CHAPTER 11 Nepal and the Indian States of Karnataka, Madhya Pradesh and Rajasthan

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Following the example of the global *Human Development Report* (HDR) introduced by the United Nations Development Programme (UNDP) in 1990, many countries have prepared national and even sub-national HDRs to highlight major disparities in development trajectories and help policy-makers prioritise investments that could enhance people's choices. A number of national and state level HDRs were financed through the Poverty Strategies Initiative (PSI) of UNDP. This chapter provides an assessment of the activities undertaken under the auspices of the PSI programme in India and Nepal.[1] It demonstrates how PSI activities played an important catalytic role in these two countries, and how the HDRs that resulted from those activities were used to influence policy-making.

The first section briefly describes the nature of the activities undertaken under the PSI programme in the two countries. The following section discusses the processes of preparation for the respective HDRs in Nepal and in the Indian states of Karnataka, Madhya Pradesh and Rajasthan. We are particularly interested in exploring the extent to which the process of preparation was inclusive, and identifying the actors that were involved in these activities. The third section examines how successfully the PSI activities have gained ownership by the relevant stakeholders, how well they have entered the mainstream of economic thinking and policy-making in the two countries, and how far they have helped to build the capacities of various actors involved in poverty alleviation. Next we assess the impact of the PSI activities on policy-making and advocacy, both inside and outside the government. The impact is assessed mainly in terms of the role these activities played in stimulating debate, leading on to further initiatives of a similar kind, and inducing concrete policy actions by governmental and non-governmental actors. Finally, the chapter focusses on the extent to which the PSI programme in India has been able to stimulate interagency collaboration in the field of poverty alleviation. We conclude by pointing out the strengths and weaknesses of the PSI activities and drawing some general lessons of wider relevance.

Promoting human development

The major component of the PSI programme in both countries was the preparation of Human Development Reports. There is, however, a significant difference in the nature of the assistance provided by UNDP in the two countries. In India, funds from the PSI programme were used mainly to catalyze a number of state-level Human Development Reports (SHDR), and only secondarily to fund them directly. By contrast, in Nepal, resources were used directly for the preparation of the national HDR of 1998.

The first SHDR of India was published in 1995 for the state of Madhya Pradesh. It was produced from the state government's own resources, without the help of external finance. The UNDP office in New Delhi assisted mainly by offering some advisory support. This pioneering effort, however, soon caught the attention of many agencies and the PSI programme enabled UNDP to take a lead role in helping to replicate the effort in other states.

To this end, UNDP organised a workshop in Bhopal, the capital of Madhya Pradesh, in late 1996 with funding from the PSI programme. The goal of the workshop was to disseminate the findings of the Madhya Pradesh SHDR of 1995 and to encourage other states to replicate the effort. The workshop was very well attended. In addition to the authors of the Madhya Pradesh report, officials from a number of other state governments, representatives of various donor agencies and national and international non-governmental organisations (NGO) and academics were invited.

Several of the representatives from other state governments who attended the workshop returned to their states convinced of the value of SHDRs. The workshop was a success in that Madhya Pradesh went on to produce a second report in 1998 while Karnataka produced a report in 1999. Rajasthan and Sikkim both scheduled publication of their SHDRs for 2000. Several other reports are at various stages of preparation. For instance, the state government of Assam is preparing its own SHDR with the help of UNDP and the Indian Planning Commission, which has earmarked additional central assistance for the exercise. The SHDRs for Uttar Pradesh and Goa were ready to get under way with the signing of agreements between the state governments and UNDP. The government of Andhra Pradesh and UNDP jointly organised a workshop in June 1998 to identify the outline and resource persons for the preparation of background papers for their own SHDRs. The governments of all these states have already requested additional central assistance from the Indian Planning Commission. The process of consultation and preparation of background papers has also been proceeding apace in several other states, like Himachal Pradesh, Arunachal and Tamil Nadu. The states of Bihar, Jammu and Kashmir, Meghalaya, Punjab, Kerala and Tripura have also expressed interest in collaborating with UNDP in this area, and discussions have also been held with Maharashtra, Nagaland and West Bengal.

In Nepal, the PSI programme assisted in the preparation of two reports. One is the *Nepal Human Development Report* (1998), which was the first and so far the only one of its kind to be produced in that country. The other is a social sector expenditure review, which was prepared in collaboration with UNICEF within the framework of the 20/20 Initiative promoted by the United Nations to increase financing for basic social service provision. Nepal has a proud history of being one of the pioneers of the Initiative. It was one of the first four countries that UNICEF chose in 1993 to carry out detailed case studies of public sector expenditures, which formed the foundation for the subsequent launching of the 20/20 Initiative. That early study had a visible impact on the country's public finances, as the proportion of spending on basic social services rose impressively for a few years. For instance, the human priority ratio defined as expenditure on social priority sectors as a proportion of total public expenditure, rose from 11.7 per cent in 1992/93 to 14.5 per cent in 1994/95. But this ratio, along with all other indicators of spending on basic services, has since stagnated. The recent expenditure review sponsored by the PSI programme was born out of the recognition that fresh efforts were needed to restore the momentum of reorienting public finances towards basic social services (Nepal 1998a).

Preparing the Human Development Reports

The PSI programme was launched with the expectation that it would have an impact far beyond its direct outputs. The content and the quality of work supported by the programme are important for this purpose, because high-quality work that is relevant for a country's poverty reduction efforts is likely to inspire other actors to carry forward the tasks. But, arguably, the process whereby these activities are undertaken is even more important. Even work of the highest quality will not have a major impact on policy or the public discourse in a country if it is undertaken in isolation and does not receive wide dissemination. If, by contrast, work of even moderate quality is undertaken in an inclusive manner, its ideas will stand a better chance of being translated into action and leading to new and better quality work. The process of preparing the national and state-level HDRs is thus no less important than their content.

A wide range of participants attended the Bhopal workshop mentioned above. The inclusiveness of the process and the wide publicity given to the workshop helped to strengthen the legitimacy of the notion of the human development approach to a wide constituency in India. It also encouraged several other states, which were inspired by the example of Madhya Pradesh, to follow suit with their own SHDRs.

