

**Working Paper 230**

**Institutional Alternatives and Options for Decentralised  
Natural Resource Management in India**

**Pari Baumann, Rajesh Ramakrishnan, Manish Dubey,  
Rajiv K. Raman, and John Farrington**

October 2003

Overseas Development Institute  
111 Westminster Bridge Road  
London  
SE1 7JD  
UK

**Pari Baumann** is Director of Social and Economic Research Associates, London.  
Email: sera@compuserve.com

**Rajesh Ramakrishnan** (rajeshr@taru.org), **Manish Dubey** (mdubey@taru.org) and **Rajiv K. Raman** (rajivkr@taru.org) are all with Taru/Leading Edge in India.

**John Farrington** is a Research Fellow at the Overseas Development Institute.  
Email: j.farrington@odi.org.uk

The authors are indebted to the New Delhi office of the Ford Foundation for support in conducting the research on which this paper is based. The opinions expressed here are those of the authors alone

ISBN 0 85003 692 5

© Overseas Development Institute 2003

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publishers.

# Contents

<b>Glossary</b>	<b>iv</b>
<b>Acronyms</b>	<b>iv</b>
<b>Summary</b>	<b>v</b>
<b>1 The Policy Objectives of Decentralisation</b>	<b>1</b>
1.1 Objectives and scope of research	1
1.2 Background to decentralised natural resource management policies	2
1.3 Institutional frameworks for decentralisation	7
1.4 Summary: the relevance of comparison	14
<b>2 Institutional Synergy and Conflict in the Agenda for Decentralisation</b>	<b>15</b>
2.1 The influence of the political economy	16
2.2 Political and administrative linkages in decentralisation	19
2.3 Local institutional interactions and natural resources in local livelihoods	22
<b>3 The Potential of Decentralised Natural Resource Management</b>	<b>26</b>
3.1 The natural resources and their potential	26
3.2 The political economy	27
3.3 The process of institutional decentralisation	29
3.4 Local natural resource use patterns and collective action	30
3.5 Summary: strategic decentralisation	32
<b>Annex 1 Research Methodology and Limitations</b>	<b>34</b>
<b>Annex 2 Emerging Policy Initiatives for Decentralisation</b>	<b>38</b>
<b>Annex 3 Reports Produced for Project</b>	<b>43</b>
<b>References</b>	<b>44</b>
<b>List of Figures</b>	
Figure 1 Administrative hierarchy for projects under the new guidelines	10
Figure 2 Widening of the democratic base after 1993	13

## Glossary

<i>Gram Panchayat</i>	Village <i>Panchayat</i> ; the third tier of the <i>Panchayati Raj</i> system
<i>Gram Sabha</i>	Village assembly
<i>Gram Swaraj</i>	Village self-rule
Green Revolution	The introduction of modern technological inputs and high yielding varieties of paddy and rice in agriculture in the late 1960s
<i>Kosh</i>	Fund
<i>Panchayat</i>	An institution of self-government for the rural areas
<i>Panchayati Raj</i> Institution	System of rural local government with three ascending tiers, viz., <i>Gram Panchayat</i> , <i>Mandal</i> or <i>Panchayat Samithi</i> and <i>Zilla Parishad</i>
<i>Van Panchayat</i>	Community Forest Management groups in the Indian State of Uttarakhand. They have a semi-legal and independent status.
<i>Zamindar</i>	Large landowner, engaged by the British to pay land revenue and collect rent, and abolished after Independence
<i>Zilla Parishad</i>	A body of elected representatives for governance at district level

## Acronyms

AP	Andhra Pradesh
CPM	Common Property Management
CPR	Common Property Resource
DNRM	Decentralised Natural Resource Management
DRDA	District Rural Development Agency
DWDC	District Watershed Development Committee
GP	<i>Gram Panchayat</i>
IMSD	Integrated Mission for Sustainable Development
JFM	Joint Forest Management
MP	Madhya Pradesh
NGO	Non Governmental Organisation
NIE	New Institutional Economics
NIRD	National Institute of Rural Development
NR (M)	Natural Resource (Management)
NTFP	Non Timber Forest Product
PIA	Project Implementation Agency
PR (I)	<i>Panchayati Raj</i> (Institution)
PRA	Participatory Rural Appraisal
SALR	Situation Analysis and Literature Review
SC	Scheduled Caste
SHG	Self Help Group
ST	Scheduled Tribe
VFC	Village Forest Committee
VWC	Village Watershed Committee
WC	Watershed Committee
WD	Watershed Development
WDF	Watershed Development Fund
WDM	Watershed Development Management
WDT	Watershed Development Team
WM	Watershed Management

## Summary

Drawing on a two-year study of decentralisation processes at State, district and village levels in Andhra Pradesh, Madhya Pradesh and Karnataka, this paper considers the influence of political economy factors on decentralised natural resource management in India. The paper assesses the constraints and potentials for decentralisation that are posed by the current political economy. It argues that centralising political forces constrain both the political and ecological scope of the decentralisation agenda. The suggested way forward is a more strategic approach in concept and practice, as well as a reconsideration of the ultimate objectives of decentralised natural resource management.

The study concluded that:

- decentralised natural resource management has not significantly increased access by the rural poor to natural resources;
- the decentralisation agenda has not challenged the basic distribution of rights and access to natural resources established in the colonial period and reinforced in the immediate post-independence period;
- decentralised natural resource management programmes are mainly valued for wage labour by the rural poor, and, by rural élites, for the opportunity to invest in private property and dispense patronage;
- decentralisation programmes have however created a space for political negotiation at the district level, thus allowing more strategic local political mobilization;
- in order to exploit these opportunities, decentralised natural resource management programmes should be more aware of their political and ecological limitations, and more strategic in resolving these.

Partnership programmes and *Panchayati Raj* have opened up a window of opportunity for decentralisation that did not previously exist and would be difficult to roll back. Despite the poor progress of decentralisation an opportunity exists to make these institutions and programmes more relevant in their content, more effective, efficient and transparent in service delivery and more demand-driven in their operation. This opportunity requires both a reconsideration of programme content and a strategic separation of obstacles to DNRM that are narrowly institutional and those that are political.

For instance, programme content could be made more relevant by:

- linking programmes to the wider policy context of rural development;
- linking research on NR management with research on diversification;
- supporting market linkages and producer groups;
- developing a mix of area/beneficiary targeting in programmes;
- giving more attention to the role of shared NR in local livelihood strategies.

Institutional capacity building could be made more relevant by:

- clarifying the relationship between PRI and DNRM programmes;
- supporting moves towards further fiscal deconcentration;
- providing logistical support for institution-building of PRI and local user groups.

Support for political capacity-building could be made more relevant by:

- supporting the empowerment of village assemblies;
- doing away with ex-officio membership of PRI;
- identifying district-level bottlenecks in programme delivery;
- paying closer attention to the content of local NR-related demands and support for their political expression.

The existing political settlement could be challenged better by:

- supporting non-state agents and alliances such as networked people's movements, federations and listservers to engender contest at various levels;
- judicial remedies such as public interest litigation;
- advocacy and awareness raising of local rights;
- supporting explicit negotiation over NR management.

# 1 The Policy Objectives of Decentralisation

## 1.1 Objectives and scope of research

Development policy in India has long appreciated the importance of environment-poverty linkages in determining development outcomes. The majority of the poor in India are rural people and particularly dependent on natural resources for their livelihoods. They often live in areas of high ecological vulnerability and relatively low levels of resource productivity and have limited and insecure rights over productive natural resources. These combined factors are significant forces contributing towards the vulnerability of rural livelihood strategies. Much of the debate over development strategies in the last decade has therefore turned around the question of how poverty, vulnerability and access to natural resources are linked and which policies can contribute towards sustainable rural livelihoods.

Central to this discussion has been a consensus that decentralising management over natural resources to local communities is an important step in the right direction. Decentralisation, it is argued, can contribute towards sustainable livelihoods through enhanced resource productivity and locally monitored equity in resource use. In India, two formal institutional systems have been isolated as having the legitimacy and potential to foster sustainable livelihoods through decentralised natural resource management.

### 1.1.1 Partnership models

The state has been reluctant to transfer access rights over natural resources (other than arable land) to local communities or individuals, but in the last decade there have been significant moves towards forming natural resource management partnerships with communities or ‘user groups’ of a particular resource. The two most institutionally evolved of these partnership models, Joint Forest Management (JFM) and Watershed Management (WM), are examined in this study.<sup>1</sup>

### 1.1.2 Local government

The 73<sup>rd</sup> Constitutional Amendment of 1993 institutionalises three tiers of local government at district (usually called *Zilla Parishad*), block (various local names) and village levels (*Gram Panchayat*), collectively called *Panchayati Raj* Institutions. *Gram Panchayats* have been vested *inter alia* with the responsibility of preparing plans for the management and development of natural resources within their boundaries. The potential of this system of devolution for natural resource management will be the primary focus of our study.

In addition to these formal institutional systems, *informal and traditional natural resource user groups* have for long been perceived as having particular local legitimacy for the management of natural resources. The extent to which such diverse informal groups and use patterns could be part of a formal system of decentralised management has been much debated, despite the obvious complexity of this process, and is a further focus of this study.

The above institutional systems entail different types and processes of decentralisation: deconcentration (the transfer of powers and responsibilities to local units of the public administration); devolution (transfer of powers and responsibilities to local government) and delegation (transfer to semi-autonomous groups). Each system has its advantages and disadvantages

---

<sup>1</sup> For a full list of papers produced by the study, see Annex 3. These can be accessed at [www.panchayats.org](http://www.panchayats.org) and at [www.odi.org](http://www.odi.org)

for decentralised natural resource management. Some of the advantages of PRIs include: their statutory mandate; their potential to ‘scale-up’ successful activities, (since they are vertically integrated into the political structure); their potential to raise local taxes; and their constitutional commitment towards affirmative action in favour of ‘weaker sections’. More generally it is argued that institutions for democratic decentralisation constitute a human right and that local governments can provide an environment that is conducive to the growth of associational life. This potential is often contrasted to the overwhelming evidence that user groups for natural resource management created by the state under partnership models have only very marginally improved the livelihoods of the poorest. Proponents for the partnership model would argue that the system of user groups working in partnership with the government are a means of getting more benefits from the government; of creating a broader leadership base in which more people can be involved in decision-making; of directly targeting the poor and those actually using the natural resource; and generally developing ‘social capital’ which will stimulate demands for good governance.

These two positions occupy polar extremes and most observers would probably agree that both natural resource specific user groups and a system of local governance are necessary. The preferred integration between various models of decentralisation depends partly on the position taken on how the two systems function at present. In turn, ideological positions aside, these opinions are based on very practical considerations concerning the capacity of different models to protect the vulnerable, manage natural resources and foster sustainable development.

This paper is based on a three-year study that considered the performance of three institutional types of decentralisation at village, district, state and central levels. The study aimed to analyse and compare the potential of each system for supporting sustainable, equitable and productive decentralised natural resource management. The research framework isolated four types of factors that influence the performance of institutions for decentralised natural resource management and their potential for contributing towards sustainable rural livelihoods:

- factors rooted in the political economy;
- factors influencing the interaction between political, administrative and informal institutions for decentralised natural resource management;
- factors related to the role of natural resources in local livelihoods and local institutional interactions.
- The potential of the natural resources themselves.

These four factors and the interaction between them provided the guiding questions for the research framework. Whilst the fourth factor, ‘the potential of the natural resources themselves’, is important in influencing patterns of resource use and related institutional processes, the study is primarily and mainly about *institutional interrelations* for natural resource management at different levels. This paper presents the study’s policy background and conceptual framework, and the main conclusions reached.

## **1.2 Background to decentralised natural resource management policies**

Decentralisation, community rights and the sustainable use of natural resources are some of the key issues underpinning the development discourse of our times. The debate over decentralising the management of natural resources in India is not new; in one guise or another it has been part of policy-making since colonial times. The basic considerations have also not changed that significantly: what role should the state play in development and what criteria should define their areas of control? With regard to natural resources, should the state play a regulatory, mediating or a managing role? What should be the division of property rights over natural resources? Because



these questions concern the distribution of power and control over resources, they are critical in defining state-society relations.

A study of policies for decentralisation, even when considered from a functional perspective, therefore has to take account of the policy context. This section provides the bare-bones background to the evolution of policies on DNRM since the colonial period. Because so many of the legal, administrative and policy frameworks for natural resource management originated in the colonial period, this time-horizon is necessary, if only to briefly outline the context. Both policies for political devolution and those specifically targeted towards natural resource management are outlined. For a detailed analysis of the historical evolution of policies on decentralisation the reader can consult chapter 2 of the National Level Situation Analysis and Literature Review (see Annex 3).

### *1.2.1 The colonial context: natural resource policies and community rights*

Natural resource management policies during the colonial period were driven by the objective of securing control over both natural resources and local communities. Proprietary rights over natural resources enabled the colonial state to extract revenue from land, forests, and water as well as to regulate community use of natural resources. Centralised control over natural resources was justified as essential to ensure the scientific management of natural resources. This argument was part of the wider ideology underpinning colonial rule that provided justification for the pre-eminent role of the British as managers of nature and social resources. However, despite this overarching theme, the genealogy of natural resource management paradigms during colonial times is complex. The chronologies of management and regulatory initiatives of different resources such as forests, land, water and soil are different. Colonial India, in other words, has different ecological histories depending on the resource in question; the costs of centralisation; the revenue value of the resource compared to this transaction cost; and local opposition to centralisation.

The trajectory of rights and management systems over surface and groundwater, for instance, are very different and continue to have an impact on current use patterns. The Easement Act (1882) recognised water rights for the first time and the absolute rights of the state over rivers, lakes and water bodies. The colonial government started a cautious but steady incorporation of traditional and private water resources that continues to have detrimental effect on the development of community rights in water. For practical reasons, the Easement Act was too difficult to link to groundwater rights; instead these were linked to the tenure rights of the landowner by the Transfer of Property Act (1882) and the Land Acquisition Act (1894). When read together, these imply that groundwater rights cannot be transferred independently of land tenure. In addition, the legislation provides no limits on the amount of groundwater that can be extracted by a landowner, an issue of significant importance in contemporary water management, as by implication the landless and communities that own land communally are excluded from legal access to groundwater rights.

The colonial centralisation of control and declaration of property rights over forests was perhaps the most significant form of imperial land management. The Forest Acts of 1878 and 1927 established reserved and protected forests in which, respectively, either all access was prohibited that was not explicitly allowed, or access was allowed but under limiting rules and regulations. Whilst it is widely accepted that these Acts had a significant impact on local natural resource use patterns, there has been a long and irresolvable debate about some key issues related to this control. According to some, it was colonial forest policy that destroyed traditional institutions and customs which had ensured sustainable resource management (Gadgil and Guha, 1992). Others dispute the extent to which these institutions provided a framework for resource use. In any case, many observers point to the differentiated nature of colonial forestry and the limited reach of the colonial state to suggest that to a considerable extent, local management of forests continued to defy planned scientific management. Instead, local use of forests was dependent upon the extent of local resistance, the

financial imperatives of the government and on the kind of forest; with those yielding a diversified range of products, and where revenue was significantly derived from non-timber products, more likely to be under local management (Sivaramakrishnan, 1999).

Another reason given for the uneven progress in the centralisation of control over forests is that departmental jurisdiction over various classes of forests was a matter of continual dispute within the colonial bureaucracy. The Revenue Department, whose prime responsibility lay in peaceful and continuous agriculture, was keen that there be a minimal abridgement of customary practices and rights, thus reducing the possibilities of civil unrest. The Forest Department, on the other hand, desired monopoly control in determining valid customs and rights and, if need be, in curtailing them in the colonial interest.

