some of them were opposing an honorarium for JFM and contradictions had come up among the villagers and departments whether them should be more funds or no funds.
- The mechanisation of soil conservation and clearing activities by excavators had also come under criticism. Some people were critical of mechanisation, which might

have denied employment opportunities to the local people. However, the costs and the benefits involved in the execution of work through excavators *vis-à-vis* daily wage labourers are to be studied further.

In Orissa, the mistrust between GOs and CSOs had severe implications for JFM. The formation of the VFCs was very moderate, since there was resistance from the community forestry groups. Only 3,704 VFCs, covering 20.33 percent of the total forest area had been constituted. Their coverage in some districts was marginal. This was particularly so in districts where forest group movements were very strong. The number regarding the formation of the VFCs had been questioned by the CFM groups.

According to them, they are shown as a JFM VFCs, although many of them are managed by the CFM groups. Besides, there was not enough budgetary support in the absence of funding from international agencies for taking up the programme. The salaries of the social forestry wing have not been paid for the last three months, since they have not merged with the regular department. They find it very difficult to run the administration with minimum infrastructural facilities. Officers expressed their inability to provide a photocopy of information regarding the status of VSSs in Orissa, since they had no photocopying papers.

They could not provide much assistance in collecting information in the field, although they were willing to extend their full cooperation. In fact, most of the information regarding statistics and annual reports were collected from the RCDC, an NGO which documented and stored a wealth of information regarding forests. In addition to this, the non-extension of the second phase of the SIDA project regarding community forestry has further complicated the problems of forest department. We were told that the non-renewal of the second phase was due to adverse criticism by the NGOs.

On the other hand, the formation of the CFMs was on the increase over the years. Even the number of federations has been increasing over the years. Most of the CFMs were better protected and cost-effective. The biomass needs of the people were met. Infrastructural facilities were better provided. Bio-diversity had been maintained.

However, there was no strong evidence of improvement in the living conditions of the women and tribal people. There was no evidence of the slowing down of in and out migration in these villages. The formation of the VFCs was very low in Karnataka (1212 VFCs, covering 10.78 percent of the total forest area) and even they were confined to the Western Ghats. In spite of the formation of theVFCs under the Japanese programme, the progress in the north-eastern districts was very limited.

Factors Responsible for Synergy

In Andhra Pradesh, the synergy among GOs, CSOs and funding agencies appeared to be very high. First, there was coordination among various departments connected with the JFM. This helped the pooling of resources available under different programmes for undertaking soil conservation and silvicultural activities in an integrated manner. For instance, "Food for Work", "*Neeru Meeru*" (soil and water conservation) and Tribal Development Programmes were integrated with JFM.

Second, the good understanding between State Government and the funding agency (World Bank) facilitated the availability of the funds for the second-phase JFM, unlike in Karnataka and Orissa. Third, the active collaborations of the government with the CSOs had facilitated the extension of this programme very fast. Nearly one-third of the total VFCs had been formed with the assistance of NGOs.

This success in Andhra Pradesh can be attributed to the strong political will and responsive administration. The Chief Minister, Chandra Babu Naidu, was keen to rule the state on the basis of performance, by promising "*Swarna Andhra*" (Golden Andhra) within 20 years. As part of this, he was instrumental in preparing a vision document for 2020. In order to execute this programme, Andhra Pradesh had adopted the World Bank model of development (growth, social development and poverty alleviation by capital and good governance).

Andhra Pradesh had been borrowing money from international development agencies, particularly the World Bank, for infrastructure, social development and poverty alleviation. The state brought many changes in the administration to make it more responsive and accountable. Apart from privatisation and e-governance in administration, it had also brought many changes in the grassroots level administration. Joint partnership or joint management was the key input in all the sectors of administration, including forest.

The state was directly interacting with the people through the *Janmabhoomi* (motherland) programme organised once every six months. It had been mobilising the people through this programme to develop a partnership with the government which would redress their grievances. So far, programmes and projects worth Rs 10,000-12,000 crore had been executed. The state had offered many incentives on the basis of performance and continuous monitoring to make administrators more responsive and accountable to the people. The state had encouraged CSOs, including the private sector, by creating many incentives for cooperating with the government to produce more goods and services.

The state was also compelled to be more responsive to the people, in the light of the strong opposition political parties and critical CSOs. Organisations like Naxalites, Raithacooli *Sanghas*, intellectuals and trade unions were critical of the ongoing economic reforms, particularly in the power and infrastructure sectors, at the instance of funding agencies. In other words, in Andhra Pradesh, the state was very strong in influencing the forest policies. Even the forest bureaucracy was responding to the demands of the political masters. A forest official's promotion in the hierarchy depended upon his performance.

Although Karnataka was adopting the Andhra Pradesh model of development, forestry was yet to receive the attention of the state leadership. For instance, the state had been also seeking assistance from the World Bank for programmes like infrastructure, tank rehabilitation, health and so on. The state had prepared a vision document in various sectors, like health, education, irrigation, agriculture, biotechnology and information technology, by constituting various task forces. Many initiatives had been taken to make the administration more responsive and accountable to the people, by appointing various committees like the Tax and Administrative Reforms Committee. Efforts were on to reduce the size of the administration, particularly the forest administration, on the basis of the Administrative Reforms Commission Report. Measures like Right to Information, sound transfer policy, transparency in tendering process and citizen charter had been introduced to make the administration more responsive.

Partnership had been built in various sectors, just like in Andhra Pradesh. However, the state leadership did not enjoy complete autonomy, just like the Andhra Pradesh Chief Minister, since the leadership had to work within the framework provided by the central political party as well as the state level party pressures exercised by factional leaders. On the other hand, there was no strong pressure from the opposition party and CSOs, as in Andhra Pradesh.

In the absence of a strong political will, the Forest Department was not able to interact with CSOs to resolve various conflicts regarding conceptual issues. Even the existing interaction mechanisms, like the state level steering committee, became ineffective, due to lack of initiative by both the forest department and CSOs. Added to this, there were no strong movements by CSOs against the state. This may be due to the people's dependence on forests.

Unlike in Orissa and Andhra Pradesh, the tribal population depending on forests in Karnataka was small. The needs of the people in the Western Ghats were partially met by giving the rights over *Betta* lands to collect manure for their fields. On the other hand, the Northern Karnataka region's dependency on forests appeared to be less, since a large part of the needs of the people for fuel, fodder and manure were met by agricultural operations.

This was one of the reasons, why the forest issues had not attracted the attention of the *Raitha Sanga* (farmer's organisation). Lack of interaction between the GOs and CSOs in Karnataka also could be partly attributed to the absence of a broad-based NGO network, reflecting the interests of the people and dynamic leadership.

In fact, FEVORD was very effective till 1999. It was able to influence the forest policies by organising people's movements, through public litigations. This, ultimately, resulted in the prevention of handing over of forest lands to private organisations for raising eucalyptus. On another occasion, the CSOs prevented overseas assistance to the KFD, till it incorporated the necessary changes in the document. They even sought the cooperation of international NGOs and influenced the British Prime Minister, Margaret Thatcher, in this regard. As a result of this, the coverage of JFM was very low. Even the interactions between the GOs and CSOs appeared to be very weak.

The other factors responsible for lack of synergy between government and civil society were: the conservative bureaucratic culture was coming in the way of expansion of the programme. A large section of the forest bureaucracy laid stress on the processes, rather than targets. Instead of taking up this programme with foreign assistance, to spread the programme concentrating on targets, it was better to focus on motivating the people by mass campaigns. It was generally felt that more and more workshops were needed to be conducted to develop trust between the GOs and NGOs. The programme should be implemented wherever there was a demand from the people.

The CSOs were not in favour of taking loans for JFM projects and they have gone to the extent of saying that the loans taken by the government should be returned immediately; the non-renewal of the second-phase of the Western Ghats Project can be attributed to poor interaction between CSOs and GOs. However, efforts are on to follow the example of Andhra Pradesh in seeking the cooperation of NGOs, by providing economic incentives for their involvement in VSS formation and capacity building.

Civil society was very strong in Orissa. The number of CSOs had increased over the years. They had been able to influence the policies relating to minor forest produce. Even many political leaders were sympathetic towards forest communities. Civil society was able to include issues related to forest in the election manifestos of political parties.

The presence of civil society was mainly due to the dependence of the people on forests for their livelihood. A large part of the biomass needs are met from the forests. Communities are also protecting forests to develop and support community infrastructure like schools, temples and activities such as organisation of festivals.

The Forest Department appeared to be weak, in terms of its presence and effectiveness. First, there was no co-ordination between the different wings of the Forest Department in implementing programmes related to plantation. They were implemented by the Social Forestry and regular departments and the Department of Rural Development Agency (DRDA). Second, the forest department was not able to respond to the needs of the people creatively.

They evinced very little interest in involving CSOs in their committees. In fact, in the JFM resolution, no mention had been made about the involvement of CSOs. However, NGOs close to the forest department had been nominated in various state and district level committees, unlike what had transpired in Andhra Pradesh. In the process, the NGOs were not able to enjoy the confidence of the people. The state was also not able to take up many programmes in the absence of budgetary support. They were not able to pay the salaries to their staff. In spite of adopting the capitalistic model of development, issues related to forest had not received adequate attention from the state leadership. Besides, the forest bureaucracy was not responsive.

Conclusion

Andhra Pradesh was able to form many VFCs with the strong state and responsive NGOs. In fact, the state was promoting the capitalist path of development (growth leads to poverty reduction), as propounded by World Bank, with the help of civil society. Karnataka was also going in that direction, although the political leadership was not aggressive, like in Andhra Pradesh. However, in Orissa, the strong civil society had been instrumental in slowing down the capitalistic mode of development, although the state was headed in the direction. The non-renewal of SIDA to start second phase of the programme could be mentioned in this regard. The strong voice articulated by the civil society was one of the reasons for the non-renewal. There were strong people’s movements against forest department.

Notwithstanding these developments, programmes like JFM were relevant in the present context, to regenerate degraded forests. It was evident from our study that civil society alone could not produce goods that were required by society. Added to this, the spread of CSOs was not uniform throughout the country. Besides, they were not able to mobilise disadvantaged groups, like women and tribal people in the forest areas. They had limitations in resolving various types of conflicts, in the absence of state support. On the other hand, the government could not take up this gigantic task without the cooperation of the NGOs. Its initiatives were not cost-effective and sustainable in the long term.

The argument propounded by various scholars that a strong state and weak civil society or a weak state and a strong civil society does not hold good in the present context. The strong state and strong civil society, with mutual cooperation, can produce more goods and services as well as generate natural resources.

Table 11: State-wise Coverage of VFCs and Area Covered As on January 2000

State	No. of JFM Committees	Area under JFM (ha)
Andhra Pradesh	6575	1632190
Arunachal Pradesh	10	5285
Assam	101	3060
Bihar	1675	935065
Gujarat	706	91071
Haryana	350	60000
Himachal Pradesh	203	62000
Jammu & Kashmir	1599	79273
Karnataka	1212	12800
Kerala	21	4000
Madhya Pradesh	12038	5800000
Maharashtra	502	94728
Mizoram	103	5870
Nagaland	55	627
Orissa	3704	419306
Punjab	89	38991
Rajasthan	2705	235634
Sikkim	98	2191
Tamil Nadu	599	224634
Tripura	157	16227
Uttar Pradesh	197	34570
West Bengal	13431	490582
Total	36130	10248586

Source: Bahuguna, VK, 2000, (JFM: An Instrument for Sustainable Forest Management, Paper presented at India's Forests Beyond 2000, Common Wealth Forestry Association (India).

Table 12: Self-initiated Community Forest Management Systems in India				
State	**Number of organisations and status**	**Area protected (in ha)**	**Forest type under protection**	**Membership**
Gujarat	200, recognised by forest department	10,000	Reserve and protected	All households
Haryana	45, registered as societies	15000”	Reserve and protected	A man and women from all households
Himachal Pradesh	2000, unregistered	23556	Panchayat, community and un-demarcated forest	One man from each household
Jammu & Kashmir	101, recognised by forest department	5434	Demarcated forest	All households
Karnataka	23, informal	665	Revenue and protected forest	All households
Orissa	5622, informal	74000	Reserve and Keshra forest	All households
Tamil Nadu	100, Informal	5550	Reserve and revenue forest	SC, ST and landless households
Uttar Pradesh	4058, recognised by state government	220000	Panchayat forest	All households with ten years of residence
West Bengal	1684, recognised by forest department	200000	Reserve and Protected Forest	Heads of each household

Source: Poffenberger, 1990; Prava, 1996; CES, 1996 cited in Joint Forest Management and Community Forestry in India: An Ecological and Institutional Assessment (2000).

Table 13: Government and Civil Society Interaction for Formulating Boundary, Operational and Enforcement Rules for JFM in Andhra Pradesh, Karnataka and Orissa						
Description	**Interface**			**Outcome**		
	Andhra	**Karnataka**	**Orissa**	**Andhra**	**Karnataka**	**Orissa**
Forum for Formulating Rules	H	M	N	+	-	-
Formal consultations on rules preparations	M	M	N	+	-	-
Informal consultations	-	-	M	+	-	-
Seminars/workshops/ conferences	M	H	L	+	+	+
Lobbying by NGOs	M	H	H	-	+	+
Protests and demonstration	*L	M	H	+	+	+
Courts	-	M	-	-	+	-
International NGOs	-	H	M	-	+-	
Funding agencies	H	M	L	+	+	-
Political parties	M	M	L	-	-	-
Critical civil society	H	M	H	H	M	H
Political leadership	H	H	M	H	M	L

Based on perceptions
H: High (above 60 percent), M: Moderate (30-60 percent),
L: Low (below 30 percent) N: Nil
** Naxalites movements/protests not included.*

Table 14: Government and Civil Society Networking through Formal Committees in Guiding and Monitoring JFM in Andhra Pradesh, Karnataka and Orissa

Description	**Net working**			**Outcome**		
	Andhra	Karnataka	Orissa	Andhra	Karnataka	Orissa
Interaction to review for corrective action GOs and NGOs						
Committee at the state level	H	N	N	H	M	L
Committee at district level	H	H	N	H	M	L
Committees at taluka level	H	H	N	H	H	L
Networking among NGOs						
NGO Federation at state level	M	M	H	M	M	H
NGO Federation at district level	M	M	H	M	M	H
NGO Federation at taluka level	M	M	H	M	M	H
Active interaction GOs and NGOs	M	M	H	M	M	H
No active interaction GOs and NGOs	L	L	M	L	L	M
Interaction on specific issues	H	M	M	H	M	L
Interaction for formulating guidelines	H	M	M	H	M	L

Based on perceptions
H: High (above 60 percent), *M: Moderate (30-60 percent),*
L: Low (below 30 percent) *N: Nil*
* *Naxalites movements/protests not included.*

Table 15: Performance of JFM in Andhra Pradesh, Karnataka and Orissa		
Andhra Pradesh	**Karnataka**	**Orissa**
Highest No. of VSS	Medium	CSOs are very vocal
Better interaction with NGOs	Moderate interaction	Low interaction
NGOs are paid honorarium	Aranyavedika is emerging proposing to pay	CMF groups are very strong
Irregularities in NGOs dealings	NGOs interaction helped VFC	NGOs confrontation with forest department
Highest number of growth of NGOs	Not aggressive political leadership	Lack of political will

Table 16: Regeneration of Forests			
Activity	**Andhra Pradesh**	**Karnataka**	**Orissa**
Forest Stock	High	High	High
Diversity of spices	Moderate	Moderate	High
Reclamation of encroached land	Moderate	Moderate	Nil
Employment generation	High	Moderate	Low
Livelihood systems	Moderate	Moderate	Moderate
Women empowerment	High	Moderate	Low
Sustainability	Moderate	Moderate	Moderate
Community development	Moderate	Moderate	High
Good governance	Moderate	High	Moderate

Table 17: Major trends in Forest Management in Three States		
Andhra Pradesh	**Karnataka**	**Orissa**
Strong political will	Forest is not a priority for political leadership	Strong civil society organisation
Political leadership with vision and commitment	Strong and committed bureaucracy	Political leadership is weak
Supportive forest department. Not known whether they are working willingly or under pressure.	NGOs support is moderate to renew second phase of Western Ghat	Forest department have no adequate resources since SIDA assistance has not been renewed
CMs monitoring puts lot of pressure	Non-renewal of WGFP is a setback to promote sustainability	People's trust in forest department is not very high
Foreign funding without interruption	Inadequate field level staff to carry VSS responsibilities	Regeneration is cost effective
Amending Act to satisfy civil society, World Bank and PRIs	Sustainability in some of the villages are doubtful	50 percent community forest groups are managed well
People are mobilised through *Janmabhoomi*	75 percent VSS are asking for watchmn	No employment generation
No. of stakeholders organisations by undermining PRIs	Interest in forest protection declined with the decline of resources	Women and other weaker sections are not represented in these communities
Strong networking between government and NGOs	Non-fulfillment of promises created distrust	Bio-diversity is not considered
NGOs autonomous and cooperative	Forest regeneration on reclaimed lands is a major achievement	Community development is active
Integration with other programmes, plans to create Forest Department Corporation	Women VFCs is a positive step	School teachers and educated people's contributions
Politicisation of developmental issues	Innovative initiatives by the administrators not sticking to rules to form VFCs	Awareness among forest problems are very high
Criticism against wastage of money.	Women VFC is a positive achievement	Management systems are good
Irregularities in NGOs sector	Committed administrators are responsible for forming more VFCs initially	
Mushroom growth of NGOs to avail funds of government	Criticism against wastages of money	
Urban based NGOs	NGOs contribution in human and social capital is more	

9
Empowering Poor Women

*– Ela Bhatt**

The last three decades of human life are marked by unprecedented advancement in technology, particularly Information Technology (IT) and telecommunications. There is no unanimous opinion about the benefits of these developments to the poor sections of the world. In fact, some research has shown that the processes of technology and globalisation have widened the gap between the rich and the poor among and within the countries.

In a situation like this, the experience of the Self Employed Women's Association (SEWA) and the lessons learned could help those engaged in poverty reduction, women empowerment and strengthening of the informal sector anywhere in the world. This case study begins with a brief introduction of the SEWA and explains its work philosophy and strategy. This is followed by a detailed analysis of the activity profile, achievements, experiences and the lessons learned.

Broadly speaking, this paper aims at sharing the experiences of SEWA in strengthening the poor women workers in the informal sector of India, thereby assisting similar agencies and other stakeholders in the process of employment generation, poverty reduction and a pro-poor social change.

About SEWA

The SEWA was registered in 1972 as a trade union under the Indian Trade Unions Act of 1926. Since its birth, the labour union has been open for membership to self-employed women who worked in the streets, homes and workshops of Ahmedabad. Today, the SEWA movement consists of over 1,300 village level organisations, 85 cooperatives and 11 district federations. These federations then share a place in the SEWA family with SEWA Bank, SEWA Trade Union, SEWA Academy, among others. The SEWA Family tree has also extended its roots beyond Ahmedabad.

With its uniquely democratic structure that fostered an active membership, SEWA quickly expanded beyond the conventional role of a labour union and began to incorporate a holistic approach to the struggle for improvement in the lives of women in the informal sector.

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*	*Founder of SEWA, Ahmedabad*

Institutional Philosophy and Strategy

Injustice and Nature of Response

SEWA's experience has shown that injustice exists at three levels. First, a direct exploiter, e.g., policeman, contractor; second, the government agencies and the legal structure, e.g., labour department, municipality; and third, the policy level and the legal framework. SEWA has found that, in order to be effective, struggle has to be carried out at all the three levels of injustice.

The strategy for the struggle is implemented through '*Morchas*' (protests), demonstrations, '*Satyagrahas*' (revolution) and strikes. Gandhian thinking is the guiding force for SEWA's poor, self-employed members in organising for social change. Secondly, SEWA deals with government departments through complaints and uses the legal structure by filing cases in court.

Finally, SEWA tries to bring about policy changes – to change the concepts of town planning, make labour laws more responsive to the needs of self-employed workers and make the insurance companies aware of the problems of the self-employed, by campaigns, workshops, studies and advocacy. Basic to all these strategies is the need to organise workers.

Forming Organisations as a Strategy

SEWA believes that self-employed women must organise themselves into sustainable organisations, so that they can collectively promote their own development. SEWA has been helping its members to form their own organisations. These organisations have the following characteristics:

- they exist for the benefit of the self-employed women members of SEWA;
- they are owned by the self-employed women;
- they are managed by them;
- they are democratically run; and
- they aim towards self-reliance, both financially and managerially.

Why Organise?

Full employment is employment that provides work security, income security, food security and social security, health care, childcare, insurance and shelter to women and their families. Through full employment and self-reliance, the workers' bargaining power increases. Not only do they become economically self-reliant but also have control over decision-making, all aspects of the economic activities and, in fact, their entire lives. This is achieved through the following approaches, which are adopted by SEWA in various districts of Gujarat, in a variety of economic activities including:

- increase in number of working days;
- increase in income;
- increase in employment opportunities;
- access to tools, equipments and infrastructure, e.g., tools and equipment banks;
- access to services, e.g., facilitating linkages with government agencies, health care, occupational health, childcare, insurance, housing, food security, design SEWA, research and other resource organisations;

- access to marketing, e.g., the establishment of *SEWA Mahila Gram Haat* (SEWA Women Village Market) and Trade Facilitation Centre;
- access to capital, e.g., SEWA Bank and Saving Groups; and
- access to managerial skills, e.g., SEWA Academy, SEWA-AMA Centre for Management of CBOs and NGOs.

SEWA's Integrated Approach

SEWA's members are women, whose lives hinge on their work and their families, but whose lives are full of insecurity. A woman worker's life and body mirror her work. Besides, its members, deeply rooted traditional women, perceive their lives and needs as a whole and a continuum. Throughout her life cycle, a woman has multiple needs and has to face several risks. SEWA's two main goals are to organise women for full employment at the household level and ensure self-reliance.

Establishing integrated approach

With the inauguration of SEWA Bank in 1974, the SEWA movement began to evolve its strategy of fostering sister organisations, building a family of interrelated but independent institutions that shared a dynamic philosophy of demand-driven, need-based, integrated action. Responding to the shareholders' needs and demands, SEWA evolved a comprehensive programme that includes savings, loans, health insurance and life insurance, among others.

SEWA Bank adopted the SEWA Union approach, by building upon a shareholder system that was owned and managed by the informal sector women. Today, SEWA has several institutions operating with similar spirit, independence and integration, internal as well as external, e.g., *SEWA Academy, SEWA Vima, SEWA Mahila Gram Haat, SEWA Trade Facilitation Centre,* etc.

Emphasis on research as a strategy

Research has always been an integral part of SEWA's work. It is a method by which self-employed women become part of the world of knowledge. Research is used for SEWA to understand the lives and works of self-employed women, for the women themselves to learn more about the world around them, for SEWA to represent the point of view of self-employed women and to share their experiences with policy makers, like minded-activists, academicians and the general public, and to take the SEWA movement forward.

SEWA - vision of a new society

- Over the years, SEWA has developed a vision of the society. It is a society where everybody has a reasonable living standard. It is a society working towards the fulfilment of the following:
- all nutritional needs;
- safe and secure shelter;
- sufficient clothing;
- full and easily accessible health care; and
- education up to secondary school for every child.

SEWA's Experience in Organising Women

This section of the paper summarises experience of SEWA in Vadodara and Banaskantha districts, as illustrations. This is followed by miscellaneous experiences from other districts and activities.

Vadodara District

The main occupation of the tribals living in the villages of Vadodara district was agriculture and animal husbandry. Due to construction of the *Sukhi* Reservoir Project, 25 villages were adversely affected. Out of that nine villages were fully and 16 villages were partly submerged. In total, 1531 families were rehabilitated at alternative sites. About 469 families were settled in six new government rehabilitation sites.

The "*Sukhi Mahila Mandal*", the local association of the women's group from the rehabilitated families, aims at providing full employment to its members affected by the construction of *Sukhi* Dam. The following alternative and income-generating activities were taken up by the *Sukhi Mahila Mandal:*

- Nursery development was undertaken by women as a secondary source of employment as well as to improve the environment by planting trees. The members raised saplings for sale and made the activity economically viable. On an average, 40 women of the *Sukhi Mandal* raised 1,30,000 saplings of fruits and non-fruits and get Rs 1,400 to Rs 1,600 every year.
- Mushroom cultivation is another activity taken up by women, in order to expose the women to the modern methods of improved agricultural practice, by way of imparting training. The 20 women of the *Sukhi Mandal* have taken training for cultivating oyster mushrooms, which do well in the climatic conditions prevalent in Vadodara district. The women will generate income by selling fresh and dried mushrooms in the open market.
- Leaf cup-making is done in the villages of Sankheda *taluka* (administrative divisions), which have good natural *khakhra* vegetation leaves, which are used for hand-made cups. By taking the training of making leaf cups by machines at the Institute of Rural Technology, Gandhinagar, 20 women of the *Sukhi Mandal* started making leaf cups. This brings an additional income of Rs 400 per month.
- Poultry farming helps women sell eggs and birds in the villages locally and also for household purposes. Every year, 30 to 40 women receive training at the district level, in a very technical way, and generate a monthly income of Rs 1500 and can become self-sufficient.
- Animal husbandry is a supportive activity of making women's work viable. To keep the milk cattle healthy, the *Sukhi Mandal* organises veterinary camps and also provides training to the members on how to take care of their milch animals.
- There are two stone mining cooperatives in the *Sukhi Mandal*. The members (women and men) break big stones and sell them in the open market and generate income. About 25 members earn an income of Rs 18,000 per year from this activity.

Banaskantha District

Banaskantha is an arid, drought-prone district in North-Western Gujarat. This is a district marked by poor employment, low wages, poor health, low literacy and high migration rate. The main occupations of the local communities are agriculture, cattle rearing and dairying. These occupations often fail them due to hostile climatic conditions, such as frequent droughts, leading to an acute shortage of green and dry fodder, and forcing the communities to migrate.

The Banaskantha district was the site of a water pipeline project, jointly undertaken by the Government of Gujarat and the Dutch Government. The state invited SEWA to assess the impact of the project. SEWA found that the project largely failed to improve the lives of those intended to be helped out. The water was not reaching the people. However, the bigger problem was that the people had no work. SEWA undertook an in-depth survey of the region, which helped in forming a clearer sense of the needs and desires of the community.

The research showed that one-third of the women's time was spent in fetching water. This meant that they had one-third less time to harvest crops, collect gum, salt or tend to a multitude of their family needs. Hence, better water supply system was clearly the best option for initiating a development programme.

SEWA sought to address this issue by empowering the local communities so that they could advocate their own needs and, ultimately, increase and manage their own resources. SEWA advocated the augmentation of the pipeline water, using traditional water-harvesting methods. Improving or establishing village ponds, digging or recharging village wells, in addition to introducing innovative techniques such as roof water tanks, smaller scale projects would increase the capacity of the villages to harvest water and earn.

Based on the field investigation and immediate need for work for all the communities, SEWA identified income generating activities on the basis of existing marketable skill base, existing land base for agricultural activities and livestock as an asset base for assuring income security. For implementing these activities, Banaskhantha District *Mahila SEWA Association* (BDMSA) was formed as a federation of grassroots organisations. Presently, BDMSA has a membership of 45,000 women and generates an annual income of Rs 7,65,35,886.

The success of SEWA's efforts lies in its organisers. An organiser's primary responsibility is to organise the members. The activities are summarised below:

- Crafts activity: The brilliantly colourful and intricate embroidery and patchwork styles are specific to the Banaskhantha social community. Female artisans have, for generations, been producing elaborate works of art for their families. Their skills have always been valued within the community, as embroidered pieces make a large portion of families' non-productive asset base (namely a bride's dowry), but not in monetary terms. SEWA helped organise these women into their own Development of Women and Children in Rural Areas (DWCRA) groups and educated them the real value of their skills. Under this scheme, women became not only producers but also owners and managers of their own business groups. Through SEWA's artisan support programmes, women can earn up to Rs 1500 per month through their craft alone.
- Gum collection: The working conditions for gum collection are hazardous and difficult, and the compensation is minimal. Besides, the women are exploited by virtue of the government-engineered legal structure of the gum trade. There was

much room for improvement. SEWA got involved in organising the gum collectors. It helped members obtain the licence so that women could sell gum directly to the Gujarat State Forest Development Corporation (GSFDC). Their income increased three times. Sometimes, women members got hurt because of thorns and succumbed to illnesses for long periods. This affected their income, employment and health, but, thanks to SEWA's efforts, 600 women gum collectors of the Santalpur area got some relief.

- Salt farming: A majority of Gujarat's salt production takes place in the Little Rann of Kutch, which borders the Banaskantha district. Around 15,000 people participate in the salt production process. From September to March, these people either commute or migrate *en masse* to the desert. After SEWA's interventions, DWCRA groups were formed for salt farming and the income of the women increased to Rs 150 per day.
- Dairy cooperatives: Banaskantha has a tradition of cattle breeders who lead a nomadic and semi-nomadic life. Without any personal land, both groups are largely dependant on community land for grazing. Milk yields are directly tied to the nutrition the cow or buffalo receives. Without ample food for their animals, milk production declines and a cattle breeder's income gets reduced. If sedentary dairy production could be made viable, the benefits could be wide-ranging and substantial, reducing migration and raising income levels.

  The SEWA began the process of restarting the cooperatives from the producers' side. Exposure trips were arranged to the Banas Dairy, so that the co-operative members could gain a better understanding of the entire milk production process – from cow to the consumer. The BDMSA cooperatives incorporated the concept of the fodder farm. A yearly deposit is collected from the members and used to procure the resources needed to grow fodder. The fodder is provided with shade and water it needs until harvest. Once harvested, the fodder is stored until dry season and is then sold to the members at a substantially reduced price. The fodder security system offers the women a tool for sharing and, therefore, increasing their resources and protecting themselves from potential obstacles in the future. Almost 15 dairy cooperatives, with 2000 women, earn a revenue of Rs 3,60,00,000.
- Masonry work: A massive demand for construction of houses was anticipated in the villages, because of heavy destruction, following the earthquake. In order to provide alternative long-term employment opportunities to the people SEWA provided training in masonry and carpentry work. This has helped to increase the income of the villagers from Rs 350 per month to Rs 3,000 per month.

Access to Markets, Skills and Knowledge

Before SEWA's interventions, the women had been selling their products to the local traders at very low rates, despite considerable demand.

The Sewa Mahila Gram Haat (SMGH) was created, as a result of a partnership of the Gujarat Government and SEWA, to oversee the local and national marketing of all SEWA member activities. The SMGH was set up in early 1999. It aims to provide comprehensive marketing and support services to the rural producer groups in Gujarat. The district level associations are members of the SMGH. In conjunction with them, the SMGH develops marketing strategies, aimed at increasing the economic benefits of goods produced by SEWA's members.

Marketing services provided by the SMGH to rural producers include:

- management and technical services;
- market-research services; and
- assistance to groups to obtain working capital.

The Sewa Trade Facilitation Centre (STFC) was set up to initiate international marketing and export strategies that link informal women workers to the mainstream world economy. The task of the STFC is to upscale the opportunities available to SEWA's members, to include a greater expanding world market. The STFC acts as a gateway for women in informal sector to access global markets. As capacities of women increase, they will take more of a leadership role and begin to pass on skills to other women who want to learn.

Design SEWA

While organising artisans into cooperatives, we learnt that they are very skilled in their craft, talented and quick to learn new designs, if provided with appropriate training and support. However, currently, artisans have to face cutthroat competition in marketing their products. In the circumstances, what is essential is not only the quality but also novelty and specialty of their products. Hence, product design is a necessary part of all marketing efforts and strategies.

Based on these experiences, SEWA decided to establish its own market-oriented design centre – Design SEWA. Here, with the artisans' help and knowledge, samples of traditional crafts and designs are collected, skills are upgraded, new designs are shared and different designs and skills are developed.

Access to Technical and Managerial Skills

SEWA provides technical and skills up gradation training in all the activities. As a consequence, members are able to improve the speed and quality of the work and, thereby, receive a higher income.

SEWA has initiated training to ensure that the produced salt meets market specifications. Technical training is given to women in hand pump repairing. In the Sabarkantha district, 90 women have been so trained. This has generated an additional income of Rs 525 per month per woman. Training in masonry and carpentry work gave an opportunity for much higher levels of pay for unskilled SEWA members who, otherwise, worked as labourers.

Access to Managerial Skills

One of the aims of SEWA is to make members themselves become managers of their own business activity. For this purpose, SEWA aims to build the capacity of the local women to organise local organisations that can, eventually, take over the activities. This makes the women self-reliant, both financially and administratively. In this context, SEWA has experienced the need for management capacity building among women, particularly owner managers and entrepreneurs of micro-units. This covers a cadre of

700 barefoot managers that SEWA has created for implementing its strategy. SEWA Academy and SEWA-AMA Centre for Management contribute towards this cause of management capacity building.

Access to Supportive Services

Supportive services are important needs of poor women. If women are to achieve their goals of full employment and self-reliance, these services are essential. Recognising the need for supportive services, SEWA has helped women take a number of initiatives in organising these services for themselves and their SEWA sisters.

Smoke-free cooking

SEWA's members took part in a training programme on the use and construction of smokeless cooking stoves and they built about 15,000 of them. This helped reduce health risks caused by breathing amidst wood smoke daily.

Water supply

The local communities emphasised that they could not initiate any economic activity, unless they first had access to steady and safe supply of water. Piped water was irregular and the local communities had no ability or power to follow up on the problems they encountered with various water schemes. Moreover, the scheme's distribution facilities were often too far for women to reach. Thus, SEWA began initiating water projects that developed or revived the local water sources that local women could own and manage. These local water sources complement the pipeline water.

Members spent lot of time in filling up water. At times, they had to go to very far off places to fetch water that not only wasted time but also made them tired. Now, with proper water management, they can spare more time for income-generating activity.

Health care

For the poor self-employed women, health is their only wealth. SEWA has helped its members to take care of their health, which is provided by women themselves. SEWA's approach involves coordination and collaboration with government health services also. The technical SEWA health team provides services as well as health education and training to both members and organisers.

SEWA works to provide members with a broad range of preventive and curative health services, as well as health education and training programmes. Overall, members reported experiencing the greatest benefits from SEWA's provision of diagnostic health camps, less expensive medicine, health insurance and micronutrient supplementation.

Occupational health

Self-employed women have to work hard, over long hours, and in conditions that impair their health. For example, women working in tobacco factories breathe tobacco dust containing nicotine and women agricultural labourers are exposed to pesticide poisoning.

Childcare

Women workers have to combine the tasks of looking after the children and working at the same time. Where a woman works in hazardous occupations like tobacco processing or salt farming, the risk to the child is considerable.

SEWA's childcare activities stress the overall development of young children, which include health care, nutrition, recreational and child development activities. The centres are run by cooperatives of childcare workers and local and district level organisations.

For the poor working women, childcare is a priority and a basic need. Enhanced income brings in better food, nutrition and health care to women's families, as they can now spend on these needs.

For the poor, self-employed women, their home is also their workplace. For the women members involved in crafts activities, their house is their production centre. At present, a total of 5,000 women get employment through different craftwork while working at home. For the poor women, there are few alternatives to the Public Distribution System (PDS) stores. The SEWA initiated a local food security scheme called "*Shakti* Packet".

SEWA - Family of Organisations

The SEWA Union is governed by a two-tier level of elected representatives. The members of each trade elect their representatives in the ratio of 1 representative per 100 members. These representatives then form the trade council (*Pratinidhi Mandal*). In addition, and parallel to the trade council, there are trade committees (*Dhandha Samiti*) in each trade. The trade committee has no fixed proportion to the number of members, but varies between 15 and 50 members. The trade committees meet every month and discuss the problems of their trade and possible solutions to them. Trade council members are members of their respective trade committees as well.

The organiser of a trade group is the Member Secretary of that group's trade committee. Every three years, the Trade Council elects an executive committee of 25 members. The representation on the executive committee reflects the proportion of the membership. The office bearers of the trade union are elected from among the executive members. It has become a practice to elect the President from the trade with the largest membership.

The members are organised into village level self-help groups (SHGs) or cooperatives. The village level groups are federated into district organisations and, ultimately, the Gujarat *Mahila* Cooperative Federation.

Lessons Learnt

Efficient organising is the key

Over almost three decades of organising, we have learnt that to eliminate poverty, we must organise for full employment and self-reliance – our two goals. To achieve these goals, a holistic and integrated approach is essential. In fact, full employment entails income, food and social security. One without the other cannot lead to self-reliance.

Integrated approach helps
Throughout the years, SEWA has had to weather different situations and changes in employment patterns, which have led to a decline in certain industries. But, with our integrated approach, we have been able to withstand these shocks and slowly and steadily help members rebuild their lives and face the changes and challenges they encounter.

Understanding the dynamics of poverty and unemployment is a complex and extremely important task. If this is ambiguous, it will lead to wastage of resources and confusion.

It is important to develop a network of sister institutions, which would provide support to the operating units in an organisation.

Commitment of resources in research helps in the long run. It should be treated as an investment.

As far as the success of economic organisations is concerned, access to markets and marketing management skills is crucial.

While emphasising economic operations, supportive services and social security services must not be ignored.

Conclusion
Given the status of poverty reduction programmes and women empowerment initiatives at the global level, SEWA provides a good example of member-driven efforts towards organising poor women for self-employment, income generation and overall social security. Its main goal is to organise women workers for full employment. This enables them to obtain work security, income security, food security and social security (at least health care, childcare and shelter) and self-reliance, through the strategy of struggle and development.

Practically, the strategy is carried out through the joint action of the union, cooperatives and groups. Gandhian thinking is the guiding force for SEWA's poor, self-employed members in organising for social change.

The SEWA strategy has focused on:
- developing women's assets;
- capacity-building and leadership development of rural women;
- providing food and social security;
- becoming self-reliant, both in economic terms and in terms of running their own economic organisations;
- economic regeneration, through employment for rural women; and
- collaborating with the government's rural development programmes.

10
Water Harvesting through Community Action

*– Rajendra Singh**

Introduction

On the night of October 02, 20 years ago, when I took the bus from Jaipur to Bheekampura, with four of my friends, we had a single agenda, which was, to fight injustice against the people and the only way it could be fought was by spreading literacy in the villages. So, a literacy drive was promptly initiated.

It was noticed that people here suffered from a severe scarcity of water. The region that once sustained the eco-system of the Aravali had become barren. It was rare to find young people in villages, since all of them had fled in search of employment, while the women had to trudge long distances to fetch a mere pot full of water. Crops failed regularly, lack of vegetation led to soil degradation and monsoon run-off washed away the topsoil. I remember, there was not a single blade of grass in the region and we often stumbled on cattle carcasses. Barely three percent of the cultivable area was irrigated. Life was difficult and hardships were endless.

One day, Mangu Patel, the wise old man of this village, told me, "We do not want your literacy, we want water". But, where was the water? I did not know how to provide water to the old man.

Mangu explained to me the existing rich tradition in this region of building '*Johads*', which were prime examples of the ingenuity of the local people in developing inexpensive, simple, traditional technology that was quite remarkable in terms of recharging ground water of the entire region. *Johads* were simple mud and rubble concave shaped barriers, built across the slope to arrest rainwater, with a high embankment on three sides, while the fourth side is left open for the rainwater to enter.

The height of the embankment was such that the capacity of the *Johad* was more than the volume of runoff coming in from the catchments, based on a rough estimation of the maximum possible runoff that could come into it. Therefore, the height varied from one *Johad* to another, depending on the site, the water flow, the pressure, etc. In some cases, to ease the water pressure, a masonry structure, called *afra*, was also made as the outlet for excess water. The water storage area varied from two hectares to a maximum of 100 hectares.

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* *Secretary, Tarun Bharat Sangh and the Magsaysay Award winner for community leadership in 2001*

The water collected in a *Johad* during monsoon was directly used for irrigation, drinking and other domestic purposes. The advantage of this structure was that, apart from arresting and storing rainwater, it improved the moisture content at the sub-soil level in the field, particularly in downstream areas, which, in turn, recharged the ground water and wells.

The distinctiveness of this structure was its being based on simple and cheap technology, which utilised locally available resources, i.e., labour and material. All the estimations were based on the villagers' experience and intuition, without any physical measurements.

When we went to Bheekampura in 1985, this unique traditional water management system was still alive in the collective subconscious of the people. On the advice of Mangu Patel, we became catalysts, with the major purpose of building *Johads.* The local authorities were dead against us, as we bypassed all bureaucratic channels and dealt with the people directly, to fulfil their requirements in the manner they decided.

The Initial Stage

The first *Johad* took three years to build. In the fourth year, we built 50 *Johads*. In the fifth, we built almost 100 and, in 2001, we built a 1000 water structures. In all, more than 5000 water-harvesting structures in 1058 villages have been built, so far.

No engineer was called for consultation. We were guided entirely by the traditional wisdom of the people, who have maintained the ecological balance for generations. These water structures were built with the active participation of the community. The villagers were involved in the project right from the identification of the site to the designing of the structure and by contribution in the cost of its construction and later in its maintenance, which ensured that all the structures were need-based.

As a result, water became abundant; more water meant better crops, better conditions of soil, education and richer community life. It helped afforestation in the area and the emergence of wildlife. Five rivers of the region started flowing perennially, after decades of drought, a direct result of the increase in the water table due to recharging of the ground water of the entire region, through numerous projects of traditionally small *Johads.*

Prosperity returned to the region, agriculture became productive and, due to availability of fodder, cattle rearing started, resulting in increased production of milk. Higher water levels also meant less money on the diesel for pump sets. In 1985, only 20 percent of the agricultural land was cultivated. Now, the percentage has gone up to 100 and villagers have started selling surplus grains in the market, for the first time. Studies have shown that an investment of Rs 100 per capita on a *Johad* raised the economic production in the village by as much as Rs 400 per annum.

As villagers mobilised themselves to improve their quality of lives, by contributing towards building the *Johads,* this participation of the people helped the community become self-reliant, optimising social cohesion and emotive bonding in the community. Since people realised that members were responsible not only for individual but also collective action, they became more aware of their rights, taking on an activist's stance, to stop employment of children in the carpet industry and fought a legal battle, right up to the Supreme Court of India, to stop indiscriminate mining on forest land.

An enlightened and active community also enforced self-discipline for the common good of the village. The villagers strictly enforced their own rules, to stop deforestation, hunting of wildlife and consumption of liquor. The development of community participation, through the "*gram sabha*", or village assembly, gave each and everyone an opportunity to freely discuss, decide and implement a common decision taken for the general benefit.

This process also made them reflect on the problems of others in their community and help each other in solving them. As the community became active in bringing in social and economic changes, the crime rate dropped in the villages, as economic conditions of the entire region improved.

This momentum in the community, caused by the construction of the *Johads,* encouraged the villagers to go and look for more innovative methods of social change. However, the greatest challenge before them was to sustain the traditional values that started this movement in the face of the transformation of the community, due to the progress and prosperity.

Empowerment

When people's priorities are taken care of, one important process takes place. The centre of power shifts from the establishment to the people, because people's decisions take the front seat. This results in empowerment of the people. However, this empowerment is likely to be opposed if it impinges, in any way, on the self-interests of the powerful elite. In these circumstances, empowerment will not take place without struggle, or joint community action. The NGOs cannot fight it out unless the community is fully involved.

Therefore, we could say that, for community leadership to be effective among its constituents, empowerment would be essential to make the people decide on their own priorities and implement them. This could be illustrated by the example of the formation of "*Arvari Sansad*".

Arvari Sansad

From 1986 onwards, we have been helping people to build *Johads.* These *Johads* are traditional earthen dams that are small-scale, low-cost structures that might appear insignificant individually, but, taken together in hundreds and thousands, they have played a significant role in changing the face of Rajasthan. The *Tarun Bharat Sangh* (TBS) has helped people build more than 5000 *Johads*, check dams and anicuts for harvesting rainwater. In 1996, it was an amazing discovey to find Arvari river flowing even at the peak of summer.

It was not realised until later that the building of these structures over the years had recharged the river through percolation underground. Since then four more rivers have become perennial.

When there was plenty of water in Arvari, there was natural growth of fish, which kept increasing. Looking at this growth, the government brought in a contractor to change the project into a commercial venture. The people resisted and the government had to cancel the contract. It was not that the local people wanted control over the fish. Far from it!

They were all vegetarians and did not eat fish, but they realised that, today, it was fish, tomorrow it would be water. The government, through the contractor, was intruding into the community's domain, including its right over the use of water. The villagers had developed water as a resource and they wanted to have full control over it. If they had allowed that intrusion to succeed, the leadership would have failed the community to protect its right over the water. But, since they resisted and won, the shift in the centre of power was clear enough, as far as control over the use of Arvari water was concerned.

Then, there was fear that intrusion having taken place once, could take place again. Besides, there were differences over sharing of Arvari waters within the community. This led to the formation of Arvari *Sansad* (Parliament), representing 72 villages, and it framed 11 rules for the use of Arvari water. Their parliament meeting is held four times a year. God willing, this parliament would have its own building and a temple, before long.

This is an example where community leadership is in action, protecting a resource. First, people worked on their priority, i.e., water, and developed this resource through rainwater harvesting.

Second, when the resource was fully developed, there was an effort to demolish the concept of people's right over water.

Third, the community put up a strong resistance and overcame the opposition.

Fourth, the community consolidated and took the responsibility. It got a mandate from 72 villages.

Finally, a lesson was learned - the community-initiated work unites people and builds bonds of cooperation between different constituent groups.

In all this, the workers of *Tarun Bharat Sangh* functioned as facilitators, with the leaders of the Gram Sabha and their members. But, all this was possible when every member of the village community had a feeling of ownership. This feeling of ownership is very important and is a product of one's contribution, participation and sharing.

Contribution

A critical ingredient in building leadership and management of resources is the contribution the leader and each member of his community make. When *Johads* are being made, contributions of each section of the community have to be decided. As a matter of policy, *Tarun Bharat Sangh* will not associate itself with any structure building until the contribution aspect is sorted out. Contribution may come in the form of free labour from the poorest of the poor, or cash from the better off.

This contribution determines the participation and the ownership of the resource being developed. When we are dealing with very poor communities, it becomes difficult to convince people to make a contribution. It has to be 25 percent of the total cost initially, but it now it varies between 35 and 75 percent, depending upon the benefits that will accrue to the concerned people. And, of course, there are cases where people have built structures themselves and asked only for technical advice from us. Contribution involves the concept of ownership of the asset created and, if one owns an asset, he will ensure its long-term safety and maintenance.

Technical Training

The technical team consists of 45 workers, who are responsible for work in different areas of Rajasthan. If technical advice is sought from other states of India, these workers are then deputed. They are picked from the villages where we have worked. They are hard-core village youth. In the past, well-educated urban youths were employed, but they left after a few months, due to lack of facilities in villages, which these urban youths were used to.

The technical staff now consists of workers who have studied up to high school in village schools and they are provided training, exposure and work experience on the site. Our creed is "Do not expect others to do what you cannot do yourself", a learning by doing technique at the geographical site. They have to examine:

- detailed features of the landscape;
- catchment;
- the reservoir for storing water;
- suitable site, if a new one;
- soil type; and
- the possible benefits.

Some years ago, training courses were also run for our workers to impart technical knowledge. The duration of this training varied from six to nine months. Today, these workers are as good as any, if not better, as far as building of water-harvesting structures is concerned.

Gram Sabha and Bhaonta Village

Promotion of village institutions to look after work during implementation and maintenance is also the responsibility of our workers. And, the primary institution in this respect is *gram sabha* . Earlier, we had a problem with women joining and participating in *gram sabha* activities, but, gradually, male resistance to their participation got softened.

In Bhaonta village, the *gram sabha* is very active and women have formed a *mahila mandal* (women's committee) for themselves. This *mandal* works as an associate of the *gram sabha* and discusses problems specific to women, as well as voices general concerns. The *gram sabha* of this village is very progressive and received an award of Rs 10,000 from the President of India for being highly environment-friendly. A senior worker of the *Tarun Bharat Sangh* belongs to this village. This *gram sabha* is known for high degree of awareness on water, land and environment issues and has a development fund of its own for maintenance of structures, etc. The *gram sabha* generally performs the following functions:

- meet once a month on *Amavasya* (no moon night);
- make rules on cutting of trees, protection of pastures, forestlands, use of water, crop patterns, alcoholism, etc;
- punishment for breaking rules; and
- building a fund for future development or maintenance needs.

Here, the *Tarun Bharat Sangh* may help, but does not run the *gram sabhas*. *Tarun Bharat Sangh* also has a Friend of Trees Award (*Paryavaran Premi Puraskar*), which is given annually to the eco-friendly, active *gram sabhas*.

***Padyatra* (Foot March)**

There are times when you can find workers of the *Tarun Bharat Sangh* and men and women leaders from different villages going around for weeks, from village to village, carrying banners and shouting slogans about conserving water, saving forests and planting trees. In the evenings, where they halt, they talk of the ways to make the *gram sabhas* effective with local people. These foot marches have become popular and more and more people want to join them.

Where the literacy is low and people are poor, this tool is effective in establishing communication.

***Johads* and Drought**

Rajasthan being a drought-prone state, usually has years when rainfall is 50 percent less than the annual average and one of the main features of *Johad* building activity is that villages which have built water-harvesting structures are able to withstand the rigours of drought much better. When work initially started, this area was classified as a "Dark Zone" by the government. By 'Dark Zone', they meant it had severe water shortage and the underground water table had receded to great depths. The same area, after 10 years of work on *Johads,* was classified as "White Zone", which meant it did not need the attention of the government during drought and its underground water levels were satisfactory.

Regeneration of Village Nimbi

It is a big success story. Nimbi is a village near Jaipur. Its land had been overtaken by sands shifting from the Thar Desert in the last 100 years. About 200 years ago, a big tank was constructed, but it had become non-functional due to silting. In 1996, after the TBS was approached by the people of this village, Nanak Ram of the TBS took charge of the action plan. The tank was de-silted and repaired. The good monsoon of 1996-97 left a massive reservoir of water.

The next three years saw low rainfall, but Nimbi's reservoir literally pulled this village out of acute poverty. The moisture content of the soil increased and agriculture prospered. Today, millions of rupees worth of vegetables and fruits are exported to urban areas and Jaipur Dairy sends its van regularly to fetch milk from this village. Until five years ago, this village had nothing to sell, except its labour to the outside world.

From *Johads* to *Jal Bhagirathi*

The success of the TBS initiative in mobilising rural communities for conservation of water encouraged treading further into the Marwar region, to activate the communities living in the Thar Desert. Here drought has been a recurrent phenomenon, as is evident from the fact that 43 of the last 50 years have been drought years. Drought conditions include not merely weather or monsoon failure, which precipitate it, but also human factors like management, exploitation and use of water resources.

The development process, oriented towards capital accumulation rather than livelihood and sustainability, has been based on models taken from outside the state, rather than being evolved here. Drought, therefore, is not just because of environmental factors but is also a manmade reality. Successive years of drought have put enormous burden upon the poor, particularly women. The livestock is adversely affected. There is no fodder and its supply from outside is both unsuitable and short of requirement. The little drinking water available is consumed by human population, leaving the livestock to survive on saline water.

It was decided to make a serious effort to mobilise the communities in the Thar Desert, which covers an area of nearly 0.2 million square kilometres with a human population of more than 20 million and a still larger population of livestock. This formidable task of enormous proportions, with limited time and resources could become possible only with a coalition of strategic alliances. To further this cause, Maharaja Gaj Singh Ji of Jodhpur agreed to join the effort to sustain this movement in Marwar, by working for this purpose.

The *Jal Bhagirathi Foundation*, which is a public trust, was formed on January 15, 2002, with a board of four trustees, which included Maharaja *Gaj Singh* as the Chairman of the Trust and *Rajendra Singh* as a Trustee. The immediate objective of the Trust is to replicate the work of the *Tarun Bharat Sangh* in Marwar, to provide succour to the suffering populace in the Thar Desert region, including the districts of Jodhpur, Jaisalmer, Barmer, Nagaur, Pali, Jalore, and Sirohi of Rajasthan.

This infant organisation of six months has made rapid progress in Marwar, mobilising communities in more than 20 villages, to construct water-harvesting structures costing more than Rs five million. As part of its efforts, the *Jal Bhagirathi* Foundation has also launched a public awareness campaign by holding regular training camps and workshops, along with the *Tarun Bharat Sangh* and other NGOs, in the villages to promote integrated rural development initiatives. Conventions at Pushkar and Nagaur were held to mobilise funds to support the water-harvesting structures undertaken by rural communities.

This is an effort to replicate the work of water conservation that has been undertaken in Alwar district, seeing the need of the Marwar region, which is one of the worst drought-affected areas in Rajasthan. It was selected as the next site and, in near future, such projects may be taken up in other parts of India, and even abroad.

Conclusion

Here, I would like to quote an American management guru Peter Drucker., "Good intentions, good policies, good decisions must turn into effective action. Work is not done by having a lovely plan. Work is not done by a magnificent statement of policy. Work's done when it's done. Done by people. By people, with deadline. By people, who hold themselves responsible for the results".

What Mangu Patel told me in 1985 was no different. He simply said, "Do not talk too much. Dig tanks and build *Johads*. You will get results".

11
To the Rescue of 'Indebted Labourers'

*– R L Tiwari**

The Saga of Savagery

- Natha, a tribal from Kotda tehsil in Udaipur, had taken Rs 3,750 from Bhumi Vikas Bank, Kotda, for buying a pump-set. The bank demanded Rs 5,683. His inability to do so resulted in his belongings being auctioned.
- A tribal named Sri Gokul took an initial loan of Rs 3,500. Though he has paid the bank Rs 1,000 in small amounts, a notice was served on him for recovery of Rs 13,161.
- A widow in Undri village of Udaipur district was thrown out of her house, with her four children on a chilly December night because she could not pay Rs 2,000, which her husband had allegedly taken for digging a well 15 years ago.
- On the night of June 04, 1984, the recovery officials of the Udaipur Central Cooperative Bank arrived in Nakali village and stripped one Onkar Khir in front of everyone and paraded him naked. They were supposedly setting an example to show how they treat those who were unable to repay loans. After that incident Onkar left the village, never to return.

These are not stories but tragic experiences of communities living in the tribal districts of Udaipur and Chittorgarh, in south Rajasthan.

It started in the early 70s, with the good intention of uplifting the socially and economically backward classes of our society. Under the 20-point programme various nationalised as well as cooperative banks gave loans to people belonging to the economically weaker sections of the society (mainly tribals), during 'loan *melas*' (fairs). These loans were advanced mainly in the name of "*Griha Nirman*", *i.e.*, construction of house.

From here originated a sad tale of exploitation and extortion. These loans turned many illiterate, marginalised people into a state of virtual destitution and the process in which it was being done was the most ingenious of its kind.

Loans were given to tribals and other low castes, but very few actually received it. For often the money was siphoned off by middlemen and bank officials working in collusion with local administrative unions, mostly through forged signatures. The money was shown in the records of the banks only. Within a few years, the initial amount swelled to three or four times, making it an amount beyond the means of payment by a poor man. In many cases, repayment of loans in small instalments over the years was not even recorded.

* *Social and Trade Union Activist Rajasthan*

Thus, all of a sudden, the 'debtor' received a notice of auction of his house or property, which was mortgaged against his loan. The auction was a pre-planned affair that fetched a bid value always below the actual value of the land or property. The money thus collected was never sufficient to realise the loan advanced and the victim was taken to a criminal court for the balance recovery.

The other actors in the play were the recovery officials of these banks and societies. Though these 'debtors' tried to repay the loans by way of small deposits, the officials (who go around to collect the repayment) did not credit these deposits and issued false receipts. Thus, the loan never decreased. Instead, it went on increasing. And, these recovery officials then appeared as the arbitrators of law, as they resorted to insult, beatings, continuous harassment, public humiliation and appropriation of land, in the name of recovery of loans.

This state-sponsored terrorism behind the veil of good intentions of upliftment/ development, would, perhaps, have remained in the dark had not the officials called for an auction of the land belonging to an uncle of Sri Hazari Lal Jatolia on March 14, 1984.

The Movement

Hazari Lal Jatolia, the man behind the movement and a social activist worked actively with the *Bandhua Mukti Morcha* (Bonded Labour Front) and Consumer Unity & Trust Society (CUTS). His life's mission was to protect the human rights of the socially/ economically backward communities, develop an awareness in them and above all, uplift the conditions of the poor masses.

As mentioned before, Jatolia's uncle's land was put to auction on March 14, 1984, by the bank officials. It was only then that Jatolia came to know of the sufferings and miseries that had been thrust upon by the bank officials on the tribal and low caste communities. He realised that something had to be done to stop this terrorism.

On April 14, 1984, Jatolia organised a gathering at Mavli, district Udaipur with the main aim of stopping the auctioning of lands of the already poverty-stricken tribals. He did this in association with the author, the then secretary of CUTS, who was also connected with the *Bandhua Mukti Morcha*.

The gathering and the rally were a major success, with a large number of people from all sections of society joining hands with Jatolia. It was this gathering that gave birth to the "*Rin Mukti Andolan*" (debt relief movement). Jatolia received support and help not only from all the political parties but also from various private and public institutions.

Common people themselves began to bring cases of misappropriation of funds and appropriation of their land and belongings by bank officials. As Jatolia and the author looked into these cases, they found that the officials had not only behaved abominably but also crossed the limits of law.

With the movement gaining momentum day by day, it was decided by the committee to file a writ petition in the Supreme Court of India, which would be substantiated by various cases of misappropriation by the officials. In the process a stay order was obtained to prevent the auctioning of the lands and belongings of people, which had not taken place as yet.

Court Action

On June 03, 1985, a writ petition was filed before the Supreme Court of India. With this step, the movement took a new turn, for now, the issue was no longer restricted to the district of Rajasthan and its people, but opened up to the nation, in front of the highest forum of justice. The petition was filed against:

- The State of Rajasthan through the Secretary, Ministry of Cooperation and Development, Secretariat, Jaipur;
- The General Manager, State Bank of Bikaner and Jaipur, Rajasthan;
- The General Manager, Punjab National Bank, Regional Office, Udaipur; and
- The Registrar, Cooperative Societies, Jaipur, Rajasthan.

It was filed through the convener of the *Rin Mukti Andolan*, Jatolia. The advocates for the petitioners were John Verghese and Rani Chhabra.

The index of the petition was given the following shape:

- List of Dates;
- Writ Petition with Affidavit;
- Annexure I – Extract of Section 106 of the Rajasthan Cooperative Societies Act, 1965;
- Annexure II – Details of Debt; and
- Civil Miscellaneous Petition for Stay.

To have a proper understanding of the case, it would be necessary to carve out the distinguishing features of the petition and the grounds on which justice was being asked for.

Facts

List of Dates (Some telling facts have been revealed in this section):

24.1.83	A notice was served on Pratap, a *Harijan* (member of low-caste community), for auctioning of his five *bighas* (five acres) of land worth Rs 50,000 for an initial loan of Rs 1,750. Auction was to take place any time.
24.1.83	Notice was served on Ganga, another *Harijan*, for auctioning of his five *bighas* of land for an initial loan of Rs 2000. Auction was to take place any time.
31.12.83	The entire land of Chokka, worth Rs 70,000, was auctioned for only Rs 13,500.00. The initial loan was Rs 4000 for digging a well.
10.2.84	The entire land of Gokul of village Nimbahera was put to auction for Rs 12,000 to recover a debt of Rs 13,000, while the original loan was only Rs 3,500.
2.3.84	The entire land of Sri Rana was auctioned for Rs 6,000, though the land was worth Rs 60,000. The original loan was of Rs 6,000 of which Rs 2,500 had been already deposited.

24.3.84	*Rajasthan Patrika* published the details of loans issued to Harijans and other communities.
14.4.84	The affected people organised themselves under the *Rin Mukti Andolan*.
4.7.84.1	The recovery officials of Udaipur Central Cooperative Bank paraded Tulsi Bhai, a tribal, naked in front of his fellow villagers.
4.7.84	The same recovery officials paraded Onkar, a *Harijan*, who since then was missing.
3.6.85	A writ petition was filed.

The Substance

The Text of the Writ Petition

The petitioner-organisation consisted mostly of members from scheduled caste/tribe communities who have been victims of reckless advances/loans by various cooperative societies, in the name of "*Griha Nirman*", resulting in their destitution and loss of landed property. This type of exploitation, in the name of development, was spread throughout Rajasthan, especially in localities/districts, which were predominantly inhabited by tribals and *Harijans*.

The organisation held several meetings and it was on April 14, 1984, that Jatolia was elected as convener to accelerate the activities of the organisation. Repeated representation by the petitioner before the concerned authorities, to ventilate the grievances of the affected people, had failed to achieve any appreciable charge, even to date.

The respondents, through certain interested individuals and agents, had misused the good intention of the government and misappropriated lakhs of rupees, which were, otherwise, meant for the development of the tribals and *Harijans* and other members of the backward classes, under the 20-point programme and Larger Area Multi-Purpose Scheme (LAMPS).

The second source of harassment was by way of advancing small amounts of loans for building houses or digging wells, which, in the course of few years, increased three to four times and the debtors suddenly received notices of auction of property, which was mortgaged with the concerned authorities.

In most cases, the property was land, 'the auctioning of land is a pre-planned affair' that fetched a bid value that was not even 10 percent of the actual value (rated by the government itself). Quite often, the money thus collected was not sufficient to realise the loans and the debtor was taken to criminal courts for the balance.

Further, most of the *Harijans* and the tribals did make an effort to repay the original amount, by way of small deposits. But, the recovery officials, who came around to collect the amount, never credited the same to their respective accounts, thereby keeping the loan amount intact, never decreasing, but ever increasing.

What was more surprising was the fact that the respondents rewarded those officials for good performance for recovering loans. They did not care whether the mode of recovery was inhuman and amounted to taking of the law in their own hands.

Legal Grounds

The grounds of violation can briefly be summed up as follows:

- Under the Rajasthan Tenancy Act, 1955 (amended in 1964 and 1975);
- Section 42(b) prohibited and restricted the transfer by way of sale;
- Section 43(2) restricted transfer by way of gift;
- Section 46A provided for restriction of transfer by the way of lease or sub-lease; and
- Section 49A restricted transfer by way of exchange by a member of the Scheduled Caste and Scheduled Tribe.

Section 43(1) permitted transfer by the way of mortgage to a cooperative society, and that the said permission was not extended to respondent numbers 2 and 3 (i.e. State Bank of Bikaner and Jaipur and Punjab National Bank).

Under Section 103 of the Rajasthan Cooperative Societies Act, 1965 a sale was restricted to the members of the scheduled caste/tribe so that the land remained within the community itself.

There have been gross violations and misuse of power given to the cooperative banks and cooperative societies under Section 106 (which provided for sale of mortgaged land by auction).

Since Section 106 does not provide any restriction to the sale of lands belonging to the scheduled castes/tribes, it was in contradiction with the Rajasthan Tenancy Act, 1955, and, therefore, Section 106 needs to be declared void.

Relief Prayed for

- An appropriate writ, order or orders restraining the respondents to stop dispossessing the *Harijans* and the tribals from their lands;
- An appropriate writ, order or orders directing the respondents to restore the lands of the tribals and *Harijans* to their possession; and
- An appropriate writ, order or orders directing a commissioner of this court to enquire into the affairs of the respondents.

Ex-parte Direction

Following the petition, an application for an ex-parte direction was also filed in the court, on July 24, 1985, so that the court may:

- Pass an *ex-parte* order to stay the proceedings then pending against the properties of the backward communities; and
- Direct the respondents not to auction the landed property, household utensils and other movable properties, belonging to the backward communities.

All these were done to prevent the large-scale alienation of properties indiscriminately taking place at the instance of recovery officials. One thing was sure, if this was to continue, the backward community/classes would be affected beyond repair.

A notice of an ex-parte stay of auction, in respect of the land belonging to the alleged debtors, was issued by the Supreme Court on the same day (24.07.1985)

Increased Scale of Operations: Some Facts

After the writ petition was filed and the pending notice of an *ex-parte* stay of auctioning of lands was issued, the concerned banks and the cooperatives increased their scale of "violence", fearing a stay order from the court.

The land belonging to Shankar Das of Dudahi village of Udaipur district, was to be auctioned to recover a sum of Rs 10,500. The original loan was Rs 3,500.

Notice was given to Khoma Bhil of Tehsil Dungla, district Chittorgarh, on September 13, 1985 that his land, (two *bighas* and 12 *bighas*) was going to be auctioned.

In all, 22 tribals from Tehsil Kotda, district Udaipur, were facing eviction by the Udaipur District Cooperative Land Development Bank. Most of these tribals were humiliated by being forced to 'frog jump' in public and, thereafter, their land was put up for auction.

It was nothing but 'ransacking' of basic human rights. The "state terrorists" were crossing all limits and something was required to be done immediately. But, the question was, how?

On January 14, 1986, *Rin Mukti Andolan* again moved the court and filed an "Application for Stay". The court was reminded of the petition pending before it against the banks and co-operatives for torturing people of backward classes, in collusion with the state of Rajasthan. It also reiterated some hard facts. Besides the three cases mentioned above, the following cases were highlighted.