The preparation of these subsequent SHDRs, however, varied somewhat in their degree of inclusiveness. The second Madhya Pradesh HDR (1998) was prepared, as in the case of the first one, mainly as a government enterprise. A dedicated group of senior civil servants, many of whom also had considerable academic credentials,

were entrusted with the responsibility of drafting the report. A local research-oriented NGO called Sanket was also deeply involved and worked in close collaboration with the government team led by the Planning Secretary. Some academics were included in the advisory committee, but they played a relatively minor role.

The Rajasthan SHDR was also the outcome of collaboration between a team of senior civil servants and Sanket. By contract, the Karnataka SHDR was prepared almost entirely by a team of senior civil servants, many of whom (as in the case of Madhya Pradesh) had considerable academic credentials. A review committee, however, provided guidance to the state government team on substantive issues such as the calculation of district income using purchasing power parity norms, as well as district poverty estimates based on pooling central and state government survey samples. The review committee also was responsible for the inclusion of a chapter on the status of the statistical data system in the state.

In contrast to the Indian SHDRs, the government was hardly involved in the process of preparing the Nepal HDR. A local research institute called the Nepal South Asia Centre (NESAC) prepared the report with support from a few outsiders, in particular some academics drawn from the University. Interestingly, two major figures involved in the preparation of the report happened to be politically aligned to the two major political parties of Nepal, a fact that lent a considerable amount of cross-party neutrality to the report itself.

While the reports were written in each case by a small group of people in both India and Nepal, attempts were made to involve a much larger group in a process of consultation and interaction, both during and after the writing stage. The degree to which this was done varied, however. Perhaps the widest range of consultation occurred in the case of the Nepal HDR. As each chapter was written, a separate workshop was arranged to discuss its contents among academics and others having specific expertise on the subject matter of the chapter. Once all the chapters were written, a more encompassing workshop was held to discuss the complete draft. An even more encompassing interaction followed at the stage of launching the report, when in addition to the academics and experts, invitations were also extended to a large number of civil servants, politicians, NGOs, journalists and other civil society representatives. Once the report was complete, a series of discussion sessions were held between its authors and a number of government ministries to help the bureaucrats internalise the report's findings.

The process of consultation was less inclusive in the case of Indian SHDRs. Although an independent advisory committee was supposed to guide the work of the teams responsible for writing the reports, with a few exceptions the members of these committees did not play a significant role. In the case of Madhya Pradesh, the drafts were sent out to the elected leaders of local government (district *Panchayat*) for their views. This process of consultation was deemed important

especially in view of the emphasis given to decentralised governance in both the SHDR itself and in the general policy framework of the state. It is not clear, however, how significantly any feedback received from the members of local governments contributed to the final output. The value of this consultation lay more in making the lower echelons of government aware of the notion of human development and its implications for economic policy-making.

Similarly, the HDRs in Karnataka and Nepal also laid a special emphasis on decentralisation and participatory governance, but unlike in Madhya Pradesh, there was no attempt to involve members of local government in the preparatory stage. In both cases, however, once completed, the document was disseminated to the district level and below. This was done most systematically in Nepal, where the HDR was translated into the vernacular for the consumption of local level governments and members of civil society.

The preparation of the report on social sector expenditures in Nepal (1998a) also involved the participation of other stakeholders. A retired official of the Ministry of Finance with detailed first-hand knowledge of the intricacies of government accounts was responsible for preparing the report. But in this task, he received constant support from the member of the Planning Commission in charge of public finances. Furthermore, a series of informal group discussions were held roughly once every six weeks during the preparatory stage in order to consult a wide spectrum of people.

Ownership and mainstreaming

One of the chief criteria to judge the success of the PSI activities is the extent to which they have been able to mainstream the ideas and activities supported by them. This issue is closely related to that of ownership, because unless a wide range of stakeholders beyond UNDP owns the ideas and activities promoted by the PSI programme, they are unlikely to become part of the mainstream of economic thinking and policy-making in a country.

Neither in India nor in Nepal did the PSI programme make any major breakthrough in terms of conceptual or methodological innovation in the analysis of poverty or the formulation of policy for poverty reduction. But in both countries, the activities sponsored by the programme made a successful bid to popularise the idea of human development and the particular approach to policy-making it implies. The global *Human Development Reports* have been doing this popularisation quite well over the last decade, but in order to mainstream the idea in a more concrete manner, work also had to be done at regional, national and sub-national levels. The South Asia Human Development Reports of the past two years have gone some way towards meeting this need in the region. The SHDRs of India and the HDR of Nepal supported by the PSI programme have carried that process for-

ward to a significant extent.

In Madhya Pradesh, Karnataka and Rajasthan, the notion of human development has obviously become part of the mainstream thinking of policy makers — though not yet so much a part of their actions. Indicators such as the HDI (human development index), the GDI (gender development index) and the GEM (gender empowerment measure), which are essential parts of the human development vocabulary and toolkit, are now routinely employed in both oral and written communication among government officials.

The language of human development, as distinct from the conventional notion of 'development', has already been permeating the official discourse on planning and policy-making. At the same time, social sectors such as health and education are now receiving far greater attention, at least in policy statements, than they did in the past. Significantly, the HDRs seem to have succeeded in inspiring this reorientation of focus even in the higher citadels of power. For example, in his speech to the state assembly in 1999, the Governor of Karnataka cited evidence from the state HDR to draw attention to the problems of human development in the state.[2] In a similar vein, the King of Nepal used the language of the 1998 HDR in his speech to the national parliament. Although statements of this kind may be more rhetorical than substantive, it is equally true that all major new ideas enter the realm of rhetoric before they influence the practical world of policy-making.

One of the reasons why mainstreaming has been so rapid in the case of the Indian SHDRs is that in all three cases examined here (Karnataka, Madhya Pradesh and Rajasthan), the state governments have fully owned these reports. The tradition was set by the pioneering 1995 SHDR of Madhya Pradesh, which was produced wholly at the initiative of the state government and written primarily by government officials. Karnataka and Rajasthan have followed that tradition. The fact that the government was responsible for both the initiation and the preparation of the SHDR made it easy for the product to be owned by the government. This in turn made it easy for the ideas popularised by the SHDR to enter mainstream economic thinking in the official circle.