Thus, whilst the colonial government established an unprecedented centralisation of natural resources, the extent to which they were able to exercise their property right and actively manage natural resources is more complex. Many natural resources, in particular forests and pastures, continued to be under the *de facto* control of local communities for the reasons mentioned above. Several sporadic attempts were made at institutionalising systems of decentralisation during the colonial period; mainly due to local resistance to colonial management and a desire to protect more valuable natural resources. For example, the 1878 Forest Act attempted to classify selected tracts of non-timber producing forests as 'village forests' and in the Himalayas, local resistance to colonial control over forests led to the establishment of *Van Panchayats* (also village forests). However, these early decentralisation initiatives did not entail a transfer of rights and autonomy over natural resources and were also established over a relatively small area.

### *1.2.2 National state, development alternatives and the environment*

Development policy and planning in independent India followed the Nehru-inspired vision of economic centralisation and transformation from above based heavily upon industrial growth. This model set the context for all development activities and was preferred over the Gandhian alternative of governance and development centered on the village and district *Panchayats*. Centralised control over natural resources was considered an important component of this planned development policy, allowing the state to execute programs based on scientific and technological judgements and protect resources from unsystematic exploitation by local people. Thus, although the independent state assumed the role of provider, protector and regulator in fulfilling the nationalist project, as far as natural resource management is concerned, there is considerable continuity in the policies of the colonial and the independent government.

The appropriate forms and mixture of governance and administrative control to execute this centrally planned economic strategy was the subject of intense debate in the Constituent Assembly. Whilst many argued for the Gandhian model mentioned above, others considered *Panchayats* as too embedded in backward social and economic inequalities. As a compromise solution, the Constitution included *Panchayat* establishment as one of the guideposts for the nationalist government, but consigned it to the Directive Principles (article 40), which are non-justiciable. Instead, the Community Development Programme inaugurated in 1952 became the chosen vehicle for executing development programmes. The relationship between experts and communities was operationalised through a centralised public administration operating through extension services, block development offices and village level workers. In terms of natural resource management, this entailed the establishment of departments, boards and institutes for scientific research and technical training. The knowledge thus generated was brought to local people through a top-down approach based on pilot projects and demonstration.

This period, and hence its significance for understanding the current context of decentralisation, is when centralised planning processes were institutionalised. Centralised control was justified as necessary to direct a programme for development on behalf of the nation. The educated professionals, as leaders of a consensus nationalist movement, took the responsibility of planning development and assumed control of the state apparatus. Their depiction of instruments of planning, such as policies for natural resource use, as rational tools for pursuing priorities decided outside the political process, is still a critical part of policy-making today. Further, the ‘line department’ approach, the assertion of ‘line’ administration of departmental handling of development, was established during this period. This approach, which is based on demarcations of responsibility by production sector or sub-sector, still provides a dominant operational context for current natural resource management. Thus, in the first phase of independent democratic governance and management of natural resources, the village collective was looked upon as the object of planning; agency and control rested with experts and higher levels of government bureaucracy.

### *1.2.3 The Green Revolution, participatory management and non-state initiatives*

Several developments during the period between the 1970s and 1990s are significant for shaping the policy context for current moves towards decentralisation. First, environmental problems emerged as a discrete field of concern in official development discourse in India, and were linked by the Prime Minister, Indira Gandhi, to inadequate development: ‘poverty is the greatest polluter’. The tone for policies of economic development from the fourth plan (1969–74), including those related to the environment, was set by the acute food crisis and the subsequent start of the Green Revolution. In a neat U-turn from previous policies, it was asserted that the success of economic planning would be determined above all by performance in agriculture.

Secondly, increased growth in production was accompanied by a populist rhetoric that concerned itself with the fate of those unlikely to benefit from these development policies. This period was marked by the inauguration of programmes specifically targeted to employment and asset creation for poor constituencies. Many of these programmes were directed to creating natural resource assets that could ensure local subsistence and create some local security against extreme poverty. Social forestry and watershed management programmes were amongst those expanded as part of this centralised poverty alleviation drive, which has been described as India’s Third Agricultural Revolution, following *Zamindari* Abolition and the Green Revolution. In terms of governance and administration, these programmes were implemented along established line department approaches. However, ostensibly to ensure efficient execution, District Rural Development Agencies were established to link Central Government to the districts, blocks and villages. The theme of ‘local participation’ as a desirable objective was voiced in official policies during this period, but in reality there were only very limited and vague attempts made to translate this ideal into reality.

A third development during this period was the emergence of non-party affiliated social movements which presented a strong critique of the development project of the state. The critique was directed at the entire paradigm of development and democracy that had defined the policy agenda of the modern state and its vision of progress, equality, rights and justice.<sup>2</sup> With respect to natural resources, an issue that occupied a central place in the critique, it was argued that they had been mismanaged by the state for inequitable and unsustainable economic development. Local communities should have the rights to access natural resources and the primary objective of natural resource use should be fulfilling local subsistence demands. It was further argued that local

---

<sup>2</sup> A recent manifestation of protest – though more by groups loosely assembled around prominent individuals than by social movements as such – is the phenomenon of public interest litigation. For instance, the People’s Union for Civil Liberties petitioned the Supreme Court in May 2001, arguing that it was unconstitutional for the government to maintain large food stocks when a substantial portion of the population was undernourished. Although the case is still running, several interim orders of the Court (e.g. 23 July 2001 and 28 November 2001) favour the petition.

communities have the necessary knowledge and traditions to manage natural resources, which should be transferred to their control as common property. The incidence of grassroots social mobilisation around the environment is questionable and an issue which we will consider again. For the policy context it is important to note however that this perspective and local claims on natural resources had been entered into the policy debate 'on behalf of' local communities.

In terms of political decentralisation, two trends in Indian development planning had a contrary impact on the development of *Panchayats*. On the one hand, the Green Revolution and the focus on technocratic agricultural development left little scope for the *Panchayats* to intervene in the economic sphere, as these were based on centralised policies and extension machineries. Simultaneously, the vertically-integrated programmes aimed at poverty alleviation in backward areas completely bypassed the *Panchayat*, leaving India with a strong rural administration but not rural government (Leiten and Srivastava, 1999). However, the period also witnessed the establishment of non-Congress governments at the centre and in various states of the country. The social base of these new governments was composed of ascendant agrarian groups of intermediate castes that had hitherto enjoyed little power. For them, a move towards political decentralisation was an opportunity to enter the government, albeit at the lowest level (Rudolph and Rudolph, 1987). Numerous non-Congress State governments began to revive and experiment anew with forms of *Panchayati Raj* institutions in the 1980s.

In summary, the period between the 1970s and 1990s was important for shaping the current discourse around decentralised natural resource management. It witnessed the emergence of environment-development-poverty linkages as a central focus of policy debates. The principle that local people had rights to access natural resources for their subsistence needs as well as the right to participate in decision-making over natural resource management was explicitly established. Not yet mentioned, but to be briefly explored later, was donor support for initiatives that linked poverty alleviation, local participation and natural resource management. Finally, developments in the political economy meant that initiatives for political decentralisation being driven by newly emergent social groups coincided with an unprecedented centralisation of development planning behind the mantle of poverty alleviation programmes. None of these factors resulted in the poor having a significantly greater voice in the development process; however they were instrumental in furthering the agenda for decentralised natural resource management.

#### *1.2.4 The 1991 reforms and after*

A number of developments in the 1990s served to further the decentralisation agenda. In the economic domain, a new set of policies were put in place which departed from the mixed economy model and visualized greater participation for the private sector. Simultaneously, with the precarious situation of public finances, there has been a move to restrict the role of the state to core functions, leaving everyday management of many services in the hands of non-state sectors such as NGOs and/or beneficiary groups and user committees. This move has the support of both influential donor bodies and the NGO sectors in India, though the reasons for support vary. With respect to natural resources, watershed programmes have been established as a major form of intervention for sustained and equitable utilisation of resources to be managed jointly by the public administration and local user groups. Similarly, a Circular issued by the Ministry of Environment and Forests in 1990 provided guidelines for Joint Forest Management between local communities and the Forest Department. Politically, an entirely unrelated development – Constitutional Amendments providing legal sanction for establishing *Panchayats* as the third tier of self-government – include natural resource management amongst the responsibilities of local government. These various moves towards decentralised natural resource management have not developed in synergy with each other and *Panchayati Raj* in particular did not develop with a particular focus on natural resource management. However, one of the challenges of the last ten years, and the question that occupies

this study, has been to consider and compare their joint and individual potential as frameworks for decentralised natural resource management.

Several further contextual points can be made to outline the scope and content of initiatives for decentralisation. Although in India it is usually domestic factors that best explain the adoption of particular policies, the global move towards decentralisation and the privatisation and transfer of funds and responsibilities out of large state machineries provides an important context. The World Development Report of 1997 (World Bank, 1997) supported both political and administrative measures for decentralisation as crucial for downsizing government and thus creating flexible institutional arrangements that enhance efficiency, transparency and accountability in development. The importance of poverty-environment linkages in determining development outcomes and the insecurity and vulnerability of rural livelihoods was an issue recognised in the World Development Report of 2001 (World Bank, 2001). Further, there has been a renewed international commitment to poverty reduction in which poverty-environment linkages, and the decentralisation of natural resource management, occupy a central place.

A related contextual point is that there is arguably more consensus on the content of the decentralisation agenda. Opinions on how and why it should be implemented are less polarised. It is generally agreed that both political and administrative decentralisation are necessary. There is still an active and relevant debate over whether – given resource shortages to do both - the primary focus should be capacity building of local government or of user groups. The right to self-governance and the importance of observing democratic principles feature centrally in this debate. However most observers concur that political and administrative decentralisation should be mutually supportive. Further, there is a more cautious approach to the potential of traditional institutions and practices for natural resource management. A decade of slow achievements in participatory projects has led most observers to the conclusion that the reasons lie not only with inflexible line departments and their local machinations, but also with local structures and processes.

Whilst there is more agreement on the institutional components of decentralisation, there appears to be less clarity and direction on the objective. Sustainable livelihoods and empowerment through improved resource productivity, equitable distribution and self-governance are the reasons given. But what now constitutes a sustainable livelihood? In the period between the 1970s and the 1990s, the purpose of natural resource management was to support the ‘subsistence production’ of the poor and, to a lesser extent, to enable some income generation from minor forest products in particular. In the last decade there has been a growing recognition of the extent to which local livelihood strategies have diversified,<sup>3</sup> diversification is now the norm for the rural poor, not the exception. Whilst natural resources occupy a critical role in these strategies, it is no longer clear (and past clarity may have been a policy convenient illusion) how these are used. There is, in other words, no longer a ‘development narrative’ that provides a vision of what role decentralised natural resource management should assume in local livelihood strategies.

### **1.3 Institutional frameworks for decentralisation**

The institutional systems for DNRM compared in this paper differ in their policy trajectories, organisational processes and objectives. *Panchayati Raj* is a system of political devolution that (in theory) involves the transfer of resources and power to local level authorities that are wholly or largely independent of higher levels of government. The partnership models involve the transfer of responsibilities and resources to lower arenas of the public administration and to ‘user groups’ working in partnership with them. *Panchayati Raj* is an integral part of the Indian governance

---

<sup>3</sup> For a major study conducted by ODI and partners on diversification in rural areas of India, see [www.livelihoodoptions.info](http://www.livelihoodoptions.info)

system, of which natural resource management is only one component. The partnership models are specifically directed at natural resource management and operate through policies and programmes that are dependent on Government Orders. Despite their different profiles, the two institutional systems are closely linked in development practice and do not operate according to their ideal role as given above.

### *1.3.1 The partnership models*

The partnership models (Joint Forest Management and Watershed Management) being studied are state-funded programmes for natural resource management in which the state (through its line departments) has entered into an agreement with local natural resource user groups. The agreement is for joint management of resources in which the state supplies technical and financial capacity and devolves responsibilities and rights over the natural resources to local user groups under specific conditions, such as following prescribed management practices and contributing labour. Both WM and JFM have Guidelines that standardise agreements; although in both cases the final procedures are influenced by state- and department-specific decisions. Watershed management involves several departments and the management of various natural resources, soil and water, spread across private and community resources. Joint Forest Management involves a single department and natural resource. In neither case does the agreement include a transfer of property rights over resources – the ultimate decision-making authority rests with the department in question.

#### **Micro-watershed management programmes**

The rationale underpinning micro-watershed programmes is that the rehabilitation and development of natural resources (trees, grazing, farming and water resources) in an integrated manner can generate sustainable and equitable economic growth within the watershed. In aggregate, watershed programmes currently absorb some US\$500M/yr of public funding. Watershed development in the previous decades had been focused mainly on increasing productivity, and only secondarily, through special area programmes, on equitable development (see Situation Analysis detailed in Annex 1). Because of the varied natural resources involved, the programmes were run by several Ministries (Agriculture, Rural Development and Environment and Forests); each with their own objectives, guidelines, procedures and targets. Although the need to adopt more participatory approaches had been appreciated for some time, the various programmes had no institutional mechanisms or professional capacity to enable an internal change of procedure.

In contrast to the line-department approach of the government watershed programmes, a number of participatory people's movements adopted innovative methods to conserve soil and water resources. Significant efforts in this regard were the *Pani Panchayats* at Naigaon and Anna Hazare's efforts at Ralegaon-Siddhi. The success of these programmes, together with pressures from donors, led to a major revision of governmental orientation towards watershed management in the 1990s.

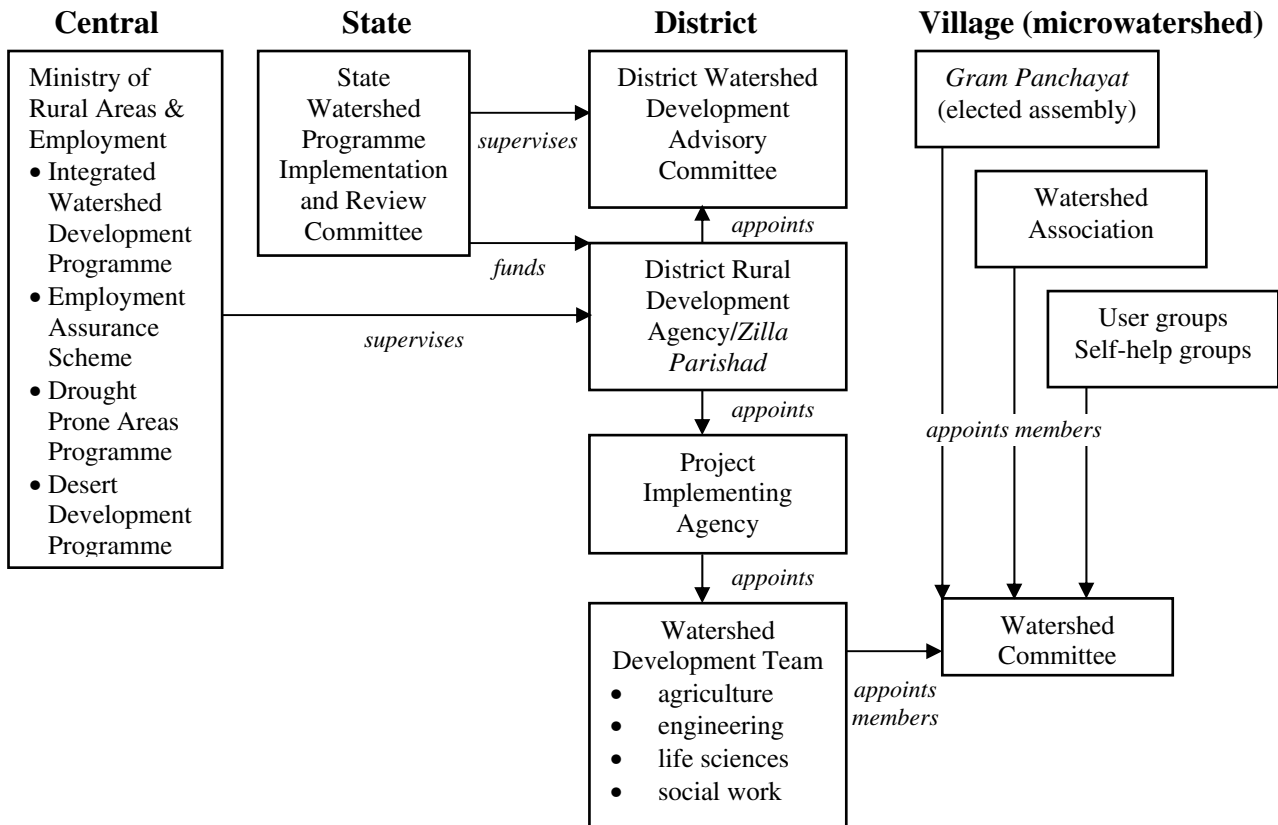
High-level committees were constituted in 1993 (CH Hanumantha Rao Committee) and 1995 (Dharia Committee) to look into the performance of watershed management and institutional mechanisms to make them more effective and equitable. These committees identified three main reasons for the dismal performance of the ongoing schemes for watershed development: the lack of an integrated approach; the relative neglect of non-wastelands; and the failure to institutionalise genuine participation. The reviews of these committees resulted in the issuing of the 'Common Guidelines for Watershed Development' in 1995. Watershed development in India has since become a favoured and substantially financed programme for integrated resource management and poverty alleviation. In fact, the emphasis of the programme has shifted from technical to social aspects, following the rationale that sustainable and participatory institutions should precede any physical work. The participatory emphasis now also includes all people living in the watershed;

including those with limited or no private land. The following are typical objectives of WD programmes:

- raising the productivity of rain-fed agriculture and non-arable land;
- encouraging the sustainable management and optimal use of water;
- reducing soil erosion and conserving forests;
- creating employment;
- promoting increased individual and collective responsibility for natural resource management;
- contributing to local social capital and decision-making capacity.