On the same day, the Central Cooperative Bank, Chittorgarh, was going to auction the lands belonging to:

- Mogni Ram s/o Seva Yadav, village Kankarva;
- Laxman Das s/o Modi Das, village Kankarva; and
- Bhavar Singh s/o Kalu Singh, village Matunia.

The land of Rama Bhil of village Sardia, district Udaipur, was to be auctioned for a loan that he never received. Repeated pleas from the Secretary, Rajasthan *Adivasi Ekta Evam Vikas Samiti* (Tribal Union and Development Committee), Kishanlal Taiwar, had fallen on deaf ears.

In Tehsil Malvi, district Udaipur, there were 800 cases, which were ready for auction. (The details of all the 800 cases were given in the Annexure of the application).

A stay order against auction of all belongings of the backward classes was then prayed for in the interest of justice.

Stay Order

On January 16, 1986, upon hearing the counsel, the court adjourned the writ petition for two weeks, to enable the State Bank of Bikaner and Jaipur to provide particulars in regard to the decrees obtained against the debtors referred to in the writ petition, including the rate at which interest was charged. Meanwhile, a stay was ordered on the auction of lands of the backward classes for recovery of loans.

But this was only the beginning of the end. A lot more needed to be done. In fact, the whole system had to be changed and, above all, mass awareness among the backward community had to be developed.

Workshop

A workshop was organised in Udaipur from April 28-30, 1987, by *Rin Mukti Andolan* and *Astha Sansthan* to:

- Evaluate the parameters of debt in Rajasthan;
- Critically analyse various laws governing debts sanction and recovery;
- Prepare analytical assessment of policies governing debt; and
- Conceptualise a state-level movement in which about 20 rural NGOs from six districts of Rajasthan participated.

Outcome

- The very conditions under which the loans were being given had to be changed.
- Loans given should be in accordance with the financial assistance required for the purpose. If this was not done neither would productively increase nor would the loans be repaid.
- At times of calamities, e.g., drought or famine, interest on loans should be waived and instalments deferred.
- Crops of farmers should be insured and they be allowed to store their produce in government warehouses at a lower rent. This would remove the excess pressure of loans on these poor classes.
- Long-term interest-free loans should be provided to people of the backward community and also to those who are from a low economic strata.
- Officials of the banks and cooperatives should, at least once in a year, have a meeting with the local people, try to realise their problems and cooperate with them. This would not only enable them to develop a healthy atmosphere between themselves but would also instil confidence in the people. Also, the problems of realising the loans would be much easier.
- Action should be taken by the concerned authorities against those officials who had violated the human rights of borrowers.

One More Affidavit: Some Additional Grounds

On January 28, 1988, another affidavit was filed in the Supreme Court to point out some more details, some more facts regarding the earlier grievances. The main intention was to lay additional grounds before the main hearing.

The grounds had to do with the affidavit that had been filed by the Reserve Bank of India (RBI) on specific queries by the Supreme Court and the counter affidavit filed by the respondents.

The queries were:

- Whether cooperatives and other banks should be allowed to charge a rate of interest more than six percent per annum, as also interest on interest and penal interest?

- Whether the land belonging to the weaker sections of these communities should be allowed to be sold for realisation of these loans?

In reply, the RBI stated the following facts:
- Under the DRI Scheme, credit was available to the Scheduled Castes/Tribes and other categories, coming under the weaker sections of the society, at the rate of four percent per annum. It was also stated that the maximum limit of the loan was Rs 6,500.
- Under the Integrated Rural Development Project Scheme, beneficiaries from scheduled tribes were eligible for 50 percent subsidy and others 33.33 percent.
- Interest on interest for the small and marginal, landless labourers, tenancy farmers, etc., should not exceed the principal amount.

Facts showed that all the above conditions had been grossly violated by the banks and cooperatives. First, they have charged a much higher rate of interest, in some cases up to nine percent. This was totally illegal. Furthermore, in many cases the loan sanctioned had exceeded Rs 6,500.

Second, the subsidies, which were meant for the people, had been pocketed by the bank officials. Almost all the subsidies had been misappropriated by the bank and cooperative officials. It was only a nominal amount that had been given to the borrower, at times.

Third, the practice of adding compound interest and penal interest was illegal, as per the policy stated by RBI. In fact, the interest could not be charged for a loan up to Rs 25,000.

Counter Affidavits: Some Points

The counter affidavit filed by the respondents consisted mainly of the following facts:
- The unusually high rate of interest, compound interest and penal interest were charged from small-scale agricultural loans under the provisions of Rajasthan Agricultural Credit Operations (Removal of Difficulties) Act, 1974, as amended in 1976.
- In the case of some loans, inquiries were being made against the erring officers and that, in some cases, the interest rate charged was inordinately high and against the norms prescribed by the RBI.

Counter Arguments by the Petitioner

Given the above facts, it was argued that:
- The Rajasthan Tenancy Act, which was framed to protect these communities as a welfare measure, for which Article 14 and 15 and other provisions of the Constitution of India permitted the State Government to do so, could not be nullified by casual enactment in the nature of Removal of Difficulties Act. In fact, the validity of the above said Act was violative of the Articles 14, 15 and 21 of the Constitution of India.
- Although action has been taken against the erring officials, no effort had been made to restore the damage that had been caused in the name of (fake) loan recovery. The petitioners wanted real relief, such as writing off of the debt and restoration of the land lost or being charged only four percent interest on 50 percent of the loan for whatever period it had been held, whatever be the case.

- The rate of interest charged was 11 to 14 percent per annum and, in some cases, it was 11 to 14 percent per six months and that the loan amount was always higher than the actual disbursement of the loan, which was much less than the loan sanctioned.

It is also important to note, for the purpose of a complete analysis, some of the hard facts that were attached with evidence in the *Rin Mukti Andolan*'s affidavit.

Details show that fake loans were advanced to 76 members of the community, which ran to the tune of Rs 1,09,118.75. Out of the loans given to 87 members belonging to the *Malvi Gram Sahkari Samiti* (Malvi Village Cooperative Society), 45 percent of the loans were fake.

Out of the loans given to 47 persons belonging to the same society, 53 percent were fake. It was argued in the affidavit that a more thorough and detailed investigation would expose the scam of fake loans that had been issued over the past years.

The whole aim of placing the full facts before the court was to enable it to direct relief measures and institute criminal action against the guilty.

Conclusion

It will not surprise many to know that the matter is still pending in the Supreme Court. The system's apathy is responsible for this.

However, the stay order against the auction of the lands and belongings of the destitute, has provided some relief, along with an impetus to continue the movement, with added vigour. Taking into consideration, the sort of obstacles that are strewn in their path, we know that this struggle cannot be rushed, but needs to be handled more practically. By this, the development/generation of awareness among the masses is an utmost necessity. The leaders of the movement have been thinking in those terms as well.

To make a beginning somewhere, a mass meeting was organised on April 14, 1989 at Railmagra in Rajasthan. The message was put across loud enough: 'loan *melas'* could be a death trap, if the debtor was not aware of the correct steps to take. It was also an open call to each and every person to come forward with grievances against such bank loans. We did elicit some response.

The first criterion for a democracy is education, which is pathetically lacking in our country. Not even the minimum level of literacy has been achieved.

This alone has been responsible for all the ailments, the humiliating "*huzoor-mai baap*" (you are my protector) syndrome in our masses, which still consider a literate man to be a good man.

Only a consolidated legal literacy programme and general awareness campaign can break such beliefs and lead to a climate where participatory democracy will be possible.

Only then our mission will be complete.

12
Fishing Community in the Net

*– Thomas Kocherry**

Introduction

India, with her 6,000 km coastline and innumerable rivers, lagoons, lakes, reservoirs and ponds, has one of the world's largest populations of fisher people: over 12 million, with two-thirds depending on marine fishing and the remaining on fishing in a variety of inland water bodies.

It was a privilege for the author in 1972, to be appointed the parish priest in a small coastal village called Poothura, where all the parishioners were traditional fisher people. His association with the fishing communities started then and he got an opportunity to get involved in co-ownership-based fishing.

The Traditional Scenario

The fishing communities are generally very poor, with low social status and very little clout. Despite having had greater importance in ancient times, fisher folks were relegated to the status of lower castes during the medieval period. Still, the community always enjoyed a certain autonomy and dignity. Fisher people, though highly skilled in their profession, had no access to formal education and they hardly entered into other areas of social life. Their education and, consequently, their desire to seek other forms of employment were recent occurrences.

From Poothura, the contact with fishing communities all along the Indian coast started. One of the things that was amazing was the fact that, over the centuries, the traditional fish workers had amassed a vast fund of knowledge about the resources in their immediate vicinity and had developed a variety of technologies tailored to the specific ecological niches along the coast. This accounted for the lack of a single maritime fishing tradition in India and, hence, the immense diversity of artisanal fishing techniques in the country, the hallmark of which had been their ecological sophistication, rather than techno-economic efficiency.

The women play an active role in the fishing community, as they do in all subsistence economies. Therefore, wherever fish-workers' organisations need to be set, the participation of women has always been insisted upon. In the National Fish-workers' Forum (NFF) itself, women play an important role, both at the grassroots level and at the organisational level. There is no evidence to show that women participated at any time in actual marine fishing operations, although women were, and are, involved in

* *Civil Society Member, who was associated with World Forum of Fisheries People*

fish harvesting in the inland waters and exhibit exemplary skills when engaged in shrimp-picking.

They also gather shellfish from rocky sea banks and have always been involved in fish processing, distribution and marketing. But recently, it was learned that a woman named Meenakshi Manna in West Bengal, went to the sea for fishing. Because of her uniqueness, she was honoured a place in the NFF as a special member of the executive body.

The Process of Modernisation

From the time of Independence in 1947, India has attempted to modernise its economy rapidly, inspired by the technological powers of the West. Ignoring the skills and potentialities of the large number of traditional fisher people, the government promoted Western technologies, like bottom trawling and purse seining for the large-scale harvesting of fish.

These new mechanised boats often operated close to the shore, in competition with the traditional fish-workers, for both space and resources. In many parts of India, this led to a drastic fall in catches for the traditional fish workers and, in some parts, even to depletion of certain fish resources.

The plight of fish workers, as a result of four decades of development, is probably worse now than it was before. However, the problem is not that much a result of government intervention in fishery itself, but more of government projects meant for other sectors. Deforestation, due to industrialisation and other encroachments, the construction of huge dams (like *Bargi, Sardar Sarovar* and so on), pollution of the waters, siltation and land reclamation etc., have drastically reduced fish availability and harmed the livelihood of inland fisher people. Some recent trends in the fisheries development of the country include the great push being given to aquaculture and deep-sea fishing through joint ventures with foreign companies.

Organisation of Fish Workers

This threat to their livelihood has forced the fisher people to forge new linkages and organise themselves to face the threats. The growth of All Goa Fishworkers Union, the Kerala Independent Fishworkers Federation and the Tamil Nadu Fishworkers Union, etc., is the result of proactive response to such threats. Through a long chain of hunger strikes, sit-in rallies, picketing national highways, railway lines, airports, government offices, blocking harbours etc.

Once, in 1985, the fisher people were picketing the railway line at Kadakavoor in support of the fast observed in front of the government secretariat, demanding monsoon trawl ban. Instead of arresting, the police *lathi-charged* and removed the fisher people by force, after beating them and then put them into jail. There are many instances like this. Before the mechanisation, people had enough fish and this had kept them going, with their lives protected. Though the per capita income was less, the basic needs were met. After the mechanisation, the per capita income went up, but the basic needs were still not fulfilled.

The fisher people were able to pressure the government to provide marine fishing regulations in most of the coastal states of India. Through these ongoing struggles, the fisher people forced the government to bring about zonal regulations for the mechanised boats, night trawling ban, purse seine ban, etc., but these were not strictly implemented. Hence, the struggle continues.

The women lot of fishing community have played an important role in all the fish worker struggles. In addition to marching shoulder to shoulder with our men on the issues of trawling and fish depletion, they have also conducted a number of separate struggles to safeguard their own livelihood. The struggles of the fisher women in Kanyakumari and West Bengal against their displacement from net making, as a result of imported Japanese machines, need special mention.

A large number of fisher women were employed in making nets by hand, but, with the introduction of machines that made net, these women were displaced. In Tamil Nadu, in particular, there has been a long-standing struggle against the introduction of net making machines.

The agitations by fisher women forced the Kerala Government to run special buses to fish vendors, while the Tamil Nadu Government allowed the use of public transport for carrying fish. Now, the fisher women have separate carriages in passenger trains from Thiruvananthapuram to Kollam. Thus, the struggles of the fisher people have been widespread and extensive, involving both men and women.

National Fish-workers Forum

Fisheries being a subject handled by the State Government, most fish workers' organisations are at local or state levels, but there is a need to forge a national alliance, since many problems have common origins. The NFF, which had its beginning in 1979, today represents the interests of many of these local movements. It is a federation of state level registered trade unions in India. Fish workers, both men and women, employed in mechanised and non-mechanised crafts, fish vendors, those who have jobs in processing plants and those who are working in marine and inland sectors, are entitled to become members of the Forum.

The Kanyakumari March 1989

In 1989, NFF organised The Kanyakumari March, through the entire coastline of India, with *PROTECT WATERS, PROTECT LIFE* as the theme, with a view to creating greater awareness regarding the environmental problems, as well as creating greater unity among the fish workers.

The march started simultaneously from West Bengal on the east coast and from Gujarat in the west and proceeded towards Kanyakumari, the southernmost part of the Indian peninsula. During the march, people were made aware of the evil effects of deforestation, destruction of mangroves, coastal industrial pollution and destructive fishing gears that were being introduced, because of the process of thoughtless modernisation.

Street plays, movies, debates, seminars, exhibitions and public meetings were organised during the march, highlighting local problems and drawing from local talents and leadership. This march was really an enriching experience and, being the chairperson of the NFF then, I did a lot of shuttling between the east and the west coasts.

On May 01, 1989, the marchers from both sides converged in Kanyakumari. The large gathering of fisher-folk, highlighting their problems (including the threat of the proposed nuclear power plant at Koodankulam, in collaboration with Russia) led to police repression and injury to 20 persons, on account of police firing.

About 25,000 people assembled in Kanyakumari, a village in the eastern coast of India. People gathered from all the coastal states. Cultural programmes were held and people shouted against the use of destructive gears and pollution, while walking towards the centre of the village for the public meeting. It gathered momentum when an atomic plant, supposed to come up in the vicinity, was strongly opposed.

The police intercepted the rally and created commotion and the fisher people ran for their lives in different directions, then the police opened fire. The police filed a case, which is still pending in the court, and the atomic plant, so far, has not come up.

National Alliance of Peoples' Movements (NAPM)

While it is essential to unite the all local movements of the fisher people, it is equally important to see our problems in a much larger context of struggles by other dispossessed groups. Therefore, today, there is a new alliance, the NAPM, which comprises 157 movements of the dispossessed in the country. This new alliance includes fisher people, those displaced by huge dams, those toiling for a mere pittance in the informal sector (such as small farmers, agricultural labourers, construction workers, *dalits* and tribals) and, in general, all those who are bearing the brunt of the ill-effects of globalisation/ liberalisation.

This larger link-up of all the dispossessed is essential to counteract the process by which the powerful groups in society direct development for their own benefit, and destroy both the environment and the livelihood of large sections of the population. Presently, Thomas Kocherry is the National Coordinator of the NAPM.

On April 27 and 28, 1998, over 5,000 people gathered in New Delhi, representing 156 Peoples' Movements from all over the country. These were people who were displaced because of the so-called developmental activities of MNCs and trade, due to globalisation and the WTO. At that gathering they gave the following verdict:

"The National Alliance of Peoples' Movements of India, together with people across the world facing displacement, destruction, disparity and discrimination, reject the World Trade Organisation. We oppose all global treaties of exploitation such as GATT and the or multilateral Agreement on Investment. We pledge to continue our struggle till we achieve control over our own resources: Water, Land and Forest, by ousting global and national corporate powers".

Joint Ventures in Deep Sea Fishing

Globalisation and liberalisation opened up Indian seas to the Factory Fishing Ships, under the guise of joint venture and lease. A foreign country, having a share of 49 percent, and an Indian company, having 51 percent share, entered into an agreement called joint venture. Then, the foreign company brought huge factory fishing ships under hypothecation. And, 99.99 percent of the investment came from the foreign company.

In fact, it was more than a joint venture. Already operating in the Indian waters were about 35,000 small mechanised boats and about two million artisanal crafts, with a wide range of diversified gears suited to the tropical waters, with catching multi species in small quantities.

The annual maximum sustainable yield (MSY) is about 3.7 million tonnes of fish, 2.7 million tonnes of which was already caught. Therefore, the planners say that there was still one million tonne of fish to be caught – hence, the new fishing policy of 1991. Unfortunately, the government overlooked the fact that the catch per vessel had gone down in all the sectors.

Before the promulgation of the 1991 policy, because of the over-capacity of fishing vessels, destructive gears like bottom trawling as well as pollution through industrial wastes, the catch per vessel had been diminishing. The catch in all the coastal states had gone down alarmingly. Further, the study of M Gudicelli, the UN Food and Agriculture Organisation (FAO) consultant categorically said that there were only 164,000 tonnes of fish in the deep sea that was commercially available and the existing fleets could catch this if they were diversified.

The new policy allowed foreign fishing vessels into Indian waters beyond 12 nautical miles (18 km) of the coast. Apart from allowing the duty-free import of vessels, the government also decided to permit the sale of diesel at international prices. The Indian fishermen had to pay Rs 10 per litre, while the joint venture vessels had to pay Rs 2 per litre of diesel.

Also, the vessels could transfer the catch on the high seas and bunker the foreign vessels. Under the guise of fishing, the foreign vessels were taking away all valuable fish from the Indian seas. According to the conditions of the joint venture, the vessels were supposed to report the catch at the harbour. Since they could transfer the catch at mid-sea, there was no reporting, and neither did they tell the Indian authorities from where the catches had come. All this lead to over-fishing and violation of zonal regulations.

What Went Wrong in the Planning?

The planners failed to take into account the traditional skills of the fisher people, when they introduced mechanisation in fisheries. They wanted short-term gains, rather than sustained growth. The planners followed a kind of development, which had been export-oriented, and which led to the development of a few at the expense of the majority, and a lack of fish for the internal market.

Since the sea is common property, it became anybody's property. The people, with the sole motive of profit, invested capital and used destructive and over-fishing gears. Production went up, along with the increase of production costs. The sea became a place of bitter competition between the powerful, on the one side, and the people who were fishing for their livelihood, on the other.

Committee against Joint Ventures (NFACAJV)

The NFF brought together all the sections of fisheries in India under the banner of the National Fisheries Action Committee against Joint Ventures (NFACAJV) and began to protest. It organised the first All India Fisheries Strike on February 04, 1994. The government announced in the Parliament that it was suspending the issuing of licences and appointed the Sudarshan Committee to study the problem. It was appointed in 1994, as a result of the strike.

Sudarshan was one of the persons responsible for the introduction of the joint venture scheme. It was like evaluating ones own action by the same person. Sudarshan Committee submitted a report upholding the 1991 fisheries policy. Therefore, the NFACAJV organised another All India Fisheries Strike on November 23 and 24, 1994. This led to the appointment of another committee called the Murari Committee – but, this was composed of government officials only.

The NFACAJV organised yet another agitation. As the national convener of the NFACAJV, the author went on an indefinite hunger strike in Porbundar in May 1995. The Murari High Power Committee was, subsequently, expanded by including 16 Members of Parliament and six representatives from the fisheries sector.

Murari High Power Committee

The Murari Committee was comprised of 41 members, a diverse assembly of bureaucrats, experts, politicians, activists and representatives from fishing communities. The author was also a member. It was divided into five groups and went around all the coastal states and took evidences from all sections of the fisheries sector.

All the five groups unanimously recommended the cancellation of all the licenses to foreign vessels and a review of the deep-sea fishing policy. The Committee then gave six months time for the Government to take a decision on its 21 recommendations. However, since the process was delayed, the NFACAJV organised the 3rd All India Fisheries Strike on January 18, 1996.

Struggle against Foreign Fishing Vessels

In October 1993, the NFF and the Small Mechanised Boat Operators of India submitted its memorandum to the Prime Minister of India. They requested for all new licences issued to joint ventures be revoked and a deep-sea fishing regulation act be enacted, to encourage harvesting of resources in the deep seas, on a sustainable basis.

In February 1994, the NFF, 31 other organisations and the trade unions of nine maritime states called for a one-day All India Fisheries Bandh. The small mechanised sector and the artisanal sector did not go to sea on February 04. The main fishery harbours and fish markets were also affected. The demand was to scrap the 1991 joint venture policy.

In July 1994, non-mechanised, mechanised and other fishing interests drowned their differences and came together as the NFACAJV to confront a larger, common foe. In

July, the committee called for a Black Day and fish-workers in several coastal areas hoisted black flags on their boats and staged marches and demonstrations.

On November 23 and 24, 1994, the fish-workers struck work and fishing in the maritime states came to a virtual standstill. It is estimated that about one million people stood off from work at sea and in the processing plants and markets, as a mark of protest.

May 1995

In 1995, fish-workers' leader and convener of NFACAJV, Thomas Kocherry, launched an eight-day fast in front of the birthplace of Mahatma Gandhi in the coastal state of Gujarat, while across India there were several supportive actions.

In November 1995, all the major central trade unions in the country – the AITUC, BMS, HMS, INTUC, and NFF – organised a national convention of fish workers against anti-National Foreign Fishing in Cochin (Kerala) and called for an All India Fisheries strike on January 18, 1996. The NFACAJV called for the blocking of the harbours on the same day.

In January 1996, the central trade unions and the NFACAJV jointly organised a successful All India Fisheries strike. There was no fishing, fish selling and fish workers did not go to the sea on that day. It affected the fishing activities in all the coastal states.

In 1997, the Ministry for the Food Processing Industry rescinded the joint venture deep sea fishing policy and took steps to cancel the licences, except for those 31 vessels already in operation.

The government appointed the NFACAJV committee to monitor the implementation of the Murari Committee recommendations.

The Present State of Joint Ventures

The implementation of the 21 Murari recommendations is still a big question. In 1997, the government did not show any interest in them and the NFACAJV Committee that was working closely with the government had been dismantled. There are still about 40 foreign vessels operating in the Indian waters. We are told that their licences are life long, but no such facility exists for the Indian fishermen: they have to renew their licences every year. The struggle continues.

Coastal Industrial Aquaculture

Simultaneously, fishermen were struggling against coastal industrial aquaculture. When Indira Gandhi was the Prime Minister, she wrote to all the Chief Ministers asking them to protect the coastal zone ranging from 0-500 m area of the coast from the sea.

On the February 19, 1991, the government issued the "Coastal Regulation Zone Notification" (CRZ), which recognised the traditional and customary rights of traditional fisher people over the coasts for the first time. There were 13 prohibitions in this zone, against industrial pollution, dredging, constructions, etc. Though, initially, the government did not see the implications, later it wanted different amendments because of the pressure from the hotel and industrial lobbies.

But, the fisheries people resisted this move and the Supreme Court insisted upon strict implementation of the CRZ Notification, without diluting it. But the government was still encouraging activities which went right against its own law. The Marine Products Export Development Authority (MPEDA) and the Ministry of Commerce took the lead in promoting the shrimp industries, thereby violating all the protections to the coastline enshrined in the CRZ.

The industrial aquaculture results in destruction of mangroves along the coast, salination, water-logging and pollution from the high fertiliser feeds. Agricultural lands lost fertility, due to the usage of high dosage of chemicals. Shrimp industries changed to new areas, as land becomes unfertile. This is a kind of rape-and-run approach. Each tonne of industrial shrimp requires 10 times its weight in marine fish for conversion to feed.

The economic policy of the government, which was desperately looking for foreign exchange through any means, apart from opening our seas to the huge foreign fishing vessels, also invited MNCs and other capitalists to establish industrial aquaculture all along the coastline, with the sole purpose of exporting the produce. Now, aquaculture has become a big business not only in India but also in Asia and many other developing countries.

Development for Whom?

Aquaculture has been hailed as holding "much promise for meeting the increasing food demands" and as providing "important economic and nutritional benefits to many regions of the developing world". The following questions need to be asked in this regard:

- For whose nutrition is the food produced?
- Who benefits from the sale of the produce?
- How does it satisfy the hunger of the starving millions of the producing nations?
- How does it affect agriculture and marine fisheries?
- What are the ecological hazards encountered?
- Are human rights, particularly the rights of the poor and the powerless (small farmers and fisher people), upheld or violated?

As we probe these questions, we find that industrial aquaculture leads to ecological degradation and human rights violation, while adding further to the wealth of the rich and whetting the appetite of those who are already well fed. Aquaculture is the cause of salination of land and ground water, with practically no possibility of restoration. It depletes marine fisheries by the destruction of mangroves and marine forests. It displaces traditional fisher people – small farmers and agricultural labourers. It creates unemployment. It is a social and cultural invasion into the life of the coastal people, whose prior rights in their own place are completely ignored.

National Action Committee against Coastal Industrial Aquaculture (NACACIA)

The people who were affected by the shrimp culture came together and protested. The movement was strengthened, when many organisations joined the protest. A national action committee was formed which elected the author as its coordinator. The people had to wage the battle on many fronts for example, grassroots level, creating awareness among the people and getting them into the movement; scientific research, getting scientific data and interpretation by experts and diffusing the findings; and at the legal level, filing a case against the shrimp industries.

This was a prolonged battle. Finally, the Supreme Court, in its landmark judgement of December 1996, ordered the demolition of all the aquaculture farms, because it was a violation of the CRZ Notification of 1991. Workers in the farms which were to be demolished were to be paid six years' wages as compensation and, outside the CRZ zone, no shrimp culture was to be allowed on mangroves, wetlands, forest lands, agricultural lands, salt pans, village common lands, etc.

However, the government tried to circumvent the court order, by bringing in an Aquaculture Authority Bill and diluting the demands of the CRZ Notification of 1991. One of the present concerns of the NFF and other related organisations is to stop the Bill and to prevent any change in the CRZ Notification. In 1998, the NFF conducted a nationwide coastal survey of all the violations of the CRZ and was prepared to stage a National Fisheries Strike on May 10, 1999, in connection with this.

World Forum of Fish-harvesters and Fish-workers

The problems of fisher people all over the world are similar. The United Nation's FAO's reports of 1995 and 1996 have found unequivocally that the fisheries of the world are undergoing the most serious crisis ever recorded. At least 75 percent are in, or verging on, a state of collapse, due to the ravages of over-fishing, destructive fishing gears – most particularly by factory trawlers – affects coastal industrial aquaculture, that causes industrial and domestic pollution and the myriad consequences of global warming. Fishing communities all over the world are under the threat of extinction.

Therefore, the fisher peoples' organisations from 35 countries joined hands together in a meet in New Delhi from November 17–21, 1997, and formed the WFF. The objectives of the WFF were to protect the fish resources and the fishing communities, by promoting sustainable development of fisheries, through eco-friendly gears and methods, and work for a global ban against all destructive fishing (particularly factory trawlers), coastal industrial aquaculture and coastal industrial pollution. The author was chosen as the coordinator.

The WFF had declared November 21, the foundation day of the WFF, as World Fisheries Day. On this day, every year all over the world, actions, campaigns, studies, etc., would be organised, with the view of protecting the fish resources and fishing communities through sustainable small fisheries and by evoking public awareness.

"On World Fisheries Day, we focus on the issues of marine ecology and of all inland water bodies, responsible fishing practices and the welfare of fishing communities.

We celebrate our achievements and express our concerns for the present and our vision and aspirations for the future, through various ways and means – workshops, rallies, public meetings, symbolic actions, cultural shows, street plays, exhibitions, art forms like music, dance, poetry, etc., using the print and the electronic media, creating awareness and reminding ourselves of our responsibilities."

WFF Press Release, November 10, 1998.

A New Awareness

The first World Fisheries Day (November 21, 1998) made a significant mark in many parts of the world. It also happily coincided with the International Year of the Ocean. Fisher people, fish consumers and all those who are concerned about preserving and promoting marine ecology in many parts of the world, joined together in making this day a memorable one. President Clinton declared November 21, 1998, as World Fisheries Day in the US. A new awareness among the public has been created.

Vision and Goal

All that has been done is to remind those who were actively associated with the movement and, of course the public, of the tasks yet to be completed. Our vision and goal is to establish the principle and the practice that the natural resources belong to the local people, who have cared for them and who have sustained them, while harvesting their fruits for themselves and for others.

On the other hand, the process of globalisation and liberalisation (which is nothing other than almost total freedom given to people with money to make more money), has allowed anyone with money to move into any place and make more money, with scant regard for labour rights, environment and human rights.

Thus, the struggle is between two unequal sides; one side having all the power, all the knowledge and all the money, while the other side is devoid of all these.

True Development and Progress

True development and progress should include the following factors:

- It should lead to fulfilling the basic needs of the poorest, on a priority basis, and not the greed of the rich.
- The prior rights of the local (fisher) people and their natural technological knowledge should be respected and built upon.
- Developmental activity should involve the fisher people, who are already traditionally engaged in, and are dependent upon it, for their livelihood, and should help them improve on their methods.
- It should be sustainable, respecting the environment and eco-balance.
- There should be no socio-cultural or economic invasion by outsiders.

13
Flood Control Measures vs Eco-concern in Bangladesh

*— Rizwana Hasan**

Introduction

The two consecutive floods of 1987 and 1988 in Bangladesh aroused national and international concern over the water resources issue, in particular, and the question of environmental management, in general.

As a result, various studies were undertaken and, consequently, a list of 11 guiding Principles of Flood Control (PFC) was formulated. In July 1989, a meeting between the Government of Bangladesh and some donors was held in Washington DC, where it was agreed that an Action Plan would be formulated, as a first step for long-term Flood Control Programme in Bangladesh.

On December 11, 1989, a document, entitled "Bangladesh Action Plan for Flood Control", was placed before a meeting of donors in London. Subsequently, a Five-Year (1990-1995) Flood Action Plan (FAP) was adopted to identify the planning, design and construction of high priority projects to control the devastating losses caused by flood.

A major part of the FAP involved the construction of embankments and other structural measures. Various pilot projects were also conceived under the FAP, including compartmentalisation of floodplain areas into manageable, controlled flooding and drainage units, to meet the needs of integrated land and water use.

The FAP had 26 components, of which 11 were main components and 15 were supporting ones. 'FAP-20' was one of the supporting studies and the first Compartmentalisation Pilot Project (CPP) being implemented in any part of the world. The concept behind compartmentalisation was to enclose an area by an embankment with gated or non-gated openings through which the inflow and the outflow of floodwater could be controlled to provide with a comprehensive water control system designed and operated to satisfy the needs of the people within the project area.

It was anticipated in the project documents that this *experiment* would improve the flooding and drainage situation inside the compartment and provide a more secure and sustainable environment for various sectors such as agriculture, fisheries, livestock, human habitation and industrialisation through synthesised water management system. However, the project contained no provisions of imposing liability, if it failed.

* *Programme Director, Bangladesh Environmental Lawyers Association*

The designing and implementation of the CPP aroused severe criticism. As a development project, it failed to involve local people at different stages of designing and implementation. As a result, local people still refuse to own CPP. At the national level, the structural solution to CPP was refused by the experts.

It was for the first time in the country's history that the environmental impact of a development project was so extensively analysed by the civil society. It is often said that the environmental movement gained its momentum with the anti-FAP campaign. In the legal arena, the debate over the FAP resulted in litigation, with landmark judgements in favour of "access to justice" and "right to get compensation for environmental losses". The debate is still not over, as the implementation of the court verdict is in abeyance, due to absence of adequate by-laws.

The following is an attempt to elaborate the case on 'FAP-20' and the struggle of the people around it that presents a classic case of the conflict between environment and development.

FAP and the People

Since the time of its inception, local people protested and objected to a such huge structural project in the name of CPP fearing long-term adverse effect on agriculture, environment, fisheries and the livestock sector. The concerns of the people are centred around the following:

Lack of participation and openness: The activities of 'FAP-20' were viewed as an abortive attempt, as there was no people's participation. People were ignored during the planning process of this development work and had no access to information, despite a clear mandatory requirement to consider people's objections.

Adverse impact on livelihood: It was feared that the 'FAP-20' project would adversely affect and uproot 300,000 people within the project area. Fishermen, boatmen and weavers would lose their profession, while farmers would remain jobless for half the year. By losing traditional professions, many villagers would be forced to migrate to the town for work.

Involuntary displacement and forced acquisition: The socio-economic condition in the project area would face adversity due to 'FAP-20'. Involuntary displacement from ancestral land, without adequate compensation, would make many homeless. Incidents of divorce, torture for payment of dowry, rape, etc., were being increasingly reported.

Adverse environmental impact: The structural interventions of the CPP were feared to affect the fishery resources of the area. Due to such structural interventions, siltation, loss of soil fertility, increased use of chemical fertiliser and pesticides and health hazards like *kala azar* were apprehended, affecting agriculture, fisheries and social forestry.

Social disorder: Ignoring the protests of the local people, the CPP authorities, with the help of local terrorists and influential persons, continued to forcefully acquire people's lands, in violation of the related legal requirements. As a result, local people, on several occasions, protested and objected, leading to violent incidents.

The Intervention of BELA

In the report of the 1989 Project Identification Mission of the FAP, it was expressed that the concept of compartmentalisation and controlled flooding were relatively new and needed to be developed, tested and demonstrated in the field, under practical operating conditions.

This indicated that the CPP was being implemented in Bangladesh on an experimental basis, ignoring the need for proper assessment of the socio-economic and environmental impact, maintenance of proper land acquisition system through the enforcement of existing laws.

This prompted Bangladesh Environmental Lawyers Association (BELA), the public interest group of environmental lawyers, to try and ensure compliance with the legal procedure and extend legal assistance to the distressed people who suffered, or were likely to suffer, damage or injury due to the implementation of the 'FAP-20' Project. BELA, therefore, designed a project, entitled "Legal Assistance to People Affected by the FAP-20", implemented with support from international development partners, NOVIB and ICCO of the Netherlands.

BELA also formed part of a civil society movement that was organised to critically evaluate the likely impact of the FAP on the people and the environment and raise people's voices at the different tiers of the decision-making process – local, national or international.

Highlighting People's Participation

The legal interventions of BELA against 'FAP-20' had three phases. In the first phase, in addition to joining the civil society movement and mobilising local people, BELA intervened by threatening the authorities of the FAP with legal action, for omitting three important paragraphs of the Prime Minister's speech in one of the FAP documents.

The printed proceedings on the Second Conference on the FAP, which took place in Dhaka in 1992, carried the inaugural address of the Prime Minister, without the paragraphs in which she highlighted the need for people's participation at all the levels of the FAP planning. Following BELA's demand, the authorities withdrew all the copies of the proceedings circulated within and outside the country and reprinted the entire speech, as was delivered by the Prime Minister, with a corrigendum for omissions.

Filing the Case: People's Victory in the Court of Law

Two different cases were filed in the High Court Division of the Supreme Court challenging the design and implementation of the project and other for violation of the laws on compensation by the project authorities.

The legal interventions before the judiciary brought a two-fold victory for BELA. While the High Court passed a verdict in favour of the people's right to compensation, the Appellate Division, in a landmark judgement, addressed the age-old question of standing, or right to sue. The judgement of the Appellate Division opened up the horizon of Public Interest Litigation (PIL) in the country, implying thereby an access to the judiciary for millions who, due to various inabilities, were denied justice.

Organisations like BELA were thus allowed to pursue the claims of these disadvantaged people, a decision that surely advanced the cause of justice. This particular success in securing recognition for the PIL was significant, for it was widely being replicated in cases involving human rights and governance.

In Writ Petition (W. P. 998 of 1994) filed in May 1994, BELA asserted the lawful rights of the people affected, or likely to be affected, by the unlawful implementation of the FAP in the district of Tangail. The petition was rejected by the High Court Division on June 1, 1995, on the ground that BELA, not being aggrieved itself, had no right to sue on behalf of the people of Tangail. In other words, as the petitioner BELA was not a "person aggrieved"', as strictly required under Article 102 of the Constitution, and thus had no standing or right to sue on behalf of others.

As per Article 102 (1), the High Court Division, on the application of any person aggrieved, may give some directions or orders to any person or authority, including any person performing any function in connection with the affairs of the Republic, as may be appropriate for the enforcement of any of the fundamental rights conferred by Part III of the Constitution.

This has been a major obstacle in the legal administration of the country for individuals or organisations that *bona fide* espouse the cause of others. The constitutional requirement of "person aggrieved" has been a threshold question in the development of public interest or social action litigation and Bangladesh had no history of such activism by CSOs. The rejection of the petition of BELA led to a systemic effort in opening up the horizon of PIL.

While an appeal was preferred before the AD of the Supreme Court, against the judgement of the High Court Division (C. A. No. 24 of 1995), a separate petition (W. P. No. 1576 of 1994) was filed with the High Court also, in which an inhabitant of Tangail claiming himself to be affected by the project, volunteered to be the petitioner. One, Sikandar Ali Mondol of village Gala, under Tangail Sadar Police Station, sought relief on behalf of himself and the others.

The Verdict of the Appellate Division

The Appellate Division in its historic judgement dated July 25, 1997, granted standing to BELA. It involved several critical aspects of constitutional interpretation and the judgement favoured the institution of PIL, a decision crucial in a country like Bangladesh, where 65 percent of the people have no access to the judiciary. This decision would allow voluntary societies, representative organisations, trade unions and constitutional activists and individuals, having no personal interest in a cause, to test the validity of a law or an action of a public official, affecting the people.

In this landmark judgement, the Appellate Division took a firm stand on the modern liberal trend of PIL, putting aside the traditional view of *locus standi* (place to stand). It decided to interpret the term, 'a person aggrieved', with a progressive attitude and thus widened the writ jurisdiction of the High Court Division. Some extracts from the judgement of the Appellate Division are as follows:

A group of pertinent, *bona* fide and well-recognised attributes and purposes in the environment and having a provable, sincere, dedicated and established status is asking for a judicial review of certain activities under a flood action plan undertaken with foreign assistance on the ground, *inter alia* among other things, of an alleged environmental degradation and ecological imbalance and violation of several laws in certain areas of the district of Tangail. The question is: does it have sufficient interest in the matter for a standing under Article 102?

Dr Mohiuddin Farooque, a learned advocate appearing with the leave of the Court, himself argued the appeal on behalf of the petitioner-appellant. He submits that the words "any person aggrieved", occurring in Article 102 of the Constitution, have to be read in the context of the entire Constitution, not in isolation.

Article 102 is an institutional vehicle for ventilating the rights and duties under the Constitution and not a mere procedural device. Article 38 of the Constitution confers on every citizen the right to form an association and BELA has been registered as an association under the Societies Registration Act 1860, with the aims and objects, *inter alia*, to organise legal measures to protect environmentally sensitive and fragile ecosystems.

BELA devoted its time, energy and resources in studying the FAP project ever since its inception, meeting local people, listening to their grievances, undertaking research on their behalf, to determine the legal and constitutional infractions that 'FAP-20' has committed.

In view of its dedicated commitment to prevent environmental degradation, BELA has acquired a standing, in its own right, to represent the legal issues involved in the project in the writ jurisdiction. It can claim a legal relationship with the court, in pursuance of its declared aims and objectives, as the right to form an association also embraces the right to pursue the association's lawful objects as well. Dr Farooque then referred to Article 21(1) of the Constitution, which is as follows:

"21. (1) It is the duty of every citizen to observe the constitution and the laws, to maintain discipline, to perform public duties and to protect public property".

In working to protect the environment, Dr Farooque claimed to be performing his public duty under the Constitution and the professional canon of ethics for the lawyers. The Court went on:

"This is not to say that Article 102 has nationalised each person's cause as every other person's cause. The traditional view remains true, valid and effective till today, in so far as individual rights and individual infraction thereof are concerned. But, when a public injury or public wrong or infraction of a fundamental right affecting an indeterminate number of people is involved, it is not necessary, in the scheme of our Constitution, that the multitude of individuals who have been collectively wronged or injured or whose collective fundamental rights have been invaded are to invoke the jurisdiction under Article 102 in a multitude of individual writ petitions, each representing his own portion of concern.

In so far as it concerns public wrong or public injury or invasion of fundamental rights of an indeterminate number of people, any member of the public, being a citizen, suffering the common injury or investing in common with others or any citizen or an indigenous association, as distinguished from a local component of a foreign organisation, espousing that particular cause is a person aggrieved and has the right to invoke the jurisdiction under Article 102".

It is, therefore, the cause that the citizen-applicant or the indigenous and native association espouses which will determine whether the applicant has the competency to claim a hearing or not. If he espouses a purely individual cause, he is a person aggrieved, if his own interests are affected. If he espouses a public cause involving public wrong or public injury, he need not be personally affected. The public wrong or injury is very much a primary concern of the Supreme Court, which in the scheme of our Constitution is a constitutional vehicle for exercising the judicial power of the people.

The High Court Division will exercise some rules of caution in each case. It will see that the applicant is, in fact, espousing a public cause, that his interest in the subject matter is real and not in the interest of generating some publicity for himself or to create mere public sensation, that he is acting *bona fide*, that he is not a busybody or an interloper, that it is in the public interest to grant him standing and that he is not acting for a collateral purpose to achieve a dubious goal, including serving a foreign interest.

We hold, therefore, that the association appellant was wrongly held by the High Court Division not to be a "person aggrieved" in the facts and circumstances of the case and we hold further that the appellant is any "person aggrieved" within the meaning of both Article 102(1) and Article 102(2) (a) of the constitution.

Implementation in compliance with legal provisions

After deciding the issue of BELA's *locus standi*, the Appellate Division directed a bench of the High Court Division to decide on the merits of the case. This petition, along with the petition filed by Sikandar Ali Mondol (1576 of 1994), was heard analogous by a division bench of the High Court, comprising Justice Kazi Ebadul Haque and Justice AK Badrul Huq, on July 28, August 05-06 of 1997. The judgement was delivered on August 28, 1997.

The following paragraphs of the judgement appeared to be supportive of further activism to uphold the legally recognised rights of the people.

From the stated materials on record and also the extract of the speech made by the former Finance Minister and the present Food and Agriculture Minister, it seems that the compatibility/viability/feasibility of 'FAP-20' is not above question. Previous experience manifested that huge structural projects in the water sector were executed and then left without adequate provisions for their maintenance and target achievements, hence, remained too far from realisation.

Since 1960, a huge fund had been spent on water development project, like flood control and drainage project. Despite this, the benefits have been much less than planned and projected. Embankment alignments were sometimes poorly planned, leading to failure and fiasco. The multiple uses of embankments were rarely taken into consideration at the planning stage. Drainage projects suffer from severe drainage congestion due to faulty hydrological assessments and the absence of an adequate drainage network and the lack of proper maintenance after the construction of the embankments. A common symptom of the drainage problem is public exclusion and these are often so serious that they compromise the scheme's viability.

In this context, it should not be ignored that for most of the period since the later part of the year 1958, except for a short interregnum from the year 1972-75, the country was virtually under military rule, sometimes open, sometimes concealed, and the bureaucracy ruling supreme and the people or their representatives having no say in the planning or implementation of developmental programmes, especially those for controlling flood problems. Since there is democratic government since the year 1991, it is expected that people-friendly developmental schemes, especially for controlling flood problems would be undertaken and implemented in accordance with the laws of the land.

To formulate the policy is the affair and business of the government, the courts cannot have any say in the matter. Courts can only see whether, in the matter of implementation of any scheme, the laws of the land have been violated or not.

It is submitted from the side of the petitioners that the natural and ecological changes that would entail due to 'FAP-20' project would threaten and endanger the national archaeological resource namely, the "Attia Mosque" that is in the list of archaeological resources and protected against misuse, destruction, damage, alteration, defacement, mutilation, etc., under the Antiquities Act, 1968, in the spirit of Article 24 of the Constitution.

Article 24 of the Constitution enshrines that the state shall adopt measures for the protection against disfigurement, damage or removal of all monuments, objects or places of special artistic or historical importance or interest. The protection guaranteed under Article 24 of the Constitution to protect the said Attia Mosque must be ensured and no damage, whatsoever, must be done to the said historical mosque.

It is vigorously canvassed from the side of the petitioners that 'FAP-20' project has raised severe obvious criticism regarding its environmental and ecological soundness and also committed serious breaches of laws and the same cannot be described as a developmental project. It is further urged that 'FAP-20' activities are detrimental to the life and property of lakhs of people and would deprive the affected people of their "Right to Life", by destroying the natural habitat, which is protected under Article 31 and 32 of the Constitution and the government also has got no right to conduct experiment on people's life, property and profession in the name of a project.

The question is whether the state has a right to conduct experiment on people's life, property and profession, disregarding the existing laws of the land.

The right or power of a sovereign state to appropriate private property to particular use for the purpose of promoting the general welfare is called, in America, "Eminent Domain"… It must be borne in mind that the "Eminent Domain" is restricted or limited by the constitutional fiats, like Fundamental Rights guaranteed under the constitution. 'FAP-20' is an experimental project for controlling flood. In the event of the undertaking of such experimental project, payment of adequate and just compensation to all the persons affected directly or indirectly or casually is to be ensured and all risks, damages, injuries, etc., must be covered.

Sufficient guarantee must be integrated with the project from the initial stage and genuine people's participation of the affected people must be ensured and that must not be a public show.

"Eminent Domain" does not authorise the state to act in contravention of the laws of the land in planning and implementing the project. Strict adherence to the legal requirement must be ensured so that people within and outside the project area do not suffer unlawfully. No person shall be deprived of his property, except under the law of the land; otherwise it would be subversive of the fundamental principles of a democratic government and also contrary to the provisions and spirit of the Constitution.

In the instant cases before us, the question is whether right to life under Articles 31 and 32 of the Constitution would be adversely affected by the deprivation of livelihood of the citizens. It has already been noticed that Section 28 of the Embankment and Drainage Act, 1952, provides for payment of compensation for injuriously affecting certain rights of inhabitants upon which their livelihood depends. This provision, thus, recognises the right to livelihood of the citizens of the country.

In the facts and circumstances of the case, it is clear that livelihood of some inhabitants of 'FAP-20' project area dependant on fishing would be adversely affected. We, thus, find that life of those persons would, ultimately, be affected due to the deprivation of their livelihood.

In a Pilot Project, although positive targets are expected, but that would not automatically overrule the potential of negative consequences or even failure of the project. Admittedly, 'FAP-20' is an experimental project... The Compartmentalisation Pilot Project, 'FAP-20', being an experimental project, must include precautionary measures that are needed to be integrated into the project to ensure that no citizen suffers damage from an act of the authority save in accordance with law.

Now, the question is whether this Court will declare the activities and implementation of 'FAP-20' project to be without lawful authority for the alleged violation of some of the provisions of the aforementioned laws of the land.

From the materials on record, it appears that 'FAP-20' project is a developmental project, although experimental, aimed at controlling flood, which regularly brings miseries to the people of the flood prone areas of the district of Tangail, especially during the rainy season of the year. A substantial amount appears to have been spent and the project work has been started long before and also partially implemented. Success and not the failure of the project is expected.

In the event of any interference into the FAP-20 activities, the country will be deprived of the benefits expected to be derived from the implementation of the scheme and also from getting foreign assistance in the developmental work of the country and, in future, donor countries will be apprehensive in coming up with foreign assistance, in the wake of natural disaster.

At the present stage of the implementation of the project, it will be impractical to stop the work and to undo the same. But, in implementing the project, the respondents cannot, with impunity, violate the provisions of laws of the land referred to and discussed above. We are of this considered view that 'FAP-20' project work should be executed complying with the requirements of laws of the land.

In the facts and circumstances and having regard to the provisions of law, we propose to give some directions to the respondents for strict compliance of the same in the greater public interest. The respondents, thus, are directed:

- to comply with the provisions and procedures contained in Section 28, 30, and 31 of the Embankment and Drainage Act, 1952 (East Bengal Act I of 1953);
- to comply with the provisions contained in Article 11(1)(c) of Bangladesh Water and Power Development Boards Order, 1972 (President's Order No. 59 of 1972) for re-settlement and re-housing of persons actually displaced from their residences by the execution of the scheme, that is, implementation of 'FAP-20' Project;
- to secure the archaeological structure (site) of the 'Attia Mosque' falling within the 'FAP-20' Project area from any damage, disfigurement, defacement and injury by the project activities; and
- to ensure that no serious damage to the environment and ecology is caused by 'FAP-20' activities.

Submitting Compensation Claims

Following the verdict of the Court, BELA undertook the initiative to ensure compliance with the same and extended legal assistance to the distressed people who suffered due to the implementation of 'FAP-20'. The project of BELA helped identify and assess the various losses and injuries caused or likely to be caused due to the implementation of 'FAP-20'. The losses were categorised into three major types:

- actual losses;
- seasonal losses; and
- probable losses.

The actual losses included acquisition of land, both cultivable and homestead. It also included loss of properties attached to the acquired land. Loss of occupation as incurred by the boatmen, sharecroppers, day labourers and fishermen was also included in the list. Seasonal loss included losses occurred partially in different seasons such as crop damage, land erosion, water logging and so on. Meanwhile, a study conducted by BELA has shown that many of the probable or feared losses have actually occurred.

On the basis of a household survey, 3015 compensation claims were submitted to the local administration. In the absence of any available format for submitting claims for environmental losses, a compensation manual was also developed by BELA.

To ensure acceptability of the manual, BELA followed the Compensation Package developed for the Jamuna Multi-purpose Bridge Project (JMBP), a project that was implemented in areas adjacent to 'FAP-20'. Following the JMBP model, the manual developed by BELA claimed compensation for injuries that are legally recognised for such claims. In addition to land loss, the project affected people (PAPs) thus claimed compensation for the following:

- loss of property/change of residence;
- impact on right to water/waterway/health;
- loss of agricultural product; and
- change of inter-generational occupation.

The claims were made for losses for 10 years from the date of actual occurrence.

The Struggle Continues

After the lapse of four years of the Court directions, the government took no positive steps in assessing the claims submitted, except for a few inter-agency communications. The NGO Affairs Bureau of the government first permitted the second phase of the BELA project that sought to assist the people in pursuing the claims. Soon thereafter, following objections from the Ministry of Water Resource, the permission was withdrawn and the activities of BELA at the local level were being monitored.

However, BELA has filed another petition before the High Court Division of the Supreme Court, seeking direction for assessment of compensation claim of 3015 people affected by the implementation of 'FAP-20' in the district of Tangail, in pursuance of the judgement dated August 28, 1997, passed in the writ petition number 998 of 1994.

The Court has issued show cause notice to the government, in reply to which the government pleaded 'absence of by-law' as reason for not assessing the compensation claims. The Court is yet to decide on whether it will interfere with the rule-making powers of the government, to uphold the emerging concept of "environmental justice", and protect people from arbitrary actions of the state in future development projects.

14
Orangi Pilot Project: Institutions and Programmes

*— Perween Rahman**

Background

In Pakistan, poor people's housing known as *Katchchi Abadi*, falling under the informal sector, is everywhere. As Karachi being the only port city and a commercial centre of Pakistan, about 60 percent of the total population of 12 million here lives in *Katchchi Abadis*. In Karachi, land is purchased through middlemen, who subdivide government and some private land and sell them to the poor. In the process, it becomes a usual practice to pay bribes to the government functionaries for allotment of plots/choice plots.

The provision for a housing unit is not a problem. People build their houses incrementally. Building component manufacturing yards in the settlement provide building materials and components on credit. Initially, supply of water through water tankers and transportation (*i.e.*, bus routes) are arranged by the land supplier, who is a resourceful person having links with politicians, government departments and the private operators.

As the settlement expands and consolidates, need for water supply, sewage disposal, schools and clinics arises. For livelihood, people set up micro-enterprises in their homes. People lobby with government for facilities but due to lack of, or *ad hoc*[1], government response, soon undertake self-help initiatives.

In 1980, when the Orangi Pilot Project (OPP) started work in Orangi, it observed people's initiatives in provision of sewage disposal, water supply, schools and clinics as well as the negative response of the government. OPP decided to strengthen people's initiative with social and technical guidance.

It is demonstrated through OPP programmes that at the neighbourhood level, people can finance and manage facilities like sewerage, water supply, schools, clinics, solid waste disposal and security. The government's role is to compliment people's work with larger facilities like trunk sewers and treatment plants, water mains, colleges/universities, hospitals, main solid waste disposals and land fill sites. The component-sharing concept clearly shows that where the government partners with people, sustainable development

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1 *Avoiding the debt burden. Today Pakistans' foreign/local debt is US$60bn. A total of 54 percent budget goes into debt servicing 32 percent in defence*

2 *Ten percent in govt's operational cost, only four percent remains for development.*

can be managed through local resources (10 percent in government's operational cost, only four percent remains for development).

About the Organisation
OPP began work as an NGO in Orangi in 1980. Orangi, situated on the periphery of Karachi, is a *Katchchi Abadi* with a population of one million. On the success of its five basic programmes of low-cost sanitation, housing, health, education and credit for micro-enterprise, in 1988, the OPP was upgraded into following three autonomous institutions.

- OPP-Research & Training Institute (RTI) to manage low-cost sanitation, housing, education, research and training programmes
- OPP-Orangi Charitable Trust (OCT) for micro-enterprise credit programme
- OPP-Karachi Health & Social Development Association (KHASDA) for handling various health programmes

Each institution has its separate board of directors and mobilises its own funds. Development is self-financed by the people. OPP institutions provide social and technical guidance and credit for micro-enterprises.

For replication, OPP institutions strengthen partner-NGOs/CBOs and government agencies, instead of setting up their own offices.

The ORANGI Pilot Project
Orangi is Karachi's largest *Katchchi Abadi* and has a population of 1.2 million. OPP was established in 1980 by Dr Akhter Hameed Khan, the renowned Pakistani social scientist. In 1988, the project was upgraded into four autonomous institutions: OPP-Research and Training Institute (OPP-RTI), Orangi Charitable Trust (OCT), Karachi Health and Social Development Association (KHASDA) and OPP-Society, which channelises funds from the Infaq Foundation (a Pakistani Charity Institution) to these institutions. Rural Development Trust (RDT), established in 1992, is the fifth institution.

The OPP considers itself a research institution, whose objective is to analyse outstanding problems of Orangi and then, through action research and extension education, discover viable solutions. These solutions can then be applied with modifications, where necessary to other settlements and become part of state policies. The OPP does not fund development, but by providing social and technical guidance, it encourages mobilisation of local resources and the practice of cooperative action. Based on these principles, the OPP has evolved a number of programmes, which are described below. ***A lesson learnt from these programmes is that based on local resource and local technology, development is sustainable.***

OPP-Research and Training Institute
OPP-RTI undertakes low-cost sanitation, housing and education programmes, research and training for these and facilitates the research and training activities of OCT and KHASDA.

The Low-Cost Sanitation Programme enables low-income families to construct and maintain an underground sewerage system with their own funds and under their own management. For this programme, the OPP-RTI provides social and technical guidance (based on action research), tools and supervision of implementation. The OPP-RTI's work has shown that people can finance, build and maintain sanitary latrines in their homes, underground sewerage line in their lanes and secondary sewers in their neighbourhood. This development is called "internal" development. However, people cannot undertake "external" development, consisting of trunk mains, treatment plants and long secondary sewers. This only the state can provide.

In Orangi, according to May 2000 statistics, 91,904 houses (there are 104,917 houses in Orangi) have invested Pakistani Rs 81.39 million (US$1.3mn) on internal development. People have laid 6,108 lane sewer lines, 409 secondary sewers and constructed 91,904 sanitary latrines. The state would have spent over six times to do this work. The programme is being replicated in five cities of Pakistan, (in four cities by NGOs/CBOs and in one city by the municipal committee) and in 49 settlements in Karachi by the Sindh *Katchchi Abadi* Authority (SKAA) and the Karachi Municipal Corporation (KMC). The OPP-RTI concept has been accepted by the KMC and SKAA and is being applied to their development plans.

The work of development of *nullahs* (natural open drains) into trunk mains is in progress in Orangi and Manzoor Colony. KMC is financing these projects, costing over Pakistani Rs 100 million (US$1.6mn). In Manzoor Colony, with the development of the *nullah* into trunk mains, a large area of the city, consisting of *Katchchi Abadis*, middle and high-income areas, with a population of one million, has benefited.

The programme has now extended from a lane to the city. In April 1999, the Sindh Government rejected an Asian Development Bank (ADB) loan of US$100mn for the Korangi Sewerage Project on the basis of an alternative presented by OPP-RTI, which reduced costs to 20 percent of the ADB-funded project. Karachi-based NGOs, including URC, CREED, AAI, Shehri, Piler, Fishermans Co-operative, Korangi CBOs and OPP-RTI, have come together and lobbied for the acceptance of the low-cost option.

The Low-Cost Housing Programme provides loans and technical assistance (based on research) to building component manufacturing yards, or *thallas* as they are called in Orangi, so that they can mechanise their production, improve their products, train their staff and increase their production. In addition, the programme also trains masons in using the new technologies and components that are being developed at the manufacturing yards. Also, house builders and masons are given advice on planning, light, ventilation and other related design aspects, and costs and techniques of construction.

To provide such advice, the OPP-RTI is in the process of training youths from the Orangi communities as para-professionals, who then provide technical services and are paid by house owners or those who want improvement to their units. The OPP-RTI housing programme, thus tries to create a more equitable relationship between the actors in housing drama, as a result of which housing has improved in Orangi.

So far, 57 *thallas* have been mechanised, due to which employment has been generated and machine-made blocks and roofing elements are being fabricated, not only for Orangi but for the rest of Karachi as well. In addition, 39 masons have been trained and two para-architects, after a training of two years at the OPP-RTI, have started working independently, who are designing homes and community buildings and are being paid for it.

Education Programme, which started in 1995, through social and technical guidance, improves and upgrades the physical conditions and academic standards of private schools in Orangi. These private schools cater to the needs of the vast majority of Orangi school-going children. Physical improvements are made with loans from OCT and grant and advice from OPP-RTI. Academic improvements are made by arranging teachers' training through existing relevant resource organisations.

Financial support is extended during three stages of establishment of these schools: first, a small start-up grant of Rs 3,000-12,000 (US$50-199) is provided for strengthening the small schools; secondly, within a year, the school is institutionalised; and then arises the need for physical expansion. An amount of Rs 20,000-30,000 (US$330-500) is needed to add a new room or to make major expansion in existing rooms. This support is very important for the survival of the school. At this stage, an interest-free loan is provided through the OCT. And finally, another loan for further expansion is needed, as the school is, by now, a formal educational institution and can now take loans on interest, which can be repaid through its income.

OPP-RTI has provided start-up grant support to 75 small schools, of which 60 schools have become solvent and are educating 6,833 students. The start-up grant is a source of confidence building for the small schools. About 22 schools have acquired interest-free loans from the OCT, while loans with interest have been given to 379 schools. Teachers' training through Allama Iqbal Open University and other experts is also coordinated. The education entrepreneurs hold meetings at OPP-RTI office, where they share information on registration and teaching methods.

Training Groups

There is an increasing number of training groups coming to the OPP-RTI. The training groups comprise members of NGOs, CBOs, government agencies and international and donor agencies. Since 1992, training has been provided to 553 groups, comprising 4,489 members.

The research, programmes and their documentation have provided NGOs, CBOs and government agencies with successful models for overcoming the physical, social and economic problems faced by low-income settlements and communities. These have been successfully tested through government-OPP-community participation projects, but are yet to become official policies.

Increasingly, the OPP-RTI is getting involved in policy issues and promoting macro-level solutions, based on its models to sanitation, health, housing and economic issues. This has led the OPP-RTI to document 197 *Katchchi Abadis* in Karachi, along with physical and economic proposals for upgrading the *nullahs* of Karachi, through which most of the city's sewage flows.

For this work, the OPP-RTI trains young people from low income settlements, who, after their training, become not only an asset to the community to which they belong but also a part of a larger movement to create self-reliance, freedom from foreign loans and grandiose projects and a more equitable relationship between low income communities and government agencies and their plans.

At present, there are 20 young people undergoing training for survey and documentation of the existing infrastructure and amenities in low-income settlements and the *nullahs* and drains of Karachi. In addition, there are two young people undergoing training in becoming para-architects. One previously trained para-architect is now practising in his settlement. Another trained surveyor is providing services of mapping settlements. Both are receiving fees for their services from the community. Both are also training other young members to become surveyors and para-architects.

Karachi Health & Social Development Association (KHASDA)

Karachi Health & Social Development Association (KHASDA) manages the health programme. The programme originally consisted of developing women's organisations at the lane level, where a sanitation system has been built. A mobile team of experts gave advice to such organisations, through discussions and meetings on common diseases in Orangi, their causes and ways of preventing them. It also gave advice on hygiene, immunisation and family planning. As a result, 90 percent of the households that were part of this programme immunised their children and over 45 percent families adopted birth control.

However, the programme could not reach more than 3,000 families through this method and the project was revised in 1994.

In the revised model, the health programme is institutionally anchored to the local private clinics and provides technical training, supply of vaccines and family planning components. Traditional Birth Attendants (TBAs) and vaccinators' training is arranged. A health centre is operated at KHASDA office, which provides training, supplies vaccines and family planning materials to the local activists and TBAs.

Due to the sanitation and health programme, infant mortality in those parts of Orangi that built their sanitation system in 1982 has fallen from 130 to 37 in 1991. So far, 405 TBAs and 154 vaccinators have been trained. About 127 clinics are provided vaccines and family planning supplies.

Orangi Charitable Trust (OCT)

The Family Enterprise Economic Programme is run by the OCT, which was formed in 1987. The OCT, from its revolving fund as well as through borrowing from commercial banks, gives credit to small family businesses, but without red-tape and collaterals. These loans vary between Pakistani Rs 1,000 (US$10) and Pakistani Rs 50,000 (US$826) with average loan amount being between Pakistani Rs 15,000 (US$250) and Pakistani Rs 25,000 (US$413). The aim of these loans is to increase production and generate jobs, which they have done.

Loans are usually given to people who have expertise in what they plan to do or are already operating businesses. Interest is charged on the loans at the current bank rate of 18 percent. Presently, 7,216 units have been supported by OCT loans of Pakistani

Rs 142,319,510 (US$2.35mn). Out of these, Pakistani Rs 107,200,118 (US$1.71mn) has been paid back, with a mark of Pakistani Rs 26,165,693 (US$0.43mn). The total default rate has been 6.10 percent of the total loans. The World Bank has also given a grant as a revolving fund for the programme. OCT also provides line of credit to NGOs/ CBOs to lend to small businesses in their community.

Rural Development Trust (RDT)

The Rural Development Trust (RDT), set up in 1992, provides credit to rural entrepreneurs. So far, RTD has disbursed loans amounting to Pakistani Rs 10 million (US$0.16mn) to 114 borrowers.

Approach and Strategy

Encouraging and strengthening community initiatives (with social, technical guidance and credit for micro-enterprise) and evolving partnerships with government for development based on local resource has been the primary focus. The methodology is action research and extension. That is, analysing outstanding problems of the area, people's initiatives and bottlenecks in the initiatives, and then, through a process of action research and extension education evolve viable solutions promoting participatory action. In short, developing low-cost package of advice, and guiding community organisation for self help and partnership with government.

Programmes/Activities

Low Cost Sanitation Programme enables low-income families to finance, manage and maintain sanitary latrines in their homes and have underground sewerage lines in their lanes and secondary sewers. The government is responsible for providing main sewers and treatment plants. The OPP-RTI provides social and technical guidance to both the community and the government, facilitating partnerships. The programme has extended to all of Orangi [where 93,113 houses have invested Pakistani Rs 84.4 million (US$1.4mn) in secondary lane sewers and sanitary latrines, with the Government investing Pakistani Rs 60.3 million (US$0.99mn) in main disposals] and 111 settlements in Karachi and seven cities, covering a population of more than 1.5 million. It has evolved from a lane to the city.

The Low Cost Housing Programme enables improvement in building components and construction techniques, through action research, provision of credit and technical guidance to building component manufacturing yards, training of youths and masons and mobilisation of house owners. Every year, more the 2,500 households in Orangi benefit.

The Education Programme improves and upgrades the physical condition and academic standards of private schools in Orangi, through start-up grants, credit and facilitation of teachers' training. About 504 schools, educating more than 100,000 children, have been supported.

The Health Education and Family Planning Programme supports the local Orangi clinics set up by the people with supply of vaccines, family planning components and training of vaccinators/TBAs. Not less than 156 clinics, 179 vaccinators and 455 TBAs have been supported.

The Micro-enterprise Credit Programme supports small family businesses set up by the people in their homes with credit. The programme has expanded to 12 cities and more than 50 villages. Around 7,469 units have been supported with a credit of Pakistani Rs 148 million (US$2.4mn), with a 93-percent recovery rate. The programme has evolved a partnership at the country level to support similar initiatives and influence the government policy.

Actors Involved

The actors involved include poor communities (men, women, youths and CBOs), NGOs (support organisations), professionals (including the academia), the government, donors and International Financial Institutes (IFIs).

Successes

- The emergence of: a) people, NGOs/CBOs and government partnership at the neighbourhood level, focusing on local resources; b) city-wide people's network for water and sanitation for Karachi; and c) national network for supporting community initiatives;
- Institutional development of many NGOs/CBOs in Orangi, Karachi, 17 other cities and in more than 50 villages; and
- Trends in the government of: a) focusing on addressing the problems of the poor with participation;
  b) shifting the policy from pure provider to sharing responsibilities; and c) accepting people's development initiatives.