Active involvement on the part of the government creates an advantage in terms of local ownership. The danger is that this process may lead to just another government report, either bland or self-adulating, with very little honest and critical reflection. This did not happen in India, however. Perhaps this can be attributed to the exemplary tradition set by the 1995 SHDR of Madhya Pradesh, which was undertaken in a spirit of genuine soul-searching to examine why one of the most resource-rich states of India also happens to be one of the most backward in the economic and social spheres. This first report appears to have set the tone for the SHDRs that followed.

In all cases, the team responsible for the preparation of the SHDR was given

considerable autonomy. Officials from the highest levels of the bureaucratic hierarchy were involved with the team, with the result that there was very little scope for meddling from bureaucratic quarters. It is interesting to note the contrast with another official report on intra-state disparities in Karnataka that was being prepared in parallel with the SHDR. The officials of the Karnataka government confided that unlike the SHDR, the other report bore all the hallmarks of an official document — bland and non-critical.

Unlike in India, the government of Nepal has not officially endorsed the *Human Development Report*, which is largely perceived as an independent research report prepared by a team of outsiders. There are two reasons for this. First, government officials were not directly involved in the preparation of the report, although the authors did organise seminars and workshops to consult officials. Secondly, frequent changes of government within a short period of time have rendered it difficult to ensure ownership or implementation of any kind of initiative in Nepal.

The fact that the report has gained wide popularity has nonetheless enabled it to influence mainstream economic thinking. This resulted partly from the fact that the main authors of the report were two highly respected intellectuals, who also happened to be aligned to the two major political parties in Nepal. According to a member of the Planning Commission, another factor is that the report was prepared under the auspices of the UN system, which is viewed by the government as more neutral and sympathetic than other multilateral and bilateral donor agencies. The end result is that even though the report itself is not fully owned by the government, the force of ideas expressed in it is widely acknowledged within the official circles. In fact, the first HDR ever produced in Nepal has inspired the government to produce a second report, which will be carried out in collaboration with UNDP.

Government decisions to produce new rounds of Human Development Reports in both India and Nepal demonstrates growing acceptance within the official circles. A similar process is also under way outside government circles. In Nepal, for instance, the HDR has already entered the curriculum of the Masters' courses in economics and sociology in the University. The trade union movement has also been using it as a learning resource in the training courses organised for trade union members.

Unlike the HDR, the report on public finances in Nepal had no difficulty in gaining ownership by the government. This is mainly because the Member of the Planning Commission responsible for public finances was deeply involved in an advisory capacity throughout the preparation of the report, although a retired civil servant did the actual analysis and writing. Another reason for the sense of ownership of this report is that it is seen as a continuation of the 20/20 Initiative, in which the government has a strong sense of ownership.

Capacity-building

The preparation of SHDRs in Madhya Pradesh, Karnataka and Rajasthan was an exceedingly valuable capacity-building exercise from the point of view of the respective governments. Although the NGO Sanket was deeply involved with the SHDRs of Madhya Pradesh and Rajasthan, the main responsibility was borne by government officials. It is true that report-writing is nothing new for the officials, who are routinely engaged in the preparation of different kinds of reports. But this was a report with a difference: analytical as opposed to being merely descriptive, honest as opposed to being economical with the truth, and self-critical as opposed to being propagandistic. A different kind of mental orientation and an altogether different level of intellectual effort were needed to produce these reports. Given proper incentives, this valuable training can be put to good use in a wide range of government activities.

Since independent researchers were responsible for writing the Nepal HDR, there was no such scope for capacity-building within the government during the process of preparation. But both in Nepal and India, the output of the process did create scope for capacity-building both inside and outside the government. In both countries, the district level analysis of human development indicators carried out by the HDRs has enhanced the capacity of local-level governments to formulate local plans in multiple ways, in particular by:

- Generating district-level statistics that can be used as plan benchmarks;
- Developing methodologies that local governments would be able to use for constructing similar statistics in the future;
- Clarifying what it means to adopt the human development approach to planning.

In Nepal, the inter-district ranking generated by the HDR has also enhanced the capacity of the government, as well as donor agencies, to target their interventions more effectively to areas that are most in need of support. The report on social sector expenditures similarly contributed to capacity-building. It has done so by equipping the government with a detailed statistical basis and by presenting it with a menu of policy options on which to build a programme for reorienting public expenditure towards basic social services.

Capacity-building of a different kind is also taking place in civil society. Clear evidence of the fact that the HDRs have enhanced the civil society's capacity to play the advocacy role is that various disadvantaged groups, trade unions and political parties are liberally using the information generated by the HDRs to advance their respective causes.

In order to enhance the capacities of Indian states to undertake SHDRs, UNDP signed a three-year project for Capacity-Building for Preparation of State Human Development Reports with the central government.[3] Under this project, UNDP would support the states in the preparation of SHDRs by:

- Mobilising appropriate local expertise in the states;
- Carrying out assessments of existing needs and capabilities at the state level;
- Providing expertise to the state governments for improving data quality, collection and analysis;
- Providing expertise to develop and refine gender indicators, and for training and sensitisation of district-level personnel, especially those dealing with statistics, planning and administration of *Panchayat Raj* institutions;
- Developing action to improve existing delivery mechanisms with respect to basic services for human development, covering livelihoods.

To ensure common definitions and measures in the preparation of SHDRs, a network of national experts will be engaged to work closely with the state governments. The experts would refine concepts, evaluate statistical databases at the district level, and identify critical human development issues in select states, as well as bottlenecks that impede development among disadvantaged groups. Based on empirical knowledge and augmentation of the existing data, the experts would help finalise indicators tailored to the needs of specific regions, to be adopted for measurement of human development in Indian states.