The Guidelines are fairly rigid about the preferred institutional structure for project management. At the district level, the DRDA or the *Zilla Parishad* is responsible for managing the project; they in turn select a PIA from amongst interested Departments, NGOs and private companies to implement the project. The PIA is responsible for 10–12 watersheds and is expected to operate through a multi-disciplinary Watershed Development Team (WDT). In each watershed a Watershed Development Association, created through participatory processes under the guidance of the WDT, selects a Watershed Committee (WC) from amongst the members. These bodies initiate people's involvement through facilitating self-help groups (SHGs) that do not have to be based around watershed related activities. The financial resources for the project come mainly from the government, channeled through the WDTs and Watershed Committees. A Watershed Development Fund (WDF) is created during the course of the project, and this accumulates assets after project completion through local contributions.

The Guidelines also specify that *Panchayati Raj* Institutions should be fully involved in the implementation of the programme, in particular encouraging the formation of SHGs and user groups. Further PRIs should ensure that funds from other programmes supplement watershed management, that the full *Gram Sabha* is involved, and that the Guidelines are followed. The PRIs can also apply to be project implementing agencies for a cluster of watershed projects.

**Figure 1 Administrative hierarchy for projects under the new guidelines**

Source: Farrington et al (1999)

The Guidelines for Watershed Management are path-breaking in many ways; they are the outcome of an extended collaborative effort by government, donors and NGOs to review past programme failure and to put best practice principles into operation. The Guidelines recognise local inequalities in social power and entitlements; but try to address these inequalities rather than using them as a justification for the mediating role of the state. The Guidelines specifically link natural resource management, poverty alleviation and equity in their formulation of potential watershed management activities. A capacity building period is built into projects to ensure that technical components do not begin before participatory user groups and self-help groups have been established. Most importantly, the ideals of participatory management have been given substance through the decentralisation of financial resources and organisational responsibility.

The extent to which these objectives are realisable has been a key research question; the following are several trends that emerge from the evaluation of the Guidelines so far (see Situation Analysis paper detailed in Annex 1 for more background):

- In operational terms, some of the problematic areas are a multiplicity of funding and executive agencies for WDM schemes that make it difficult to keep track of progress.
- Although the Guidelines seek to bridge across departmental policies, operational and organisational mechanisms for departmental convergence remain weak.
- The Guidelines are often taken as rules to be strictly implemented, resulting in insensitivity towards ground realities.
- The selection process for PIAs and contractors for works and the procedure for release of funds are not transparent and accountable.
- A continuing focus on land and irrigation despite intentions to target common land and include the landless.



- At the field level, though the operation of Watershed Management is regionally differentiated, it may be argued that there are several important trends that characterise the Guidelines across the board:
  - 1) Given the overwhelming focus on land and irrigation, there are three distinct groups that are likely to lose out on the on the benefits of the new Watershed Management initiatives. These include the landless, those in the upper reaches of the watershed and those especially dependent on common resources.
  - 2) The evidence that watershed management has led to an increase in associational activity and more participatory resource management is inconclusive.
  - 3) Projects run by NGOs have achieved a higher level of participation in watershed management than projects run by government departments.

### **Joint Forest Management**

The last decade has witnessed an important transformation in the ideological orientation and programme focus in the forestry sector, again with mixed results. The evolution of JFM has a relatively less complex narrative than that of watersheds and *Panchayati Raj*. This is largely because it concerns only two primary stakeholders: the Forest Department and the communities that reside in forest areas or are dependent on forest resources. Forest management in India continues to be largely a domain of state initiative, but in the case of degraded lands, joint management frameworks have been developed.

Several factors explain the policy initiative for JFM and its widespread implementation across India. One is the failure of social forestry projects in the 1970s and 1980s and the recognition that this failure was largely due to the lack of local involvement and ownership over the project. The critical need for a formalisation of local participation and project stakeholdings was one of the main lessons drawn from failed social forestry projects. Support for more participatory modes of forest management were supported by donors in particular, many of whom had invested substantially in social forestry. A second factor was the high levels of resource degradation and the inability of the Forest Department to protect valuable forest stock. JFM programmes can potentially divert this pressure from valuable stock by rehabilitating degraded forest lands for local needs. A third factor was pressure from development intermediaries to involve local communities and recognise local rights over natural resources. Finally, several local initiatives drew national attention to the social and economic consequences of the unequal forest access regime (Chipko) and provided a model for how JFM could be operationalised (Arabari).

The framework for Joint Forest Management was provided in the Forest Policy of 1988. This policy stated that meeting subsistence requirements should be the first priority of forest management and that environmental sustainability had to take precedence over forest revenue. Although this new forest policy is only a statement of principle and has to operate under the property rights specified by the Forest Acts, it is a radical departure from previous forest policies in its recognition of local demands. A Circular issued by the Ministry of Environment and Forests in 1990 provided Guidelines for the 'Involvement of Village Communities and Voluntary Agencies in the Regeneration of Degraded Forests'. This Circular is a significant departure from all previous social forestry projects in that it maps out guidelines for benefit sharing between the state and community; the institutionalisation of community management through membership rules, duties and benefits, micro-planning through PRA, and involvement of appropriate NGOs. The main features of the Circular are summarised below:

- JFM programmes are to be implemented through arrangements between the village community, the Forest Department and an NGO/voluntary agency.

- JFM should not include signing over ownership or lease rights over the forest land or contravening any Forest Acts.
- The beneficiaries should be entitled to a share of usufruct subject to conditions set by the Forest Department. On successful protection of forests they are to be given a portion of the proceeds from the sale of mature trees.
- Access to the forests and benefits should be open only to the chosen user group, which should form a Village Forest Committee (VFC).
- The Forest Department can annul the VFC in case of a failure to follow any of the rules and regulations established in its constitution.

Notwithstanding the enabling framework for community involvement in the management of forests, a number of serious difficulties remain in making the arrangement equitable and sustainable. These include the confinement of joint management to degraded lands; non-recognition of self-initiated Forest Protection Groups; absence of legal rights for beneficiaries and communities under JFM programmes making them subject to the approval of the officials of the Forest Department; the discretion and power given to the Forest Department in conflict resolution; the disproportionately large share of the benefits taken by the Forest Department and its continued power to suspend and even dissolve JFM committees.

Guidelines issued in February 2000 by the Ministry of Environment and Forests attempt to address some of the more obvious defects of JFM. Recommendations are made for the constitution of divisional or state level representative forums and working groups (with representation from NGOs and stakeholders) to resolve conflicts arising out of JFM arrangements. The guidelines also take cognisance of self-initiated community groups managing forests and state that these groups should be given official recognition. Other issues such as registration of JFM committees as societies and the extension of JFM to good forests are also mentioned.

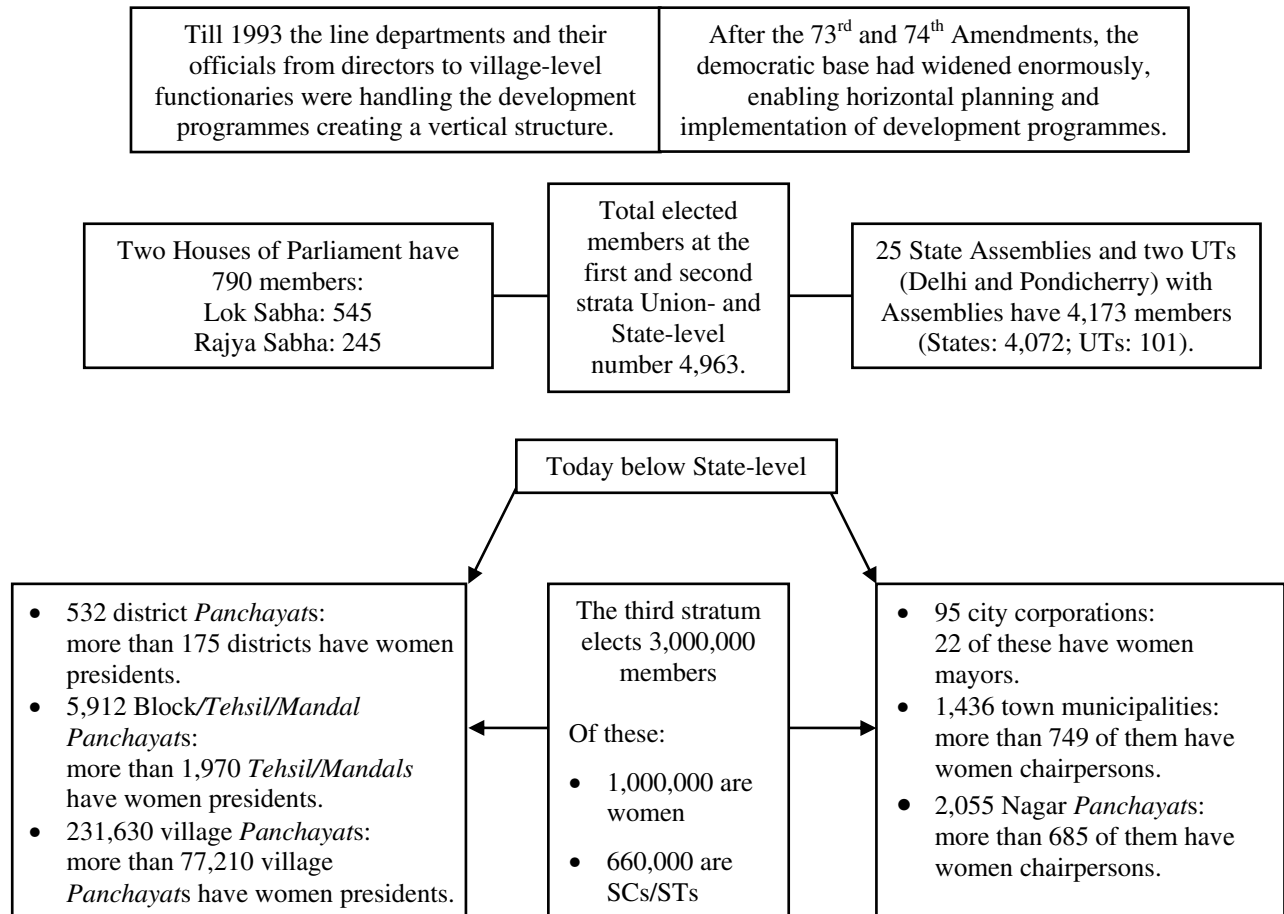
These recommendations are still being worked through and have not been widely implemented. JFM programmes have had mixed developmental outcomes; forests have been protected and communities have benefited from improved biomass resources as well as revenue from commercial sales of stock. These benefits have to be seen in the wider context of claims to forest resources both from those not included in the user group and therefore excluded from the resource; and those excluded by forest management practices under JFM. One of the most widespread criticisms is that the relatively powerful at the local level in collaboration with the Forest Department have too great a say in who should be able to claim rights over a particular forest. Further, the very poor and marginal have little influence in determining the management agenda despite formal membership. The livelihood security of these groups, who often rely most heavily on forest resources for their immediate survival, is often threatened by management practices that restrict forest access for long-term sustainability.

### *1.3.2 Panchayati Raj*

The new *Panchayati Raj* system that has been introduced through the 73<sup>rd</sup> amendment is also a qualitatively different structure than the *Panchayats* that had been established before, though possessing some of the same maladies that made the earlier incarnations ineffective. The most significant development in the evolution of PRIs in the past decade is that not only have they been endowed with formal legal recognition, but they have also been assigned a wide range of functions with respect to 'the preparation of plans for economic development and social justice [and] the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to matters listed in the Eleventh Schedule' (art. 243G). The

function, powers and voting patterns of the various tiers of *Panchayati Raj* – the *Gram Sabha*, *Gram Panchayat*, Block level *Panchayats* and *Zilla Parishads* – are provided in the Situation Analysis. They will also be considered in detail in chapter three. What is important to mention here for the context is that one third of the membership of PRIs has been reserved for the members of scheduled castes, scheduled tribes and women, thus enabling the representation of the most marginal sections of society.

**Figure 2 Widening of the democratic base after 1993**



*Note:* Numbers in the third box (below State-level) are approximate.

*Source:* Institute of Social Studies, Panchayati Raj Research.

What is evident from what is often called the ‘spirit’ of the law is that the Constitutional Amendment envisages the *Panchayats* as the lowest tier of government. In accordance with this vision, the Amendment recommends that *Panchayati Raj* Institutions be given the necessary administrative and financial support and revenue raising capacity to perform this role. The Eleventh Schedule forms an important reference point for the functions envisaged under the Constitution; many of these are relevant to natural resource management such as agriculture, land improvement and soil conservation, minor irrigation and water management, social and farm forestry, minor forest produce and fuel and fodder.

Notwithstanding these positive developments, PRIs continue to be hampered in their functioning by four distinct factors a) a continued financial weakness and slow devolution of financial resources; b) irregular meetings and a lack of local awareness of rights, powers and responsibilities; c) a contractual approach to work that precludes genuine participation; and d) opposition from other levels of government and development intermediaries to genuine decentralisation. Although PRIs

are now expected to deliberate and act upon all essential subjects, these four areas of weakness seriously affect their functional capacity. This is particularly true of natural resource management, which requires technical capacity, skills in financial management and the administrative and political negotiation of conflicting priorities and interests. In addition, natural resource management has for long been the domain of centralised line departments that have resisted a devolution of control.

The second line of enquiry with respect to PRIs is their potential to fulfill democratic functions of self-government. The extension of a political voice to the local level has obvious significance and potential. In particular, the inclusion through reservations of marginalised groups associated both with natural resource dependency and exclusion from natural resource access. Certainly, the argument that the new *Panchayats* are broadening and deepening Indian democracy does have some quantitative support, in that there are now over 500 district level PRIs, almost 6,000 block level PRIs and over 230, 000 village level PRIs in India. PRIs may not so far have contributed to significantly higher levels of political empowerment amongst marginalised groups; but the potential of this extensive organisational system is an issue that merits research.

#### **1.4 Summary: the relevance of comparison**

As the outline above illustrates, the institutional systems for DNRM we are comparing differ significantly. However there are two main reasons why we feel a comparison is valid and important. First, we have found that although the ideal role of these institutions might be distinct, their perceived objective is often interchangeable in development discourse. The objectives of the administrative and political systems differ depending on the perspective from which they are promoted. For instance, many proponents of watershed management consider this to be mainly a strategy for local empowerment that will contribute towards the democratisation of local institutions. Conversely, proponents of PRI may argue that their primary value is to facilitate local planning and the implementation of projects. A second reason that the comparison between the two approaches is relevant, as we will explore further in chapter two, is that the roles of the two are inextricably linked in development practice at all levels. In sum, a consideration of the options for decentralised natural resource management from both a conceptual and practical viewpoint needs to consider the whole institutional spectrum.

