

## **Reducing Rent Seeking and Dissipative Payments: Introducing Accountability Mechanisms in Watershed Development Programs In India**

### **The Context**

Even though agriculture contributes only 25% to India's gross domestic product, it nevertheless provides the mainstay of livelihood to around 65% of its populace, 70% of whom live in rural India. Yet, only 30% of this arable land is irrigated with the balance depending upon rainfall for agricultural operations and drinking water for people and animals. The majority of the poor<sup>1</sup> live in rainfed areas with subsistence farming and environmental resources providing the only sources of livelihood. These areas are also a valuable economic resource since they supply the bulk of coarse cereals, food grains, pulses, oil seeds, a sizeable proportion of horticultural crops and nearly all of small livestock.

Around 68% of India's geographical area, confined largely to peninsular and western India is vulnerable to drought<sup>2</sup>. Given the rather capricious nature of the Monsoon rains and the fact that the total number of rainy days ranges from 30 – 85, the average being between 30-45 (in semi-arid and drought prone areas, it rarely exceeds 10 days) in the entire year, harvesting rain water, wherever possible, is an urgent necessity. At present, estimated per capita water availability at the national level is 1,250 cubic meters; but, with a growing population that is expected to stabilize only in the year 2050, the per capita availability of water then is expected to decline to only 760 cubic meters. Even today, the declining availability of water is noticeable and often, during the summer months, large tracts of the country suffer from water stress and acute shortages. The majority of villages in drought prone rainfed areas have to be supplied drinking water through tankers, practically on an annual basis during the summer months.

Harvesting rainwater wherever it falls, at the local level, has today become a matter of urgency and increasingly, a national priority. In rural areas, the most comprehensive and preferred way of harvesting rainwater, on a large scale, is to adopt a catchment or basinal approach. Such an approach to harvesting the rainfall is called watershed development. In India today, watershed development is one of the largest single development initiatives undertaken in terms of resources, geographical spread and agencies (governmental and non-governmental) involved<sup>3</sup>. Watershed development is not only viewed as an environmental and water resources development effort, but given the high dependence of the rural poor on environmental resources, also as a strategic approach to rural development. It thus also has political significance.

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<sup>1</sup> The bulk of the approximately 240 million rural poor live in rainfed areas.

<sup>2</sup> Naren Karunakaran, "Understanding Drought in India", pg. 1, published on the website of "The Poorest Areas Civil Society (PACS) Program –2000-2008, New Delhi

<sup>3</sup> The Ministry of Agriculture's budget alone for the years 2002-2006 works out to US \$ 1.1 Billion or approx \$ 274 M/year. The Ministry of rural Development's budget for the years 1995-2005 is approx. \$2.6 billion and the budget for the year 2005-2006 alone is \$ 279 million.

This paper outlines the salient features of how the publicly funded watershed development programs have been implemented as well as the problems plaguing them. It also describes the approach, systems and tools developed and pioneered by an NGO<sup>4</sup> that have been operationalised on a large scale in watershed development programs in various parts of India, particularly in Maharashtra, a state on the west coast of India.

A watershed is defined as the catchment area of a stream, river or drainage system. It is that area in which rain falls, gathers together and then feeds into the various rills, rivulets, streams and rivers that drain the water out of the area into other regions and eventually to the sea, in the normal course of events. The size of a watershed can range from a few hectares to thousands and millions depending upon where one stands on the stream, river or drainage channel – the catchment area above that point is the watershed of that water channel.

Watershed management seeks to bring about a balance between human needs on the one hand and the ecological and biotic needs of the environment, on the other. Since life centres around water, watershed development focuses on the hydrological cycle in its terrestrial expression – namely, it seeks to catch rainwater wherever it falls. Since quickly flowing water carries away precious topsoil, watershed development seeks to make gushing water run; running water walk; and walking water stop so that it can percolate into the soil and ground water aquifers.

A variety of measures are used to achieve this. Ideally work must begin from a ridge-to-valley perspective with various mechanical (earthen, stone and masonry works), vegetative (plantation of trees and grasses) and land husbandry measures being undertaken with the purpose of water and soil conservation and enhancement of the productive base of the local environment<sup>5</sup>.

### **Problems Plaguing Government-implemented Watershed Projects.**

Watershed projects were launched by the Govt. in a big way in India in the early 1970's. However, till the mid 1990's they were almost exclusively departmentally<sup>6</sup> driven with people playing a passive role as either beneficiaries or laborers. They had hardly any say in the planning and execution of treatments to be undertaken, were uninformed as to the funds allocated and the costs incurred, made no "own" contribution and had no responsibilities in respect to maintenance of assets created or works undertaken. The outcome was apathy, lack of transparency, lack of a sense of ownership, rampant rent-seeking behavior, resource inefficiency and leakages. And, not surprisingly, the

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<sup>4</sup> The Watershed Organisation Trust (WOTR) based at Ahmednagar, Maharashtra. Further information can be obtained from their web page: [www.wotr.org](http://www.wotr.org)

<sup>5</sup> A description of some measures is as follows: Area Treatments – water absorption trenches, continuous trenches, staggered trenches, farm bunds. Drainage Line Treatments – gully plugs, nallah bunds, gabions, masonry weirs, ponds, percolation tanks, etc. Vegetative measures- afforestation, pasture development, conservation protection and closure. Land Husbandry – appropriate crops and cultural practices, carrying capacity related livestock holdings, use of organics and natural farming practices, crop diversification (cereals, tree crops, etc). Water resources management for domestic, agricultural, livestock, small business and processing needs are also included.

<sup>6</sup> Three Ministries are involved in implementing watershed development projects on a large scale – Rural Development, Agriculture, Forests and Environment. The Ministry of Forests and Environment largely restrict themselves to treating areas that fall within their jurisdiction, namely, "forest lands".

expected impacts in terms of increased productivity, drought mitigation and water resource augmentation did not occur.