The SHDRs catalysed by the PSI programme have led to further activities and have helped leverage additional funds for activities oriented towards human development goals. These activities support the ongoing attempts at sensitising the agencies responsible for collecting and analysing statistical data in India on issues of gender. In 1996, the government of India adopted the National Policy for the Empowerment of Women in response to the commitments made at the Fourth World Conference on Women, held in Beijing in 1995. One component of the Policy stated that 'Gender Disaggregated Data will be collected, compiled and published on a regular basis by all primary data collecting agencies of the central and state governments as well as research and academic institutions in the public and private sector'. An Interagency Working Group was set up in order to support the government in the implementation of this policy. The Working Group is intended to help develop methodologies for the construction of the Gender Development Index (GDI) and Gender Empowerment Measure (GEM), both of which were first introduced by UNDP in the *Human Development Report 1995*. The Group is led by UNDP, and other members are the Central Statistical Organisation, the Department of Women and Child Development of the government of India, ILO, UNICEF, UNIFEM, UNESCO, WHO and the World Bank.

Moreover, in 1996-1997 UNDP and UNIFEM joined hands with the Department of Women and Child Development and the government of Karnataka to support a pilot study aimed at disaggregating gender data in two districts each in four states (Gujarat, Karnataka, Tamil Nadu and West Bengal). One of the recommendations of the study was to expand databases with standardised formats for gender-based disag-

gregation, and to identify a group of core variables and indicators to be used for comparison across the country. In order to enhance the government's capability to undertake these tasks, UNDP signed with the government of India a project entitled Gender Audit at the State Level in September 1998. The project aims to support the Department of Women and Child Development and Central Statistical Organisation to review the methodology for the computation of GDI and GEM, and to identify the required district-level data to be collected and processed. Based on this, a national programme would be formulated to fill in the gaps in the existing data systems.

As part of this project, two brainstorming workshops were held towards the end of 1998 on developing gender indicators and establishing mechanisms for monitoring them at the state and district level. Among other things, these workshops discussed two background papers. The first paper, commissioned by the Department of Women and Child Development, focussed on 'en-gendering' official data systems in the states and districts of India. The second paper discussed a methodology for the computation of the human development and gender development indices (HDI and GDI), and was prepared by the Central Statistical Organisation (CSO). The methodology developed by the CSO, with the help of the Interagency Working Group, identified 18 indicators that need to be measured for the purpose of computing the GDI and the GEM. These indicators are already being tried out on a pilot basis on some districts in the state of Karnataka. UNDP and other agencies are closely monitoring this pilot project with a view to arriving at a final set of indicators. The work done in connection with the SHDRs has contributed enormously towards preparing these indicators. UNDP, other UN agencies and the government of India have all contributed resources for these activities.

Influencing policy and the public discourse

The PSI programme was conceived as a relatively small intervention backed by a modest outlay. On their own, therefore, the PSI activities could not have been expected to have a profound effect on the country's poverty reduction efforts. It was expected, however, that if properly conceived and executed, they would work as catalytic agents by stimulating public debate, introducing new ideas to policy circles, strengthening existing initiatives, and inspiring new ones. In this manner, the ultimate cumulative effect of the PSI activities would be much larger than their direct and immediate impact. In both India and Nepal, there are good reasons to believe that the PSI programmes has had discernible impacts both at the level of government thinking and policy and at the level of the civil society.

Prior to the workshop in Bhopal, a debate was taking place in India on whether a national HDR or a series of state level HDRs was the best way of advancing the human development perspective in India. The workshop helped to win the argument in favour of those who had envisaged that in a country as diverse as India, it

made more sense to have a series of state level HDRs instead of a national one. Inspired by the workshop, two more states, Rajasthan and Karnataka, immediately embarked upon preparing their own SHDRs, and the government of Madhya Pradesh felt encouraged enough to produce a follow-up report. Many more states are following suit. Meanwhile, UNDP has convinced the government of India of the value of state-level HDRs, with the result that the central government has agreed to provide funds (to be supplemented by UNDP's own resources) for supporting the preparation of SHDRs for all the states of India in the coming years. In Nepal too, the first HDR has generated enough enthusiasm to convince the government of the need to produce a second HDR, with support from UNDP.

It is too early to make a full and proper assessment of the extent to which the HDRs have influenced actual policy making in the two countries. HDRs are not meant to be primarily policy documents. By their very nature, rather than formulating specific policies with well-defined targets and budgets, they focus on describing a country's socio-economic situation from the perspective of human development and indicating the general directions that the economy and the polity ought to take in order to make human development possible. It would, therefore, be unrealistic to expect a direct translation of the ideas contained in HDRs into immediate policy actions. What is more likely is that the particular way of thinking inspired by the human development perspective would gradually begin to mould the mindset of those in charge of making policy. This is a long-term process, but there are already signs that the process has begun.

The importance of SHDRs is being acknowledged at the highest levels of policy-making in India. In the 1999 annual meeting of the National Development Council, the joint empowered forum for State Chief Ministers and the Union Cabinet, the Deputy Chairman of the Planning Commission emphasised the role and relevance of SHDRs in the rationalisation of plan outlays and monitoring. The SHDRs were also credited with ensuring that indicators of human development relevant for policy analysis and action are readily available.

At a more concrete level, the clearest example of policy impact comes from Madhya Pradesh, which has had the longest exposure to SHDR so far among all the cases reviewed in this chapter. According to senior government officials, the conceptual framework underpinning some of the major policy initiatives undertaken in this state during the last five years has been deeply influenced by what they recognise to be three major tenets of the human development approach:

- Switching of government expenditure to activities that directly influence the wellbeing of the poor;
- Taking a multi-sectoral approach to intervention, because human development is an outcome of simultaneous improvement in many different dimensions of living;

- Participation of the people themselves in the activities intended for their wellbeing.

An outstanding example of how this recognition has influenced policy-making in Madhya Pradesh is the Education Guarantee Scheme (EGS), which the government introduced in January 1997 with a view to ensuring universal access to primary education in the shortest possible time. The scheme involves both a guarantee on the part of the government and a compact between the government and local communities for sharing the cost and management of the programme. Under the EGS, the government guarantees the provision of a trained teacher, the teachers' salaries and further training, teacher-training materials and contingencies to start a school within 90 days, wherever there is demand, provided two conditions are met. First, there must be no primary schooling facility within one kilometre of the community that makes the demand. Secondly, this demand must come from at least 25 learners in case of tribal areas and 40 learners in case of non-tribal areas. The community, in turn, has to identify and put forward a teacher and also provide the space for teaching and learning. Local management committees are set up for taking responsibility for day-to-day management of schools, and in particular for ensuring regular attendance on the part of both teachers and students.