From whatever perspective it is viewed, progress towards a genuine decentralisation that involves local people in decision-making over natural resources and contributes towards sustainable livelihoods has clearly been very slow. Strong centralising tendencies in both the democratic and the administrative systems continue to concentrate power and autonomy for action away from the local level. In the case of the partnership models; the nature of the 'partnership' is intrinsically limited by the fact that the state owns both the natural and financial resources and has the ultimate right to annul local committees. Further, social and economic inequities in local communities have largely reproduced themselves in the local structures of both decentralised institutions. However, the process of transition to a decentralised system, and the inclusion of sections of the population historically excluded from the decision-making process, will inevitably be extremely slow. There is little capacity or experience of participatory decision-making and the democratic process at the local level. Social and economic structures and traditions, political marginalisation, decades of centralised development planning and extreme poverty all work against decentralisation. The processes of interest to this research are therefore incremental changes in the linkages between these factors that enhance local livelihood opportunities. Chapter two will consider the conceptual issues surrounding these factors and outline in more detail the research questions that they raise.

## 2 Institutional Synergy and Conflict in the Agenda for Decentralisation

This paper is directed towards an understanding of the institutional interrelationships that influence the performance of decentralised natural resource management policies. These are explored along three types of institutional perspective: the political economy context; synergy and conflict between different institutional systems; and local institutional interaction around natural resource management. These factors are linked in reality and indeed it is the linkages that are of particular interest in this research. However as they also constitute discrete fields of enquiry they have been separated for analytical purposes. Several general points about the agenda for decentralised natural resource management itself can be noted before considering the three fields of enquiry in detail.

First, is the fact of a significant consensus on the importance of decentralisation policies. Decentralisation is supported by groups of different political persuasions who fundamentally disagree with each other on the objectives and specific potential of decentralisation. The support that it enjoys is linked to the failure of centralised planning and to the related decline of development theories that provided analytical support for centralisation. This is particularly true for natural resource management; in India it is generally agreed that centralised planning has failed in maintaining environmental sustainability and fulfilling local subsistence demands.

Second, the evidence that decentralisation policies can contribute towards sustainable livelihoods is far from conclusive and there is an emerging realism about the potential of decentralisation. This realism is particularly true in relation to decentralisation measures for natural resource management where the optimism in community collective action and indigenous knowledge has been tempered by failed participatory resource management projects. The focus in both theory and practice is directed towards an understanding of what type of policy and project design will enable decentralisation to fulfill its potential. The support for decentralisation is therefore based to a considerable extent not on its proven success as a development policy but on ideological convictions related to the importance of local involvement and self-determination in the development process.

Third, and related to the above, there is an uncertain policy grasp on the content and objective of the agenda for decentralisation. The general direction, as we have noted, is 'sustainable livelihoods through equitable and productive natural resource management'; but what does this mean in practice? The uncertain grasp of practicalities is notable both in relation to the overall development policy of which DNRM is a part and in relation to the specific role of natural resources within this framework. For instance, there are no clear answers to the following questions: has decentralisation succeeded if a few people have more sustainable livelihoods? Has decentralisation succeeded if it has contributed towards local empowerment but at the same time to local out-migration? Should local people be able to derive all or only part of their subsistence needs from their main locality or village? What proportion of subsistence needs should be met locally by what proportion of people to satisfy the criteria of sustainable *local* livelihoods. The lack of an agreed vision on what decentralisation should achieve means that the policies themselves have to be assessed against contingent benchmarks.

Finally, this uncertainty about the objectives of decentralisation (political and ideological reasons aside momentarily) can be related to emerging empirical evidence on current rural trends and a related uncertainty about rural development strategies. These trends are of increasing globalisation; insecurity and risk; diversification of livelihood strategies; a shifting network of social capital that it is difficult to continue to label as 'community'; and a mediation of livelihood strategies by a complex and varied institutional environment. Previous optimism about the role that the agricultural

sector can play in local livelihood strategies has been muted. Further, a decade of critical reflection on 'environmental narratives' and their influence on policy has led to an appreciation of the historically and spatially defined nature of local interactions with the environment. Whilst positive in many ways, this has contributed to the lack of a rural development 'narrative' and therefore also the lack of clear objectives for the role of natural resource management.

## 2.1 The influence of the political economy

Research on local natural resource management practices is increasingly cognisant of the influence of the wider political economy. This is in part because of empirical evidence of the impact that these political, economic, technological and market forces, over which the rural poor have little information and limited control, have on local livelihood strategies. It is also due in part to theoretical developments in the field of natural resource management. The examination of micro-level natural resource management practices has for the most part been dominated by Common Property Management (CPM) and New Institutional Economics (NIE). Both approaches have in the last decade received sustained criticism for failing to take account of the wider political economy. CPM theories take collective action as endogenous to, even inhering in, the community (Kothari et al, 1996); whilst NIE approaches examine collective action as self-interested trade-offs. Both approaches fail to account for the impact of external factors on social power and how these factors constitute, reproduce or change relations between resource users (Mosse, 1997). Recent research on natural resource management, including that reported, is therefore considering these micro-macro linkages more closely.

There are several further reasons that we are taking political economy as a central explanatory variable; again these are drawn from both theory and related empirical evidence on natural resource management. One of these is the essentially political nature of policies that aim to change the structure of rights and control over natural resources. Property rights over natural resources are politically defended claims and assets, which have been politically negotiated in the past. These rights refer not only to direct and tangible claims over natural resource flows but also claims over the institutions (both structures and processes) that determine the modes through which these claims are made, defended and converted into other assets. The process of decentralisation will, in theory at least, mean a transfer of control from agents at a centralised level who, whether legitimately or not, are deriving benefit streams from the current allocation of resource control. This second claim, control over and access to the institutional structure of resource management, as our fieldwork will show, is often as important as the natural resources themselves:

'Indeed access to other actors is conceptually prior to access to material resources in the determination of livelihood strategies, for such relationships become *sine qua non* mechanisms through which resources are distributed and claimed, and through which the broader social, political and market logics governing the control, use and transformation of resources are either reproduced or changed' (Bebbington, 1999:6).

As chapters three and four will demonstrate, political claims on the institutional structure for natural resource management is a key variable determining patterns of decentralisation.

### 2.1.1 The political demand for decentralisation

The political negotiation that underpins the political and administrative decentralisation process differ, although as we will show later, they are linked. There is a general consensus on the reasons for the Constitutional Amendments of 1993 and the emergence of PRI as a political force. PRIs have been a topic on the policy agenda since Independence, but they shot to top of the political

agenda in the 1980s due to a power shift. In short they provided an instrument for a new ascendant agrarian class from intermediate castes to secure from the state benefits from which they had been excluded. This period also saw the emergence of many non-Congress governments at the state level that looked at the establishment of *Panchayati Raj* as part of a general move towards a more federal polity. Things began to move rapidly on the *Panchayati Raj* front from the late 1980s on account of two opposing tendencies. On the one hand there was an attempt to bypass the states and route funds directly to *Panchayats*. On the other hand, there was a demand for greater federal polity in which almost all the states had a stake. In neither instance were the ruling groups really interested in passing power to the local level, but the importance of *Panchayats* derived nevertheless as a by-product of their aspirations, and led to the Amendment in 1993.

The factors that explain the emergence of policies for decentralised natural resource management are more complex. Partly it can be related to the experience-induced outcome of five decades of public administration of natural resources and evidence of worsening poverty-environment linkages. The support given by donors for participatory natural resource management projects, as well as donor pressure to reduce the role of the state, are also part of the explanation. Some observers point to the changing nature of state-society relations in the 1970s and 1980s and the emergence of non-party related social and ecological movements that advocated local rights to natural resources. However whilst these movements put decentralised natural resource management on the policy agenda, they did not represent a grassroots demand for decentralisation. Two further explanations can account for the emergence of the partnership models and their current organisational constitution. As we have already suggested, from the 1970s a new agrarian group of intermediate castes had begun to emerge and press for greater role in governance and were keen on sharing the benefits of 'development'. The state responded by increasing its patronage network, and redistributing state resources in exchange for vote banks. This pressure is reflected in watershed management with the strategy shifting from being primarily technical to a focus on employment generation and public works as part of poverty alleviation programs. Secondly, there was pressure from development intermediaries such as NGOs, who have been given a significant role in the facilitation and moderation of the partnership between the public administration and the community.

In operational terms, the new management structure can be read two ways. On the one hand, it could be argued that the state, under pressure from ascendant social groups, development intermediaries and donors to demonstrate an adoption of participatory principles, has constructed organisations that demonstrate conformity to this approach without changing the underlying institutional relations on which these are based. Because the state has not changed any of the working briefs or accountability structures, it could be argued that by creating dependent institutions right at the village level, the state is in fact increasing the effectiveness of its centralisation. On the other hand, once such structures are in place, the people who operate the local institutions have a relative autonomy to develop these to express their choices and tailor them to suit their interests. The extent to which they are successful in doing so, depends on a host of factors such as level of mobilisation, possibilities of collective action, extent of poverty and attitude of ruling groups. But most certainly, to deny any autonomy to local actors would be as serious a misreading as to assume that once the Guidelines are in place, they are also being operationalised.

This political background to decentralisation suggests that in both instances the demands for decentralisation are related more to control over the institutional infrastructure than the natural resources themselves. There remain strong centralising tendencies with local committees formed through user groups still operating in a hierarchy that creates a chain of dependency from the village right up to the central funding level. Further, the political pressure for decentralisation has come not from the rural poor themselves but from a mixture of ascendant agrarian groups, development intermediaries, donors and from within the public administration. There are some exceptions; for

instance the Arabari experiments in joint forest management. These started due to conflicts between local populations and the Forest Department and the implicit local demand for decentralisation. The subsequent success of the joint management arrangements must however be attributed partly to high-level political support and the fact that the mass base of the ruling communist party coincided with the intended beneficiaries of these schemes. The ability of the rural poor to claim their rights therefore depends significantly on their relative power and ability to deploy it for the pursuit of sustainable livelihoods, a question that has to be approached from a political economy perspective.

### *2.1.2 The role of politics in development*

Initiatives for decentralised natural resource management (as outlined in the literature review) have drawn on the notion of social capital developed by Putnam (1993), namely that it is a pre-condition for development and democratic outcomes. It is assumed that social capital can be created through horizontal associations that lead to patterns of trust and facilitate social cooperation for mutual benefit. The notion that the rural poor can be empowered through associating in user groups and self-help groups, and that social capital is the ‘missing link’ of development, implicitly and explicitly underpins the decentralisation agenda. Most projects now start with an explicit focus on building associational activities that will allow the poor to participate in the development process. Notably absent from the debate over how to construct social capital has been the role of the political system. In a hurry to involve local communities in participatory projects there has been a widespread neglect of the role of formal institutions. This has been a general trend in development policy; as Manor points out, there is ‘a preoccupation with the involvement of local people in development project cycles, rather than with the promotion of well-established, elected institutions’ (Manor 1999:9).

The role of politics in development is again becoming a development concern and raises both an analytical and an ideological question. Analytically, the concept of social capital is flawed because of its inability to account for how structural location affects access to networks, or for political structures that prevent or promote the use of social capital. Critical commentators on Putnam’s notion of social capital argue that social capital has negative externalities and therefore needs to be examined in political contexts. Groups at both village and intermediary levels can take advantage of new opportunities, and thereby create forms of exclusion that had not previously existed. Empirical evidence of the operation of this ‘dark’ side of social capital is more abundant than that of positive social capital. In fact the robustness of the notion of social capital is surprising given the predominance, despite extensive capacity building efforts, of the interests of the relatively powerful in user groups.

Equally important for decentralised natural resource management, is an understanding of political capital; the opportunity and ability to use power in ways that maintain or enhance political and economic positions and so increase livelihood options. While forms of associational life may have been created, it is this institutional context that poses the most crucial set of constraints to local livelihoods, as the next section will explore further. In fact, there is enough empirical evidence of the importance of political capital for the argument to be reversed: local people need political capital in order to claim and defend rights as well as to create forms of associational life. Observers point to Kerala, Tamil Nadu and West Bengal as examples of how the political context can have positive consequences for the subsequent fostering of forms of associational life. Local governments can thus potentially create the framework for the creation of social capital, in the sense of a collective resource for the poor in pursuit of livelihoods. The relative importance and the actual interaction of social and political capital are issues to be examined empirically.

The second issue concerning the role of politics and the state in development is ideological and concerns the view on the democratic and developmental functions of PRIs. Many argue that



*Panchayats* should not be used as delivery agents for development projects, but instead should act as institutions of self-government and decentralised political power. Whilst this is not an issue researched in any depth here, it is important to mention because the debate over the relative importance of these two functions has formed the backdrop to PRI policy since Independence. The political functions of PRIs have been given more importance following the recommendations of several Committees; however, many claim that this is nominal and that PRIs remain ‘developmental’ in orientation. As noted by the communist leader EMS Namboodiripad, ‘I am afraid that the ghost of the earlier idea that *Panchayati Raj* Institutions should be completely divorced from all regulatory functions and made to confine themselves to developmental functions is haunting my colleagues’ (cited in Mukarji, 1995). The balance of these various functions, though not explored further here, is a constant theme in decentralised natural resource management.

## 2.2 Political and administrative linkages in decentralisation

The definition of institutions used in recent thinking on natural resource management has moved progressively away from mainstream institutional theory that tends to view institutions as rules, regulations and conventions imposing constraints on human behaviour (Ostrom, 1996). Much of the social research on natural resource management now starts with an appreciation of the critical importance of factors such as norms, customs, beliefs, age and gender in determining livelihood outcomes. Institutions governing access to natural resources are sites of social interaction, negotiation and contestation that have a critical impact on the capacity of local people to build sustainable livelihoods. These informal institutional aspects, as we found during the course of the study, are in fact critical in explaining natural resource use dynamics.

The role of the state is critical in influencing the operation of both formal and informal institutions for natural resource management. This is particularly true in India where decades of centrally planned development have contributed towards an organisational infrastructure that has a significant presence at the grassroots. There is a consensus that the failure to alleviate poverty and continuing environmental degradation are due to state failure. A mid-term review of the ninth Five-Year plan in India provides the following analysis:

‘despite good performance on the growth front, progress in reducing poverty in the 1990s has left much to be desired. Concerted policy action is needed to lift the 350 million poor, who are increasingly concentrated in the poorer states, out of poverty. This requires not so much additional resources – which would result in further leakages and swelling from the already bloated bureaucracy – as better policies and sound delivery mechanisms’ (Saxena, 2001:1).

The prognosis goes on to locate the problems in the inability to handle funds, corruption and patronage networks, and inefficient public distribution systems.

These are complex institutional problems and understanding them requires a detailed understanding of the organisational mechanics of development programmes as well as their political context. As a recent comparative analysis of centrally planned poverty alleviation schemes (Nayak et al, 2002) reveals, the administrative details and design of the programmes make a big difference to the effectiveness of delivery. The comparative approach adopted in this study, both between institutional systems and their operation in different states, is intended to explore the relative influence of programme design, objective, administration and political context in determining development outcomes. There are two aspects of the decentralisation agenda that are of particular interest in this study; the operation of institutional linkages and the process of institutional transition.

### 2.2.1 *Potential synergy between institutional systems*

The question of linkages between different institutional systems is central to the current debate over decentralised natural resource management. Earlier enthusiasm for the capacity of informal and traditional local institutions has been muted by the reality of inequitable local social structures, by the limited evidence of successful resource management and by uncertainty about whether indigenous knowledge can keep pace with rapid environmental change. The public administration is generally accepted to have failed to live up to its mandate of sustaining and managing natural resources, hence in part, the agenda for decentralisation. Several have argued that local government is severely restricted in its ability to act independently (Mathew (ed), 2000; Jafri, 2002; Suri, 2002; Behar, 2002). Hence, whilst the preferred and optimal institutional combination for natural resource management is a subject of debate, much of it determined by political persuasion, the necessity of institutional linkages is usually taken as given. The ultimate property right of the government is not generally drawn into dispute in this debate; the policy focus has been on what rights and responsibilities should be devolved to the local level for resource extraction and management.