The history of watershed development in India can be divided into 3 phases: pre 1995 where the main implementing agencies were government departments and which was largely target and therefore, supply driven; post 1995 up to 2003 where NGOs were also included and where people's participation and contribution was introduced for the first time; and post 2003, where NGOs have been excluded as implementing agencies and replaced by CBOs<sup>7</sup> at the village level with Govt. Departments being the agency of choice in the event that the former are unable to implement a project.

We shall now outline the broad contours of how leakages take place (when they do occur!) during the various stages of a watershed project's life cycle, namely, at the stages of planning and project formulation, sanction, implementation, monitoring and supervision.

### The Period from 1970 to 1995<sup>8</sup>

As mentioned above, the project was departmentally driven with people hardly being consulted as to their choices and needs. Consent was sought from private landholders to undertake works on their lands from a pre-determined menu of measures. Cost estimates were prepared as per the approved Schedule of Rates and the figures were not divulged to the people. The project was largely seen as an employment generation public works where landholders and other people in the watershed were to be engaged as laborers working on minimum wages. They had no determinative role in the effort and were viewed (and treated as such) as beneficiaries.

The plans prepared were often overestimated by at least 15-25%.

A reputed NGO working in watershed development had secured government funding to build a check weir in a village. This site had been earlier surveyed by the concerned government department and the cost estimates prepared. The total estimated cost was Rs. 120,000. The NGO submitted the same plan to the same authorities but they were sanctioned an amount of only Rs. 80,000 (33% less). By doing the work efficiently and with strict oversight by the villager committee, the dam was not only built but a saving of Rs. 9,000 realised. When the government official came for inspection, he complimented the NGO and the people on the excellent work done. When however he was told that a substantial saving had resulted, he got apprehensive and cautioned the NGO and the people that if this fact became known, subsequent inspections could accuse them of doing sub-standard work! He advised them to "somehow" show the balance as expenditure! The real reason for his concern was that if the information became widely known, then there could well be an enquiry to examine the extent of overestimating (padding) being done in all similar activities and many a watering hole would likely have dried up.

The overestimations would come in from several sources: over designing of mechanical structures; use of wage rates of contract unskilled laborers whereas the proper one would have been to use local rates since local labour is used and misclassification of soil

<sup>7</sup> In this case, by the Village Panchayat (Village Council), which is a constitutionally mandated and electorally determined body for village governance.

<sup>8</sup> Also known as the "Pre Guidelines Period". The so-called "Guidelines" were issued in 1995 and are explained subsequently in this article.

types or conditions so as to apply a higher wage rate than would otherwise have been the case<sup>9</sup>. This “padding” in the project plan (largely by design) thus prepares the ground for funds diversion once it gets grounded.

Sanction of a project plan/ proposal is done in two phases – technical and administrative with technical sanction being a prerequisite for the latter. Since watershed development is a multidisciplinary, a number of competencies are called for in the assessment and approval of a scheme. Thus, the scrutiny and sanctioning of a water harvesting structure (of a certain size) is done by the water resources engineering department (minor irrigation department); the soil conservation works by the soil conservation department; the forestry works by the forest dept.; horticultural and agricultural works by the agriculture department and so on. Each of these stages offers scope for rent seeking. Commissions are sought for clearing the component.

During implementation, a number of methods are used to siphon off funds. Since watershed works are undertaken post agricultural season or when there is scarcity of rainfall or drought conditions, people are either underemployed or have no work; hence, there is a large labour force available. When all works in a watershed cannot be started simultaneously either because sanction for all required project measures is not accorded at one time (usually the case- it is done piecemeal), or certain activities require a preparatory lead time<sup>10</sup> or specialized labour (as in the case of masonry works), then there is an excess supply of labour over demand. In such situations, where rent is sought, desiring laborers would be required to pay a “premium” by way of foregoing a part of the wages earned to the overseer in order to get entry into the work force. Not adhering to design specifications is another avenue of funds leakage. If a trench is meant to be one foot deep, it is dug for less than that but funds claimed for the approved quantum of work; if 100 bags of cement are meant for a masonry structure, less than this amount are used but vouchers prepared for the full amount. Water harvesting structures (check dams, earthen nullah<sup>11</sup> bunds, percolations tanks, large ponds, etc) as well as afforestation/plantation works offer great scope for leakages. Foundations are often not dug according to specifications and stipulated material not used though records and invoices/ bills indicate original specifications. Once structures are built, it is very difficult to ascertain how the work was done and what lies within and beneath the structures<sup>12</sup>. In the case of afforestation/ plantation works, the trenches/ pits are not dug to the desired depth and the desired number of saplings either not planted, or, if so, then poor and therefore cheaper stock is used. In this case, the poor quality of plantation (density and growth) is explained away by blaming it on poor rainfall, grazing by cattle or “theft”/ damage by villagers. Where work is done largely according to technical specifications, a higher rate than applicable is used for cost computation and the difference skimmed off.

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<sup>9</sup> Different soil conditions require different effort levels to work with thus resulting in differential wage rates. For instance, excavation of one cubic meter of hard *murum* soil would take an able-bodied normal person 7.06 hours, while an equivalent amount in sandy loam soil would take 3.5 hours; this necessitates giving a higher wage rate to works involving *murum* soil than to those in sandy loam soil.

<sup>10</sup> As in the case of building of weirs, check dams, major water harvesting structures where layout, leveling and mapping have to be done prior to work beginning and which take some time.

<sup>11</sup> A nullah is a stream.

<sup>12</sup> For instance, sand, mud, rubble, etc are used as substitute fillers. This is especially so in the case of masonry structures, weirs and barrages where a good deal of the work once completed is not accessible to visual inspection (e.g., the depth of foundations, the core wall fillings, the degree of compaction, etc)

While these deviations can be prevented by timely and regular monitoring, the paucity of personnel in relation to the large scale nature of works as well as the willingness of some of them to countenance such deviance allow such practices to continue. Since information of sanctioned works and amounts is not disclosed to the people, and since, till recently,<sup>13</sup> there has been no effective statutory legal instrument to enforce disclosure, people could hold no official accountable.