By all accounts, the EGS has proved to be an overwhelming success. In the first year of its operation, more than 40 new schools opened each day and, after 18 months, the state could boast universal access to primary education. This is indeed a remarkable achievement for a state that has long suffered the ignominy of being known as one of the most illiterate states of India. A good deal of work remains to be done in terms of improving the quality of education offered by these schools, but at least in terms of ensuring access to education, the EGS clearly demonstrates the power of a decentralised participatory approach.

Other examples of the emergence of a new way of thinking in Madhya Pradesh are the community-based programmes for forest management and watershed development. In both these programmes, community groups have been actively involved in the preservation and management of resources, and a multi-sectoral approach has been adopted to secure the livelihood of all groups of the poor, not just those who would benefit directly from the use of forest or water resources. Recognising that people would be more willing to conserve resources if they had a stake in their conservation, they have been given ownership as well as management responsibilities. Furthermore, in recognition of the fact that the poor would refrain from overexploiting scarce resources only if they had alternative income earning opportunities, attempts have been made to create such opportunities by offering them credits, skills and other inputs. In other words, the traditional top down approach of bureaucratic management of natural resources has been replaced by a community-driven approach, in which the livelihoods of the poor rather than resource conservation for

its own sake is the primary goal. It is this community-based holistic approach towards livelihood security that the new thinking in official circles identifies as the distinctive feature of the human development approach. These programmes are quite new, and yet preliminary studies indicate that they are already beginning to bear some fruit (Madhya Pradesh 1998).

The impact on policy-making is less evident in Karnataka, which is not surprising, given the fact that the SHDR of this state is more recent. An additional problem was that the report was prepared when the *Janata Dal* party was in power in the state, but the government collapsed soon after it was completed. During the election campaign that followed, the opposition Congress Party used the findings of the SHDR in its election manifesto to draw attention to the plight of the people in the state. It also used the report's policy prescriptions to draw inspiration for its own programmes. Although the Congress Party won the elections, the transition caused by the change of government has led to a natural delay in translating ideas into action.[4]

Even so, the senior government officials who were responsible for overseeing the preparation of the report have carried the task forward during the transition period. In particular, the Chief Secretary of the government of Karnataka kept the process going by asking the line Secretaries to prepare policy papers for their respective sectors, with an understanding that these would be informed by the findings of the SHDR. Some of these papers have already been prepared. The one on rural development has focussed on assessing the quality and quantity of the estimated 200,000 water sources in the state, which was identified by the SHDR as a critical issue for the rural poor. Two inter-ministerial task forces have also been set up for education and health, following the report's recommendation to reorient the government's policy thrust towards these sectors (Karnataka 1999).

Another indication of a changing mindset, in both India and Nepal, is the broader perspective from which economic wellbeing has begun to be perceived. A common feature of the SHDRs of India and the national HDR of Nepal is the special effort that has gone towards obtaining a disaggregated picture of wellbeing, across geographical locations, ethnic groups, gender and occupational groups. For example, they have all tried to develop human development indicators at the district level. In so doing, they have gone beyond the standard measure of per capita income and tried to construct measures of other dimensions of human development, namely health and education.

As a result of these exercises, it has now become possible to rank all the districts in terms of a wide range of human development criteria. This ranking is being utilised for multiple purposes by a variety of actors both inside and outside the government. The government Madhya Pradesh, for instance, has been struck by the finding that some of the most advanced agricultural districts are actually near the bottom of the pile in terms of social indicators of human development such as

health and education. By contrast, some of the tribal districts, which are known to be extremely poor in terms of conventional economic criteria, rank quite high in terms of social indicators. The reasons for such divergent performance in terms of economic and social indicators have become matters of serious inquiry both within and outside government circles.

In both India and Nepal, district authorities have begun to use the district-level human development indicators to their advantage. The poorest districts are using them as an advocacy tool to advance their case for greater allocation of resources from the higher echelons of government. Furthermore, all districts are using, or are being encouraged to use them as a benchmark in formulating their district development plans. This exercise in local-level planning has received a boost from the happy congruence of two separate developments. One is the construction of district-level indicators described above. The other is the move towards decentralisation of governance that has been proceeding strongly in Madhya Pradesh, Karnataka and Nepal since the early 1990s. The drive towards decentralisation has created the institutional imperative for formulating local development plans. At the same time, the Human Development Reports have come at an opportune moment to facilitate the formulation of these plans. They have done so first by guiding the orientation of plans, in particular by driving home the message that development is more than building roads and dams, and, secondly, by providing a regionally disaggregated statistical picture of human deprivation that the district authorities can use as their plan benchmarks.[5]

At higher levels of government, the most concrete use of these district indicators has so far been made in Nepal. During 1998-99, the government has launched three new programmes, the formulation of which has benefited directly from the disaggregated picture of human deprivation highlighted by the Nepal HDR. The Special Area Development Programme has been launched with a view to strengthening the poverty alleviation efforts in 22 backward districts. In identifying these districts, extensive use was made of the inter-district ranking in terms of human development generated by the HDR, supplemented by other information. The programme seeks to channel large amounts of national and international funds into infrastructure, education and health projects for the chosen districts, and to manage these projects with the help of local communities. At about the same time, the Disadvantaged Groups Development Policy and the Indigenous Population Development Policy were launched for the benefit of the untouchables and the indigenous populations respectively, both of which were identified by the HDR as the most deprived social groups in Nepal.[6]

The disaggregated picture of human deprivation depicted by the HDR has become a very useful advocacy tool for diverse social groups in Nepal. Civil society organisations representing the untouchables, the indigenous people, women,

and workers have quoted frequently from the report in support of their respective causes. The trade union movement has used the analysis of the HDR to argue publicly against what it perceives to be the Western world's attempt to impose the ideology of 'globalisation as a panacea' for the ills of the developing countries. As already mentioned, the trade unions also use the report as part of the syllabus for training their members. Newspapers and other media use it all the time. Even the leader of an underground Marxist party (which is responsible for armed insurgency in the mountain regions of the country) has quoted from it to draw attention to the plight of the mountain people in his regular column written for the most widely read vernacular weekly of Nepal.