The main focus of project and programme analysis of DNRM in the last decade has been on examining mutually supportive relations between public and private sectors; in particular on establishing the comparative advantages of the public administration and NGOs. The objective has been to overcome the public-private divide and to build on ties that can link citizens and public officials so as to provide the scope and opportunity for greater local participation and the mutual enhancement of development inputs (Ostrom, 1996: 1073). Both the Guidelines for Watershed Management and Joint Forest Management derive their structure in part from the influence of these concepts and extensive efforts to realise these objectives through training and capacity building.

The role of PRIs, on the other hand, has not been as thoroughly subjected to investigations through this conceptual framework. This is partly due to the fact that it is only after the Constitutional Amendments of 1993 that they have become a viable part of the institutional infrastructure for development. It is also due to the association of PRIs with politics, corruption and élite capture and therefore as presenting an obstacle to associational life and the formation of social capital. The Constitutional Amendment has however changed the profile of PRIs and provided them with a renewed legitimacy. The question of their role in development, how they compare to and can complement the public sector, and their interaction with traditional institutions, is now at the forefront of decentralisation policies.

### 2.2.2 *Crossed institutional mandates*

The analysis of development complementarities between the administrative and political systems and the pursuit of positive linkages and synergies is based on an artificial separation of their operation. In theory, their roles are linked and complementary: administrative support is necessary for effective democratic decentralisation and the public sector needs to be politically accountable. With respect to the partnership models and *Panchayati Raj*; the administrative system delivers state expertise for watershed and forest management and provides user groups with direct contact to these services. *Panchayati Raj* provides the democratic decision-making context about local level priorities and the integrated access into the political system to express these demands. In practice, the operation of the political and administrative systems is far more complicated because they have crossed institutional mandates and both need to be considered in the context of wider balance of power questions as outlined in the last section. For instance, the ability of *Panchayats* to support local development is complicated by the fact that at the macro-level, *Panchayati Raj* has two not necessarily compatible goals. For planners, these are instruments of development, but for politicians they are instruments to be used in bolstering party political positions. Likewise, user groups as

instruments of development are intended to create sustainable livelihoods, but they are also a means by which to achieve a political mobilisation of scarce resources.

An analysis of institutional linkages therefore has to take into account: a) institutional sources of power and the forms of agency they make possible or constrain; b) the conflicting interests they serve; and c) the limitations they thus pose on the local livelihood strategies. For instance, administrative procedures such as the selection of contractors for watershed projects are often inoperable because access to such work has been captured through political donations. Such political capital may, even with the best of intentions, be difficult to dismantle due to the reliance of local administrators and elected representatives on the funds. To take another example, bureaucrats may raise funds for the political negotiation of transfers to favourable posts by extracting these locally in the form of extortionate payments for water, trees and seeds. Further, local people may have to pay commissions to gain access to grants that are rightfully theirs. The rural poor may thus well be producing more surplus than is assumed, but their lack of power in such micro-interactions restricts the extent to which they can invest it to enhance other assets or to secure livelihoods.

The fact of institutional inefficiency and corruption is nothing new; both have been blamed for the failure of development projects for a long time. However the analysis of these problems has tended to separate corruption in the administrative system from corruption in the political system. A further distinction is often made between corruption at the local level and high-level corruption. This is particularly true of the debate over appropriate institutional mechanisms for decentralised natural resource management. Despite abundant evidence of the linkages between them the institutional failures of *Gram Panchayats* and Watershed Committees tend to be regarded as separate phenomenon. This research on the linkages between them concurs with Wade (1986) that these ostensibly different corruptions are in fact part of the same system and integrally linked in the everyday practice of development. Further, the assumption that political and administrative corruption are different has prevented a focus on what happens to the income generated by corruption, or when there are discussions about politics influencing the bureaucracy, an analysis of why bureaucrats respond to that influence.

### 2.2.3 *Institutional transition and transformation*

Decentralised natural resource management, even from a conservative viewpoint, involves significant change and institutional transformation. At the very least, after decades of centrally planned development, decentralisation involves new partnerships and changing attitudes. However more significantly, it also involves a changing rights structure; not so much over the natural resources themselves, over which the state retains the ultimate property right, but over the institutional structure through which natural resources are managed and funds for natural resource management are allocated. The consequences of a transition to a decentralised system of natural resource management differ for established groups. A change in the structure of rights over natural resources is likely to be resisted by those who will lose access to a benefit stream either directly (loss of material benefits from forests, etc.) or indirectly (fewer contracts for training, fewer opportunities for rent seeking, etc). These have been termed 'transition costs' by Khan (1996), who notes that the intensity and extent of resistance is the real cost of change faced by the initiators of a policy.

Much of the conceptualisation of institutional transformation in the context of DNRM has been on slow incremental change based on the accumulation of social capital and attitudinal shifts. The extent to which this approach can counter the intense opposition to the decentralisation of rights and resources is highly debatable. This resistance explains partly why so many of the measures for decentralisation have been accompanied by administrative technicalities that prevent their actual realisation. To the extent that incremental and attitudinal change is possible it has to be considered

in the context of power structures that shape preferences and the bargaining structures over change. The capacity to transform existing relations can be difficult even when political will exists across some parts of government. For instance, the ability of politicians to influence the administrative response to a project agenda by choosing where to channel the project, and transferring individuals who do not fall in line, is generally appreciated. In some instances, however, the opposition is reversed; politicians are unable to affect any change because the public administration does not respond.

Finally, the enormous transaction costs of the agenda for decentralised resource management are a major explanatory factor for slow progress. There is very little capacity at the local level for formal planning and natural resource management can be a particularly technical subject with new challenges for which local knowledge may no longer be suitable. The rapid pace of change and the intricate layering of rules, regulations and sequencing make the ‘rules of the game’ difficult even when there is no political manipulation involved. The physical infrastructure for decentralised planning is also weak, with shortages of equipment, materials and poor communications. Finally, the rural poor do not have the time, human and financial resources to take part in a planning process whose future benefits, particularly in natural resource management, are uncertain.

### **2.3 Local institutional interactions and natural resources in local livelihoods**

The main focus of our research has been to understand the factors that affect resource use and management at the local level; the two research themes discussed above are also ultimately directed towards understanding these local dynamics. As noted, much of the research on local natural resource management so far has been done from either a New Institutional Economics or a Common Property Resource (CPR) perspective. Both perspectives have tried to understand the factors that explain collective action and the ‘breakdown’ of collective action in terms of three key factors: the characteristics of the resource itself; the nature of the property rights held over them; and the social and economic characteristics of the community. As already noted, the influence of wider political and economic factors on resource management at the local level has not featured significantly in these perspectives.

The starting assumptions of this study drew heavily on the CPR perspective and initial intentions were to compare and contrast social and natural resource variables to understand the key factors that enable collective action. This perspective was changed through our analysis of ground reality during the initial stages of the research. It became evident that the most significant variables in understanding local resource management are institutional structures external to the ‘community’; the policies, programmes and projects of the state. Local social and economic structures clearly have an impact on natural resource management but there is less autonomy in their operation than we had anticipated. It also became clear that there was only limited collective action around the natural resources themselves (as opposed to schemes and projects) and limited evidence of traditional customs for this purpose.

These early experiences altered the perspective of our research and led to a greater focus on the role of natural resource in local livelihood rather than a focus on collective action determinants. This focus was reinforced by two themes emerging from the literature on natural resource management in the last decade: 1) a reappraisal of the role of the community in natural resource management, and; 2) uncertainties related to the role of natural resources in local livelihood strategies.

### 2.3.1 *The community and natural resource management*

In the context of the debate over decentralised natural resource management the imagined community has been small with territorially-bound units and a distinct relation to a specific natural resource. Whilst it has for long been appreciated that communities are heterogenous and characterised by unequal power relations, it was considered that these did not compromise the essential unity of the community. It was assumed that given some adjustment and negotiation, communities were the ideal unit to which to devolve control over natural resources. This image of the community has been one of the motivating factors behind the expansion of programmes for decentralised natural resource management. However this expansion has been generated more by a faith in the community and its natural resource base than by hard evidence. The emphasis is now arguably the reverse; that the existence of a community in relation to a particular natural resource cannot be assumed but should first be established. The attempt to simplify the relation to natural resources by using the concept of a ‘user group’ has only served to deepen questions concerning the unit that should be at the center of policies for decentralised natural resource management.

The perspective taken in our research drew on the lessons from one research project in particular; an institutional analysis of community forestry (Jeffery and Sundar, 1999). One suggestion emerging from this study is a useful distinction between two different meanings attributed to the community in natural resource management (Agrawal, 1999). ‘Community-as-shared-understanding’ is an organic unit, in which members have common ties, interests and beliefs, and thereby a propensity to act collectively that dispels alienation. ‘Community-as-social-organisation’ refers to a different set of attributes; a common and stable territorial location, stable membership and regular interaction over a range of issues. Agrawal argues that these concepts have become linked because of the implicit belief that by participating in the community-as-social-organisation, members can gain a new understanding of their collective interests and so align divergent interests, beliefs and identities based on caste, class, gender and religion. This assumption is implicit in most policy statements about decentralisation, as well as in the way that projects are designed. As he points out, development interventions can only hope to influence the second concept of community; by setting up regular meetings, rules for interaction, etc. However, the link between community-as-social-organisation and community-as-shared-understanding is far from clear.

One reason is that not only are communities far from homogenous and conflict-ridden but also that individuals are caught up in overlapping circles of relationships. These may be external linkages for work, electoral politics that provide regional alliances, the impact of targeted programmes, relations based on caste, marital and religious circles. Although these are often based on dividing lines – such as race, class, gender – they may also be forms of community. In fact, these links can serve to break oppressive place-based relationships and build new forms of social capital. Hirschman had argued that in fact this is often the case in his analysis of market transactions and their effect on what is now called social capital: ‘...to the extent that society is in need of moral values such as “truth, trust, etc” for its functioning, these values were confidently expected to be *generated*, rather than eroded, by the market, its practices and incentives’ (Hirschman 1982:1467).

Arguably a principal defining feature of communities now is the nature of State intervention. Jeffery and Sundar point out that, in the case of forest management, ‘what appear to be rules set in place by autonomous communities may in fact reflect a long history of state intervention and differentiation between different categories of people’ (1999:39). Their observation in the case of JFM holds true for WDM, namely that resolutions draw lines and definitions around the community. For example the community is conceived of as settled (excluding migrants, pastoralists and shifting cultivators and any links that settled villagers have to these categories) and is expected to have an identifiable relationship to a particular resource, from which others are thereafter excluded.

The term ‘user group’ or stakeholders is often employed to ease the definition of these relations and enable programme implementation. In contrast to the assumptions made about the community, the term stakeholder implies a ‘society made up of free-floating actors, each with different interests which they pursue by bargaining with each other in interactional space’ (Nelson and Wright 1995:6). This neglects an appreciation that the various actors are already part of a system in which there are uneven bargaining powers. Allowing the community to define itself will probably mean that the definition of the most powerful will prevail. As argued by Agrawal above, defining user groups and laying out an institutional design for interaction does not address internal power relations and may therefore be an insufficient basis for collective action based around common interests. Indeed, the evidence on devolution of control over natural resources – although not conclusive – indicates that such programmes in fact often increase local insecurity as newly devolved structures and power relations are added to existing local arrangements.

As noted already, associational activity, such as the identification of user groups for resource management, can have negative externalities. In fact, one conclusion from fieldwork on government-created committees concludes the following:

‘We have concluded that the argument made by government officials, that the multiplicity of the committees gives scope for broadening the leadership base with the focus on equity, rings hollow. On the contrary, it has led to a concentration of power in the hands of a few people’ (Vasavada et al, 1999:178).

Government committees are by their nature exclusive, and the construction of user groups not based on a definition of rights of inclusion or exclusion:

‘In understanding community, then, in every particular situation we need to specify how different state forms have historically interacted with community control; how ‘communities’ have been refashioned through government programs with their differential benefits to different sections, and conversely, how power structures within communities have informally redefined the outcomes of state programs’ (Jeffrey and Sundar, 1999:43).

### *2.3.2 Local livelihood strategies and natural resource management*

A second theme emerging from the empirical literature is the enormous diversity of livelihood strategies. Amidst high levels of material uncertainty and risk, rural populations have become more occupationally flexible, spatially mobile and increasingly dependent on non-agricultural income generating activities. Although farming is still an important activity, it is increasingly unable to provide a sufficient means of survival in rural areas. Diversification is, by definition, a complex process and there is still much research to be done to understand why it is happening and what effect it is having on rural poverty and natural resource management (Ellis, 2000:2). However, it is evident that diversification has moved from being a footnote in rural development – a process that happened at the boundaries – to being acknowledged as a mainstream process.

The evidence suggests that the declining productivity of natural resources is one of a number of factors that are pushing people out of agriculture and into non-farm based activities. The future of agriculture as the central driving force of rural development is being called into question with the realisation that agriculture may not be able to support the rural population and that diversification is inevitable. The role of natural resources in these diversified rural livelihoods depends on a number of variables; in some instances, access to natural resources remains critical, sometimes even more so as a result; in other cases diversification leads to a lesser dependency on natural resources. In either case the linkages between access to natural resources and livelihoods are more complex than had previously been taken into account. What is evident is that current policies for decentralised

natural resource management have not fully taken into account this diversified reality. As Bebbington (1999) has argued, the problem of rural development strategies is that they are always behind the times and 'continue to crunch rural livelihoods into the category of agricultural and natural resource based strategies'.

### **The local demand for decentralisation**

It seems clear that the rural poor were not drivers of the current initiative for decentralised natural resource management. Certainly, natural resource related conflicts have on several occasions been the motivation for social mobilisation and natural resources do play a critical role in the livelihoods of the rural poor. Decades of extensive research have tried to establish the factors that account for local collective action and to define a narrative for historical natural resource use patterns. Whether or not people did have systems for managing natural resources in the past and the prevalence and social characteristics of these systems is still an open debate. The questions asked during the research were therefore pragmatic: what potential does the initiative for decentralised natural resource management have for improving local livelihoods?

### 3 The Potential of Decentralised Natural Resource Management

The study reported here focused on the relational dynamics of the three broad decentralised natural resource management systems in practice in India: partnership models; *Panchayati Raj* and informal systems of natural resource management. The central research idea was that the following main factors influenced the outcome of decentralised natural resource management:

- a) the natural resource resource base
- b) the political economy context
- c) synergy and conflict between different institutional systems
- d) the role of natural resources in local livelihoods

This chapter presents a schematic outline of the study conclusions. The full findings of the study and detailed reports of the three studies at state, district and village levels can be found on [www.panchayats.org](http://www.panchayats.org) (see Annex 3).

#### 3.1 The natural resources and their potential

Whilst this study focuses on institutional interrelationships, the natural resources themselves clearly play an important role in shaping social and economic structures and institutional interactions. Whilst examining institutional arrangements it was therefore also critical to understand the constraints imposed by the natural resources themselves. As discussed in chapter two, whilst there is an overwhelming policy consensus that DNRM is critical for the livelihoods of the rural poor, the actual role of decentralisation in a broader agenda for rural development remains vague. The stated objective is broadly to achieve ‘sustainable livelihoods through productive and equitable resource management’. But what does this mean in practice?

The uncertain grasp of objectives is related in part to emerging empirical evidence on current rural trends. Livelihoods are increasingly insecure and diversified with a dynamic and varied link to natural resources. Environmental narratives that explained the interaction between communities and natural resources have largely been abandoned as inaccurate. The studies conducted by Jodha (1986) that have for long formed the basis for all-India commentary on common property are now accepted as outdated. The current status, availability and role of common property – the main focus of DNRM – is unknown but widely believed to be shrinking as a result of resource degradation and privatisation.