Constraints

- The Government's inconsistency, resulting in *ad hoc* planning;
- People's lack of access to information;
- NGOs' incapacity to support people's initiatives and OPP institutions' incapacity to respond to the large numbers of requests for support;
- People's lack of confidence in their initiative, due to the psychological barrier of dependence;
- Professionals' arrogance;
- Donor programmes of patronage, perks and benefits; and
- Lack of relationship in the local socio-economic context or IMF/World Bank/ADB-aided programmes.

Recommendations

- Community initiatives need to be respected and the attitude of partnership with people needs to be promoted and nurtured by the government;
- A space for interaction between government agencies, interest groups (formal and informal) and communities needs to be created, nurtured and institutionalised over a period of time. All plans at the city, sector and or neighbourhood levels need to be processed through public hearings from conceptual to the final stage;
- All public sector institutions need to make public all aspects of finance and execution; and
- Courses in academic institutions need to nurture respect for local conditions and community resources.

15
'Gram-Phone' Bell-Ring in Rural India

– Dr Vithal Rajan and E Madanmohan Rao***

The purpose of this paper is to help explain the market potential and policy implications for deploying affordable rural telephony solutions using party-lines (also called Gram-phones). The Indian Government and various telecom firms have taken several initiatives to increase communication access. These include e-governance initiatives, village public phones and rural telephone exchanges.

In line with the above initiatives, the Rural Telecom Foundation is promoting ideas to bridge the digital divide for voice communication especially targeting the rural poor. The Gram-phone (village-phone) concept is an adaptation of the highly successful party-line system in the US. This person-to-person residential communication model uses a simple digital touch-pad telephone set that costs less than Rs 200 (US$5). Besides basic telephony access, this low cost device can be used to access applications, such as voice mail and messaging, agricultural and rural portal web sites, e-Government information, and financial services such as banking, bill payment and stock trading.

Gram-phone is an easy way to deploy ultra low-cost solution (at Rs 12.50 per month per subscriber) for last mile telephone access. Technical and market feasibility is based on a case study done in a village in district Warangal in Andhra Pradesh.

Strategies for deploying party-lines such as subsidies, financing telephone subscribers through SHGs/cooperative societies, and franchising are discussed in this paper. The estimated new subscriber base potential for Gram-phones in rural India is 15 million utilising the existing government-owned telephone company, Bharat Sanchar Nigam Limited (BSNL), telecom infrastructure.

In the next five years, the low-to-middle income rural market segment is highly unlikely to be addressed by any of the current more expensive telecom options (wired or wireless). By co-existing with other telecom players and technologies, the Gram-phone system follows a win-win model that substantially increases network traffic, and revenue for all players.

The benefits to India are tremendous and include:

- higher rural telephone density in the country with mass residential telephony coverage in over 75,000 villages;
- increased productivity and the life-time per-capita income;

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- positive macro-economic externality effect;
- potential to add 75,000 village phone franchisees;
- increased demand for manufacturing of telecom equipment and accessories; and
- increased job creation during the deployment process.

Digital Divide

With only one phone per 100 people in rural areas, there is a huge digital divide between urban and rural areas. There are 25,000 BSNL rural exchange centres in India, and they are typically under-utilised. Some of the reasons for the low telephone density in rural areas are:

- rural per-capita incomes are low, and even the uniformly subsidised telephone rental rates and tariff structures are unaffordable by the rural masses in India;
- telephone access solutions offered to telecom operators are mere imitations of currently prevalent methods in industrialised countries. These methods are affordable by only the middle and upper classes in urban areas, and only the upper class in rural areas; and
- wireless solutions are too expensive for an ordinary rural person.

Innovative Low-cost Solutions

Today, there are many organisations working on low-cost solutions. Some of the access solutions include wireless-in-the-local-loop, satellite-based systems, and leveraging cable TV infrastructure for telephony. There are probably other solutions, for example, Professor Junjanwalla of IIT Chennai's wireless CorDect. There is a separate section that discusses some of these popular technologies.

Rural Telecom Foundation is promoting an extremely low-cost last mile solution called Gram-phone, which is based on a proven wire-line technique called party-lines. Party-lines have been popular in North America and Europe for most of the 20th century. In 1950, 75 percent of the telephone subscribers in US were using party-lines.

However, as incomes rose, people went for private lines. Party lines can lower the cost of deploying a line to a rural subscriber to one-eighth the normal cost, if for example eight people were to share a line. The next section discusses the Gram-phone concept in greater detail.

Network Externality

A telecom deployment strategy that provides universal telephone access where the ordinary household in a village can afford service has a great positive network externality effect. Such a strategy would increase revenues for the entire telecom network (which includes multiple service telecom providers), and make it easier to cross the break-even point.

Telecom service, just like any networking paradigm, follows a basic scientific law first proposed by Robert Metcalf, a technology pioneer, co-inventor of the Ethernet, and the founder of 3Com, a world renowned networking company. His thesis, popularly known as Metcalf's Networking Law, is best described by George Gilder, a telecom industry expert in North America.

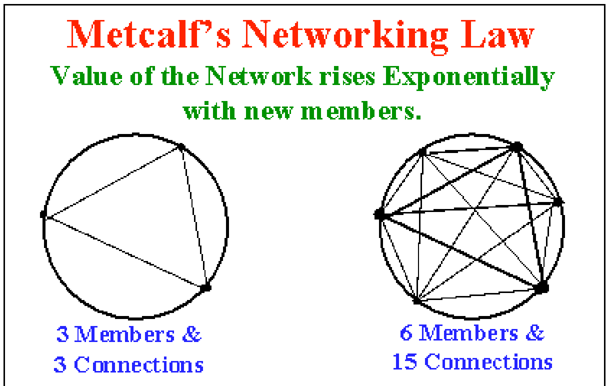


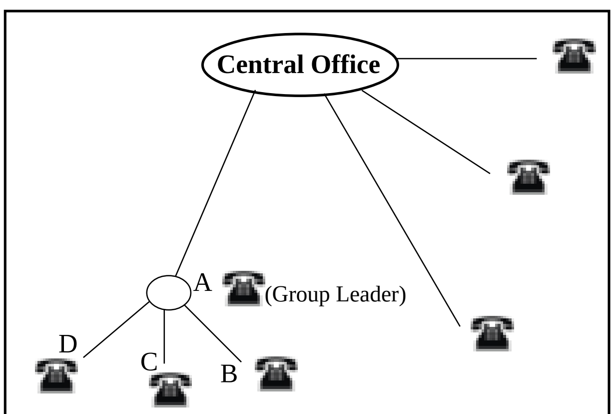
Figure 1: Metcalf's Networking Law

"Connect any number, 'n', of machines - whether computers, phones or even cars - and you get "n" squared potential value. Think of phones without networks or cars without roads. Conversely, imagine the benefits of linking up tens of millions of computers and sense the exponential power of the "telecosm".

From Figure 1, one can see that as we add more and more people to any network, the number of possible connections goes to (N)(N-1)/2. When you have only three members on the network, the total number of possible connections is just three. When you increase the number to six, the total number of possible network connections is 15 and, if you go up to 100 members on a network, the total possible connections increase to 50,000!

Gram-phone Concept

Rural Telecom Foundation (RTF) made small changes to the traditional party-line techniques adopted in western countries so that there was complete compatibility with existing rural exchanges operated by BSNL. Figure 2 describes the modified party-line called "Gram-phone".



Gram-Phone – A Modifed Party-Line System

Figure 2: Gram-phone Description

In this Gram-phone group, there are four subscribers A, B, C, and D and these subscribers could be a SHG. Subscriber A acts as the “group leader”, and is responsible for outbound call billing for the entire group. The outbound calling facility is disabled in the phone-sets of subscribers B, C, and D. Only the phone-set for A, has outbound calling capability. Depending on the call traffic, the party-line configuration as shown in Figure 2 can be expanded up to even a dozen or more subscribers sharing a single line.

The two disadvantages of party-lines are quality of service and lack of privacy.

Quality of Service
There are instances when a party-line subscriber wants to use the line right at the time his fellow subscriber is using the line, and this is an inconvenience. A typical rural user is not expected to use a line for more than 30 minutes per day. In a 24-hour cycle, for four subscribers sharing a line, assuming each uses the line for 30 minutes, the total bandwidth utilisation is less than 10 percent. And the odds of the line being busy when someone wants to call, are extremely low.

Privacy
The Kalleda deployment has shown that people are willing to sacrifice privacy while using party-lines. North America has lived with this issue for several decades. However, there is one small trick. Whenever an additional user is listening on the same line, the volume goes down proportionately so with some experience, one can tell if someone is listening in.

In the Kalleda village pilot deployment that is described in the next section, the entire group has purchased a fixed number of outbound calls per month from BSNL. These calls are equally distributed amongst the four subscribers and each of the subscribers pays one-fourth of the monthly bill to BSNL. Group leader A collects the payments from B, C, and D, and makes the consolidated payment to BSNL for the direct exchange line.

The Foundation intended to, but failed to provide additional devices to monitor the time for each call, due to budgetary constraints. Additional devices were meant to help make each subscriber know when he completes a three-minute call, which is the basic calling unit for short distance calls. However, the Gram-phone users have quickly learned to manage their shared phones even without the timer device.

The table shows a comparison between the Gram-phone party-lines deployed in Kalleda village versus an American party-line and a private line.

Table 18: Gram-phone party-line versus American party-line and private line				
Feature	**Gram-phone party-line**	**American party-line**	**Private line**	**Comments/Results from Kalleda Gram-phone party-line deployment**
1. Technical Feasibility/ Equipment Availability	Yes	Yes	Yes	Used BSNL approved equipment.
2. Privacy	No	No	Yes	Subscribers accepted the loss of privacy.
3. Group Compatibility Required	Yes	Yes	Non-issue	Around 60 percent of the groups are quite happy with the service.
4. Quality of service	Adequate	Good	Very Good	If a choice is available, subscribers would prefer to make outbound calls without going to the group leader.
5. Direct Billing	No	Yes	Yes	A few disputes have occurred over billing.
6. Revenues to telecom operator	Closed to the low end	Good	Non-issue	Average monthly Direct Exchange Lines (DEL) revenue is around Rs60 per month in the first eight months. This revenue is likely to go up as the network expands and incomes rise.
7. Automatic incoming call-routing	No	Yes	Yes	All phones ring, and subscribers have to sort out call destination. This is not an issue for complaints.
8. Poor tele-density effect (lack of friends/ relatives having phones)	Major issue for low-income groups	Non-issue	Non-issue	Low-income groups have very low tele-density amongst their community members. As a result, there are fewer outbound calls possible.
9. Cost of deployment	Lowest	Low	High	Incremental material cost to add a subscriber in most cases is less than Rs500.

Competing Technologies and Market Segmentation

The cost-benefit analysis of various technologies is discussed below. However, actual costs may vary, as there is a need for further research in India with telecom equipment vendors.

Optical Fibre

Fibre optics is typically used in the backbone of the network. Fibre optics has the potential for carrying voice, data, and video. The last mile access is the most expensive part of residential and small-business voice-telephony deployment. Even if a fibre optic cable is brought to a village from the central-office, a remote-terminal unit (RTU) would still be needed that could then convert the optical signal into an electrical signal over copper cable.

This RTU requires a 24x7 power supply, which could be a problem in rural areas. A lot of rural exchanges have fibre optics coming to the exchange already. To sum it up - comparing fibre optics with wire-line or wireless is like comparing apples and oranges and when we see Reliance laying out fibre optic cable in rural areas, they are really building a backbone, not the last mile access.

CorDect Wireless
This is a wireless local loop technology developed by IIT Chennai. The approximate cost per access line is Rs 13,000 (US$317). The main advantage of this technology is the combination of voice and data, plus the ability of the base station to cover 10 km in line-of-sight, and 25 km using relay base stations.

Wireless in Local Loop
This is good for urban areas that have a high density of population. The range from the base station is lower than CorDect, but the access cost is around Rs10,000. To a subscriber this technology provides limited mobility.

CDMA Wireless
This is the lowest cost mobile wireless technology developed by Qualcomm. The cost per line is likely to be around Rs 10,000 (US$244). Reliance is using this technology for a nationwide roll out. This technology is cheaper than GSM.

GSM Wireless
Most of India's mobile wireless deployments use GSM. The cost per access point is likely to be more than Rs 10,000 (US$244).

PBX Franchise Model
The rural telephone exchange can be treated as a PBX and franchised out on the same terms. Involvement of local people offers great scope for lowering the costs of service delivery while simultaneously improving the quality of service.

Standard Wired Party-lines
Providing a shared wireless line and similar wired party-line is not easy, and as yet no equipment exists in the market. If four people were to share a wired party-line, then on a per subscriber basis, the incremental cost of a party-line is only Rs 2,500 (US$61) for the scenario shown in Phase C (villages up to two Km from the exchange centre). On a subscriber-to-subscriber basis, party-lines (in groups of four) are one-fourth the cost of alternative solutions.

Market Segmentation

The table two show the telecom penetration strategies in each market segment for the various players, and the likely scenario after two years. It can be seen that other than the proposed party-line system, none of the major telecom players intend to address the low and medium income rural households with mass residential coverage.

Table 19: Year 2002 Telecom Penetration/Strategies		
Type of Households	**Urban**	**Rural**
Low Income (Bottom 33 percentile)	Low (PCOs)	Very Low (VPTs)
Middle Income (Middle 33 percentile)	Medium (BSNL, Tatas, Bharti)	Low (PCOs & BSNL Private Lines)
Upper Income (Top 33 percentile)	High (BSNL, Reliance, Tatas, Bharti)	Medium (BSNL Private Lines)

Table 20: Year 2005 Likely Telecom Penetration			
Type of Households	**Urban**	**Rural-I (2KM from Exchange)**	**Rural-II (Non Exch. Villages)**
Low Income (Bottom 33 percentile)	Low (PCOs)	Medium (VPTs & **Party- Lines**)	Very Low (VPTs & CorDect)
Middle Income (Middle 33 percentile)	High (BSNL, Reliance, Tatas, Bharti)	High (VPTs & Private/ **Party-Lines**)	Low (VPTs & CorDect)
Upper Income (Top 33 percentile)	Very High (BSNL, Reliance, Tatas, Bharti)	High (BSNL Private Lines & Standard Wireless)	Medium (Standard Wireless, & CorDect)

Notes:
1. PCO - Public Call Office; VPT- Village Public Telephone
2. Reliance plans a CDMA roll out for urban areas, and CorDect VPTs roll out for rural areas.

Phased Deployment Plan for Party-lines

For reasons of cost (as discussed under Competing Technologies and Market Segmentation), Gram-phones should be first deployed in a phased (See Figure 3) manner, and only at the existing BSNL rural wire line exchange centres and very close to villages, starting with phase A which is the lowest incremental investment from BSNL. Three phases suggested are explained below:

Phase A

Create demand to match party-lines at unused cable points in all villages that are connecting the existing exchange centres, and then deploy.

Phase B

Create demand for the entire village at the exchange centre village only, and then layout brand new cable to match this demand.

Phase C

Create demand for villages that are within a 2 km radius from the exchange centre village, and then lay out brand new cable to match this demand.

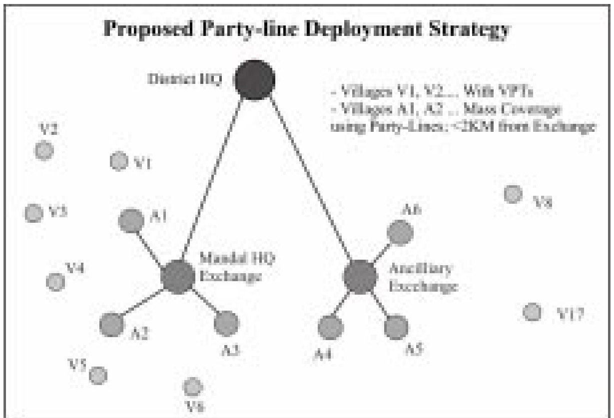


Figure 3: Proposed party-line deployment model for all the three phases

Migration Path for Party-lines

The migration options after deploying the basic party-line are:

- eliminating the role of a group leader so that party-line subscribers can make outbound calls without going to the group leader. This can be done by: i) hard-wire enabling the dial-pad circuit in the phone-sets, and ii) having BSNL introduce new unlimited outbound calls for a limited area, or by having calling card type of service so that each subscriber gets an individualised bill based on outbound calls. (CDOT could also upgrade the rural exchanges with new billing software especially suited for party-lines);
- pre-paid calling cards for STD and/or local calls;
- voice messaging services including a voice mail box as well as voice forwarding (there is a company called Televoice that already provides this service); and
- access Internet Rural Centric and e-Government portals using telephone touch pad.

Market Potential for Gram-Phones

Assumptions

25,000 BSNL exchanges are categorised as rural.

Market Potential

- Deploy 150 DEL for every rural exchange centre
- With each DEL create group of four Gram-phone subscribers
- Total subscribers = 25000 x 150 x 4 = 15 million Gram-phone subscribers

Investment Required for Deploying Gram-Phones

The table below shows rough estimates per DEL for BSNL's investment and the subscriber's upfront investment. Actual costs might vary. This needs to be cross-checked with BSNL.

CUTS International

Table 21: Investment Requirement Direct Exchange Line (DEL)				
Deployment Phases	**Average BSNL Investment perDEL**	**Average BSNL Investment per Subscriber**	**Group Upfront Investment per DEL**	**Subscriber Upfront Investment**
Phase A: Using Unused Cable	Rs 4,200 (US$104)	Rs 1,050 (US$26)	Rs 2,400 (US$60)	Rs 600 (US$15)
Phase B: At Exchange Centre	Rs 6,300 (US$156)	Rs 1,575 (US$39)	Rs 2,400 (US$60)	Rs 600 (US$15)
Phase C: Up to 2 Km from Exchange Centre	Rs 10,000 (US$248)	Rs 2,500 (US$62)	Rs 2,400 (US$60)	Rs 600 (US$15)

Notes:
a) Detail BSNL cost estimates for per DEL are shown in Table 11
b) The group of four subscribers needs to pay BSNL Rs500 registration fee + Rs400 installation fees.

Market Acquisition Costs

As a small foundation, which had to operate without being noticed, the cost of the marketing campaign was disproportionately high. The campaign included pamphlets, vehicle-mounted public address systems and door-to-door visits. The costs associated with newspaper advertisements, billboards, posters and banners undertaken directly by a telephone company would be far less for every new Gram-phone subscriber.

Gram-Phone Pilot Deployments

The following steps constitute the implementation process:

- work with BSNL to identify unused cable-pair capacity in the area chosen from implementing Gram-phones;
- work with BSNL to identify how many new cable-pairs can be installed in a short period of time (less than three months) at the exchange centres. Note that laying cable-pairs at the exchange centre is relatively an easy task because the distance from the subscriber to the switch is around a kilometre or less. However, laying new cable-pairs to villages that are away from the exchange requires advanced planning, and is typically a six-month to one-year project; and
- based on the total cable-pair capacity from Step "a" and Step "b", create SHGs, and if required a village cooperative society. Care should be taken to create groups of at least four so that telecom network coverage increases substantially.

The decision to implement party-lines was taken in November 2000 at Stanford University. A great amount of planning was required to stay within the four corners of the Indian Telegraph Act. Although party-lines were contemplated in the Act and were implemented long back in 1927 to provide telecommunication facilities at cheap rates, they were not in existence for quite some time. This is in spite of the fact that the International Telecom Union also recommended implementation of party-lines in poor countries.

At the field level a party-line could easily be confused with an external extension or a private exchange, both of which required permission and were governed by tariffs that would not be attractive to party-line users. A legal battle at that stage would have killed the project. Therefore, the biggest challenge for the project was to achieve completion without attracting any premature publicity.

It was originally contemplated that party-lines could be implemented in one single village well within six months. However, the promoters decided to make available the network effect to the subscribers and the scope of the project was altered to cover the entire Parvathagiri Mandal of Warangal district in Andhra Pradesh.

Altering the project scope resulted in a delay of over one year, as it required a fresh cable plan. BSNL does not undertake fresh cable plans unless there is adequate demand for telephones. Therefore, a campaign was conducted to generate demand using pamphlets, vehicle mounted public address systems, posters, cassettes and a public meeting to which all the prospective telephone subscribers were invited. The local elite and the political leadership were also invited to the meeting and made part of the campaign. An incentive of 50 percent of the registration charges for a new telephone connection was offered to new applicants by the Foundation.

On the completion of the cable plan a similar campaign was conducted for the formation of SHGs opting for the Gram-phone, the brand name given to the party-line. The second campaign had to be restricted to only one village due to shortage of funds. The implementation, however, spread over to a second village.

In May-June 2002, RTF successfully tested and deployed Gram-phones in a remote pilot village, Kalleda in Warangal District, Andhra Pradesh. Some of the highlights of this pilot project were:

- around 70 SHGs of four households were formed for the deployment of Gram-phones;
- initially over 80 percent of the residences in the village had phones, of which the SHGs constituted the vast majority;
- four households were able to share one direct exchange line (this can be expanded to nine per line, but was not required in Kalleda village since there were adequate number of lines available from the exchange);
- the monthly rental fee was Rs 12.50 for an average of 30 outbound calls per month and unlimited incoming calls;
- the incremental equipment cost per Gram-phone subscriber is Rs 500 (US$12). This equipment has been given on loan to the SHG with zero rental subsidy. Furthermore, the BSNL registration and installation charges of Rs 900 (US$22) per SHG have been subsidised by the Foundation. The main idea behind this deployment is to prove the long-term feasibility of Gram-phones;
- by March 2003, telephone bills of eight months due to BSNL were paid by 70 percent of the group leaders. However only 60 percent of original number of groups formed were working as SHGs.

The Foundation feels that the Gram-phone model can be expanded to the approximate 25,000 rural exchanges in India, using the SHG model. However, if a lending institution can finance the equipment costs [Rs 500 per subscriber, or Rs 2,000 (US$49) for a four-person SHG], the deployment of Gram-phones can be further accelerated. The next section goes into the financing details using direct financing to SHGs and indirect financing to SHGs through a cooperative society.

Table 22: Parvathagiri Telephone Subscriber Growth from November 2000 to May 2002						
(Party-lines were only deployed in Kalleda village in year 2002)						
Sl. No	**Village/ Habitation**	**Population**	**Total telephone subscribers as on Nov, 2000**	**Teledensity as on Nov, 2000**	**Total Telephone subscribers as on May 2002**	**Teledensity as on May, 2002**
1	Abthanda	100	0	0.00	3	3.00
2	Burgumalla	1560	3	0.19	52	3.33
3	Cherukomma Thanda	100	0	0.00	2	2.00
4	DevilalThanda	100	0	0.00	3	3.00
5	DoulathNagar	1369	5	0.37	29	2.12
6	Gunturpalli	529	6	1.13	17	3.21
7	Jamalpuram	586	3	0.51	13	2.22
8	Kalleda	2566	50	1.95	267	10.41
9	Mamidichettu Thanda	325	0	0.00	2	0.62
10	Methrajpalli	2123	0	0.00	35	1.65
11	Munjalakunta Thanda	100	0	0.00	5	5.00
12	Narayanpuram	914	8	0.88	21	2.30
13	Parvathagiri	4450	237	5.33	401	9.01
14	Ravoor	516	0	0.00	1	0.19
15	Ravoor Thanda	622	0	0.00	5	0.80
16	Redlawada	2178	1	0.05	75	3.44
17	Rollakalu	850	4	0.47	19	2.24
18	Turkala Somaram	1153	12	1.04	39	3.38
19	Tukya Thanda	100	1	0.00	1	1.00
20	Wadlakonda	1940	1	0.05	70	3.61
	Total		**331**		**1060**	

Benefits of Gram-phones to Stakeholders

Benefits to BSNL

- at a lower cost of operations, BSNL could increase the tele-density in rural areas;
- "positive-externalities" emerged due to increased telephone network;
- increase in revenue and profit potential in rural areas once the network coverage was expanded to the common household. Surveys have shown that people are willing to pay around three percent of their household incomes on telephony provided they get sufficient value for their money, making an average revenue per subscriber of Rs 50-60 per month. The challenge was to connect as many people with the minimum number of lines;
- innovative tariff schemes could be introduced where the urban subscriber pays higher tariff on calls made to a rural area. The classic analogy to this is US-India phone calls. Presently, there are a higher number of calls originating from US to India than *vice-versa.* Since the revenue has to be split between the US and Indian TELCO (for example BSNL), the net beneficiary is Indian TELCO;
- an expansion in rural tele-density would lead to higher urban-rural traffic and that benefits all Indian telecom operators, both wireless and wire line, who will start getting higher revenue per line; and
- adequate coverage to socially backward classes will ensure the protection of BSNL's properties in rural areas.

Benefits to the Rural Public

- eliminates the need to walk to the next village (or to take a vehicle) for person-to-person communication;
- reduces the number of trips to the nearest town;
- promotes business-to-business, business-consumer, and people-to-government communications;
- facilitates receiving of unlimited incoming calls. This is not possible with just having village public phones; and
- promotes at an affordable price, the villagers would be able to make a certain fixed number of outbound calls from their house.

Benefits to the Local, State, and Central Governments

- generates employment through labour-intensive trench digging for cables layout and PCO franchises;
- leads to "positive externalities" for macro-economic growth;
- promotes low-cost and fast government office-to-office communication;
- improved rural productivity;
- increases output of government machinery and programmes;
- lowers corruption;
- creates social capital through networking (refer to Seminal Research on Social Capital by Professor Robert Putnam of Harvard University);
- saves consumption of high-cost petroleum products;
- eliminates state government subsidy if bank financing is used;
- reduces crime;
- improves law and order;
- helps reduce natural disaster damage; improves disaster relief; and
- builds a foundation for rural India to leapfrog into the Internet age.

Deployment Strategy No. 1: Government Provides a Subsidy

Assuming that full subsidy is provided by the government for BSNL registration/installation fee and for the party-line equipment:

- for each Gram-phone group of four Rs 900 for BSNL registration/installation fee plus Rs 1,500 for phone-set and wires etc. totalling Rs 2,400 per group of four, or Rs 600 per subscriber; and
- grand total subsidy at the rate of Rs 600 for 1.5 million subscribers totalling Rs 900 million.

If the subscriber is required to pay 50 percent down payment (Rs 300 per subscriber) than the government subsidy needed is Rs 45 crores (US$11mn).

Funding agencies for subsidy

1) NRI Foundations
2) World Bank

Deployment Strategy No. 2: Financing SHGs and/or Cooperative Societies

Direct Financing to Self-Help Groups

In this model, the bank lends money directly to the SHGs. Gram-phones can be deployed using SHGs of various sizes (from two to eight). From an economic and public good point of view, larger size groups should be encouraged because greater network coverage can be achieved from the limited capacity available at any given exchange. The following steps are required for financing a SHG:

- With the help of Rural Telecom Foundation/Non-governmental Agency and associated agencies (BSNL, local government), the concept of a Gram-phone is explained to the target village, and SHGs of varying sizes are created.
- The SHG applies for a short-term loan to finance the equipment required for a Gram-phone. The equipment is used as the security for the loan.
- Rural Telecom Foundation/Non-Governmental Agency supplies the equipment to the bank at vendor cost plus shipping and handling charges. This works out to approximately Rs 500 per Gram-phone subscriber, other than what is already supplied by the bank.
- The SHG either comes up with the BSNL registration fee and installation charges (Rs 900 per group) or applies for a short-term loan for this amount.
- At the end of the loan term, the title for the Gram-phone equipment gets transferred to the SHG.
- Maintenance and repairs for the Gram-phone is done by the SHG, but assistance could be provided by the Foundation/NGO.
- Each subscriber within a group comes up with a loan down payment of Rs 200. This is an amount to show that the subscriber is serious about getting the Gram-phone service and does not treat the service as a free give-away.

Table 23 shows the different scenarios for financing Gram-phone SHGs.

Table 23: Gram-phone Financial Models						
	Scheme A	**Scheme B**	**Scheme C**	**Scheme D**	**Scheme E**	**Scheme F**
Number of households per SHG	4	4	4	8	8	8
BSNL initial fee (registration + installation) in Rs	900	900	900	900	900	900
BSNL initial fee financed (Yes/No)	Yes	No	Yes	Yes	No	Yes
Material costs @ Rs 500 per add-on subscriber	1500	1500	1500	3500	3500	3500
Down payment @ Rs 200 per subscriber	800	800	800	1600	1600	1600
Loan principal	1600	1600	1600	2800	2800	2800
Annual interest rate – percent	15	15	15	15	15	15
Loan term – months	36	36	36	36	36	36
Group monthly payment in Rs	55.46	55.46	55.46	97.06	97.06	97.06
Per subscriber monthly payment in Rs	13.87	13.87	13.87	12.13	12.13	12.13

Financing SHGs through a Village Cooperative Society

Earlier, financing SHGs was found unprofitable by most banks due to the small amounts involved *vis-à-vis* administrative costs. Today, traditional banks are looking for loans with a minimum principal of Rs 25,000. In such a case the Cooperative Society Model could be used. Here are the steps for using Cooperative Society financing model:

- With the help of the *gram panchayat* (village council), Rural Telecom Foundation, and the local district administration, a Telephone Cooperative Society is created in the target village. The president, secretary and treasurer of this cooperative society are elected/appointed. The cooperative society explains the concept of a Gram-phone to the potential telephone subscribers so that SHGs of varying sizes could be created.
- Based on the number of subscribers and the number of groups, the village cooperative applies for a short-term loan to finance the equipment required for Gram-phones. The equipment is used as security for the loan.
- Rural Telecom Foundation supplies the equipment to the bank at vendor cost plus shipping and handling charges. This works out to approximately Rs 500 per Gram-phone subscriber, other than what is already supplied by the bank.

- The SHG either comes up with the BSNL registration fee and installation charges (Rs 900 per group) or applies for a short-term loan from the cooperative society. Each subscriber pays the required loan down payment to show that he is serious about getting the Gram-phone service.
- At the end of the loan term, the title for the Gram-phone equipment gets transferred to the SHG.
- Maintenance and repairs for the Gram-phone is done by the SHG, but assistance is provided by the Foundation.

Strategy No. 3: Village-level Franchising

BSNL - The Franchiser

BSNL will lease out a minimum of 25 direct exchange lines plus at least one public booth to the Gram-phone franchisee on the following terms:

- A typical wholesale monthly rate of Rs 25 per direct exchange line. This rate will vary from area to area. The economic indicator of average daily wage for a man and a woman unskilled labourer could be used for setting the wholesale rate. A rough guideline would be to charge half the average daily wage per line.
- The 25 lines will be spread throughout the village so that from the end distribution point, no more than 100 metres of wiring is required to the nearest house.
- Unlimited free calls within the short-distance area from 7:00 pm to 8:00 am every day.
- 250 free calls per month per direct exchange line from 8:00 am to 7:00 pm. These free calls will be distributed to the Gram-phone subscribers. For example, if five Gram-phone subscribers share one direct exchange line, then each one will get 50 calls per month during the day between 8:00 am and 7:00 pm.
- After the 250 free calls limit is reached within a month, BSNL will convert the line to incoming calls only.
- In case the Gram-phone group is willing to pay a higher deposit then outgoing facility will remain even after the free call limit is reached.

Village Operator – The Franchisee

The village operator can either be a local private entrepreneur or the gram panchayat itself. The awarding of the franchise will be done by BSNL. The franchise operator must demonstrate his ability to come up with Rs 100,000 (US$2,440) capital investment through some appropriate financial institution. (Rs 100,000 capital can cover the material costs for 200 gram subscriber lines at the rate of Rs 500 per subscriber). The franchise will operate under the following terms:

- marketing of party-lines at his own expense;
- creating a minimum 100 party-line subscribers;
- making his monthly payments to the BSNL and the financier;
- opting to operate one public phone booth;
- maintaining party-lines so that they are operational round the clock;
- obtaining finance for the venture; and
- all labour costs for installing the party-lines to be paid for by the operator.

Financial Institution Responsibility

Each state government must set up an appropriate financial institution to finance the village telephone franchise. Technical assistance for equipment supply, last 100 metre deployment, and training are provided by organisations specialising in these operations.

Franchise Financial Model

In the financial model shown in the Table 24 the franchisee can make money only if he gets the lines from BSNL at low rates, in Rs 25 to Rs 50 per DEL. It is highly unlikely that BSNL will agree to such a low rate.

Table 24: Village Franchise Model

Micro-Franchise Model	**Amount in Rupees**			
	Scenario-1	Scenario-2	Scenario-3	Scenario-4
Number of main BSNL lines	25	25	25	40
Monthly rental charge per BSNL line	50	50	50	50
Average party-line group size	4	4	6	5
Number of party-line subscribers	100	100	150	200
Monthly revenue for party-line subscriber	25	50	25	40
One time installation costs paid to BSNL				
Per main line installation charges	200	200	200	200
Number of main lines	25	25	25	40
Total one-time installation charges paid to BSNL	5000	5000	5000	8000
Equipment costs				
Cost per extra phone set	200	200	200	200
Wire+3-minute disconnector cost per party-line	300	300	300	300
Total subscribers	100	100	150	200
Total extra equipment costs	50000	50000	75000	100000
Total capital required	55000	55000	80000	108000
Annual rental/interest rate	12 percent	12 percent	12 percent	12 percent
Monthly rental/interest rate	1 percent	1 percent	1 percent	1 percent
Monthly rental/interest on capital	550	550	800	1080
Monthly Income				
Number of party-line subscribers	100	100	150	200
Revenue per subscriber	25	50	25	40
Party-line Monthly Revenue	2500	5000	3750	8000
Public Booth Monthly Revenue	2000	2000	2000	2000
Total Monthly Revenue	4500	7000	5750	10000
Monthly Expenses				
Number of main BSNL lines	25	25	25	40
Wholesale cost per BSNL line	25	25	25	50
Monthly charges to BSNL	625	625	625	2000
Monthly rental/interest on capital	550	550	800	1080
Public booth monthly dues to BSNL	1000	1000	1000	1000
Total Monthly Expenses	**2175**	**2175**	**2425**	**4080**

Under-writing of Loan Loss for the Financing Model

It is difficult to predict what percentage of the SHGs will default on the loans. For Gram-phone to really take-off, the banks must make enough margin on the loan to cover their loss. For the first district-wide deployment, an arrangement can be made with the lending institution to cover a portion of the loan loss. Exact terms for underwriting this loan loss can be worked out with the Foundation.

At the end of the district-wide deployment, and after a six-month period, the lending institutions can fine tune the interest rates so that the loan-loss is covered by the right interest rate and credit requirements.

Risk Factors

There are several risk factors in Deployment Strategy No. 1 and 2. This section covers some of the risk factors in each category.

Risk Factors in Financing the SHGs

A member in a SHG might decide to terminate his Gram-phone service. Then the burden of BSNL payments goes to the rest of the group. How does the SHG manage the unused telephone equipment and wiring? Can a lower monthly fee based incoming call service be offered to the member who wants to terminate his service? Can a new member be added to take the place of the member who wants to terminate his service?

If the SHG is unable to come up with the loan monthly payments and/or the BSNL payments, how do we extinguish the loan? What are the financial obligations of the group leader when other members do not pay up on time? The cost of processing loans of small amounts might be prohibitive for banks. The interest margin spread might not be sufficient. This risk can partly be addressed if there are many SHGs in a single village. So if the loan officer needs to make a field visit, he can cover several loans in one go.

The interest rates are regulated by the RBI. The financial model used in this document assumes 15 percent interest rate. This interest might be higher than the regulated amount. If a lower interest is used, the bank might not have enough margin spread to cover the loan default loss and the higher administrative costs. There might be political interference in the processing of loans and as a result non-serious SHGs might be created and the bank might be obliged to give loans to these high credit risk groups.

Risk Factors in Financing the Cooperative Societies

In addition to the risks outlined in the previous sub-section, there are some special risks for cooperative societies:

- There is cost associated with creating and running a cooperative society. If there is a monthly administrative cost for running a society, then someone has to pay for this cost, unless it is done completely on a voluntary basis. If this cost is to be made up with a further interest margin spread, then the interest to the Gram-phone subscriber goes up which increases his monthly payments;
- There might be leadership changes at the cooperative society. If the president, secretary or treasurer were to resign, the transition to new leadership might become a problem. Local politicians might use cooperative society for personal or electoral interests.

Table 25: Party-Line Deployment Strategies: A Comparison		
Factors for each Strategy	**Option A: Strategy for Mass Coverage in villages up to 7 km from the exchange**	**Option B: Strategy for Mass Coverage in Exchange Centres plus villages within 2 km from the exchange.**
Potential reach assuming no new exchange centres are built	25,000 exchange centres plus three outlying villages in 2 KM range; total = four villages per exchange; Grand total = 100,000 villages out of 600,000 villages.	25,000 exchange centres plus 11 outlying villages; total = 12 villages per exchange. Grand Total for India = 300,000 out of 600,000 villages.
Intra-village	Yes	Only at exchange village.
Inter-village	Yes	Only exchange village to exchange village, for all others it is VPT to exchange village, or Junjanwalla wireless to exchange village.
Village to District HQ or big town	Yes	Only for Exchange villages to big towns. For all other villages it is one-way traffic of calls originating from VPTs and terminating in towns.
Cost of Deployment	Investment per DEL is around Rs8,000- 10,000.	Very high for villages that are far away from the exchange; Rough estimate: Rs 20,000 per DEL; more important, the deployment time is very time-consuming.
Return on Investment	So far we have demonstrated around Rs 60 per DEL for party-lines in Kalleda. Revenues come in very quickly even though it is a financial loss. Investment can be justified only on the basis of macro-economic and social development factors.	No data available for DEL revenues in party-lines. Revenues come in slowly because deployment is time-consuming. Highly likely to be a financial loss. Investment can be justified only on the basis of macro-economic and social development factors.
Effect of VPP assuming all villages will have functional high quality VPTs as per government policies.	VPTs play an important role for calls originating from VPTs in villages that do not have mass coverage. If a method is found for delivery incoming calls at VPTs, then this might have greater benefits.	VPTs are less of a factor because all surrounding villages have mass coverage.
Other Technologies	Wireless technologies might be more appropriate for villages that are far from the exchange. Only the village upper class will be able to afford wireless solutions.	Wireless technologies might be more appropriate for villages that are far from the exchange. Only the village upper class will be able to afford wireless solutions.

Table 26: Incremental Direct Exchange Line (DEL) Investment by BSNL			
(All Figures in Rupees)			
BSNL Costs per DEL	**Phase A – use Existing Cable**	**Phase B - at Exchange Centre**	**Phase C – up to 2 KM from Exchange**
(All Figures in Rupees)			
Average subscriber distance from Exchange	Not Applicable	0.5	1.5
Cable cost @ rate Rs1600 per CKM	-	1,600.00	4,800.00
Incremental DEL cost for Switch module	2,000.00	2,000.00	2,000.00
Incremental DEL cost for DP and last 50m wiring	1,000.00	1,000.00	1,000.00
Incremental DEL cost for 1 phone set	200.00	200.00	200.00
Incremental DEL cost for labour	1,000.00	1,500.00	2,000.00
Total Incremental Cost per DEL	4,200.00	6,300.00	10,000.00

Risk Factors of Government Fully Subsiding Self-help Groups

- Non-serious subscribers might be provided telephones;
- Some of the subscribers might be tempted to sell phones/equipment;
- The local government officials might artificially create non-serious groups just to fulfil their targets.

Conclusion

The Rural Telecom Foundation has been able to prove the following in the last nine months:

- that people are willing to accept loss of privacy and lower quality of service provided the price is within their reach;
- that the party-lines are compatible to the BSNL network;
- that once people enter the telecom network through the party-line they migrate to private lines;
- that loss of physical privacy is more important than the chance of loss of privacy while using the phone; and
- that urban users are accepting party-lines without any bait of subsidy.

The Rural Telecom Foundation has not been able to prove the network effect on traffic in rural settings because of paucity of funds.

There are two ways that the party-line concept can be scaled up in the country. One is the normally slow bottom-up way, where hundreds of individuals and non-governmental organisations spread the use of party-lines. To speed this up the Rural Telecom Foundation is going to adopt Learning Management Systems (LMS) to quickly and cheaply hand hold anybody across the country that would like to implement party-lines.

The other way is for telecom companies to realise that India in not one single market and implement party-lines top down.

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Grameen Phone Promotes Rural Telephony in Bangladesh

– Bank Annual Report and www.grameentelecom.com

Introduction

Grameen (rural) Phone (GP) is a unique venture among four companies in four countries spread over three continents. The partnership includes *Grameen* Telecom (GT), a sister concern of the internationally-acclaimed micro-credit lending institution, *Grameen* Bank (GB), Telenor ASA, the largest telecommunications company of Norway, Marubeni Corporation, one of the largest trading houses of Japan, and Gonofone Development Corporation, a New York-based investment firm.

GP service was launched on March 26, 1997. In July 2001, GP was identified by EMC, a London-based mobile phone market research firm, as the fastest growing and single-largest mobile phone company in the South Asian region. In its fifth year of operation, it crossed the half-million subscribers mark. In fact, mobile phone users now have outnumbered the fixed-line telephone subscribers in Bangladesh. By June 2003, GP network had coverage in some 50 districts, including six divisional towns around the country with about 900,000 subscribers.

GP aims to place one phone in each village for the poor. It has a dual purpose: to receive an economic return on its investments, and to contribute to the economic development of Bangladesh, where telecommunications could play a critical role.

GP's basic strategy is coverage of both urban and rural areas. In contrast to the 'island' strategy, which involves connecting isolated islands of urban coverage through transmission links, followed by some companies, GP builds continuous coverage, cell after cell. While the intensity of coverage may vary from area to area depending on market conditions, the basic strategy of cell-to-cell coverage is applied throughout GP's network.

GP believes in service – a service that leads to good business and good development. Telephony helps people work together. Raising productivity is development, which in turn enables people to afford a telephone service generating good business. Thus, development and business go hand in hand.

The Technology

GP's Global System for Mobile (GSM) technology is the most widely accepted digital system in the world, currently used by over 750 million people in 150 countries. The figures mentioned are as per Annual Report 2001 (*Grameen* Phone Ltd). GSM brings the most advanced development in cellular technology, at a reasonable cost by spurring severe competition among manufacturers and driving down the cost of equipment. Thus, consumers get the best for the least.

Products and Services

GP introduced a number of unique products and services over the years. Having limited interconnection channels with the fixed-line telephones of the Bangladesh Telegraph and Telephone Board, GP introduced the GP-GP or mobile-to-mobile service in 1998. This service went on to become a very successful product and now accounts for over 90 percent of all GP subscribers.

The GP-GP product is now being replicated in some developing countries, as it was found to be a more economical telecommunication facility compared to the fixed-line telephones.

GP introduced the EASY (mobile telephony in Bangladesh) pre-paid product with National Mobility with a flat airtime tariff of Bangladeshi *Taka* (Tk) six per minute in March 2000. An identical post-paid product was also launched in June 2000. These two products enabled the GP subscribers to use their mobile phones anywhere in the country, where GP has coverage for a flat airtime tariff and helped them to keep the mobile usage within their budget. The enormous growth of EASY pre-paid has played a vital role in developing the telecommunication service in Bangladesh. This service has enabled the lower income group to use the telecommunication facilities.

The Village Phone Programme is another innovative GP initiative launched in collaboration with GT, a shareholder of the company. GP has introduced a number of value-added services during the last five years. A news update service was launched in cooperation with two leading national newspapers of the country. Subscribers now, can have a two-minute update of the latest national news by dialing 222 on their GP mobile.

GP was the first mobile phone operator in the country to introduce value-added services, like voice mail service, text mail service, fax and data transmission services. Henceforth it launched the Wireless Application Protocol (WAP) service. An automated telephone enquiry service, known as INSTA-CARE, was also introduced to handle calls from the subscribers in a systematic way to reduce the waiting period.

The International Roaming facility was another useful service provided by GP. Presently, GP has international roaming agreements with more than 100 mobile phone operators in 40 countries. GP subscribers who have the International Roaming facility can use their mobile phones in many foreign countries, where GP has partner networks. Subscribers of the partner networks will also be able to use their mobile phones while visiting Bangladesh.

GP signed 11 corporate agreements with leading companies, making a total of 59 corporate agreements, signed by May 2002. The corporate subscribers are provided customised services including fax and data services.

Village Phone Programme (VPP)
The VPP has made a difference by providing an essential service to people in the remote rural areas. Introduced in 1997, this unique service made telecommunication services available in remote rural areas, where no such facility ever existed. Moreover, it also provided an income-generating opportunity for the village phone operators, mostly rural poor women.

The VPP won "GSM in the Community Award", given at the GSM World Congress held in Cannes, France in February 2000. It also received the Commonwealth Association for Public Administration and Management Bronze Award 1998 for community service.

This exciting programme of utilising cell phones to alleviate rural poverty has aroused interest worldwide. Several studies have been undertaken and the general conclusion is that it is a viable and profitable business for the village phone operators, who, on an average, earn a net daily profit of US$2, more than double the per capita income of Bangladesh.

Furthermore, the experience so far shows many more direct positive social effects surrounding each new phone connection, in terms of not only higher income, better and quicker market information, but also more effective healthcare, uniform security for the whole community and women's empowerment in the traditional society.

The village phone works as an owner-operated pay phone providing telephone services in rural areas, where no such facilities existed before. It allows the rural poor, who cannot afford to become regular subscribers to avail the service. Typically, a women borrower of GB takes a loan of around Tk 12,000 (US$177) and buys a handset and subscription of the mobile service. She is also trained on how to operate it and how to charge the users.

Two research studies have found that the introduction of VPP has made a "tremendous" social and economic impact in the rural areas, creating a "substantial consumer surplus" for the users. One of the studies was jointly conducted by Jahangirnagar University and the Centre for Development Research at the University of Bonn in Germany. The other study was conducted by the TeleCommons Development Group (TDG) of Canada for the Canadian International Development Agency (CIDA).

Findings of the research showed that this modern technology has increased the social standing of the village phone lady and expanded her knowledge. The study found that one of the most important contributions of village phones was to make information accessible to all. Another important finding of the study was that introduction of the technology had a tremendous economic impact creating a substantial consumer surplus for the users of village phones.

GP-GP Mobiles: A Success Story
Faced with an inadequate number of interconnecting channels with the state-owned fixed-line telephone network, GP decided to go ahead and build an alternative network of mobile phone users. Thus GP-GP product was launched in June 1998. The main

success factors of the GP-GP product are rapid expansion of coverage of the GP network, low start-up costs of subscription and an attractive tariff structure.

These factors, along with low infrastructure costs, enabled GP to penetrate the lower segment of the market. This, in turn, contributed more effectively towards poverty alleviation and economic development. The mobile-mobile phones also helped a large number of SMEs to expand their businesses.

Business Potential

The telecommunication sector, particularly that of mobile phones, is one of the fastest growing areas of the economy. The average growth rate of mobile phone subscribers in Bangladesh, over the last three years was about 100 percent. However, Bangladesh has one of the lowest telephone penetration rates in the world. Even in the South Asian region, it has the lowest tele-density but the telecommunication sector remains one of the most prospective growth sectors of the economy. The growth potential of the sector will continue to remain robust in the foreseeable future.

This is because of the country's large population and relatively small number of phones. The trends show a very slow growth rate of the fixed-line operator and fast growth of the mobile phone sector. This may be because the mobile phone networks can be installed much more rapidly than fixed networks. It is expected that Bangladesh will also experience a significant development of mobile phone service in the near future.

Conclusion

By bringing electronic connectivity to rural Bangladesh, GP is bringing the digital revolution to the doorsteps of the poor and unconnected. By being able to connect to urban areas or even to foreign countries, a whole new world of opportunities is opening up for the villagers in Bangladesh. The telephone is a weapon against poverty.

Rapid expansion of coverage of the network, competitive pricing and unique products and services are the primary reasons for GP's success in such a short span of time. All of these efforts were greatly aided by the active support of the shareholders of the company[3] .

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3 *Source: Grameen Phone Ltd. Annual Report 2001*

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Promoting Rural Telephony in Bangladesh - Part II

– Bank Annual Report and www.grameentelecom.com

Introduction

The *Grameen* Telecom Company (GTC) is dedicated to the extension of the benefits of the information revolution to the rural people of Bangladesh. Currently, the GTC provides the GSM-900 cellular mobile phones to the villagers. Its corporate vision is to provide telecommunication services to 100 million rural inhabitants in 68,000 villages of Bangladesh.

GTC is a non-profit company, set up on the initiative of Prof Muhammad Yunus. The GTC holds a 35 percent share of *Grameen* Phone Limited (GPL), the company which was awarded a nation-wide licence for GSM-900 cellular mobile phone services. The company is entrusted with the responsibility of providing telecommunication services in the rural areas in Bangladesh and also acts as a sales agent for mobile phones for individual urban subscribers. Its basic objective is to ensure universal telecommunication access to the villagers and provide other value-added services.

The *Grameen* Bank (GB) plays a vital role in implementing and expanding the Village Phone Programme (VPP). It provides the necessary organisational and infrastructural support to the GTC towards selecting the village phone operators from among its members and also by collecting the phone bills. The GB happens to be the first "point of contact" for problem resolution related to the VPP, by acting as the conduit between the village phone operators and the GTC, on "as and when required" basis. Based on this available infrastructural support, the GTC plans to establish one unit office to support and service 300 village phones.

Village Phone: The Basic Concept

The Village Phone (VP) concept was developed by combining GB's experience with the village-based micro-enterprises, the latest digital wireless technology, the well-tested/proven idea of Public Call Offices (PCOs) and the privately-operated phone centres.

VP is a unique idea that provides modern telecommunication services to the poor in Bangladesh. A GB member obtains ownership of the phone under the lease-financing programme of the Bank and provides services to the people in the adjoining areas, both outgoing and incoming calls. The GB collects the VP bills, along with its other dues. It is expected that soon the VP will attain the position of being the largest wireless pay phone project in the world. The GTC desires to have 40,000 VPs by the year 2004.

Each VP remains under the custody of its operator, who is responsible for extending the services to the customers for both incoming and outgoing calls, collection of call charges (according to the prescribed rates) and proper maintenance of the telephone sets. The operator's income is derived from the difference between the airtime charges paid by customer(s) and the billed amount paid by the VP operator, along with a flat charge for each incoming call.

Objectives of VP

Following are the enabling objectives of VP:

- to provide easy access to telephone services all over rural Bangladesh;
- to initiate a new income-generating option for the villagers; and
- to gradually bring the full potential of the information revolution to their doorsteps and, thereby, introduce telecommunication as a new weapon against poverty.

Billing System

The GTC purchases airtime in bulk for all VPs in operation from *Grameen* Phone (GP) at a specially discounted rate, which has been negotiated between the two organisations. GP prepares the monthly bill and sends these to the GTC for payment.

The GTC regenerates the individual bills (in Bangla language) and sends these to the corresponding branch, with a summary of all bills due from a particular branch. The concerned branch then pays the bill to the GTC over the next six-week period. The GB, in turn, collects the bills from VP operators.

After-sales Support

The unit office of the GTC is responsible for the VP operation in the field. The duties of the unit office are to locate new areas with signal coverage, help GB branch manager to select member(s) for becoming VP operators, training of the VP operator(s) and taking care of all kinds of problems faced by VP operators regarding handsets, billing, etc.

So far, there are 13 unit offices at Dhaka, Norsingdee, Srinogar, Comilla, Feni, Chittagong, Mymensingh, Sirajgonj, Khulna, Barisal, Sylhet, Rajshahi and Faridpur.

Expenditure and Earnings

The basic package of VP contains Nokia 5110 transceiver, battery, fast charger, signboard, user's guide, in Bangla, and the price list for different destinations (both local and international). The basic package costs Tk 12000 (US$220). The GB branch pays the bill to the GTC, while the VP operator pays to the GB in weekly instalments. For usage charge, VP operators pay a minimum monthly bill of Tk 154, which includes monthly line rent, VAT and Service Charge, along with Tk 100 towards annual government licence/royalty fee. Actual airtime charges are then added over and above.

GP charges are Tk 2.00 per minute for local calls at peak hour (compared to Tk 4 for urban subscribers). For Nation Wide Dialling (NWD) and ISD calls, GP charges the Bangladesh Telegraph and Telephone Board (BTTB) rate, plus VP airtime charges. A 15-percent Value Added Tax (VAT) is added to total call charges. To compensate for the administrative costs incurred by the GTC and the GB, a 15-percent service charge is added to the total GP bill.

VP operators are supplied with a price list that includes all kinds of charges and a margin of profit for themselves. For example, for a local mobile call, the retail rate is Tk 5, out of which the GP cost is Tk 2, VAT being Tk 0.30, service charge Tk 0.30. Therefore, the rest Tk 2.40 is the profit for the VP operator.

Experience and Impact

The VP programme provides universal access to telephone services to the residents of rural Bangladesh. A person may not own a telephone, but she/he has access to a telephone nearby. Due to diversified occupations being pursued, many people live outside their villages. Almost 50 percent of rural households do not own any land. They seek off-farm and non-farm income earning opportunities, outside their villages. Labour mobility has increased enormously in the recent past.

Practically, millions now work outside their own village – even abroad. On the other hand, the volume of rural-urban trade has considerably increased. Thus, two important factors emerge – enhanced labour mobility and marketing of agricultural production, which have resulted in enhanced demand for telephone services. The other reality is that personal voice communication beyond hearing distance is still simply not possible, even today, by 90 percent of the 68,000 villages in Bangladesh.

The Bangladesh Government's plan to install card phones on an extensive scale does facilitate outgoing calls from *thanas* (police station), but not from the villages. VPs enable villagers to make and receive calls from their own villages. A VP operator has a financial incentive to make an extra effort to find the person for whom the incoming call is destined. While at the present income level the demand for direct subscriber telephone will be limited, universal access cannot be ensured by depending on private phones.

A phone in a village has several far-reaching implications. Its impact on the social life has been described below:

- From the phone, the average net income of the phone lady is around Tk 2,500 to Tk 5,000 per month (US $50-100).
- The amount is quite attractive, when compared to other rural occupations.
- With the completion of the network, 40,000 VP operators will be employed for a combined net income of US$24mn per annum (assuming a 20 percent increase in airtime usage).

In 1997, when the news was broadcast by a cable television that a tornado had hit some villages in Bangladesh, many non-resident *Bangladeshis* (people of Bangladesh) called on 10 village phones from abroad for news of their relatives.

Hazera Begum, a VP operator, has noted the telephone number of the Prime Minister (PM). She keeps it handy for possible use, if necessary (perhaps in extreme emergency). The operators also have the phone numbers of the local members of parliament (MPs), police stations, etc. Thus, the VP has made the operators conscious about their right to call the police, MP or even the PM, if necessary. This is a step forward towards strengthening the base of democracy in the country.

The VP use can be expanded more significantly, in future, for improving the overall living standards in Bangladesh in the following ways:

- Phones can be provided to the local police station, hospital/health complex, agriculture office, family planning office, fire stations, etc., where the villagers can call for help.
- Cell broadcast facility of GSM system may be used to convey a particular message (*i.e.*, flood, cyclone, epidemic, health care, etc.) to a particular area.
- The villagers may also be given market information, in order to empower them for negotiating better prices for their products.
- Electronic funds transfer, access to the Internet and many more facilities can also be provided to people.
- Eventually, with the passage of time, it may be feasible to set up Village Telecom Centres (VTC).

Obstacles Faced

In most of the villages, the GTC provided VPs are situated on the outer edges of the cells. Therefore, sometimes signals fluctuate. This results in frequent drop-calls, loss of revenue and customer dissatisfaction. To tackle this, the GTC has introduced external High Gain Antenna that ensures smooth call completion in areas where signal is weak. This also extends the coverage of the VP operation, without further investment in network expansion.

Fixed Wireless Terminal (FWT) may be another solution for extending the coverage with good quality, but it is at least double the present cost of mobile cell phone. GP is experimenting with finding out cost-effective ways of increasing the coverage in the rural areas. Head Amplifier used in Base Transceiver Station (BTS) close to the villages may be a solution on the network side.

Power for charging the battery is another problem. There are villages with network coverage, but without electricity. The number of such villages increases, as we move farther from Dhaka city. The GTC has tested solar panel and DC batteries as alternatives.

The solutions to the problems, *i.e.* extended antenna, solar panel, DC battery, increase the start-up cost, which are funded by GB branches. This results in the increase of weekly instalments for the operator. On the other hand, new BTS or Message Handling Agent (MHA) will increase the cost for the network operators. The need of the hour is to explore and find optimum solutions on both sides.

Prospects and Plans

VP is used as a community phone in the villages where telephone was a rarity earlier. One VP covers approximately 2,500 people of a village. As per our estimate, the currently operative 5,000 VPs have provided telephone access to 12.5 million rural people. The average usage of VPs is around 1,600 minutes per month, of which 600 minutes are outgoing calls. This unique concept (of the VP Programme) has attracted the attention and interest of the international media and different operators. It seems to be an eminently viable project, in terms of usefulness to villagers anywhere in the world, who remain isolated.

GP will gradually extend its network throughout the country. Following the network, the GTC will expand its operational areas for the VPs as well. Using the Fibre Optic Network (FON) of Bangladesh Railways, GP has already reached Chittagong, Khulna, Slyer and Rajshahi areas. The GTC has provided VP in between these areas. Further, GP has connected Chittagong with Khulna through its own backbone microwave link.

This has permitted the connection of another major town, named Barisal, where there are no railway tracks and, hence, FON is unavailable. Northern Bangladesh will be covered by GP in 2001. After connecting all big the cities along the railway track, GP will intensify its network penetration of remote areas. Once the network expansion of GP is completed, geographic areas of VP will cover almost the entire country. The GTC's target is to install 40,000 VPs by December 2004.

Village Telecom Centre

The usage of VP will gradually be diversified. The GTC is planning to establish a pilot project of multi-purpose tele-centres. The exact configuration of such tele-centres is being worked out. Ideally, these will offer phone, fax, word processing, data entry, distance education, health assistance, adult education, e-mail, Internet and several other benefits from the IT to the villagers. Electronic fund transfer and market information services will also be introduced. These tele-centres will be particularly useful for relief work during natural disasters.

Administration

Selection, Subscription and Training

On getting information about the coverage from General Public Licence (GPL) or GTC Unit, an officer visits the GB branches in the area and prepares a list of villages where network coverage is satisfactory towards providing VPs. The GB branch then selects, from among its better-performing members from these villages, to act as the VP operators. The village phone project (VPP) is a unique effort to make available telecommunication facilities in rural areas, while providing the VP operators, mostly rural poor women an opportunity to earn income.

The GB has specific criteria for selection of VP operators. Some of them are:

- She must have a very good repayment record of GB loans.
- She should run a viable business, preferably a village grocery store, and have spare time to function as the VP operator. Initially, this would constitute a side business and, eventually, she would switch over to telecom business on a full-time basis, after services and revenue justify full-time commitment.
- She should either be literate herself or at least she must have children who can read and write.
- Her residence should, preferably, be situated close to the village centre.
- After initial selection by the GB branch as a potential VP operator, the respective unit officer of the GTC would verify signal availability at her house or the shop,

where she intends to use the phone. The final approval of membership is provided either by the GB Zonal Manager or the Area Manager.

- On being finally selected, the GTC buys the subscription from the GPL and provides connection to the member. The GTC supplies the necessary hardware and provides training for operating the phone. The price of the phone and the connection fee is paid by the GB to the GTC, while the member pays it back in installments to GB within the stipulated two-three years' period, as decided for individual cases. Mobile phones are provided to the member under the Lease Finance Programme of the GB.

Products

Under the Post-paid Service, currently two products are available:

1. GP Regular

GP Regular connects to the BTTB and all mobiles throughout the country where the GP has its Network. The GPL has introduced Network Mobility for all GP Regular subscribers, whereby a GP subscriber can make and receive calls from anywhere within the GP coverage area in Bangladesh. With the introduction of Network Mobility, the existing tariff structure for GP Regular subscription will remain unchanged, when receiving and making calls while in his/her home zone (a zone where the subscriber is registered with GP). When a GP Regular subscriber is outside the home zone, an additional Network Mobility charge, on top of the existing incoming charge, will be applicable for receiving calls from all mobile phones and BTTB phones.

VAT and levy, if any, will be applicable for all outgoing and incoming calls, as per the government regulations. Currently, GP Regular connections are available in Dhaka, Chittagong, Sylhet, Khulna and Rajshahi.

2. GP-GP National

GP-GP National connects to all GP mobiles throughout the country where GP has coverage. It has network mobility facility by which a subscriber can roam around the country where GP has its coverage.

GSM Features

Caller ID: Display of the phone number of an incoming call in your handset before the call is answered.

Call Waiting: While talking to the first caller, you will hear a special tone informing you about the second call on the line. At that moment, you can put the first caller on hold and talk to the second caller.

Call Conference: Receiving calls from multiple callers can be supplemented by joining these multiple callers, so as to enable them to talk to each other. You will be able to communicate with a group, consisting of a maximum of five callers.

Call Divert: Call Divert lets you redirect or re-route your call to another GP mobile or any other fixed (if you have BTTB connectivity) or mobile phone.

Call Barring: Enables you to restrict certain types of calls to be made from your mobile. This feature is especially important for security purposes.

3. Value-added Services

The following additional services are available upon request:

Voice Mail Service (VMS): VMS is a unique answering machine. It provides you with a personal electronic mail box in our Voice Mail Centre. It records your personalised greetings as well as stores your incoming voice messages. It records incoming voice messages, if you are outside GP's coverage area, busy or have simply switched off your mobile. It provides 24-hour automatic secretarial service, making you available to the calling party anytime.

Short Message Service (SMS): SMS in your mobile acts like an advanced pager. You can send and receive text messages of up to 160 characters, directly from one GP mobile to another GP mobile.

Fax and Data Service (currently available only to corporate clients): You can use your mobile phone attached to a computer to send faxes or transfer data. There is no need to have connection with a fixed line. You can also use this service even when you are on the move, within GP's coverage area.

"Push-Pull" Service: This service provides access to various kinds of information. If a subscriber sends a text message (SMS) to a specific number, writing a key word in the message, then he/she will get the requested information instantly. For example, if a subscriber writes TAXI in his text message and sends it to 2000, instantly he/she will get the names and telephone numbers of major Taxicab service agencies.

GP WAP: WAP stands for "Wireless Application Protocol", a tool developed specifically to allow mobile phones to access and display the Internet contents on a mobile handset.

GP WAP is the unique and personalised Internet mobile service that brings you to a world of information, communication and entertainment. GP WAP service is available with both post-paid and pre-paid connections.

Pre-paid Service: Introduction of GP's "EASY Pre-Paid Service" is another development of mobile telephony in Bangladesh. EASY has national roaming facility and a flat airtime charge. Subscribers can subscribe the service from all GP authorised points of sale. To start with, a subscriber has to buy the EASY Starter Kit and a handset. The Starter Kit contains a pre-activated SIM card and a Green EASY card of BDT 300.

EASY Features:

- no monthly bills;
- flat rate of Tk 6 per minute;
- no security deposits;
- no monthly access fees;
- no waiting for activation;

- instant connection;
- national roaming facility;
- GSM features, like Caller ID and Call Divert to Voice Mail Service; and
- EASY cards of two different values and colours.

Best Joint Venture Award for GP

GP was adjudged the Best Joint Venture Enterprise of the Year at the Bangladesh Business Awards 2002. GP was given the award "in recognition of its outstanding success, as a telecommunications company and invaluable contribution to the economic development of Bangladesh". Jointly organised by *The Daily Star*, the leading English language daily in the country and DHL Worldwide Express, the Bangladesh Business Awards is the pre-eminent award in the business arena of the country. The Best Joint Venture Award category was included in the Bangladesh Business Awards for the first time this year.

GP started its operations on March 26, 1997, as a joint venture among four companies from four countries: *Grameen* Telecom of Bangladesh, Telenor AS of Norway, Marubeni Corp. of Japan and Gonofone Development Corp. of the United States. GP presently has more than 820,000 subscribers, commanding 70 percent of the market share. It is now the second-largest corporate taxpayer in the country, while some 30,000 people, directly or indirectly depend on GP for their livelihoods.

Conclusion

Cell phone in the villages of Bangladesh is altogether a novel idea. *Grameen* made it happen and the direct beneficiaries of the information flow are the rural poor. This programme has attracted the attention of the interested quarters all around the world. Like the GB, the VP programme of the GTC will also be replicated in many developing countries, where it might be a solution for universal access to telephone.

18
Rural Banking in Bangladesh

– Bank Annual Report and www.grameenbank.com

In the late 1980s, the concept of rural banking evolved with the thought of building a network, in order to accelerate the progress towards a poverty-free world and also improve Bangladesh's overall economic performance. The process started with the leasing of the unutilised and under-utilised fishing ponds and irrigation pumps linked to deep tube wells, and by providing training and support to people from other Third World countries, who wanted to adopt the *Grameen* (rural or villages in Bangla language) methodology.