All this leakage and rent appropriation is covered up by procedures “properly” followed - paper records well maintained backed by proper bills and vouchers, measurement and work done records duly filled in and payments made duly accounted for.

A network of “approved” (or shall we say, “friendly”) suppliers provide the necessary false documentation and hapless laborers silently sign off for wages not really received.

In extreme cases, monies are actually siphoned off with practically nothing to show for it on the ground but with documentation complete<sup>14</sup>.

Once works have begun, funds are released in installments. Where rent-seeking officials have decision-making powers, further installments are released only on a percentage being given in advance. The giver, of course, recovers these amounts later from works actually executed (or not so, in some cases) using the many avenues described earlier.

It has been variously estimated that the extent of leakages due to such practices ranges from 30-45% of sanctioned amounts.

The “feeding chain” is well entrenched, carefully worked out with allocated quotas as the various levels of authority, having flexible limits (depending upon circumstances-public, departmental or oppositional vigilance) and stretching from the field level to the highest authority levels<sup>15</sup>. This is notwithstanding the fact that there still are many honest officers who opt out of this “operation skim off”- they could only intervene, often, at risk to their careers and in some cases, life and limb also.

### The Period from 1995 to 2003<sup>16</sup>

With the growing realization that unless people were involved in the planning and implementation of the watershed effort<sup>17</sup> and transparency-and-accountability enhancing mechanisms adopted<sup>18</sup>, the Government of India (Ministry of Rural Development),

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<sup>13</sup> The Indian Parliament passed the Right To Information Act recently: June 15, 2005 (will be applicable from 12/10/2005). Maharashtra has had the Right To Information Act since 13 August 2002 but due to internal limitations wasn't user friendly and therefore the expected impact was not as hoped for.

<sup>14</sup> The Comptroller Auditor General of India which is a Constitutional body has in several recent reports excoriated the watershed programs of the government for having spent enormous sums of money with very little to show for it.

<sup>15</sup> The late Prime Minister of India, Mr. Rajiv Gandhi, once publicly remarked that of every rupee spent on developmental activities, only 15 paise reached the poor, i.e., only 15% of developmental outlays reached their intended destination. The former Chief Minister of Andhra Pradesh, an east indian state, once remarked: ‘The state machinery is huge and self-perpetuating. It is slow and accountable to nobody. Above all it is obstructive. It essentially exists for itself, not for public service.’

<sup>16</sup> Also known as the “Guidelines Period”.

<sup>17</sup> Similar projects managed and facilitated by NGOs had clearly established the advantages of a participatory, transparent and public accountability approach to water resources and watershed development in terms of resource deployment and effectiveness, impact, sustainability, ownership, curtailing of rent-seeking behavior and leakages.

<sup>18</sup> This was partly due to widespread media and public criticism as well as pressures to establish credibility in a situation where there were multiple claimants for scarce funds. Furthermore, the economic reforms initiated in the 1990s, a greater integration into the world economy (accompanied by greater international scrutiny) as well as a virtual explosion in media and information connective across the country created

after extensive consultations between the concerned ministries and with civil society bodies, adopted a new approach that sought to address these two key issues. For the first time, government sought to actively involve people in the treatment of their own watersheds, devolved funds directly to a village body (Watershed Committee), introduced oversight and public accountability mechanisms at the village and district levels and invited NGOs to undertake watershed development projects<sup>19</sup> with government funding<sup>20</sup>.

Each watershed village had to nominate a Watershed Committee (WC) in a general body meeting of the entire village. This WC had representatives of the Village Council<sup>21</sup> as well as of defined groups. The WC was expected to meet at least once a month to review progress of work, verify accounts and authorize expenditures. An account jointly operated by the Chairperson of the WC and the Watershed Secretary as well as by a representative of the facilitating agency<sup>22</sup> was opened to receive directly project funds. Information on the quantum of funds sanctioned was to be made publicly available; three villagers called Watershed Volunteers (WVs) were selected by each watershed village to undertake measurement of works and the required documentation.

Where implemented as intended and where a credible facilitating agency existed, this approach helped in reducing (in a few cases eliminating altogether) corruption at the implementation level. However, in general, in the majority of cases, hardly any impact on corruption levels has been observed. This is because of several reasons. While it was expected that the selection of the facilitating NGO be done in a transparent manner following certain criteria, the facts indicate that a good many that didn't meet these criteria got selected. These NGOs are usually sponsored by politicians or influential individuals who have worked the system or "oiled the wheels" to get selected. They would obviously view project funds as a source to reimburse themselves, at the very least! Furthermore, the comparatively low administrative overheads given to the NGOs was also an incentive to seek illicit compensation, given the fact that they had to maintain a minimum complement of qualified staff. Furthermore, the capacity of the villages was not built up to discharge the responsibilities and tasks entrusted to them (that of oversight and monitoring); often, their nominated representatives were also compromised (i.e. they also joined the "feeding chain"). What ultimately compromised the reforms, however, was the fact that the rent-seeking system remained in place, as previously, this time only with additional and new actors<sup>23</sup>.

In 2001, in order to bring about uniformity of approach between the projects implemented by the Ministry of Rural Development and the Ministry of Agriculture as well as to strengthen accountability and transparency, the Govt. of India, following

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pressures for greater accountability, easy access to information of publicly funded projects and better performance.

<sup>19</sup> Such agencies, be they governmental, NGO, private or cooperatives, were called "Project Implementing Agencies (PIAs)."

<sup>20</sup> "Guidelines for Watershed Development, Ministry of Rural Development, Govt. of India, 17 October, 1994. These Guidelines became effective April 1995

<sup>21</sup> Gram Panchayat, which is an elected body at the village level.

<sup>22</sup> For funds withdrawal up to Rs. 10,000/-, the signatures of only the Chairperson and the Secretary were required; for above Rs. 10,000/- signatures of the Chairperson and a representative of the PIA (facilitating agency) were required.

