

WATERSHED MANAGEMENT
**Are Loans More Effective in Promoting Participation
and Ownership than Contribution?**
The Roles of Panchayat Raj Institutions

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1. The 90s -The Decade of Participation¹: People's participation in the process of Watershed Management was promoted throughout the middle and latter half of the 1990s by the Ministry of Rural Development (MoRD), GOI and NGOs. MoRD set up a committee chaired by Dr.Hanumantha Rao, which recommended the participatory approach. MoRD (whose Secretary was Shri B.N.Yugandhar) came out with guidelines empowering the local community to plan, implement and manage the micro watersheds. The Ministry of Agriculture launched its own scheme in 2002 incorporating participatory principles. Several states like Karnataka have decided that watershed programmes will be implemented through the Panchayat Raj Institutions since these are held up to be decentralised institutions managed by people's representatives. The recent "Guidelines for Haryali" issued in 2003 place the Panchayat Raj Institutions at the centre of the watershed programme and bestow a far greater role on the Line Departments in implementing the programme than the Guidelines for watershed Development which came out in 2001.
2. The major reason for the push towards people's participation in watershed management was that water (mainly surface run off in this case) cannot be managed effectively and efficiently without people's active co-operation. The situation in the drylands of the country with regard to the watershed structure (soil, hydrology and land use) differs even between one catchment of 100-150 ha and another. It can only be described as complex and diverse. No standardised plan or even process of implementation has the potential to succeed in a sustainable manner. Based on MYRADA's experience, people's participation in planning, implementing budgeting and maintaining the structures and supportive systems through their own institutions was expected to increase the level of ownership by people and this in turn would result in a higher degree of effectiveness, efficiency and transparency in the

¹ Three programmes namely, Joint Forestry management, Watershed Management and Participatory Irrigation Management -Andhra Pradesh 1997 - all of which gave a major role to people's participation took off during the 90s

process of watershed management and consequently increase the potential for the sustainability of the intervention.

3. However, shortcuts in the process required for effective people's involvement became the rule rather than the exception. In many watershed project, the major and often the only indicator of participation in Government sponsored programmes was limited to people's contribution. It was presumed that if people contribute, the level of ownership would increase. This paper deals briefly with this aspect of people's contribution and the strategy in which it is mobilised. It also deals with the role of the PRIs in watershed programmes. The role of the PRIs assumes importance in the light of the recent "Guidelines for Haryali" (1.4.2003), which gives a central role to the PRIs in watershed programmes.
4. Beginning in 1984, with the Gulbarga Project, MYRADA has been involved in Watershed Management in Karnataka, Andhra Pradesh and Tamilnadu in some of the driest and drought prone areas of the Deccan Plateau. Over 100,000 hectares have been covered in these programmes. A major component of this programme was to promote people's contribution. Initially it was in the shape of labour. We soon found it impossible to monetise the value of this labour which our auditors and evaluators required. Around 1991-92 we moved into contribution in cash. We faced several problems. a) People did not place the same or equal value on all structures; hence the percentage of contribution differed from structure to structure.² b) People found it difficult to raise a contribution in cash upfront. The periods when they had to raise this contribution normally coincided with a diminished cash flow and a demand for higher expenditures on education and social ceremonies. The solution they adopted was to borrow money from the Self-help Affinity Groups (SAGs) of which they were members. This is how MYRADA arrived at a strategy to promote loans rather than contribution in watersheds.
5. MYRADA's studies indicated that when the loan element was introduced by the watershed institutions, the cost of structures came down (it also differed from area to area but this difference did not raise the issues that arise from grant programmes with differences in unit costs), the monitoring of implementation by the Watershed institutions improved and diversification in the cropping pattern including the introduction of cash crops increased. We have still to ascertain whether loans have had an impact on management after the project was completed.
6. MYRADA then began promoting loans in all watersheds. The watershed institutions accepted and promoted the strategy of introducing loans for treatment on private lands. However, on common lands all treatment measures continued to be supported by grants with contribution from people in labour. In some watersheds the loans

² Refer to the "The MYRADA Experience - Interventions of a Voluntary Agency in the emergence and growth of People's Institutions for the Sustained and Equitable Management of Micro Watersheds" published in 1993.

were provided by the Watershed Institutions interest free, in others the interest rates ranged from 5% - 15% per year.