Our study did not intend to fill these knowledge gaps on the potential role of natural resources in DNRM. The primary research did however arrive at some conclusions about the influence that the state of the natural resources themselves have on local development. There were three broad types of villages with respect to natural resource endowments in our study villages. The first type were villages located in proximity to moderate or dense forests. The second type were villages where surface water resources are available and used fully or partially but with few forest resources nearby. The third type were villages with very few endowments of either forests or surface and groundwater. There are several trends that emerge from a consideration of DNRM in these varied natural resource contexts.

First, the study confirms the long appreciated findings about the importance of access and the primacy of tenure and ownership rights in explaining natural resource management interactions. Limited access to natural resources was indeed a defining characteristic of the poor in the study villages. The distribution of rights over natural resources has not changed as a result of



decentralisation. In particular, ownership of land and water resources remain concentrated in few private hands and valuable natural resources remain vested in line departments. Insecure rights of access and low stakeholdings in natural resources create a disincentive for local involvement in natural resource management, despite the enabling context created by partnership models and PRIs. The village case studies demonstrated that ownership and access to private land and irrigation were the key variables in determining interest in watershed projects. This was particularly the case when there were few common lands available for works and most watershed investments were applied to individual private lands.

Second, natural resource endowments as a whole (i.e. their availability and quality, in particular of common land and water) did not significantly determine the outcomes of watershed interventions in the study villages across MP and AP. They provided at best an enabling condition for certain types of interventions; but beyond certain levels of endowment this did not make a great difference. For instance, local rainfall, edaphic and geological conditions impose constraints on the recharge of groundwater in some watersheds. But beyond a minimum level permitting investment, tenure over the regenerated groundwater is more of a deciding factor than the ecological conditions in DNRM outcomes.

Third, due to this distribution of resources there were very few instances in which there was a decided link between an improved natural resource base and an improvement in local livelihoods. The technologies promoted by watershed projects resulted in temporary improvements in the resource situation (land treated, more water stored) but there was little evidence that these were bringing sustained benefits to individuals or groups. The villages selected for the study of JFM demonstrated a high variation in the availability and quality of the forest resources, both in AP and MP. However, the structure and rules of JFM provided limited incentive for the conservation and sustainable use of resources. The availability and quality of forest resources did perhaps provide the boundaries of what could be attempted in micro-plans but was not an explanation of natural resource outcomes. The restricted access to JFM areas that those dependent on forests for their survival have to endure and delays in sharing proceeds from harvests and intermediate pruning, also reduces the incentive gap between areas of good and bad forest cover.

The actual condition of the natural resources and their potential contribution to local development was in general not an issue that was central in local development strategies. The limited availability of common resources and the unequal distribution of land and water resources reduced the utility of partnership schemes for natural resource management in local perceptions. To local people, the partnership models are still valued for their short-term scheme benefits rather than for the intrinsic and potential worth of the natural resources themselves. These findings do not provide an answer to the issues raised above about the current impasse over directions in rural development policies. They do, however, suggest that one of the pressing questions in future work on this subject should not only be how to design institutions for DNRM but also, given the current distribution of rights over natural resources, what purpose they should fulfill.

### **3.2 The political economy**

Our second hypothesis was that factors in the political economy would have an overwhelming importance in deciding decentralised natural resource management outcomes. Political economy issues were explored in terms of the changing coalitions of interest groups at the local, state and central levels; the political settlement that underscores the current distribution of rights over natural resources; and the local manifestations of these dynamics in social relations of class and caste.

Research at the national, state and district level revealed that factors rooted in the political economy were indeed the single largest determinant of DNRM outcomes. The experience from all three states

indicates that centralised development planning as a system of resource allocation has yet to change substantively, despite the apparent momentum of the decentralisation agenda. Decentralisation programmes have resulted in an enormous flow of centrally allocated funds for natural resource management to the local level in the form of funds for employment generation and public works. These funds are usually routed first to the district level and then passed on to local user groups under Guidelines that specify the terms of disbursement. These terms usually include physical and ecological criteria of eligibility as well as evidence of institutional capacity and local willingness to participate and contribute towards the proposed project. In all of the states we studied, control over the final destination of the projects was heavily influenced by political negotiation at the district level. Public officials and politicians at the district level continue to exert strong centralising forces and are reluctant to decentralise autonomy and control; however they have had to concede some power due to the political capital that is represented by ascendant local groups. The various Guidelines intended to steer the decentralisation process have less to do with the final programme outcome than this district level political negotiation.

Village-level progress towards decentralisation has been comparably slow in all of the study states despite the arguments made in favour of their different approaches. The real challenge to the political settlement has come from ascendant agrarian classes. There is now a further tier of mobilised groups making claims, but in the case of NR these claims are to gain access to the redistributive structure of state resources, not for changes in ownership or access to the resource base itself. The political settlement that defined the distribution of rights over natural resources, both private ones of land and water, remains unchallenged. Therefore the main target of political contestation is over state resources for development; whether these are for natural resource development or some other developmental aspect appears to make remarkably little local difference. Although this political negotiation has brought new actors into the institutional arrangements for natural resource management, this does not generally include the rural poor, whose direct participation remains limited.

There was evidence in all of the study villages that people vote increasingly strategically and have a clear understanding that their vote is a way of exercising choice over different options. However in most cases, the strategic choice was to vote for a candidate able to bring development projects that provided tangible benefits in local investment and wage employment. Whether or not these projects are for natural resource development or not seemed to make remarkably little difference to local people. Further, the leadership characteristics that are locally rewarded are the capacity for strategic political negotiation to bring schemes to the village and a perceived justice in the distribution of its benefits. In short, despite the enormous investment in decentralised natural resource management, institutions remain dominated by the élite and the focus of mobilisation and collective action is mainly directed upwards towards centrally allocated resources, rather than downwards to the development and management of the natural resource base.

The main reason for this pattern of mobilisation is that decentralisation programmes have not substantially increased the natural resources available to the rural poor. The fact that the basic structure of rights and access over natural resources is not open for political renegotiation has important practical implications. The actual benefits of DNRM, in terms of increasing resource flows, have been too limited and/or individualised to be of collective interest. Most direct investment has been around private arable land and related water management. The productivity and scope for sustainable management of common resources has not increased significantly. The local benefits of programmes for decentralised natural resource management also depend heavily on the existing resource endowments of different households. The élites valued watershed programmes as a private property investment but felt that work on common land (whether through watershed management, joint forest management or the local *Panchayat*) was not worth their effort. These aspects of DNRM were basically considered to be an employment programme for the rural poor;

the élite were interested in these aspects mainly as a vehicle for dispensing patronage to achieve often totally unrelated political goals.

### 3.3 The process of institutional decentralisation

The potential of partnerships between the state and local communities, and of a complementary decentralisation process through the administrative and democratic systems, has not been realised in the study states. One part of the explanation for the slow progress is practical, logistical and narrowly institutional. After decades of centralised planning, there is little capacity for administration or management below the district level. There is also no infrastructure in terms of communications, materials, roads, etc. that can provide support to decentralised institutions. Further, the rules and regulations for the respective roles and functions of *Gram Panchayats* and Partnership Models at the local level are not yet clear; which adds to the difficulties faced by decentralised institutions. The other part of the explanation for the poor progress in decentralisation relates to the political manipulation of these rules and regulations and the crossed institutional mandates of the administrative and political systems. There are several ways in which these crossed institutional mandates manifest themselves with generally negative consequences for local development outcomes.

First, the use of administrative programmes for natural resource management to politically allocate state resources has clearly led to the mutation of the Guidelines. It has meant, amongst other things, that criteria for village selection are subverted, that the process of PIA selection has not been transparent and that the actual work undertaken favours the preferences of the politically powerful. Second, the roles that PRIs and natural resource committees occupy have developed more in response to political negotiation and local preferences as opposed to any consideration for the complementary roles. The governments of AP and MP each have definite positions on the local developmental roles that *Panchayati Raj* Institutions should play. However it was too early, especially in MP, to see the local outcomes of these positions. The third observation regarding these crossed mandates and linkages between the political and administrative systems is that they are a routine part of development planning. The organisational mechanics of development planning are such that, whether or not Guidelines exist, they are vulnerable to political pressure at various points during their execution.

The following is a summary of the different institutional roles at village level:

- a) **PRIs:** The process of deconcentration after the 73<sup>rd</sup> Constitutional Amendment and its ratification by the respective State Governments, has been such that empowerment of PRIs is far from affording them powers, capacity and systems to carry out even their minimal tasks of local governance (all states seem to confirm their being extensions of another department rather than being local governance institutions). Their mandate and capacity in respect of management of natural resources appears even more wanting. Government programmes and other non-governmental or donor-supported programmes in Watershed and JFM, have contributed to this shortcoming by placing all their investment in local resource user groups.
- b) **Departments:** For the departments implementing the Watershed and JFM programmes, the over-riding considerations have been to deliver them based on the guidelines and targets in the limited time-frame that has been set out. For the Forest Departments, forest resources have been, from pre-independence periods, a domain where the state has sought to promote planned management and the policy implication has been one of exclusion of local communities from forest areas, specifically in reserve forest areas. In forests where the rights of communities were protected, the relationship has been one of considerable unease at the policy level, and marked by exploitative relations – between the functionaries of the forest department and communities

on the one hand, between the users of forest resources and the resources on the other. Against this background, the ascendancy of JFM was a pragmatic measure only insofar as the goals of the Forest Department converged with the needs and demands of local communities. Thus, the emergence of JFM has been in the background of a near-competitive relation between local user communities and the Forest Department. At the very best, the emergence of JFM can therefore be a negotiated construct that balances (by due and limited legitimisation) the local communities' demands with the Forest Department's objectives.

The watershed interventions derive their technical rationale from the erstwhile river valley projects and the watershed treatment projects implemented by soil and water conservation departments, and their marriage with area-based rural development programmes. In this case too, the instruments of the programme heavily depend upon extension of scheme benefits departmentally in such a manner that the framework remains potentially responsive to local conditions (practice often indicated otherwise) and the costs of delivery were minimised. In this context, the conception of PIAs successfully de-linked the scheme from any specific implementing department. On the other side though, delivery was constrained by ambiguities and decision-making that was amenable to hijack by state and district level political and bureaucratic interests.

- c) **The informal systems** have borne the brunt of increased formalisation of natural resources management by reducing domains where informal systems could continue to operate. It may be noted here that the informal systems have been focused more towards individual households' *access* to natural resources rather than their *management*.
- d) **Policies** toward DNRM have shown signs of being progressive, more so in the arena of watershed development than JFM, but the implementation of policy at the state, district and village levels remains a continuing challenge. In the case of joint forest management, the state has been apprehensive of losing control over the strategic (e.g. MP is an upper watershed for a large number of rivers) and revenue (timber, nationalised and other valuable NTFPs) resources that forests signify. Therefore the policy has tended to be departmentally-controlled and to strike a delicate balance at the fringes. The watershed policies have been a significant departure: they have brought together a large pool of public resources for employment generation and asset creation, but have also become available and amenable to potential privatisation, as evident from a number of cases during this study.

On balance, the inertia of departmental policy, the scramble to establish *raison d'être* and transaction benefits in delivery for the bureaucracy, and political contest for discretionary resources at the state and district levels, have found a suitable foil in the quest for patronage resources, rents and the search for wage employment amongst village stakeholders, in sustaining interest in DNRM programmes. Having developed on the basis of political economy factors, this seems to be a significant determinant outcome of DNRM programmes, although operating in a manner far from pervasive than can be captured by articulation of interest groups in DNRM.

### 3.4 Local natural resource use patterns and collective action

By far the most important and recurrent finding of the primary studies (and this is adequately supported by the state and district studies) has been that the appropriation of the scheme is the paramount incentive for village level stakeholders in the DNRM programmes as they currently exist. This is found to appeal to both the élite and the poor and vulnerable for the differentiated benefits they bring to them.

First and foremost, watershed and JFM schemes are available to selected villages only (in contrast to other funds that are available to all villages either on a per capita basis or as a blanket scheme applicable to households below poverty line wherever they may be). Therefore, there are considerable incentives in 'bringing the scheme' to the village. The primary benefit to the large number of poorer households (this was the case although with stated intent, with the earlier generation of food-for-work programmes) is the wage employment opportunity that it creates. The current studies show that wage employment benefits have indeed accrued in most cases although that may not have been enough to stem the tide of seasonal migration.

The second category of benefits have been the 'intrinsic' benefits of increased resources harnessed, e.g. more water stored and recharged, land treated, forest patches planted upon or regenerated. There are a number of issues that have been reported with respect to the varied performance of these measures as compared with the objectives. The common finding though seems to be that these 'intrinsic' benefits have been far too limited or individualised, and the objectives of creating and maintaining sustainable NRM mechanisms and assets, is far from realised. In the most successful cases, there are reports of benefits accruing and sustaining because they were related to individual households' interests.

The third common and strong incentive has been the control over financial resources that JFM and Watershed programmes have placed with officers and politicians at the district, sub-district and the village levels. This control has enhanced the ability to extend patronage at all these levels and endowed the decision-makers and implementers with considerable scope for extracting rents. In a few locations, there is also evidence of development of markets for positions (e.g. in MP for VWC posts).

This study finds very little evidence of collective action *around management of natural resources*. Land and irrigation have been the most important possessions around which individual households and the extended family and caste groups have mobilised. The studies report a number of groups who are or were dependent on specific natural resources but in most cases as individuals deriving either survival (e.g. fuelwood collection for domestic use) or livelihood needs (e.g. NTFP for sale). At the village level, or even at the level of groups of people dependent on the same resource (e.g. fisherfolk dependent on tanks for fishing) however, there have been very few cases where *organised* mobilisation or activity was reported. This may be because of the selection of villages that did not have such cases. The more frequent reportage has been that of traditional dependence being affected by organised action of the state (e.g. settling of common lands in AP in favour of the landless) or that of the project (e.g. JFM in AP closing access to forests nearby forcing people to go to greater distances to fetch fuelwood).

State-community partnership initiatives have sharpened perceptions of rights over resources in a very limited sense in the case of JFM. Again, the perception is strongly coloured by scheme benefits rather than the worth of the resource in economic and ecological terms due to highly inadequate tenure created by the programme. In the case of watershed development, such an awareness of rights has not been created because non-private resources fall squarely within the boundaries of villages and have long been treated as open-access. In both programmes, there has been state failure in catalysing collective action, e.g. by not following the watershed guidelines to form user groups first. Potential scheme benefits have occasionally catalysed collective action to evacuate encroachments on common lands or on forests. But there are no significant incidents of the resource-dependent poor having utilised the space given by the programme to make new claims on resources. The 'scheme' mindset has resulted in a separation of domains of the *Panchayat* and JFM/watershed programmes. The occasional tussle between *Panchayats* and VWCs/JFM Committees is more a reflection of factional politics in the village than due to any differences over the use and management of resources. The perceived separation of domains has also resulted in the

poor articulation of natural resource management issues in *Panchayats* as election issues (with the noteworthy exception of drinking water).

### 3.5 Summary: strategic decentralisation

What are the implications of this mixed review of decentralised natural resource management for ways forward? On the one hand, partnership programmes operate at the ecological margins and according to widespread local opinion have little intrinsic natural resource related value. However, despite the diversification of livelihoods, the rural poor remain dependent on natural resources and frequently oppose the existing political settlement. Decentralised institutions have provided a means for ascendant agrarian classes to access centrally allocated resources and contributed towards more strategic voting patterns; however this mobilisation has little connection to natural resource-related demands. The way forward, given these divergent trends, is a more strategic consideration of the political and ecological constraints of decentralisation, as well as a rethinking of the objectives of the agenda itself.

Rethinking the specific objectives of programmes such as watershed management and joint forest management, as well as the overall rural development context of which they are part, is perhaps the most important step to creating a more locally relevant policy. Both programmes have objectives related to natural resource surplus enhancement, building local institutional capacity, poverty alleviation (in the case of watershed management) and generally ‘sustainable livelihoods through equitable and productive natural resource management’. These objectives have however been formulated without a vision of development, for there are no answers to simple questions such as: has decentralisation succeeded if it has contributed towards local empowerment but at the same time also to local out-migration? Should local people derive all or only part of their subsistence needs from natural resources in or near the village? What proportion of subsistence needs should be met locally by what proportion of people to satisfy the criteria of sustainable local livelihoods?