<sup>23</sup> Hundreds of NGOs receiving government funds have been blacklisted for misutilisation and misappropriation of funds. While the action is justified, it begs the question: why were these NGOs selected in the first place when most did not meet the basic criteria of competence and transparency?

widespread consultations,<sup>24</sup> issued new guidelines called "Common Approach to Watershed Development" which sought to address the shortcomings that arose particularly in the area of social mobilization and capacity building of villagers. The new Guidelines adopted a key element of WOTR's approach namely - the introduction of a distinct and separate "proofing and capacity building phase" as a pre-condition to undertaking full scale watershed implementation.<sup>25</sup>

This approach together with changes in the policy and legal environment<sup>26</sup> has made a difference, however small, but noticeable, nonetheless. The fact that villagers are now more aware of how much funds are received and for what purposes has led to a reduction in the extent of corruption.

It is generally estimated that leakages now range from 20- 35% of sanctioned amounts.

### Post 2003 (the Haryali Guidelines<sup>27</sup>)

In 2003, following the passing of the 73<sup>rd</sup> and 74<sup>th</sup> Amendment to the Constitution, which sought to devolve effective powers and resources to the lowest unit of governance, namely, the Gram Panchayat (Village Council), the GOI once again issued new the Guidelines (now named the "Haryali Guidelines") on 27 January 2003. The same were revised in September 2003.

The Village Panchayat has been made the key actor and funds are to be routed directly to it. The Sarpanch<sup>28</sup> is now the co-signatory to the project account instead of a person consensually nominated by the entire village. NGOs have practically been completely excluded from being facilitating agencies.

As on date, only very few projects are being implemented under this approach for a variety of reasons; however, wherever they have been, the experience has been largely negative. This is because sufficient capacity building of village elected representative has not taken place and more importantly, since the Gram Panchayat (village council) is a political body defined along party lines, incoming resources are seen as an opportunity for self enrichment as well as an occasion to build up the party base and infrastructure, reward loyalist, peddling influence and buy votes. Furthermore, despite good intentions, since a co-signatory to the village level project account will now be a government functionary, namely, the Gram Sevak<sup>29</sup> who is a government employee, the institutional mechanisms through which leakages and rent is sought and channelized will continue to remain. In fact, with NGOs now out of the way, under the pretext (or excuse!) that Gram Panchayats are not equipped to implement "responsibly" publicly funded projects, the rules are being changed to ensure greater governmental control of funds at the village level. Departments that had lost their exclusive monopoly of controlling and implementing projects have now effectively ensured that they become the only implementing agencies (PIAs) having a controlling role and the final word in funds disbursement. The same infirmities that bedeviled the earlier watershed approaches as

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<sup>24</sup> WOTR participated extensively in these discussions and the WOTR approach to participatory watershed development studied intensively by government officials. Many elements and practices of WOTR's approach were incorporated in this new approach of the Government..

<sup>25</sup> Particular mention has been made in these Guidelines (Pg. 14) of the Capacity Building Approach of WOTR as implemented in the Indo-German Watershed Development Program (IGWDP) in Maharashtra, India. WOTR is the Capacity Building Agency of the IGWDP, Maharashtra, India.

<sup>26</sup> The Right to Information Act of the Government of Maharashtra passed in 13 August 2002.

<sup>27</sup> Haryali means "Greenery".

<sup>28</sup> Elected Head of the Village Council (Gram Panchayat).

<sup>29</sup> The Gram Sevak (Village Volunteer/ Service functionary) is a paid government official of the Dept. of Rural Development.

mentioned above (particularly pre-1995) can be expected to continue in this “new” approach<sup>30</sup>.

### **Reasons Driving Corruption:**

There are several reasons that lead people to indulge in rent seeking and corruption. In a democracy, those engaged in politics need funds for election campaigns – national, state, regional, local, public and civic bodies (municipal) - and there is no shortage of these events. Polarization of political forces lead to short and insecure terms in office, thus creating the need to “buy” electors to secure a governing majority as well as to create an “egg nest” to provide for the inevitable rainy day. Since democracy is party based, there is need to maintain and expand the organisational outreach, keep party workers happy as well as the party bosses (in order to secure an election ticket), win friends and influence voters.

In a scarcity and shortage plagued environment, where demand persistently exceeds supply for hotly contested services, paying a premium (usually a hefty one) secures goods, services, employment and opportunities<sup>31</sup>, thus creating a compulsion in "normal folk" to create a “contingencies” reservoir. Lack of a comprehensive, effective and inclusive social security system to take care of unexpected shocks such as unemployment, extraordinary medical care and old age needs also incentivises graft seeking and elicit gratification. Inadequate legal and information entitlements for the general public<sup>32</sup> that could be used to hold public servants accountable as well as the “obstacle track” one has to clear before once can get any meaningful sanctions from a creaky and snail paced legal system often create almost insurmountable disincentive to those interested in ensuring probity in public affairs.

This of course begs the question: given the volume of public funds involved, the widespread public knowledge of corruption in publicly funded schemes and the existence of official vigilance, inspection or watchdog agencies, why are these regulatory bodies not doing their jobs? The inescapable fact is that, given the scale of operations, such bodies are not adequately resourced to discharge their responsibilities, not always above getting compromised and the political-bureaucratic environment they operate in is not consistently and uniformly supportive of an aggressive approach to combating corruption. Moreover, the tortuous and glacial speed at which the Indian judicial system functions results in there being a less-than-exemplary deterrent to corruption because, often, by the time a conviction is secured and punishment meted out (usually a decade later!) the issue has faded from public memory and the persons involved retired from service! A case of “justice delayed being justice denied”!

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<sup>30</sup> In response to the unease this change has created in the developmental community as well as to the objections and concerns voiced by the NGOs and civil society bodies, the GOI has set up the Parthasarthy Committee to re-examine the issue and propose ways in which legitimate and sound concerns can be addressed. The Committee’s recommendations are awaited.