7. The loans are managed in the following manner; in most cases the watershed association receives a grant through a Government scheme or an NGO. The watershed association converts the grant into a loan for treatment on private land. Each association decides on the interest rates and the schedule of repayments. The recoveries to the watershed associations are used for several purposes including loans for agricultural inputs and for further investment on treatment measures on private lands. The SAGs also began giving loans to their members for treatment measures on private lands.
8. Attached are some examples of the lending patterns in 32 Micro watersheds in Chitradurga District, Karnataka. Similar patterns are prevalent in many MYRADA projects.
9. MYRADA's experience indicates that the introduction of loans for treatment on private lands must become a feature of watershed programmes. The loan culture has reduced the cost of structures, improved the quality of management in implementation and planning and reduced leakages in the delivery system. People do not view contributions in the same way that they view loans. The former does not motivate them to improve the level of monitoring and implementation, the latter does. Contributions are viewed more as a necessary condition to receive some benefits rather than as an investment that needs to be carefully managed. Further the quantum of funds required to treat lands under rainfed agriculture even in areas that are adequately undulating is far in excess of what is and will be available as grants. Besides there are no grant allocations for maintenance of structures. This will have to be met through repayments held by the watershed institutions. Recent reports from the RBI indicate a sharp fall in the number and quantum of loans given by financial institutions for agriculture. Bankers attribute the reason for this fall to the major drop of Government investment in irrigation. While this may be true, it also places a responsibility on Banks and Financial Institutions involved in rural credit to look out for new opportunities especially in dryland agriculture (which supports the majority of the poorer sectors) for investment. One such opportunity is loans for treatment on private lands in watersheds
10. MYRADA has made an effort to introduce loans in Government sponsored schemes, but without success. Even the NABARD watershed programme (under the NABARD Watershed Development Fund) which was originally conceived to include loans for treatment on private lands, turned out to be loans from NABARD to State Government and grants from the State to the beneficiaries.
11. Of late there are several indicators that the Government programmes are not promoting the involvement of people's institutions with the same emphasis as in the 1990s. For example the "Guidelines for Haryali" identify the PRIs and the Line

Departments as the first and second choice to implement works. These Guidelines give responsibility of forming SAGs to the Gram Panchayat with "the help of the WDT (Watershed Development Team)". This WDT however has little or no experience in forming SAGs. In many cases since the PRIs and Line Departments are the PIAs, this team will be under their control. For SAGs of the poor to be formed, it is now commonly accepted that the NGOs are the most appropriate institutions. The Guidelines provide for the WDT to hire a social scientist. This is inadequate to ensure that the poor are given space to form their affinity group or SAG. This requires the institutional support of an NGO since it implies intervention in the power system of rural society. The Area groups or User groups comprising stakeholders in a micro watershed of around 100 ha have been retained. But it is advisable to leave their formation and training to an NGO and not to the WDT. The Watershed Committees at the 500 ha level have been dispensed with. This is a positive step but at the same time the participatory institutions like the SAGs and User groups must be given the space and independence to grow in self confidence if they are to lobby for their rights in the Panchayat. In the earlier guidelines (August 2001) the allocation for community organisation was 5% and for training 5%. This was the responsibility of the NGOs. The total budget for training and community organisation has now been reduced (in Haryali) to 5% of project costs.. Only a few states have set up State Level Advisory Committees which provide a forum for interaction between Government and Non-Government organisations in a meaningful way. The low priority to NGO involvement in the Guidelines for Haryali can be assessed by the wording "In case ZP/DRDA/Line Department is the PIA, it may involve NGOs for community organisation and training. For this, approval of ZP/DRDA should be taken".

12. In the August 2001 Guidelines, 10% of the budget is allocated for administration expenses of NGOs, apart from the 5% for Training and 5% for community organisation. In reality, however, only 6% was received for administration and about 3% for training and 3% for community organisation in some States (like Tamilnadu and Andhra). This requires that the NGOs raise funds from elsewhere to meet these costs. The Guidelines for Haryali retain the administration allocation of 10%. However, if only part of this allocation is given to the NGO as in the past, it will add to the pressure on the NGO to raise resources from elsewhere.
13. There are also emerging organisational pressures which have a negative impact on promoting peoples participation. With state budgets running into larger deficits, the flow of funds for watershed management are no longer governed by the need to implement these programmes during the months when people have spare time but by the availability of funds at the State level. The shortage of staff at district level in Departments responsible for watershed management has resulted in poor monitoring of the programme. The shortage of resources to support programmes has also put pressure on programme funds for watershed to be managed by existing Government staff leaving out NGOs who have the skills to promote people's institutions. Mr. Anil Shah, IAS (Rtd.) who has been actively involved in introducing

participatory methodologies at the national level, aptly describes this emerging trend as, "the establishment strikes back".