After some initial success in the fisheries and irrigation projects, the work was expanded, by venturing into several new sectors. By this time, flocking these initiatives under the umbrella of the *Grameen* Bank (GB) had become quite unwieldy. That is why, from 1989 onwards, new organisations were established for the purpose. The fisheries project became the *Grameen* Fisheries Foundation, the irrigation project became the *Grameen Krishi* Foundation, where *Krishi* means irrigation, and the international replication and health programmes were put under the *Grameen* Trust.

Involvement of venture capital in textile industry and an Internet service provider and much more helped expand the *Grameen* family. Each new initiative was incorporated in an extending organisation or spun off into a new one.

Grameen Bank

The GB was launched as an action research project to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor. The GB project came into operation with the following objectives:

- extend banking facilities to poor men and women;
- eliminate exploitation of the poor by money-lenders;
- create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh;
- bring the disadvantaged, mostly women from the poorest households, within the fold of an organisational format, which they can understand and manage by themselves; and
- reverse the age-old vicious circle of "low income, low saving and low investment" into "low income, injection of credit, investment, more income, more savings, more investment".

The action research demonstrated its strength in Jobra (a village adjacent to Chittagong University) and some of the neighbouring villages during 1976-1979. With the sponsorship from the Central Bank of the country and the support of the nationalised commercial banks, the project was extended to Tangail district (a district north of Dhaka) in 1979.

With success in Tangail, the project was then extended to several other districts of the country. In October 1983, the GB Project was transformed into an independent bank, through government legislation. Today, the GB is owned by the rural poor, whom it serves. The borrowers of the Bank own 90 percent of its shares, while the government owns the remaining 10 percent.

The Banking Mechanism

The GB has reversed the conventional banking practice, by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. The GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral.

At GB, credit is a cost-effective weapon to fight poverty and also serves as a catalyst in the overall development of the socio-economic conditions of the poor, who have been kept outside the banking orbit on grounds of their being poor and, hence, not "bankable." The GB reasoned that, if financial resources can be made available to the poor on appropriate and reasonable terms and conditions, "these millions of small people, with their millions of small pursuits, can add up to create the biggest development wonder".

In September 2002, it had 2.4 million borrowers, 90 percent of whom were women. With 1,175 branches, the GB provides services in 41,000 villages, covering more than 60 percent of the total villages in Bangladesh.

The Sixteen Decisions of GB

The four principles of the GB are "Discipline, Unity, Courage and Hard Work" in all walks of life, leading to a better way of life, and the 16 decisions of the GB are:

- We shall bring prosperity to our families.
- We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses at the earliest.
- We shall grow vegetables round the year. We shall eat plenty of them and sell the surplus.
- During the plantation seasons, we shall plant as many seedlings as possible. We shall plan to keep our families small. We shall minimise our expenditures.
- We shall look after our health.
- We shall educate our children and ensure that they can earn to pay for their education.
- We shall always keep our children and the environment clean.
- We shall build and use pit-latrines.
- We shall drink water from tubewells. If it is not available, we shall boil water or use alum.
- We shall not take any dowry for our sons' weddings, nor shall we give any dowry for our daughters' weddings. We shall keep our centre free from the curse of dowry.
- We shall not practise child marriage.
- We shall not inflict any injustice on anyone, nor shall we allow anyone to do so.
- We shall collectively undertake bigger investments for higher incomes.

- We shall always be ready to help each other. If anyone is in distress, we shall all help him or her.
- If we come to know of any breach of discipline in any centre, we shall all go there and help restore discipline.
- We shall introduce physical exercise in all our centres. We shall take part in all social activities collectively.

Credit Delivery System

The features the GB Credit Delivery System are given in the following section.

Exclusive Focus on the Poorest of the Poor

Exclusivity is ensured by the following means:

- establishing clearly the eligibility criteria for selection of targeted clientele and adopting practical measures to screen out those who do not meet them;
- delivering of credit where priority is increasingly being assigned to women; and
- gearing of delivery system to meet the diverse socio-economic development needs of the poor.

Organised Small Homogeneous Groups

Such characteristics facilitate group solidarity as well as participatory interaction. Organising the primary borrower groups of five members and federating them into centres has been the foundation of GB's system. The emphasis from the very outset has been on organisationally strengthening the *Grameen* clientele, so that it can acquire the capacity for planning and implementing micro-level development decisions. The centres are functionally linked to the GB, whose field workers have to attend centre meetings every week.

Special Loan Conditionalities for the Poor

Special loan conditionalities particularly suitable for the poor include:

- very small loans given without any collateral;
- loans repayable in weekly installments, spread over a year;
- eligibility for a subsequent loan depends upon repayment of the first loan;
- individual, self-chosen, quick income-generating activities, which employ the skills that borrowers already possess;
- close supervision of credit by the group as well as the bank staff;
- stress on credit discipline and collective borrower responsibility or peer pressure;
- special safeguards through compulsory and voluntary savings to minimise risks that the poor confront;
- transparency in all bank transactions, most of which take place at the centre meetings; and
- simultaneous undertaking of a social development agenda addressing basic needs of the clientele.

This is reflected in the "16 decisions" adopted by the *Grameen* borrowers. This helps:

- to raise the social and political consciousness of the newly organised groups;
- to focus increasingly on women from the poorest households, whose urge for survival has a far greater bearing on the development of the family; and

- to encourage their monitoring of social and physical infrastructure projects – housing, sanitation, drinking water, education, family planning, etc.

Organisation and Management Systems

The system has evolved gradually through a structured learning process that involves trials, errors and continuous adjustments. A major requirement to make the system operational is the special training needed for the development of a highly motivated staff, so that decision-making and operational authority is gradually decentralised and administrative functions are delegated, starting from zonal levels and going below.

Expansion of Loan Portfolio

As the general credit programme gathers momentum and the borrowers become familiar with credit discipline, other loan programmes are introduced to meet the growing social and economic development needs of the clientele. Besides housing, such programmes include:

- credit for building sanitary latrines;
- credit for installation of tubewells that supply drinking water and irrigation for kitchen-gardens;
- credit for seasonal cultivation to buy agricultural inputs;
- loan for leasing equipment/machinery, *i.e.*, cell phones purchased by GB members; and
- finance projects undertaken by the entire family of a seasoned borrower.

The underlying premise of *Grameen* is that in order to beat poverty and remove themselves from the clutches of middlemen, landless peasants need access to credit, without which they cannot be expected to launch their own enterprises, however small they may be. In defiance of the traditional rural banking postulate, whereby "no collateral (in this case, land) means no credit," the GB experiment set out to prove successfully that lending to the poor is not an impossible proposition. On the contrary, it gives landless peasants an opportunity to purchase their own tools, equipment or other necessary means of production and embark on income-generating ventures, which will allow them escape from the vicious cycle of "low income, low savings, low investment". In other words, the banker's confidence rests upon the will and capacity of borrowers to succeed in their undertakings.

Modus Operandi of GB

A bank branch is set up with a branch manager and a number of centre managers and covers an area of about 15 to 22 villages. The manager and the workers start by visiting villages to familiarise themselves with the local milieu in which they will be operating and identify the prospective clientele as well as explain the purpose, functions and the mode of operation of the bank to the local population.

Groups of five prospective borrowers are formed. In the first stage, only two of them are eligible for receiving a loan. The group is retained for a month to see if the members are conforming to the rules of the bank. Only if the first two borrowers begin to repay the principal plus interest over a period of six weeks, the other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear and this collective responsibility of the group serves as the collateral on the loan.

Loans are small, but sufficient, to finance the micro-enterprises undertaken by borrowers like rice-husking, machine-repairing, purchase of *rickshaws*, buying of cows, goats, cloth, pottery, etc. The interest rate on all loans is 16 percent. The repayment rate on loans is currently 95 percent, due to group pressure and self-interest as well as motivation of borrowers.

Although mobilisation of savings is also being pursued alongside the lending activities of the GB, most of the latter's 'loanable' funds are increasingly obtained on commercial terms from the Central Bank, other financial institutions, money market and bilateral and multilateral aid organisations.

Addressing Poverty through Micro-credit

The GB is based on the voluntary formation of small groups of five people to provide mutual, morally binding group guarantees in lieu of the collateral required by conventional banks. The assumption is that, if individual borrowers are given access to credit, they will be able to identify and engage in viable income-generating activities such as paddy-husking, lime-making, manufacturing (pottery, weaving, garment sewing, storage, etc.) and marketing and transport services. Women were initially given equal access to the schemes and proved not only reliable borrowers but also astute entrepreneurs. As a result, they have raised their status, lessened their dependence on their husbands and improved their homes and the nutritional standards of their children. Today, over 90 percent of the borrowers are women.

Intensive discipline, supervision and servicing characterise the operations of the GB, which are carried out by "Bicycle Bankers" in the branch units, with considerable delegated authority. The rigorous selection of borrowers and their projects by these bank workers, powerful peer pressure exerted on these individuals by the groups and the repayment scheme, based on 50 weekly instalments, contribute to the operational viability of the rural banking system designed for the poor. Savings have also been encouraged. Under the scheme, there is provision for five percent of loans to be credited to a group fund and Tk 5 is credited every week to the fund.

The success of this approach shows that a number of objections in lending to the poor can be overcome, if careful supervision and management is provided. For example, it had earlier been thought that the poor would not be able to find remunerative occupations. In fact, *Grameen* borrowers have successfully done so. It was thought that the poor would not be able to repay, but, in fact, repayment rates reached 97 percent. It was thought that poor rural women, in particular, were not bankable, but they accounted for 94 percent of the borrowers in early 1992. It was also thought that the poor could not save, but group savings have proven as successful as group lending.

It was thought that rural power structures would make sure that such a bank failed, but the GB has been able to expand rapidly. Indeed, from fewer than 15,000 borrowers in 1980, the membership had grown to nearly 100,000 by mid-1984. By the end of 1998, the number of branches in operation was 1128, with 2.34 million members (2.24 million of them were women) in 38,957 villages. There are 66,581 centres of groups, of which 33,126 are women. Group savings have reached Tk 7,853 million (US$162mn), out of which Tk 7300 million (US$152mn) are saved by women.

It is estimated that the average household income of the GB members is about 50 percent higher than the target group in the control village and 25 percent higher than the target group non-members in the GB villages. The landless have benefited most followed by marginal landowners. This has resulted in a sharp reduction in the number of GB members living below the poverty line, which is 20 percent of the GB members, as compared to 56 percent of non-GB members.

There has also been a shift from agricultural wage labour (considered to be socially inferior) to self-employment in petty trading. Such a shift in occupational patterns has an indirect positive effect on the employment and wages of other agricultural wage labourers. What started as an innovative local initiative has, thus, made an impact on poverty alleviation at the national level.

Method of Action

The GB's method of action can be illustrated by the following principles:

- start with the problem rather than the solution - a credit system must be based on a survey of the social background rather than on a pre-established banking technique;
- adopt a progressive attitude - development is a long-term process, which depends on the aspirations and commitments of the economic operators;
- make sure that the credit system serves the poor, and not *vice-versa* - credit officers visit the villages, enabling them to get to know the borrowers;
- establish priorities for action *vis-à-vis* the target population - serve the most poverty-stricken people needing investment resources, who have no access to credit;
- at the beginning, restrict credit to income-generating production operations, freely

Table 27: Contribution of GB to the GDP of Bangladesh 1994-1996 (in Taka million)

Item	1994	1995	1996
Value added in GB	1890.7	2181.9	2750.8
Value added in linked sectors due to supply of inputs to GB	75.9	88.9	97.2
Value added in linked sectors attributed to GB loans	7341.8	7222.1	6257.1
Capital supplying sectors	1348.9	1362.7	1152.8
Input supplying sectors	5992.9	5859.4	5104.3
Wage payment from loans	547.8	553.9	468.9
Return on loan financed activities at 40 percent	5556.8	5464	4751.2
Total contribution of GB of GDP	15413	15510.8	14325.2
Total GDP	1030365	1170261	1301600
Percentage contribution of GB to GDP	1.50 percent	1.33 percent	1.10 percent

Source: *Contribution of* GB *to Gross Domestic Product of Bangladesh: Preliminary Estimates, By Mohiuddin Alamgir, December 1998.*

selected by the borrower and make it possible for the borrower to be able to repay the loan;

- lean on solidarity groups - small informal groups consisting of co-opted members coming from the same background and trusting each other;
- associate savings with credit, without it being necessarily a pre-requisite;
- combine close monitoring of borrowers with procedures, which are simple and standardised;
- do everything possible to ensure the system's financial balance; and
- invest in human resources – training leaders will provide them with real development ethics, based on rigour, creativity, understanding and respect for the rural environment.

GB II: Designed to Open New Possibilities

Lessons Learnt over Quarter of a Century

The GB has come a long way since it began its journey in the village of Jobra in 1976. During this quarter of a century, it has faced many operational and organisational problems, which also helped gain a lot of experience through its successes and failures. It incorporated many new features in its methodology to address various crises and problems, or utilise new opportunities, and discarded and modified the features which became unnecessary or less effective. There were a number of major natural disasters in Bangladesh during the life span of the GB. The 1998 flood was the worst of all.

Grameen borrowers, like many other people of Bangladesh, lost most of their possessions, including their houses, because of the flood. The GB, which is owned by the borrowers, decided to take up a huge rehabilitation programme, by issuing fresh loans for restarting income-generating activities and to repair or rebuild their houses. Soon borrowers started to feel the burden of accumulated loans. Repayment started to show a quick decline. If one borrower stopped payments, it encouraged others to follow.

Back to the Drawing Board

When the repayment situation did not improve as desired, a new system, called "The *Grameen* Generalised System" (GGS), was formed by the beginning of 2001. An intensive staff-training programme for all the 12,000 staff was carried out. However, the real worry during this transition was how to manage the transition from the *Grameen* Classic System (GCS) to GGS in 41,000 villages, without subjecting hundreds of thousands of illiterate borrowers to a big shock and messing up the accounts in 1,175 branches.

The transition was very carefully and meticulously planned – the last branch of the GB switched over to *Grameen* II on August 07, 2002, completing the process of transition. This second-generation micro-credit institution appears to be much better equipped than it was in its earlier version.

The GGS

The GGS has been built around one prime loan product, called Basic Loan. In addition, there are two other loan products: 1) Housing Loan; and 2) Higher Education Loan, which run parallel to the Basic Loan. All borrowers start with a basic loan (in Bangla, it is called ‘Shohoj’ or easy loan). Most of the borrowers will continue with this basic loan, cycle after cycle, without any difficulty, and meet all their credit needs in the most satisfactory manner.

However, it is likely that some borrowers may run into serious problems and face difficulties, somewhere along the cycles of loans in repaying the basic loan, according to its repayment schedule. For them, the GGS has a very convenient arrangement. In the GGS, basic loan comes with an exit option. It offers an alternative route to any borrower who needs it.

This alternative route is provided through “Flexible Loan” (in Bangla, it is called ‘*Chukti’*, *i.e.,* contract or renegotiated loan). It is so called because the bank, the group and the borrower have to go through a process of renegotiations to arrive at a new contract, with a fresh repayment schedule for a borrower entering into the flexible loan.

Flexible loan is simply a rescheduled basic loan, with its own set of separate rules. It involves the reduction of the instalment amount and the extension of the loan period.

_Grameen Kalyan (_Rural Well-being_)_

Grameen Kalyan is a company created by the GB to spin off a new company, based on ‘revolving loan fund’, created in the GB with the grant money given by donors. The GB treated this internal fund as a separate entity. Instead of treating this fund as a virtual external entity, the GB decided to separate it out as a legally separate entity, by creating *Grameen Kalyan.* The idea behind this arrangement is to put the GB closer to the market situation, in terms of costing of its operation, rather than work within a distorted cost environment, created by the cost-free donor money. The GB gave an endowment of Tk 3.16 billion (US$65mn) of its “revolving loan fund” to *Grameen Kalyan,* under an agreement that *Grameen Kalyan* will give this entire amount as loan to the GB in perpetuity. *Grameen Kalyan* is legally obliged to use its interest income for the programmes which will enhance the quality of life of the *Grameen* families.

The _Grameen_ Network

The GB neither owns any share in the following companies in the *Grameen* network nor has it given any loan or received any loan from any of the following companies:

- *Grameen* Phone Ltd;
- *Grameen* Telecom;
- *Grameen* Communications;
- *Grameen* Cybernet Ltd;
- *Grameen* Software Ltd;
- *Grameen* IT Park;
- *Grameen* Information Highways Ltd;
- *Grameen* Star Education Ltd;
- *Grameen* Bitek Ltd;
- *Grameen Udyog* (Enterprise);
- *Grameen Shamogree* (Products);
- *Grameen* Knitwear Ltd;
- Gonoshasthaya *Grameen* Textile Mills Ltd;

- *Grameen Shiksha* (Education);
- *Grameen* Capital Management Ltd;
- *Grameen Byabosa Bikash* (Business Promotion); and
- *Grameen* Trust.

They are all independent companies, registered under the Companies Act of Bangladesh, with the obligation to pay all taxes and duties, just like any other company in the country.

State Intervention

19
Government at Villagers' Doorstep

*– G S Sandhu**

Introduction

Prashasan Gaon Ke Sang (PGKS) – or administration with the villages – was a unique programme undertaken by the Government of Rajasthan, India to take the administration to the grassroots, more particularly to the doors of the rural poor and the deprived. The programme covered the entire state of Rajasthan.

PGKS was primarily a drive to solve the problems of the villagers at their doorsteps, reducing the gap between the administration and the common man in the remotest areas of the state, creating a sense of faith in the administration and generating awareness on the various ongoing welfare programmes of the State Government.

A total of 17 departments of the Government were associated with this campaign. The departments included Revenue; Rural Development; *Panchayati Raj* (local self-government); Social Welfare; Medical and Health; Public Health Engineering; Cooperative; Women and Child; Irrigation; Small Savings; Animal Husbandry; Education; Industries; and Army Welfare and Food & Civil Supplies.

A total of 237 teams comprising key personnel from the above-mentioned departments, district administration, block administration, and the village administration were formed.

The major success of the programme was that a number of long-pending and area-specific problems were identified and were either solved on the spot or policy decisions were taken by the government and solutions were arrived at.

More than 15 million villagers participated in the camps and were benefited from them.

The Programme

The prelude to this programme was an announcement made by the Chief Minister of Rajasthan on July 13, 2001 at a conference of District Collectors (administrative heads of the districts) that the government had decided to organise camps to solve long-standing problems of villagers.

The programme, christened *Prashasan Gaon Ke Sang*-2001, was originally planned to be carried out from October 02, 2001 to December 31, 2001 on a daily basis, covering all *Panchayat Samitis* (council committees) or blocks (administrative sub-divisions of the district) of Rajasthan.

* *Secretary, Urban Development Department Government of Rajsathan*

A preliminary survey on possible problems and lacunae was undertaken by the respective District Collectors as a prelude to the camp. This was intended to help the government take necessary steps for amending rules and delegating powers. This exercise also helped to identify the departments, and the officials that would participate in the camps.

The main objectives of PGKS 2001 were:

- reducing the gap between the administration and the common man in far-flung areas;
- creating a sense of faith in the administration by being result oriented during the camps;
- benefiting the poor people through social security schemes; and
- ensuring people's participation in the implementation of the scheme.

The micro objectives of PGKS 2001 were:

- solving the problems of the villagers at their doorsteps;
- solving land issues of the poor farmers; and
- creating awareness about the welfare schemes of the state government among the masses.

Implementation

The Revenue Department of Rajasthan was the nodal department for the execution of PGKS 2001. At the district level, the District Collector was the leader and coordinator. In all, 237 teams (one of each *Panchayat Samiti*) were formed, which were headed by a senior Rajasthan Administrative Service/Indian Administrative Service officer. Camps were organised at each *Panchayat* (council) level (9188 *Panchayats*).

Officers of 17 departments constituted the team. About 30 officials headed each camp with a total of more than 7,200 officers. They attended 237 camps every day in the entire state for more than 55 days. Secretaries to the State Government were made incharge of the districts for close monitoring and supervision. Ministers were assigned the work of supervision of the camps. Members of the Legislative Assembly (MLAs) also participated in the camps.

The camps were organised at the *panchayat* level. At the outset, each department explained to the people the various schemes. A separate counter for each department was arranged at all sites. Relief was promised to be given on the spot that led to enthusiasm among the people to participate.

To obtain positive results from PGKS 2001, the District Collector of each district organised a pre-mission meeting with the officials of the Revenue Department and all other departments concerned, to lay down detailed guidelines for the camps, decide the dates for each camp and appoint a camp incharge.

All departments prepared application forms in a printed format beforehand to facilitate the relief operations to be carried out in the camps. Arrangements were made so that all relevant application forms were available at all the established camps. Officers were appointed to explain and fill in the forms for the illiterate villagers.

An initial and detailed planning was required at every stage and the District Collectors made decisions regarding the advance materials to be made available to every department in sufficient quantity so that all problems could be resolved immediately. Every camp was provided with adequate quantity of pipes, electric wires, meters, transformers, hand-pump sets, repair tools etc. Mechanics and linesmen were made available at every camp.

The action plan was designed to accelerate smooth functioning and execution of all tasks. Prior information was given to all Members of Parliament (MPs), MLAs, district heads, zila parishads (district councils), etc., to give them sufficient time to prepare for the PGKS 2001 programme.

Camps were organised in government schools, *panchayat bhavans* (council buildings) or any other government building. Various facilities like writing tables, chairs, drinking water, etc., were provided to the workers and visitors. For the problems that could not be solved on the spot, applications were accepted and registered immediately by the concerned departments to enable prompt action subsequently. Transport facility was available to the various government officials appointed, to visit the camps and also for carrying any material from *panchayat* headquarters to the camps.

A monitoring committee was appointed to visit all the camps throughout the execution of PGKS 2001 and to supervise various activities. It comprised the District Collector, departmental heads and some other officials from the Revenue Department.

The Revenue Department identified long-pending area-specific problems and decisions regarding their solutions were taken at the government level and conveyed to the field officers for implementation in the camps. Some of the issues identified were:

- conferment of *khatedhari* rights (ownership of land rights);
- allotment of land for agricultural purposes;
- possession of allotted land;
- updating of passbooks for self-help group (SHG) members;
- restoration of agricultural land illegally occupied, to Scheduled Caste/Scheduled tribe (SC/ST) owners;
- sanction of loans from banks under individual self-employment schemes;
- delay in sanction of loans for allotment of shops;
- atrocities on women and children;
- non-availability of vaccination, artificial insemination and castration facilities for animals;
- delay in sanction of money under old age/widow and disabled pension schemes;
- electric supply to remote villages of the state;
- defective meters, damaged transformers, loose wires, etc.
- land disputes of ex-soldiers;
- problems related to ration cards;
- replacement of water pipelines and repair of leakages;
- distribution of agricultural subsidies;
- absence of teachers and lack of basic amenities for students in district-level government schools; and
- other issues related to the participating departments of the state government.

Achievements of PGKS 2001

- *Bhoo-sanshodhan* (modification of land records/reforms) problems of Ajmer district were pending since 1970-72. A decision was taken at the state level for solving them. Some 26,000 farmers benefited.
- Ban on land allotment/regularisation in eight desert districts since 1976 was lifted. Many thousands of people benefited.
- A decision was taken to regularise land in Mahi Command area that would eventually benefit more than 19,000 *adivasis* (tribes) and others.
- Cut-off date for regularisation of encroachments on government land was extended from July 15, 1984 to July 15, 1994.
- Legal hurdles in conferment of *khatedhari* rights were removed.
- It is estimated that more than 1.5 lakh villagers participated in the camps. More than 66 lakh families benefited from the programme;

Success Stories

- Living in district Jhalawar, Bapulal was a very poor man. Being handicapped, he had problems in making both ends meet. He was allotted a piece of land in 1978 and for the last 23 years, despite making several visits to the various government departments, could not get the piece of land registered in his name. He presented his case before the District Collector at the camp and six *bighas* (*bigha* is a unit of land approximately equivalent to an acre) of land was immediately registered under his name. At the same time, he was also awarded pension meant for the handicapped.
- In a camp organised in Sirohi district approximately 200 women each carrying an empty earthen vessel appeared at 9:00 am. The only water tank in the village was leaking and there was an acute drinking water problem in the village, as water could not be stored. The villagers had complained several times to the Water Department. The repair charges were estimated at Rs 45,000 (US$1,104). But no action was taken on their complaint. Immediately the aforesaid amount was sanctioned and instructions for repair of the water tank were issued. The problem was solved after a TORTUOUS period of eight months.
- An electricity line was installed on the premises of a higher secondary school in the district of Bikaner. The wires were very old and due to a lack of regular maintenance, they had broken. The staff and students had requested the electricity board to shift the lines but their appeal fell on deaf ears. The school management and students went to the camp and submitted an application stating the unresolved problem. Every camp was equipped with all the required material. Immediately, the electric poles were shifted outside the school premises, which saved the school staff and students from the potential danger of getting electrocuted due to broken wires.
- At Akarsada village in the district of Bhilwara, a 30-year-old temple dispute was solved at a PGKS 2001 camp. On the instructions of the District Collector, the camp incharge transferred one *bigha* land to *Satyanarayan* temple and 1.5 *bighas* of land to *Devnarayan* temple. In 1972, one Dungarsingh had donated one *bigha* land to the *Satyanarayan* temple and 1.5 *bighas* to *Devnarayan* temple. But the land had been entered in the name of Dungarsingh and the problem remained unsolved since then.
- Sundari Devi's spouse had been suffering from mental illness since their marriage. The financial status of their family was in dire straits and Sundari was forced to stay with her brother who had trouble arranging for even his own daily bread. She

had three children, who she was unable to support. She approached the camp for help. A sewing machine was donated to her in order to make her self-dependent. She was also granted a loan of Rs 32,000 (US$785) for cattle farming. At the same time, an amount of Rs 1,100 (US$) was deposited in the bank in her daughter's name to be used on her education and marriage. Sundari Devi was emotionally overwhelmed by the fortuitous developments in her life.

- Living in a small village of the district of Jalore, Taga Purohit was a blind old man, dependent on his neighbours for two square meals. The PGKS 2001 camp brightened his life by means of *Annapurna* scheme. He was immediately issued the scheme card, which enabled him to procure 10 kg of wheat per month under the scheme free of cost. This not only gave him two meals a day, but also restored his self-respect.
- Premi Devi lives in the district of Pali in Rajasthan. Her daughter was born handicapped with abnormal nose, lips and tongue. She could not drink milk properly and survived mainly on water. She was increasingly becoming weak and her life was in jeopardy since Premi Devi did not have enough money to bear the medical expenses for her treatment. She appealed for help in the camp and was immediately referred to the government hospital for free treatment of her daughter.
- The villagers of district Pali had always considered obtaining a loan from banks a Herculean task. However, at the camp loans for tube-well and other farm equipment were sanctioned on the spot on easy installments without any collateral security. This proved to be a boon to the poor villagers.
- Punia is an orphan, living in the district of Nagaur. He was brought up by his uncle, who himself was not financially strong. Punia was forced to earn his own bread since the age of 12 years. He approached the camp incharge and during discussions disclosed the existence of parental land in his native village. He said that his father had expired a few years before the death of his grandfather and so his name could not be included in the property. After inspection of relevant records, Punia's right on the property was established and he was given a share in the land.

Inspiration for the Future

The Government of Rajasthan and the people of the state felt inspired by what was achieved by PGKS 2001. It was decided to replicate the scheme every year so that the problems of the common man are solved at his doorstep.

The inspiration is mainly drawn from the following:

- local people's representatives were fully involved in the camps;
- the faith of the common man in the administration deepened; and
- close association with the people in the camps changed the mindset of the administration, enabling them to think sensitively and positively.

20
Anticompetitive Practices in Bhutan

*– Suresh Moktan**

Introduction

In 1992-93, the Ministry of Trade and Industry (MTI) in Bhutan launched a demonopolisation programme, whereby the wholesale dealerships held by 16 Bhutanese business houses/distributors for 924 major items supplied by 171 Indian principal companies were offered to other interested parties. Through this exercise, a new set of policies and procedures for appointment of additional wholesale dealerships to Bhutanese nationals were introduced in August 1994. This was implemented by the MTI.

In the initial phase, the MTI was thus involved in sensitising the principal companies in India to the Bhutan Government's policy on breaking the monopolistic hold of business in the country, and for this it solicited their necessary support.

The rationale for launching the demonopolisation policy was to:

- encourage market competition with a view to improve services to consumers;
- broaden the base for trade;
- prevent concentration of wealth in the hands of a few dealers; and
- elicit greater involvement from the principal companies in distribution and wholesale businesses.

The procedure for appointment of wholesale dealers was further refined and the number of companies a firm could represent was increased from five to 10 in consultation with the Ministry of Finance, Bhutan Chamber of Commerce and Industry and the business community.

Present Scenario

While the MTI concentrates mainly on availing dealerships for essential commodities, the dealership for capital-intensive products is being given on a case-to-case basis depending upon the need and interest of the general public. Companies dealing in pharmaceuticals and agro-chemicals are being dealt with directly by the Department of Health Services and the Department of Agriculture and Livestock Support Services, respectively, as per the existing understanding between the ministries.

The MTI has been working closely with the business community to expand dealerships for essential commodities imported from India. As a result, a number of principal companies in India have appointed additional Bhutanese wholesalers for their products. This has benefited the consumers by making these imports more competitive and, at the

* *Ministry of Trade and Industry, Royal Government of Bhutan*

same time, broadened the base of dealerships. Further, concerted efforts are still being made to streamline the operations and increase the number of wholesalers in the country.

At present, about 120 principal companies in India, dealing in various commodities have appointed more than 100 wholesalers in Bhutan, which includes Petroleum and Crude Oil (POL) products, pharmaceutical products, vegetable oils, soaps, detergents, cosmetics, soft drinks, dairy and beer products, stationery, machinery, motor vehicles, auto spare parts and accessories, tyres, office and geo-tech equipment, etc.

Hindustan Lever Ltd/Bhutan Government Conflict

Before the MTI had initiated its demonopolisation policy in 1994, only a few major business households dominated the Bhutanese market. In order to curb market dominance by these big business houses, the MTI initially requested the Hindustan Lever Ltd (HLL) - Indian subsidiary of the Anglo-Dutch TNC: Unilever, Calcutta - vide letter No. MTI/10-17/96/688 dated July 30, 1996 to appoint more than one wholesaler for distributing its products in Bhutan and further suggested the names of three prospective Bhutanese dealers to the company.

Table 28: Annual Sales Turnover of HLL's Products Through TCC

Year	Sales (In Nu. million)
1995	35.5
1996	48.6
1997	52.8
1998	45.5
1999	40.7
2000	45.4
2001	71.6
2002	57.8

Source: Tashi Corporation Corporation. Data not available prior to 1995.

During that time, HLL was operating through the Tashi Commercial Corporation (TCC), an undertaking of the Tashi Group of Companies, as its sole wholesaler, which was appointed way back in September 1977. Tashi Group of Companies was the biggest business house in Bhutan and dealt in products and services ranging from food items, confectionary, stationery, household appliances, cooking gas, hotels and restaurants. However, the HLL Ltd responded to the MTI's directive by asserting that the market in Bhutan was rather small, and therefore they did not feel the necessity to appoint another wholesaler. The total annual sales turnover of HLL at that time through Tashi Commercial Corporation was in the range of Ngultrum (Nu) 30mn per annum.

In its bid to increase competition and launch its demonopolisation policy, the MTI continued to persist with HLL to appoint another wholesaler but the firm responded evasively, claiming that the new applicants did not have adequate capital and/or experience of trading in consumer goods, etc. Then the MTI recommended the Food Corporation of Bhutan (FCB), a government body, which had both capital and network for supply and distribution. The HLL still refused to respond positively.

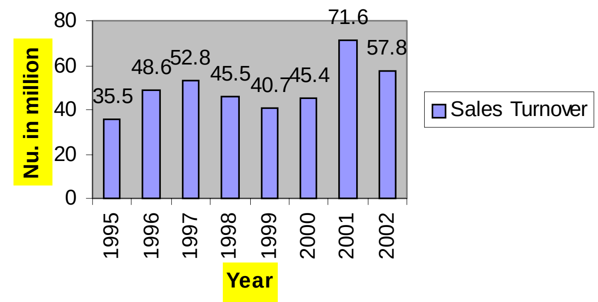

Figure 4: Annual Sales Turnover of TCC

Finally, the MTI wrote to HLL vide letter No. MTI/10-17/96/870, dated October 30, 1996 stating that if the firm's policy was not to appoint more than one wholesaler in Bhutan, then the MTI had no option but to cancel the existing wholesale dealership licence of the TCC thereby banning their products in Bhutan with immediate effect. This ultimatum was effective and the HLL informally considered the FCB as their second wholesaler beginning July 1997. A written *ad hoc* order appointing the FCB as their redistribution stockist was issued only on April 12, 2000.

Table 29: Annual Sales Turnover of HLL Products Through FCB

Year	Sales (In Nu.mn)
1997	3.5
1998	13.9
1999	24.5
2000	26.6
2001	27.3
2002	30.0
Source: FCB. Data not available prior to 1997	

The FCB took advantage of this opportunity and multiplied HLL's business in Bhutan by aggressive marketing through its 19 depots and over 100 fair price shops throughout the country. At present, the annual sales turnover of FCB alone is nearly Nu 30mn. The

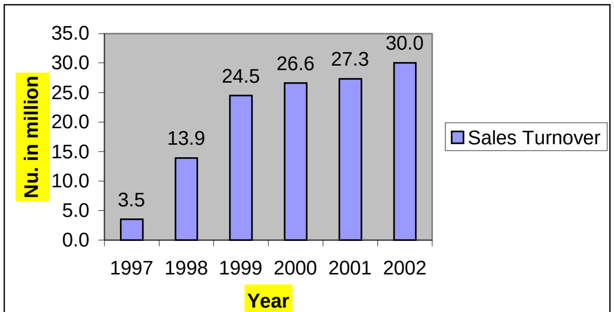

Figure 5: Annual Sales Turnover of FCB

TCC has also doubled its average annual sales turnover to nearly Nu.60mn by diversifying its customer base through its seven main depots spread throughout the country.

Feedback from TCC

As per TCC, the competitive advantages of HLL's products are:

- Price - Maximum Retail Price (MRP) is printed on the package.
- Quality - Products are in demand and quality is fine.
- Supply - No problem.

Whereas, the competitive disadvantages of HLL's products are:

- Price- The secondary freight from Phuentsholing onward is not being reimbursed by the HLL, therefore the cost of the freight is borne by the distribution thereby reducing the margin. Also, it is difficult for the retailers to maintain the MRP in the market. Despite several requests to the HLL by the TCC to conduct MRP workshops in Bhutan, there has been no response from HLL.
- Quality- There is no clear disadvantage regarding the quality of product as such but the quality of customer service is very poor, e.g. the claim settlement process is very slow, especially in the Food Division.
- Supply- Because of abundance of supply there is constant pressure by HLL to increase sales.

Feedback from FCB

As per FCB, the competitive advantages of HLL's products are:

- Price - MRP is printed on the package.
- Quality - Products are in demand and quality is good.
- Supply - Regular.

Whereas, the competitive disadvantages of HLL's products are:

- The company does not provide internal distribution cost, which is necessary and would enable them to sell their products at MRP in the remote areas of Bhutan.

Conclusion

Box 2: HLL-BHUTAN GOVERNMENT CONFLICT

- Prior to 1994, few major business households dominated the market.
- MTI requested HLL to appoint more than one wholesaler.
- HLL responded evasively.
- MTI recommended appointing FCB.
- MTI sent an ultimatum.
- HLL considered FCB as their second wholesaler in July 1997.

Impact

- FCB multiplied HLL's business to nearly Nu 30mn per annum.
- TCC (the earlier sole wholesaler) intensified its business to nearly Nu 60mn per annum.
- HLL's overall business has tripled with its annual sales turnover of over Nu 80 mn.
- There is a healthy competition of essential commodities in the market.

Acknowledgement: Ministry of Trade & Industry, Bhutan

Today, HLL is happy that its business has tripled with its annual sales turnover of over Nu 80mn. It was not so until the FCB came into the forefront with a competitive stance that the TCC intensified its business. In another similar situation, the Nestle India Ltd heeded the MTI's advice and it has more than two wholesalers operating in the country. Thus, there is healthy competition of both Hindustan Lever Ltd and Nestle India Limited's products in Bhutan.

21

Reaching Out to the Poorest of the Poor

*– M L Mehta**

In 1977, the *Antyodaya* programme emerged as an exciting programme for assisting the poorest of the poor living in rural areas of Rajasthan and it captured the imagination of one and all.

Planning in India is driven by the Planning Commission, working through various ministries of the Central Government. Major schemes are, therefore, conceived, designed and given to the States for implementation either as central sector schemes or centrally-sponsored plans. The Planning Commission has a say even in determining plan allocations for schemes formulated by the State Governments.

Due to their national design, central schemes get strait-jacketed and follow a common design norm for all States and Union Territories, despite their regional and local differentiation. The States are not allowed to make any change in the design of the schemes formulated by the Centre. With the exception of the Employment Guarantee Scheme (EGS) of Maharashtra and the *Antyodaya* scheme of Rajasthan, the flow of ideas in the formulation of schemes has all along been unidirectional from the Centre to the States.

The EGS and the *Antyodaya* scheme are two well-known schemes that originated in the States and, due to their innovative design, got wide acclaim both in India and abroad. The EGS was unique, in the sense that for the first time, a state in India provided statutory guarantee to provide employment to able-bodied persons within 15 days of their reporting for work and, in the event of its failing to do so, pay them compensation at a pre-determined rate. The Maharashtra Government levied a special tax for meeting the expenditure under the scheme.

However, despite its novel concept and highly desirable objective, the Central Government took more than a decade even to launch a mutilated version of this scheme. On August 15, 1983, the then Prime Minister, Indira Gandhi, announced the launching of the Rural Landless Employment Guarantee Programme (RLEGP) for providing off-season employment to the rural poor. The scheme aimed at providing 100 days off-season employment to the rural poor. However, unlike the Maharashtra scheme, no legal guarantee was given for such employment and no compensatory payment was made for the inability to meet this obligation.

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* *Former Chief Secretary, Government of Rajasthan, India*

In October 1993, this scheme was merged into the Employment Assurance Scheme (EAS). The *Antyodaya* programme, launched on October 02, 1977, however, fared better, with its approach and design concepts getting fully incorporated in 1979-80 in the then existing scheme of the Integrated Rural Development Programme (IRDP). In early 1977, the country's political landscape underwent cataclysmic changes.

With the disappearance of the dark clouds of the Emergency and coming in of the new governments, first at the Centre and then in nine major States, where assembly elections were held in June 1977, the stage was set for evolving a new approach to poverty and rural development.

The Janta Party Governments at the Centre and the States, despite their internal dissension, followed more pro-rural and pro-poor policies. The period saw the launching of many new programmes, like Food for Work, Desert Development Programme, Scheduled Castes Component Plan, Village Health Guides and a redesigned IRDP. The Government in Rajasthan, led by Bhairon Singh Shekhawat, operationalised the concept of *Antyodaya* (meaning development of the last man in the row) into an anti-poverty programme for the poorest of the poor in 1977. How did this happen and what were its roots? What was the design process and how did it evolve?

Evolution of the Programme

The poverty-line norm, as we know it today, did not exist at the time of the launching of the *Antyodaya* scheme. In the absence of a normative framework for assessing poverty, the number of poor families or their proportion to the total population could not be determined at that time. Small and marginal farmers and agricultural labour were, however, accepted as the poor who were worthy of assistance from the State.

Rath and Dandekar's seminal book on poverty in India, like the earlier "Five *Anna*" or 32 paise per capita per day income debate forced in the Lok Sabha by the indomitable socialist leader, Dr Ram Manohar Lohia, made people aware of the widespread incidence of poverty in the country.

After the debacle of 1967 at the hustings, it became necessary for the political elite, particularly for the ruling class, to talk about and think of pro-poor policies. Slogans like *Roti, Kapada aur Makan* (food, clothing and shelter) and *Garibi Hatao* (remove poverty) rent the air in 1970 and 1971 and captured people's imagination and schemes like Small Farmers Development Agency, Marginal Farmers and Agricultural Labour Development Agency, Rural Works Programme, Drought Prone Area Development Programme and Crash Programme for Rural Employment were launched to impact the poor. Social control of commercial banks through nationalisation was also a part of this process.

However, in the absence of meaningful pro-poor policies, *Garibi Hatao* lost its shine by the mid 1970s, under the impact of the repressive Emergency era.

What were the roots of *Antyodaya*? Mahatma Gandhi frequently talked of *Antyodaya* and *Daridra Narayan* (God in the form of poor). For him, service of the poor was service of God. While *Sarvodaya* meant development of all, *Antyodaya* meant development of the last person. However, the *Antyodaya* concept remained in the realm of ideas until 1977. Till about mid-1960s, there was no poverty alleviation programme focusing especially on the poor as a category. The trickle-down theory ruled the roost till then.

The protagonists of the trickle-down approach felt that once growth takes place, the poor will automatically benefit from its spread effect. Development programmes, therefore, focused on creation of social and economic infrastructure, promotion of agriculture, mining and industries and provision of basic amenities of health, education, roads, irrigation and drinking water.

However, economists like Gunnar Myrdal, Prebisch, AG Frank, Boeke and Tinbergen kept raising issues of dualistic development, marginalisation of the poor and the failure of the trickle-down approach. Gunnar Myrdal, in his monumental book, *Asian Drama*: *An Enquiry into Poverty* of *Nations*, stated that most of the benefits from these policies did not reach the poor, even if such was the professed aim and motivation. The benefits, instead, accrue to the strata above them.

The Five-Year Plan – 1978-83, later terminating in favour of the Sixth Five-Year Plan - 1980-85 - also referred to this phenomena when it said, "Past experience has shown that by lumping the very poor, along with the relatively better-off sections of the community in development projects, the percolation of benefits to the most deprived sections of the community is hampered … While over the years, there has been an impressive step up in credit availability to weaker sections, its dispersal among various strata of rural poor had been extremely disparate".

Among them, the main beneficiaries have been the small and marginal farmers, the former distinctively more than the latter. The least benefited ones have been the landless and the rural artisans, who, as a category, account for as much as one-fourth of the rural workforce. The present policy of stipulating a minimum percentage for the entire group of weaker sections has done little to prevent the glaring intra-group distortions, *(Sixth Five-Year Plan (1978-83), Planning Commission, New Delhi).*

The romantic view that independence and self-rule would usher in a millennium of development and that investments made in irrigation, power, roads, etc., would help in raising the living standards of the poor no longer held good. Planners realised that they were increasingly being denied the development benefits and that something needed to be done to reverse the trend. The drubbing received by the ruling elites in general elections to the Lok Sabha and the State Assemblies, held in 1967, forced their hands to seriously undertake programmes for poverty alleviation.

Thus, the academic churning of thought, the economic and political crises of mid-1960s, the impoverishment of the poor and their growing alienation provided the impetus for launching poverty alleviation programmes in India, with focus on the marginalised.

While designing a special programme with focus on the poor, the reasons as to why the poor had not benefited from the development process were first examined and in this regard a consensus on the following who arrived at:

- When both the strong and the weak compete for accessing a common resource, the weak get elbowed out and are unable to get their due share of the resource.
- Conditioned by their socio-economic environment, the poor have low aspirations and obviously target low.
- Low level of production technology and lack of capital and its high cost affect their efficiency.
- The poor have a low risk-bearing capacity and are, therefore, reluctant to high risk-high income yielding activities.
- The poor have a low information base. Devoid of information, they are unable to benefit from the available opportunities.
- Structured into various castes and occupation groups, the poor lack collective bargaining power to get a better deal.
- The poor are also handicapped due to service provider's bias towards relatively better off sections in distribution of public goods.

A critique of the existing poverty alleviation programmes was then prepared for identifying the gaps and problem areas. The Food for Work scheme focused on providing employment and strengthening their food security. The Drought Prone Area Programme was an area programme, while the Minimum Needs Programme adopted a minimalist approach and lacked adequate fund support, even for health and nutrition. Programmes for tribal development and development of small and marginal farmers and agricultural labour could be termed as individual beneficiary programmes.

The consideration of the report of the All India Rural Credit Survey Committee, headed by B Venkatappiah, led to the creation of the Small Farmers Development Agencies (SFDAs) and the Marginal Farmers Agricultural Labour Agencies (MFALs) in 1969, as societies under the Societies Registration Act, as exclusive agencies for helping the poor. This scheme was initially launched on a pilot basis in a few districts. Later on, the MFALs were also renamed as SFDAs and expanded to cover about 40 percent of the districts in the country.

This approach had many novel features like creation of a society-type structure as an exclusive window for assisting the poor, flexible and decentralised working, direct funding to the district level by the Centre, subsidy support for reducing investment capital cost and focus on small and marginal farmers and agricultural labour, considering them to be poor.

In 1969, planners could not think of the poorest of the poor as concrete individual entities. Poor were considered as an amorphous mass of small and marginal farmers and agricultural labour. Despite being an innovative programme, to begin with, the SFDA/MFAL programme also got trapped in a rigid framework and continued without any significant modifications for a decade, from 1969 to 1979. Aur critical evaluation revealed the following conceptual and schematic deficiencies in the programme:

- Small and marginal farmers and agricultural workers constituted about two-third of the rural population. Making all of them eligible for assistance led to more credit-worthy small farmers benefiting most from the programme and highly vulnerable groups of agricultural labour getting totally neglected.

- It left out artisans and other poor not involved in farming activities, either as producers or as labourers, and thus discriminated against them.
- It also discriminated between the poor living in project areas and those living in non-project areas, due to limited geographic spread of the programme.
- The assistance package offered to the poor was rigid and allowed no scope for local level innovation or modification.
- The identification of the beneficiaries covered under the programme was left to lower level revenue officials, who relied entirely on revenue records and their personal preferences. This often led to wrong identification.

It was obvious that the ongoing programme of the SFDA and the MFAL could not be of much use in designing a new poverty alleviation programme for the poorest of the poor. Some elements of the scheme could, however, be made use of. According to Chambers: "Poor people's realities are local, diverse, dynamic and unpredictable. The values and preferences of the poor people typically contrast with those of the better off outsiders and professionals. Their values, preferences and criteria are typically numerous, diverse and dynamic and often differ from those supposed for them by professionals. Local people are themselves diverse, with sharp contrasts of preferences and priorities by age, gender, social and ethnic group and wealth". *(Chambers, Robert, Whose Reality Counts? Putting the First Last, Intermediate Technology Publications, London, 1997, 162).*

Talking of their diverse livelihood sources, Chambers further adds, "They have not one source of support but several". They maintain a portfolio of activities. Different members of the family seek and find different sources of food, fuel, animal fodder, cash and support in different ways, at different places, and at different times of the year.

As none of the officials involved in the work of designing the new programme had lived through poverty and deprivation, they needed first hand exposure to the poor and their struggles for livelihood.

A face-to-face interaction with the poor was, therefore, arranged for senior level officials in village Aandhi of Jaipur district in Rajasthan, to ascertain the way the poor lived, their assets, livelihood systems, debt burden, hopes and aspirations and community perceptions. After this very useful interaction, a quick survey of the poor was undertaken in 25 villages, situated in different agro-climatic regions of Rajasthan, aimed at enhancing and deepen planners' knowledge about poverty, its social and economic setting, causes, access to credit and public goods, skill base and preferences for livelihood improvement, etc.

The new programme was called *Antyodaya* (*Antya+Uday,* the word *Antya* meaning last and *Uday* meaning development). It was to be a programme for the development of the un-reached last man standing in the row, with the following basic features:

- The identification of eligible poor for assistance under the programme was entrusted to the local community, through open discussion in the village council or the *Gram Sabha* meeting.

- Only five poorest of the poor families were to be selected every year, so that they could be focused upon for development support. Later on, the number of families to be selected annually was linked to the size of the village, the number varying from five families for a small village to nine families for a large village.
- Learning from the experience of the SFDA scheme, it was decided to focus attention on a small number of identified poor in every village in a year and move on the next identified families only after covering the previously identified families. Focus was to be on a small number of identified poor, rather than a large group of poor.
- The programme covered all the villages of the State.
- All categories of the poor, whether deriving their sustenance from farming or non-farm activities were brought under the programme.
- The beneficiaries were involved in the selection of the activity to be funded for them.
- A flexible activity package was included in the assistance package by the local administration, with wide consultation at the district, sub-district and village levels and insistence on economic viability of the activities.
- Concessionary finance was made available, with 33 percent subsidy for general category beneficiaries and 50 percent subsidy for SC/ST beneficiaries.
- The District Development Agencies (DRDAs) were made responsible for the implementation of the programme at the district level.

Difficulties

It was not very difficult to finalise the programme package. What was more difficult was to convince bankers to provide loan assistance to the poorest of the poor and for activities which they had not heard about and dealt with previously. Someone wanted a loan for a music band, while another wanted to have a ‘merry-go-round’, which he could take from village to village and earn his livelihood. Some preferred a pushcart, while others wanted to set up a *pan* or cycle repair shop.

The poor had their own plan for what they could do well in their situation and the system had to respect their choices or convince them to go in for something else. Though the credit requirement was small, the cultural gap between the credit-seeker and the credit-provider was large.

In 1977, the National Bank for Agriculture and Rural Development (NABARD) did not exist. The Agriculture Refinance Development Corporation (ARDC), working as an outfit of the RBI, supervised the flow of rural credit. Special efforts were made to convince the ARDC about the desirability of funding the activities selected by the poor for themselves and securing their agreement on the unit cost of these activities.

Senior officials of the ARDC and banks were invited to preside over the loan distribution camps. Their attitude softened considerably, once they saw enthusiasm and sincerity of development officials and new hope in the eyes of the poor. Hard selling by the government broke the crust and the ARDC started working closely with the State Government to make it possible for the banks to provide loan assistance for a myriad of activities chosen by beneficiaries for their livelihood support. Every loan application became a new project.

In the evaluation report of the *Antyodaya* programme by the Planning Commission, it was stated: 'There are four features of the *Antyodaya* approach to rural development, which deserve special emphasis. First, under the approach, poverty does not remain a statistical abstraction. The poor families are identified as a concrete human reality. Second, emphasis is given to the delivery of productive assets so that the poor family begins to get regular income from self-employment. Third, the administration goes out, identifies and assists the poor, instead of waiting for the people to come for assistance. Fourth, the criterion of identification is strictly economic, below the poverty line. All these features are obviously commendable and represent significant departure from past practices *(A Quick Evaluation of the Working of Antyodaya Programme, Planning Commission, New Delhi, 1979-80).*

The success achieved by the *Antyodaya* programme in Rajasthan led many states to launch similar programmes. Even a highly conservative establishment like *The Economist*, London, praised the scheme. The Government of India followed suit and revamped its on-going scheme of the Integrated Rural Development Programme (IRDP) in 1979-80 and made it a poverty alleviation programme, by incorporating the basic features of the *Antyodaya* programme in it. The programme was launched in 2,300 blocks and extended to all blocks in the country in 1981.

For about a quarter-century, the IRDP, and now the *Swarna Jayanti Gram Swarojgar Yojna* (SJGSY), has remained the main vehicle for poverty alleviation in India. The novelty and imaginativeness of *Antyodaya* was, however, lost in upscaling it to the IRDP. Rajasthan's experience of the *Antyodaya* programme was not critically evaluated before re-modelling the IRDP on the *Antyodaya* pattern. As a result, the IRDP suffered from the following inadequacies:

- Under the *Antyodaya* programme, only five poorest families from every village were selected at one time for providing assistance. Only after they were covered, the attention shifted to the next five poor families. However, under the IRDP (SJGSY) the selection of below poverty line (BPL) families is done for three years. Since only one-third of the families selected under the programme could be assisted in one year, it led to a scramble among the poor to get priority in getting assistance. In selecting a large number of poor families at one time, the community perception about their poverty lost its acuity. It allowed many families, who were not at the cutting edge of poverty, to get included in the BPL list. Besides, the selection became mechanistic, based on physical assets and not on the quality of these assets.
- Lacking organisation, the poor are unable to articulate their interests. Social support for the poor is weak. Adequate efforts are still not being made to empower BPL families with information and skills to benefit from investment.
- Asset transfer was the main focus of *Antyodaya* and the IRDP (now the SJGSY). Poverty is a product of many causes and cannot be removed by a one-shot asset transfer. Low aspiration, low levels of skills and productivity, lack of capital, indebtedness and lack of information – all play their role in keeping a family BPL. For poverty alleviation, all these factors need to be tackled simultaneously. This is not being done.
- Despite emphasis on integration with other development activities, the SJGSY continues to be a credit and subsidy-linked individual beneficiary programme.

Appreciating the need for linkages with other development programmes, the approach paper to the Seventh Five-Year Plan commented, 'The tendency to view poverty alleviation activities in isolation has to be given up and effective linkages have to be forged with other development activities in the rural areas to ensure that the flow of benefits from all these schemes converge on the poverty-stricken group as a package. They have to be implemented in an integrated manner with the simultaneous involvement of various disciplines or departments in a decentralised framework." *(Approach Paper to the Seventh Five Year Plan-1985-90, Planning Commission, New Delhi).*

- There is hardly any follow up on the beneficiary after a person is selected and the loan application has been filled. The person assisted has to fend for himself.
- The evaluation of the IRDP across the country shows sub-critical investments, unviable projects, lack of technological and institutional capabilities in designing and executing projects using local resources and expertise, indifferent credit delivery by banks, excessive lending in certain fields, selection of non-poor, rising indebtedness and the scale of the IRDP beyond the absorption capacity of the Government and the banks *(Saxena, N. C., Economic and Political Weekly, October 7, 2000, p.3629).*

Poverty Estimation

In 1977, the Planning Commission set up a task force on projects of minimum needs and effective consumption demand. In its report given in 1979, the task force defined poverty line as per capita consumption expenditure which meets average per capita daily calorie requirement of 2400 Kcal in rural areas and 2100 Kcal in urban areas, along with a minimum of non-food expenditure.

The NSS Household Expenditure data of 1973-74 was used to arrive at the monetary equivalent to these calorie norms. It worked out to be Rs 49.09 per capita per month for rural areas and Rs 56.64 per capita per month for urban areas. The previous estimation of poverty suffered from the use of national cost of living index for all states, despite variations in the cost of living in them.

In September 1989, the Planning Commission set up an expert group for the estimation of proportion and the number of poor, as also to look into the methodology for poverty estimation and to redefine the poverty line. The report of the expert group was received in July 1993. It did not redefine the poverty line, but estimated separate poverty line for each state, on the basis of state-specific cost of the living index. It recomputed past estimates of poverty incidence and estimated that there were 320.3 million people living below the poverty line in India in 1993-94, 244.0 million in rural areas and 76.3 million in urban areas. The poverty line was defined at the income level of Rs 205.84 for rural areas and Rs 281.35 for urban areas. Based on the results of the National Sample Surveys, the estimation of the proportion of people in India living below the poverty line. Table 30 shows the changing patterns.

Table 30: Proportion of Population in India below Poverty Line (seven percent)			
Year	**Rural**	**Urban**	**Combined**
1973-74	56.44	49.01	54.88
1977-78	53.07	45.24	51.32
1983	45.65	40.79	44.48
1987-88	39.09	38.20	44.48
1993-94	37.27	32.36	35.97
1999-2000*	26.8	24.1	

Source: Maheshwari, Asha: Economic Reforms and Rural Poverty, Economic and Political Weekly, 27 April 2002, p.1677.

** Based on 55th Round of NSS published in 2001.*

The design of the 55th Round (1999-00) of the survey questionnaire was different from that of earlier rounds and, therefore, many scholars have challenged the compatibility of the new estimation of poverty with that of earlier years. In previous surveys, the recall period for information for all goods was 30 days. In the 55th Round for high frequency items both 30 days' and seven days' recall periods were used. The problem is that information based on seven days' recall period cannot be used for comparison purposes, in the absence of a comparable benchmark data.

Likewise, 30 days' recall period juxtaposed with seven days' recall period leads to high expenditure reporting and, thereby, lowers poverty estimation sharply. Four thin surveys conducted after 1994 did not show any reduction in poverty incidence.

According to Deaton and Dreze, notwithstanding the methodological problems referred to above, the fact remains that poverty incidence, in terms of head count ratios, in India has declined continuously and that a large part of the decline associated with the official figures is *real*, rather than made up by methodological changes *(Angus Deaton and Jean Dreze, Poverty and Inequality in India; A Re-examination, Economic and Political Weekly, Sept.7, 2002, 3729-48 9. World Development Report 2000/2001: Attacking Poverty, World Bank, 2001, 6-12).*

The following features of poverty incidence in India need to be noted:

- Though in terms of head count ratios, poverty has declined, the number of people living below poverty line is still very large, at about 250 million (1999-00). There has been a decline in the absolute number of persons below the poverty line in the 55th Round. The sharp decline in this survey could be because 30 days estimation juxtaposed with seven days' recall period led to higher expenditure reporting than in earlier rounds.
- This may, however, be partly due to two different recall periods used at the same time for eliciting information about family expenditure during the survey. Post-liberalisation growth period has accentuated regional disparities and western and southern states except Andhra Pradesh, have done well in poverty reduction. The States of the Hindi heartland barring Haryana and Rajasthan, have fared poorly in poverty reduction efforts. There has been no change in the per capita income in Assam and Orissa during the 1990s.

- Poverty incidence has declined more sharply in rural areas than in urban areas.
- Poverty is multi-dimensional and is related to factors like health, education, employment, empowerment, asset quality and food entitlement at affordable price, infrastructure and good governance.
- High incidence of poverty in states like Bihar, Uttar Pradesh and Orissa is rooted in high population growth, low literacy, low health status, poor infrastructure, slow economic growth, social rigidities and problems of governance.
- With high non-performing assets, bank officials are becoming reluctant to provide the credit needed by the poor.
- There is no follow up of the BPL families assisted. Assistance programmes remain one short intervention. Poverty alleviation programmes have rendered assistance to the poor, but have had little impact on their relative poverty, nutrition, health and education status or skill levels.
- Though it was called Integrated Rural Development Programme, yet integration was sadly missing in the programme. It became a single asset transfer programme and had marginal impact on raising the income-earning capacity of the poor.

Recent Changes in Anti-poverty Programmes

Poverty alleviation programmes have undergone some changes recently. More important of these changes are described below:

Swarna Jayanti Gram Swarojgar Yojna (SJGSY)

In April 1999, the IRDP was renamed as the *Swarna Jayanti Gram Swarojgar Yojna* (SJGSY). The schemes like Training of Rural Youth for Self-employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Kits to Rural Artisans (SITRA), *Ganga Kalyan Yojna* (GKY) and Million Wells Schemes (MWS) have been merged into the SJGSY. The activities under the SJGSY are funded in accordance with the following norms:

- 20 percent allocation earmarked for infrastructure;
- 10 percent allocation can be used for training and capacity building;
- 10 percent allocation is for revolving fund; and
- 60 percent allocation for providing credit linked subsidy @ 30 percent of the project cost, subject to a maximum of Rs 7,500. In case of SC/ST beneficiaries, the subsidy is 50 percent, subject to a maximum of Rs 10,000. For groups, subsidy is Rs 1.25 lakh. There is no subsidy ceiling for irrigation projects.

Half of the beneficiaries should belong to SCs and STs and 40 percent should be women. Allocation under the scheme to the States is based on the incidence of poverty. The States and the Centre share allocation made under the scheme on 1:3 basis.

The objectives of the revised scheme are: (i) focused approach to poverty alleviation; (ii) capitalising on the advantages of group lending; and (iii) overcoming the problems associated with multiplicity of programmes. The SJGSY has been conceived of as a holistic programme of micro-enterprises, covering all aspects of self-employment, including organisation of the poor into SHGs. The project follows the cluster approach.

For each cluster, four-five key activities are selected, with the approval of the *Panchayat Samiti* (administrative unit over a cluster of villages) and the DRDA. The focus is on generating sustainable income through micro-enterprise development. The poor are to be organised in SHGs. The infrastructure gaps existing in the area identified are tackled through the infrastructure funds available under the SJGSY.

Jawahar Gram Samridhi Yojna (JGSY)

In April 1999, the *Jawahar Rojgar Yojna* (JRY) was renamed as the *Jawahar Gram Samridhi Yojna* (JGSY) and its implementation was decentralised. The entire fund available under the scheme is allocated to *panchayats* (councils), on the basis of the population. As in the case of the SJGSY, the cost-sharing of the scheme between the States and the Centre is on 1:3 basis. The scheme aims at building demand-driven infrastructure at the village level and providing employment to the unemployed poor in rural areas. About one-fourth of the allocation has to be spent on beneficiary schemes for the SCs, STs and the disabled.

Employment Assurance Scheme

In October 1993, the Rural Landless Employment Guarantee Scheme (RLEGP) was merged into the new Employment Assurance Scheme, which was launched in 1978 in 1,772 water deficient blocks in drought prone, desert, tribal and hill areas of the country. In 1997-98, the scheme was extended to all the blocks in the country for providing 100 days off-season employment to BPL families. It is now an allocation-based single-wage employment programme for the poor. The secondary objective of the scheme is to build durable, productive, social and economic assets for the community. The funds available under the scheme are given to the *Zila Parishad* (district council) for implementation.

National Social Assistance Programme

For providing social support to the poor families in cases of births, deaths and old age, the following schemes are under implementation:

- The National Maternity Benefit Scheme: Under this scheme, pregnant women belonging to BPL families are given assistance of Rs 500 for nutritional support during pregnancy, up to two-live births.
- The National Family Benefit Scheme: Under the scheme, a help of Rs 10,000 is given to a BPL family in the event of the death of its primary wage earner.
- The National Old-age Pension Scheme: Under this scheme, the poorest of the poor people of 65 years and above are given old age pension of Rs 75 per month.

Swarna Jayanti Shahari Rojgar Yojna (SJSRY)

This scheme integrates the earlier *Nehru Rojgar Yojna*, the Urban Basic Services for the Poor and the Prime Minister's Integrated Urban Poverty Alleviation Programme into one scheme. It provides employment to the urban BPL families, by encouraging the setting up of micro-enterprises for self-employment. Poor women in urban areas are also assisted for setting up self-employment ventures.

The Prime Minister's *Rojgar Yojna* provides assistance to the educated unemployed for self-employment:

Food Security through Subsidised Food Grains

For enhancing their food security, poor families are supplied food grains at highly subsidised prices, under targeted PDS, as also under special schemes like the *Annapurna* and *Antyodaya* schemes. Under the targeted PDS, BPL families receive their quota of food grains at less than half the economic cost of the Food Corporation of India (FCI). The *Annapurna* Scheme was launched in April 2000 for creating free food entitlement of 10 kg per month for old persons above 65 years of age, not covered by the Old Age Pension Scheme. Under the *Antyodaya* Scheme, 20 kg of food grains are given to poor persons at the subsidised rate of Rs 2 per kg of wheat and Rs 3 per kg of rice.

Pradhan Mantri Gramodaya Yojna (PMGY)

This scheme aims at providing basic minimum services required for sustainable human development. It focuses on rural connectivity, health, shelter, drinking water and nutrition.

It would be seen from the above that the existing poverty alleviation programmes are multi-pronged and fairly comprehensive. These programmes have been designed to help the poor, by meeting the following objectives:

- strengthening food security through supply of food grains at highly subsidised rate under the PDS, *Annapurna* and *Antyodaya* schemes;
- enhancing social security, through financial support, by way of old age pension, shock-absorbing support in case of death of the wage earner and nutritional support, in case of pregnancy, under the National Social Assistance schemes;
- wage support, through the Employment Assurance Scheme, the PM Rural Roads *Yojna* and *Jawahar Swarna Jayanti Rojgar Yojna*;
- improving access to basic amenities of education, health, nutrition, shelter and road connectivity in rural areas, under the Prime Minister's *Gramodaya Yojna*; and
- livelihood support, through self-employment under the SJGSY for income generation.

These schemes have impacted, in varying degrees, individually and collectively on poverty and conditions in which the poor live. These could have yielded better results with proper follow up, greater funding, improvements in planning, an effective delivery system, more vigorous PDS, improvements in the absorptive capacity of the beneficiaries and putting in place effective shock-absorbing mechanisms. However, there is no doubt that the broad support available to the poor under various programmes discussed above has helped to improve their lot over the time.

The poor suffer from multiple disabilities like indebtedness, ill health, illiteracy, low skill levels, lack of information about better opportunities, exploitation by the rich and influential people, violence, etc. Unless these factors are tackled, merely giving the poor productive assets of mitsh cattle or diesel pump or bullock cart, etc., cannot seriously impact on their poverty. Various agencies of the government engaged in the supply of public goods should focus on BPL families, while implementing their programmes.

Efforts are needed to improve their productive capacity in the various activities they are involved in. For example, if common lands deteriorate or are encroached upon or if so called wastelands under public ownership are privatised, the poor would suffer because the poor use such land for grazing and collection of fodder and fuel wood. Training in improved farm technology, animal management and other vocations pursued by the poor would greatly enhance their capacity.

Likewise, orientation programmes should allow the poor to reflect on the causes of their poverty, ways of combating it, provide social and programmatic support and build skills. This would bring about a sea change in their attitudes. Sadly enough, such efforts are missing in the programme, which is structured to focus merely on asset acquisition. The issues of bringing attitudinal changes, bonding and skill development are not given any attention. In the re-christened SJGSY, the programme seeks to benefit from the SHG approach.