<sup>31</sup> For example, securing a seat in a professional college or institution of repute.

<sup>32</sup> The recently passed Right to Information Act is one new possibility though the legal system is not equipped to speedily deliver justice in “unspectacular” cases.

# **Participation, Transparency and Accountability: The WOTR Experience**

## **Background**

WOTR, an NGO based in Maharashtra, India, has been working in the area of large-scale participatory watershed development, natural resources management, women's empowerment, human resources development and IT-based development oriented applications since the past 15 yrs. Its partners include village level bodies (community based organisations), NGOs, government agencies and donors, both local and international.

In the area of watershed development and natural resources management, WOTR directly implants and has assisted over 400 NGO partners across the country implement watershed projects in their various states. In Maharashtra alone, WOTR and its partners are implementing projects covering over 214,000 hectares (2,140 sq.kms) involving over 200,000 people. Over 107,000 villagers, NGO personnel, government officials and professionals have benefited from WOTR's training and extension facilities. In the area of women's empowerment, WOTR has organized and facilitated over 3000 women SHGs<sup>33</sup> comprising over 42,000 women and assisted them by way of trainings in trade and business skills development. It has also provided them with micro credit facilities to meet their consumption and production needs<sup>34</sup>. However, WOTR's particular and unique contribution has been to the debate and practice of multi-actor, large-scale, people-driven watershed development in India.

In 1989, the founders of WOTR, in collaboration with key partners in both the NGO and governmental sectors launched a large-scale watershed development program<sup>35</sup>. Faced with the challenge of up scaling participatory development whilst still ensuring transparency, accountability and inclusiveness, WOTR developed a holistic and integrated systems approach that addressed both the policy and institutional environment a project operates within as well as the implementation and operational dynamics of the project itself. This approach has not only been successfully applied<sup>36</sup>, but also widely referred to and adopted in varying measures in similar large-scale watershed programmes within the country.

In this paper we shall focus only on the implementation and operational aspects of project management from the perspective of participation, transparency and accountability.

## **The WOTR Approach**

The WOTR approach is premised on the following two beliefs:

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<sup>33</sup> An SHG or Self Help Group consists of upto 20 women who come together to support each other in their personal, economic and social lives and interactions. They are organized around saving and lending activities and often become support mechanisms for undertaking either individual or group economic activities and other developmental activities.

<sup>34</sup> Cumulatively, over \$2.3 million to date has been disbursed.

<sup>35</sup> This has come to be known as the Indo German Watershed Development Program, Maharashtra. It is bilaterally assisted and WOTR is the official Capacity Building Agency for this program.

<sup>36</sup> Particularly in the Indo German Watershed Development Program, Maharashtra and in other WOTR managed watershed programs.

- (i) Successful outcomes are possible only if those involved in the effort (the stakeholders) identify with it, have a strong sense of ownership and the will to realize them; in other words, the stakeholders must fully participate in a joint effort. Such a combination of factors arises and is sustained only if the stakeholders have a measure of confidence in each other, feel included, informed and believe that they are getting a fair deal. This is only possible if there is transparency (free flow of information) and mutual accountability. Corruption erodes these enabling relationships – the bedrock of successful outcomes – and trust is a first casualty. An enterprise that requires cooperative effort can hardly hope to be successfully accomplished without trust.
- (ii) Trust in multi stakeholder cooperative ventures is the product not so much of compatibility of interests and shared understanding, but primarily of systemic arrangements that incentivise honesty- accountability and transparency- and impose penalties that are effective disincentives to delinquent behavior. Corruption, in this perspective, is therefore not so much the outcome of diminished integrity, but primarily the outcome of environment induced systemic failure. Hence mechanisms, instruments and processes that promote free flow of information and mutual accountability, must be built in at every stage of a project cycle and at all levels in order to foster participation and stakeholder ownership which are grounded on trust.

Based on these principles, WOTR has developed an integrated, sequenced and iterative approach called the ***“Participatory Operational Pedagogy” (POP)***. The POP is a time-tested process that provides the common steps through which communities (and the facilitating NGO) proceeds in order to develop their organizational capabilities as well as their watersheds. It provides the framework as well as the parameters to monitor the progress of the process with respect to organizational, social, managerial, technical and physical development<sup>37</sup>.

The **POP** consists broadly of three components – the first deals with agency selection, in this case, both that of the facilitating agency (the NGOs,) and villagers desirous of undertaking watershed activities; the second component focuses on capacity building of these selected agencies (the NGO and the villagers) and the third component can be described as the “operating system” and comprises a package of processes, mechanisms, methodologies and instruments that operationalise the POP, reinforce its core messages and help realize desired outcomes.

We shall now describe the main principles underlying each of these components, key pedagogical tools as well as the processes, mechanisms and instruments that have been developed in order to determine, catalyze, consolidate and effectivise ownership, inclusiveness, transparency and accountability.

### ***Partner (Agency) Selection: NGO and Villagers (target group)***

Selecting the right partners- those who share the same goal, interests, will as well as a certain “irreducible minimum” of related resources or “capital”- holds the key to

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<sup>37</sup> The development of the POP is also widely recognized as a powerful tool for up-scaling and managing large-scale multi-actor watershed development programs.

achieving desired goals. Not for nothing is it said, “it takes two to tango!” In the case of watershed projects, this minimum “capital” in respect to the NGO refers to its institutional capacity as well as the rapport and credibility it enjoys amongst the communities it works in; with respect to the intending villagers/ target group, it pertains to the “social capital” existing in the community, namely, the degree of cohesion and unity as well as the acceptance, credibility and effectiveness of the existing leadership and governance structure.

Yet, how does one identify whether these enabling conditions already exist amongst the intending agencies (the NGO and the villagers) in a manner that is effective yet transparent and does not lend itself to disputes and controversy?

At this agency selection and accreditation stage, there is room for subjective decision-making and discretion and therefore room for rent seeking as has been described above.