14. Administrative procedures also cause long delays. For example all the Utilisation Certificates have to be received by the District from the Implementing agencies, before further funds can be called for. In some cases the delay in submitting the Utilisation Certificates by some implementing agencies has caused delays of up to 10 months, thus seriously affecting the work of others.

The role of Panchayat Raj Institutions

15. A reference to the role of Panchayat Raj Institutions (PRIs) in watershed management is pertinent given the central role that Haryana gives to them. The PRIs being decentralised institutions managed by people's representatives are projected as the most suitable to introduce participation in watershed programmes. This is questioned by many. **To begin with a distinction has to be made between institutions of representative democracy and those of participatory democracy.** The PRIs are an example of the former. They do not necessarily represent institutions of participatory democracy. We hold the position that both types of institutions are required to play a role for effective governance in a society which is divided by class and caste, where the poor and women are marginalised in public institutions and social practices and where relations of exploitation and practices of rent seeking are embedded. Examples of participatory democratic institutions are Self-help groups based on affinity and watershed management institutions among others in rural areas.
16. Experience has also shown that the Steering Committee which takes decisions at the District level (Zilla Panchayat) has little experience in selecting proper implementing agencies; politics and rent seeking influence choices. The members also have little interest in promoting the strategy, support systems and training required to implement a watershed management programme based on participatory strategies and people's institutions. (Of course there are notable exceptions). Distributing funds to please all parties normally takes precedence over effective implementation of an integrated watershed programme.
17. While it is accepted that the PRIs need to play a role in watershed management since they are statutory bodies, it is also necessary that participatory democratic institutions like SAGs and watershed institutions be promoted. The SAGs are required to lobby for the rights of the poor, to provide credit for their livelihoods and to ensure that the landless benefit from the investment in natural resources. The Watershed Associations are required to ensure that there is an appropriate institution to manage a micro catchment in which all the members have a stake since they cultivate lands in the area or use its resources. SAGs have been recognised in many Government sponsored programmes as part of the institutional strategy in watershed management particularly to promote the objective of equity. The

Watershed Associations comprising all the members who cultivate and use the resources of a micro watershed of around 100 ha are still to find a place. The standard watershed in Government Programmes covers an area of 500 ha in which over a 100 families cultivate. These watershed groups are too large for effective participation. As a result they elect representatives to implement the programme. This reduces the level of participation and often marginalizes the poor. Within this area of 500 ha in the Deccan plateau where the land is undulating, there are several small micro watersheds of approx 100 acres. The families cultivating in these micro watershed number around 25 to 30. These families form a Watershed Association (sometimes called an Area Group), which in our experience is structurally appropriate (being small and with reduced potential for leadership conflict) to function in a participatory manner and is able to implement the programme in a more effective, efficient and transparent manner than the body that represents the families in the 500 ha watershed.

18. The KAWAD Model of PRI involvement: The KAWAD (Karnataka Watershed Development Society) model in Bellary district of Karnataka has the ZP as the Implementing Agency. However, it has appointed a Steering Committee for the programme which is different from the ZP Steering Committee. The Chairman of the KAWAD sponsored Steering Committee is the CEO of the ZP and the Joint Director of Agriculture (District) is the Member Secretary. PRI members include the elected Representatives of the Taluk Panchayat and Zilla Panchayat **who represent the area in which the watershed programme is implemented (not others)** and the President of the Gram Panchayat. Officials on this Steering Committee include the Deputy Directors of AH, Horticulture, Rural Industries, Fisheries, District Social Welfare officer, Manager of the Lead Bank and Project Director DLDO. There are also NGO representatives - one from each watershed. However, the funds flow directly from the Chief Executive Officer/Joint Director to the Watershed Associations formed at the level of the 500 ha watersheds. This is a good example of involving the ZP while at the same time avoiding the weakness that could creep in due to pressures and influences both political and otherwise that often originate from the members of the ZP Steering Committee. The weakness in the institutional strategy is that there is no place for the watershed associations (Area Groups) at the micro watershed level of 100 ha. As a result the Association at the 500 ha level transfers funds directly to individual beneficiaries for private land treatment and livelihood enterprises; the Committee also directly implements works on common lands; this does tends to leave out the Area group which is usually the largest stakeholder in common lands in the micro catchment.
19. The mid term evaluation report of the KAWAD programme conducted in November 2001 also brought out another feature which contributed to the linkage between the statutory and representative Panchayat Raj Institutions and the KAWAD promoted institutions. For example in the Bellary watershed programme there were 12 elected members of Panchayat Raj Institutions who were also selected to be members in the Watershed Institutions at the 500 ha level. Interviews with the

families involved in the watershed programme indicated that they believed that this linkage would help the Watershed Institutions to have direct access to information and resources coming through the Panchayat.