These questions are critical because, as argued above, decentralisation operates at the ecological margins and has not significantly increased the resources available to the poor.

The role that natural resources play in local livelihoods is complex but in few of the villages studied could the resources decentralised have provided the basis for ‘sustainable livelihoods’. In many contexts, and for many of the rural poor, wage labour in natural resource management programmes will be part of a stepping-stone to other perhaps non-local activities. In some contexts there may be some scope for natural resource surplus enhancement that could contribute towards local livelihoods. In either case the programmes need to develop a more explicit focus on how to fit into the diversified rural development strategies of the poor. This would represent the beginnings of an agenda for DNRM based on local natural resource based demands.

A second area of strategic importance for DNRM is to exploit the political space that is opening up in district level politics and the nascent grassroots political mobilisation. Clearly there is a grassroots demand for centrally allocated resources, which even if it is not related to natural resource management can be used to improve the effectiveness of service delivery to decentralised units. This objective has two related aspects which are nevertheless important to distinguish; one is more narrowly institutional and the other more political. Institutionally, the enormous transaction costs of the decentralisation agenda remain a major explanatory factor for slow progress; much work remains to be done in building human resource capacity for decentralised management as well as the physical infrastructure of equipment, material and communication. The creation of such local institutional capacity is constrained by the rapid pace of change and the complexity of the rules and regulations for decentralisation, even when these are not being politically manipulated. Often these rules and regulations are however being politically manipulated, which leads to the second aspect of

a strategic approach; identifying these political bottle-necks for what they are and taking informed decisions on whether or not they can be resolved. One of the observations of the study was that these bottle-necks are fairly easy to identify and an understanding of how they are politically constituted is key in their resolution. Civil society DNRM lobby groups, many of whom are key in following formal and informal district level rules, can provide critical support for both the institutional and political aspects of improved service delivery.

So far, the approaches discussed to improve the programmes and policies for DNRM work within the political settlement. A fundamental change in the distribution of rights and access to the natural resources themselves is probably not a politically feasible objective. However, a strategic decentralisation agenda would not only recognise the constraints on decentralisation imposed by the existing political settlement (as discussed above) but also when and how this settlement could be challenged at the margins. The movements described above that challenge the terms of state control over forests are one instance of such a challenge, but equally important is resource endowments within the village. In all of the villages studied, arable land and irrigation were the main natural resources valued and the only ones around which there was any spontaneous collective action. Further, despite the diversification in livelihoods of both the poor and the rich, power relations at the village level are still based on economic dominance rooted in control over land and water and reinforced by caste-based social traditions. Challenging this political settlement where possible is therefore key to creating a locally relevant natural resource policy.

## **Annex 1 Research Methodology and Limitations**

The study was conducted in May 2000–June 2002 at the national level (secondary review only) and in the three study states of Karnataka (secondary review only), Andhra Pradesh and Madhya Pradesh (secondary and primary studies in both states). The study was undertaken by a consortium of institutions including ODI and SERA (UK), TARU Leading Edge (New Delhi and Hyderabad) and State partners: the Centre for Budget and Policy Studies (Bangalore, Karnataka), Centre for World Solidarity (Hyderabad, Andhra Pradesh) and SANKET (Bhopal, Madhya Pradesh). As we will elaborate, methodologies for undertaking research on PRIs and DNRM are currently evolving and an attempt to address a complex research frame needs to draw upon and innovate with a number of methodological traditions. The main blocks of research and consultation undertaken in the study were:

- Situation Analysis and Secondary Literature Review (SALR) was carried out at the national level at the beginning of the project and thereafter at the beginning of studies in each state (Karnataka, MP and AP). This activity analysed available secondary material on natural resources and their management; decentralisation and PRIs, social and demographic indicators, economic indicators, and Watershed and JFM programmes. This activity led to the identification of the key issues and debates, gaps in existing data, and highlighted areas of enquiry for primary research.
- Primary studies were conducted in selected villages (12 case studies in AP and 14 in MP) and comprised baseline research on natural resources (mainly soil, water, crops, livestock) and their management (focused on Watershed and Joint Forest Management), and a study of the inter-institutional dynamics at the village level, i.e. between DNRM institutions and PRIs, as well as with traditional institutions where they existed.
- District study: one district in each of the two states was studied to understand the political economy variables and inter-institutional dynamics at the district level. District studies were carried out in Mahbubnagar (AP) and Shivpuri (MP) districts.
- Website and email listserv: an email discussion forum developed and managed under the project provided a wide variety of stakeholders working in the areas of PRIs and DNRM, to access emerging project outputs and related material, interact with each other and provide comments and criticisms on matters having a bearing on the research issues.

### **Themes, levels and sequence of the research process**

This study is essentially one that explores institutional interactions in decentralised natural resource management. The study postulates that three types of factors influence the decentralised natural resource management process: interactions in the political economy; interactions between the public administration and the local government; and interactions in the local community. Whilst these are distinct factors, our particular interest is in their interaction and the effects that these have on local processes. For instance, pressures in the political economy may lead to policies for decentralisation but resistance from the administrative structure may render these difficult to implement. Therefore, whilst these research areas are distinct, the interaction between these four types of institutional interrelations is a central direction of enquiry.

Whilst this research is essentially about institutional interactions, a fourth factor, the type and condition of the natural resources themselves, is recognised as having an important influence. Several contextual points need to be emphasised in this respect:

- First, baseline conditions will vary widely from one context to another; the potential for



enhancing the productivity of NR will be influenced to some degree by biophysical conditions. Not all change (or lack of change) in NR productivity or sustainability can therefore be explained by changes in institutional relations.

- Second, a quantitative assessment of changes in the productivity and sustainability of NR against some benchmark is outside the scope of this study.

The research compares the decentralisation process in three states: Karnataka; Andhra Pradesh and Madhya Pradesh. This comparative approach enabled a perspective on the operation and relative importance of the four types of institutional interaction identified. In particular, the research sought to understand the impact of different political economic histories and traditions of public administration on decentralisation. The three states were chosen because each has an engaged history with decentralisation policies and because these experiences differ significantly in their political, institutional and ideological dimensions.

The research was conducted at four distinct levels: national, state, district and village. There was an iterative process between these levels; for instance relevant issues from the field were discussed at higher levels and assertions about the villages made at higher levels were verified at the local level. However, the overall sequence of the research was top-down from the national level. The focus at the village level was in understanding the diversity in different sites rather than on trying to extrapolate the findings from one area to another through the use of fixed indicators. The criteria that determine the context and concentration of the research at different study levels are described in the full text of the proposal and in Annex 1 (note on methodology).

Primary studies were conducted in selected villages (12 case studies in AP and 14 in MP) and comprised baseline research on natural resources (mainly soil, water, crops, livestock) and their management (focused on watershed and Joint Forest Management), and a study of the inter-institutional dynamics at the village level, i.e. between DNRM institutions and PRIs, as well as with traditional institutions where they existed. Consultative methods, group discussions and interviews were conducted using instruments like semi-structured schedules and checklists. The measurement of natural resources stocks and flows was undertaken by a combination of methods, including mapping, observations and discussion with village stakeholders. Information was also collected in respect of privately controlled water resources and agriculture to understand the impact of preferences and practices on common resources. Fieldwork in villages typically comprised about a week for the team for baseline data collection, followed later by one or two rounds of tracking visits by a part of the team.

The research was also staggered in time between the three states; with the state, district and village level process starting in Karnataka first; then continuing in Andhra Pradesh while the Karnataka process was ongoing, and finally moving to Madhya Pradesh towards the end of the work in AP. The work was staggered to enable learning experiences to be discussed between the state research teams and incorporated into the research design. This staggered approach proved to be very useful; in particular between the AP and MP round where the selection criteria for villages was modified, as well as the emphasis put on district level work.

## **Limitations of the research**

### *(i) Coverage and representation*

During the inception phase, it was decided that about 10 villages in each state would be studied. Since quantitative rigour or representation of agro-climatic zones in the state were not the guiding principles of sampling, the districts were selected on the basis of a broad range of general development characteristics, geographical dispersion across regions of the state and experience of watershed or JFM programmes. Choice of villages was based on remoteness, population size class and other parameters available from the census records. The objective was to compensate for a more rigorous sample by the depth of focused research on the institutional arrangements and political economy. The villages studied showed differing natural resources endowments and socio-economic types, but these were not in large enough numbers to allow projections of these types. Therefore, the inferences and conclusions drawn in this study need to be used with caution.

### *(ii) Measurement of NRM variables*

Measuring the impact of decentralisation on natural resource management at the local level was a key research challenge, requiring data on the before and after situation with respect to stocks of resources (e.g. increased amount of water collected or recharged) and their flows (e.g. productivity, biomass grown). Areas where the base level of resource endowment was so poor that DNRM investments would not be likely to yield results in a limited time frame were excluded. However, a lack of historical data about these resources was a significant barrier to undertaking an assessment of their condition and changes as a result of investments. The collection of baseline data helped to prepare an inventory that has had to be supplemented by local perspectives. Based on these, assessments have been made on the differing levels of prevalence, salience and significance of changes in resources. Methodological innovations in this area remain to be achieved to make the measurement task more reliable. One possible method is to track villages not just for a limited period (some of the AP study villages could be tracked across a year in this study) but over a number of seasons and years.

### *(iii) Watershed and JFM*

Information about the JFM programme was particularly difficult to obtain and investigations in this were constrained by departmental reticence at some levels (apprehending the evaluative import that this research may have). Information about watershed projects was more in the public domain and enjoyed far greater familiarity at the village level. This has meant that the analysis of the JFM project has had to rely on available secondary literature and discussions with departmental and community respondents.

### *(iv) Coverage of research issues*

The sheer breadth and depth of research issues demanded significant training of personnel, in particular when the teams were a mix of researchers and development practitioners (this was especially true in AP). In this instance, the need to establish an in-depth analytical understanding of the issues meant a trade-off in the extent to which the sub-themes could be explored. For instance, the depth of understanding of the gendered impact of DNRM compares unfavourably to that of class and caste issues.

### (v) *Continued enquiry*

It was expected that the tracking visits after the initial baseline and research rounds would provide an understanding of changes over time (or across seasons) with regard to select parameters identified. Some issues, although important, were not amenable to change in the short period of the interval between the main and the tracking rounds (about six to eight months in AP, about three months in MP) and would take years to change. However, tracking activities provided opportunity for further discussions and consultations on key issues identified.

### (vi) *Karnataka studies*

The primary village and district studies were conducted in Karnataka, the first study state, but these suffered from a number of problems, including those related to the availability of competent personnel and situations of non-cooperation encountered in the field (reportedly arising from government investigations being conducted about irregularities in past watershed programmes implemented). Attempts to repeat the study were not successful. Further, the analysis of findings from the studies (both watershed and JFM villages) did not yield results of acceptable quality and hence, these were not considered for cross-state analyses or the national synthesis report. This was a major shortcoming of the project, since Karnataka was among the pioneers in empowering PRIs that showed signs of regression in the past decade. Attempts have been made to reflect on the state's experience but this has been limited to the SALR exercise.

## **Research outputs**

Research outputs include a National Level Situation Analysis and Literature Review, a State Level Situation Analysis and Literature Review (SALR) for Karnataka (primary studies in Karnataka could not be conducted satisfactorily); and SALR, District Study Report, Village Studies Report and Main State Reports for AP and MP; a Note on Methodology that aims to contribute to future studies in this field; an article in ODI's *Natural Resource Perspective* series; an article in *Outlook* and finally a National Synthesis Report. All of these reports are available on the project website, [www.panchayats.org](http://www.panchayats.org) (see Annex 3). A further output is the email discussion forum on decentralised natural resource management that has been hosted by the project.

## **Annex 2 Emerging Policy Initiatives for Decentralisation**

The study findings provide insights into the current situation of DNRM and PRIs but do not present an encouraging picture about the processes of decentralisation and local management of natural resources. On the other hand, a number of micro-level experiments demonstrate the possibilities and potential of DNRM with an increasing role for democratically elected institutions. A promising number of notable developments have also taken place at the policy level. This section reviews some of these significant developments and lays out some of the fundamental issues that will determine the future course of DNRM and PRIs in the country.

The developments that have the potential for substantive changes include:

- the new watershed guidelines, 2001;
- the *Gram Swaraj* Amendment in Madhya Pradesh;
- increased attention for capacity building and training of PRIs;
- increased public awareness and debate on PR and NRM;
- heightened awareness and competitive markets or watershed institutions;
- donor undertakings to involve PRIs.

These developments are reviewed below.

### **1. The new watershed guidelines, 2001**

The MoRD (GoI) has issued new Guidelines for Watershed Development Programmes in the country. A step forward from the 1995 Guidelines, the new Guidelines seek to sharpen the role of PRIs in Watershed Development programmes, and address certain other shortcomings in the old Guidelines. However, these raise further questions that will need to be addressed at all levels. Some of these are:

#### *More direct role for PRIs especially to Gram Panchayats*

While the old guidelines had suggested *Gram Panchayats* (GPs) also could be made PIAs, in practice mostly government departments and few NGOs were given the role of PIAs. New guidelines suggest that PRIs (all tiers) should be preferably selected as PIAs, failing which other institutions and government departments can be selected. However, the government departments can use this loophole, cite non-availability of able and willing PRIs, and still continue to be PIAs. It has to be remembered that the PIA activity is mostly administrative and the lower rung of PRIs may not be able to handle administrative and training tasks and capacity building is urgently required in this area. It would have been advisable to initially link Watershed Committees to *Panchayats* more directly, and to make user groups demand for funds thereby ensuring more accountability.

#### *Increase in treatment costs*

The project costs have been augmented from Rs. 4,000 per ha to Rs. 7,000 per ha. While this is considered an important development, it has to be noted that many WSD projects could not spend the

earlier allocated amount due to a lack of options, especially in areas where land and water resources had already been developed. The quality of work in most cases was poor, largely due to an irregular flow of funds rather than the per ha allocation being low. It would have been better to use other criteria like the extent of land and water resource development to fix rates in different regions. However, it has to be noted that these decisions may require objective criteria and chances of political negotiations are high.

### *Convergence with other rural development programmes*

Great stress is laid on the convergence of other development and social sector programmes with WSD. This is a welcome step, but considerable planning and strategic decision-making at the district and block levels will be necessary to implement these goals. Since the other programmes are routed through many departments and various levels of PRIs, coordination is required to really converge these programmes. This will be a big challenge, given the fragmented nature of the bureaucracy and resistance to devolution of functions and funds. The new guidelines also stress pre-set deliverable outputs, elaborate road maps and milestones, definite activity-wise timeframe, specific success criteria and clear exit protocol. This is a clear improvement over the old guidelines.

### *Effective use of remote sensing data*

The programme plans to integrate the outputs from the remote sensing data. This is rather difficult, since many ZPs/DRDAs still do not have capacity to handle these data even at district level. The Integrated Mission for Sustainable Development (IMSD) and hydro-geomorphic maps prepared for use at district level are generally not available and with limited capacities, it is not clear how remote sensing data will be used in the future.

### *Twin track approach to ensure short-term and long-term returns*

The twin track approach is supposed to benefit all beneficiaries and attract the attention of communities. This would mean more integrated planning with a view on actual short-term achievement of direct benefits. The previous income generating activities taken up show that a lack of upward (raw materials) and downward linkages (markets) and local innovation were the major problems. It is not clear how sustainable outcomes can be expected without establishing these linkages. Cases of failed income generating activities are plenty and successes last only for a short time. Similarly, long gestation activities like plantations failed to attract communities and survival was a major problem. Active involvement of communities, assessment of demand and developing skills in marketing of products would be necessary. The technical/managerial capability of NGOs/WDTs is often a constraint and their capacities to facilitate marketing are also often limited.