The Participatory District Development Programme (PDDP) supported by UNDP represents yet another case of the inter-district ranking generated by the HDR being utilised in policy-making. The objective of the PDDP is to strengthen the government's efforts to promote participatory decentralisation in Nepal. It was born of the realisation that decentralisation cannot work for the benefit of the poor unless people are empowered at the grassroots level and that such empowerment can come only if they are mobilised in autonomous community organisations. UNDP has helped in this regard by conceptualising and implementing the programme. This initiative, together with a similar one called Local Governance Programme (LGP), encompass both strengthening of the local government institutions and social mobilisation at the household level.

Under these programmes, a team of social mobilisers are employed to form settlement-wide community-based organisations (CBO), separately for men and women. The process begins by encouraging every household to join a savings group, in which they are required to deposit a fixed amount of savings every week. Once the discipline of regular savings has become firmly established, the CBOs are formed with a view to undertaking a wide range of activities. In order to ensure that the decision-making process is not usurped by a handful of people, the CBOs are not allowed to have any executive committee. Instead, all members of the organisation take decisions together.

After forming the CBOs, the members continue to mobilise small savings on their own and, in their weekly meetings, they take decisions on their investment. In addition to their own savings, funds also come from the Capital Credit and Seed Grant of the Project and from the Local Trust Fund with the District Development Committees (DDC). Since the PDDP intends to strengthen the local government institutions in an integrated manner, it has also been possible to accommodate the programmes of other donors within its management structure. For instance, NORAD provides seed money for Local Trust Funds in some of the districts, while UNICEF collaborates in child-related programmes in some other districts. SNV, a Dutch aid agency, has also been operating in collaboration with the PDDP. In

response to a possible resource crunch after the withdrawal of project support, a Poverty Alleviation Fund has been created at the centre. The annual budget for the year 1999-2000 has set aside Rs. 100 million in order to set up this fund. Additional support will come from the Local Trust Fund at the sub-regional level.

By mid 1999, PDDP and LGP had together covered 40 districts. It is estimated that nearly half a million people have already been served by these two projects, and an independent evaluation shows that they have been served pretty well. First, the scheme has provided a mechanism for conflict resolution at the local level and, in the process, ensured that resources and privileges are not cornered by a powerful few. Secondly, it has provided a mechanism for ensuring that all developmental activities are undertaken in a genuinely participatory manner, thereby improving the likelihood that poverty reduction efforts will succeed better than in the past.

Inspired by these positive results, UNDP and the government of Nepal have decided to extend the PDDP approach to a larger number of districts. This extension will cover in the most backward districts, where intervention is most urgently needed. This is where the Human Development Report sponsored by the PSI programme has made a contribution. By ranking the districts in terms of human development, it has helped to identify the districts most in need of support. UNDP has decided to use this ranking to choose the districts for inclusion in the next phase of the programme.

Unlike the HDR, however, not a great deal can be said about the impact of the social sector expenditure review funded partially by the PSI programme in Nepal. The report, as it stands, is quite impressive. It was prepared by a local expert with deep inside knowledge of government finances and has been strongly supported by the National Planning Commission. The Member of the Planning Commission in charge of public finances has taken a keen personal interest in the study, and the final formulation of the document has benefited from a wide-ranging consultative process. The recommendations made in the report, in favour of reallocating government spending towards basic social services, raising additional revenue, levying user charges wherever possible so as to achieve greater efficiency, and devolving more fiscal powers and responsibilities to local governments, are all very sound (Nepal 1998a).

Despite all this, the actual impact of the study is not yet visible. The principal reason is that, although the report had been in the making for a while, it was finalised too late to input into the preparation of the annual budget for the year 1999-2000. As it happens, the final stages of the preparation of the study coincided with the final stages of preparation of the forthcoming budget for the year 2000-01. Moreover, the same Member of the Planning Commission was deeply involved in both these processes. There is, therefore, a general expectation that the recommendations of this exercise should inform the fiscal measures to be proposed in the forthcoming budget.

In practice, however, this may not happen. The government seems already committed to several large hospital projects, which will make it difficult to devote a larger proportion of health sector expenditure to basic health care services, as required by the 20/20 Initiative. This does not, however, rule out greater impact in the longer term; as the previous commitments are phased out, additional resources are mobilised through various means such as user charges, privatisation and general improvements in efficiency, and local governments are given more powers to raise and utilise additional fiscal resources.

Supporting interagency collaboration and aid mobilisation

The PSI projects in both India and Nepal have succeeded in promoting collaboration between the central government of India, various state governments, bilateral donors and multilateral organisations.

The main collaboration in the preparation of the Indian SHDRs has taken place between UNDP, state governments and the central government of India. But others have also been involved. The momentum created by the Bhopal workshop was further strengthened by two additional workshops, which UNDP organised in collaboration with other institutions. A national workshop on Poverty and Human Development was organised jointly by the Dutch embassy, the World Bank and UNDP in April 1998. Representatives from the government, NGOs, bilateral organisations and the UN system attended the meeting. The participants recommended the need to examine the human development situation at the level of localities, not national aggregates, and to make better use of the rich corpus of data that is currently under-utilised for policy and programme purposes. They further recommended the establishment of mechanisms to make the data user-friendly so that it can be used for decision-making. These recommendations reaffirmed the ideas that had emerged in the Bhopal workshop.

Subsequently, in July 1999, UNDP collaborated with the Indian Planning Commission to organise another national workshop on the Core Contents and Indicators of Human Development. The goal of the workshop was to discuss the suitability of various human development indicators with senior officials from the government of India, representatives of state governments and other resource persons. The workshop helped build a consensus regarding the core variables and issues that need to be covered in state HDRs. These instances of collaboration between UNDP and other agencies played a crucial role in adding legitimacy to the idea of state-level HDRs, culminating in the capacity-building project that UNDP subsequently signed with the government of India.