20. SUJALA, the Watershed Project of the Government of Karnataka supported by the World Bank provides a place to the Micro watershed associations (Area Groups) at the 100 ha level. These Area Groups are recognised as the middle tier in the three tier institutional structure supporting the watershed programme in the field, namely a) the SAGs (of the poor -15 to 20 members including landless), b) the Area Groups (of all the families cultivating or using resources in the micro watershed of about 100ha - these are participatory institutions), and c) the Watershed Committees (comprising elected or selected representatives from SAGs, Area Groups, other stakeholders at the 500 ha level - these are representative institutions). The Area Groups (100 ha level) are contracted by the Watershed Committees at the 500 ha level to manage the watershed programme in their area of 100 ha approx. Funds are also transferred to these area groups for work on common lands only from the Watershed Committees at 500 ha level. This is a step towards recognising the important role that the Area groups have the potential to play. But, it is still inadequate since the Area groups are not given the full space they require to function; they are considered more like contractors. For example: funds for treatment on private lands are transferred directly to individual beneficiaries by the Watershed Committees and not through the Area Groups. The watershed Committees at the 500 ha level which are representative bodies play a major role in fund flow and programme management; this dominance of the larger representative Committee at the 500 ha level opens the door for several of the problems described above that arise from the ZP managing the programme. In fact there are several cases where political party alliances have undermined the formation and functioning of the Committee at the 500 ha level. However, where adequate capacity building training and support is given to the Area groups, they have the potential to increase the level of their participation and to take the lead in programme planning and implementation. This depends to a large extent on the capacity of the NGO providing training and capacity building. MYRADA's experience and intervention was largely responsible for inclusion of the Area group as an institution in watershed management strategy in Sujala.
21. MYRADA's experience indicates that the KAWAD model in Bellary of involving the ZP could be replicated together with the Sujala strategy of including the Watershed Associations (Area Groups) at the micro watershed level of 100 ha. These two institutions together with the SAGs form an institutional framework that seems to be the most appropriate to achieve the objectives of the watershed programme.
22. **What about the Committee at the 500 ha level?** This could be dispensed with, as the Guidelines for Haryali have done. The Gram Panchayat would be the appropriate institution at the local level to support the programme.

23. Though the Gram Panchayat is preferable to the Watershed Committee at the 500 ha level, it is necessary to ensure that the Gram Panchayat gives space for the participatory institutions like the SAGs and User (Area) Groups to grow. The responsibility for forming these participatory groups must be left to NGOs and not to the WDT. The Haryali Guidelines require the GPs to open a separate account for the Watershed Programme. This is necessary but not adequate. It is advisable that there is also a separate management committee similar to the Steering Committee set up in the KAWAD Programme. This management Committee should be dedicated only to the watershed programme; its members should include representatives from the User (Area) groups which cover the 100 ha micro watershed, the SAGs and NGOs involved in the programme as well as the GP representatives from the watershed project area and other technical officers from the Line Departments. The Haryali Guidelines do not provide for this broad representation.

ROLE OF NGOS

Based on suggestions of the Steering Committee on the Voluntary Sector for the Tenth Plan and recommendations of an All India Conference on the Role of the Voluntary Sector in National Development held on April 20, 2002 at Vigyan Bhavan, New Delhi; Planning Commission has recently issued guidelines to concerned ministries and all state Governments to take appropriate steps to strengthen the voluntary sector. The All India Conference on the Role of Voluntary Sector was addressed by the Hon'ble Prime Minister and was attended by a number of Union Ministers, Chief Ministers, Senior Government officials and 15 NGOs from all over the country. In his inaugural speech, the Prime Minister compared the nation building process to a chariot driven by five horses, viz., the Central Government; the State Governments; Panchayat Raj Institutions; the private sector; and, last but not the least, voluntary organisations and community based groups. He further highlighted the role of VOs/NGOs in national development and referred to the potential of the voluntary sector in creating gainful employment.

(An extract from "Career Opportunities in the Voluntary/NGO Sector" by Dr. Lalit Kumar, an article in "People's Action" Vol.24)

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