In order to reduce discretion to the minimum as well as arrive at an objective assessment of the compatibility and potential of the agencies, WOTR devised a qualifying principle called the “self selecting conditionalities” that effectively switched roles: the ones who decide who actually get included in a watershed programme are the clients (agencies) themselves. Criteria were developed and publicly announced and any intending village that met the criteria would be included in the programme<sup>38</sup>.

These self-selecting conditionalities consist of three parts - technical, which refer to the geographical characteristics of the watershed<sup>39</sup>, institutional, pertaining to the facilitating agency<sup>40</sup> and social which are meant to assess the social capital existing within the watershed community. The social conditionalities are actually the key to arriving at a “selection decision” and are based on two principles, namely, The Epiphany Principle (“Tell us Who You Are and How Really Serious You Are”) and The Reciprocity Principle (Trust Clinching -“We’ll Walk the Talk”).

### *The Epiphany Principle:*

Another way of describing the sentiment underlying this principle is: “Tell us Who You Are and How Really Serious You Are!”

It is extremely difficult to gauge the extent of need of a watershed project, the degree of cohesion and social capital existing within a community as well as the rapport and confidence between the community and external agency. In stead of resorting to the traditional survey, scrutiny and inspection and assurance-securing approach, WOTR informs the community (and the NGO) of the conditions that would have to be accepted and adhered to<sup>41</sup> and subjects both these actors to a test: the community has to do four

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<sup>38</sup> It goes without saying, “subject to availability of funds”.

<sup>39</sup> The technical criteria was straightforward - it had to be a watershed which was a clearly defined catchment area and wherein perennial irrigation was not more than 20 % of net arable area.

<sup>40</sup> The institutional criteria required that an agency or its key personnel have at least three years of field presence in the proposed geographical area and the villagers living therein..

<sup>41</sup> The conditions are the following: a ban on tree cutting (clear felling), a ban of free grazing in treated areas until such a time that the vegetation is established, a ban on taking up of water intensive crops, a ban on spudding of bore wells except for community and drinking water purposes, voluntary contribution of a least 20% of unskilled labor costs and the setting up of a representative Village Watershed Committee (VWC) through consensual nomination. This VWC would be the agency responsible –the legal project holder at the village level - for implementing the project and ensuring compliance to the agreed upon conditions.

person days of voluntary labour in their watershed on soil and water conservation works involving manual labor within a period of three months, the value of which has to be at least 70% of a similar work done on a paid basis. If fulfilled, the villagers as well as the facilitating NGO<sup>42</sup> are immediately included in the programme. The rationale behind the approach is as follows: In monsoon-based rain fed, dry land farming systems, a significant portion of family income comes from daily wages. People would be extremely reluctant to do voluntary labor and that for so many days if they really did not need the project. Again, organizing such an effort which involves all sections of the community is possible only if there is a certain amount of trust in each other thus indicating the existence of an enabling social dynamic without which a complex developmental effort cannot be successfully undertaken nor sustained. Furthermore, undertaking to do so at the behest of a facilitating NGO is a significant validation of the trust and confidence they repose in this agency, given the pervasive atmosphere of rent seeking and the generally negative experience villagers have had of many external agencies<sup>43</sup> and publicly funded developmental projects.

### *The Reciprocity Principle:*

The sentiment underlying this principle is aptly captured by the phrase: "We'll Walk the Talk!" Having asked the villagers and the NGO to prove their bona fides, the program cannot but respond by granting the project and initiating at the earliest activities and measures. This is necessary to clinch trust and build a reservoir of good will that can be drawn upon later when implementation hits rough patches, as inevitably will, in complex efforts such as participatory watershed development.

### ***Capacity Building***

One aspect of Capacity Building is to train villagers and NGOs in the 'why' and 'how' of watershed development so as to improve efficiency of implementation and effectiveness of measures undertaken. A more important objective is to initiate processes and events that create the conditions and capacities within the community to exercise oversight - understand what is going on in respect to use of funds, works being undertaken, decisions being made on their behalf - and to hold their nominated representatives and functionaries, namely, the Village Watershed Committee (VWC), to an accounting.

Based on the principles of "learning by doing", peer mentoring and regular on-site handholding and accompaniment, WOTR has developed a step-by step, graduated sequence of actions and responses (by way of trainings and other interventions) that are oriented towards and follow upon the realization of a progressively evolving set of milestones. These milestones are geared towards systematically increasing the skill, competency and knowledge levels in the community as well as facilitating increased stakeholder ownership.

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<sup>42</sup> It can be safely assumed that the NGO has spent considerable time with the target communities, built relationships and enjoys access to the existing leadership and governance structure – the objective behind the institutional conditionality mentioned above.

<sup>43</sup> Funds meant for the people have often ended up benefiting more the external agencies than the target group. Moreover, it has been the case, even where no irregularities or moral hazard is involved, that quite some agencies have claimed more than they can actually deliver thus creating expectations they cannot fulfill.

A crucial innovation is the division of a watershed development project into two phases – a Capacity Building Phase (CBP) and a Full Implementation Phase (FIP). The CBP lasts between 12-18 months and no project is allowed to proceed to full implementation unless it is adjudged as having acquired the necessary competencies and ownership levels and is functioning in an inclusive, efficient and transparent manner.

We shall now outline briefly some of the major tools and methodologies that WOTR has developed and uses to build up the capacities of villagers.

### *Gender-Oriented Participatory Operational Pedagogy (GO-POP)*

The GO-POP is actually a sub-component and part and parcel of the overall POP. Since gender was introduced into the watershed effort only later, it was thought necessary to draw attention to its importance and so was treated as a stand-alone (hence the name), though integrated component of the POP. The GO-POP is based on the premise that in agrarian rural economies, women are the primary stakeholders<sup>44</sup> and hold the key to the sustainability of the effort. The GO-POP seeks to weave in gender at all stages and levels of the development process; build up the capacities of women through group formation, skill upgradation and knowledge enhancement; secure meaningful representation and active involvement of women in the institutional life of the village; improve their quality of life through undertaking of drudgery and burden reducing activities and, where possible, increasing their economic worth (and correspondingly, social status) through asset acquisition and undertaking of income generating activities. The GO-POP is based on a non-conflictual, consensual approach that actively involves the menfolk in the empowerment of their own women. The motif that is used to exemplify and illustrate this approach in the two wheels of a bullock cart – a cart has two wheels and unless both are of the same size and axled at the same level, the cart cannot move forward with ease and speed<sup>45</sup>.

