

## INDIA

58066

### Building Local Capacity for Pro-poor Development in Tamil Nadu

India amended its constitution in the early 1990s to strengthen decentralization and local governance, and all Indian states, including Tamil Nadu, have subsequently reinforced their commitment to decentralization through State Panchayat (village community governance) Acts. However, much remains to be done to build the capacity of Panchayats — which are bypassed by most government programs.



*“...when they see us driving they look surprised - that we have become equal to them. We are respected now.”*

*Vallinayagi*

*Female Mini-van driver  
Ma. Kalakkudi Panchayat*

The Government of Tamil Nadu state has implemented a series of reforms to develop stronger and more inclusive Panchayats. The JSDF project supported this effort by piloting a new way to deliver basic services to the rural poor by shifting from the traditional use of government agencies or NGOs to one where the Panchayats are in the driver's seat.

The project drew on experience elsewhere in

India and abroad, which demonstrated that decentralized systems could provide better and more rapid benefits to the poor and most vulnerable.

#### About the Project

The objectives of the pilot project were to develop a better understanding of the capacity of Village Panchayats in planning, financial management, community-based targeting, budgeting, public administration and to assess the role that self-help groups and other community groups could play in making these processes more equitable.

#### Implementation

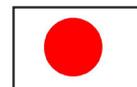
A consultation process involving local governments, civil society, and the private sector was used to design a project that integrates three key elements.

##### 1. Livelihoods Focus

- Village communities were introduced to new income generating opportunities, provided substantial technical and financial assistance to improve the productivity of existing skills, assets and businesses and reduce vulnerability.
- Partnerships and tie-ups with private sector, research institutions and other agencies were also established to provide technical know-how, product development and market linkages.
- Access to savings, credit and insurance services was strengthened to help build financial assets and mitigate risks.

##### 2. Incentives for Pro-poor Governance

- Panchayats were provided incentives to:
- improve their governance by becoming transparent and accountable to their community members;
  - respond to the needs of the poor by effective identification of the poor and vulnerable; and
  - provide support to the Village Poverty Reduction Committees (VPRC) to implement the VPRC Fund efficiently





Information detailing project activities is displayed on notice boards to ensure accountability and transparency

and in accordance with the agreed rules and procedures.

### Community Driven Development

**Approach (CDD):** The project followed the CDD approach where village communities identify their own needs, design and plan the interventions, implement the plans and monitor them. The key non-negotiable principles were

- **Inclusion** of the very poor and disadvantaged sections of the community (differently-abled, widows, destitute and other vulnerable people). In all, 90 percent of the project benefits were to flow to the poor and the disadvantaged sections of the community. About 60 percent of the village funds were to flow to the very poor.
- **Equity** – The project was to focus on women and they were to play a determining role in all community organizations promoted and in decision-making process related to the project activities.
- **Participation** – The project was to ensure the participation of all the primary stakeholders, adequately represented by target poor, differently-abled and most vulnerable and youth in all project activities. All activities and programmatic decisions of the project at the village were to be based on participatory processes involving at least 60 percent or 1/3 of the target population.
- **Facilitating Style** – The project functionaries, representatives, resource organizations and support staff were to maintain the true spirit of community driven development across all the activities, processes

and adopt an enabling style so as to ensure self help and transfer of control to the community. The project was to have faith in the capacity of the poor to undertake, control and decide on all the activities of the project.

- **Transparency and Accountability** – All activities in the project were to ensure transparency and downward accountability.

The program piloted decentralized service delivery in ten panchayats—six testing the use of a VPRC with representatives from the community at the Panchayat level managing development activities, and four working directly with the Gram Panchayat (GP) which would receive a resource envelope, in addition to the largely tied resources from the state and central levels, to co-finance the village’s development plans and build the GP capacity in key areas.

The JSDF pilot was implemented in parallel with a related Bank project, allowing the rapid transfer of

### Box 1 - How it Works - Communities Organize for Results

The Project follows the community driven development approach where the target poor are identified using a participatory methodology. The target list is then approved by the Grama Sabha (Village Council).