A second set of activities sponsored by the UNDP programme in India was even more directly aimed at promoting interagency collaboration and aid mobilisation. These activities sought to influence the policy dialogue between international

donors and the government of India in the India Development Forum (IDF), the official name for the Aid Consortium group for India. Aid Consortium meetings, in which donors and the recipient country discuss development strategy, are typically organised by the World Bank by virtue of its status as a major donor in many countries. The same is true also for the IDF. But UNDP has been trying for some time to reorient both the content and format of these meetings, to make them more responsive to the perspective of human development in terms of content and more inclusive in format.

To these ends, the UNDP office in New Delhi prepared a position paper for discussion at the IDF meeting in Paris in July 1997 (India 1997). The purpose of this document was to push the donors, and the World Bank in particular, towards adopting the human development framework in their strategic thinking. Resources from the PSI programme were used to produce this position paper. In order to make the format of these meetings more inclusive and country-led, UNDP has been advocating the idea of holding preliminary meetings in India so that a wide range of stakeholders can participate in the process of deliberation. The World Bank itself has also been moving recently in that direction. In pursuit of this goal, the two institutions jointly organised the India Poverty Consultation Workshop, a kind of pre-IDF meeting, in New Delhi in January 1999. UNDP contributed a position paper, apart from organising this workshop (India 1999).

The PSI programme contributed both directly and indirectly in these activities. Directly, it provided funds for preparing background papers for the two position papers mentioned above. Indirectly, the SHDRs supported by the PSI programme provided essential resources, in terms of both data and analyses, for preparing the positions papers. Furthermore, the series of workshops organised in connection with these activities provided an opportunity to a wide group of people from academia, media and civil society to engage in debates and deliberation with both the government and the donor community.

Although these activities have fed into ongoing processes instead of initiating new ones, they have certainly helped to strengthen the existing interagency collaboration. The position papers prepared for the IDF meetings, as well as the workshops in which they were presented, have reinforced the growing collaboration between UNDP and the World Bank. They did so in manner that has served to redress some of the imbalance that typically has characterised the relationship between these two institutions.

The strengthening of existing collaboration between international organisations is also in evidence in Nepal. The most obvious case is the social sector expenditure review in which UNDP collaborated with UNICEF. The effect of the Nepal HDR has been somewhat indirect, but no less potent. While it would not be true to say that the HDR led directly to some new collaborative initiative, it is clear that the

inter-district ranking produced by the report has been utilised by the UN agencies in their ongoing efforts to enhance interagency collaboration in Nepal. They have decided to concentrate their collaborative efforts initially in two of the most backward districts identified by the HDR — Achham and Baitadi, in the far-western mountainous region of Nepal. They have agreed, furthermore, to adopt the social mobilisation approach adopted by the PDDP for their future work in these districts.

The way this collaboration works is that whenever one of the agencies decides to undertake some programme for a number of districts, it would try to include one or both of these two districts. Thus both the PDDP, supported by UNDP, and the Decentralised Planning for the Child Programme (DPCP), supported by UNICEF, have Achham as one of their common districts. UNESCO has included these two districts in their programme for Enhancing the Role of Women in Development through Community Learning Centres (WIDE-CLC). The World Food Programme and UNDP have jointly devised a food-for-work programme for the two districts. The United Nations Environment Programme (UNEP) will collaborate with the United Nations country team for Nepal to produce a state-of-the art environmental study for the two districts, while UNDP and the Food and Agricultural Organisation (FAO) will join hands to identify critical food security concerns and opportunities.

The Nepal HDR is also helping to solve a problem of inconsistency that has often plagued the UN agencies in the past in the use of data. Different agencies have tended to use different data sources in their respective country assessments. Recently, they have decided to ensure greater consistency by adopting a UN Common Country Assessment (CCA). While the CCA still draws upon data from multiple sources, a decision has been taken to rely mainly on the consistent statistical database created by the Nepal HDR wherever a problem of inconsistency might arise.

Conclusion

In comparison to the millions of dollars spent by UNDP alone, not to mention other agencies and the respective country governments themselves, the PSI activities were a very small intervention in the context of both countries' efforts to reduce poverty. As such, it would be unrealistic to expect that they would have a huge direct impact. Those who conceived of the PSI programme did not expect it either. From the very beginning, the objective of the programme was to use the small financial outlay strategically so as to have a large indirect effect.

These indirect effects were expected to flow from the ability of the PSI activities to act as a catalytic agent, by raising awareness, by generating critical information, by supporting interagency cooperation, and by building capacities of relevant stakeholders. If this catalytic function is performed well, then the activities supported by the PSI programme can be expected to lead to new initiatives, perhaps by leveraging additional funds from other sources, or by strengthening existing ini-

tiatives. In either case, the ultimate effect would far exceed the immediate direct effect of those activities.

For this to happen, two conditions must be met. First, the activities must be chosen with great care, giving due consideration to the question of which kind of activities are likely to have the largest possible catalytic impact in the particular circumstances of a country. Secondly, the processes that are employed in undertaking these activities must be inclusive enough to generate a sense of ownership on the part of relevant stakeholders and to be able to create relevant capacities. This applies especially, though not exclusively, to the government of the host country.

It is from this perspective that the PSI activities in India and Nepal have been assessed in this chapter. In neither country has the programme been in existence long enough to fully assess its impact. Nevertheless, even for the short period it has been existence (four years in India, three in Nepal), we find enough evidence of a strong catalytic effect. In both countries, the Human Development Reports have been singularly successful in raising awareness about the value of the human development approach and the huge disparities that exist between regions and between different population groups. They have also succeeded in reorienting the strategic thinking of policy-makers, in building capacities both inside and outside the government, and in equipping local governments and civil society with concepts and information that they are capable of using effectively while playing their respective advocacy roles. In India, the activities around the state HDRs have also had considerable success in leveraging additional funds for carrying forward the tasks initiated by the PSI programme.

It would be presumptuous to claim that these changes have occurred directly as a consequence of the activities supported by the PSI programme. There is no doubt that gradual changes in the development paradigm that are taking place at the global level, helped to a considerable degree by UNDP's own global effort at pushing the human development agenda, must have played a big role in bringing about these changes. But it seems equally clear that the PSI activities in India and Nepal have contributed significantly towards bringing this global agenda closer to the attention of both policy-makers and civil society.