The SHGs need to have organic growth for their proper functioning. Members of the group come together because of a common need for doing so. Their cohesion is based more on social than economic factors. Any contrived group formation, based on targets and the incentive of back-end subsidy, is likely to seriously impact the quality of such SHGs in the medium and long-run. Likewise, vocational stratification of the poor would make it difficult to run the programme on selection of four-five key economic activities in a block.

Future Challenges in Poverty Alleviation

The approach to poverty alleviation has changed over time. The World Development Report 1980 suggested that improvements in health and education were important for promoting incomes of poor people. However, learning from the experience of global recession and debt crisis, the World Development Report 1990, *Attacking Poverty*, recommended promotion of labour-intensive growth through economic openness and investment in infrastructure and providing basic services of health and education to the poor. In the1990s, issues of governance and institutions came on the centre stage, along with the vulnerability of the poor. Building on past experience and relying on cumulative evidence, the World Development Report 2000-01, attacking poverty suggested a strategy based on the following:

- promoting opportunity through jobs, credit, roads, energy, markets for their produce, schools, water, sanitation and health services. Market reforms and economic growth was also considered crucial to improving opportunities;
- facilitating empowerment through political, social and institutional processes, and removing social and institutional barriers of gender, ethnicity and social status;
- enhancing security and reducing vulnerability to economic shocks, natural disasters, ill health, disability and personal violence and investment in human capital. Assets of the poor need to be built up through diversification of their household activities and by providing a range of insurance mechanisms to cope with adverse shocks.

Though the incidence of poverty in India has substantially declined, from over 50 percent in mid 1970's to 26 percent in 1999-00, at about 250 million, the number of people below poverty line is still very large.

Factors like huge budgetary deficits and increasing debt burden experienced by the Centre and the States, shrinking employment opportunities for the unskilled poor, due to mechanisation and use of high technology, degradation of natural resources and inefficient and indifferent delivery of public goods, such as education, health and essential commodities, are bound to impact the poor more than others.

The slow pace of poverty decline in India is bringing about the realisation that unless economic growth rate picks up to eight percent per annum, or more, poverty will not vanish from India. Mere distributive efforts are not adequate to deal with the problem. The experience of China and the countries of the Association of Southeast Asian Nations (ASEAN) is cited in support of this thesis. However, mere economic growth is not enough.

The pattern of growth is equally important. If growth takes place through capital-intensive, high-tech sectors of the economy, then the poor, who are mostly unskilled, ill-informed and unorganised would not benefit. Pressure needs to be put on public institutions to orient them towards the poor. Concerted political and societal action is needed to break institutional barriers for participation of the poor in the political processes and local decision-making. Strengthening the *Panchayats* and Municipal Boards through greater participation of the marginalised sections in decision-making and greater devolution of powers to these bodies may help achieve these objectives in the long run.

While there are obvious advantages in burning the candle at both ends, there should be no easing off in the present multi-pronged effort to fight poverty. In fact, these efforts need to be strengthened. High growth rates, based on high technology, high capital and high skills, may not help the poor, due to their lack of capacity to benefit from such growth processes.

Unless the poor are enabled to benefit from such development, through upgradation of skills, empowerment, information and organisational support, development of negotiating skills and enhancement of shock absorption capacity, high growth may bypass them. The experience of Kerala has shown that poverty can be greatly reduced through high investment in raising human capital even when there is low economic growth.

The States like Gujarat, Maharashra, Tamil Nadu, Andhra Pradesh and Rajasthan, which have implemented poverty alleviation programmes well, have been able to substantially reduce poverty. The States where implementation of poverty alleviation programmes have been tardy, due to lack of political will, poor governance and low infrastructure incidence, poverty has not declined substantially.

As mentioned above, shock-absorbing mechanisms of health insurance, crop insurance and security should be weaved into the poverty alleviation programme strategy. One serious health episode for the breadwinner can generate such a disturbance that the family may remain trapped in poverty for a long time. Likewise, the failure of one monsoon may force a family to slide to the bottom of the poverty line. Sale of land or cattle for mitigating such shocks lead to short-term reprieve, but creates long-term adverse effects. They also face violence and need protection.

The National Social Assistance Programme, as it is structured at present, provides merely token assistance for overcoming such shocks. In the event of the wage earner's death, the distressed poor family will gain limited sustenance from the Rs 10,000 given under National Social Assistance Scheme.

Various measures to help the poor like promoting opportunities, facilitating empowerment and enhancing security, interact and reinforce each other. Therefore, simultaneous public action is needed for furthering all these elements. Help from the state is slow in coming and often gets delayed. Activists and NGOs working for the poor should come together to force the state to efficiently implement existing poverty alleviation policies and programmes and also enforcing them for devising more innovative policies.

Many elements of poverty removal like promoting opportunity, facilitating empowerment and enhancing security, building infrastructure and human capital, etc., are in place in India. Sufficient attention has, however, not been paid to skill development, follow up and creating backward and forward linkages. Development of human and social capital among the poor has not been given much attention. The poorest of the poor lack the capacity to respond to the new opportunities and need more nurturing.

The present system of identifying BPL families for three years at one time enables many non-poor to be smuggled into the BPL list, so as to benefit under the programmes. Identification of a very small number of poor every year by the community done under the erstwhile *Antyodaya* scheme was better. The poor have fairly diversified occupations and, therefore, identification of four-five key activities at the block level in the cluster approach adopted under the SJGSY may not meet the needs of all the poor families, due to their vocational stratification. Social and occupational stratification of the poor may affect the harmony in SHGs promoted under the SJGSY. Special training efforts are needed to promote cohesion in these groups formed on the basis of the poverty criterion.

Empathy for the poor and skills to design and implement poverty alleviation programme are crucial to the success of the anti-poverty programmes. Efforts are not made to sensitise the delivery system at all levels to the environmental, social, economic and other existential problems faced by the poor in their struggle for eking out a living. The indifferent implementation makes them view the programme as a dole to the poor. This leads to wastages, high conveyance losses and indifferent delivery. This needs to be corrected.

Decentralisation of powers to *Panchayats* and Municipalities and reservations of executive positions for women, SCs, STs and other backward castes (OBCs) under the 73rd and 74th Constitutional Amendments, may help a great deal in this regard. Impressive gains made on the literacy front, particularly among the deprived groups of the poor in the1990s, may impact significantly on poverty in the current decade.

Education may lead to empowerment, better health, skill acquisition and increased capacity to benefit from new opportunities. A massive effort in skill development of the poor is called for. The TRYSEM scheme did not succeed in its objective due to identification of trades on *ad hoc* basis, low levels of skills imparted and non-factoring of market demand for skills. Lessons of low success of TRYSEM need to be learnt for developing a programme in this regard.

Even though growth with equity has now occupied centre stage in the poverty debate, the *Antyodaya* approach still remains valid. There is no gainsaying the advantage of accelerated growth. This, by itself, may not benefit the poor substantially unless it is backed up by well-designed and well-implemented poverty alleviation programmes.

22
The Essential Politics of Drugs

*– Zafrullah Chowdhury**

Introduction

Bangladesh has been one of the pioneers in formulating and implementing a National Drug Policy in the face of opposition from the powerful and lucrative global pharmaceutical industry. Like other countries, which have sought to improve the health of their citizens by controlling the provision and use of drugs, it has had to stand up resolutely to the transnational companies (TNCs), which are concerned less with promoting health and curing disease than with amassing huge profits.

The pharmaceutical industry is as corrupt as it is powerful. As Australian criminologist, Professor John Braithwaite has shown that it has a worse record of bribery and corruption than any other industry and a disturbing history of criminal negligence in the manufacture of drugs and fraudulent practices in the area of safety testing.

Determined promotion by drug companies, more often than not, involving exaggerated and misleading claims for the therapeutic qualities of their products, has led to over-prescribing and mis-prescribing of medicines by doctors in both industrialised and developing countries.

Another issue is dumping of drugs on developing countries. If TNCs continue to market drugs of doubtful efficacy in industrialised countries, it is easy to imagine how convenient it is for them to sell their products in countries with poor drug-regulatory machinery, high levels of illiteracy among consumers, and far from perfect access to information on part of the medical profession.

In fact, there is widespread availability in the developing countries of many drugs on the United Nations (UN) consolidated list of products whose consumption and/or sale have been banned, withdrawn, severely restricted or not approved by governments.

The other important issue is patent, an important means by which pharmaceutical companies are able to charge high prices. Most countries have a compulsory licensing provision in their patent act through which some control is exercised over the prices charged, but the US is an exception to this rule.

The gravity of the situation in the global market called for the introduction of regulations in the pharmaceutical sector, especially in developing countries. The 1970s saw a number

** Surgeon & Founder of Gonoshasthaya Kendra (The People's Health Centre) Bangladesh* of significant developments that combined to create an atmosphere of confidence in the capacity of developing countries to make bold and independent decisions, which could improve the lives of its people.

Bangladesh National Drug Policy, 1982

A series of steps were taken in Bangladesh throughout the 1970s, leading to the enactment of a radical and far-reaching National Drug Policy in 1982. The new commitment to action on health was attributed to the historical convergence of a number of important factors and forces.

It was estimated in 1972 (immediately after gaining independence) that Bangladesh had a population of 74 million people, a crude birth rate of 47 per 1000 people, a crude death rate of 17 per 1000 and an infant mortality of 140 per 1000 live births. Maternal mortality was estimated to be 30 per 1000 pregnancies. The high death rate of 260 per 1000 children under five years of age was mostly due to preventable diseases and malnutrition.

This dismal state of affairs was largely attributable to inadequate and badly distributed health facilities. Essential drugs were highly priced and not easily available. The Planning Commission observed: "Many so-called manufacturers are engaged in bottling drugs imported in bulk, acting indirectly as the sales agents for foreign firms. Quality control of drugs is insufficient and spurious drugs are quite common."

Because of its commitment to reform, Bangladesh did not become a signatory to the Paris Convention on Patents in 1973, which essentially protected the interests of industrialised countries.

One element of the government's health care programme was centralised procurement of cheaper generic drugs, often through barter arrangements with the eastern European countries. This was as much economic as for political reasons, since there was a shortage of foreign exchange for buying goods from the west.

Predictably, TNCs were hostile to this approach. They embarked on a campaign of misinformation among the medical professionals and elite consumers. Joining hands with importers of foreign drugs, they began to spread rumours about the dubious quality of drugs from Eastern Europe and the political motivation for increasing imports from socialist countries.

The US Government was seriously displeased that Bangladesh continued to trade with socialist countries, including Cuba. This led to the withholding of wheat exports from the US during the 1974 famine when several hundred thousand people were dying.

After the death of Sheikh Mujibur Rahman, the first Prime Minister of the country, the new government began work to amend the drugs legislation. The existing Drug Act of 1940 was grossly inadequate to control the prices of pharmaceutical raw materials and processed drugs. It also largely failed to prevent the appearance of substandard and spurious drugs on the market, unethical production, and the proliferation of harmful and useless drugs.

In 1979, the Bangladesh *Ausadh Shilpa Samity* – the Bangladesh Association of Pharmaceutical Industries (BASS), comprised mainly of TNCs and a few large national pharmaceutical companies and trading houses, discovered that the then Minister of Health, Dr M M Haq, a retired colonel and a trustee of *Gonoshasthaya Kendra* (People's Health Centre), had finalised the drafting of a rational and tougher drug legislation.

They not only blocked the introduction of the bill but were also successful in removing Dr Haq from his ministerial post. This action was achieved through the collusion of the Minister of Industry, who also held the post of Deputy Prime Minister. He was a chartered accountant whose firm acted for a majority of TNCs in Bangladesh.

In March 1982, General H M Ershad became the President of the country. In April 1982, the government appointed an eight-member expert committee to review the drug situation in the country and make recommendations for a National Drug Policy consistent with the health needs of the country.

The committee consisted of three kinds of people: academics, regulatory personnel and health activists. It had a number of significant characteristics. First, no representative of the transnational drug industry was included. Second, it was well-informed and many of its members had been profoundly influenced by a number of books published in the 1970s, which exposed the misdeeds of the drug companies and promoted new policies on drugs. Third, this was the first drug committee in Bangladesh, which did not include a civil servant.

At its first meeting in April 1982, the Expert Committee made a rough calculation that most practitioners, whether general or specialists, usually prescribed from a total of around 50 drugs and that the figure rarely exceeded 100. On the basis of this, the committee decided that a drugs' list in line with the World Health Organisation's (WHO) advice, should be drawn up and circulated.

Three other important decisions were taken. First, it was decided that current, authentic and unbiased scientific literature would be used extensively, and various specialists would be consulted and asked for their opinion on the basis of "scientific reasoning". Second, it was decided that the report, including rationale and plan of action should be short enough for decision-makers to read in one sitting; it was to be written in a simple language, avoiding all jargon and scientific words, for easy understanding by all concerned persons.

Third, to prevent the leakage of information, the committee would not use any secretarial staff from the Drug Administration.

The major recommendations included:

- there should be a basic list of 150 essential drugs and a supplementary list of 100 specialised drugs to be prescribed by specialists and consultants. The basic list was sub-divided as follows:
- level I – for use by village health workers (12 drugs);
- level II – for use in primary health care up to Thana Health Complex (THC) level (45 drugs, inclusive of drugs in level I); and

- level III - for use up to tertiary level (150 drugs, inclusive of drugs for levels I and II).
- the 45 essential drugs used at the THC level were to be manufactured and/or sold under their generic names only;
- a national formulary incorporating all formulations of essential and supplementary drugs should be prepared and published not later than 1983;
- the Drug Act of 1940 should be revised or replaced by a new legislation with provision for:
  - a system of registration for all medicinal products including Ayurvedic, Unani and Homeopathic medicines as these traditional medicines were not under the purview of the Drug Act;
  - enforcement of good manufacturing practices;
  - full control of labelling and advertisement;
  - control of prices of finished drugs and raw materials;
  - prescription control of toxic/poisonous and habit-forming drugs;
  - summary trial of offences in special drug courts;
  - heavy penalties including confiscation of equipment and properties for manufacture and/or selling of spurious and sub-standard drugs;
  - departmental adjudication for fines up to Tk 10,000;
  - heavy penalties for possessing or selling drugs stolen from government stores, hospitals and dispensaries;
  - regulation of technology transfer and licensing agreements with foreign collaborators;
  - restriction of ownership of retail pharmacies to professional pharmacists only; and
  - control of manufacture and sale of Unani, Ayurvedic and Homeopathic drugs.
- Product patents in respect to pharmaceutical substances should not be allowed. Process patents could be allowed for a limited period if the basic substance only was manufactured within the country;
- to ensure good manufacturing practices, each manufacturing company should employ qualified pharmacists. No manufacturer would be allowed to produce drugs without adequate quality control facilities. However, the small national drug manufacturers might be allowed to establish quality control laboratories on a collective basis;
- a properly staffed and equipped National Drug Control Laboratory with appellate facilities should be set up as early as possible, not later than 1985. Besides quality testing, this National Laboratory would develop appropriate standards and specifications for Unani and Ayurvedic drugs. It would help develop rational formulations, as the market was flooded with irrational traditional medicines, many of them containing alcohol content of over 40 percent;
- TNCs would not be allowed to manufacture simple products like common analgesics, vitamins, antacids etc. These were to be produced exclusively by local (national) firms;
- the government was to control the prices of finished drugs as well as raw materials, packaging materials and intermediates. Raw and packaging materials of acceptable quality would be procured from international sources at competitive prices. The maximum retail price of finished drugs would be fixed on the basis of cost of production and reasonable profit. However, undue 'overhead' expenditure should

be prevented. The Drug Administration was to be responsible for the control of pricing and its enforcement;

- arrangements should be made as early as possible to lease space within the campus of every government hospital up to THC level for private retail pharmacies under the supervision of qualified pharmacists to fill the prescriptions of qualified physicians at government-fixed prices. Training programmes for sales personnel in registered retail pharmacies should be undertaken on an emergency basis; and
- to strengthen the directorate of the Drug Administration (which had only 32 drug superintendents and inspectors in 1982 and had the impossible task of inspecting 177 manufacturing units, about 14,000 retail pharmacies and over 1,200 wholesalers), all Thana health administrators (who are qualified doctors with 7-10 years' experience) should be given a special course of training and be empowered to act as drug inspectors for the purpose of enforcement of necessary sanctions against retail pharmacies, wholesalers and peddlers of drugs at Thana level and below.

A Storm Unleashed

The expert committee worked intensively, taking over 1000 man-hours to complete and submit the report to the Minister of Health on May 11, 1982. The report was approved by the Council of Ministers on May 29, 1982. Surprisingly, only a two-line news item on the National Drug Policy (NDP) was published next day as part of a standard, lengthy government communiqué on various matters. It went almost unnoticed.

But when on June 01, 1982 the English language daily, the *Bangladesh Times*, published the news as a lead item with the caption 'WHO Prescription: only 248 basic drugs enough – 1,742 unnecessary drugs to be banned', the storm began.

The same morning, Jane Abel Coon, the US ambassador to Bangladesh, called without prior appointment on the Chief Martial Law Administrator, General Ershad. Her mission was to convince him that as the policy was unacceptable to US, it should not be implemented. She insisted that, at the very least, implementation of the policy should be postponed.

General Ershad was new to the political arena and was perhaps unaware of the politics of aid and its close connections with the business interests of donor governments. Earlier he had heard from a member of the expert committee how the US ambassador in Sri Lanka had issued an implied threat of withdrawal of food aid in 1975 because of the country's drug policy.

He had been reluctant to believe this, seeing no reason why US should interfere in Sri Lanka's domestic policy, and now found himself equally astonished that the new drug policy formulated by Bangladesh should be a matter of concern to US. However, after Coon's visit, he was struck by the similarity between the two US ambassadors' attitudes and behaviour towards developing country governments.

In the afternoon of the same day, Shehabuddin Ahmed Nafa, the news reporter who had blown the whistle in the *Bangladesh Times*, was picked up by military security for questioning at army headquarters. He demanded to know why he was being interrogated as all he had done was that he had given front-page prominence to the newly announced government policy. Nafa was released at midnight after his colleagues had issued serious threats to stop publication of the next day's newspaper.

In the days following the announcement of the NDP, 1982, Coon had meetings with the editor of the most widely circulated Bengali daily, *Ittefaq*, the managing directors of the US TNCs and a number of other people to work out a strategy for preventing implementation of the policy. She also informed offices of the US Agency for International Development (USAID) in neighbouring countries about the dangers of a policy like NDP!

TNCs started mobilising the Bangladesh Medical Association and the elite public opinion. Many TNCs had retired army officers as their directors and administrators, who were able to brief the Martial Law Administration about what was happening. These pressures led General Ershad to order a public hearing, chaired by his principal staff officer, which took place on June 06, 1982.

The health minister, Dr Shamsul Haq, was present at the hearing, with all members of the expert committee. He explained the rationale for the NDP and the criteria for evaluation of registered products, and also said that the Expert Committee would provide further clarification and explanation where needed.

The TNC representatives made no attempt to engage in a debate on the scientific rationale of the NDP. Instead, they insisted that generic drugs policies had failed all over the world and that Bangladesh should remember what had happened to Zulfiquar Ali Bhutto (former Prime Minister of Pakistan), who had tried to introduce the generic drugs in Pakistan, hinting that this policy had played a role in his downfall.

They protested that Bangladesh was attempting to ban drugs widely available elsewhere; as an example they cited gripe water and pointed out that Woodward's Gripe Water was a household name in Britain. To this, the Committee replied that there was no mention of gripe water in any of the textbooks on paediatrics, including those published in Britain.

The TNCs and the US ambassador were successful in persuading the pro-US Ittefaq-New Nation group of newspapers to make bleak forecasts concerning the NDP. *The New Nation* reported: "The new drug policy would lead to the closure of many medicine factories, making thousands jobless. Production of medicine will fall by up to 80 percent if the drug policy is implemented".

Concerned about these reports, the Health Minister had a long meeting with members of the Expert Committee. The Committee's analysis showed the reports had been fabricated by the anti-drug policy lobby, which was concerned with the financial health of the drug companies rather than the physical health of the people.

Members of the committee argued that other newspapers had not yet commented adversely on the policy, and neither the drug companies nor the pro-TNC newspapers had ever questioned the scientific validity of the policy.

The Council of Ministers had participated with unusual vigour in a second discussion on the NDP on June 11, 1982, chaired by General Ershad. The Finance Minister, A M A Muhith, and the Industry Minister, Mohammad Shaiful Azam, voiced the sentiments of TNCs, stating that the introduction of the policy was premature, as it would frighten foreign investors. The Health Minister, Dr Haq, pleaded the case for the NDP and insisted that General Ershad sign the legal document for the NDP, the Drug (Control) Ordinance, 1982, before leaving for the US. According to Dr Haq, General Ershad paused for a while and then signed the document. General Ershad left for the US the next day.

On June 16, 1982, Lewis A Engman, President of the US Pharmaceutical Manufacturers Association wrote a three-page letter to General Ershad in which he warned of the "negative impact" that the new policy could have on health care in Bangladesh and pointed out that several provisions of the new policy, including the "excessively rigid interpretation of the concept of an essential drugs' list", had already been "tried and rejected" in countries such as Sri Lanka and Pakistan.

In a meeting with the then US Vice-president, George Bush, General Ershad agreed to a review of the NDP. He also said, in response to George Bush's suggestion, that he would welcome a visit to Bangladesh by independent US scientists to advise him on the policy. What he did not realise was that George Bush was a director of the seventh largest US TNC, Eli Lilly, and had substantial shares in other drug companies.

Meanwhile, the oldest and most prestigious medical journal, *The Lancet*, published simultaneously in London (UK) and Baltimore (US), made a pertinent observation on Bangladesh's drug policy on June 19, 1982: "The power of the transnational is great and the stakes are high. In the past, the governments and their ministers have sometimes yielded to pressure. If the government (of Bangladesh) brings its new policy to fruition, the message will not be lost on other parts of the third world."

The Government of Bangladesh started facing the heat. TNCs continued to lobby the elite, the politicians and the newspapers. Many sections of the public had misgivings about the policy. Intellectuals were confused by the suddenness of the decision to implement a new policy, unexpected from a military government. The urban elite was annoyed as their favourite digestive enzymes, tonics, elixirs and cough mixtures were banned. The banning of gripe water angered mothers. Unfortunately, the government did nothing to allay their fears and correct misinformation.

As a response to the confusion created by TNCs and to the government's sudden silence and failure to promote the NDP, a new consumer organisation, *Sabar Janya Shasthaya* (Health for All, or HFA) was established by a group of politically conscious physicians, lawyers, journalists, women activists, freedom fighters and university teachers to promote health education and to publicise the other side of the story. Apart from a few Dhaka-based daily newspapers and weeklies, other newspapers around the country eagerly published features written by HFA on the role of TNCs in various countries and the preponderance of useless drugs even in the West.

TNCs did not have a large market in Bangladesh but were greatly concerned that unless the NDP was nipped in the bud, the Bangladesh example could affect the policies of other countries.

From mid-1984, the drug companies launched a final assault on the NDP. An article in *The Pulse* claimed: "23 million dollars withdrawn from planned investments by transnationals: Drug Policy now a total failure". This is a common tactic: whenever a new government tries to change existing policy in favour of consumers, corporations all over the world issue threats about the withdrawal of investments.

In Bangladesh, the drug industry succeeded in securing the replacement of Dr Nurul Anwar, the honest and knowledgeable director of the Drug Administration, with Dr M Jahangir, a man who was known to be sympathetic to the industry.

An interesting development occurred on November 09, 1986 when BASS, which had fought tooth and nail against the NDP since 1982, suddenly printed a full-page newspaper advertisement in several dailies, declaring that "…the ordinance [The Drugs (Control) Ordinance, 1982] represents a philosophy whose scope extends beyond the need of today into (the) realms of (the) future…. It has been applied, tested and has to its credit today, many examples of beneficial aspects".

In the advertisement, BASS showed by means of graphs the substantial drop in imports but dramatic growth in local production. It urged members of the parliament (MPs) to ratify the ordinance into an Act "thereby ensuring the local pharmaceutical industry and the Bangladesh people continued to benefit from revolutionary policy".

The Story Continues

Substantial benefits were derived from Bangladesh's National Drug policy. The gains were evident when prices, production figures and quality indicators at the time the policy was introduced, were compared with those of a decade later (1992) including:

- essential drugs increased from 30 percent to 80 percent of local production;
- drug prices stabilised, increasing by only 20 percent, compared with an increase of 178.8 percent in the consumer price index. The drop in price in real terms made drugs more affordable;
- Bangladesh companies increased their share of local production from 35 percent to over 60 percent – overall, local production increased by 217 percent;
- less dependence on imports and prioritisation of useful products saved the country approximately US$600mn; and
- the quality of products improved – the proportion of drugs found to be substandard fell from 36 percent to nine percent.

In 1993, a threat to the NDP came from Bangladesh's Finance Minister, M Saifur Rahman. He believed that the NDP was a major impediment to foreign investment in Bangladesh.

In the early 1990s, the end of the NDP seemed to be being written as a gradual erosion of the basic principles, upon which the NDP 1982 was based, had started.

But when the National Drug Policy was drafted in 1982, a different ending was envisaged, an ending that puts people's health first, that delivers essential drugs, that encourages a strong pharmaceutical sector to operate within reasonable regulations that public health concerns are foremost.

The struggle to achieve this goal continues.

23
Power Sector Reforms

*– D K Roy**

Introduction

Orissa was the first state in India to initiate and implement a comprehensive reform programme of its power sector. The Orissa State Electricity Board (OSEB), which was the owner, operator and regulator of electricity sector, chronically suffered from poor technical, commercial and managerial efficiency. Like most other state electricity boards (SEBs), its autonomy from the government, as envisaged in the Electricity Supply Act, 1948, was only illusory and it was badly infected by the virus of external interference and internal corruption.

The OSEB was a vertically integrated utility, solely in charge of all the activities, namely generation, transmission and distribution (T&D), and supply, except that the thermal generation had been assigned to a government corporation, called Orissa Power Generation Corporation (OPGC). The OSEB was heavily dependant on the state government and was not accountable to its customers. System performance was poor, T&D loss was considerable and commercial losses were extremely high due to illegal connections, non-metering, faulty meters, incorrect billing and poor collection etc.

The quality of service was poor due to inadequate and improper investment, lack of spares, and absence of preventive maintenance, and complicity of a section of employees with unscrupulous consumers.

The Government of Orissa, on prodding from the World Bank, decided in 1993 to initiate the process of restructuring and reforming in the power sector mainly because it could no longer sustain huge investment in the growing power sector. The objective of the reform implemented through the provisions of Orissa Electricity Reform Act, 1995 (OERA) was to restructure the electricity industry to provide it with an appropriate policy environment for growth of the power sector through private sector participation and for the government to withdraw from it as an operator of utilities. The strategy adopted was to substantially privatise the sector and to get it regulated by an independent regulatory commission retaining only the policymaking function for the government.

Key Principles

The key principles of Orissa power sector reform programme were as follows:

- restructuring of the former OSEB by corporatisation and commercialisation i.e. unbundling and structural separation of generation and T&D into separate corporations;

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- privatisation through private sector participation in hydro generation and in grid corporation, and privatisation of thermal generation and distribution;
- competition through competitive bidding for new generation;
- separate regulation via development of a power sector regulatory commission; and
- tariff reform through unbundling tariff for generation, transmission and supply, cost based tariff and rationalisation of tariff.

All critical elements of the power sector reform process in Orissa were not only completed in the given time schedule but the privatisation of distribution companies were done ahead of schedule. The main completed tasks are as follows:

- Talcher Thermal Power Station of the OSEB was transferred to the National Thermal Power Corporation or NTPC on June 03, 1995;
- OSEB was corporatised into two companies, namely Grid Corporation of Orissa (GRIDCO) and Orissa Hydro Power Corporation or OHPC on April 01, 1996, the later taking over the hydro-power assets and GRIDCO retaining the rest;
- Orissa Electricity Regulatory Commission (OERC) was established in August 1996. It issued five tariff orders. Separate bulk supply, T&D, and retail supply tariffs were issued. The level of cross-subsidy in the retail tariff had been progressively reduced. Tariff levels had been increased to about 10 percent in successive years;
- OPGC was privatised in 1998 with transfer of 49 percent stake to a private operator, AES, for Rs 603 crores (US$147mn);
- four distribution companies were corporatised under GRIDCO and privatised with transfer of 51 percent stake to private operators on April 01, 1999. Bombay Suburban Electric Supply Company (BSES) acquired three distribution companies (DISTCOs) in the first round and AES acquired the fourth one in the second round. GRIDCO received Rs 1.6bn (US$39mn) for the 51 percent stake of the distribution companies.

Stocktaking of the Reforms

On stocktaking of the power sector reform programme, after six years of implementation, it may be noted that there have been significant achievements from the reform programme, which can be listed below:

- the restructuring of the sector with functional unbundling has been achieved smoothly and effectively;
- a credible regulatory mechanism has been developed for the electricity sector through transparent procedures, issue of licences, codes, standards and regulations covering the following:
  - grant of licence to four DISTCOs from April 01, 1999;
  - OERC Distribution (Conditions of Supply) Code, 1998;
  - OERC Distribution (Planning and Operation) Code, 1999;
  - issue of Grid Code in 1997 – periodically revised and updated;
  - consumer’s right to information and standard of performance;
  - consumer rights statement;
  - institution of complaint handling procedure;
  - code of practice on payment of bills;
  - setting up alternative dispute resolution mechanism; and
  - monitoring licencees’ performance.
- tariff rationalisation has been achieved with the following main features:

    - tariff determined on the basis of voltage and cost of supply, and not on nature and purpose of supply;
    - reduction of cross-subsidy;
    - higher percentage of tariff rise for subsidised categories and lower percentage of rise for subsidising categories;
    - incentive and performance-based tariff principles adopted to a limited extent; and
    - two-part and time of day tariff systems introduced to a limited extent
- actions carried out to benefit consumers including :
    - issue of distribution (conditions of supply) code;
    - consumer's right to information and minimum standard of performance;
    - overall standards of performance;
    - issue of fines and charges regulation; and
    - initiating proceedings on consumer complaints.
- Gains of reform to the government:
    - Government of Orissa has been saving around Rs 250 crores (US$61mn) annually on account of revenue subsidy;
    - Government retains most part of Rs 603 (US$149mn)crores from disinvestment of shares of generation company *namely* OPGC;
    - Government transmission utility GRIDCO has earned Rs159 crores (US$39mn) through disinvestment of 51 percent of its share in the distribution companies;
    - Government has received dividend at the rate of Rs 37.5 crores (US$9mn) per annum from 1996-97 on 51 percent share of OPGC and is entitled to receive annual Return on Equity (RoE) of Rs 79 crores (US$19mn) from OHPC;
    - Availability of funds for capacity addition of 600 MW Indravati hydro power (PH) and Renovation & Modernisation (R&M) of Orissa Hydro Power Coperation Ltd (OHPC);
    - Improved plant load factor (PLF) from Tenughat Thermial Power Station (TTPS) (from 29 percent to 62.78 percent);
    - Revenue from electricity duty increased from Rs70 crores (US$17mn) to about Rs 150 crore (US$37mn) per annum; and
    - World Bank loan of substantial amount available for system improvement.

- General benefits:
    - significant reduction in the size of government;
    - future recurring deficit of state budget contained;
    - public awareness that user charges have to be paid;
    - public awareness regarding economy and conservation of energy; and
    - consumer finds a new status in the regulatory environment.

A Critical Analysis

In spite of the aforesaid achievements, it is established that six years through reform, the power sector in Orissa has failed to achieve the objectives. Efficiency improvements have not taken place to the desired extent and T&D losses continue to be high. Consequently, distribution companies are not only incurring losses but the revenue realisation being much less than the bulk supply bills payable to GRIDCO, they are chronically in default in payment.

GRIDCO has run up huge arrears with NTPC, which has resulted in regulation of power and in constant brinkmanship with the state government for further regulation of power and for cutting off plan funds by Government of India. GRIDCO, the government-owned entity is financially bankrupt and so are the distribution companies.

The total outstanding amount of GRIDCO has mounted to Rs1351.79 crores (US$331mn), including delayed payment surcharge of Rs315.75 crores (US$77mn) for the past 23 months due to default in payment of monthly bills. Distribution companies are unable to raise enough revenue to meet bulk power bills and hence they are unable to keep financial commitments, including payment of salaries to employees.

Things have come to such a pass that AES, which took over the Central Electricity Supply Company (CESCO) has walked out of its contractual responsibility, and the management of the company has been entrusted by OERC to an Indian Administrative Services (IAS) officer, who has been appointed as the administrator. The remaining three distribution companies are also uncomfortable. BSES, the owner of these companies is having a running battle with the Government of Orissa for its refusal to give a corporate guarantee for the loans and arrears of these companies.

While independent regulation had taken firm root and OERC had taken considerable pioneering and exemplary measures in the first four years with regard to procedural issues as well as tariff and non-tariff regulation, the OERC has not been in an enviable position, with its independence, effectiveness and functioning seriously eroded by government's action and inaction. The government is treating the commission virtually as a subordinate department and keeping it on a tight leash through financial and administrative control.

Tariff rationalisation on economic basis adopted by the commission is being sidetracked at the moment in favour of pragmatic steps to reduce industrial tariff selectively. Further, the regular tariff determination exercise has been kept on hold because of government's inability to subsidise targeted consumers and government's inaction on the Sovan Kanungo Committee Report.

The quality of service, which had considerably improved during the first five years, has taken a nosedive with frequent load shedding and lack of enthusiasm and effectiveness on the part of distribution companies.

Thus, at the end of six years of implementation of power sector reform programme, the sector is at a crossroad because on the one hand, there have been substantial achievements, and on the other, there have been formidable obstacles in achieving the objectives of the reform programme.

Assumptions

The main assumption of the reform programme was that privatisation of distribution companies would lead to the efficiency, incentives and commercial approach to management resulting in profit-making by the distribution companies, which would be in a position to share the gains of efficiency with the customers.

Another assumption was that the government would move out of the way as an operator and confine its role to policy-making, thereby allowing the utilities and private company licensees to operate with entrepreneurial zeal. The government would not be required to make capital investment in the sector and also could not be expected to spend money for continuing non-remunerative operations.

The third assumption was that T&D losses estimated by project consultants at about 36 percent for 1996-97 would be rapidly curbed in a reformed environment, so that it would not be necessary to increase tariff for ensuring viability of distribution companies. In fact, the loss was more than 50 percent and further it was unrealistic to expect overnight reduction.

Another apparent assumption was that the transitional problems, including those of employee cooperation, employee realignment and political support would be within manageable limits.

The fifth assumption was that it would be possible to obtain adequate loans and assistance from the World Bank and other multilateral development agencies, which could be utilised for improvement of the system, and that the private companies would be able to generate enough funds and bring in working capital to invest in the system, maintain it efficiently and discharge the obligations as licencees.

In short, it can be said that the main assumption consisted of all the normal rationale for privatisation, which are somewhat as discussed below:

Privatisation would obviate government investment, attract private capital and remove ills of government monopoly. Further, it would lead to greater efficiency, stop political interference in the running of companies, enable appointment of professionals at high levels (instead of politically-chosen IAS officers and state government engineers) and management would focus on productivity, profitability and value (rather than satisfying political and civil service bosses).

Policy Issues

There was a radical change in the policy environment, as the government was to shed its role as the monopolistic owner and operator of electricity utilities and the responsibility of safeguarding the public interest in electricity matters. The privatisation of generation companies and distribution companies took accountability out of the political and legislative arena. Independent regulation for the electricity sector was introduced for the first time and thus, the sector was brought into uncharted waters as far as the regulatory environment was concerned.

The crucial issue is whether the philosophy, design and the strategy for reform, as introduced, were in the best interest of the state and its citizens. The allied issue is whether the implementation of programme was done in the right manner.

Whether justified or not, the citizens could and have complained against reform, particularly, privatisation on several grounds.

Electricity is an essential commodity needing direct control of the government, so that accountability could be enforced through people's representatives and the administrative machinery.

Private companies would be actuated solely by the profit motive and they could not be trusted and expected to safeguard public interest. They would not make adequate and appropriate investment and would ignore consumer demands.

The private companies would discontinue non-remunerative schemes and hence, rural electrification, lift irrigation, free/concessional supply would be discontinued.

Electricity tariff was expected to be based on economic principles, ignoring the affordability factor and hence, the poor would be adversely affected.

The Electricity Regulatory Commission (ERC) may not be able to safeguard the interest of the consumers in view of the legalistic approach, time-consuming procedural constraints, limitation on their resources and pressure from the distribution companies.

Analysis
How many of these objections are valid on principle consideration or on empirical examination can be decided only on an objective analysis of the full facts of the case.

The determination of T&D loss has been a crucial issue for OERC, because revenue yield of distribution companies depends on the level of T&D loss and every one point of reduction in T&D loss will reduce revenue requirement by about Rs 35 crores (US$85mn). But it is impossible to arrive at a precise figure of T&D loss in the absence of proper and adequate metering at the consumer end, sub-stations and at interconnection points and in the absence of energy accounting.

The Staff Appraisal Report had estimated the T&D loss of about 36 percent for the year 1995-96 and had anticipated that losses will go down to 20 percent in three years. In fact, in the year 1995-96, the actual loss was found to be as high as 50.5 percent and there was very slow progress in loss reduction, which stands at about 42 percent even now though OERC fixed the target of reducing it to 35 percent in the year 1997-98. As a result of considerable gap between the targeted loss level on which revenue requirement was calculated and tariff was fixed and the actual loss, there was substantially less revenue realisation than that was required to meet the bulk supply bill.

The second issue is the unviable financial model of GRIDCO, the government owned transmission and bulk supply licencee which had to take the burden of accumulated losses as well as mounting arrear dues of distribution companies. GRIDCO was asked to give accommodation to the supply companies in allowing arrears in payment of bulk supply bills until the supply companies are financially sustainable. The cumulative effect of immediate withdrawal of subsidies and other funding on the one hand and the failure of distribution companies to collect adequate revenue on the other proved fatal for the financial position of GRIDCO. No support mechanism for GRIDCO had been designed.

The third issue is the determination of tariff. The tariff increase with base year 1994-95 is given in Table 31.

Table 31: Determination of Tariffs	
Year	**Tariff Increase (percent)**
1995-96	17.50
1996-97	17.00
1997-98	10.33
1998-99	9.03
1999-00	4.00
2000-01	10.20

The regular increase in tariff even at a reasonable level gave the widespread impression that the purpose of reform and the function of OERC was mainly to increase tariff on a regular basis, adversely affecting the consumers of all categories. No category of consumer was happy, as no one wanted an increase in tariff, especially when efficiency did not register perceptible improvement either in terms of quality of supply or in consumer service. The input cost of power increased substantially due to revaluation of assets at the time of privatisation. Table 32 presents year-wise cost of power purchase.

Table 32: Cost of Power Purchase		
Year	**Purchase (mn units)**	**Cost (Rs crore)**
1994-95	8493	469.90
1995-96	9762	740.60
1996-97	9863	982.72
1997-98	10324	1199.32
1998-99	10571	1212.49
1999-00	11134	1183.40
2000-01	11011	1164.56

Hence, tariff had to be set for a much higher amount of revenue realisation even though the quantum of input remained almost the same. The OERC decided not to pass on the cost of inefficiency to the consumers and hence, calculated revenue requirement and tariff at a benchmarked T&D loss level of 35 percent. This did not satisfy the consumers and yet led to financial bankruptcy of the licencees.

The Government of Orissa, the main stakeholder, lost its courage and zeal for reform right after the promulgation of the OERA 1995. The mere creation of GRIDCO and OERC was perceived by the government as an adequate solution for all the problems of the power sector.

It ignored the transitional issues of facilitating the reform, supporting the reforming entities and OERC, providing subsidy to licencees till attainment of their financial viability, paying the electricity bills of government departments and corporations, instructing the law and order machinery to cooperate with distribution companies in detecting theft of power, realisation of dues, etc.

While the intention of reform was to leave the sector to make itself financially viable on the basis of self-generated income, the Government of Orissa went to the other extreme of appropriating most of the sale and disinvestment proceeds for purposes other than power sector.

The licencee companies failed to infuse any working capital and entirely depended on the World Bank loan amounts for investment and for expenditure on maintenance, repair and extension of facilities. They were neither able to take their employees with them in the path of reform nor enforce discipline and good work culture. They were not able to improve service and hence, could neither satisfy consumers nor employees.

The absence of informed public opinion or a public policy forum and of enlightened and an effective consumer forum in Orissa is a major deficiency in the path of reform, development and progress. This was acutely felt during the power sector reform process.

Even though there was considerable participation in the public proceeding of the OERC, all the participating organisations represented only the interests of their own members and the constant refrain was generalised objection to the reform and tariff increase without informed analysis, rational approach and constructive suggestions. Out of the three consumer fora, which were active, one repeatedly gave generalised objections to the OERA, reform programme and every action of OERC and of the licencee with the hope that the reform programme would be dismantled.

The other two gave balanced presentations, but they were practically a one-man mission, and hence, did not have substantial base, influence or effectiveness. One reputed All-India NGO offered the OERC its assistance and intermediation to evolve regulatory procedure and decisions. The Commission rejected the offer of any structural arrangement with any particular consumer organisation as the Commission did not want to be charged with the allegation by local groups and NGOs of being guided by external agencies for non-transparent reasons.

Their request to the Commission was rather in the nature of providing consultancy and hence the Commission was wary of any structural arrangement even though the NGO was advised to participate and make presentations as an outsider like any other interested party or consumer organisation. This seems to have created disappointment in the said NGO, which became highly critical of OERC procedures without ground examination of the facts and circumstances; and made presentations accordingly in the public fora and with the Ministry of Power.

While the OERC was taking unprecedented path-breaking measures for transparency, regulatory independence and professional approach, in the process it had been rubbing every stakeholder on the wrong side. Everyone is critical of OERC for reasons of its own and not on the basis of a principled or empirical approach.

Possibly because the OERC was not getting the administrative, financial and legal support from the government, it did not do enough to educate the public, involve the consumer organisations and take adequate measures in the interest of the public. It had no moral support except from consumers and consumer organisations that unfortunately were neither organised nor had resources to be effective.

As the reform programme became an orphan with no protagonist except the OERC, which tried to do its best to justify its own survival and reputation, the programme became the whipping boy and privatisation yielded nothing positive in concrete terms except the structural reorganisation and a sound regulatory mechanism.

Lessons Learned

The so-called World Bank model of reform with emphasis on privatisation as a panacea for all the ills of power sector, suffered from some inherent inefficiencies.

The model was based on study, appraisal and advice of foreign consultants who are inadequately informed about the ground situation of India with regard to political dynamics, legal intricacies and inadequacies, poor work culture, the trade union situation, reliability of accounts and statistics of government organisations. It underestimated the opposition the reform process would face from the politicians, employee unions, engineers, unscrupulous consumers and vested interests who benefited from the existing system.

The reform model ignored the public policy needs of accessibility and affordability of electricity for the rural and urban poor and for the hitherto beneficiaries of industrial policy resolution of the government. The economic model of reform was based on the theory that the sector is made viable by payment of user charges promptly by all consumers on cost of supply basis and that operators make profit through competition and efficiency so that the gains will flow to every one including the poor and the disadvantaged sections of society.

The model was based on a wrong premise that the state government would honour the commitments made with the World Bank representatives during the decision-making process of the reform, and that the government would take clear decisions on subsidies as well as provide funds for subsidising targeted groups and non-remunerative schemes. The model assumed that the government would facilitate and stand behind the reform programme without realising that the reform was crisis driven to obtain loans and assistance and not conscience driven and hence the political leaders and the civil servants would have no heart in it.

Furthermore, the vested interest would sabotage the programme and the government will willy-nilly buckle under their pressure, which could very well be anticipated and factored into the model of reform, timetable of reform and strategy of reform.

The model also assumed that there would be smooth interaction between the donor agencies, government and the private companies and therefore, the implementation of schemes, release of funds, system improvements, etc., would pose no difficulty; and hence, the anticipated benefits and gains of efficiency could flow within the time schedule.

So much for the model which in spite of its deficiencies, could have delivered substantial results had not the difficulties been aggravated by sins of omissions and commissions in implementing the reform. The disinvestment of shares of the government companies was not transparent.

The bureaucracy had no expertise to craft and draft appropriate legal documents with the investors, as a result of which it was realised that the distribution companies were not obliged under contractual agreement to infuse working capital or to invest money for new schemes. On the contrary, they were given accommodation to remain in default in making payments to the government-owned transmission companies, which consequently became financially bankrupt.

The issues and concerns of the employees were not dealt with by the government, companies and the private sector licencees properly and gradually resulted in non-cooperation with the operators and sabotage of the improvement and development plans.

The OERC strictly followed its legal mandates by regulating and monitoring the licencees without concern for the financial viability of the licencees.

As indicated earlier, the government did not provide support to OERC, as a result of which OERC became inept and ineffective. The government did not provide transitional support of subsidy and loan, which was essential during the gestation period of the new mechanism.

The state government was the biggest defaulter in payment of electricity dues, in releasing World Bank funds to the licencees and in reimbursing the expenses on rural electrification. The government departments and corporations never paid the electricity bills in time, thereby, creating financial difficulties for the distribution and the transmission companies.

The distribution companies were not provided with the support of district administrative and law enforcement authorities to discharge their legitimate duties as distribution licencees and to check theft and pilferage of electricity.

The distribution companies failed to make significant improvement in collection, while input cost went up considerably. The billing to input ratio hovered around 56 percent during 1999-00 and 2000-01, implying that almost 44 percent of power was not billed. Out of the billed amount, collection was approximately 80, 83, 73 and 76 percent in 1997-98, 1998-99, 1999-00 and 2000-01, respectively, reflecting a decline in the collection ratio, which also indicated inflated or at least unrealisable bills. This was a far cry from 100 percent collection efficiency in the financial year 1998, anticipated by the Staff Appraisal Report of the World Bank.

Conclusion

While reform in the power sector was imperative, radical reform in Orissa was a desirable path-breaking step though there have been some deficiencies in the model and monumental failures in implementation of the reform programme.

The existence of an effective consumer forum and enlightened campaign would have possibly enabled the reform programme to be calibrated for specific needs of the state and the people to create a sustainable power sector, which is the aim of the reform programme.

Privatisation can only be one of the planks of reform, or rather the main strategy of reform. The strategy offers great advantages and benefits only if it is implemented with sound planning, proper monitoring and whole-hearted commitment of the government to safeguard public interest while facilitating private participants/investors in the infrastructure sector.

Many lessons have been learnt from the debacle of power sector reform in Orissa. Fortunately, these lessons have been factored into the reform programme in the reforming states of Andhra Pradesh and Delhi to a great extent.

24
Water Privatisation in West Africa

*– Kate Bayliss**

Introduction

Water resources are being privatised in many African countries as a step towards the economic reform process. The emerging evidence suggests that the methods used to privatise have been problematic in the following ways:

- The institutional framework has meant that there has been confusion regarding the responsibilities for maintenance and investment.
- The government has been powerless in regulating private companies and private investors have failed to cooperate with the regulating agencies.
- The use of a lease contract means that the government continues to be responsible for capital investment.
- Privatisation has failed to make the public sector pay its bills. The private sector claims compensation, by paying less to the government asset-holding institution, which then has fewer funds for investment. Privatisation has thus failed to address one of the core investment financing issues.
- It is not clear whether the water sector is any better off financially, aside from the large loans received from donors, because of complying with the conditionality.

This paper catalogues the main water privatisation efforts in Africa, before studying the cases in three countries. The information for the case studies is sourced mainly from two World Bank publications (Kerf, 2000, Do State Holding Companies Facilitate Private Participation in the Water Sector? Policy Research Working Paper 2513, Private Sector Development, World Bank, Washington, D.C.; Menard and Clarke, 2000, A Transitory Regime Water Supply in Conakry, Guinea, Policy Research Working Paper 2362, Development Research Group, World Bank, Washington, DC).

Major Water Privatisation Efforts in Africa

Table 33 shows the major water privatisation efforts that have taken place in Africa. It can be seen that two French companies – SAUR, a subsidiary of Bouygues, and Vivendi – have dominated the scene as lead investors. It may also be noted that the first major instance of water privatisation occurred in 1960 in Côte d'Ivoire.

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Table 33: Water Privatisation in Africa

Country	Year	Company	Sector	Contract type	Lead investor
Côte d'Ivoire	1960	SODECI	Water	15-year renewable concession	SAUR
South Africa	1992	WSSA	Water	25-year concession (Queenstown) and 10-year concession (Fort Beaufort)	Suez-Lyonnaise
Guinea	1989	SEEG	Water	10-year lease contract	SAUR, EDF
Centre African Republic	1993	SODECA	Water supply	15-year management leasing contract	SAUR
Mali	1994	EDM	Water and electricity	Four-year overall management contract (Since privatised)	SAUR-EDF-HQI
Senegal	1995	SDE	Water	51% ownership	SAUR
Guinea-Bissau	1995	EAGB	Water and electricity	Management contract	Suez-Lyonnaise, EDF
Gabon	1997	SEEG	Water and electricity	20-year concession	Vivendi, ESBI
South Africa	1999		Water	30-year concession Dolphin Coast	SAUR
South Africa	1999		Water	30-year service contract Nelspruit	Biwater Nuon
Mozambique	1999	Aguas de Mocambique	Water	Concession - 15 years (Maputo and Matola) and 5 years for the other cities	SAUR+IPE (Portugal)
Kenya	1999	Nairobi	Water	10-year management contract for water billing and revenue management	Vivendi
Chad	2000	STEE	Water and electricity	30-year management contract	Vivendi
Cameroon	2000	SNEC	Water	20-year concession and 51% stake	Suez-Lyonnaise
Burkina Faso	2001		Water	5-year support and service contract	Vivendi
Niger	2001		Water	10-year renewable lease contract – provision of water services to whole country.	Vivendi

Sources: PSIRU database; Campbell-White and Bhatia, 1998. Privatisation in Africa, World Bank, Washington, DC

Water Privatisation in Guinea

Before economic reforms were introduced in 1989, the performance of the water sector in Guinea was very poor. There was low access to water supply and high incidence of water-borne diseases. The World Bank sponsored the first Water Supply and Sanitation Project for Conakry from 1977 to 1985, but the results were disappointing on several accounts. Political interference and an unfavourable economic climate resulted in poor financial performance and weak institutional development in the water sector.

Only less than 40 percent of the urban population in Guinea had access to piped water. Tariffs bore little relation to supply costs and irregular flow and poor water quality were commonplace.

Reasons for Privatisation

The performance of the utility was poor, but that alone cannot be the reason for the country to privatise its water supply. In addition to the need for investments from external sources and for internal performance improvement, there were other reasons why privatisation took place, when it did, in Guinea.

One was donor pressure. The government lacked funds and needed donor finance. For the World Bank, the poor performance of the first Conakry Water Supply and Sanitation Project meant that future financial assistance would require reforms that were more far-reaching. Thus, private participation was made a condition for World Bank lending.

Another reason was that the new military government was not reliant on political support from those who would lose from the policy. The two interest groups expected to lose out from privatisation were the urban elite and the workers (the utility was overstaffed, in part because of the government's promise to employ all graduates).

Neither of these groups was a vital supporter of the military government and suffered substantially because of structural adjustment policies, such as increase in agricultural prices and reduction in public sector employment. On the other hand, the army, which was the key supporter of the government, increased in numbers and was awarded a pay rise.

The military government took steps to reduce the opposition to water privatisation from workers. Of the 504 employees of Enterprise *Nationale de Distribution de l'Eau Guinéenne* (DEG) – the public agency in charge of the water sector – 40 were hired by *Société Nationale des Eaux de Guinee* (SONEG), 250 by *Société d'Exploitation des Eaux de Guinee* (SEEG) and 30 qualified for other civil service positions. Both SONEG and SEEG are unionised, although unions do not seem to have much influence.

The problems in Guinea were almost entirely due to mismanagement of the sector, as there was no scarcity of water.

The Reform Process

The government opted for a lease contract as the means for bringing in private sector participation. Under this arrangement, the private operator was not responsible for assets belonging to the water sector, as these were still owned by the government. The private firm paid a lease fee in return for the 'rental' of the infrastructural assets and was responsible for operating the system as well as billing and collecting revenue.

The advantage of this arrangement is that private investors do not have to commit funds for long-term investment projects. At the time, Guinea was potentially unstable, having recently been through a military coup. The judiciary was weak, dependent on the government, and had a poor record of enforcing private contracts. Hence, companies considered investments in long-term and non-transferable assets to be too risky.

(The Military took control of the Government in April 1984 and Colonel Lansana Conté took over as the President. Guinea returned to limited democracy in December 1993, when Conté was elected President. In 1998, Conté was re-elected.)

A lease arrangement was also politically appealing, because it did not give the impression of selling off the nation's assets, as they were still under government control. The drawback, however, is that there might be confusion regarding the responsibilities for the sector.

The steps of the reform process were as follows:

- In 1989, the government transferred the ownership of urban water supplied in Conakry and secondary cities from DEG to *Société Nationale des Eaux de Guinee* (SONEG), the newly established state-owned national water authority.
- Private companies were invited to bid for a lease arrangement to operate and manage urban water services in 17 centres. Competitive bidding only produced two bids.
- Two consortia finally put in bids for the lease contract (although there were six firms that expressed interest). The contract was awarded to a consortium led by SAUR and Vivendi (that was running water companies in Côte d'Ivoire), which set up the management company *Société de Exploitation des Eaux de Guinee* (SEEG).
- Contracts were signed in 1989 and were supported by the World Bank's Second Water Supply Project, with US$102.6mn funds from the World Bank, African Development Bank, the Government of Guinea and SONEG.

It was also decided to increase water tariffs, as this was considered necessary to allow private firms to earn more revenue – particularly as the government was still a poor payer. The prices were subsidised by the World Bank and went directly to the private firm, rather than through the government.

Institutional Set up

The new arrangement involved a set of three contracts between the following parties:

- Government and SONEG;
- SONEG and SEEG; and
- SEEG and its international shareholders.

SONEG, which was owned by the government, owned the assets and set the tariffs. SEEG operated the system, paid a rental fee to SONEG and a management fee to the private shareholders, Vivendi and SAUR.

Effects on the Functioning of the Utility

Matters have improved, though not to the extent desired. After privatisation, the connection rate increased from 38 percent in 1989 to 47 percent in 1996. Labour productivity enhanced, water quality and consumer service improved and metering levels rose dramatically. The main results could be summed up as follows:

- *Water quality:* Almost everyone agrees that this has improved.
- *Customer service:* It has improved, as it became easier to register faults and get repairs done.
- *Metering:* Before reforms, only about five percent of the customers had working meters. By 1996, 98 percent of private customers were metered and 100 percent of the government connections were metered.
- *Bill collection:* Bill collections improved from private customers. This, however, fell when the tariffs were increased. SEEG can, and does, cut off supplies to consumers who do not pay their bills for three consecutive months.
- *Labour and total productivity factor:* The number of connections per worker increased dramatically, following layoffs at the time of reform, but failed to increase significantly later on. Immediately after privatisation, labour productivity rose from more than 40 employees to 20 employees per 1,000 connections.
- *Tariff:* Tariff increased more rapidly than planned and made it difficult for even wealthy people to pay. Tariffs and costs in Guinea are higher than the average in Africa and Latin America. As there is no clear mechanism for setting the tariff, the reason for hikes is also unclear. Requests for tariff hikes are put up before SONEG for approval. High prices have been attributed to the unpaid utility bills of government departments. However, in reality, such amounts are claimed back from payments that are due to SONEG.

SEEG seems to be adopting (and SONEG complying with) a kind of cost-plus-tariff scheme. If this is the case, then the lease approximates a management contract, with SEEG's risks minimised and commercial risk being borne by the government. Further, despite SEEG's role in investment, the company assumes almost no investment-related risk. There was substantial investment only at the start of the project, because of funds provided by donors.

- *Company finances:* The financial situation of the company has improved, which is not surprising given the improvements in billing and large increases in tariffs. SEEG quickly became profitable – it made profits of US$3.2mn in 1996. SONEG, however, was making losses the losses were US$4.1mn in 1996. The losses resulted from a drop in the rental fee that SEEG paid to SONEG and the ceasing of the subsidy that the government paid SONEG for debt service.
- *Collection rate:* Collection rate is low, since the government departments still do not pay their bills. For the first two years of the lease, under donor pressure, the government paid its bill regularly. But, in 1991, the rate of collection from government departments fell to less than 50 percent and dropped further to about 10 percent in 1993. This is a major problem for SEEG, as the government sector accounts for about 30 percent of its sales. Because of the weak legal environment, the company can do little, beyond cutting the connections, when payments are defaulted on. Invariably, part of the non-recovered costs get passed on to smaller consumers, who pay their bills.

- *Connections:* The number of connections did increase, but not as much as expected. There is more than one reason for this. First, the high price of water meant that most people could not afford to get a connection. The chaotic expansion of Conakry, including a large influx of refugees, has made setting up new connections technically difficult. Further, the expansion of the system was slowed by disagreements between SEEG and SONEG over each other's responsibilities.

It must, however, be mentioned that unaccounted for water (UFW) was a very high 47 percent. There seemed to be a large number of illegal connections and there was little SEEG could do in the circumstances, other than seek them out and cut the supply off. Overlapping lots and interlaced households, especially in older parts of the city could make it difficult to interrupt water supply and control connections. Poor maintenance and ancient infrastructure worsened the problem.

Another aspect that needed to be realised was that SEEG had little incentive to reduce UFW. As the infrastructure had improved, there was no shortage of water. Hence, it did not affect the supplies that SEEG could charge. As the amount paid by SEEG to SONEG was a proportion of bills collected, and not the water used, it had little incentive to reduce UFW.

Problems

The privatisation of water supply had thrown up some structural and operational problems. These are discussed in the following section.

Unclear Responsibilities

Because of the interrelated functions of SONEG and SEEG, there had been disputes over each others' responsibilities. SEEG's effectiveness, as an operator of the facilities, was dependent on SONEG for payment. This made it easy for SEEG to blame SONEG for any problem.

The overlapping of investment responsibilities had caused problems, with both blaming the other for delays. SONEG still had to operate according to the government's bureaucratic procedures in matters such as tendering for procurement. SEEG, on the other hand, had much more operational flexibility. It was not required to invite competitive tenders for its input procurement, because it was assumed that the private firm aiming to maximise profits would naturally go for the best value option.

Weak Regulation

SONEG did not have access to information on SEEG's finances. This meant that when SEEG put in a request to SONEG for a tariff increase, the latter was unable to accurately assess the grounds on which the request was based. In other words, the basis for tariff or tariff increase was not clear. SEEG might be basing it on a cost-plus-basic charge formula. However, this was only an assumption. SEEG was allowed to conceal the nature of charges in the different accounts for service contracts or operational contracts.

As mentioned earlier, SEEG did not have to put its procurement to tender. The problem arose when it sourced input from its parent company. There was no way for the government to know if the firms were using transfer pricing to raise profits – that is, the charges from the parent company were manipulated to ensure maximum profits for the multinational parent company. If this were so, it would not be in the best interests of Guinea's water services.

SEEG had passed over SONEG and developed infrastructure beyond the contractual conditions. Although the contract specifically prohibited SEEG from doing this, once it was done, the situation was irreversible. For example, the French Development Bank provided SEEG with substantial aid to develop new infrastructure. However, this was done without bidding and ignoring the clause that makes SONEG responsible for such projects. But, there was little SONEG could do about it.

Weak regulation could work to SEEG's favour in other ways also. For example, SEEG ran a maintenance programme and could bid on construction contracts. It was required to provide SONEG with separate reports and accounts on its separate functions (the functions that were subject to regulation and those that were not). However, SEEG had refused to provide SONEG with this information, even though it was required under the contract.

These types of lapses further aggravated the information asymmetry. SONEG had also not been able to get SEEG to separate its activities under the lease contract and its activities under separate construction contracts. This meant that SEEG might be able to transfer cost overruns from operational activities (for which SEEG should bear some commercial risk) to its construction activities (for which it was not supposed to bear any commercial risk).

SONEG had been unable to force SEEG to comply timely with its financial reporting requirements on time. As such, SONEG could not assess whether requests for increases in remuneration were reasonable. A World Bank audit found that weak regulation had meant that the formulas used to adjust prices, in response to cost changes were misapplied resulting in overvalued tariffs.

Because of this and the informal price negotiations between SEEG and the government, the private operator received far greater compensation than was anticipated (the lease contractor rate) – the part of the tariff to be paid to SEEG was supposed to be 214 GF/m^3, but in fact it was 448 GF/m^3. This was due partly to the lack of administrative capacity at SONEG and partly because SEEG had failed to provide critical information to SONEG, as was required under the contract.

Absence of an Independent Regulator

A weak institutional framework has not prevented private sector involvement, but it has affected the success of economic reforms. The lack of an independent body to enforce the contracts between the various parties has been sorely felt. Currently, many contractual terms, such as those requiring the government to pay its bill or implement performance targets have not been enforceable.

Without an independent regulator, the system depends on the effectiveness of contracts and their implementation. SONEG, which was officially responsible for monitoring SEEG, was not able to do this because of lack of autonomy and information asymmetries.

Disputes and disagreements had to be settled at the highest level of the government, often going to the Ministry or even to the President. Such a system had soured relations between the government and investors. The government retained substantial discretionary power that was only partly counterbalanced by international lenders and lobbying from companies that owned SEEG.

For example, in 1991, the government stopped paying a large amount of its water bill. To partly recover its dues, SEEG stopped paying SONEG its rental fee – formally a breach of contract. There was a clause in the contract stating that SONEG could access a deposit paid by the investors if they failed to pay the rental fee. When SONEG threatened to apply this rule, SEEG described the non-payment as a delayed payment, caused by the lapse on the government's part to pay its bills. Consequently, government representatives forced SONEG to back down. Finally, an agreement was reached when the World Bank made the settlement through condition for funding the Third Water Supply and Sanitation Project.

Weaknesses in the wider institutional framework also affected privatisation outcomes. For instance, low collection rates were, in part, due to the weaknesses in the judicial system that made it difficult to extract payment from non-payers, which included government departments.

Influence of Politics

Despite government departments defaulting on paying their dues, SEEG did not cut off the connections, although it could do so under the contract. The reason for this was that the government had substantial power over SEEG. It could be said that the government had even a direct influence through its representation on SEEG's board. Further, SEEG might have other interests that require government support. For instance, during 1991, when the non-payment of bills reached a crisis level, SEEG was trying to get the government to approve price increases larger than originally intended. On the other hand, SEEG had been cutting water supplies to local agencies that had little power over SEEG.

SONEG, which had government ministers on its board, was not in a position to avoid political pressures. The government still did not pay its bill and SEEG continued to withhold payment of its rental fee to SONEG. This meant that there was less money available to SONEG for investment. Privatisation had thus failed to address one of the crucial issues of public sector ownership – that of poor revenue collection, the continuation of which meant that sufficient finances were not available for investment to improve the sector.

Conclusion

In retrospect, one could say that the outcome should have been predictable. In their effort to maximise profits, investors would prioritise operations that made money. Prices would be increased as much as possible – even charging double the agreed rate – and compliance with the regulator would be kept to a minimum. The focus of investment had been to improve billing, while efforts to increase the number of collections or minimise water losses had not been significantly attempted. The private firm involved was making profits and the part that was still government-owned continued to make losses.

Still, some might consider privatisation a success, when compared with the way the water supply utility was operating before privatisation. However, even they would agree that there have been substantial limitations to what privatisation could achieve.

Leases were perceived as easier to implement than concessions (where the private firm takes responsibility for investment), because the private sector did not need to commit to large-scale investment and there was less need for intrusive regulation. Nevertheless, effective monitoring and regulation were needed for the government to be able to make an accurate assessment of the performance and the lessees to bear their share of commercial risk.

Water Privatisation in Senegal

Earlier, reform efforts had produced little improvement in service delivery. The water company had been privately owned at the time of independence (1960), but was nationalised in 1972. There was substantial investment during the 1970s, but much of it was wasted, owing to poor planning and the excessive sophistication of some of the installations, which made subsequent maintenance difficult.

In an effort to reduce government influence, it was decided that all assets and related debt service obligations be transferred to a public enterprise created for the purpose – the *Société Nationale d'Exploitation des Eaux du Senegal* (SONEES). SONEES was bestowed with the primary responsibility for operation, maintenance and rehabilitation of the urban water supply sector, while the government undertook to review tariffs twice a year, in line with a pre-determined pricing formula.

Despite efforts at restructuring and having reasonable levels of technical competence, the financial health of the utility did not improve. This was mainly because:

- the government failed to increase tariffs;
- public authorities failed to pay their bills; and
- the government continued to intervene in investment decisions.

Thus, even though the performance of SONEES was satisfactory and the labour productivity high (seven employees per 1,000 connections), revenues were not enough to cover costs. Over a period, this had a debilitating effect on the state of the network. UFW rose to about 30 percent in 1994 and the quality of water was inconsistent. While 80 percent of Dakar, the capital city, had access to safe drinking water, a growing number of poor residents in other areas found access to good quality water supply difficult.

Reasons for Privatisation

Privatisation of the water utility was decided upon to improve the financial health of the utility, to make the operation sustainable and to put an end to government interference.