### *Establishing credit linkages with financial institutions*

The two decades of subsidy-driven programmes and periodic loan waivers have created a feeling of free money availability among communities and hesitation to extend loans among the financial institutions. There are many cases where majority of the villagers have unpaid loans from these institutions. Undoing the impacts of the past is critical, making communities feel accountable for loans they have taken is going to be an especially uphill task.

### *Exit protocol*

This is a major change in guidelines but efforts have to be made to ensure that the DWDC is able to assess projects based on their possibility of achieving desired goals as well as to create an effective mechanism to manage and maintain assets. The sustainable returns from 10% contributions alone (less than 10 % interest for fixed deposits) are only about 1% of the cost of the structures. Unless the planning takes enough care in designing and commissioning low maintenance assets or WC is able to collect user charges, the WDF is insufficient to maintain the assets. The guideline is silent on mechanisms for ensuring the collection of user charges.

### *Probation period*

This is a welcome step compared to the older guidelines. Earlier WSD guidelines did not take care of possible conflicts that could delay the implementation and failure. The new guidelines allow a probation period of one year to mobilise the communities and create and build the capacities of community-level institutions to implement the tasks. The guidelines also provide conditions necessary to continue the project or withdraw in case of conflicts.

## **2. From representative to participative democracy: *Gram Swaraj* in Madhya Pradesh**

The MP *Gram Swaraj* Amendment of January 2001 is based on the premise that in a village, people can assemble and sit collectively, and therefore representatives to represent the views, aspirations, needs and interests of the people are not required. *Gram Sabhas* are to function as decision-making bodies and to discharge their duties and implement decisions they will constitute eight standing committees and additional ad-hoc committees comprising stakeholders of the work assigned to the committees. These implementation committees shall be accountable and responsible to the *Gram Sabhas*. Article 7-A of the *Panchayat Raj Avam Gram Swaraj Act* reads:., ‘The *Gram Sabha* shall for discharging its functions and duties, constitute the following standing committees, namely: 1) *Gram Vikas Samiti*, 2) *Sarvjanik Sampada Samiti*, 3) *Krishi Samiti*, 4) *Swasthya Samiti*, 5) *Gram Raksha Samiti*, 6) *Adhosanrachna Samiti*, 7) *Shiksha Samiti*, 8) *Samajik Nyay Samiti*.’ Article 7-D of the *Panchayat Raj Avam Gram Swaraj Act* clearly states ‘the powers, functions and duties of the committee shall be such as may be entrusted to it by the *Gram Sabha* from time to time. Every committee shall be responsible and accountable to the *Gram Sabha* and shall work under its control and supervision.’

Another innovation of the new *Gram Swaraj* system is to organise separate *Gram Sabhas* for each village. In the new system, the funds will be given to *Gram Panchayat* and then the funds will automatically flow to *Gram Sabhas*. The allocation of funds to different villages within a *Gram Panchayat* will be decided by the same prescribed norm, which is applied to distribute the funds amongst *Gram Panchayats* by the higher tiers. The *Panchayat Kosh* will continue to exist and a new *Gram Kosh* will be established, which would ‘consist of four parts, (i) *Anna Kosh*, (ii) *Shram Kosh*, (iii) *Vastu Kosh*, (iv) *Nagad Kosh*’[Article 7 (J) (1) of *Panchayat and Gram Swaraj Act*]. These heads are self-explanatory and would collect food, voluntary labour, and donations in kind, like wood, fodder, etc, and cash collected through taxes imposed by the *Gram Sabha* and funds flowing from the *Gram Panchayat*. The *Gram Kosh* will be operated by *Gram Vikas Samiti*. [Article 7 (J) (4) of *Panchayat and Gram Swaraj Act*.

A feature of the *Gram Sabha Act* that is pertinent to decentralised NRM is that it prevents various beneficiary committees in a village, such as the watershed committee or the JFM committee, from

bypassing the *Panchayat*. All such committees, henceforth, have to be selected by the *Gram Sabha*, and cannot be nominated directly. In case the State Government decides to make rural development funds more decentralised, and substantially increases the allocation to *Panchayats*, and if local beneficiary groups are allowed greater say in local planning, there is certainly a hope that *Gram Sabhas* will become more lively forums.

### **3. Increased attention to capacity building and training of PRIs**

The need for training PRI representatives, especially women, SC and ST representatives is well acknowledged. Most PRI representatives remain unaware of the technicalities of development planning and implementation and their rights, duties and obligations. Understanding of these is important so that the real multipliers envisaged from the decentralisation process are realised. In the case of DNRM, PRIs have so far remained distant from the *substantive* aspects of guideline development, planning and implementation process, though they do exercise influence in selection of project-specific DNRM institutions and location of interventions.

There are several institutions involved in PRI training, including the National Institute of Rural Development (NIRD), various State Institutes of Rural Development (SIRDs) and NGOs. Studies show that these efforts have not yielded impressive results. Key lacunae identified include short training period without adequate training reinforcement, poor infrastructure and instructional aids and lack of motivated, qualified trainers. Moreover, coverage has been inadequate. Training three million PRI representatives over a five-year period presents major problems, particularly since satellite training has not proved effective and the focus on office bearers alone is at best a half-measure (Mathew, 2000). As far as DNRM initiatives are concerned, there has been attempt to train PRI representatives but the training effort has largely been a one-time event, focused more on administrative requirements of the programme. The DNRM ethos, the rights, duties and obligations of PRIs and project-specific institutions and guidelines remain less focused on. This rarely equips the PRIs and project-specific institutions for envisaged roles.

With the recent Guidelines for Watershed Development (GoI, 2001) providing opportunities for GPs to act as PIAs, experiments of MP-based NGOs such as DEBATE and SAMARTHAN, and some others based in AP deserve attention. For example, SAMARTHAN's block resource centers focus on PRI capacity building in areas of governance, management, and participatory planning, implementation and monitoring. DEBATE works on similar themes but with a distinct thrust towards preparing PRIs to assume responsibilities pertaining to DNRM. Another such experiment in AP is proposed in Mahbubnagar district. Further developments in such experiments will need to be closely tracked for learning.

### **4. Increased public awareness and debate on PRIs and NRM**

An explicit GoI commitment to the PRI decentralisation agenda and realisation of the opportunities it offers among donors and civil society, along with increased concern relating to NRM and instances of significant local successes, drew initial attention to PRI and NRM issues. The high profile DNRM interventions that have followed, particularly in the study states, have raised the pitch further.

At the village level, the mobilisation and training and capacity building activities, together with approaching local NRM related crises, have led to NRM issues occupying space in popular discourse. Project functionaries have also benefited from new work opportunities (in terms of nature of work) and exposure in DNRM interventions. In either case, this need not always translate into

operational ‘success’ for a variety of reasons, but the fact that some substantive discussion has been initiated (though still led by a few individuals) as a result of DNRM interventions cannot be denied.

At the higher levels of the political hierarchy, DNRM interventions have been recognised for their potential to address local concerns and extending patronage and constituency building. The momentum and profile of DNRM interventions has also provided an opportunity to the higher levels of the political hierarchy to project a reform-oriented image to the media, donors and a state/national audience. A similar opportunity for image building and state-level recognition appears to have been spotted at the higher levels of the bureaucracy. The interest of those among the upper levels of the political hierarchy and bureaucracy, in turn, has further allowed the DNRM agenda to obtain attention.

## **5. Heightened awareness and competitive markets**

While a positive feature of DNRM interventions has been the resulting awareness building and discourse around DNRM-related issues, a less desirable form of ‘awareness’ seems to have emerged too. With increasing realisation of the resources available for DNRM interventions, there appears to have developed a ‘market’ for PIA positions. Instances of informal payments for assuming PIA responsibilities (Rs. 50,000 upwards) have emerged, as also have instances of political favoritism in PIA selection. The ‘market’ is not confined at the PIA level alone. At the village level, individuals have been known to spend significant sums (Rs. 10,000 upwards) to ensure their selection as VWC Presidents and Secretaries. This did not operate in the first generation of watersheds, given the limited knowledge regarding the resources available and ‘opportunities’ for appropriation.

While the benefits of such ‘investment’ are limited to informal earnings among PIAs, an additional factor may be operating at the village level. Besides expectation of informal earnings, the office of VWC President and Secretary offers a platform for constituency building for the politically ambitious. With its vast resources, the VWC can offer considerably higher wage employment opportunities compared to the resource-starved GP.

On the more positive side, the opportunity to assume PIA responsibilities has led to a degree of departmental competition for the same. Resource starved departments see such opportunities as crucial to meeting administrative overheads and may pursue the opportunity aggressively. This marks one of the rare instances where line departments compete, albeit in a restricted environment, enabled by de-linking of schemes from departments.

## **6. Donor undertakings to involve PRIs**

In the past, donors have often been accused of preferring to work with project-specific DNRM institutions rather than the PRIs. This was seen to be undermining the decentralisation agenda. Now, donors appear to be coming strongly in support of the PRI decentralisation agenda. Explicit commitments have emerged towards working with PRIs and involving them closely in the planning and implementation process of various donor-supported interventions. Another emerging area of attention is PRI capacity building. It would appear that while the earlier interpretation of decentralisation was loose (‘working with people’s institutions’), it is more defined in upcoming donor-supported interventions (e.g. a new generation of World Projects for rural water supply in Karnataka and Maharashtra are predicated on the central role of PRIs, away from the earlier generation of VWSCs).



### Annex 3 Reports Produced for Project

The following reports have been produced under the project and can be accessed at [www.panchayats.org](http://www.panchayats.org):

1. Andhra Pradesh
  - a. Situation Analysis and Literature Review – Rajiv K. Raman, Rajesh Ramakrishnan, G.K. Bhat
  - b. State Report – Rajesh Ramakrishnan, Rajiv K. Raman
  - c. Village Reports – Philip N. Kumar, D. Suryakumari, A. Kalamani, Rajesh Ramakrishnan
  - d. District study – Rajiv K. Raman, Philip N. Kumar
2. Madhya Pradesh
  - a. Situation Analysis and Literature Review – Rajesh Ramakrishnan, Shipra Saxena
  - b. State Report – Rajesh Ramakrishnan, Manish Dubey
  - c. Village Reports – Rajesh Ramakrishnan, Naina Ghatak, Philip N. Kumar
  - d. District study – Manish Dubey, Ranjan B. Verma
3. Karnataka
  - a. Situation Analysis and Literature Review – S Manasi and M Prahladachar
4. National-level Situation Analysis and Literature Review – Pari Baumann and Awadhendra Sharan
5. National-level Synthesis Report – Rajesh Ramakrishnan, Manish Dubey, Rajiv K. Raman, Pari Baumann, John Farrington

Two outputs intended for wider publication are in preparation. These are currently in draft and will be published by June 2003. They include:

A paper for the ODI *Natural Resource Perspectives* series, namely:

‘Decentralising Natural Resource Management in India: Lessons from Local Government Reform’,  
*Natural Resource Perspective* 86 –Pari Baumann and John Farrington

One paper for the ODI *Working Paper* series, namely:

‘Institutional Alternatives and Options for Decentralised Natural Resource Management in India’ –  
Pari Baumann, Rajesh Ramakrishnan, Manish Dubey, Rajiv K. Raman and John Farrington

## References

- Agrawal, A. (1999) 'Community-in-Conservation: Tracing the Outlines of an Enchanting Concept' in R. Jeffery and N. Sundar (eds) *A New Moral Economy for India's Forests?: Discourses of Community and Participation*, New Delhi: Sage Publications.
- Bebbington, A. (1999) *Capitals and Capabilities: A Framework for Analysing Peasant Viability, Rural Livelihoods and Poverty*, London: International Institute for Environment and Development.
- Behar, A. (2002) 'Peoples' Social Movements: An Alternative Perspective on Forest Management in India', *Working Paper 177*, London: Overseas Development Institute.
- Ellis, F. (2000) *Rural Livelihoods and Diversity in Developing Countries*, Oxford: Oxford University Press.
- Farrington, J., Turton, C. and James, A.J. (1999) *Participatory Microwatershed Development in India: Challenges for the 21<sup>st</sup> Century*, New Delhi and Oxford: Oxford University Press.
- Gadgil, M. and Guha, R. (1992) *This Fissured Land: An Ecological History of India*, Delhi: Oxford University Press.
- Government of India (2001) *Guidelines for Watershed Development (Revised, 2001)*, New Delhi: Ministry of Rural Development.
- Hirschman, A.O. (1982) 'Rival Interpretations of Market Society: Civilizing, Destructive or Feeble?' *Journal of Economic Literature* 20, pp 1463–84.
- Jafri, A. (2002) 'Gram Swaraj Act: Time to do a Reality Check?' *Hindustan Times*, 24 January.
- Jeffery, R. and Sundar, N. (1999) *A New Moral Economy for India's Forests? Discourses of Community and Participation* New Delhi: Sage Publications.
- Jodha, N. (1986) 'Common Property Resources and the Rural Poor in Dry Regions of India', *Economic and Political Weekly*, 5 July.
- Khan, M. (1996) 'State Failures in Weak States: A Critique of New Institutional Explanations' in Harriss, J., Hunter, J. and Lewis, C.M. *New Directions in Institutional Economics*, London: Routledge.
- Kothari, A., Singh, N. and Suri, S. (eds) (1996) *People and Protected Areas: Towards Participatory Conservation in India*, New Delhi: Sage Publications.
- Leiten, G.K. and Srivastava, R. (1999) *Unequal Partners: Power Relations, Devolution and Development in Uttar Pradesh*, New Delhi: Sage Publications.
- Manor, J. (1999) *The Political Economy of Democratic Decentralisation*, Washington DC: World Bank.
- Mathew, G. (ed) (2000) *Status of Panchayati Raj in the States and Union Territories of India*, New Delhi: Institute of Social Science and New Concept Publishing Company.
- Mosse, D. (1997) 'The Symbolic Making of a Common Property Resource: History, Ecology and Locality in a Tank-irrigated Landscape in South India', *Development and Change* 28, pp 467–504.
- Mukarji, N., Yugandhar, B.N., Mukherjee, S.P. and Meenakshisundaran, S.S. (1995) 'People's Representatives and Bureaucracy: The Interface in Panchayati Raj', *Occasional Paper Series 17* New Delhi: Institute of Social Sciences.
- Nayak, R., Saxena, N.C. and Farrington, J. (2002) 'Reaching the Poor: The Influence of Policy and Administrative Processes on the Implementation of Government Poverty Schemes in India', *Working Paper 175*, London: Overseas Development Institute.
- Nelson, N. and Wright, S. (eds) (1995) 'Participation and Power', in N. Nelson and S. Wright (eds) *Power and Participatory Development*, London: Intermediate Technology Publications.
- Ostrom, E. (1996) 'Crossing the Great Divide: Coproduction, Synergy and Development', *World Development* 24(6): 1073–87.
- Putnam, D. (1993) *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton: Princeton University Press.

- Rudolph, L. and Rudolph, S. (1987) *In Pursuit of Lakshmi: The Political Economy of the Indian State*, Chicago: Chicago University Press.
- Saxena, N.C. (2001) 'How Have the Poor Done? Mid-term Review of India's Ninth Five-year Plan', *Natural Resource Perspectives* 66, London: Overseas Development Institute.
- Sivaramakrishnan, K. (1999) *Modern Forests: Statemaking and Environmental Change in Colonial Eastern India*, New Delhi: Oxford University Press.
- Suri, K.C. (2002) 'Democratic Process and Electoral Politics in Andhra Pradesh, India', *Working Paper* 180, London: Overseas Development Institute.
- Vasavada, S., Mishra, A. and Bates, C. (1999) 'How Many Committees do I Belong to?' in Jeffery and Sundar (1999) *A New Moral Economy for India's Forests? Discourses of Community and Participation*, New Delhi: Sage Publications.
- Wade, R. (1986) 'Common Property Resource Management in South Indian Villages', Proceedings of the Conference on Common Property Resource Management National Research Council, Washington DC: National Academy Press.
- World Bank (2001) *World Development Report*, Washington DC: World Bank.
- World Bank (1997) *World Development Report*, Washington DC: World Bank.