### *Participatory Net Planning (PNP)*

Participatory Net Planning is a site-specific and farmer-friendly method of planning for watershed development. The planning team (facilitating NGO and VWC) visits each survey number (land holding) along with the concerned farmer couple to survey the area they own and decide upon soil and water conservation treatments as well as land use. Once agreed upon, it is confirmed in writing with a map inclusive of estimated costs and farmer contribution and a copy of the same given to the farmer couple. This ensures a dialogue rooted in the specifics of the land owned and makes possible an exchange between modern and traditional knowledge and techniques. PNP is not only a tool for data collection and planning but also an instrument for community mobilization and awareness generation. This increases the sense of ownership of the activities and enables realistic site-specific planning and costing of measures<sup>46</sup>

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<sup>44</sup> They are “drawers of water, hewers of (fuel) wood”, gatherers and cultivators of food, fodder, fibers, fruits and (bio) fertilizers.

<sup>45</sup> This approach as well as the measures undertaken have resulted in remarkable impacts in terms of creating space and integration of women in the decision making and political life of the village as well increased status and autonomy within the domestic, family and social spheres.

<sup>46</sup> PNP is now adopted by all major watershed programs in India, government and donor funded.

### Qualitative Assessment Matrix (QAM)

This is a set of indicators that measures key events and milestones of the various aspects and processes of a community implementing various developmental initiatives. It is undertaken on a quarterly basis by the entire community and helps track areas and extent of progress, as well as shortcomings. This increases awareness of what is going on in the community and helps them undertake steps and measures to address the limitations and strengthen dynamics for achieving project outcomes. Tracked over a period of time, it reveals how a community evolved over time and identifies key turning and tipping points. This approach has been particularly useful in keeping a community informed and involved in what is happening in the project, financially, quantitatively and qualitatively and keeps their representatives accountable.

### Participatory Impact Monitoring (PIM)

Participatory Impact Monitoring (PIM) is a concept based on the belief in people's potential to monitor their own project as well as that of other groups'. In PIM, the stakeholders in the village identify indicators for assessing impacts, both positive and negative, using various tools. This is followed by a detailed collection of information on the indicators at regular intervals, usually annually. The villagers then assess the impact of the project interventions against the indicators. While reducing the element of individual subjectivity, this system offers an opportunity to a large group to participate in the monitoring exercises and serves as an important learning exercise<sup>47</sup>.

### Peer Group Review (PGR)-Village Level

This is an annual exercise wherein representatives from participating villages come together and visit each other's village projects in order to review project progress and project achievements, as well as to measure themselves against each other. They grade each other according to criteria, which has been evolved in a participatory manner. The best 3 villages are selected and publicly felicitated at the regional and state level. This greatly promotes cross sharing of experiences, ideas, innovations, as well as creates a spirit of healthy competition between the various projects. Since a Minister or ranking government officials usually attend the public function, it features prominently in the media and thus generates considerable interest. Government departments are also incentivised to provide other schemes and facilities to award winning villages. Rankings are keenly contested with losers often putting their best foot forward to win inclusion in the coming year's rankings.

### Experience Sharing and Best Practices Showcasing

Once a year, at the regional level, "fairs" or village gatherings are organized where all watershed villages are invited to share the successes and how they have achieved them, the difficulties faced as well as how they overcame them. Useful innovations are also showcased. Resource persons in various subjects of relevance are invited to impart knowledge and information to the gathered villagers. Such occasions offer not only a valuable social opportunity (deals are made, marriages arranged, ties renewed, goods

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<sup>47</sup> Trainings in PIM have been conducted by WOTR for a large number of organisations both in the civil society and public sectors.

sold, knowledge gained and ideas exchanged) but also create a sense of community, solidarity and competitive enthusiasm amongst the villagers of the region.

### ***The Operating System***

An appropriate institutional framework which creates space and incentives for the exercise of acquired capacities coupled with a system in which processes, mechanisms and procedures are organically and sequentially organized towards reinforcing key messages and learnings serves two key purposes: not only is efficiency, effectiveness and impact achieved, but, from the perspective of sustainability and social capital, ownership, transparency and public accountability become a desired, entrenched and practiced social value which can then permeate progressively other public interventions, transactions and discourses.

We shall now briefly outline the key institutions as well as the processes and mechanisms developed for implementation and accountability.

There are two key institutions developed at the village level- the Village Watershed Committee (VWC) and the Joint Women's Committee (SMS) representing the interests of women. The VWC is nominated consensually by the villagers at a formal village meeting and has at least 33% of membership reserved for women. The landless are also represented. Persons thus nominated are those in whom the community has confidence in and these can be changed if they do not justify the confidence reposed in them. The VDC is actually the direct implementing partner and is fully responsible for all aspects of project implementation – securing the consent of villagers, resolving conflicts and disputes, developing the watershed plan, organizing labour, maintaining records and reporting activities and expenditures to their fellow villagers and the supporting agencies.

Women are organized into Self Help Groups (SHGs) at the village level, around savings and credit activities, to begin with. Each SHG consists of between 15-20 persons and where there are at least 3 such SHGs, they are federated into an apex body - Joint Women's Committee (SMS)- also at the village level, with nominated representatives from each of these groups forming the membership. The SMS and the SHGs are fora that build bonds of solidarity between the women and also become training occasions for skills acquisition and confidence building.