It was believed that the improvement in efficiency that the private sector introduced would mean that the tariff increases required to cover costs and ensure financial self-sufficiency of the sector would not be less than the tariff increases required under government ownership. It was estimated that prices would need to increase by 2.4 percent per year, from 1996 to 2003, to make the sector self-sustaining with private participation. Against this, it was estimated that annual increases of five percent a year would be required without private participation.

Private participation was seen as essential to ensure real autonomy from the government, as well as to enable the utility to put greater pressure on public bodies to pay their water bills.

Institutional Set-up

A lease contract was drawn up. This option was chosen because ownership of the public assets was a politically sensitive issue and because private firms were not expected to be amenable to the idea of assuming full debt service and investment risks. The lease was signed with the private operating company, *Senegalaise des Eaux* (SDE), in 1996. SAUR of France was the main shareholder in SDE. The responsibility was divided as below:

- SDE, the private operating company, was responsible for some investments every year.
- *Société e Nationale des Eaux du Senegal* (SONES), the state holding company, owned the sector assets and was responsible for planning and financing investments (except for what was done by SDE), as well as for monitoring SDE activities. The reasons for setting up SONES, as a state holding company, were: (1) to rally SONEES employees to the reform process; and (2) to maintain in the water sector a specialised public entity, which had (as SONEES) performed well technically.

SONES was to receive the difference between total consumer tariffs and SDE's remuneration.

Effects on the Functioning of the Utility

In the capital city of Dakar, the population with access to safe drinking water had increased from 80 to 82 percent since privatisation. Furthermore, UFW was reduced from 36 to 30 percent. However, the progress achieved with respect to access to safe drinking water and the level of UFW was below the objective levels established in 1995. The reason for this was attributed to the confusion and tensions that persisted in the relations between SONES and SDE.

Problems

The main problems that have cropped up since privatisation are:

- separate bodies responsible for investment and maintenance have proved difficult in terms of operation;
- regulating SDE has proved a sensitive issue because the regulator – SONES – was staffed by employees who had been passed over for a job by SDE. Further, SONES employees were being paid less than their former colleagues, now working in SDE, who they were supposed to be regulating; and

- yearly tariff adjustments had so far been implemented as planned and public entities do pay their bills. But there was tension between SDE and SONES in matters related to finances.

Water Privatisation in Côte d'Ivoire

The privatisation of the water utility in Côte d'Ivoire came long before any other country in Africa. A contract was given to the French firm SAUR in 1960 to run the water company *Société des Eaux de Côte d'Ivoire* (SODECI). In general, the performance of the water utility was considered satisfactory. The water was of good quality, the rate of collection was high, from private (but not public) users, labour productivity was high (eight workers per 1,000 connections) and the levels of UFW were low (15 percent in 1987).

The management of water came under a department within the Water Directorate of the Ministry of Public Works and Transportation, rather than under a specially created state holding company (SHC), as was the case in Guinea and Senegal.

Contract Renewal

There was a financial crisis in the 1980s because of an overly ambitious expansion programme by the Water Directorate that coincided with depressed demand. This demonstrated that there was a need for greater linkage between revenue generation and investment planning.

The government then decided to set up a concession with SODECI, wherein the latter would assume full responsibility for investment and debt servicing. However, the private firm that owned SODECI was not prepared to take on the responsibility for investment because it was not clear whether sector revenue would cover debt service requirements or not.

In view of this, the original contract, which was signed in the late 1950s was renewed in 1987 for 20 years. The new contract gave SODECI planning responsibilities and, therefore, a large degree of control over investment, while it remained on a lease contract. Since SODECI did not commit its own resources to carry out investment and cover debt service charges, it did not bear any investment-related risks.

The funds for investment and debt service came from the difference between consumer tariffs and SODECI's lease fees. The amount was transferred to the *Fonds de Developpement de l'Eau* (FDE), which funded investment expenditure and the *Fonds National de l'Eau* (FNE), which funded debt servicing.

Under the contract, SODECI was responsible for:

- providing drinking water services in Abidjan and all other urban centres in the country, which involved production, distribution, service management, facilities and network management and maintenance, renewals and extension of the network, as required by the government, and the collection of tariffs;
- drawing up investment plans for submitting to the government; and
- carrying out construction works, with a value of under CEA France BCEAO 80 million (US$115,000).

SODECI was also permitted to take part in competitive bids, to construct infrastructural facilities. The role of the government was to be:

- owner of network and all related assets;
- provider of services to all rural segments of the population (centralised activity);
- provider of funds for investment; and
- ensurer of set tariffs for end-users.

The renewed contract did change some of the terms and reduced some of the benefits SAUR had earlier enjoyed. For example, before 1987, SODECI had been obliged to operate and maintain any additions made to the existing system but was guaranteed compensation, if the amount of water actually consumed fell below some forecasted levels calculated in advance. This guarantee made sure that SODECI's profits were safeguarded. After 1987, this guarantee was removed.

Similarly, after 1987, the authorities managed to negotiate a 20-percent reduction in the fees paid to the private operator by suggesting that they might allow other companies to bid for the contract. That SAUR could absorb this reduction suggests that there had been a considerable profit margin accruing to the company.

Results of the New Contract

Since 1987, tariffs have increased more slowly than stipulated in the 1987 contract. Regulation and tariff adjustments come under the Water Directorate but, ultimately, these have to be approved by the Council of Ministers. The process has remained highly political and has, therefore, become more erratic and *ad hoc*.

The public sector still does not pay its bills. SODECI does not cut their connections off but withholds its payments to FDE and FNE. This means that the funds available with FDE and FNE are insufficient to cover investment and debt servicing requirements.

The connection rate has increased, since 1989, and water quality has remained high. UFW is still low and labour productivity continues to improve – 3.8 employees per 1,000 connections, in 1996.

Some people have expressed doubts about the capacity of the Water Directorate to effectively monitor SODECI's investment activities. SODECI might be able to earn excess profits or might get around competitive tender rules by dividing large investments into a series of smaller ones to be below the cut-off figure.

Conclusions

The three case studies discussed above show that, in Africa, privatisation of water utility under lease agreements had demonstrated improvements in only some of the core aspects of revenue increase: tariffs, billing and collection rates had improved. Also, it was not clear whether the increase in revenue actually reached the bodies responsible for investment in the sector, since the public sector (or the government) seemed to be powerless in ascertaining the revenue position of the private investor (or the company).

High prices and disconnections must mean that the poorest segments of society are likely to be the main losers from the privatisation process. Where this increases use of unsafe water sources, the consequences will be disastrous for public health.

The winners in the exercise seem to be the private companies, whose investments are focused only on revenue raising steps, such as meter installation. Private firms are in a powerful position, as they are the ones that virtually set tariffs (though it requires approval by government) and then decide what to pay the government.

These studies show that effective regulation remains elusive and some of the drawbacks of the earlier system have continued after privatisation. Given the enormous institutional demands presented by privatisation, alternative policy options may need to be considered.

This analysis is based on what little information could be secured on water privatisation in Africa. The subject needs extensive research, particularly focusing on the impact on those excluded from the privatised water supply, so that the social cost of privatisation could be assessed.

Note

Source: Since 1997, it has drawn up investment plans and submitted them to the government.

25
Land Revenue Software

– *Rajiv Chawla**

Introduction

The collection of land revenue and the existence of the institutions of the state have been coterminous. A historical analysis of ancient Indian policy suggests that tax on land played a pivotal part in the evolution and maintenance of the systems of governance.

In ancient times, land revenue was possibly the only source from which the entire income of the government was derived. Further, its incidence was on a large section of the population, as a major proportion of the people relied on land for their livelihood and existence. Thus, tax on land proved to be the primary source of state's wealth. The revenue collected varied from region to region and also depended upon the regimes. Broadly speaking, it was a share of the produce paid in kind or cash.

The mode of assessment and collection underwent a change when the British took over the administration. Lands were measured roughly and village records of lands were gradually built up. Thus, closely linked to the collection of land revenue was the creation of an array of land records wherein the collection of revenue could be systematised and recorded.

India's independence ushered in the era of the Welfare State and, accordingly, 'land revenue', or the tax on agricultural land also witnessed a reduction. Further, other sources of taxation became the primary sources of income for the government.

However, the importance of land records cannot be undermined due to the fall in the importance of land revenue. The entire structure of land record management that was associated with revenue collection now had to sustain its relevance *suo moto*. The shrinkage in the relevance of land revenue collection does not undermine the importance of land records in the governance paradigm.

The plan document of the Seventh Five-Year Plan rightly stated: "Land records form the base for all land reforms and, therefore, regular periodic updating of land records is essential in all the States".

Thus, the concept of the collection of revenue necessitated the maintenance of land records in a rudimentary form in ancient times and a more systematic form during the British administration. Maintenance of land records has now become more vital for

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administrators and the creation of a land information system is one of the key issues facing governance today.

Land record itself is a generic expression and could include, in Karnataka State, details like the Register of Lands of Khetwar Patrika, details of Rights, Tenancy and crop inspection register (RTC)- Form 16, *Khata* register (form 24), *Khirdi* (Form 25), Mutation Register (Form 12), Disputed cases Register (Form 8) and the like…

However, certain types of information relating to land play a very important role. These may include primary information about land, presented in terms of its geological information like the shape, size, land forms, soils; economic information related to land use, irrigation and crops; and the information pertaining to the legal rights, registration and taxation. No improvement in land can be made without acquiring rights to the land. These rights cannot be acquired until ownership is established.

The rationale for the maintenance of land records originates from the following issues:

- Land records form the basis for assignment and settlement of land titles. These records must stand the test of legal scrutiny. Land is a very precious source and the land records system must safeguard the rights of the legal owner of the land.
- As all type of data related to land, as explained earlier, is available in these land records, they are used for various planning processes. The manual maintenance of land records does hinder in effective collation and analysis of the data contained in them.
- The need for a sound and efficient land record information database is beyond debate. The question is how the state could to ensure the maintenance of accurate and genuine land record system to further its policy objectives of land reforms, protection of legal rights over land and efficiency in maintenance and updating these records.
- The importance of land and land records in affecting people's livelihood is an indisputable fact. Issues of land rights not only raise legal complexities but also have socio-economic dimensions. If the state has to address these questions, a sound land information management system has to be put in place because information is the key to power.

The History of Land Records

The land record system has a long history, as long as the history of revenue administration is concerned. The earliest efforts to prepare land records on systematic lines and adopt innovative methods began with Sher Shah Suri, who was the Emperor of India for five years (1540-1545). During his regime, land records were prepared recording the holdings of every cultivator, which also showed the extent of area cultivated under each crop in every season. Sher Shah Suri not only changed the system of assessment of land revenue but also introduced some improvements in the methods of its collection. He gave instructions that leniency was to be shown at the time of assessment, but not at the time of collection.

The process of revenue administration started by Sher Shah Suri was continued and improved upon under the reign of the Mughal Emperor Akbar (1556-1605). Todar Mal, the greatest revenue expert, who started his career under Sher Shah Suri, joined the service of Akbar, and is remembered even to this day for evolving a system of revenue assessment and survey – a system which drew a balance between the demands of the state and needs of the subjects.

During the British rule, peasantry became very poor, since the share claimed by the government as land revenue was very high.

The *Raiyatwari* or *Ryotiwari* system (land revenue system), started by Lord William Bentinck was followed by Cubbon, while administering the Mysore territory. In 1862, when Bowring took over the reigns of administration, an orderly process of reformation set in. In November 1863, the Revenue Survey and Settlement Department was organised. In 1864, a comprehensive revenue circular was issued for systematising the revenue procedure.

The Mysore Land Revenue Code (Act V of 1888) was promulgated and came into force from April 01, 1889. The rules framed under the code were first published in July 1890 and revised in August 1901. In the year 1958 the Karnataka Land Record of Rights Act, 1958 and the rules therein came into existence.

After the reorganisation of the state, the need to adopt a uniform code regarding the maintenance of land revenue records and revenue administration was felt. As a result, the state evoked a new act to consolidate and amend different laws relating to land and revenue administration. The Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964), was enacted and various rules were framed under the Karnataka Land Revenue Rules, 1966. Sections 127 to 136 of Chapter XI of the Act and Rules 38 to 71 of Chapters VIII and IX of the said rules deal with Record of Rights. The Act is in force till date.

Changing Formats

The Record of Rights has seen many changes in its size, contents and design (form) during the past several years. They can be grouped into two categories: a) Record of Rights prior to 1961; and b) Record of Rights after 1961.

The Record of Rights, Tenancy and Crop Inspection

The new register of Record of Rights, Tenancy and Crop Inspection (RTC) introduced, as per Government Order No RD 606 LBD 59 dated 04.02.1961 and as prescribed in the Karnataka Land Revenue Rules, 1966, is maintained in Form-16, as a loose leaf register, instead of the book form of *Pahani Takhta* or *Pahani Patrike*. This form is a rearranged combination of some of the important village forms with a few more items of information added.

This revenue record is important, as it contains all possible data relating to lands held by an individual or group of individuals, such as area, assessment, water rate, classification of soil, number of trees, nature of possession of the land, whether acquired by registered or unregistered document or by succession, partition, mortgage, liabilities, tenancy and details of crops grown, land utilisation, area under mixed crops, etc. It is, thus, a combined document, furnishing details about the RTC.

In the manual system, the original RTC was maintained by the village accountant and a duplicate copy was kept in the *taluka* (administrative division) office. The RTC is maintained for each village separately, wherein all the survey numbers, sub-division of survey numbers and *hissas* (shares) are entered serially, one page being used for each survey number, sub-division or *hissa*. The ultimate unit, for which the entries are made in the RTC register, is a plot of land owned by an individual or a group of individuals (in case of joint ownership).

The particulars entered for each unit or *hissa* can be classified into two groups. The first one contains the items which generally do not change from year to year and are constant over a fairly long period. For such items, the identification number given to the unit are, assessment, soil type, sources of irrigation and *ayakat* under each source, number of trees, person or persons in possession, the nature of possession and the other rights and liabilities upon the land. Column numbers 1 to 11 of the RTC relate to this group.

The second one includes items that vary from season to season, such as tenancy details, areas under different categories of land utilisation, areas under various crops grown in the *hissa*, areas under current fallows, other fallows and the areas irrigated from different sources of irrigation. Column numbers 12 and 13 of the RTC relate to this group. There is a provision for recording five-year data with regard to the details of tenancy and cultivation under the second group of items.

If in the manual system, a change took place in permanent or semi-permanent items, i.e., information entered under Columns 1 to 11, they were easily incorporated in the same form because the number of changes were not likely to be many during the period of five years. Each change of ownership is to be noted and explained in the Mutation Register and the changes made in the RTC form will bear the corresponding serial number of the Mutation Register. If, the survey number or the *hissa* is further sub-divided, additional forms for each new *hissa* were introduced in the blank forms kept at the end of the RTC register, having a cross-reference to the previous page.

After the preliminary record work was completed and the final Record of Rights was brought into operation, any further changes in the entries in the Record of Rights are called mutations. The manner in which the mutations are dealt with, in order to maintain the Record of Rights up-to-date, is indicated in Sections 128 and 129 of the Karnataka Land Revenue Act, 1964, and Rules 62 to 70 of Chapter IX of the Karnataka Land Revenue Rules, 1966.

Problems of the Manual System

The manual system of land records maintenance was highly opaque. Two hundred lakh records were maintained by over 9,000 village accountants. The sub-district office did not have any updated copy of such records, thus a situation of virtual monopoly of village accountants over these records prevailed for many years. Records were not open to public scrutiny and were updated many a times only on various considerations.

Manual record administration was prone to manipulation. There have been numerous instances of government land being shown in the name of private parties. In fact, in the

Bangalore Division alone, Rs 25 billion (US$610mn) worth of government land had been manipulated and shown in the name of influential private persons. The opaque manual system facilitates such manipulation very easily by unscrupulous officials.

Many a times, farmers had to face harassment and extortion, not only in order to possess the land records from the village officials but also for getting the requests processed for change in land title.

On many occasions, such a delay was unintentional. Even if a village accountant was willing to give such records in time, he was not available when farmers wanted him the most, as he was manning more than four-five villages. Therefore, there was no certainty about the timely availability of such records, when a farmer required them.

The process of mutation (change in land title) was very cumbersome. Applications were being given to village officials who virtually enjoyed the discretion of either processing them or not. As records were maintained in a decentralised manner, there was no reporting mechanism available at the sub-district level about the pendency of such applications with village accountants. Lack of any monitoring mechanism in the manual system made farmers amenable to all pressures from the hierarchy of the department.

Land records contain various useful data like soil type, irrigation details, trees, crops grown, crop yield, etc. All such data is very valuable for various administrative purposes. As data was manually maintained, it was not possible to collate and analyse it. The result was that such useful data remained unused in any meaningful way.

Banks often asked for details of various land records before lending crop loans to farmers. The farmers, in turn, had to hunt for village officials with no guarantee that banks would not ask for any more records. This made the crop-loaning process prone to delay and resulted in harassment of farmers.

Courts often required various land records for disposing land based civil litigation (which formed more than 70 percent of total litigation). Records were not forthcoming from village accountants easily and in time, resulting in delays in disposal of cases. Farmers had to often spend, in many cases, more than five to ten years for disposal of their land cases in the absence of these records.

Earlier Efforts towards Computerisation

The Federal Government, realising the importance of well-maintained and updated land record database, launched the scheme of Computerisation of Land Records in the year 1991. Gulbarga district was one of the pilot districts chosen by the Federal Government from amongst 24 districts in the country.

By 1996, the project of Computerisation of Land Records was extended to cover all the districts of the state. While the funds under the project were sanctioned for capturing the legacy of the land records data in digital form, there was not enough clarity about its validation and subsequent updation. No funds were allocated for sub-district computers where the data could be updated. The project, therefore, fizzled out without achieving its objective.

A New Approach

The reasons for the failure of the earlier attempts of Computerisation of Land Records were studied in detail, with reference to Karnataka, and the following observations could be made:

The Federal Government did not have clarity about the strategy to be adopted for the implementation of the scheme. It was not clearly spelt out in the scheme as to what had to be done with the digitised data? How would it be updated? How would these records be distributed to the farmers? What would be done with the manual records?

Perhaps the lack of clarity led to the lack of the involvement of the Revenue Department officers and the district administration in the project. The lack of training of village accountants in data entry process led to wrong and defective database.

Further, validation of data was not properly done, leading to errors in the database. The printed records were distributed to the farmers in some of the districts without proper validation and the use of the database forgotten. The distribution of the printed version was itself regarded as Computerisation of Land Records.

The State Government mandated that Computerisation of Land Records would have to be undertaken and finished in all sub-districts by March 2002. It was also decided to fully support the development of a citizen-centric land record system, even if it meant a substantial investment by the State Government for those components of the project, which were not funded by the Federal Government. This political mandate was backed by full administration efforts at all levels.

The result is evolution of a transparent and effective land record delivery system which fully addressed the insecurities and the concerns of the farmers and which is now in operation in nearly all the sub-districts of Karnataka.

Methodology of Implementation

The process of digitising the legacy data of 20 million records started about two years ago. The following steps were taken to capture the manual data.

The most important item in Computerisation of Land Records was (and still remains) the land record itself. If the legacy data was not captured properly, the computerised processes or the system would have been of absolutely no use.

While there was an existing data entry software which was used in earlier attempts for Computerisation of Land Records, it was felt that the aberrations and the variations in maintenance of land records (although the Karnataka Land Revenue Act 1965 and the rules made thereunder did not provide for such variation) needed to be studied in detail, so as to make the data entry software comprehensive for capturing all such aberrations and variations (even if they were not as per the Act). The department was clear that land records being legal property records there was no discretion to modify or to add or delete any information at the data entry process.

The State of Karnataka is divided into four divisions and every division had its own variation in maintenance of land records. Four divisional one-day workshops attended by representatives from the hierarchy of the Revenue Department and representatives of data entry agencies gave the much-needed insight into such variations. The feedback from such workshops was documented and data entry software modified to take care of the additional needs because of variations in maintenance of land records.

Some of these variations were just not needed and were removed before the digitisation process by way of issue of appropriate administrative orders.

After the four divisional workshops, a detailed set of guidelines was also issued for the preparation of the legacy land records data by the village officials. The guidelines were very detailed and covered each and every field of the data entry screens.

While the idea of the Government of India was to involve village officials in the data entry work, the department had quickly realised that the activity of this size was not possible departmentally. Hence, it was decided to outsource the data entry work to private data entry agencies. This step was also preferred as it would have facilitated huge data entry capabilities at the district level, which could not only be useful later for other similar projects but also would have provided employment to the educated but unemployed youth.

This type of a huge data entry operation was never attempted in this country, leave alone the State of Karnataka. As feared, the biggest problem was, therefore, lack of efficient and trained data entry agencies at the district level. There were small agencies who had done election-related computerisation work earlier, but the magnitude and the complexity of that work was nothing like the one compared with the Computerisation of Land Records.

We also knew that, while other similar projects in Karnataka would benefit from the experience gained by the data entry agencies from the *Bhoomi* data entry process, we did not have the advantage of any agency with experience of a similar project.

To find a solution to the inexperience of data entry agencies, regular and intense interactions with data entry agencies' technical staff were held.

It was observed that, in spite of elaborate and detailed guidelines, these did not percolate down because of reasons mentioned above. It was, therefore, decided to have state level workshops to educate all 53 Assistant Commissioners (one Assistant Commissioner is typically in-charge supervisory officer for three to four sub-districts), all 177 *tehsildars* (officers direct in-charge of 177 sub-districts known as *talukas*) and all 177 deputy *tehsildars*. In all, four such state level full-day workshops were held: each of them was attended by about 100 officers.

These officers then trained the 9,000 village officials and 1,000 revenue inspectors (officials one rank above the rank of village officials).

The technical support at the state level, by way of comprehensive '*Bhoomi*' software development and data entry software, was provided by the National Informatics Centre (NIC). At the district level, such support was planned to be provided by NIC's district officers, known as District Informatics Officers (DIOs). However, it was noticed that, in spite of the DIOs wanting to extend such support at district level, they did not have the time required for this purpose.

Hence the government provided 27 consultants – one each for every 27 districts – to advise and help the district administration on the implementation of this project.

To ensure the correctness of the digitised land records and the data obtained after data entry, detailed guidelines were issued and scrupulous compliance to these guidelines was ensured. As per these guidelines, all the officials and officers, right from the lowest level of village officials (100 percent) to the highest level of Deputy Commissioner (one percent), checked and verified the correctness of the Computerised Land Records. Assistant Commissioners (two percent), *Tehsildars* (three percent), *Shirasthdar* (five percent) and Revenue Inspector (30 percent) also checked these records as per the percentage shown.

To enforce further accountability, all these officers were also required to sign all the computerised records they had checked. Soon after the records were verified and corrected by the above process, a free unsigned copy was provided to all the farmers, so that they could point out any discrepancies in the computerised records.

Another copy was distributed (before June 30, 2002) free of cost to the farmers. Apart from being a welfare measure, this further helped to get valuable feedback from the farmers regarding the correctness of the land record data.

Phased Implementation

While data entry was started in all districts simultaneously after the workshops at division and district levels, the *Bhoomi* team concentrated on five pilot sub-districts and expedited the data entry process by direct interventions. These five *talukas* were chosen carefully to ensure the success of pilot sub-districts.

The proximity to Bangalore was one of the criterions, apart from the quality of revenue official in-charge of these sub-districts. The implementation in these five sub-districts, in a controlled environment, provided useful experience, which was subsequently used to expand the scheme to 27 pilot sub-districts. In the third phase, all remaining 145 sub-districts were taken up simultaneously for implementation. Phasing of implementation helped in the smooth replication of the scheme.

It was clear that two parallel systems would always work at cross purposes with each other and, probably, even make the computerised system a casualty. The manual system suffered from *mala fides*, and was exploitative and inefficient. The successful pilot sub-districts had given the required confidence to the department that the manual system could be disbanded in phases in such sub-districts, where the scheme was being operationalised.

Banning the manual system did put pressure on the computerised system to perform at least as well as the manual system (to start with). However, the *Bhoomi* team, the District Administration and the NIC rose to the occasion as a single team and successfully completed the job (177 *Bhoomi* kiosks had to perform the task earlier done by 9,000 village officials).

Imposition of User Changes

The *Bhoomi* team and the department were aware that the scheme was going to be a trendsetter for the whole country. Such a scheme had to be designed not only to be self-sustaining but also facilitate the government to recover the huge capital expenditure (Rs 250 million i.e. US$6mn). Further, considering the capital cost to be incurred every four-five years (by way of investing in new computers and other particulars), user charges were to be designed appropriately.

Each service has been accordingly priced at Rs 15. As a result, Rs 24 million (US$586,36) had been collected up to March 2002. It is hoped that every year approximately Rs 90-100 million (US$2.2-2.4mn) will be collected from this scheme.

Training of Revenue Staff

While it is ideal to train each and every official on the working of *Bhoomi*, it was certainly not possible in the short run. It was, therefore, decided to select young, educated and committed village officials, who were recruited into the cadre on compassionate appointment basis (whenever an employee dies while in service, his dependant is offered employment in the government). These village officials were willing to learn and take up the new responsibilities.

The software was designed in such a way so as to minimise the day-to-day data entry work by official other than these village officials. The training continued; about 20 officials were trained per week. A battalion of young officials have been created, who could take up these new responsibilities. The department did not require any new recruits for running this programme.

While the training of village officials was immediately started, it was decided to engage the services of data entry agencies to depute data entry operators to do the day-to-day data entry work, so that the scheme did not suffer because of an immediate lack of trained village officials. However, these operators were removed as and when one year of work was over in a sub-district.

Important Features

Bhoomi is a very comprehensive software designed by NIC, Bangalore. This software provides for printing of land records, as and when required. It incorporates the process of online updation to ensure that the RTCs provided to the farmers are in sync with the current situation. The manual land records in operationalised *talukas* have been declared illegal.

All the mutations to the land record database are done on the computer itself, so as to ensure that the data on the computer remains current with time. It incorporates the state of the art bio-logon metrics system from Compaq, which authenticates various users on the *Bhoomi* software, on the basis of the fingerprints. This ensures that nobody can hack the system by imitating other users. The replacement of password security system by fingerprint authentication system will go a long way in ensuring that the database is free from any hacking and that the non-repudiation system is in place.

This software also has the provision of scanning original mutation orders of the revenue inspector (who is the authorised person to pass orders of the mutations in the field) and notice is served on the interested parties. Both documents are scanned to ensure that not only can responsibility be fixed on officials, by showing the original documents signed by them but also ensure that the interested parties do not claim in the court that they were not served with the notice before effecting the mutation.

The software enables the administrators to generate various reports based on the type of soil, landholding size, type of crops grown, etc. This information would enable administrators to take informed policy decisions.

Benefits of the Project

- Landowners can quickly get their land records from various kiosks and are protected from harassment and extortion. As against a time delay of up to 30 days that they had to bear earlier, they now get their records in less than two minutes.
- A landowner can submit applications for mutations (change in land title) at the computerised kiosk and get immediate acknowledgment. As against the earlier time of 70-200 days, mutations now require less than 35 days.
- Access to farm credit is now easy. Online connectivity to banks ensures easy availability of records for sanctioning loans. Banks can, therefore, extend loans to farmers in less than five days, as against 25-30 days in the manual system.
- It would be easier for the landholders to pursue land-related litigation, as they can get the required records without long delays.
- Many government departments can receive immediate and effective support for implementing developmental programmes.

Conclusion

The *Bhoomi* project, which covered 20 million land records in over about 27,000 villages in Karnataka, is the largest e-governance initiative attempted in India. The political will of the administration, support by the bureaucracy and the willingness of the users to accept a new but efficient system has fuelled its success.

The project can serve as a model for similar initiatives in other areas of governance in the state and elsewhere.

26
Solomon Islands Case: Where Leaders Failed the Nation?

*– John Roughan**

Introduction

Since 1987, the leaders of Solomon Islands have embarked upon a strange way of conceiving the development process: destroy the country's wealth-base, cripple the national economy and, finally, contaminate the very land itself. Somehow, through these destructive practices, a nation would develop.

Solomon Islands' first eight years of independence (1978-1986) witnessed slow progress according to our politicians. They found the two-step forward, one-step backwards shuffle much too slow for their liking. To hasten the nation towards progress, their first destructive urge was to tap the nation's tree wealth by exporting round logs to Southeast Asia at seriously unsustainable rates. In fact, a strong case could be made out that this country's current four-year *Social Unrest* period was directly traced to this first destructive 'development' practice'.

A second destructive phase came in the 1999-2002 period, when both Guadalcanal and Malaita leaders opted for the destruction of the state and its economy in the name of 'development'. The Guale people's headlong desire to drive the Malaitans back to their island, no matter what the cost, and the Malaitan's June Coup in 2000 in response was supposed to lead to better life. In reality, those who have suffered the most have been the very people who were supposed to gain so much.

The third destructive phase, although it stopped dead in its tracks at the moment, was the hair brain scheme to import five million tonnes of toxic Taiwanese waste in the name of development. Somehow, by contaminating the very ground on which villagers live and exist, it was supposed to lead to the development of the very same people.

These different phases have not come about by accident, but are deeply imbedded in the country's elites and many village leaders. The development process was bound up with a quick, easy monetary solution, fuelled by deep dependence upon multinational corporations – all of which would lead to better life.

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The Quick, Easy Solution

The Solomon Islands' most recent example of resorting to the quick, easy development solution to its many deep, structural problems was the proposed toxic waste dumping on Makira's Weather Coast. It was difficult for many, certainly for outsiders, to understand how national leaders could be so blind to the long-lasting deadly effects of dumping industrial wastes laced with heavy, disease-causing metals onto particularly fragile lands, until the nation's brief 24-year history of independence is taken into account.

Over the past two-and-a-half decades, national leaders have consistently reached out to embrace the quick, easy answer to difficult problems, rather than face the painful task of searching for the local and 'doable' response. A brief detailing of how the quick, easy development fix has been a clear governance pattern help.

1978-1986: A Golden Era

During the country's first eight years of independence, the Solomons' made steady, if slow, progress in carving out for itself a place under the sun. The nation started out well. On the Independence Day in 1978, for instance, there were no war wounds to heal. The UK had handed over the country to local leadership in a peaceful and dignified manner.

There was little, if any, ethnic strife among people of different islands and the country's economy was basically robust with few debts hanging over its head. It was gently launched on its way with a US$35mn golden handshake from the departing colonial power, the UK.

Unfortunately, by the early 1980s, the Solomons' major cash crop of copra, cocoa and tuna fish were doing well in world markets, much like other developing countries' products were hit by a cyclone. Cyclone Namu, in 1986 seemed to have been a turning point in how the political elite governed the state. The major oil palm plantation and the rice venture – both on Guadalcanal – were hard hit by the cyclone.

Rice growing, however, received a death sentence that it never really recovered from. In the eyes of many, but certainly of political leaders, the national development pace had been too slow. The country had experienced little progress in their eyes.

1987-1997: Leaden Period

In 1987, national leaders, especially parliamentarians opted for large-scale logging exports as the development strategy of choice. Round log exports, which was heated up disastrously over the next 10 years, drove the country to an early grave. In 1989, for instance, the total licensed quota was 664,000 cubic metres for the year yet, by 1994, the yearly quota had reached 3,300,000 cubic metres: 10 times higher than what was considered to be sustainable. If all the logging companies had duly extracted their quota, Solomons' tree wealth would have been exhausted by 2000.

In spite of serious over-harvesting of trees during the ten-year period of 1987-1997, the national economy grew at 3.78 percent, not much different from the so-called modest economic growth in the 1978-1986 period. Over the first eight years of the country's independence, the nation's economic growth rate averaged a respectful, if not overwhelming, 3.17 percent, as stated by the Governor of the Central Bank, when speaking to aid donors at the end of June 2002.

However, in the 1987-1997 period, the nation witnessed a significant cash flow through the sale of round logs, the forgoing of millions of dollars for the national revenue in the form of duty remissions to logging companies (US$109mn from 1994 to 1997 alone) and members of parliament for using in their Constituency Development Funds.

Behind this massive "Money Curtain", a few became rich, very rich at the expense of many village and town people. Handouts, however, were used to retain the loyalty of the many. Businesses, especially logging companies and those closely associated with them, were subsidised by the government at the expense of rural-based development activities. Although the government was constantly informed that the rate of logging exports could not be sustained, those in change felt it was the only way to access sufficient money to keep the system going. They were more than willing to destroy Solomons' tree wealth to keep the flow of money constant.

However, the day of reckoning for the majority of parliamentarians came during the national elections of 1997, when more than half of the sitting members were dismissed, the first time so many parliamentarians had been thrown out of office in a national election. With hindsight, it is evident that the 20th century's last national election was a wake up call to the nation; reform yourself, stop depending on the quick, easy answer or face the consequences. Unfortunately, the nation and especially its national leaders were so hooked on the quick and easy solution that it became the wave of the future.

1998-1999: Toxic Period

The Guadalcanal people were the first to rebel, after waiting for more than 20 years for their grievances to be responded to. They had asked, as far back as in 1986, to have greater control over their resource base but their pleas fell on deaf ears. In spite of the whole nation voting for a new parliament in 1997, the newly-elected members acted as if it were simply business as usual. As their political masters had been teaching them over a dozen years, the Guadalcanal villagers too chose the quick, easy solution – physically drive out all intruders from their lands, rather than discussing the issue.

The results were spectacular in the short-run, disastrous in mid-term and their negative lasting effects in the long-run are difficult to determine, but real, nevertheless. The villagers of Guale's Weather Coast and those inland, who had suffered the most over the two decades of independence with poor schools and worse clinics now found themselves in a worse condition than before. The quick, easy solution had turned on them and bitten them terribly.

2000-2001

The Malaitan leaders' response, unfortunately, was no better. Blinded by the loss of life, the suffering of so many of their *wontoks* (relatives) and facing a doubtful future, if the trend continued, they too resorted to the quick, easy solution to deep-rooted problems. They mounted the June Coup of 2000, which, much like the original reaction of the Guale people had spectacular results immediately. The Coup Masters controlled the State, dictated the Townsville peace terms and fattened on compensation claims and other methods to enrich themselves quickly and easily.

However, the mid-term consequence was to actually destroy the very thing they wanted to control the most – the state and its economy. As a long-term consequence, the destruction of a unitary state is now almost assured. The villagers and town dwellers, too, like the Guale people before them, suffered the greatest loss. In the late 1980s and the mid-1990s, the political elite willingly destroyed the nation's tree wealth. Now, in the early years of the 21st century, many of these very same leaders went a step further by destroying the state and its economy to bring about 'development' of their people.

2002

The Solomons' nation toxic waste solution to the deepening and fundamental problems repeats the pattern of leadership and fellowship behaviour of the last 16 years. The leadership would rather embrace a quick, easy development technique, rather than wrestle with the deep-rooted problems of over population, growing levels of poverty in a nation with many rich leaders, decline in quality education, weakening medical services, low morale of public officers, etc.

Important as money is to the nation's basic health, the nation's fundamental problem is not the lack of riches but that of spirit. Until the leaders and followers, alike, give up their insane plan of thinking somehow that the rest of the world owes the nation a living, money is the principal solution to its deep seated problems and the outside world will save us and the nation will continue to search for a quick and easy solution.

The quick, easy solutions whether in the form of Asian logging, force of arms, coup and, now, the import of toxic waste are no help. Neither are other ideas like exchanging its tree wealth with Saudi Arabian oil, bottle bush oxygen, manufacturing petrol from seawater, etc. Previous leaders willingly destroyed the forests for quick results. Others followed by destroying the state in a coup for the very same end.

Now, the toxic importers are willing to destroy the very land for much the same purpose. The list of the quick and easy seems endless! Only by studying and addressing the nation's structural weaknesses, as painful as this will be, might bring the Solomons back to a responsible way of living.

But, the question remains: why should intelligent, resourceful and energetic people travel a development path that has proven so disastrous over the past decade-and–a-half? John Roughan, having lived and worked in Solomon Islands for more than four decades, has attempted to respond to this question by surfacing three assumptions that fuel the Solomon's development through destruction paradigm.

Two Development Cultures

Solomon Islands, like many Third World countries, has played host to at least two competing development cultures. The Dominant Development Culture (DDC) has, from the very beginning, controlled the Solomons' development process, while the Alternative Development Culture (ADC) has had to struggle for its very survival. The

Solomons' short history shows, in its development accent, how thoroughly its leaders and many of their followers have embraced the major tenets of the DDC.

The DDC finds its leadership in the World Bank, the IMF and the Bretton Woods Institutions. Members of this consensus, generally, share an ideological commitment to free markets and free trade. It elevates economic growth and free trade to the level of primary purpose of development and places growth and trade above other human values and public policy goals. The market place, one of humanity's greatest inventions, has been raised to the level of mythical proportions, which would be able to solve all human problems.

The ADC, on the other hand, is in fundamental opposition to the mainstream understanding, as stated above. In fact, the ADC believes that the DDC is fatally flawed and is the fundamental cause of the world's spreading social and environmental disintegration.

The ADC generally believes that the first test of the performance of any economy is the ability to provide its entire people with opportunities for sustainable livelihoods capable of assuring their basic needs. This group insists that the interests of people must, in the end, take precedence over the interests of either the state or the corporation.

These two competing cultures present an insight into why Solomon Islands' leaders have followed such a disastrous route on their way to establishing a modern state. It would be good, however, to detail three assumptions that, in particular, have fuelled the current development picture.

Economic Growth the Only Answer to Human Progress

The most basic assumption in the DDC is that "to address poverty, economic growth is not an option: it is an imperative" (Mahbub-ul-Haq). This development stance says it is impossible to have quality of life without economic growth. Yet, is this really the case?

During the five decades of development – 1950s through to the end of the 20th century – the world has created more goods and services in each of those 10-year periods than in the whole history of humanity, since Adam and Eve. In other words, if economic growth was really the basic answer to human progress, quality living and effective development, then we must have already achieved it.

Yet, a quick look around the world provides another story. Misery, starvation, disease, suffering and death are on the rise. The link between economic growth and human well-being is, at best, not proven. The global economic output has already increased more than fivefold since 1950. Yet, poverty, environmental destruction and social disintegration have increased alarmingly.

Solomon Island leaders, on the other hand, have thoroughly embraced the idea that access to money, resources and funding is basically the same as economic activity. Worldwide, politics is understood to be the basic framework to ensure that a nation's economy works properly. Over the past 20 years, however, national politics and especially the political elite have used the political process to position themselves to be able to enjoy the nation's resource base.

Politics has rarely been seen as the fundamental preparation for a healthy economy. This would include enacting solid business laws, protecting investor confidence, through proper legislation, training local personnel, just taxation polices, etc., so that the Solomons could enjoy a strong, dynamic and growing economy. In a word, politics is the economy.

The importance of cash economy to any nation does not exhaust the idea of people development, which is more about them, their livelihoods and their quality of life. The economy is but one of the building blocks of that quality of life, essential but totally insufficient. Solomon leaders need to take into account the strength of the village economy, as well as that of cash.

Multinationals Are the Future

Solomon Island leaders are quite fond of the Big Time Operation (BTO): from its earliest days, the nation eagerly entertained the idea of large multinationals – oil palm plantation, tuna fish cannery, Honiara the capital city and, later on, round log exports and gold mining. When as TNC waves US$40, 50 or 60mn in the face of a small nation, it is hard to resist listening to it. These sums, small by international standards perhaps, could represent more than 75 percent of a country like Solomon Islands, whose yearly recurrent budget was less than that sum.

These TNCs injected so much capital in such short periods of time that the control of the local economy resided not with the people and the government but with strangers.

But leaders have grown fond of such an arrangement, since the company itself had easily generated taxes, collected royalties and other forms of income for the government. Also, access to these legal payments was much more easily accomplished than siphoning off direct government income.

The social economy, otherwise known as the subsistence or non-cash economy, is allowed to disappear from the politicians' radar screen. Modern economic growth has shifted to the market place, whereby many functions related to meeting basic needs for food, shelter, clothing, child and health care, basic education, local security and entertainment are focused on it. In the past, households, extended families and communities performed many of these activities.

More Foreign Aid

The dominant development consensus calls for more foreign aid, in spite of the fact that little does the existing foreign aid benefit the poor people. The greatest need of poor countries is to meet the basic needs of their own people. To do this effectively, they must have control over their own resource base, too much of which is currently dedicated to supporting the unsustainable consumption of over consumers in wealthy countries.

The transfer of resources through foreign aid often increases external economic dependence. It also masks the nation's primary need of control over the local productive sector. A worse case scenario occurs when foreign aid is one of loans.

A nation running on deficits for long periods is a moral hazard. It is anti-democratic for a government to increase spending without the implicit referendum of a tax increase. When tax revenues cannot constrain spending and irresponsibility, then the government itself would be unrestrained. A good case can be made out that the Solomon Islands Government is in breach of this requirement.

Conclusion

Solomon Islands currently faces bankruptcy and much of this condition could be directly attributed to the development stance of its leaders over a 20-year period. Those who think that the development theory was a rather dry, academic subject filled with complex competing theories and far removed from the nitty-gritty of everyday life, should think again. Development is about life and death.

27
Big Bank Better

*– Robert R Kerton**

Introduction

Is there any public advantage to the proposed bank mergers Royal Bank, Bank of Montreal and Canadian Imperial Bank of Commerce-Toronto-Dominion (CIBC–TD) Bank? The respective presidents have assured us that "we must grow to compete". Do you have to be big to be good?

Banks can grow through successful offerings of superior services or by buying each other to reduce competition. The first strategy – superior service – has the full support of Canadian consumers. The second strategy is 'carnivorous', in that it feeds off captive consumers in an increasingly monopolised marketplace. If there is something domestic consumers can do to help banks become more agile for international markets, we are eager to listen. But, there is no reason for Canadians to be fodder for institutions to "bulk up" at home to be able to survive in the more competitive international marketplace.

So far, the main rationale for mergers among already large institutions is to gain monopoly profits. Some efforts have been made in a campaign to promise "efficiency gains" from even larger operations. Is there rigorous evidence that can answer the question about increased efficiency of "bigger" banks?

Economies of Scale

The biggest bank is hardly the best. While it lasted, it was a swell party for the Bank of Tokyo-Mitsubishi but the biggest bank in the world is in big trouble, nursing a huge hangover from imprudent loans (A timely demonstration of the fallacy "bigger is better" appeared in the *Globe & Mail Report on Business*, on May 25, 2001. On page B1 is a headline about the Canadian banks: "Big Six Set for Big Profit Gains"). As banks become mega-banks, the reality that they are "too big to fail" puts every taxpayer at risk. But, there still might be a point to bigness, if there are efficiency gains for bank users.

Are there, in fact, economies of scale? Do unit costs decrease, as size increases? The research literature in economics is fairly clear about economies of scale being important for mergers among small banks up to a size of US$100mn in total assets. One study by Hunter, Timme and Young suggests that a scale of US$2bn to US$10bn in total assets maximises returns to scale.

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In another one, A Srinivasan (of the Atlanta Federal Reserve) assessed all US bank mergers from 1982 through 1986 – a period of deregulation in the US. Srinivasan found that non-interest expenses, mostly salaries and other overhead costs, fell by 4.8 percent in merged banks. But, those savings were easily matched by the banks that remained independent. The reason: savings in costs in merged banks were offset by increases in expenses like advertising and amortisation of good will.

Australia has a banking system which contains four huge banks and a number of smaller players. The country had a major investigation, *The Financial Systems Inquiry* (FSI), which looked over masses of evidence to see if there are unexploited economies of scale in the banking industry. The FSI presented a report in 1997. The results of the report were summarised by Luke Woodward of the Australian Competition and Consumer Commission. These findings are presented as follows:

- There is a substantial body of evidence that for mergers generally, when the efficiency gains are overstated, do not materialise or they are capitalised in the price paid to the outgoing owners. There is a real question as to whether banking mergers are efficiency enhancing at all.
- The enhanced efficiency argument is superficially attractive, but does not seem to be borne out by the research. One US study on 'mega-mergers' found that, in mergers of large banks, with over US$1bn in assets, there were no cost savings and no significant efficiency gains, with some merged entities suffering a loss in internal efficiency. This and other studies showed that economies of scale and scope were not being achieved by the bigger banks.
- There appear to be substantially increasing returns to scale for banks below about US$500mn in total assets. Above that point, there appears to be approximately constant returns to scale... It does not appear that scale efficiency gains are a valid reason for mergers between large banks. However, at least within the size range studied, (up to US$10bn total assets) since the technology displays roughly constant returns to scale for banks above US$1bn.
- So, there is no evidence that larger firms have a cost advantage over smaller firms. Mergers between financial firms that increase the scale of operations should not yield cost savings.
- They also indicated that efficiencies were only likely to result in cases where an efficient bank acquired a relatively inefficient bank and the acquirer was able to impose its own standards of efficiency on the target bank.
- To the extent that a merger may reduce competitive pressures or removes the smaller, more focussed competitor may well reduce overall dynamic and managerial efficiency and reduce pressure for improved product quality.
- Mergers may forestall more competitive market structures in which, for example, as has been postulated by some analysts, a model could emerge where large scale data processors serve many firms, banks compete strongly for customer relationship, banks provide products acquired from the most competitive sources, whether in-house or from special product formulators through the most efficient distribution systems, perhaps in partnership with telecoms and software companies.
- The important point to note here is that mergers are unnecessary, but that the finance industry may evolve different, efficient and competitive structures, in the absence of takeovers.

One can certainly understand Australia's reluctance to give clear approval for mergers among its four big banks. Canada must deny the audacious proposals to be big at the expense of Canadians.

Market Power Considerations

If cost savings (from reduced staff, selling off real estate, etc.) are washed out by the increased costs induced by the mergers, why are our banks so anxious to reduce their numbers? Why the urge to merge?

If there is any lesson from the investment sector, it is that big fees can be made from the takeover of financial institutions. The Consumers Federation of America recently reported US evidence that "...large banks tend to charge consumers higher prices than the small institutions do. That finding is supported by every national and regional survey conducted by the Consumer Federation of America, US PIRG, Consumer Action, and the New York City Office of Consumer Affairs during the past decade. It is also supported by the bank fee survey conducted by the Federal Reserve Board." *(S. Brobeck, June 03, 1996)*.

A relatively recent, "...study by Katerina Simons and Joanna Stavins of the Federal Reserve Bank of Boston comes to the overall conclusion that banks tend to pay lower interest rates in markets that become more concentrated. And that, say the authors, is something that anti-trust regulators need to look at more closely". As market power increases, the ability to charge higher prices for the same product increases. Lessening competition in banking will lead to higher prices for bank services (combined with a likely decrease in quantity and quality of service) and corresponding increases in profits.

Even if cost savings were realised, they would not be passed on to consumers. Why are the financiers on Bay Street interested? It is the anticipation of increased profits (at the expense of Canadian firms and consumers) that drove the share prices higher when merger proposals were announced. This fully explains the urge to merge.

Big banks, of course, deny that they have market power, claiming that the Canadian market is 'contestable'. Under this assertion, foreign banks are poised to enter the consumer end of the market and this competition is a real threat to prices, profits and even the existence of weak Canadian institutions. For a market to be fully contestable, firms must be able to enter (no barriers), and to avoid losses, they must be able to exit. Clearly this is not the case (The economic advantage of a nationwide system for collecting deposits - paying consumers rates lower than the rate of inflation - is huge indeed).

If a foreign potential competitor wished to set up nationwide banking – even with new technologies – exit costs from sunken capital would be substantial. Even more telling: entry must be possible. In Canada, as the Consumer Association of Canada (CAC) has long argued, formidable barriers to entry remain. Industry protection comes from the operation of the Canadian Payments Association, from Interac (the ATM network) and bank charters.

Barriers to competition have led the Competition Bureau to require changes in some of these organisations. Yet, no direct participation by non-banks (insurance companies, for example) has taken place and the foreign share of the market is tiny. The barriers and high entry costs curtail competition and belie the banks' claims.

Competition Act on Merger Proposals

Is the Competition Act adequate to deal with potential anti-competitive implications of the proposed mergers? Factors to be considered by the Tribunal expressly referred to in the Act include the following principles:

- the amount of foreign competition;
- whether a party to the merger has failed or is likely to fail;
- the availability of substitute products;
- any barriers preventing new competition from entering the market;
- the extent to which effective competition remains in the market;
- the likelihood of removal of a vigorous and effective competitor; and
- the nature and extent of change and innovation in a relevant market.

The Competition Act is very clear: "In the case of a proposed merger, the Tribunal may order that the merger not should proceed a not" (an overview of Canada's Competition Act, Consumer and Corporate Affairs Canada, November 1990).

Many observers feel that, in a quiet way, the Act was consulted in 1997. It is felt that CIBC sought an advance ruling on a proposal to remove a competitor, by taking over Canada Trust. If this is so, apparently the advance ruling (about January 1997) went against the proposed CIBC/Canada Trust takeover. The smallest of the banks now seeking to merge is the TD bank, approximately twice the size of Canada Trust. It is hard to imagine what has changed that would lead to a different conclusion now. In fact, it is difficult to decide which one would be decisive, among the seven principles listed above. On virtually every count, the audacious merger proposals fail. It would appear that the Competition Act is adequate to protect the public interest.

An analysis of each of the sub-markets is too important for to consumers raise the level of concern. Fees for basic banking services will go up, along with each of the fees now paid by consumers. As one example, consider the loss of competition in the credit card market now dominated by Visa. MasterCard has 28 percent of the market, with the Bank of Montreal as the anchor.

To gain business, MasterCard offers retailers better terms than other cards do. If the preposterous merger took place, MasterCard's share would drop to less than 10 percent, in the short run. Even with a push from small players, the share would not reach 15 percent and this is hardly a level to challenge the dominant firm, Visa. Many retailers would drop MasterCard because too few customers hold it.

The CAC Committee on Financial Services believes that the normal application of the Competition Act will protect Canadians and ensure a competitive marketplace by turning down the proposed mega-mergers. There may be some international portions of the mergers that can be permitted, but the part of the proposals related to further monopolising the markets in Canada will not be allowed. Further, the CAC Committee does not believe there is any industrialised country that would approve such proposals.

'Scope' Takeovers

Are there economies of scope when big banks merge? Are there selling or production overheads that can be gained from having one operation sell a number of different products? Not under the mergers being proposed: the plan is to have a bank selling 50 consumer services merge with another bank selling the same 50 services. This returns to a debate about economies of scale. Additional problems for the "scope rationale" rest in the evidence that specialists can earn profits by offering a single line of service (a credit card, for example).

To date, economies of scope are explored in a theoretical world, where the consumer has costless access to information on each product. What is needed is a model of economies of scope, where there are high exit costs for consumers changing suppliers and a measure of market 'noise' raising the consumer's search cost. Scope is more logically applied to the addition of services like stock-broking or auto insurance.

But, it is by no means evident that Canadian consumers or firms gained any benefit from the loss of independent investment houses. One-stop shopping is supposed to be a benefit. Evidence from *Business Week* (June, 1998) shows that, compared to regular sellers, the offerings from one-stop financial supermarkets are more expensive for consumers on grounds of both time and money.

Prospects

Many issues have arisen, following the end of the "Four Pastures Regulation" in 1992. When the fences were removed, the banks bought out all but one of the largest investment firms, most of the larger trust companies, and have been moving into the insurance field. Some additional competition in an offering of plain vanilla insurance is probably an important benefit. But, cross-selling has a coercive potential.

Two days after opening a bank account, one can be approached by the bank's insurance arm, a strong arm at that to ensure and how much personal information it wants to have from the account holder. And what about a merger's impact through loss of access to funds for Canadian businesses (especially to small firms unable to engage in 'disintermediation' by going to the international bond market)?

Do we have principal-agent problems with the incentive structure for transfer pricing within banks? For example, are there any conceivable gains to consumers from charging large management fund transaction fees for mutual funds, whenever these operations are undertaken by the investment arm of the bank? The fees are, on average, twice that of comparable US funds. Finally, there is an inevitable lack of transparency in the financial operations undertaken by enlarged mega banks.

The case for a Canadian bank to form an alliance with a financial intermediary in another country may well be sound. That might be a benefit to both the financial organisations in the alliance – to consumers and businesses. By way of contrast, the case for "bulking up", by extracting more monopolistic profits from a Canadian marketplace lacks sound public rationale. It harms Canadian businesses and consumers. What is needed is a financial system that is less concentrated, one that has agile competitors. On the competition tests, the proposed mergers fail miserably.

CAC is all in favour of banks growing by being good: by providing superior service to earn the bigness that comes from growth. Merely being big – at the expense of Canadian consumers – is hardly a worthy objective.

28
Anticompetitive Practices in Malawi

*– John Kapito**

Since 1982, Malawi authorities have implemented several economic policies and institutional reforms under the Structural Adjustment Programme (SAP). These steps were initially introduced to complement the conventional demand management and Balance of Payments (BoPs) adjustment measures, introduced during the mid-1970s.

Although the SAP measures were designed to provide a resolution to domestic and external imbalances, they were also aimed at promoting efficient growth by increasing the responsiveness and the role of the market and private enterprises. These stabilisation-cum-SAP measures have been supported by the World Bank, the IMF, and multilateral and bilateral donor agencies.

The trade liberalisation programme has only, to a limited extent, achieved its goals of improved allocation of resources. However, the production efficiency and consumer protection generally assumed under market policies has not materialised because of the monopolistic structure of the economy and imperfect input markets. This is evidenced by the frequent and sometimes, arbitrary price increases for essential commodities like bread, soap, cooking oil, cement, beverages, grain products, etc. Such market collusion and formation of associations in certain sub-sectors of industry have exacerbated the inflationary pressures.

Further, the elimination of trade restrictions through the liberalisation programme has led to imports of cheap and sub-standard goods. The import of expired goods like drugs, canned food, powdered milk and tyres as well as re-labelling and repacking of such goods pose health and safety threats to the consumers and the economy at large. These developments have raised complaints of unfair competition largely due to either the comparative inefficiency of domestic firms or the imports subsidised by foreign governments.

Rationale for Competition Policy

The main reason given for the introduction of competition policy is to promote greater competition and complement privatisation efforts. The economies that have advocated free trade, such as the US and the UK, or even market-oriented countries of the developing world, have introduced competition legislation. There is an economic case for competition policy. First, competition has the potential benefit of forcing firms to produce at least cost. It also provides an incentive to firms for introducing new, efficient production techniques and new products. To a consumer, competition leads to lower

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prices and improved goods and services. Thus, when anti-competitive behaviour or monopolistic market threatens to rob the society from benefits of open competition, public policy is required. Competition policy laws do more than just condemn monopoly. They also restrict specific kinds of conduct, acts and practices, whether the industry is monopolistic or not.

In the specific case of Malawi, several reasons can be advanced for the introduction of competition policy. However, the most convincing one lies in the structure of the economy. The policy of economic liberalisation assumes the existence of perfect markets where prices and output are freely determined by demand and supply. However, even in almost fully liberalised economies, "imperfect markets", such as monopolistic and oligopolistic competition exists, and market failures allow firms to achieve some degree of control over prices and output. Consequently, firms tend to charge more and produce less than what is socially optimal.

The Malawi economy depicts some of the structures that characterise imperfect markets. Most goods in Malawi are produced and distributed under monopolistic competition or oligopolistic conditions. Examples are sugar, petroleum fuels, maize and soaps. Large foreign-owned conglomerates and also locally owned conglomerates have exercised monopolistic and oligopolistic behaviour on the economy for a number of years.

The industrial sector in Malawi has tended to be highly concentrated with a few companies dominating it. In fact, most firms have shared common ownership within an industry, and also common ownership exists between industry and the financial sector. Thus, the legislation would need to break and prevent monopolies, which are judged not in the industries' or countries' interests.

At present, Malawi has Competition and Fair Trading (C&FT) Act, which is aimed at curbing all uncompetitive practices in the market. However, the C&FT Commission provided for, in the said Act, an instrument to enforce the Act, which is not yet in place. On the same note, the Consumer Protection Law is still at a Bill stage. As such, since the two said legal instruments constitute the competition policy, one might as well conclude that Malawi has no effective policy on competition and consumer protection.

Competition Policy

In 1990s, Malawi Government adopted a policy of economic liberalisation with the aim of promoting competition and enhancing efficiency in the economy of the country. Notwithstanding this, the market structure remained imperfect and there were a lot of restrictive business practices, as in certain instances businessmen colluded to avoid competition.

As a result, in an effort to contribute to the overall effectiveness of the liberalisation programme, it was proposed that the government should formulate a Competition Policy and Competition Law. It was also felt that the Competition Law should provide for the creation of an independent competition commission to advocate change to the existing elements of anti-competitive legislation, and a specialised tribunal to resolve contentious issues in certain fields, subject to judicial review on matters of law.

Since competition issues are closely related to the protection of consumer interests, it was deemed appropriate that the competition commission should also be responsible for administering any consumer protection legislation. To this effect, it was felt desirable that consumer protection legislation be enacted (*per se*) to prohibit certain unfair trade practices. To easily and effectively handle disputes, it was further suggested that a small claims court be established, possibly within the existing magistrate's court system, per the Competition Policy Framework for Malawi (November 1996).

All this culminated in the formulation of a Competition Policy and the resultant C&FT Act (1998) and the Consumer Protection Bill (2001). The C&FT Act (1998) came into legal being in 2000. It provided for the creation of a C&FT Commission as Malawi's competition authority (without which the Act has no means of enforcement); however, the C&FT Commission has not been established till date.

The Consumer Protection Bill seeks to address the interests and needs of consumers. It provides for the establishment of a Consumer Protection Council (CPC) whose functions, *inter alia*, are to identify price mechanisms and determine whether the quality and prices of goods and services are justifiable. The CPC would also promote or participate in consumer education programmes and activities and disseminate consumer information to the public. The Bill also provides for the establishment of Small Claims Courts though the Bill, as of now, has not been passed.

Regulatory Mechanisms in Selected Sectors

Power

The power sector has always been regarded as a "strategic industry". As such, it has been protected from competition by a statute, e.g. Electricity Act No. 19 of 1998. The Electricity Supply Commission of Malawi (ESCoM) is the only authorised body to supply electricity. Large investment requirements, significant cost reductions due to economies of scale and the spill-over effects or externalities of a *cost or benefit* nature have made this sector attractive to public rather than private ownership.

As a result, the sector has turned out to be a natural monopoly thereby dropping the momentum of the proposals for removal of all barriers to entry in this sector. Available solutions, which are being considered, include dispersed ownership but in addition to state-ownership; tighter management incentive contracts; unbundling of the supply; and privatisation of part of the services, e.g. the separation of supply from distribution.

On the consumer side, some authorised consumers have a choice to purchase electricity from outside Malawi. Section 15(1) of the Electricity Act (1998) provides that those who wish to purchase power supply from outside Malawi, shall apply to the Electricity Council for approval.

Telecom

Communications Act No. 41 of 1998 provides for the creation of Malawi Communications Regulatory Authority (MACRA), whose aim is to regulate broadcasting, post and telecommunication in Malawi.

The telecommunication sector has been liberalised following the Malawi liberalisation policy. However, a firm can only do business in this sector upon approval by MACRA. To date, only three firms – Malawi Telecommunications Limited (MTL), Telecom Networks Malawi (TNM), whose major shareholder is government, and Celtel, a private firm – are operating in this sector. These firms are involved in both supply and distribution of the telecommunication services.

However, upon obtaining approval from MACRA, other private firms can distribute these services. This has led to an influx of private telephone bureaux in Malawi.

Transport

There are a host of Acts that deal with transport in general. These include Public Roads Act; Railways Act; Malawi Railway Holding Company Act; Malawi Road Transport Authority; and National Road Safety Council of Malawi. For air transport, there are the Aviation Act, Carriage by Air Act, National Airline Act. Besides, there is an Inland Water Shipping Act.

In view of the liberalisation policy, the government has recently fine-tuned some provisions in the above legislations to enhance competition and efficiency in the transport sector. These reforms have led to the influx of mini-bus operators on the local market. As such, passenger (road) transport can be said to be fairly competitive in Malawi.

However, the privatisation of the Malawi Railways, has in effect, been the transfer of government monopoly to private monopoly. In air transport, Air Malawi is still the only (public-owned) airliner, though there are proposals to privatise it.

Financial Services

The Minister of Finance, Dr M A P Chikaonda in his Budget Speech, June 2000 stated, "Until recently, the financial sector in Malawi had been dominated by two banks, which controlled close to 90 percent of all banking assets. In the past few years, several banks have entered…but efficiency remains low in the sector, largely because of limited degree of competition". The two commercial banks, which the Minister was referring to, are owned by government and Press Corporation, a state-controlled conglomerate.

Legal barriers to entry in the financial sector were substantially lowered following the provisions in the Banking Act, No. 19 of 1989. The Act is in line with other investment promotion legislations and has, within a short time, increased competition in the sector.

In the mid-90s, the Reserve Bank of Malawi liberalised foreign exchange. This policy rendered the Exchange Control Act (1984), which empowered the Minister of Finance to make regulations for the control of foreign and Malawi currency obsolete.

Health Services

Health services in Malawi are regulated by a number of Acts, the prominent ones being Medical Practitioners and Dentists Act (1987), Nurses and Midwives Act (1995) and Pharmacy, Medicines and Poisons Act (1988).

Medical Practitioners and Dentists Act (1987) provides for the establishment of Medical Council of Malawi, which is the sole registering authority of all persons required to be registered under the Act. Section 38(1) provides that, "the Council may authorise the registrar to issue a medical practitioner or a dentist having applied in the prescribed manner and whom the Council considers has had suitable experience in medicine, surgery or dentistry, as the case may be, a licence to engage in private practice…" Thus, in view of this provision, a number of private practitioners have entered the health sector and there is competition mainly in cities and towns. However, in rural areas, where more than 90 percent of Malawians reside, the market is still oligopolistic where government and mission hospitals/clinics dominate.

Civic Amenities

The Government of Malawi, under its decentralisation programme, came up with Local Government Act in 1998. Under this Act, the authority of governing at the local level is vested in city, town or district assemblies (as the case may be). Assemblies are structures at local level composed of ward representatives, traditional leaders, Members of Parliament and representatives from special interest groups in the local government area. As such, the assemblies regulate civic amenities, for they are vested with the authority to make by-laws.

The regulatory mechanisms, therefore, vary from assembly to assembly. However, following the government's liberalisation policy, there is a general trend towards contracting out some of the services, like libraries, halls and rest houses. Private firms are also allowed to run such amenities as halls.

Common Anti-Competitive Practices in Malawi

The problem of anti-competitive practices in Malawi is pervasive because of lack of an effective competition policy and relevant competition laws.

Cartels

Cartels operate openly in many sectors and are suspected of operating undercover in several others. There are cartels in importation and retailing of petroleum products, trading of agricultural products, bakeries, transport sector…*et al*.

On December 31, 1998, the Malawi Government enacted the C&FT Act. The Act was brought into legal existence on January 28, 2000. To this effect, from January 28, 2000, cartels that attempted to appropriate the benefits of price decontrol in the form of monopoly rents were rendered illegal, instead of being allowed to accrue to the public in the form of competitive prices.

Restrictive Business Practices (RBPs)

Most RBPs are well camouflaged in Malawi. However, one instance of RBPs that has been detected is in the services sector. In the mid-90s, Malawi Government encouraged the formation of associations in the services sector, including the professions (legal, education, building, surveying, etc). This was to promote development of the relevant services and to safeguard standards.

However, the activities of the associations tend to include those that are clearly RBPs to the detriment of consumer welfare and sometimes even the promotion of the services. Typically, minimum charges are prescribed and sometimes market sharing arrangements are also made. There is also a potential for predatory and exclusionary behaviour. The C&FT Act (1998) restricts all kinds of RBPs.

Monopolies and Abuse of Dominance

Malawi's domestic activity is characterised by high market concentration with tendency towards monopoly or oligopoly, particularly in plantation and agriculture, manufacturing, financial and other services. The ownership of assets in manufacturing is concentrated in the hands of a few domestic and foreign investors. Some economists have argued that this is a likely scenario in an economy like Malawi's, as it can support no more than one local firm in an industry. However, empirical evidence reflects this development to be a result of increased government participation in the economy, mainly through the Agricultural Development and Marketing Corporation (ADMARC), Malawi Development Corporation (MDC) and Press Corporation Limited (PCL).

These three also hold a sizeable portion of total equity in the sector and their participation has typically been associated with the creation of monopolies in industries, such as cement, matches, meat products, textiles and shoes. The reliance on this trio has retarded the development of the private sector through the implicit discouragement of entry into the respective industries, according to Professor B Kalua (1996) – Formulation of Competition Policy and Legislation – Situation Analysis Report, Lilongwe. Apart from this, the trio also has capital advantages and with the dominant stakes in the financial sector, and being major shareholders in the two dominant commercial banks.

In the 1990s, Malawi Government started implementing the Market Liberalisation Policy. As a result, there was an influx of private firms in different sectors, as barriers to entry created by government mainly through the statutory corporations were gradually removed. This created substantial competition in the economy.

Unfair Trade Practices

There are a number of unfair trade practices in Malawi. These include, misleading advertisements, anti-competitive mergers and take-overs, hoarding, and selling of counterfeit goods. On counterfeit goods, the problem is pervasive to the extent that Malawi Government and other stakeholders are in the process of trying to find a lasting solution to the problem.