All the PSI activities undertaken in India have helped to strengthen interagency cooperation, both among the UN agencies and between the UN system and other multilateral and bilateral donors. Clearly, the position papers written for the India Development Forum have enhanced the capacity of both UNDP and the government of India to influence donor strategies, especially those of the World Bank, towards the human development approach. To a significant extent, interagency cooperation was also promoted in Nepal, if not as a direct outcome of the PSI activities then as a result of the inter-district ranking generated by the *Human Development Report*.

A number of factors can be cited for the impressive success of the PSI programme in both countries. First, the HDRs have gained wide acceptance among diverse segments of the population. This is in part because they have addressed issues such as hunger, livelihoods, literacy, education, and people's participation in governance, that are close to the heart of the people. Most importantly, in both countries these reports have been seen as honest attempts to understand and address the problems they face. The intellectual quality and analytical rigour of parts of these reports may be debated, but there is a general consensus about the intellectual integrity and genuine spirit of enquiry underlying the work. The absence of political and bureaucratic interference has played a crucial role here, which was a remarkable achievement given the fact that the Indian reports were prepared primarily by government officials. In Nepal, the attribute of political neutrality has emanated from the fact that intellectuals aligned with the country's two major political parties were involved in the preparation of the report.

Second, while the HDRs did not make any path-breaking innovation in conceptualising poverty or laying the theoretical foundations for poverty reduction strategies, they made a major empirical contribution in both countries. This has had a far-reaching effect. The SHDRs of India and the HDR of Nepal made a conscious effort to statistically delineate the disparities that existed within their jurisdiction, whether between districts, ethnic groups or sexes. Diverse advocacy groups have seized upon these statistical data in order to advance their respective causes. Almost any disadvantaged group can find something in these reports to offer concrete evidence in support of their grievances. As a result, the HDRs have not remained isolated intellectual exercises; they have entered the mainstream of political and economic discourse.

Third, in the context of the move towards decentralised governance that has gained momentum in both countries in the 1990s, the decision to support the preparation of HDRs has turned out to be an astute one. In India, decentralisation means, in the first instance, greater autonomy of the states in designing economic policies and allocating resources. In this respect, the state-level HDRs have proved an ideal vehicle for equipping the state governments with the statistical picture of human deprivation within their territories and for identifying policy priorities and critical bottlenecks. It is because of this potential contribution SHDRs can make to the cause of decentralisation that UNDP has been able to persuade the government of India to undertake a project for producing SHDRs for as many Indian states as possible.

In both India and Nepal, the HDRs have made a further contribution to the cause of decentralised governance by generating a statistical database disaggregated at the district level. Local governments utilising this database as benchmarks for formulating local development plans, as diagnostic tools for allocating resources to

the most deprived areas, and as advocacy tools in asking for resources from the higher echelons of government.

In view of the support given by the HDRs to the cause of decentralisation, there is a good case for UNDP to continue to support these activities in both India and Nepal. National and sub-national HDRs could be a very effective instrument for policy and advocacy, given the fact that decentralised participatory governance has gained wide acceptance as the most appropriate institutional framework for advancing the cause of human development in both countries. Of course, the nature and content of these reports will have to evolve. The first rounds of reports were comprehensive in nature, surveying the whole field of human deprivation in their respective jurisdiction. Future HDRs will have to focus more specifically on crucial priority areas, and they will have to be much more policy-oriented.

Those who undertake these activities, whether government officials or independent researchers, may need technical support to able to rethink economic policies from the human development perspective. Particularly in India, similar needs of this type will be felt within each state, as every state undertakes to prepare HDRs of its own. There has been some discussion in India about setting up a resource centre to service these common needs and distil lessons from common experiences. Once in existence, such an institution could provide support to the efforts of other countries in the region to implement the human development approach to economic policy-making. The UNDP office in New Delhi has expressed an interest in such a centre for some time. This could prove an astute use of any future resources. ■

Notes

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[1] The assessment is based primarily on the information gathered by the author during his field trips (February 19-29, 2000 in India and April 1-5, 2000 in Nepal), supplemented by the reading of documents collected before and during the visits.

[2] The following excerpt from the Address of the Governor of Karnataka to the State Legislature (October 1999) quotes data directly from the Human Development Report of Karnataka 1999: 'My government is aware of the fact that despite our efforts made in the areas of primary education and literacy, rural female literacy is less than 35 per cent in many districts. There are still over a million children in the age group of 6 to 12 who are out of schools. Half of the children, who enrol in Class I, do not complete elementary school. My government thus proposes to launch a massive programme to achieve universalisation of primary education and raise the overall literacy rate of the state to 80 per cent by 2005 AD.'

[3] UNDP has committed US$ 500,000 out of its core funds for this project, which is far in excess of the US $150,000 that was initially committed out of the PSI programme to support the preparation of SHDRs. More significantly, the government of India has committed to spend up to US$ 1 million in each of the three years of the project duration. This project thus represents a successful case of a relatively small amount of PSI resources first leveraging a much larger amount of UNDP's own core funds and then going on to leverage even larger funds from outside UNDP, viz. the government of India.

[4] An interesting episode occurred in the Bellary district of Karnataka, which is a traditional Congress stronghold. Sonia Gandhi, the leader of the Congress Party and widow of the late Prime Minister Rajiv Gandhi, contested the election for the national parliament from this constituency in 1999. While touring Bellary during her election campaign, she was embarrassed by the journalists and opposition candidates who pointed out that despite decades of support given by the people of Bellary to the Congress Party, it had done little to improve the lot of the common people in the district. In support of this contention, the detractors pointed out that although the district ranked fairly high (7th) in terms of per capita income, it had a low rank in terms of the Human Development Index (HDI), a fact that had only recently been brought to light by the Karnataka SHDR.

[5] For instance, according to the Chairman of the District Development Committee of the Kavre district in Nepal, his district plan has taken the HDR figure of 37 per cent literacy rate for his district as the benchmark and is aiming to raise it to 60 per cent within the plan period.

[6] The member of Nepal's National Planning Commission responsible for these programmes stated that while the HDR alone was not responsible for the genesis of these programmes, it played a big role, first by drawing attention to the disadvantaged groups and locations and, second, by developing concrete indicators with which these groups and locations could be identified for the purpose of targeted policy action.