The steps and processes that promote participation, transparency and accountability and which are followed during implementation are as follows:

1. Villagers have to agree in writing individually and collectively to accept, follow and implement stipulated conditions<sup>48</sup>.
2. They then organise themselves into a representative VWC nominated consensually by the entire community with at least 30% of seats reserved for women. The VWC is the agency responsible for the implementation of the project in the village.
3. In order that women's interests are protected, they are organized into SHGs and SMS with the active support and consent of their menfolk.
4. They then undergo a Capacity Building Phase during which the necessary skills, awareness levels, organisational and institutional capacities are built up. Only on

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<sup>48</sup> Conditions have been indicated in footnote no. 33 above.

successful conclusion of this phase is the project allowed to continue to completion.

5. Once the Participatory Net Plan is formulated, it is discussed again in the village, finalized, approved and forwarded for sanction.
6. Once sanctioned, the project information (works to be done and costs) is put up together with a map in a public space.
7. Funds are released to bank account nearest the village, which is jointly operated by the VWC and the facilitating NGO.
8. Work is then organized, supervised and recorded by the VWC and trained village youth working under the supervision of the VWC.
9. Work done is duly recorded in the prescribed formats and registers and receipts of work done are given to all workers.
10. In the event of disputes, these are resolved on-site by the VWC and in case of severe differences, at a public village meeting called for the purpose.
11. Information on work done and expenses incurred are publicly displayed fortnightly and the same marked on a map.
12. The VWC meets every month to review works done, scrutinize accounts, address problems arising and validate calls (claims) for funds.
13. VWC gives a report on work done and funds spent on a quarterly basis to villagers.
14. Regular concurrent monitoring, handholding and on-site accompaniment is undertaken by the supporting agencies.
15. The village community does quality Assessment Matrix (QAM) scoring every quarter followed by Participatory Impact Monitoring (PIM) once a year.
16. In order to facilitate cross learnings and inter village competition, Regional Fairs together with Peer Group Reviews followed by felicitation of the first three winners is held annually.

The following key principles support this discipline and promote ownership, effectiveness and efficiency:

- i. A technically sound approach with emphasis on setting and maintaining standards and quality.
- ii. Simple but robust systems of record keeping, documentation, reporting and funds claims.
- iii. Adding resources to responsibilities where people not only commit themselves to tasks and obligations but are also equipped with the means (skills, knowledge and funds) to discharge them.
- iv. Efficient, timely and adequate release of funds so that trust and confidence are maintained and people are not put to undue financial stress.
- v. Regular monitoring, on-site mentoring and handholding oriented towards fostering learning, skill and knowledge acquisition.
- vi. Thinking Ahead: Establishing of a Village Development-cum- Revolving Fund from village contributions and collections so that common property assets are maintained post project and other developmental needs of villagers are met.
- vii. Convergence: Projects are actively mainstreamed into on-going publicly funded developmental schemes so that additional benefits flow to the villages, synergies developed and greater value generated; for instance, roads, telecommunications, piped water supply schemes, education, etc.
- viii. Additionalities: This refers to inputs that add value by way of processing, income generation and livelihoods securitization. It includes provision of microfinance, micro-enterprises facilitation and vocational skills development.

- ix. Use of Information Technology: Given the complexity of interventions as well as the scale of operations, WOTR has, from the outset, developed IT systems that bring together on common and integrated platform the various components, interventions, resource flows, inputs and outputs. This helps identify emerging patterns, support enabling events and processes, correct deviance and incentivise compliance in a timely and appropriate manner. This greatly reduces the scope for discretion (and therefore rent seeking), enables comparison between projects and performance indicators and induces greater transparency.

## **Impact and Conclusion**

The approach outlined above has resulted in appreciable improvements (in some cases, dramatic) in the material well-being of the majority of the watershed inhabitants as well as rehabilitation of the ecological health of their geographical space. More important however, is the development of a positive self-image, a greater self-confidence, a sense of pride in successes obtained, an ability to deal with officialdom and above all, belief in one's abilities to secure a better future even in difficult situations. People are less inclined to tolerate being short-changed and in several instance, shoddily done public works were stopped by the beneficiary villagers who took up the matter with higher ups and ensured that works were rectified and quality maintained.

Various aspects of the Participatory Operational Pedagogy (POP) have been adopted by government<sup>49</sup> as well as by major donor- funded watershed programs in India, in particular, the concept of capacity building (as opposed to a training approach only) as a separate, prior and integral component of watershed development.<sup>50</sup> The concept and practice of Participatory Net Planning (PNP) is now widespread and routinely used, suitably adapted to local conditions and circumstances.<sup>51</sup>

This experience underscores the fact that ensuring systemic transparency and accountability is not only about generating value and ensuring better resource use, but primarily about strengthening and increasing social capital - the sine quo non for fostering sustainable development that gives everybody a fair chance to opportunities.

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<sup>49</sup> The Government of India and various State Governments.

<sup>50</sup> The CAPART funded projects (Council for the Advancement of People's Action and Rural technology – a Govt. supported institution), as well as the DPAP projects (Drought Prone Area Program) through NGOs have introduced a capacity building phase. The National Watershed Development Program for Rainfed Areas (NWDPR) has also adopted the separation of Capacity Building (called "Community Mobilization") and Full Implementation Phases in its program. Moreover, the concept and practice of accompaniment of implementing agencies (NGOs and village groups) has been adopted by the Government of Maharashtra (GOM) in its watershed programme (DPAP) and is known as the "Mother NGO" concept. Here, selected NGOs are given accompaniment responsibilities for participating NGOs and village communities within defined districts. WOTR accepted to be a "Mother NGO" in the district in which its headquarters is located, namely, the Ahmednagar district.

<sup>51</sup> Examples of this are: The Drought Prone Area Program (DPAP) in Maharashtra, the Andhra Pradesh Rural Livelihoods Program (APRLP-DPAP) in Andhra Pradesh, the Rajiv Gandhi Mission in Madhya Pradesh and the National Watershed Development Fund operated by a public institution, NABARD.