The Consumer Protection Bill, though not yet passed, does show some government effort to curb such unfair trade practices that are detrimental to consumer welfare. Several Acts try to address the problem of counterfeit goods in different ways. For instance, in trying to protect trademarks, designs, and patents, the Trade Marks, Trade Designs and Patents Acts, in a way restrict counterfeit goods. The Malawi Bureau of Standards (MBS) Act does likewise in trying to ensure standardisation in Malawi.

The Companies Act tries to regulate mergers and takeovers. However, the best law so far to deal with all unfair trade practices in the context of competition is the C&FT Act. The Consumer Protection Bill that tries to address the unfair trading practices affecting a consumer is not yet passed despite being drafted in 2000. This is a major shortfall, as consumers cannot seek redressal in most unfair practices affecting them.

As for the C&FT Act, it is devoid of an enforcing mechanism, as stated above.

Anti-Competitive Practices in Malawi

Some of the findings on cases of anti-competitive practices in Malawi are given below:

Cartels

Import of Petroleum Products

The prices of imported oil products were until recently controlled by the Petroleum Control Commission (PCC), a government body. The government later liberalised the setting of prices. However, it was found that all or most of the companies concerned, formed a joint company called Petroleum Importers Limited (PIL), through which they jointly monopolised the import of all oil products into Malawi, and set prices in collusion. Though an independent importer emerged following the liberalisation, the importer has since joined the cartel.

Petrol Retailing

The Consumers Association of Malawi indicated that pump prices are fixed by a cartel, called Petroleum Pricing Committee (PPC), to which all the major retailers belong. This cartel meets monthly to review the prices and make adjustments where they deem fit, e.g. when the landing cost of fuel increases. This has restricted competition in the way that any new oil importer is forced to join the association.

Cotton Merchants

The National Economic Council (NEC) expressed concern that there are only two companies in the business of purchasing raw cotton from growers. These companies collude over the terms they offer.

Tea Merchants

The Ministry of Agriculture and the Malawi Export Promotion Corporation indicate that there are a small number of traders and processors in the market to buy tea in Malawi and that they collude in setting their purchasing prices. It was also found that the Malawi Tea Authority has now been privatised as a farmers' cooperative. It remains to be seen whether this will succeed in deploying countervailing power in the market on behalf of farmers. However, whether it succeeds or not, the case remains that any collusive purchasing that occurs now is in contravention of the C&FT Act.

Bakeries

Concern was expressed about this sector by the Ministry of Commerce and Industry. The industry consists of a few giant and many small firms. The Master Bakers Association fixes prices, and hence, there is no competition.

Purchasing of Tobacco at Auction

Auction rigging is very common in the tobacco sector. Small holders usually sell their tobacco at auction, while large estates sell under long-term contracts. It has been established that there are four major buyers, all or most of them subsidiaries of international tobacco companies, which are widely regarded as bidding in collusion.

Freight Transport
Despite the fact that government has abandoned tariff control, the transportation costs are high in Malawi. Though the industry consists of a few large firms and many small ones, rates are not set competitively. The Road Transport Operators Association sets them for the industry at large. It was also established that foreign trucking firms operating in Malawi (mainly South African and Zimbabwean) are also members of this cartel.

Buses and Coaches
Consumers expressed concern that the same fares are charged by different operators, apparently in collusion. However, others, like the Ministry of Commerce and Industry, indicated that competition is satisfactory in the bus sector, mainly on account of the multiplicity of mini-bus operators. There are conflicting opinions on whether mini-bus operators compete on fares or their Association fixes them.

Taxi Fares
As per the Ministry of Transport, an Association of taxi owners fixes taxi fares. As per the C&FT Act, an Association, which fixes rates for the benefit of its members, so that they are governed neither by competition nor by authority, is a breach of the Act.

Monopolies

Banking
There are two main commercial banks, owned respectively by the government and by the Press Corporation, a state-controlled conglomerate. However, there are plans to privatise both banks. Due to the liberalisation of financial services in Malawi, there have been new entrants into the sector. However, effective competition is yet to be achieved.

There are some banks that are owned by holding companies with trading interests of their own. In such cases, there could be conflicts of interest between the trading members of the group and the bank's lending clients, and this could distort competition. In response to these and other concerns, the Reserve Bank has limited the amount that a bank can lend to a single borrower.

Interest rates have since been decontrolled. There are, however, conflicting opinions on whether they are now set by a rate cartel among the banks. Interest rate competition is not in evidence and competing banks are content to follow a market leader.

Rail and Water Transport
Malawi's railways are used for freight only. The track is state-owned, but the operation of trains is now privatised under a 25-year concession. The company running the operations enjoys a complete monopoly of rail services, without any form of regulation of rates or quality of service. Similarly, there is only one shipping company operating a monopoly service on Lake Malawi.

Sugar
The Illovo Sugar Company is a vertically integrated monopoly operation, extending from the growing of sugar through refining to distribution. The wholesale distribution

of sugar is subjected to a private licencing system operated by Illovo, which adds a further layer of restriction to the vertically integrated monopoly. These licences are granted sparingly, and those holding them are, therefore, in a position to extract a monopoly rent from the market.

Marketing and Processing of Other Agricultural Products

Until recently, ADMARC enjoyed reserved rights as the sole buyer of agricultural produce from the farmers, and was able to expand and multiply processing and distribution activities on the basis of its privileged access to materials. These reserved rights have now been abolished and some of ADMARC's activities have been privatised, which others are also likely to follow. However, many of these activities remain monopolies, whether privatised or not, and farmers still lack practical freedom of choice in the marketing of their produce.

Food Retailing

The Consumers Association of Malawi indicated that most supermarkets belong to two groups, in each of which a para-statal organisation (and hence, indirectly the state) has a substantial interest. Not unreasonably, it is believed that these two companies cannot compete with each other with any vigour; and hence, there is little real competition in the retailing of food.

Restrictive Trade Practices

Breweries

Malawi Investment Promotion Agency indicated that there are a lot of exclusionary practices in brewery sector. It was learnt that brewers make a practice of providing chilling cabinets to retailers on the condition that these cabinets are not used to stock rival products.

Biscuits Manufacture

Malawi Investment Promotion Agency also expressed concern about exclusionary practices in biscuit manufacturing, which is a monopoly in Malawi. Some years ago, a new supplier entered the market, struggled for a time, perhaps in the face of predatory conduct on the part of the monopolist, and eventually bought them out.

Wholesale Distribution

There is a lot of concern about exclusionary practices in this sector from the Malawi Investment Promotion Agency. The Press Corporation has a dominant position in the distribution of many food products, including eggs, apples and poultry, and also in plastics and other products. The Press Corporation may use this dominant position to force exclusive purchasing obligations onto retailers, thereby, excluding other would-be suppliers.

Anti-Competitive Mergers and Takeovers

Cement

Malawi's only cement company was recently sold to the Commonwealth Development Corporation, which already owns cement companies in Zambia and Tanzania. This created a regional monopoly where there had previously been a degree of cross-border competition.

Breweries

In this sector, there were three major companies, namely Carlsberg Breweries, Chibuku and Napolo Ukana Breweries. However, stiff competition came from Chibuku and Napolo Ukana Breweries, as they both brew local beer (Masese). To avoid this competition, the two companies have since merged to create a monopoly in local beer.

Confectionery

There has also been a merger of Malawi's two principal confectionery manufacturers, also creating a monopoly.

Dairy Products

The Malawi Dairy Industries (MDI), country's major domestic company in this sector, was bought by Dairiboard, a company from Zimbabwe.

The latter was already a supplier to the Malawian market. Therefore, in merging with Malawi Dairy Industries, it has substantially reduced competition in the Malawian market.

Unfair Trade Practices

Canned Foods

Canned foods are imported on a large scale past their "sell by" dates and are often falsely labelled in Malawi. Such products could clearly be harmful as well as misleading. As a result, the government is in the process of finding ways to get rid of these sub-standard and counterfeit products. It is, however, taking a wrong approach, as it is looking for novel strategies, while closing its eyes on the existing C&FT Act, which is aimed at curbing such unfair trade practices.

Other Packaged Goods

There is general concern that trade liberalisation has exposed Malawian consumers to unfair trading in the form of a wide range of unsafe and/or deceptively labelled goods. (These could, of course, come from home or abroad, but they are usually imported).

Banks

There is a general dissatisfaction about the standard of services provided by retail banks, but some improvement is now visible with the increase in competition. The two biggest banks – National Bank and Commercial Bank – now pay interests on current account and provide chequebooks on deposit accounts. There are also some fiscal distortions harmful to consumer service. For instance, two savings banks were allowed to provide tax-free accounts, thereby, undermining competition by other institutions.

Suggestions

Most consumers suggest that government should speed up enactment of the Consumer Protection Bill. This Bill provides for the establishment of the CPC and a Subordinate Court, where consumers can seek redressal if affected by any unfair trading practice.

The CPC is also vested with the power to carry out independent investigations into unfair trading practices affecting the consumer.

Traders, on the other hand, suggested that government should establish the C&FT Commission – as required by the C&FT Act – to enforce the said Act. They indicated that this would effectively promote competition, as the Act ensures an equivalent playing field in trade. However, the politicians are suspected to act as hindrances in the full-fledged functioning of the competition policy, as revealed from a study conducted by Consumer Association of Malawi (CAMA) in1997.

Recommendations

The above case study reveals that Malawi has a host of laws that have a bearing on competition and consumer protection. However, uncompetitive trade practices, detrimental to both traders and consumers, are rampant. This situation has worsened mainly with the adoption of Market Liberalisation Policy that has seen an influx of private players in the market. This is largely because there are no effective regulatory mechanisms to prevent the unfair trade practices.

Despite having the C&FT Act for enhancing the fair trading and protection of consumers, the C&FT Commission, which was not yet established, aimed at breathing life into the Act and implement it. So far, the Act is ineffective and the uncompetitive practices continue unabated. Similarly, despite drafting the Consumer Protection Bill last year, the Bill has not yet been passed and consumers are still at the mercy of profit-maximising traders.

To improve the situation, given below are a few recommendations:

Recommendations to the Policymakers:

Establish Competition and Fair Trading

The C&FT Act came into legal force on January 28, 2000. It is an Act aimed at ensuring a competitive environment in the economy by discouraging anti-competitive business practices and promoting competition. It provides for establishment of the C&FT Commission to regulate, monitor, control and prevent acts or behaviours which are likely to adversely affect the welfare of a consumer, and competition and fair trading in Malawi.

To date, the C&FT Commission has not been established. This has rendered the Act inactive, as there is no agency to enforce the provisions therein. Unless the government sets up the Commission, there will be no regulatory mechanism to check anti-competitive practices. As a result, efficient and well-run companies will easily be driven out of business and quality of goods will decline, whereas prices will easily go up to the detriment of consumer welfare and economy at large.

Enact the Consumer Protection Law

In 2000, the government drafted the Consumer Protection Bill. The Bill provides for establishment of CPC and Subordinate Courts, where consumers can seek redressal if affected by any form of unfair trade practice. However, the Bill has not yet been passed.

This means consumers have no direct means of redressal in cases where they are affected by unfair trading practices.

It is, therefore, recommended that the government should enact the Consumer Protection Law to protect consumers from all kinds of unfair trade practices.

Review Existing Laws

There are a host of laws that have a bearing on competition in Malawi. Since most of them were enacted long before Malawi Government adopted the market liberalisation policy, let alone the Competition Policy, there is need to review the existing laws and try to amend them to fit the existing demands. It has also been noted that most of those laws lack enforcing mechanisms. The government should, therefore, address these shortfalls to ensure an effective regulatory regime in a liberalised economy. These laws will complement the C&FT Act in ensuring a uniform and level playing field in the economy.

Conditional Recommendation

The Ministry of Commerce and Industry, now and then has indicated that government is failing to establish the C&FT Commission due to financial constraints. There is an element of doubt as far as the reason for failure of establishment of the Commission is concerned since the Ministry of Commerce indicated the failure to be because of a problem with the C&FT Act, which they did not specify. Now, if financial constraint is really the reason, it is not unreasonable to expect that the government would not be able to afford the set up of CPC, let alone the Subordinate Courts, if the Consumer Protection Law is enacted.

It is therefore, recommended that to minimise costs, the government should consider combining the C&FT Commission, CPC and the intellectual property regulatory agency, as in Peru and other South American countries (see CUTS, Challenges in Implementing a Competition Policy and Law: An Agenda for Action).

Recommendations for the Consumer Movement

Sensitise the public

The Consumer Movement, in collaboration with all stakeholders (e.g. MBS and Ministry of Commerce and Industry), should embark on a sensitisation campaign to educate the public on anti-competitive practices and their effect on consumer welfare and the economy, and how they can seek redressal if they fall prey to the malpractices. The more the consumers know about the adverse effects of anti-competitive practices (mainly on their livelihood), the more they will push for regulatory mechanisms, and the more severe will be the drive against the culprits.

Lobbying

It is recommended that the consumer movement should vehemently lobby for the establishment of the C&FT Commission and the enactment and operationalisation of the Consumer Protection Law.

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The Carapegua Development Case

– Cesar Cahello and Jose Molinas***

Introduction

How to connect general objectives, such as those of the Millennium Development Goals (MDGs), with local needs and aspirations? Is social capital investment really worth it? Is the effect of local leaders' training in social projects management good enough to improve living standards in their communities? Is it possible in rural communities to set up in a short time new institutional arrangements that introduce new roles to improve the lives of the people? How can the instruments of social management be used to strengthen social capital that contributes to social development?

This report on the project, "Carapegua in Development" (translation of the original name, in Spanish, "*Carapegua en Desarrollo*"), attempts to provide answers to the above-raised questions from the Carapegua experience.

The District of Carapegua

Carapegua is located 85 km south of the capital city, Asuncion, in Paraguay. The estimated population is 33,000. About 78 percent of the population lives in rural, sparse neighbourhoods. The population is predominantly young, with 35 percent around the age of 15 years. The main occupations are agriculture and handicrafts (carpets, curtains, tablecloths, covers, etc.), employing about 76 percent of the workforce, according to the 1992 census.

In 1992, not less than 64 percent of the population had a basic uncovered need. Average schooling in 1992 was 4.3 years and the estimated illiteracy rate was 7.6 percent in 1996. The expectancy of life at birth was 68.6 percent, lower than the national average of 70 percent. Poverty line recorded 21 percent of the population below it, according to the 1997 estimates.

The above figures come from the *Report on Human Development*, published by the United Nations Development Programme (UNDP) office in Paraguay.

The Project

The Project started when the then recently-elected Mayor of Carapegua Paraguay, Angel Gonzalez, who ran on a platform of honesty and transparency, approached the *Institute Desarrollo* to request help on designing and implementing a development

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project for Carapegua. His request was accepted, though conditionally, on fulfillment of the following two requirements:

- participation open to all sectors of the society, including a written statement that should be signed by the Mayor and approved by the majority of the City Council (legislative branch of the local government); and
- funding for the programme.

There are two elements in the first requirement that need to be taken into account to understand the reason for this.

Opening for all sectors of the society: The Paraguayan society is emerging from long spells of successive governments that discouraged participation in community affairs. Until 13 years ago any community activity was described as "communist activity", with dreadful consequences for the participants. The result was a society still largely passive. People neither felt that politicians respond to their needs, nor that political institutions, including the local government, were of much value to them.

There was also a sense of indifference to change things for good. Another consequence of the situation described was the lack of experience on managing differences, which, in turn, caused cracks along political lines and factions.

Majority approval by the City Council: Although there could be initial external funding, sooner or later, the local government would need to include funding in their budget for the community development programmes. This was not possible without the consent of the majority of the City Council (10 members).

At the time of the initial conversation with Gonzalez, in February 2002, one month after he took office, there were no realistic resources in the municipal budget already passed by the previous administration, which could be used in the new project. Therefore, initiating activities made external funding necessary. To make things worse, there were already disagreements within the City Council that made it unlikely that the majority would support the new initiative.

Given the circumstances, it was clear that the project had to operate on a low budget, with external funding for the first year. In the one-year period, it was also required to spawn enough support from the people and authorities to the extent that sustainability could be possible.

Given the resources and time constraints faced by the project, it was necessary to design a mechanism that could motivate ordinary people to participate and facilitate the required agreements among different sectors. It also needed to gain the support of the Central Government as well as cooperation agencies. These circumstances made it difficult to develop consensus through a process of public consultation. Instead, it was thought that the international agreement of 191 countries that was signed by the government and had parliamentarians' approval, brought to the table enough elements to start the process of discussions oriented towards an agreement on a development strategy that had wide support in the community.

This was how the MDGs entered Carapegua. Another point considered when deciding about making the MDGs the central element in the development strategy of Carapegua was that it could help Carapeguenians think of themselves as part of a larger world, where many others were working for similar goals and where they could set an example.

The "Carapegua in Development" project was planned in two stages:

- In the short term, it was decided to strengthen the social capital that leads to a community development strategy. This stage was based on four components:
  - communication;
  - training of local leaders on social programme management. It was intended to form local capacity on design and management of community programmes;
  - creation of a Community Development Council (CDC); and
  - monitoring and continuous evaluation of the experience.

- In the middle term, improvement in living standards was planned in accordance with the MDGs. This improvement was expected to be the result of effective use and coordination of diverse programmes of the public sector, local and central government, civil society and cooperation agencies. Oddly enough, many of the resources required for the programmes are already in place, but mismanagement and lack of coordination make them inefficient.

The decision of adopting the MDGs as the basic element for discussion and preparatory meeting within the community and conversations with the central government and cooperation agencies soon paid off. It helped focus attention and was also something that people could understand.

In the later half of February a series of meetings were initiated, starting with members of the City Council and then with several community leaders to inform them about the MDGs. This time, a part of the leadership training was approved for partial funding by the Canadian Fund for Community Development. It also received support from the UNDP office in Paraguay. Soon after, it was decided to form a local committee that would be in charge of a communication campaign as well as organising a popular assembly, where the community at large would be informed about the MDGs. Besides, the above two purposes of the committee, its functioning gave a first hand idea about the forces affecting the decision-making process in the community.

During the two months of preparation for the meeting, all means of communication available in the community were used to spread information about the Millennium Development Project (MDP) and what it could mean for Carapegua. The MDP meeting was held on April 25, 2002 and was attended by more than 600 people i.e. about two percent of the total population. This was discovered later by processing the forms filled by the participants.

An anecdote from the meeting is mentioned to understand the people's support and participation in shaping the political will, even in democratically emerging areas. The department authorities were also invited, considering that their support would be valuable in future. Department is a political entity similar to State or Province. Since the department authorities thought that it would be a small gathering of little importance they decided not to go.

However, on their way back from elsewhere, a group of high-ranking officials decided to pass by just to see if something had happened at all. On witnessing the large turnout, they immediately resolved to register their presence, acknowledging the importance of people's participation.

The MDGs were officially introduced at the meeting. Further, the basic lines of the "Carapegua in Development" project and its relation to the MDGs was explained, which included a forthcoming consultation meeting, where the participants would be asked to list specific ways in which they envision the MDGs realised in Carapegua. It was announced that soon a course on social projects management would be launched, with seats for 30 students. The requirements to participate in the course were also made public which included:

- education up to high school level;
- record of community work; and
- signing of an agreement for one-year of community work.

And the benefits for participants, besides appreciation by the community for their work, would be:

- high quality training; and
- awarding of diploma upon satisfactory completion of coursework and community work.

At the second meeting, where leaders of all identified organisations were invited, more than 100 were present. This time MDGs-related 28 possible projects were pinpointed that the attendees at the meeting considered important for the community. The first 10 projects in the list were:

- primary healthcare
- running water
- sewer system
- family nutrition
- dental care
- adult education (literacy)
- improvement in children's education
- high school improvement
- country roads maintenance and improvement
- promotion and sale of local crafts

These 10 items were taken as a mandate of the community for the participants in the social programme management course.

The Course

The course on social project management was based on the content of courses on social management of the Inter-American Development Bank that had received strong accolades in Latin America. Although there was theoretical content and reading material required by the programme, the course was structured to be practical. From day one, the participants were required to work on the projects prioritised by the community. The instructors were all top professionals, 80 percent with PhDs from recognised universities with international experience on similar programmes.

There were also representatives from several ministries and cooperative agencies, who were invited to share their views on the issues they specialised in. These guests provided an excellent opportunity for interaction and networking that gradually started yielding results.

The communication campaign on the quality of the programme and the avenues that it opened for the participants and the community got more people interested than could be accommodated.

It is important to note that the participation of applicants, strictly per the fixed selection norms, gave it a sort of legitimacy. The discussions that led to defining the rules for participation in the course were an excellent exercise on consensus building, where people that were not included, understood that there was a job to be done that would benefit all in the community, and this was just one piece of a larger process aimed at serving the community.

Throughout the course, each student was working on a project that s/he had chosen. At the end of 120 hours of in-class training, the students completed the first draft of the project. In addition to the course on social project management, the project included short-duration training that intended to provide the volunteers' assistance to 10 neighbouring families for nutrition and basic healthcare.

The Effect on Social Capital

Before proceeding to learn about the effect of the project on social capital, it is important to define social capital. Social capital combines institutions, relations and values that govern the interaction among people and could contribute to development (Grootaert and van Bastelaer, 2001, "Understanding and Measuring Social Capital: A Synthesis of Findings and Recommendations from the Social Capital Initiative", Social Capital Initiative, Working Paper 24, The World Bank, Washington DC).

Based on the above definition, social capital is classified as under:

- the type of relationship among the parties; and
- the way in which the relationship is built.

The type of relationship can be further classified as bonding, bridging and linking (Narayan, 1999, "Bonds and Bridges: Social Capital and Poverty", Policy Research Working Paper 2167, The World Bank, Poverty Reduction and Economic Management Network, Poverty Division, Washington DC; Woolcock, M. 2002, "Social Capital in Theory and Practice: Where Do We Stand?" Chapter 2 in Isham, J, T Kelly and S. Ramaswamy, Eds, *Social Capital and Development Economics*, Elgar Press, London, UK and Northampton, MA.):

- bonding is relationship among people who know each other well and interact "face-to-face", such as friends, neighbours and family members. It is a necessary element in sharing of ideas, information transfer, or move resources within the community;

Table 34: Social Capital Classification		
	Cognitive	**Structural**
Bonding	Solidarity, sharing, sincerity, tolerance, coherence	Community organisation, volunteers groups, local council
Linking	Confidence, consistency	Development council, linkage to government and non-governmental agencies

- bridging is relationship among people who may not know each other well, but bear similar characteristics, such as membership of a cooperative, unions and associations of various kinds.

From the perspective of the way in which it is structured, it is called cognitive social capital – the set of values and beliefs that people in a community share (Grootaert and van Bastelaer, 2001). The relationship that exists among organisations is termed "structural social capital".

The Strengthening of Cognitive Social Capital

Clear examples of strengthening of bonds and bridging social capital are seen in the case of the training courses (both for social project management and volunteer-neighbour assistants). During class hours and break periods, participants had the opportunity to contribute ideas and build a shared vision of how they would like to see their community.

Another example of strengthening bonding and bridging social capital are seen at the community-wide meetings and the dynamics of discussions preceding and following the meetings, where the whole community is involved in the process of envisioning a common future.

By establishing a commitment of service the courses also offered an example of strengthening social capital linking. This is because people with more resources in education, at least 12 years in the case of the courses in projects management committed themselves to serve a community with 4.3 years of average schooling.

Cognitive bridging social capital was also strengthened by what Robert Putman (1993, "Making Democracy Work: Civic Traditions in Modern Italy", Princeton University Press, Princeton, NJ) calls "transitivity of social capital: although I don't know you, I trust you, because I trust her, who trusts you". The transitive property of social capital was very important to reach the agreements that made possible the project.

It is important to note that in the cases mentioned above, the project used a capital that was already there, it did not generate one. It is realistic to say that the strength came from the use of the capital. This is an important difference of social capital from a physical one, which wears out with use. Instead, the use strengthens social capital and makes it much more effective. The lack of use rusts it and may turn it ineffectual.

The Strengthening of Structural Social Capital

The project strengthened structural bonding – social capital – by promoting neighbourhood organisations. As a prerequisite for the implementation of the project in a neighbourhood, it was required that they organise themselves in groups of 10 families. Each group was to give a volunteer, who would receive basic training and work for at least one year on nutrition and basic healthcare with his/her neighbours.

The participants of the social project management course constitute today the technical support group for the community. Besides strengthening bonding social capital, the fact that the participants are educated leaders representing a wide spectrum of the community contributes to strengthening the linking of social capital.

The technical support group also strengthened linking social capital by coordinating actions in the community with local, regional and the central governments as well as cooperative agencies and companies.

Return on Investment

The investment in social capital produced the following noteworthy results:

- A roadmap for Carapegua development is in place. The MDGs is part of the agenda of key players in Carapegua. Parts of this roadmap are already implemented by the Carapeguenians;
- A group of technical-leaders trained in design, management and monitoring of community development projects was established. This group is the best bet as well as a must for the sustainability of the project;
- Primary healthcare and nutrition programmes were successfully initiated and implemented across 350 families in a rural area. To implement them, the municipality signed an agreement with the Ministry of Health and the Ministry of Education. This agreement would not have been possible without the action plan on the use of resources prepared by the participants during the course on social project management; and
- From linking initiated in the framework of the project, a request for a sample of handicrafts was received from Canada. Several prospective contacts were made to sell the Carapeguan handmade products in Asuncion (the capital city) and the US. The contacts and the corresponding follow up were performed by the participants of the course in social project management. Looking at the prospects of exporting their products, the craftsmen were motivated to organise associations that would facilitate buying of material and also maintaining quality while responding to the demand.

Concluding Remarks

This report started with several questions, so it would be appropriate to conclude by answering them. These answers were made available by experience, though provisional yet encouraging.

About Global and Local

We can see in the Carapeguan experience that "the global" has generated a motivating and catalytic force for a local project. The global, in this context was offered by the MDGs and the presence of international cooperation agencies.

By providing a legitimate agenda, the global elements facilitated accords that otherwise would have made initiating the project impossible. As an example, some local leaders were suspicious about the recently elected Mayor to the point of believing that the whole project was just a scheme plotted by him. The presence of reputed international institutions helped overcome that fear. Moreover, this presence, which was at no time pushing but encouraging, contributed to the creation of a *spirit de corp* that instead the sense that the "Carapegua Team", so frequently divided along factional lines, could work together to make a good showing in the "world cup" tournament of development.

Social Capital and Leadership Training

The one-year span of experience has already demonstrated that investment in social capital can produce significant results in short periods of time. More importantly, by creating local management capacity, it provided a solid foundation for things to come. A vital part of this foundation was the leadership that was able to concern, monitor to and manage projects for its community as well as skilled in balancing conflicting views so necessary in a democratic community development programme.

Value of Instruments from Social Management

This point is directly related to the previous one. The performance of leaders promotes social management. The job of a community leader requires:

- understanding of negotiation strategies;
- analysis of the involved factors;
- strategic planning;
- network formation and its management; and
- monitoring procedures.

These instruments are all part of the social management tool kit that were included in the social project management course and were continuously refreshed as situations required.

Chances of Change

The project introduced new roles in the community of Carapegua (volunteers and technical support groups), but they are still exercising a subsidiary function. The long-term effect of these social players remains to be seen.

Now, new and more formal institutional arrangements are part of the ongoing task. They are the following:

- declaration of the Municipality of Carapegua that set the MDGs as the central part of its development strategy;
- legal recognition of a Development Council body with representation from civil society; and
- transparency Bill that legally establishes a transparency mechanism that publicises the work of the municipality with regard to its annual budget and the MDGs.

We believe that these institutional arrangements are necessary steps in the process of securing the achievement of the MDGs for Carapegua. There are still many obstacles to overcome, but we see no other way than the consistent use of tools of social management, networking and communication to leverage the power of the people to achieve their aspiration for a better life.

International Cooperation

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Devising an Effective Health Plan

*– Dr Graham Reid**

The Tanzania Essential Health Interventions Project (TEHIP) is a research and development partnership between Tanzania's Ministry of Health and Canada's International Development Research Centre (IDRC). TEHIP was established to test innovations in planning, priority setting and resource allocation at the district level, in the context of reform and decentralisation of Tanzania's healthcare system.

The project's goal is to determine the feasibility of an "evidence-based" approach to health planning, an approach whereby decisions on how to allocate scarce healthcare resources are made based on information obtained locally rather than on the unproven assumptions of a central agency. TEHIP's basic premise, in other words, is that the health of a population can be improved not only by spending more money, but by spending money more wisely, and according to specific requirements and needs.

Testing a Bold Idea

TEHIP grew out of the World Bank's World Development Report 1993, "Investing in Health" (WDR 1993). WDR 1993 highlighted the need for global health reform, citing systemic problems that hinder the delivery of services and a reduction of mortality and disability. The WDR drew attention to the huge imbalance in healthcare spending (more resources go towards expensive interventions like tertiary care than to cost-effective interventions like primary care), the inefficient use of resources, rising healthcare costs and inequitable access to health services.

These problems often get compounded in low-income economies by the highly centralised decision-making process, wide fluctuations in health budget and low motivation of healthcare workers.

The Research Framework

TEHIP aims to test in real life settings the WDR 1993 prescription for global health reform and develop an action plan for improving healthcare at the district level in Tanzania. Specifically, the project seeks to answer three key questions:

- how and to what extent can Tanzanian district health plans be more evidence-based?
- how and to what extent can evidence-based plans be implemented by decentralised district systems? and
- how, to what extent and at what cost can such evidence-based plans have an impact on population health?

* *Project Manager, Tanzania Essential Health Interventions Project (TEHIP), Ministry of Health*

All of TEHIP's research activities are designed to answer these three core questions. TEHIP's research programme is organised into four components or themes focusing on: health systems, health behaviours, health impacts, and research and development of planning tools.

Translating Research into Action

Promoting a novel interplay of research and development, the TEHIP programme focuses on:

- strengthening district level capacity to plan and set priorities using locally obtained burden of disease and cost-effectiveness considerations;
- increasing district level capacity to effectively deliver selected health interventions;
- assessing and documenting lessons learnt in district health planning and management systems/processes; and
- measuring the overall impact of delivering health interventions in terms of burden of disease and *per capita cost*.

Since its launch in 1997, TEHIP has made substantial progress toward these objectives. Among its findings, TEHIP research has shown that in Rufiji and Morogoro rural districts, malaria alone accounts for 30 percent of all the healthy years of life lost due to deaths. Moreover, children up to age five bear 62.6 percent of the total burden of disease in these districts, compared to 37.4 percent for older people. It has also shown that a major constraint of the District Health System was not the money available, but the capacity to spend it.

TEHIP and Tanzania's Health Reforms

Governments everywhere are struggling to find ways to better allocate their available human and financial resources to maximise the health of their citizens. Tanzania is no exception. In 1993, the Central Government passed the Health Sector Reform Act in an effort to better utilise health resources, improve primary care, increase user access and cut rising costs. These reforms represent significant organisational, managerial and financial changes to healthcare planning and services. Some of the elements being considered in the reforms include: cost-sharing, user fees, health insurance for civil servants, community health funds, district health boards and capacity-building workshops. More importantly, the government is decentralising the healthcare system, devolving management and budgetary control to the district level.

District health managers have also been encouraged to effectively assume additional duties relating to the quality and delivery of health services. In the past, they planned in non-strategic ways, basing annual health plans on previous budgets, health crises, the *status quo*, external forces and perceived risks.

TEHIP involves two of Tanzania's 115 districts – Rufiji and Morogoro Rural. It seeks to bolster the capacity of their district council health management teams (CHMTs) by introducing a new approach to planning, in which decisions on how to allocate scarce healthcare resources are based on local evidence. As a result, CHMTs in both districts now use a variety of customised tools to create their plans. These tools help CHMTs improve and expand the delivery and use of the health interventions they have selected.

To help the districts of Morogoro Rural and Rufiji implement their evidence-based plans, TEHIP has supplemented their health budgets since 1997. The initial ceiling for this funding was set at US$2 per capita but despite planning, the districts lacked the experience and capacity to spend the money. Each year, however, the districts have progressively absorbed more of the funding, to an average overall of US$0.92. Tanzania has initiated similar per capita funding in at least two-thirds of the districts through a new, sector-wide government/donor partnership.

In short, TEHIP operates within Tanzania's healthcare system, contributing to the ongoing health sector reforms that aim to improve the efficiency and accessibility of health services throughout the country.

From Diagnosis to Treatment: The Road to TEHIP

In October 1993, IDRC organised an international conference in Aylmer, Québec, to examine the recommendations for investing in health. The conference attracted representatives from the WHO, World Bank and other donor agencies, NGOs and from the developing countries. IDRC commissioned three major thinkpieces to focus the discussions.

WDR 1993 had argued that, while it may not be easy to establish health service priorities based on the burden of disease measurements, governments could realise greater benefits from the existing health resources. Investing in health, however, focused on global rather than the district level. Delegates at the Aylmer conference concluded that the report's thesis held sufficient potential in an area where the need was great and that its feasibility should be investigated without delay. They also agreed on the need to strengthen the relevance, quality and contribution of health research to health reform.

The conference had two principal outcomes. First, participants recommended that the WHO should establish a process to narrow the health research gap (less than 10 percent of health research spending around the world is used to address 90 percent of the global disease burden priorities). As a result, WHO now houses the Global Forum for Health Research, which aims to help correct this gap by focusing research efforts on those diseases that pose the heaviest health burden and by facilitating collaboration between public and private sector partners. The second outcome was the decision that IDRC would field-test the WDR thesis.

Launching TEHIP

The Aylmer conference recommendations led IDRC, with support from the CIDA, to begin preparations for what is now known as TEHIP. Its founders decided that to properly address the issues of burden of disease and cost effectiveness in the context of health reforms and decentralisation, the project should focus on improving the planning and management of health services at the district level.

In recommending this approach, they believed that the project's findings would have extremely important implications for the future development of healthcare systems, not only in the "host" country, where the project would be staged, but in other developing countries as well.

In 1994, IDRC sent letters to the ministries of health of seven eastern and southern African countries to explain the background and broad scope of the initiative, and to invite letters of interest. Tanzania was the first country to express interest. A group representing IDRC, WHO, World Bank and other interested parties spent three weeks in Tanzania in late November and early December 1994.

Joined by representatives from Tanzania's Ministry of Health and the National Institute of Medical Research, the group met officials from other Tanzanian ministries, main organisations conducting health research in the country and representatives of the major health donors in Tanzania. As a result of these meetings, it was decided that Tanzania would become the host country.

Why Tanzania?

To improve healthcare, investing in health advocated devolution of responsibility to local authorities. The reform of Tanzania's healthcare sector fits this approach. Also, Tanzania is one of the poorest countries in the world and hence could potentially benefit from a project of this scope.

Box 3: Did you know?
Tanzania's GDP per capita is just US$210. Tanzania has one of the highest burdens of diseases in the world. Some 100,000 Tanzanians die from malaria each year out of a total population of 34 million. Also, about 80-90 percent of the children are anaemic.

Several districts were proposed as study sites by the Tanzanian Ministry of Health and visited during the pre-launch assessment period. By April 1995, Rufiji and Morogoro Rural had been selected as representative of ordinary rural Tanzanian districts.

In October 1996, an agreement to launch TEHIP was signed between the Governments of Tanzania and Canada. The TEHIP office was established at the National Institute for Medical Research in Dar es Salaam in January 1997. Its research activities began later that year. Also, during 1997, the first financial support to the district health plans of Rufiji and Morogoro Rural was provided by TEHIP.

A Unique Approach to Building Research Capacity

All of TEHIP's research activities are undertaken by Tanzanian researchers. A novel aspect of TEHIP's approach is that it funds research through a network of research programmes, and not as a collection of research projects. In other words, TEHIP does not support individual, short-term projects with specific research objectives. Rather, it facilitates research teams that tackle larger programmes over several years. This requires teams or consortia for the four components or research themes: health systems, health behaviours, health impacts, and planning tools – each of which is sub-divided into individual modules.

Each research component addresses questions that demand the skills of numerous disciplines. Such skills and disciplines are often attached to different host institutions in the academic, governmental, non-governmental and private sectors. It was, therefore, necessary to assemble an inter-disciplinary, inter-institutional research coalition to adequately and coherently address research questions within and across the four components.

Health Systems Research (Component A)

The health systems research component focuses on district health planning, prioritisation, and resource allocation processes. The principal research objective is to determine how and to what extent, district council health management teams can use locally-generated information on the burden of disease, cost-effectiveness, health system capacity and community preferences to plan, set priorities, and allocate health resources.

This research component is concerned with process, content, context, and implementation issues as well as the linkages among them. For example, how are priorities set? Who decides them and on what basis? What support is provided by district, regional and central levels? Is it effective? Do the plans address the priority burdens of disease and consider cost-effectiveness? Do the plans establish how the relevant activities are to be implemented? To what extent do district health managers control the allocation of health resources?

Health Behaviours/Patterns Research (Component B)

This component represents the largest research effort within TEHIP. It focuses on household health-seeking behaviour in relation to essential health interventions. The principal research objective is to identify and analyse trends at the household level in the use of selected essential health interventions provided through district health management team plans with respect to spatial, social and economic determinants.

Household behaviour may influence the very nature of Council Health Management Team (CHMT) planning processes and, in turn, be affected by CHMT plans. The household level is where health-seeking behaviour, health service utilisation, risk perception, household decision-making and household expenditure for health are most likely to change.

This research component explores such questions as: who uses health services? why do they use health services? and why do other people avoid using health services? It seeks to understand, for example, why only about half of the people, who need malaria drugs, actually visit a health facility to acquire them? This component also explores ways to bring "community voice" into a district's health planning process.

This research component is TEHIP's largest research effort. It focuses on household health-seeking behaviour in relation to essential health interventions. It has four interactive research modules, including: Module B-1 (Situational Analysis of Initial Utilisation Patterns); Module B-2 (Longitudinal Qualitative Assessment of Utilisation Patterns and Trends); Module B-3 (Longitudinal Quantitative Analysis of Utilisation Patterns and Trends); and Module B-4 (Advancing the Community's Voice and Potential in District Health Planning).

Module B-1: Situational Analysis of Initial Utilisation Patterns aims to identify, through rapid appraisal procedures, initial use patterns of the selected essential health interventions at the household level.

Expected Results

- patterns of healthcare use are qualitatively described; and
- final stratification of districts is delineated.

Module B-2: Longitudinal Qualitative Assessment of Utilisation Patterns and Trends aims to explore initial issues through focused ethnographic studies, and identify emergent issues and themes that impact on use patterns and trends with respect to the selected essential health interventions.

Expected Outputs

- qualitative evidence of behavioural patterns and trends at the household level are described as a basis for further work in Module B-3;
- barriers and constraints to the utilisation of essential health interventions are identified;
- risk profiles are described and interpreted;
- contributing factors for the health development process are identified at the community level; and
- information is generated regarding the characteristics and distribution of beneficiaries and non-beneficiaries of essential health interventions offered by the district.

Module B-3: Longitudinal Quantitative Analysis of Utilisation Patterns and Trends aims to quantify the determinants of utilisation patterns and trends identified in other research modules, and to test key hypotheses on behavioural conditions that govern use patterns and trends.

Expected Outputs

- maps of essential health intervention (EHI), utilisation patterns and differences in access are produced for the various strata and relative to provider, sector and consumer variables;
- determinants and factors of EHI utilisation are quantified and compared to the qualitative results of research modules B-1 and B-2;
- at least two key hypotheses on the use of selected interventions are established and tested in each district; and
- information is generated regarding the characteristics and distribution of beneficiaries and non-beneficiaries of essential health interventions offered by the district.

Module B-4: Advancing the Community's Voice and Potential in District Health Planning aims to identify community-based strategies that ensure appropriate use of essential health interventions and increase their effectiveness, and that increases the effectiveness of processes through which they are planned.

Expected Outputs

- establishment and validation of approaches for introducing community preferences in the health and development process;
- pilot-testing of a procedural framework for effective health planning at the district level and driving health development involving decision-makers, stakeholders and beneficiaries; and
- the development of household survey schemes and schedules to monitor health coverage, access and user satisfaction.

Health Impacts Research (Component C)

This research component focuses on the demographic and health effects of health system process changes at the district level. The principal research objective is to document the burden of disease for priority setting and to quantify changes in the burden of disease to assess the impact of health reforms.

To measure short-term changes in the burden of disease, such as child mortality rates, TEHIP uses a demographic surveillance system (DSS) to continuously monitor births, deaths and migrations in the Rufiji and Morogoro Rural districts. Without regular censuses or registration of births and deaths, household surveys have evolved as an efficient and cost-effective way to obtain household data in Africa's rural areas.

This research component focuses on the demographic and health effects of process changes. It has one research module on Mortality Impacts.

Mortality Impacts Module aims to analyse trends in mortality (discounted, age-weighted, years of lives lost) by age, sex and broad cause throughout the period that TEHIP operates, using data from a longitudinal, direct, and demographic surveillance system.

Expected Outputs

The DSS data can generate the following distributions:

- direct and underlying cause of death;
- population size and structure;
- average household size;
- household leadership by gender;
- relationship with head of household;
- population distributions: age (dependency ratio), sex (sex ratios) and density;
- population movement (*i.e.* migration);
- trends in terms of births (*e.g.* birth seasonality), deaths (*e.g.* death seasonality), migration and trends in nuptiality (marriage, separation, divorces, widowhood and remarriage);
- levels of formal education;
- names pattern analysis; and
- children orphaned and adopted.

Planning Tools for Health System Analysis (Component D)

This research component focuses on district health planning, prioritisation and resource allocation processes. The principal research objective is to develop and/or validate practical tools for evidence-based planning processes for the CHMT level.

It has three research modules: Module A-1 (Situational Analysis of Annual District Planning Processes); Module A-2 (Establishing Determinants of Planning Process Effectiveness); and Module A-3 (Validation and Strengthening of Planning Processes).

Module A-1: Situational Analysis of Annual District Planning Processes aims at identifying and describing annual cycles of district planning, priority setting and resource allocation processes, used by district council health management teams (CHMTs).

Expected Outputs

- a platform is established for critical appraisal of the potential value of burden of disease/cost effectiveness analysis data in significantly assisting and strengthening the district health planning process; and
- other data (e.g., community preferences, system capacity) are identified and enlisted as essential ingredients for optimal district health planning.

Module A-2: Establishing Determinants of Planning Process Effectiveness aims at determining how and to what extent an evidence-based planning process using burden of disease and cost-effectiveness analysis can strengthen or improve planning processes and to determine the factors influencing the effectiveness of these processes with particular reference to the context in which CHMTs function, including the performance of CHMTs in planning, priority setting, and resource allocation.

Expected Outputs

- potential value of burden of disease/cost-effectiveness analysis data in significantly assisting and strengthening the planning process is critically appraised;
- other data or evidence, apart from economics and burden of disease/cost-effectiveness analysis, are identified as potentially essential ingredients for optimal district health planning.

Module A-3: Validation and Strengthening of Planning Processes aims to identify ways of strengthening the planning process at the district level, with respect to necessary adaptations in the context, in which district health management teams carry out district health planning, and to identify additional data, tools, skills and systems required at the district level.

Expected Outputs

- assessment of guidelines and tools for incorporating burden of disease/cost-effectiveness data, community preferences and health system capacity considerations into district health planning;
- establishment of an evaluation and monitoring system for assessing the execution of district health plans; and

- provision of information necessary to identify important constraints and facilitating factors that can lead to positive changes, which are appropriate in assisting district planning methodology.

TEHIP in Action

To help meet its objectives, TEHIP has developed or refined a variety of powerful planning tools and strategies that allow district CHMTs in the Rufiji and Morogoro Rural districts of Tanzania to collect and analyse information more effectively. These tools provide the evidence that enables CHMTs to set priorities and allocate health resources as part of their planning process. The TEHIP "tool box" includes:

- district Burden of Disease Profile;
- district Health Accounts;
- district Cost Information System;
- district Health Service Mapping;
- community voice;
- district Simulated Basket Funding;
- strengthening District Health Management and Administration;
- district Integrated Management Cascade;
- community Ownership of Health Facilities; and
- project Operations Committee Meetings.

Using TEHIP tools, the Rufiji and Morogoro Rural district health management teams have invested in essential health interventions, such as Integrated Management of Childhood Illnesses (IMCI), Insecticide-treated Nets and the Safe Motherhood Initiative.

The TEHIP Toolbox

District Burden of Disease Profile

The Burden of Disease Profile aims to simplify, package and communicate complex information on vital statistics and the local burden of disease in a practical and readily accessible graphical format for planning purposes. This tool is intended for use by CHMTs.

District Health Accounts

The District Health Expenditure Mapping tool was developed to provide CHMT planners with a one-page summary and one-page graphical "picture" of their annual Comprehensive Council Health Plans (CCHPs). The tool is intended to help districts understand the accumulated total financial resources that they have budgeted (or spent) in their plan, the sources from which they expect their revenue and the major interventions and activities, to which these funds are allocated. The tool integrates information from the District Burden of Disease Profile and the District Cost Information System. Among its functions, this tool:

- provides basic analysis of budgets and expenditures to check against priorities, norms and standards;
- reduces the complexity of CCHP budgets for health planners;
- provides a graphical display of complex numeric information;
- provides summary information on resource source and allocation for both budgets and expenditures;

- guides CCHPs to be more comprehensive in capturing all potential sources of revenue;
- assesses CCHP implementation (budget versus expenditure); and
- facilitates accountability and transparency.

District Cost Information System

The District Cost Information System is a custom database managed at the district level by the District Health Accountant. The database is used to store information from health facility patient registers, including sex, age group, in/out patient status, repeat patient status and diagnoses as well as the drugs, surgical procedure and laboratory tests prescribed. When analyses are required, custom reports can be chosen from a menu that provides costs per patient, per intervention, per facility, per month or per year. It allows comparisons between facilities and between types of facilities. Its primary purpose is to identify technical efficiency in the delivery of essential clinical and public health interventions.

District Health Service Mapping

The District Health Service Mapping tool is a single, practical, affordable computerised tool for CHMTs that facilitates the entry, management, mapping, analysis and reporting of health management information system (HMIS) data at the district level.

Community Voice

TEHIP is using Participatory Action Research (PAR) to ensure that the "community voice" is heard by district health planners. Specifically, PAR is used to:

- identify community-based strategies that ensure appropriate utilisation and increased effectiveness of essential health interventions that increase the effectiveness of the processes through which they are planned;
- develop approaches for introducing community preferences in the health and development process; and
- develop household survey schemes and schedules to monitor coverage, access and user satisfaction.

District Simulated Basket Funding

When TEHIP was launched, it was recognised that the participating districts would have limited resources for implementing all planned activities. To address this problem, TEHIP was designed to offer a contribution of up to US$2 per person per year to the districts of Rufiji and Morogoro Rural (total population 800,000). However, a few conditions were attached to these funds. The main criterion was that council health management teams should invest the money in a way that is both consistent with local burden of disease evidence and supports either directly or indirectly cost-effective health interventions.

Strengthening District Health Management

This strategy aims to increase district-level capacity for healthcare planning, management and administration. It incorporates two specific tools: Strengthening Health Management, a modular training course designed for CHMTs and developed by the WHO; and "Ten Steps to a District Health Plan: A Workbook for CHMTs", developed by the Iringa Primary Health Care Institute, Tanzania.

District Integrated Management Cascade

This strategy aims to enhance autonomy, decision-making, advocacy and involvement within district health facilities, and to promote the participation of frontline health workers in district health plan activities and health sector reforms implementation. The goal is to improve the quality of health services in districts by creating a "functional hierarchy" below the CHMT: this structure would facilitate distribution (of equipment and drugs), supportive and continuous supervision, training, referral and monitoring of health activities, while supporting optimal communications and feedback between the staff of health facilities and CHMTs.

Community Ownership of Health Facilities

This strategy aims to:

- develop and establish a more affordable and sustainable mechanism for the rehabilitation and maintenance of health facilities;
- promote ownership of health facilities by local communities;
- build community self-confidence in the rehabilitation and maintenance of local health facilities; and
- impart appropriate skills to district and local community leaders on community labour-based approaches to rehabilitation and maintenance.

Project Operations Committee Meetings

The Project Operations Committee is the only TEHIP committee that includes representation from the districts and that meets at the district level. It aims to:

- establish efficient and effective communication channels and linkages among all parties directly involved in implementing evidence-based planning;
- establish procedures for efficient and effective delivery of TEHIP financial support to the District Health Plans;
- monitor progress of projects and performance of activities; and
- create a format to promote quality technical and financial reporting by the CHMT.

Selecting District-Level Health Interventions

Using TEHIP tools, the Rufiji and Morogoro Rural district health management teams have invested in essential health interventions using burden of disease and cost-effectiveness considerations as the sentinels.

Integrated Management of Childhood Illnesses (IMCI)

The IMCI approach has shown evidence to address the largest-single share of district burden of disease. Therefore, Rufiji and Morogoro Rural Districts have adopted the IMCI strategy to reduce death and illness in children under five. The three main healthcare components targeted by the IMCI strategy are: improved case management; improved health systems; and improved family and community practices. All leading causes of infant death – malaria, diarrhoea, pneumonia, malnutrition and AIDS – in the two districts are addressed by the IMCI approach.

Insecticide-treated Nets

Both Rufiji and Morogoro districts have identified insecticide-treated mosquito nets as among the most viable interventions for preventing malaria in children and mothers. In collaboration with Population Services International (PSI) and other partners, TEHIP has championed the development of a national strategy, involving trained animators, who promote the nets throughout Tanzania.

Safe Motherhood Initiative

Safe Motherhood Initiative addresses the main causes of both pre-natal and maternal mortality. It incorporates a wide range of health interventions, including family planning, ante-natal care, intermittent presumptive therapy for malaria control in pregnancy, essential obstetric care, post-partum care, post-abortion care and control of sexually-transmitted diseases (STDs).

Source: www.eepsea.org

31
Shelter for the Newly Urbanised

*– David Kuria**

Introduction

Although the linkage between poverty and dwelling standards became a field of serious scientific study only recently, the connection has been recognised and acknowledged in African development literature and policy documents for nearly half a century. Beginning with differential housing codes and rules in colonial times, progressing through the post-Independence egalitarian visions and ending with the targeted strategies of the post-structural adjustments era. Kenya was one of the first African countries to systematically codify the standards believed to be appropriate for the newly urbanised natives.

In 1968, barely four years after independence, what is known as Grade II, laws by were enacted for the benefit of those needing a simplified code for use in the rural-urban fringe. This set the stage for subsequent reforms, which are still in progress.

This paper is a case study of the Kenya experience in formulating and updating standards for low-income housing. The paper appreciates the role of inclusiveness and partnership in driving to a conclusive end, a review process. It also tries to trace the origins of the process, the main instigators and their motives and the results, which have been achieved to date. This paper is in itself part of the review process since it is meant to draw lessons for the future and to present an independent appraisal of successes and failures of a process.

After independence in 1963, Kenya's rural urban migration increased by leaps and bounds, leading to urban overcrowding. With technical assistance from the UN, the first housing policy for Kenya was elaborated and enunciated in 1966-1997 that led to the creation of a family of institutional structures (Ministry dealing with Housing, a National Housing Corporation, A Housing Research Unit and a Housing Finance Company).

By 1980, this policy had become outdated. A series of surveys were undertaken, leading to the formulation of a new National Housing Strategy for Kenya, 1987-2000. An important element of this was the strategy of enabling where the government's role shifted from being a direct developer of low-income housing to one of working with and facilitating housing development by private entities.

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The National Plan of Action, elaborated in late 1995 in the run-up to Habitat II, includes more specific proposals, particularly for the enabling role of the government. They fall under the general heading of Shelter Delivery Systems for markets, land for shelter, regularisation of informal settlements, finance, basic infrastructure and services, building materials, construction, maintenance and rehabilitation, and vulnerable groups.

The question of shelter standards, building bylaws and planning regulations featured prominently in the Plan, because it cut across pressing issues relating to affordability, land, materials, technology, durability and financing.

The Journey has Just Begun…

One of the strongest colonial legacies in Kenya is the formulation and application of building standards and procedures. The earliest building controls were developed to counteract the potential health dangers in settled areas. It is argued that the basis of the earliest European legislation was the desire of the colonial settlers to ensure that their own situation was not endangered by the potential spread of disease from areas settled by the locals.

The application of building controls followed the colonial development of urban areas. The earliest attempts, to introduce legislation related to building and planning in Kenya, can be traced to around 1900 when surveyors started planning camps and townships along the Kenya-Uganda railway, then under construction.

Today's building, planning and engineering standards as well as statutes and regulations are scattered in various legal documents, including town planning, land and housing laws, the Public Health Act and the Local Government Act and subsidiary legislation. This situation is compounded by the fact that there are a host of government agencies responsible for policy, legislation, enforcement and control of housing. The resultant confusion means that the existing statutes are in some instances, contradictory.

The main statutes governing building standards, design and materials today are the Building Code and the Public Health Act. Other statutes affecting housing development are as follows:

- Building Code, 1968, consisting of Local Government (Adoptive Bylaws) (Building) Order, 1968, and Local Government (Adoptive Bylaws) (Grade II Building) Order, 1968;
- Public Health Act, Cap 242
- Housing Act, Cap 177
- Rent Restriction Act, Cap 296
- Government Lands Act, Cap 280
- Local Government Act, Cap 265
- Land Control Act, Cap 302
- Trust Land Act, Cap 288
- Streets Adoption Act, Cap 406
- Water Act, Cap 372
- Fire Inquiry Act, Cap 103
- Land Acquisition Act, Cap 300
- Guarantee (Loans) Act, Cap 461

- Sectional Titles Priorities Act
- Land Planning Act, Cap 303 (Repealed the Physical Planning Act 1997)

The Case for Appropriate Standards and Regulations

Building acts, regulations and codes are the means by which authorities control construction activities for the purpose of ensuring safety and health in the built environment. Similarly, standards and specifications for building materials ensure that stipulated qualities of products are used in construction. To a large extent, these regulatory procedures can determine the types of building materials, skills and construction techniques to be used in house building.

Building regulations are therefore critical to all construction activities, particularly for low-income shelter. Regulations and codes could be formulated for the construction of low-income settlements, incorporating types of building materials and construction techniques, which are affordable to low-income groups.

Despite the critical role these laws play in the day-to-day lives of the majority of urban dwellers, the latter hardly participate in their formulation and implementation. Obviously, the interests of the low income hardly matter if the highest, unrealistic, standards are to be stipulated. But the reality is that 50-70 percent of urban dwellers in Kenya live in informal settlements where a substantial proportion of the construction depends on earth and timber based products.

Local bylaws do not sufficiently cater to the use of locally based affordable materials suited to the particular circumstances and emergencies prevalent in these settlements. They are, in fact, specific to the use of modern materials and techniques – cement and mortar, steel, electrical and mechanical installations – which are mainly for middle and high income urban dwellers, giving rise to rapid growth of informal settlements and squatter settlements on public or private land, contravening the land-use controls and similar laws.

The volume of relevant legislation is also particularly confusing to developers whose frustration is compounded by personal interpretations of these statutes as witnessed in several projects such as Dandora and Umoja estates in Nairobi. Housing development is consequently complicated and sometimes made more costly by difficulties in obtaining building approvals and occupational permits.

The application of the legislation is slow, cumbersome and expensive. Many public, quasi-public and private sector groups that have vested, and occasional, conflicting interests in the implementation of these standards worsen the situation.

The nature of existing official standards and norms means only a small proportion of developers seriously considers them. For the majority, the standards and regulations are no more than minor irritants they can afford to ignore. This renders them inadequate and irrelevant to community needs and aspirations, particularly to residents in unauthorised and low-cost shelter settlements.

The existing bylaws are therefore counter-productive and support an unattainable and unrealistic urban housing scenario. It would appear that these standards and norms have relegated themselves to irrelevance and marginality in the overall urban development matrix.

The Process Unfolds…

Not until the 1970s when the government undertook the construction of massive housing schemes in major urban centres, did it clearly dawn that the houses (such as Dandora I Estate in Nairobi) would be unaffordable to the target groups unless certain changes were effected in the regulations. The pressure to review selectively the bylaws and regulations was to a larger extent from external actors, particularly the World Bank and USAID, the two key players in urban development projects in Kenya.

In 1979, the government commissioned a major Low-cost Housing Bylaws Review Study, an action which placed Kenya on record as among the first third world countries to undertake a comprehensive study of building bylaws and regulations. The purpose of the study was to analyse and evaluate the performance of the existing building control systems and to develop measures to enhance its efficiency. The study was undertaken by a strong team of both local and international consultants without the involvement of the end users.

The study team included architects, planners, lawyers, engineers, environmental health specialists, and political scientists. The inclusion of the last discipline was not as extravagant a step as it may now appear because there was then a highly charged and tense atmosphere between the World Bank and Kenyan authorities and between the 'progressive' (researchers, academics, planners) and 'conservative' (administrators, public health officials) camps.

After numerous discussion papers and interim reports, the study recommended specific measures to enhance efficient and rational urban development with particular emphasis on low-cost housing. It further recommended changes to the existing building code and the Public Health Act with a view of making them compatible with the needs of the urban majority.

And then the report disappeared among the dusty files of departments, authorities, and committees that seem to characterise governments everywhere. The review process up to 1980 could be described as a top down approach characterised by:

- the desire to scale down a 'modern conventional house' to the extent that it is cheaper but without losing the modern attributes;
- recognition of need, but unwillingness to reduce the standards much further; and
- the willingness of authorities in each area to allow other standards but not their own.

The report surfaced in mid-1980s, when an inter-ministerial and multidisciplinary committee was constituted to devise ways and means to implement the now five-year-old recommendations. The team successfully sought government approval to have those guidelines, which did not require legislative changes.

The government also supported the entire revision of the building code and establishment of a central technical committee to coordinate and regularly monitor the performance of all building bylaws. Approval of the legislative action on the building code was given, and the Ministry of Works, Housing and Physical Planning; Health, and Local Government, together with the Attorney General, urged to implement the bylaws immediately.

Unfortunately, even with cabinet approval, none of the recommendations from the Kenya Low-Income Housing Bylaws Review were implemented and the report soon disappeared into another bureaucratic bog.

Busting the Committee-study-seminar Cycle

In the meantime other significant efforts were being undertaken in the review process. These included the Town Planning Handbook produced by the Physical Planning Department and research publications by the Housing Research and Development Unit (HRDU), University of Nairobi. An encouraging milestone was recorded by the adoption of lower planning and building standards by the then Nairobi City Commission.

This example was followed by other major municipalities such as Mombasa, Kisumu, Nakuru, Eldoret a few years later. But these standards were applied on an *ad hoc* and uncoordinated basis.

At the same time many agencies, which were trying to introduce innovative building materials and technologies were getting very frustrated. The existing bylaws remained restrictive as the pressure to implement revised bylaws remained high among a cross section of stakeholders.

By this time a number of NGOs and academicians had taken keen interest in the debate. Others like Intermediate Technology Development Group and Shelter Forum took a proactive role in studying the policy environment and organising broad-based seminars and meetings.

In 1990, a national seminar was held to highlight constraints to the implementation of the 1985 recommendations and to formulate strategies to resolve them. The seminar was charged with the mandate of formulating a plan of action that would identify and recommend policy, administrative, legal, institutional and technical actions. This led to the formation of a taskforce under the chair of the Ministry of Lands and Housing. The taskforce was broad based, drawing members from public, private and voluntary sectors. It started its work with vigour but unfortunately again the process slowed down as the team closed shop due to financial constraints.

Rethinking the Walk…

While all members of the taskforce agreed on the need to update the regulations, not all agreed to the extent to which the sanitation rules should be revised. The members of institutes and NGOs, which were more in touch with the reality of the situation, were frustrated by the inability of the conservative planners to be really radical in their thinking. That is what was needed and the taskforce developed schedules to visit settlements principally in Nairobi as financial constraints limited contacts with other major secondary towns in the country.

The members measured people's plots and the sizes of their rooms; they measured the thickness of the walls and noted the materials used for both the walls and roofs, and the water and sanitation facilities available. They counted the number of people living in each house. The taskforce members were amazed at how people were building and what they were building with. In retrospect, this first hand, eye-opening encounter with reality finally convinced the entire team that what was needed was not scaled down standards with prescribed materials that everyone should build up to, but minimum standards that everyone could start with.

The standards had to be related to the performance of the materials utilised without excluding the rough and ready materials that most people used. They had to allow people to start with a very basic structure and to build and add on as they wanted and could afford to. To a limited extent, this framework laid the basis for an alternative approach to "the bottom up" model. In this process, we seek to identify the lowest common denominator for health and safety upon which improvement may be made. In short, this approach sets a legal framework within which standards may be laid down and with which buildings may be improved over time.

In 1992, funds were sought and consultants engaged to work with a reduced technical committee under the general guidance of the taskforce. The team presented a report containing standards that were flexible and enabled the use of inexpensive building materials and techniques, and affordable infrastructure and servicing.

The report also contained a comprehensive dissemination strategy, and highlighted the alterations that would not require legislative changes and could be put to action immediately. Refined plans for the formation of a Permanent Board for updating building and planning standards on a continuous basis were also included.

"Code 92", a set of amendments to the building code as applicable to low cost housing, and a manual of 'Deemed to Satisfy Solutions' were published in 1993 and disseminated particularly to local authorities. The Minister of Local Government formally gazetted the revised bylaws in 1995 as an adoptive instrument.

The Way Forward

Four years after the revised bylaws were gazetted, many local authorities have actually adopted and implemented the regulations. The Ministry of Local Authorities has been particularly active in urging councils to adopt the revised bylaws. The authorities in Nairobi, Mombasa, Nakuru, Voi, Nyahururu and Eldoret are some which are positively disposed towards the relaxed building standards. Supporting agencies include the National Housing Cooperative Union (NACHU), the World Bank, US Agency for International Development (USAID), Deutsche Gesellschaft fur Technische Zusammemarbeit (GTZ), Intermediate Technology Development Group (ITDG) and individual housing cooperative societies.

This followed partners' pilot projects in Nairobi and Mombasa that has demonstrated utilisation and application of lower building and planning standards. Nakuru has in fact designated seven low-income neighborhoods as eligible to benefit from the revised standards.

Even so, where this has been done, implementation of reformulated or relaxed standards has generally been on an *ad hoc* and project-by-project basis. This has been partly attributed to four factors: poor information flow; lack of general institutional support at both local and national level; inadequate resources; and administrative rigidities. This trend shows that the challenge of reformulating the building standards regime does not merely end with official recognition.

An aggressive dissemination strategy is needed to sensitise local authorities and the general public on the potential benefits that can be derived from applying the revised bylaws. The strategy would include workshops for civic leaders and technocrats, trainers and community-based leaders; and aggressive publicity through publications and the national media. In addition, the use of demonstration houses should also be adopted to test and demonstrate the viability of revised building bylaws and standards under different circumstances.

As in many other developing countries, the review process of building and planning regulations in Kenya has been slow. The hard lesson from this experience is that only limited success will be achieved if an exclusive top down approach that does not facilitate meaningful and effective local level participation is applied.

Learning from the Review Process

If the 1980s studies were undertaken today the approach would be completely different, with emphasis on participatory methods, computer simulations and linking shelter standards to poverty reduction. Therefore review efforts must be backed by a sound and consistent research base, such as was provided by University of Nairobi's Housing Research and Development Unit. The following lessons are also worth noting:

- housing standards review is an ongoing process. It is a cycle i.e. stress-awakening-revise-implement-monitor-stress;
- the review process is a collaborative effort hence the temptation to form taskgroups, inter-ministerial committees, consultative, steering committees and other forms of collective decision-making structures; hence also the endless workshops, seminars and consultations;
- the review process needs to be driven by a core of committed and knowledgeable reformers. Genuine concerns about health impacts and potential hazards must be addressed in a professional manner, since they are likely to evoke emotional reactions and move the debate into the political arena;
- donors must contribute more than money. They can guide policy orientation, supplement technical expertise and internationalise the revision efforts. UNCHS quickly capitalised on the World Bank's efforts by inviting GOK's consultant to Stockholm for an expert group meeting. Kenya was recognised as a pioneer in this area;
- NGOs like Intermediate Technology (IT) and Sustainable Health Enterprise Foundation (SHEF) can play a catalytic role in moving the process forward and in strengthening the dissemination efforts. In fact, without such support, government cannot do much; but are such efforts sustainable?
- reform creates its own momentum, once the basic steps have been taken it is possible to push for progress;

- housing standards' revision fits in nicely with political rhetoric about improving people's living conditions and with the development agenda dealing with poverty reduction. That is both politicians and donors see it as a worthy cause, which is good for activists; and
- who should get the credit? This is an important issue for public officials who always feel ignored and under-rated. While the consultants and NGOs get the monetary benefits, the Director of Housing and the Chief Health Officer have little to show for their efforts although they may have been the ones who initiated and directed the whole process. Committees can come to a grinding halt because of inadequate compensation of members.

Piloting the Review Process

The Enabling Housing Standards and Procedures Project (EHSP) is an international project executed by IT and designed to stimulate the active involvement of low-income housing agents in the standards development and review process. The aim was to enable low-income people to gain access to legal housing in urban areas, using more appropriate designs, materials and technologies.

The EHSP and the sister Integrated Urban Housing Project (IUHP) projects have produced some noticeable impacts, both at national and local (Nakuru) levels.