Every Panchayat forms a Village Poverty Reduction Committee (VPRC) and a Social Audit Committee (SAC). All project funds are given to the VPRC and the community identifies its own needs, plans interventions and implements them. The VPRC displays all information related to project activities on notice boards to ensure accountability and transparency (see image, top right),

The SAC, which is the guardian of the project monitors the activities of the VPRC and ensures that benefits reach the target poor.

One of the important activities of the VPRC is the formation of self-help groups. Self-help groups already functioning in the village and those specifically set up under the project are given support. The VPRC monitors the groups and links them to banks and other financial institutions.

All groups in a village Panchayat federate to form the Panchayat Level Federation which operates a fund available to group members for livelihood activities. The members of these organizations are trained on their roles, governance aspects and book-keeping which enhances their leadership capacities.

The project has evolved an innovative way to use Community Professionals to build the capacity of the Community Development Officers. The professional and other trainers are selected from among those have successfully implemented projects in their villages.

The project has also given seed capital to set up Community Professional Learning and Training Centers (CPLTCs) at district level. These are owned and managed by the community and facilitate community learning in a systematic manner.



lessons emerging from the pilot into the larger Tamil Nadu Empowerment and Poverty Reduction Project (Vazhndhu Kaattuvom Project, VKP). This resulted in a number of improvements in project design and operation.

---

## Results and Outcomes

The pilot has produced key lessons for the VKP, and other livelihoods projects, and continues to do so up to the present day. A few of these lessons are outlined below.

- **Communications is critical to the successful implementation of a participatory project.** In VKP, every VPRC receives intensive training on the project and its core principles, and the members then create materials to inform the rest of the village about the project as well as any decisions that the VPRC makes on specific development interventions. These materials are posted on walls throughout the village, and posters, and placards were used to explain the projects principals, the beneficiaries, and other information about project rules and processes. In addition, decisions made by the VPRC are shared in the Gram Sabha, so that all villagers are aware of the project activities. This community based communication has contributed greatly to the atmosphere of transparency and ownership that surrounds the program.
- **Identifying the poor is not a straightforward activity.** Development projects in India have long used the “Below Poverty Line” (or BPL) list to target their interventions to the poor. However, close collaboration with villages in the JSDF pilot showed that poverty is a more nuanced condition and that BPL lists alone do not necessarily identify those most in need. The pilot used a method called participatory identification of the poor (PIP) to enhance the targeting of benefits. In the PIP process, trained facilitators work with the entire village in a public meeting to physically map out the village with the villagers determining who are the poorest among them—e.g., those with no land, no house, family members with disabilities, widows, etc. The village households are ranked in this public meeting using the villagers own criteria. This information is then posted publicly for a number of days to give villagers time to respond to the findings. Finally, the list is presented and voted on the in the Gram Sabha. This transparent mechanism helps reduce disputes over the assignment of project benefits and further reinforces everyone’s understanding of the programs rules and goals. The PIP has been so effective that other government

**Project Data**  
Implementing Agency: *Tamil Nadu Corporation for Development of Women and Disadvantaged*  
Grant (TF052880) Amount: *US\$595,140*  
Implementation Period: *3/11/2004 to 10/31/2009*

programs, like the Old Age Pension Scheme, now recognize the village PIP lists as better targeting tools than their own BPL lists.

- **Disability and poverty are closely linked.** The PIP process highlighted that households with disabled people were among the poorest in any village. The disabled in rural areas have few if any services and awareness of services that are available is also very low. In response, VKP developed an entire initiative targeting the disabled and linking them to government and NGO services (see Box 3). The VPRCs have hosted “fairs” where villagers can have their hearing and eyesight checked, linked crippled villagers to programs to get wheelchairs, and identified school programs for the intellectually challenged. Moreover, VPRCs have helped the disabled form their own self-help groups to begin savings and thrift activities, and have given priority to helping disabled villagers establish income generating activities that are within their ability to manage and that give them not only income, but improved status in the village.
- **Youth are important targets for development programs.** The JSDF pilot villages saw increased involvement of both women (a planned target group) and youth (an unplanned target group) in project activities. In fact, youth have emerged as an important interest group in village development. VKP has now developed a youth strategy that includes having a youth representatives on the VPRC, and enhancing the skills development and employment program of the project.
- **Livelihoods opportunities for the rural poor must extend beyond agriculture.** The VKP skills development program has been very successful at identifying jobs and training opportunities outside the farm sector for villagers, especially youth, who are unemployed or underemployed.

---

## The Skills Development Program

The VPRC collects information and prepares a database on rural youth (between 18-35 year of age) in the village. Based on this information the VPRC shortlists training institutions and companies and sends the youth for training. Examples include commercial vehicles driver training carried out at the MRF Institute of Driver Development in Chennai and the Construction Skills Training Institute where youth are trained in masonry, bar bending, carpentry and land survey for three months after which they are commonly given placements in the same companies.

The youth are also regularly mobilized at the district level to participate in job fairs where many reputable companies participate and recruit candidates. Nokia, for example, has engaged over 500 people through this program.

So far, over 26,000 youth have received training, with many being placed in good paying jobs in construction, garment manufacturing, light and heavy vehicle operation, auto maintenance and computer manufacture. The opportunities created through this program will have long-term effects on a family's income prospects.

The program is also opening doors for women, with trainees either being offered employment by manufacturing companies or setting up their own businesses - even those once only undertaken by men, such as bus driving. In addition, by removing the middlemen that typically initiate such ventures the returns reaching the workers are potentially significantly increased.

## Delivering Results

A recent Project Completion Report (May 2010) provided an evaluation of the success of the JSDF Program. It notes that:

- As many as 96% of those surveyed in VPRC villages were member of one or more self-help groups (90% in GP villages)
- 90% of VPRC respondents had been actively involved in the selection of beneficiaries
- 94.9% had borrowed money from the SHGs in the last 3 years (GP 98%) with 89.1% repaying (GP 85.4%)
- Only 2% of the target population (VPRC) now use money lenders when compared to a baseline of 44%
- In selecting economic activities, 47.8% (VPRC) were influenced by JSDF supported training (GP 25.2%)
- In terms of income improvement (corrected for inflation), 62% reported an increase in the last three years (GP 59%).

## Box 3 - Including the Excluded

In the VKP, a "Differently-abled Person" (DAP) is included as a member of the VPRC to voice the concerns and rights of this often marginalized group. This member plays a key role in extending services to the disabled community by representing their cases in the VPRC meeting and providing them with assistance targeted to their specific needs.

Differently-abled Persons who are in special groups are unable to save money due to unemployment and poverty. To make the special group credit worthy the project provides seed money of RS\$10,000 for each group. Individual assistance for the DAPs are given and funds to start small individual or group livelihood activities. This initiative has helped them to become financially independent and allowed them to live a life of dignity.



A project video details the example of Laksmi, a disabled woman who has identified an opportunity - to open a village shop. She discusses this with the visiting VPRC representative and discusses her capital needs (R\$15,000) and her ability to repay the loan.



The VPRC met to discuss the request, noting that they had received some 18 requests from disabled persons. Based on this the VPRC agreed to provide Laksmi with R\$10,000.

VKP is now being implemented in 2509 villages in 70 blocks within 15 districts of Tamil Nadu, and is changing perceptions of development programs among the rural poor and Panchayat officials alike. The JSDF pilot contributed significantly to the project's success. As a pilot operating concurrently with the project preparation and implementation, the JSDF pilot served as an "innovation laboratory" for VKP, testing approaches, learning lessons, and transferring successful practices to the larger project for scaling up.

## Key Resources

<http://vazhndhukaattuvom.org/>

The **Japan Social Development Fund** -- JSDF Good Practice Notes seek to share achievements, knowledge and lessons learned from the implementation of JSDF projects over the past decade. The JSDF is a partnership between the Government of Japan and the World Bank to support innovative social programs that directly meet the needs of the poorest and most vulnerable groups in developing countries. JSDF projects meet four basic requirements: Innovative, introducing new approaches to development; Responsive to the needy, by directly meeting the needs of vulnerable, marginalized, and disadvantaged groups; Rapid response activities that deliver short-term results and benefits to targeted beneficiaries; and Community capacity building activities that empower local governments, NGOs, and disenfranchised groups, while promoting stakeholders participation and ownership.