At the national level, the Ministry of Local Authorities (MoLA) was persuaded to re-launch Code 95 three years after it was gazetted to give it greater publicity and recognition among the local authorities and other partners. The Ministry informed all 167 local authorities about Code 95 and estimates that 50 percent of local authorities have adopted them.

At the local level, the project managed to motivate active involvement of local low-income housing agents in the standards development and review process. As a result of this, there was the introduction of flexibility in the Municipal Council of Nakuru building plans approval process, and 50 building plans were approved in advance.

Based on this, the projects impacted the Kwa Rhonda and other neighborhoods in Nakuru by an increase in housing stock, it created potential for increased income by landlords and artisans, improved living conditions, facilitated the mobilisation of local resources and demonstrated new building technology in terms of stabilised soil blocks and ferro cement.

Poverty Impact

Cost comparisons of the developed units *vis-à-vis* conventional buildings indicate that the project efforts have directly contributed to a 30 percent reduction in building costs. Low-income households are now finding it possible to mobilise resources for decent and officially sanctioned housing. The revelation that within a space of one year, 24.5 percent of the trained housing agents have started constructing affordable houses attested to this fact. In effect, during the piloting phase, the foundation has been laid to enable low-income groups gain access to decent and affordable housing.

Low-income households are now finding it practicable to mobilise resources for house construction. Of the housing agents interviewed 64 percent were emphatic that the building technologies are affordable. The increased demand for affordable housing is in part attributable to two key factors. First, there is a marked appreciation of the revised bylaws and affordable building technologies by personnel in the Municipal Council of Nakuru (MCN).

By September 1998, the 22 houses approved by the council have designs, which specify the use of rammed earth, stabilised soil blocks and ferro-cement walling. These are alternative materials that have previously not been approved by the local authority. Secondly, the CBO representatives are increasingly playing a pivotal role in encouraging members to apply for approvals and pay the stipulated council fees.

In Kwa Rhonda for instance, six demonstration houses have so far been constructed and the number of people on the waiting list for the production of stabilised soil blocks is increasing. These are persons who have owned plots in the area for over 10 years – but were resigned to the fate that the best they could put up were makeshift mud and wattle structures.

Empowerment

As indicated above, the participation of CBO representatives in group meetings, exchange visits and training workshops organised by ITDG and SHEF at the local and national levels has increased knowledge and confidence in the design and construction of affordable housing technologies.

Participants at such events have on an average shared the lessons learnt with other persons. Initiatives undertaken by the CBOs following such events include sharing information on the revised bylaws (42.1 percent), starting on affordable house construction (24.6 percent) and organising community-based groups to plan and save for house construction. The training workshops have enabled the participant to:

- identify sites for the construction of demonstration houses;
- screen 12 community based artisans to participate in the workshops on the design and construction of appropriate building technologies (ABTs).

CBO members such as Kwa Rhonda, Mwariki and the newly registered artisans group have on their own initiative approached Nakuru Municipal Council and paid the necessary fees to have the designs approved. Above all, the exposure to information on housing technologies and meaningful dialogue with partner agencies has enabled the CBOs and the artisans to present propositions for closer interaction with key partners such as Latin America2 (LA2), National Cooperative Housing Union (NACHU) and Promotion of Rural Initiatives and Development Enterprises (PRIDE) Kenya.

Gender Impact

The national workshop on housing standards held in March 1998 appreciated the roles played by different gender groups in housing development and management. Specifically, the event underscored the value for stakeholders in human settlements to conduct gender analysis of housing needs in order to build the skills of women, men and youth.

The survey conducted on the agents and users involved in the pilot project provided some insights on the project's impact on women and men. Of the users (men and women) 80 percent were convinced that women could now afford to construct houses, while 37.5 percent of the female adult respondents interviewed planned to mobilise resources to construct houses in the coming months. Of special significance, three women group in Mwariki, Kwa Rhonda and Bondeni had established merry-go-round schemes for their members' house construction enterprises.

Project teams had proactively involved both women and men in the planning and implementation of project support initiatives. For instance, during the consultative designs of the demonstration housing units, the designers ensured that the design preferences of both partners (women and men) were registered. The stakeholders' workshop attracted a total of 16 men and 14 women while the CBOs' exchange visit team to Nairobi and Kajiado comprised five women and six men. Not to be overlooked was the emphasis on equity in technology development and the identification of female youth to participate in artisan skills development programme.

Impact on Marginalised Groups

Pilot project work has generated considerable interest from a section of marginalised and dispossessed individuals. For instance, in the period March to September 1998, project teams had received and processed technical inquiries and applications from three widows and two victims of ethnic clashes. These were persons who had owned plots within Kwa Rhonda but had no information and the means to construct decent and affordable housing.

They are now finding it practicable to mobilise resources for house construction. However, the pilot project recognises the broader and growing challenge and imperative of actively promoting the participation of the landless and poorer segments of the population in the housing development initiatives.

In February 1998, the EHSP project organised a three-day workshop which brought together 19 Nakuru based designers, consisting largely of 'professionally marginalised' groups in the building industry: the tracers, draughtsmen and self-made designers. One result of this event was the participants' awareness and skills development on the revised bylaws and associated building designs. The 22 housing designs cited above were in part results of the efforts of six of the trained 'Para-designers'.

The review meeting acknowledged the importance of this cadre and strongly recommended the need to put in motion strategies designed to legitimise them.

The majority of artisans in Nakuru have over the years operated as individuals with little or no collective will. This has made them amenable to working under unpredictable conditions with below market wages and limited access to technical information and building equipment. The survey on small-scale artisans conducted during the previous year attests to this. As a result of the project's support in strengthening the group, there is increased self-confidence and self-esteem among the trained artisans.

For one, in the production of stabilised soil blocks and the construction of affordable housing units, the artisans have been very vocal in identifying and reporting quality control problems when they arise. During the July 1998 official launching of the demonstration housing units and also at SHEF's Annual Event, the artisans were able to clearly articulate their needs and promote the project's vision and methodology.

Sustainability

The housing agents interviewed recognised three key factors essential to project sustainability. These were 'long lasting and easy to maintain technology (70 percent), committed partners (9.7 percent) and cost sharing by community groups (9.7 percent). In terms of technical sustainability, 62.5 percent of the housing agents contended that the responsibility for training more artisans should progressively fall on the trained artisans. Among the priority plans for the future, the CBO members were very much aware that the onus for managing house development efforts would be their primary responsibility. Cited, in order of priority as future CBO responsibilities are:

- disseminating information on the revised bylaws and ABTs (34.8 percent);
- fundraising (21.7 percent); and
- mobilising group members to organise house construction (21.7 percent).

The project's awareness building and training activities have had the effect of enhancing the CBO's skills in the design, planning and organisation of house improvement programmes. On their own initiative, one group (Kwa Rhonda) had mobilised members' savings and so far purchased several SSB block-pressing machines. Using their own artisans, the group is currently producing blocks, for members and have already developed a group strategy to generate incomes through the production of the SSBs for members and upcoming customers.

Many of the above achievements have been recorded by partner agencies, principally by MCN CBOs and the trained artisans. By design, ITDG does not have full-time staff on site. What has been witnessed is a remarkable transformation of the MCN's Town Engineer's department to increasingly interact and respond to the needs of the housing agents from the low income groups settlement areas. Furthermore, the council's commitment to keep the momentum of the revised bylaws alive is still very evident in its ongoing policy of approving housing designs within 30 days. This facilitation from council officers provides an enabling environment for housing agents in low-income areas to participate in affordable housing schemes after eventual pilot project phase out.

Environmental Impacts

Environmental sanitation issues in the designated areas has been mandated Localising Agenda 21. Within Kwa Rhonda, Kaptembwo and Mwariki, LA21 have days set aside for improving the areas' drainage and cleaning. This often sees the area committees mobilise residents to conduct clean ups. The partner agency has also trained the CBO members on solid waste management and sanitation.

In the agreements with housing agents, ITDG is placing equal attention to the design and costing of latrines and soak pits in the construction of the demonstration houses. Initially, costing was limited to the main house. The average cost of a latrine is Kenyan

Shilling 15,000 (US$227) and soak pit between Kenyan Shilling 5-10,000 (US$76-151).

The 1998 project review meeting noted with concern the emergent challenge posed by the holes resulting in the process of SSB production (dubbed as the gaping 'SSB mini craters'). Team members suggested options for building awareness among housing agents on a variety of rehabilitation options. This is one issue that the project had to pay sufficient attention to in the coming year.

Project teams have also noted with concern the lack of tree planting activities around the houses. Already tree nurseries have been identified and consultation are underway with the Town Engineers Department. WWF and religious organisations to promote appropriate tree planting activities in the designated areas. As part of exploring options in urban agriculture, ITDG has linked the CBOs with a research team from the University of Nairobi.

One unique feature of the demonstration houses being developed in Nakuru is that ITDG has successfully tested the technologies within the Maasai Housing project. This is a unique point of proving the case that it is feasible to transfer means tested technologies – from rural to urban areas. Other IT programmes within the country and internationally, stand to gain useful lessons from this experience.

The initiatives discussed above are intertwined with ITDG work in other countries and particularly Zimbabwe and the UK. Peer NGOs and professional associations involved in human settlements in these countries will find project' s experience, useful lessons and models worthy of consideration and replication. At this stage Kenya is strategically located to learn from and contribute to pilot testing and adaptation of building standards and procedures in Africa and other countries.

Conclusions

- re-launching of the Local Government Amendment Order 1995 by the Minister of Local Authorities.
- proclamation of adoption of Informal Settlements Development Strategy by Nairobi District Development Committee.
- practical challenges, experiences and achievements in Nakuru municipal council regarding revised building standards and regulations.
- commitments of partners to support and implement the strategy for revision, dissemination and application of building standards.
- procedures in physical projects as follows:

Government commitment

- to improve/upgrade informal settlements,
- to recognise and support the role of other partners in the revision and enforcement of building bylaws and regulations,
- to grant moratorium on demolition of informal settlements by working closely and with the Nairobi Informal Settlements Coordination Committee,
- to support further legislation, share experiences with other regions in collaboration with HABITAT especially in areas of technology, legislation and capacity building.

Commitment of the local authorities

- to revise, adopt and implement appropriate building standards and planning regulations through pilot projects;
- to create enabling environment to speed up plan approval processes; and
- to engage in aggressive capacity building and information dissemination programmes.

Parliamentarians commitment

- to contribute actively towards HABITAT Agenda implementation;
- to disseminate HABITAT agenda information and increase regional and international cooperation; and
- to promote legislation that supports affordable shelter development.

Commitment of the Architectural Association of Kenya

- to establish building information centres to provide free or low cost technical services to the needy;
- to continue demanding a total halt to demolition of informal settlements;
- to ensure that professional guard against dictation of solutions to communities;
- to act as public watchdog on matters pertaining to illegal settlements and collapsing structures; and
- to solicit cheap funding for use in improving living conditions in informal settlements.

Commitment of the private sector including CBOs and NGOs

- to provide community training and information dissemination;
- to provide technical advice, finance, material production and innovations;
- to support research work on appropriate technologies; and
- to pilot test revised standards.

Commitment of the ITDG

- to formulate and develop gender sensitive solutions and options that are acceptable , accessible , affordable and sustainable to the majority of the population;
- to support implementable and replicable standards through implementation and monitoring of pilot housing programmes in partnership with others; and
- to document and widely share relevant experiences in the field of housing standards and procedures from within and outside Kenya.

Future Directions

The passage of the revised building code for low-income housing in 1995 was a landmark event in Kenya's struggle to cater to the housing needs of its six million urban residents. But in spite of its brevity and elegance, the document remained largely unutilised for the following two years because of inadequate awareness of these progressive provisions among potential users. It was a government document rather than a people's document.

The fact that it had taken dozens of professionals and even as many years to develop the revisions only added to their exclusive and inaccessible nature. Vigorous efforts by the Ministry of Local Authorities to coerce local governments into adopting the revised code did produce some positive results. But what was lacking was a systematic evaluation of how the revision had been undertaken, the extent of people's participation, the dissemination efforts undertaken, and the response of industry players to policy change.

A survey carried out by ITDG in 1997 yielded useful information on these issues. It highlighted the need for proactive and imaginative interventions by concerned individuals and groups to help municipalities to popularise the new code.

A pilot project in Nakuru designed and implemented by ITDG in collaboration with the municipality and community groups yielded enormous benefits in terms of enabling the poor people access affordable technologies; simplifying plan approval procedures in town halls; introducing improved sanitation; promoting house building and ownership among women, widening the pool of design capacity in local communities; strengthening organisational and management capacity in CBOs.

An important activity was repackaging the new provisions into more friendly and comprehensible formats for training and awareness building purposes. However, these activities do need resolute and single-minded commitment by a few individuals who can guide the whole process and find innovative ways of overcoming obstacles.

The 1995 code was a major step forward, but it was in fact the beginning of a new struggle to get the proposals adopted and implemented throughout the country. This task has proved to be more challenging than the actual technical or legal reform which means that a great deal of effort and thought must have been applied to the marketing of changes in housing and urban development standards.

Although much has been said and written about participation and dissemination, the concepts and accompanying techniques are far from refined; they are still developing. Thus the improvement of participatory methods is a challenge, which, in Kenya, at least ought to be taken seriously. Preferred methods still depend on face-to-face contact, that is information sharing in schools, places of worship, party offices and bazars.

Second, to the extent that the Kenyan review process benefited from considerable external support, the question arises whether and how future efforts will be localised. Donor support, though useful has its limits. National capacity to finance, man and sustain housing standards monitoring and review on a continuing basis is essential. New methods of financing the process ought to be developed, bearing in mind that government budgets are declining. If progress is to be made in this area we need to cut the costs and find new funding sources. A rigorous economic and financial appraisal could help crystallise the issues.

The third area, which deserves attention is developing appropriate standards for those services and activities taking place outside the house. These include open spaces, streets and footpaths, schools, health centres and so on. While planning standards still exist and are extensively used, their synchronisation with emerging dwelling standards is far from satisfactory. The same thing applies to informal settlements where guidelines are needed for improvement and rehabilitation as a prelude to tenure regularisation. This point towards future concerns, quite apart from land servicing standards, land-titling criteria also needs further investigation and simplification.

The next challenge is to devolve the regulation function to local communities. While isolated instances where this approach has worked do exist, what is missing is a critical mass of experience that will enable us to institutionalise the practice and develop working methods and rules. Does the much-vaunted private sector have a role? And finally it is easy to forget that standards revision must be built on a solid foundation of scientific research. The challenge then is how to use poorly resourced research facilities and personnel to the best advantage.

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From Confrontation to Collaboration

*– John Garison**

Introduction

"Civil society" is a term that has emerged and taken deep roots in Latin America in the last two decades. In Brazil, the term refers to the vast non-governmental sector, composed of community organisations, social movements, NGOs, charitable organisations, professional associations, churches and corporate foundations. NGOs are one of the most visible sectors within civil society and its most important interlocutors for the World Bank. Recent studies have placed the number of NGOs in Brazil at over 5,000.

To ascertain the view CSOs have of the World Bank, a series of consultation meetings were held in 1996, in Brasília, and six state capitals in all five geographic regions of the country. Although there was positive recognition of the Bank's recent adoption of environmental protection and social development policies, the overall image of the Bank was negative. The Bank was perceived as associated with large infrastructure projects that did not seem to benefit local populations, and often had unforeseen social and environmental impacts. The Bank was viewed as being slow, overly bureaucratic, inaccessible and out of touch with grassroots reality.

Most representatives of CSOs, however, admitted to their limited overall knowledge of the World Bank and that much of their perception was based on press coverage of specific Bank-financed projects.

It is also becoming clear that CSOs and the World Bank have a lot more in common than generally thought. A convergence is actually under way, in which the Bank is reaching down to the grassroots sector, through its stakeholder participation policies and its small-grant funds, and CSOs are striving to reach the macro–level, by scaling-up of services and increased collaboration with governments.

Despite the problems and questions that characterise the growing phenomenon of government-civil society-World Bank collaboration, recent experience clearly demonstrates that it can be a win-win proposition to all three sectors, and can enhance the economic and social impact of development projects. The Bank needs to take several steps, in order to further the recent growing number of instances of collaboration.

Background on the Civil Society Sector in Brazil

In Brazil, a study is being coordinated by Leilah Landim of the Instituto de Estudos da Religião (ISER), who has been a leading researcher of the Brazilian NGO and non-

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profit sectors. Her preliminary findings are that the Third Sector in Brazil has grown by 44 percent in five years, employing 1.1 million persons in 1995, up from 775,500 in 1991. The Brazilian Government has begun to take note of the potential of the civil society sector for promoting social development. Multilateral organisations have begun to pay attention to the civil society sector. The World Bank has also begun to focus increasingly on the civil society sector, although it generally utilises the term NGO to broadly refer to it.

Brazil is known to have a vast and multi-faceted civil society sector – one of the most, if not the most, active and visible in Latin America. On the other hand, reflecting the difficulties in defining the sector worldwide, the size and characteristics of the civil society sector in Brazil are largely unknown.

Community organisations are the principal building blocks of Brazil's civil society. They are often referred to in World Bank literature as community-based organisations (CBOs). Although the estimate is in the tens or even hundreds of thousands, there are no reliable numbers on how many community organisations exist in Brazil. The Catholic Church played a key role in this process, since many of these grassroots organisations sprang from the estimated 80,000 *Comunidades Eclesiais de Base* (Christian base communities) that the church established during these earlier decades.

Community groups represented a variety of constituencies and undertook many different activities. They included women's sewing groups, rural producers' associations, adult literacy groups, urban consumer cooperatives, cultural preservation societies, neighbourhood associations and preventive health collectives.

Social movements are a more recent and growing phenomenon in Brazil. They are generally defined by their constituency (landless rural workers, factory workers, rubber tappers, street children, Afro-Brazilians) or thematic priority (human rights, urban reform, education, health, etc.) as their purpose of existence. Their organisational strength varies somewhat from the more consolidated labour unions to the newer, less consolidated landless rural movements and street children movement. Many of these social movements began as community organisations that slowly grew into regional and national movements. They are, by nature, organisations with a membership base that is often well organised and can be strongly militant.

Charitable organisations are Brazil's oldest CSOs and some were brought over from Portugal by Jesuits and other religious orders in the 16th century. Since then, the Santa Casas de Misericórdia and other religious charities have proliferated throughout the country. Charitable organisations are distinguished from community groups and NGOs because of their particular institutional goals of providing "frontline" social services to lower-income and destitute populations.

Once again, there are no exact figures as to the numbers of charitable organisations operating in Brazil, but the best estimate (as listed by the Receita Federal) places their total number at approximately 50,000.

The church is included here because of the strong social role it plays in Brazilian civil society. The largest player, by virtue of its majority following, is the Catholic Church. Although the Catholic Church has historically been a powerful actor in Brazilian society, it has increasingly played a visible social role in recent decades, since the Vatican II Council. The Protestant churches have historically maintained a lower presence and profile in Brazil's civil society, reflecting their smaller membership base and more recent origins in Brazil.

A third strong religious presence in Brazilian civil society has been the *Espiritista* (Spiritist) congregations. Since charity is a key tenant of Spiritist creed, these congregations have been leaders in establishing thousands of day-care centres, health posts, vocational training courses and food banks throughout Brazil.

Brazil has a long tradition of well-organised and activist professional associations. The principal associations represent lawyers, journalists, businesspersons, economists and scientists. While most of the organisations and businesses represented by these associations are more appropriately identified with the profit-making second sector, the associations themselves, and many of their member entities have played a visible role in civil society.

Mention must also be made of the media, sometimes called the Fourth Estate because of its increasing power in modern society. Brazil is no exception, having a proficient and influential print and electronic media. While part of the media has, at times, been seen as too aligned towards government interests over the past decades, other sectors have played a key watchdog role in investigating instances of government corruption and denouncing human rights abuses.

The media has also been instrumental in documenting and providing visibility to the emerging civil society sector in Brazil.

Foundations in Brazil are, juridically, the most formal of the democratic process" (Souza, 1992). The World Bank uses the term NGO quite broadly, generally referring to intermediary organisations as well as social movements and CBOs. The Bank's Operation Directive 14.70 defines NGOs as "groups or institutions that are entirely independent of government and characterised primarily by humanitarian or cooperative, rather than commercial objectives.

As in other countries throughout Latin America, NGOs in Brazil were both a catalyst and the clearest evidence of a budding civil society. Studies have shown that NGOs were: established by single-minded leaders, who previously had been community leaders seeking institutional refuge within the church during a period of widespread repression; intellectuals, who grew tired of the bureaucratic constraints typical of university structures; and political party members, who had outgrown ideological orthodoxies and sectarian postures.

Although there is growing anecdotal literature on NGOs in Brazil, there is little comprehensive information on their numbers and activities. One of the most striking features of the NGO sector, however, is its meteoric rise.

What has made NGOs effective promotional actors in Brazil is their unique ability to straddle both the micro and macro-dimensions, providing services to base groups, while also focusing on national policy issues. They possess the wherewithal to address structural issues without losing sight of grassroots reality and concerns. NGOs are also generally classified by the types of activities they carry out, such as community organising, research and dissemination, social service provision, technical assistance and training and public policy advocacy.

Studies undertaken in 1991 and 1996 found that NGOs are largely dependent on foreign funding, many reporting that over 90 percent of their budgets originate from overseas. There is growing evidence that the long-standing dependence of NGOs on their traditional international donor partners has reached its limit and can no longer sustain the growth of the NGO sector.

More recently, an increasing number of developmental NGOs have reported being able to offset their dependence on international donor agencies by accessing funds from the government and corporate sectors, as well as selling services and publications. The growth of government financing of NGOs is a significant and important new phenomenon. While NGOs have historically avoided receiving government funds, there seems to be a growing acceptance of this modality.

NGOs have also attracted the attention of the Brazilian Government and multilateral development agencies. The World Bank and the IDB have come to realise that NGOs may be important institutional actors to ensure effective and sustainable development at the local level.

In the case of the World Bank, although it has no mechanisms to fund NGOs directly, there are a growing number of "small grant funds" in Bank-funded projects (AIDS/STD, Pilot Programme to Conserve the Brazilian Rain Forest, etc.).

It is indeed ironic that, at a time when official development agencies, such as the World Bank are beginning to understand the value of NGOs as key development actors and are exploring the possibility of supporting them more directly, many NGOs are threatened with deep reductions or closure because of the cut-back of traditional development aid.

Consultative Meeting

At the suggestion of the World Bank's Resident Representative in Brasília and in order to ascertain the views of CSOs on the Bank and the impact of its presence in Brazil, a series of consultation meetings with representatives of CSOs was held throughout the country, from May through October 1996. The meetings had three underlying objectives:

- Inform CSOs about the World Bank and its operations in Brazil;
- Hear the perceptions and opinions of the CSOs about the World Bank; and
- Consult them on how to improve dialogue as a way of promoting more collaborative Government – Civil Society – World Bank relations.

Below is a summary of the comments made by the participants. The term "CSOs" will be used throughout the remainder of the paper as a broad description of community groups, NGOs, social movements and so forth.

Participants' Comments

The comments made by the participants are grouped under four major topics: policy issues; operational matters; institutional relations; and specific project performance.

Policy Issues

The World Bank has an image in Brazil much more associated with the policies of structural adjustment of the IMF than with a development agency that funds poverty alleviation and other social initiatives. In this light, the Bank seems to have an economic and technocratic approach to development, often ignoring the social development or organisational aspects of development.

Several participants commented that the Bank's approach is too compartmentalised in different sectors and that a more integrated and holistic approach to human development is needed.

It is also necessary for the Bank to address the causes of poverty and not only its consequences.

Institutional Relations

The relationship between the Bank and the Brazilian Government is not clear and each side seems to blame the other when projects experience problems.

At times, the Bank has a positive role in encouraging governments to maintain a more open and collaborative posture with civil society. The World Bank should coordinate its efforts better with the IDB and other official donor agencies, in order to avoid overlapping and contradictory strategies and impacts.

The Bank is not as accessible to civil society as its information disclosure and stakeholder participation policies would lead one to believe. Not only are most Bank documents still hard to obtain but, when released, are invariably in English. It is also difficult to meet with Bank task managers during their quick passages through Brazil.

The little dialogue that has occurred between the Bank and CSOs has generally been too formal and confrontational. It is necessary to tear down the wall of misperception, with each side accepting the legitimacy and role of the other. The Government is the missing link in these meetings and should always be present.

CSOs are generally not invited to participate during the design and planning stages of project preparation, but only when Bank-financed projects undergo problems stakeholder participation is sought. CSOs, especially community organisations and social movements, and not just NGOs, should be invited to participate in the initial stages.

On the other hand, CSOs are not always technically prepared for these meetings, but should be willing to participate and risk exposure.

Operational Matters

It is not surprising that the Bank faces disbursement and operational problems in its projects, especially in more complex social projects, since its overall approach is more geared to funding technical "projects", rather than social "programmes." This approach may have been appropriate when the Bank primarily funded infrastructure projects, but this operational methodology is inadequate for funding social programmes that are much more complex, process-oriented and unpredictable.

The quality of supervision by Bank staff varies greatly from project to project, for it depends on several factors, which range from the capacity and openness of the task managers to their continuity and willingness to comment on government implementation, when needed.

The Bank has overly bureaucratic administrative procedures in such areas as bidding and procurement that hinder project performance. While the Bank is adopting policies that favour greater stakeholder participation, the question is whether these policies will be mainstreamed in the operational areas of the Bank. This will be the litmus test for ascertaining if the Bank reforms are indeed going to improve the institution's performance.

The Bank should consider funding initiatives directly at the municipal level; such initiatives have been characterised by innovation, effectiveness and stakeholder participation, since they are in keeping with the decentralisation trends now sweeping Brazil and the rest of Latin America.

Specific Project Performance

Participants highlighted several World Bank-financed projects for their effective performance, important social impact and innovative supervision approach. The two projects mentioned in this regard were the AIDS/DST and Pilot Programme to Conserve the Rain Forest.

A number of participants criticised the North-East Rural Poverty Alleviation Programme (RPAP) and the North-East Education Project for being too traditional and top-down in their approach. Several persons stated that the results of these multi-state projects vary from state to state. The performance is better in some states than in others and that results depend on such factors as the willingness of the local government to pursue a participatory approach and the presence of a strong civil society at the local level.

Lessons

These consultation meetings demonstrated clearly that most CSO representatives have only limited knowledge of the World Bank. The participants had, at most, sketchy information about a particular Bank project in Brazil, but almost no understanding about the World Bank in Washington and how it operates. This was not surprising, since most stated that this was the first formal contact they were having with the World Bank.

When CSOs had information on specific projects being financed by the Bank, this information tended to be cursory and negative, often obtained from the press. A few participants demonstrated more firsthand knowledge about the Bank, but this apparently was because they served on World Bank-NGO committees or had researched World Bank activities in Brazil.

The general perception of the participants about the World Bank tended to be negative, with some persons manifesting fairly strong criticisms. While not discounting the validity of many of the criticisms, much of the negative tone seemed to be sparked by the fact that this was the first time that the World Bank had sought out these organisations for dialogue. Thus, there seemed to be a good deal of pent-up reproach to be released.

There was almost total consensus on the validity of consultation meetings such as these. Many participants expressed satisfaction with having been invited and hoped that this would lead to more frequent and systematic dialogue.

Further, many participants made specific suggestions on how the World Bank could promote more effective dialogue, enhance its relationship with CSOs and improve the effectiveness of its lending and supervision work in Brazil.

Government, CSOs and World Bank

As the findings of the consultation meetings demonstrate, much of the exaggerated criticism that is lobbed back and forth among the government, CSOs (especially NGOs) and the World Bank is, generally, based on little actual information and fact.

In reality, government, CSOs and Bank generally know so little about each other and have had such limited direct interaction that basic misconception and stereotypes tend to be the rule. Below is a description of the most commonly held views:

- Bank staff and government technicians view CSOs, at best, as well-intentioned do-gooders, who are often ill-prepared and have a simplistic analysis of complex Bank-financed government projects, and, at worst, opportunists who make a career of government/World Bank bashing and are not truly interested in promoting development, but rather promote themselves at the expense of the government/World Bank.
- Many CSOs, on the other hand, view the Bank, as a large bureaucracy that has the wrong priorities and methodologies (top-down and short-sighted) and keeps the wrong company (out-of-touch government officials); and, at worst, a Machiavellian agent of the First World powers (namely US) to undermine developing countries, impoverishing people and harming the environment in the process. The CSOs' view of government is not much better than their view of the Bank.

Curiously, both government and World Bank staff and NGO technicians have similar misperceptions about each other. First, each side projects an unrealistic degree of power onto the other interlocutor. While NGOs feel that the Bank has the power to dictate Brazil's development strategy and micromanage project implementation, Bank staff often think that the NGOs are better networked and more powerful than they are in reality. Second, both sides view the other as arrogant.

While government and World Bank officials are viewed as distant and technocratic, NGO activists are seen as smug pretenders of the high moral ground. Third, both sides view the other as incompetent: the government and World Bank because its projects are perceived to have countless implementation problems and unintended social and environmental consequences; and NGOs because they are seen as offering simplistic criticisms and unsuitable micro-level alternatives to complex macro projects. Last, both sides tend to undermine the other's legitimacy as interlocutors, by questioning each other's motives and behaviour. Bank staff often views NGO activists as unscrupulous for their pamphleteering-style tactics and many NGOs feel that the government and the Bank behave unethically, by hiding project information, to cover up mistakes or avoid being criticised for unpopular policies.

One is left with the impression that government, CSOs and World Bank have, until recently, largely been fighting each other's shadows, each side basing its analysis on inaccurate pre-conceptions and not taking time to engage in real dialogue in order to better understand each other's positions.

As World Bank President James Wolfensohn stated at the opening of the Annual Meetings in Hong Kong in September 1997 (Wolfensohn, 1997, pp. 9): "Name calling between civil society and multilateral development institutions must stop. We should encourage criticism. But, we should also recognise that we share a common goal and that we need each other".

World Bank-Civil Society Commonalities

First, they are both modernising agents within a dramatically changing world context. Both represent the growth and importance of transnational linkages. The Bank is itself multilateral and embodies global connectivity. The CSOs, and particularly NGOs, are also global actors, because they not only espouse universal principles, such as democracy, social equity and environmental conservation, but also receive the bulk of their funding from international donors and increasingly network closely with international CSOs. Further, much like the World Bank, CSOs represent a modernising influence on Brazilian society.

Second, although it may seem contradictory, both CSOs and the World Bank support the restructuring of the state and strengthening of the role of civil society, albeit for different reasons. The Bank because there is growing evidence that an active civil society is not only a prerequisite for democracy, but good for development as well (WDR, 1997a). Many CSOs, on the other hand, support the restructuring of the State in order to make government more effective and accountable, reduce corruption and introduce policies more geared to the needs of the poor.

Third, CSOs and the World Bank largely share the same goals of human development and environmental sustainability.

Fourth, both are practitioners of the same trade, promoting development through similar operational functions: funding (in the case of CSO donor agencies), executing, monitoring and evaluating projects. In this respect, despite the differences, brought on by the varying economies of scale, they share many of the same methodological dilemmas, planning problems and result-assessing challenges.

Fifth, although they interact with different interlocutors – the World Bank works with governments and CSOs work directly with the beneficiary population – they both share the same target population: the disenfranchised poor.

A final commonality is the fact that both the Bank and CSOs are being pressured to demonstrate more tangible and sustainable results of their work, especially in the area of social development. While the Bank is being prodded by its shareholder governments and CSOs to show results, the CSOs are being pressured by their traditional donor agencies and the society at large (as expressed by the press).

From Impasse to Collaboration

A convergence is actually under way, in which the World Bank is reaching down to the micro sectors through its stakeholder participation policy, and the CSOs are reaching up to the macro-level through its efforts to scale up services and methodologies.

Planafloro is an example of a complex and troubled project that was completely restructured and decentralised in a participatory fashion. *Planafloro* is a World Bank-funded natural resource management project in the Western Amazonian state of Rondônia. Planafloro (Loan # 344-BR) was signed in 1992, at a total cost of BR229mn/ US$229mn (US$167mn was the Bank's share) and became effective in 1993.

In hindsight, it became apparent that the project design contained several flaws: too many sub-components (rain forest conservation, social development, road construction, indigenous health and agro-forestry activities); a complex structure (involvement of 10 State and Federal Government agencies); over ambitious and poorly defined sustainable development goals; and limited local ownership by either the State Government or the society at large.

At the end of the fourth year of the project, a few of the project goals had been met, stakeholder participation mechanisms were not working and only 50 percent of the funds had been spent. The local NGO and the Social Movement Forum, with approximately 35 organisational members, mounted an international campaign to suspend disbursement of project funds and sent a request for inspection to the Bank's Inspection Panel.

The Bank took several steps to address the issue. First, it decentralised project supervision responsibility to the field office. Second, it decided to carry out a comprehensive and independent mid-term review. Third, realising that the project lacked local ownership and support, it insisted that the principal stakeholders take full responsibility for the project's restructuring. A mid-term evaluation was carried out by a multidisciplinary team of Brazilian consultants and a stakeholder consultation workshop was held in Porto Velho to discuss the possible reformulation of the project. The major stakeholders present included the State and Federal Governments, the NGO Forum, international NGOs, the UNDP and the World Bank.

A formal agreement was reached between the State Government and the CSOs that led to the complete restructuring of *Planafloro*. Project components were reduced, the number of government executing agencies was cut back and bureaucratic procedures were streamlined. A US$22mn demand-driven community projects fund (PAIC) was created and is today being co-managed with CSOs.

Equally important, the long-standing mutual animosity and tension gave way to effective engagement. Once a policy of more open and frank dialogue began to be pursued, noticeable improved relations were established among the CSOs, the State Government and the Bank.

As Oxfam/UK's Patricia Feeney stated: "NGOs now have a stronger formal role inside the project in helping to develop and administer small-scale community projects. Funds have also been allocated to enable the NGO Forum to monitor implementation of the overall project" (Feeney 1998, pp. 6). Based on this positive momentum, a comprehensive strategic planning exercise called Umidas, geared to define a sustainable development plan for the state until 2020 was carried out in 1998 involving the major societal actors of Rondônia.

During the past two decades – and especially in the last five years – the World Bank has begun to take specific steps to improve relations with the civil society sector worldwide by adopting more participatory policies and programmes. These steps have included sponsoring World Bank – civil society consultation meetings, carrying out studies, as well as adopting operational directives to encourage greater involvement of CSOs at the project level. Many of these activities were carried out or coordinated by the Bank's NGO Unit established in 1986.

The Bank's stakeholder participation policies and initiatives are grounded in a series of operational directives (ODs) drafted over the years. Today, there are several dozen ODs geared to environmental, resettlement and poverty alleviation projects that contain general guidance or specific directions on how World Bank staff should promote greater stakeholder participation, by involving NGOs.

Several important Bank studies have also been produced in recent years on the topic of stakeholder participation, particularly on NGO participation in Bank projects.

To further mainstream the Bank's participation policies, a series of "Participation Action Plans" were drafted and enacted Bank-wide and regionally. The Latin American and Caribbean (LAC) Region adopted its Participation Action Plan in 1995. The Plan included the following activities:

- Hiring of social analysis and NGO specialists in the LAC resident missions;
- Hosting a series of sub-regional tripartite (government-civil society-World Bank) thematic seminars, which were carried out in Ecuador (Andean Region), El Salvador (Central America) and Brazil (Southern Cone and Brazil);
- Tracking of 12 flagship projects designed through participatory mechanisms; and
- Undertaking NGO country surveys in each of the three regional departments (Argentina, Ecuador and Mexico).

Several Bank studies on participation have demonstrated that there is growing empirical evidence of effective participation strategies for improving the success rate of development projects and programmes. They do so by encouraging:

- Greater social relevance of the initiatives undertaken;
- Increased ownership by all stakeholders, but especially local beneficiaries, who are generally, ultimately, responsible for carrying out and maintaining the project activities;
- Improved project implementation including disbursement schedules and programmatic results;
- Greater social control and enhanced monitoring capability;
- Institutional collaboration that allows for complementary skills mix to be leveraged; and
- Greater sustainability in the long-term.

On the other hand, these studies have also demonstrated that there are various constraints and unknown aspects related to participation. Not only is there still much to learn about the nature, benefits and costs of participation, but different actors, such as CSOs and multilateral banks, have different definitions and expectations about what is substantive participation, since it can range from simple consultation to full operational partnership.

Mention should also be made of the Bank's Inspection Panel – considered by many CSOs as one of the Bank's most significant instruments to date – to ensure accountability, transparency and participation. Since the panel was established in 1994, Brazilian CSOs have submitted requests for investigations of three World Bank-financed projects in Brazil, in which they claimed that the "rights and interests" of local people have been adversely affected. These were the *Planafloro* (1996), *Itaparica* (1997) and Pilot *Agrarian Reform* (1998 and 1999) projects.

Though none of the three were approved for full investigations by the Executive Directors of the Bank, the panel, nonetheless, undertook several fact-finding missions to the project sites and produced reports on each project.

While World Bank-CSO formal contact and dialogue are only at initial stage in Brazil, relations have been evolving for some time on the global level. These contacts began in 1981, with the establishment of the international NGO – World Bank Committee (NGOWG). This was a committee consisting of Bank staff and 26 NGO representatives from throughout the world, which met on a yearly basis to exchange information and promote policy dialogue. In 1995, the NGO – World Bank committee was decentralised, by the establishment of regional sub-committees in Africa, Asia and Latin America (LAC).

Tripartite Relations and Operational Accord

A recent worldwide study carried out by the Bank's Operational Evaluation Department (OED) demonstrates that CSO-Government/Bank collaboration has increased nearly tenfold in the last decade. The 1998 study focused on the role of NGOs and CBOs in 37 projects being implemented in five countries – Brazil, Bolivia, India, Kenya and Mali. The study found that over the five years from fiscal year 1993 to 1997, involvement with NGOs/CBOs was sought in 954 World Bank-supported projects that is, 17 percent of the 5,666 projects approved.

On the other hand, the number of projects with provision for civil society participation has increased significantly in recent years, from 20 percent in 1989 to 46 percent in 1997. Overall, 38 percent projects of the Bank's active portfolio make some provision for CSO involvement.

In Brazil, the growing level of CSO-Government interaction and collaboration has taken various forms and includes citizen-Government policy councils, participatory budgetary processes and project advisory bodies. First, CSOs participate in national citizen-government policy councils in such areas as children's rights. These councils are, generally, composed of both government and civil society representatives, sometimes evenly distributed and in some cases with a majority of the latter.

The second form of CSO-government collaboration has occurred as CSOs have begun to provide technical assistance to local and state officials through consultant contracts, in such areas as the environment, health, education and urban transportation. One example of this is the technical assistance and lobbying exercised by the *Instituto de Estudos Amazônicos* (IEA) in favour of improving the livelihood of rubber tappers, while preserving the Amazonian rain forest.

As a result of their efforts, President Jose Sarney established the first Extractive Reserves in 1990. In an additional instance of collaboration, the researchers associated with leading CSOs are increasingly being contracted by the Brazilian Government and the World Bank to carry out project analysis and evaluation.

Key CSO leaders have been elected to public office as mayors, city council members and even congressional representatives, or have been hired or appointed to government posts.

A clear example of this growing Government-civil society-Bank collaboration is the Pilot Programme to Conserve the Brazilian Rain Forest, which has been a watershed experience from a variety of perspectives.

The Pilot Programme to Conserve the Brazilian Rain Forest was initially proposed by the G-7 industrial countries, in the wake of growing concern for the fate of the Brazilian Amazon in the early 1990s. The programme consists of 12 sub-programmes executed by the Ministry of the Environment and several other government agencies to address such issues as indigenous land demarcation; rain forest conservation; sustainable community development; scientific research and experimentation; state environmental policy; consolidation of extractive reserves; and watershed management.

Different from most World Bank loans in Brazil, the pilot programme is funded by a US$250mn grant provided by the European Commission (EC) and half-a-dozen industrialised countries, such as Germany, and is managed by the World Bank.

This programme has been quite innovative from a variety of standpoints that include its sustainable development philosophy, collaborative design and supervision approach and stakeholder participation mechanisms.

The pilot programme's effective stakeholder participation approach: Of the nine active sub-programmes, six have unprecedented participatory mechanisms that include CSO consultation meetings; hiring CSO researchers to carry out project feasibility and monitoring studies; CSO representation on project selection committees; and funding of CSOs.

By 1999, over 110 CSOs from throughout the Amazon and Atlantic rain forest regions have received grant funds totalling US$19mn and leading environmental NGOs, such as Imazon, ISA and ISPN have been heavily involved in the design and evaluation of several of the sub-programmes. Further, the 430-strong *Grupo de Trabalho Amazônico* (GTA) and the 110-member *Rede Mata Atlântica* – the two principal CSO network counterparts to the pilot programme – have received institutional support funds of over US$700,000 to participate and monitor the programme.

Unprecedented CSO-Government-World Bank relations have also evolved around the AIDS/STD project, where NGOs now largely maintain collaborative relationships with the three levels of government. An illustrative example of improved government-CSO relations in the AIDS field occurred in Curitiba State. There was a relationship that had only a few years before been characterised by conflict and tension gave way, in 1996, to a productive partnership between the municipal and state level AIDS programmes and a dozen CSOs.

This was achieved after CSOs were brought into the process through an invitation to serve on the Paraná State AIDS Commission. With adequate information and frank dialogue, CSOs not only learned more about the complexities of governing, with its daily trade-offs and bureaucratic impediments, but were made to feel jointly responsible for AIDS policy in the State.

Yet another example is the RPAP, which is a large World Bank-funded rural development programme, initiated in 1985 and implemented in all 10 states in Northeast Brazil. An estimated 14,000 community groups (producers associations, cooperatives and women's groups) have received grants to carry out over 30,000 small-scale infrastructure and productive projects. In one state, Rio Grande do Norte, the RPAP has stood out for the singular quality and intensity of government–civil society relations.

The principal catalyst of this collaboration has been the *Fórum do Campo*, a network of 15 CSOs, composed of trade unions (FETARN), social movements (MST), NGOs (ACC, SEAPAC) and church organisations (SAR, MEB), established in 1993, as a result of a campaign to combat the endemic drought of the region.

Over time, utilising a combined strategy of policy advocacy and service provision, the Fórum was able to influence and gain unprecedented access to the RPAP. Initially, the Fórum earned a seat on the state's RPAP governing council. Later, Fórum members were selected to provide technical assistance to RPAP-funded associations. In 1995, Fórum members were invited to monitor the RPAP programme and undertook field visits of over 350 small-scale projects in the state. This monitoring process involved assessing the physical project results, the functioning of municipal RPAP councils and the quality of the technical assistance provided.

Conselho da Comunidade Solidária, which is headed by the First Lady and anthropologist Ruth Cardoso, has been the principal advocate for the need for government-civil society partnership. Reflecting this newfound recognition of the civil society sector, the council has launched a programme geared to promote a more enabling legal environment and more visibility for the civil society sector, as well as more government-civil society collaboration. The *Conselho da Comunidade Solidária* is a joint government-civil society body established by the Cardoso administration in 1995.

Its purpose is to advise the government on social development policies, as well as serve as a forum for inter-sectoral dialogue and programme experimentation. It is composed of 32 members: four ministers and 27 representatives of civil society (NGOs, private sector, academia, church, culture), and presided over by the First Lady. To date, the *conselho* has launched six major programmes, three of which have been operating for four years.

All these programmes have three features in common: (1) they seek an end to traditional clientele-type dependence on government programmes by promoting sustainable, self-help initiatives, etc.; (2) they encourage programmatic innovation, replication and scaling up; and (3) they promote government-civil society-private sector partnerships. Important collaborations have been forged between major companies (ABIFARMA, Votorantim, General Motors, FENABRAVE and DM9), Government ministries/agencies (Aeronáutica, Petrobras, Telebrás and CNPQ) and leading NGOs (ISER, Centro Luis Freire and Géledes).

Another recent trend in inter-sectoral partnership is occurring between CSOs and the private sector. There are several examples of private sector-civil society collaboration, which demonstrate the potential benefits that such collaboration can bring, in terms of mobilising resources, policy innovations and programmatic results.

CSO Funding

Relations between CSOs and the government/World Bank have evolved to the point that thousands of CSOs today receive funding from the latter. Although most of this funding has been provided indirectly, the World Bank does maintain several mechanisms for funding CSOs directly.

In terms of direct funding, there are several CSO funding mechanisms based in Washington. These include:

- Small Grants Programme (SGP)
- Consultative Group to Assist the Poorest (CGAP)
- Global Environment Facility (GEF)
- Special Grants Programme

In August 1997, as part of the Bank's internal reforms, several of these grant funds were incorporated into the Development Grant Facility (DGF) in order to consolidate their management under a single umbrella mechanism. The Institutional Development Fund (IDF) is another funding mechanism that, while largely geared to governments, has been used in some countries (such as Argentina and Bolivia) to fund CSOs directly.

In the case of Brazil, utilising IDF support to fund CSOs has been discouraged, since the funding request must undergo the standard government approval channels of all World Bank loans, even becoming a line item in the national budget. Thus, the cost-benefit ratio for such small grants is deemed unfavourable.

In terms of indirect funding through the government, the World Bank currently has disbursed the government loans. Approximately US$806mn has been channelled to CSOs during the six-year period of 1997-2002. This amounts to approximately US$134mn per year and this figure is expected to grow, as new loans come on line in the next few years. Although these funds vary considerably, in terms of thematic areas, they share many of the same developmental goals and programmatic functions such as:

- encouraging demand-driven initiatives;
- decentralising decision-making to the local level; and
- transferring the benefits directly to impoverished communities.

While the funds represent valuable mechanisms by which to begin integrating the macro and micro development sectors, they also generate problems related to contrasting institutional cultures. Clashes over issues such as differing programmatic expectations, administrative procedures and accountability standards are not uncommon, since CSOs, generally, have less formal accountability standards than government agencies.

One of the most common complaints heard by CSOs involved in these funds is that the procurement procedures require grantees to obtain three written bids before they can make purchases above a certain amount. Another common complaint heard is that these funds cannot be used to pay labour benefits (social security, retirement and so forth) or other taxes.

The Bank has begun to realise that it may also have to adjust to working with CSOs. It has carried out many studies worldwide that analyse the problems with small fund administration and has attempted to adopt more flexible procurement, disbursement and reporting requirements, when possible.

Disadvantages and Advantages

Disadvantages

While acknowledging that important strides have been made in government-civil society-World Bank collaboration, some analysts and practitioners in all three sectors feel that the growing phenomenon of tripartite relations may either have gone too far or have generated several unresolved problems. This is the case, for instance, with those who feel that the proliferation of government-citizen policy councils is exaggerated and question the representative nature of CSOs and other civil society participants.

Some government officials share this view and question the legitimacy of the *'conselhismo'* phenomenon, where self-appointed CSO representatives have as much voting power as elected officials. They feel that CSOs need to have a presence in such councils, but they should be consultative in nature, so as not to dilute the legitimate power of elected officials. It is for this reason, they point out, that bipartite councils set up by the Cardoso administration have tended to be consultative in nature, rather than deliberative.

At the other end of the political spectrum, analysts point to the dangers of *participação constrangida*, in which project-induced councils are seen as a straitjacket or "token" bodies, rather than being spontaneous and effective participatory mechanisms. In these situations, the councils simply serve to legitimise the interests of government officials or rubber-stamp government-induced decisions.

Critics also often point out that CSOs have never been elected and thus do not have legally granted representation or formally speak for anyone. This is obviously true, but what this view ignores is that CSOs gain their political legitimacy, in part, not from a representational or electoral rationale, but rather from defending larger, universal principles. These principles include human rights, gender equity and environmental protection. While these do not have natural constituencies, they must, nonetheless, be advocated in modern society.

Further, as established political parties face a disenchanted electorate and a crisis of governance in Brazil and worldwide, it is increasingly the organised civil society sector, often led by the CSOs, which help to fill the political void. Most analysts agree that elected representatives in Brazil and throughout the world do not have the capability of representing the interests of all the myriad constituencies within the society.

This is especially true of marginalised sectors, such as landless rural workers, indigenous populations and the urban poor, who often do not have the political base to elect their own representatives. In these situations, CSOs often play a crucial role, as the voice of the voiceless. This is the case of the *Rede Brasil*, which, although led by traditional NGOs, represents large constituencies, such as small-scale rural producers and urban slum dwellers when discussing broad policy questions or specific projects with the World Bank and the IDB.

These informal citizens' movements should, thus, be seen as a complementary power that adds strength and depth to the democratic system, rather than a movement that challenges the power of elected representatives.

CSOs also derive legitimacy from and are increasingly recognised as important development actors because of their largely successful efforts at the grassroots level. As reflected by the title of the *Veja* cover story on civil society, *O Brasil que dá certo* (the Brazil that works), some years ago, CSOs are increasingly valued for their effective organising, resource mobilisation and technical skills.

Further, CSOs, particularly NGOs, often have the technical capability and financial resources to participate in national and international public policy forums that the smaller, less sophisticated groups cannot attend. In this way, NGOs can, and generally, do defend the broader interests of other civil society sectors.

Interestingly enough, with greater CSO influence and its relations with funding agencies thousands of CSOs throughout Brazil via small-grants funds are being questioned by many. Not only do many CSOs continue to harbour long-standing suspicion of their government interlocutors, expecting them to attempt to control or co-opt them, countless others maintain conceptual restrictions to working closely with the government or even scaling up their operations. Many CSO leaders and academics feel that CSOs should not attempt to replace the role of the state in providing social services, since these are the government's responsibilities, enshrined in the Brazilian Constitution.

Further, they feel that an expanded CSO role in society is part of the so-called "neo-liberal" strategy to reduce the size and influence of the state. This view, as expressed by a well-known academic, generally sees CSOs as contributing: "to the privatising of public policy and to leading these policies to a market-based solution, just as prescribed by conservative alternatives to the welfare state model" (Gonçalves, 1996, pp. 56). For this reason, many CSOs are hesitant to receive government funds or to accept the invitation by governments to expand their often-localised education and health services.

Some CSOs also feel that they will stray away from their traditional government watchdog role and lose their hard-earned autonomy, if they collaborate too closely with the government.

Still others take a middle position in this debate on evolving government-civil society relations. They argue that by adopting a more visible and proactive stance, CSOs do not risk substituting government, but rather serve to complement government action. As Leilah Landim states, "This is the worst idea one can have of this sector. A civil society sector pre-supposes a strong and active State, transparent, with clear rules, and CSOs which are autonomous, vibrant and proactive" (*Gazeta Mercantil*, 1998, pp. 4).

Further, this view contends that CSOs bring singular skills and experiences that complement government expertise and capabilities. Rather than be seen as an impediment, CSOs can play a role – as they do in the US and Western Europe – of monitoring government action and establishing partnerships with government to provide services to the society and, in the long run, contribute to the improved effectiveness of government projects. While many within the civil society sector feel that the Bank is intent on having CSOs substitute the work and even the role of the state, the Bank's OED report is clear on this: "NGOs and CBOs are valued partners, most often when they complement government, rather than substitute for it" (World Bank, 1998d, pp. 16).

The role of the World Bank is also questioned at times, especially when it finds itself unwittingly cast as intermediary between the government and civil society. What often happens in problematic projects is that the Bank is placed in an intermediation role between feuding government and CSOs. This was clearly the case in the *Planafloro, Prodeagro* and *Itaparica* projects, where the local CSOs attempted to influence government policy by putting pressure on the Bank. This is not an appropriate role for several reasons.

First, the Bank is, after all, an outside funding agency, while the government and civil society are the principal protagonists of the national development processes. The government and civil society should, thus, always take centre stage in the development process.

Second, the Bank is poorly equipped for such a role, because of its own distant and tentative relations with civil society. Clearly, the best-case scenario for any development project is for the government to constructively engage civil society in its implementation. The ideal position for the World Bank is to simply play a catalytic role in this process, by encouraging the government, when needed, to be more open and responsive to CSO overtures for information and participation. The OED study found that the Bank has comparative advantages in fulfilling a catalyst role and has made some headway in this regard. The report states that (Fumo, 1998, pp. 36):

"The Bank is in a unique position to facilitate government-civil society dialogue and interaction because of its direct relationship with government, in particular the economic/financial sectors. In several instances (e.g., in the formulation of the Pilot Programme or in the preparation of the AIDS/STDs Control project), the Bank has played a positive role in this".

In this light, the Bank is accumulating valuable insight about stakeholder participation experiences worldwide that it can bring to bear on the Brazilian portfolio.

Advantages

Despite the contradictions and problems that characterise Government-CSO-World Bank collaboration, mounting evidence suggests that the advantages of this growing institutional synergy are many and mutually beneficial. The Bank's WDR 1997 report on the role of the State was clear on this point (World Bank, 1997a, pp. 120):
"The benefits of greater consultation and partnership with civil society show up in improvements in the process of public policy-making, in the quality of service delivery and, in some instances, in improved rate of return".

This growing recognition of the successful track record and unique expertise of NGOs is especially important during this period of generalised political decentralisation and redefinition of the role of the state in Brazil and throughout Latin America. As the state reduces its size and some of its attributions in the social areas, partnerships with CSOs are increasingly seen as a more effective, flexible and low-cost alternative to traditional, unilateral government programmes.

There are several studies underway geared to better understanding and encouraging Government-CSO-Bank collaboration. First, the Bank sponsored worldwide research on the legal status of CSOs that has resulted in the first draft of the *Handbook on Good Practices for Laws Relating to Non-governmental Organisations*. The Bank also sponsored an electronic symposium in November 1997, with the participation of leading NGO leaders and jurists from Latin America, to discuss the findings of the handbook. Second, the already mentioned OED study on the participation of NGOs in Bank-financed projects worldwide attempted to determine the costs and benefits of this collaboration. Brazil was one of the five countries selected and participation by community associations, social movements and NGOs was analysed in the following three projects: AIDS/DST, PDA and RPAP.

Third, the World Bank Institute (WBI) has undertaken a PPAP, which is geared to identifying, analysing and rewarding successful poverty alleviation programmes carried out through inter-sectoral (government-CSO-private sector) partnerships. WBI's programme was launched in 1996, in partnership with the UNDP and the Inter-American Foundation in six countries: Argentina, Bolivia, Colombia, El Salvador, Jamaica and Venezuela. A principal feature of the programme was the establishment of national tripartite (government, civil society and private sector) advisory committees to oversee the programme and select the case studies.

In Brazil, this programme was introduced in 1998 and carried out in partnership with the *Fundação Getúlio Vargas* (FGV), São Paulo branch. FGV convened an inter-sectoral group of development experts and practitioners who selected and researched 10 successful sub-national partnership initiatives located throughout Brazil. These initiatives are geared to such areas as health care, sanitation, micro-credit, education and enterprise development and were all carried out through local inter-sectoral partnerships. The findings and "lessons learned" of these experiences were disseminated through video, national seminar and publications.

The civil society consultation process carried out by the IDB in three Latin American countries, including Brazil, also recognised the value of a tripartite approach to development. The process revealed that (Synergos Institute, 1996) there is an increasing maturation of the world at large, with bilateral donors, the World Bank and United Nations, governments, academics and Northern foundations, all recognising the tri-sector approach as important to addressing development problems.

These diverse actors are beginning to plan out a strategic framework for this approach, which includes a legal and fiscal enabling structure; capacity building for the civil society sector; resources for the sustainability of the sector; partnership mechanisms and operations; and mapping and increased visibility of the civil society sector.

These various studies have produced several lessons that clearly point to the advantages of inter-sectoral collaboration. First, the benefits are mutual, since each sector has differing, yet complementary experience and know-how. In terms of technical expertise, the government and the Bank have recognised competency in the content (or "hardware") aspects of development, such as conceptualising macro-policies, baseline research, economic modelling and sector work.

CSOs, on the other hand, have proven experience in the process and organisational (or "software") aspects of development, such as participatory approaches, community organising and stakeholder ownership strategies.

Because of their self-help nature and smaller size, CSOs also tend to have an ability to innovate and adapt, as well as be more cost-effective than government agencies. Further, civil society entities have an intimate knowledge of local reality and conditions and can provide an in-depth, sector-specific perspective, while the Bank brings a broader, longitudinal, perspective that is both cross-sectoral and international.

A Bank study on stakeholder participation stated: "Many intermediary NGOs have experience in participatory project design and skills in participatory research, community mobilisation, facilitation techniques and group dynamics" (World Bank 1996, pp. 156).

Second, in terms of institutional roles, while civil society entities bring grassroots representation and legitimacy to the bargaining table, the government and the Bank bring the weight and resources of the official sector. Experience has demonstrated that both aspects, social legitimacy and institutional support, are necessary ingredients to allow for successful development initiatives. Third, if CSOs are brought into the process in a constructive fashion, they can prove to be effective partners, in terms of project monitoring, technical assistance and project implementation.

Even if CSOs are not involved directly in project matters, they are key opinion makers in society and can help mobilise community interest around the project and disseminate useful information about the projects to the beneficiary population. With the adoption of a new worldwide anti-corruption policy in 1998, the Bank is also beginning to recognise and value the important role CSOs can play in helping to curb corruption at the project level.

Recent experience demonstrates that certain thematic areas seem to be more inclined to encourage closer relations and more operational collaboration among the three sectors. These include the environment, health, education and rural poverty issues. A variety of reasons account for this trend, but three key factors, which seem to encourage greater participation, are:

- Issues that have a more universal and less political/ideological appeal, such as AIDS and the environment;
- Social programmes that are more complex to implement and thus require greater stakeholder discussion and ownership to ensure successful project outcomes and long-term sustainability, such as rural poverty and education; and
- Regions such as the Amazon, which, because of their immensity and problems, have limited government presence.

Another lesson on partnerships seems to be that the Bank and CSO personnel have a better chance of more substantive and constructive engagement when focused on a specific programme or project, rather than on larger policy questions.

The Mato Grosso Natural Resources Management Project (Prodeagro) exemplifies this point well. While there is still considerable disagreement between the State Government and CSOs over more contentious issues, such as indigenous land demarcation, agrarian regularisation and environmental protection policies, both parties opted to negotiate the establishment of a small-grants fund (PADIC) and concentrate on its joint implementation.

The hope is that many of the small-scale initiatives financed by the fund would not only serve to address the larger, thornier issues, but its joint administration would allow both sides to forge a more constructive working relationship.

This expectation seems to have, at least partly, been borne out, as expressed by Mato Grosso's opposition party Congressman Gilney Viana in a 1998 report about CSO participation in Prodeagro. He stated that this experience had been: "a concrete and successful example of participation, intervention and change in public policy, with significant reflexes for other sectors in society" (ABONG, 1998b, pp. 95).

Conclusion

The civil society sector in Brazil is not yet clearly defined or visible, yet its significance and weight are steadily becoming more apparent. Not only has the number of CSOs mushroomed over the past decade, but also their role in national and local development processes is being increasingly recognised. This is especially true of NGOs, which have gone from near-clandestine status a decade ago to being valued and visible development actors today. After having demonstrated their effectiveness in promoting grassroots organising and social services, NGOs are now participating in policy discussions at the macro level.

While barriers, based largely on past animosity, still exist between CSOs, the government and the World Bank, relations are improving rapidly. There is a growing number of innovative mechanisms for tripartite information sharing, dialogue, consultation, operational collaboration and funding.

Recent experience with Bank-financed projects in Brazil demonstrates that increasing government-civil society-Bank collaboration can improve the effectiveness of development projects. Collaboration not only promotes greater local ownership and beneficiary involvement but can also result in improved operational results and social impact. While the World Bank recognises its catalytic role in promoting stakeholder participation, it is the Brazilian Government, at various levels, that is taking the lead in promoting government-civil society collaboration.

Several steps can be taken within the World Bank's Brazil portfolio to further encourage the collaboration of the three sectors. First, governments at various levels and the World Bank need to further promote public disclosure of project documents in order to enlist informed stakeholder participation. The Bank needs to be more systematic in translating key documents into Portuguese. Second, dialogue and consultation mechanisms, which are beginning to effectively improve the relations between the government/Bank and national CSO networks should be consolidated.

A more participatory approach needs to be undertaken at the country strategy level (CAS), as well at the level of each Bank-financed loan. An approach that is being used successfully at headquarters and in the LAC region and could be applied in Brazil is the sponsoring of joint (CSO-Government-Bank) research and training activities.

Third, task managers should increasingly adopt social analysis and stakeholder participation methodologies that are being effectively implemented in several projects (in the areas of the environment, AIDS and rural development) to increase government-civil society ownership and improve project implementation performance.

Glossary of Hindi Terms

1. Adivasis – Tribal people
2. Annapurna – Scheme for food for rural poor
3. Antodaya – Scheme for rural poor
4. Aranyavedika – A raised platform in the forest
5. Arvari Sansad – Arvari is a river in Alwar district Rajasthan, India. A group formed to revive this river
6. Astha Sansthan – NGO
7. Bandhua Mukti Morcha – A Forum for freedom of bonded labour
8. Bangladesis – People of Bangladesh
9. Beedi Leaves – Tobacco leaves for smoking
10. Bhoomi – Land
11. Bhoomi Vikas Bank – Land Development Bank
12. Bhoo-sanshodhan – Modification of land records/reforms
13. Bigha – A unit of land measurement equivalent to one acre or 2,603.7 square metre
14. Bikash - Development
15. Biswas – Trust
16. Chukti – Payment of dues
17. Daridra Narayan – Poorest of the poor
18. Dhandha Samiti – Business Committee
19. Dharna – Protest by sitting on hunger
20. Doodmandi – Market for sale of milk
21. Falia – Area in the village
22. Ganga Kalyan Yojna – Programme for water purification of the Ganga river
23. Garibi Hatao – Remove poverty
24. Ghotala Rath Yatra – A procession highlighting scandals
25. Gonoshasthaya Kendra – People's health centre
26. Gram Sabha – Village meeting
27. Gram Sevak – Village worker
28. Grameen – Rural
29. Grameen bank – Rural Bank
30. Grameen Byabosa – Rural Commerce
31. Grameen Kalyan – Rural Welfare
32. Grameen Krishi Foundation – Rural agricultural foundation
33. Grameen Shiksha – Rural education
34. Grameen Udyog – Rural industry
35. Griha Nirman – House Construction
36. Gujarat Mahila Cooperative Federation – A cooperative federation in the Indian State of Gujarat for Women
37. Hamara Paisa Hamara Hisab – Our money, our accounts – an RTI slogan

38. Hamari panchayat – Our village council
39. Harihar Poly Fibres – Fibres
40. Hissas – Shares
41. Huzoor Mai Baap – My Lord
42. Indira Awaas Yojna – A housing scheme based on the name of late Prime Minister of India, Indira Gandhi.
43. Jan Sunwais – Public hearing
44. Janambhoomi – Land of birth/motherland
45. Jawarhar Rozgar Yojna – An employment scheme based on the name of late Prime Minister Jawaharlal Nehru
46. Johads – Ponds
47. Kachchi Abadi – Unapproved Settlements
48. Kalaazar – Para Typhoid
49. Khakra Vegetation – Leaves which are used as food for animals and also as plants
50. Khatedhari – Ownership of land
51. Lok Adalats – Public Courts
52. Lokayukta – Anti-correption cell started by state government
53. Mafi – Waiver
54. Mahila Atyachar Virodhi Jan Andolan – People's movement against atrocities on women.
55. Mahila Gram Haat – A village market run by women
56. Mazdoor Kisan Shakti Sanghathan – Name of a civil society organisation
57. Nullahs – Rivulet
58. Panchayat – Village Council
59. Pahani Patrika – Form prescribed under the Karnataka land records of rights rules, 1961
60. Pahani Takhta – Form prescribed under the Karnataka land records of rights rules, 1961
61. Panchayat samitis – Administrative unit over a cluster of villages
62. Panchayati Raj – Village level governance (local self governance)
63. Paryavaran Premi Puraskar – An award for promoting environment
64. Pradhan – Head of a cluster of villages
65. Pradhan Mantri's Gramodaya Yojna – A Government of India programme for rural shelter
66. Prashasan Gaon Ke Sang – A programme initiated by the government for rural development
67. Pratham – An NGO
68. Pratinidhi Mandal – Delegation
69. Raiyatwari System – A land revenue system
70. Raj Adivasi Ekta – A movement in Rajasthan for organisation of tribal people
71. Rajshahi – Monarchy (also a name of a province in Bangladesh)
72. Rin Mukti Angolan – Debt relief movement
73. Roti Kapda Aur Makaan – Food, clothing and shelter
74. Sabar Janya Shasthaya – Health for all
75. Samiti – Committee
76. Sangathan – Organisation
77. Sarpanches –Heads of village councils
78. Sarvodaya – Everyone's welfare

79. Shakti – Power
80. Sukhi Mahila Mandal – An organisation for the welfare of women
81. Swarn Jayanti Shahri Rozgar Yojna – Welfare scheme for urban employment
82. Swarna Andhra – Golden Andhra Pradesh
83. Swarna Jayanti Gram Swarozgar Yojna – Welfare schemes for urban self employment
84. Talukas – Administrative division
85. Tehsil – An administrative unit
86. Thallas – Plate
87. Thana – Police station
88. Vikas Samiti – Development committee
89. Ward Sabhas – Smallest administrative unit under local self governance

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