

The large external indebtedness of many poor countries which had negative effects on the growth performance in many cases induced a thinking about the rationale for debt conversion among Swiss NGOs and development co-operation. As a consequence of a petition by a coalition of Swiss NGOs to the Swiss government resulted in the establishment of a debt relief fund. The objective was to reduce the debt overhang of eligible countries and to establish counterpart funds which would finance development projects particularly aimed at alleviating poverty and generating new income at the local level. The working of the concept of creative debt relief is illustrated by the examples of Bolivia, Tanzania, and the Philippines. The advantages of debt conversion are seen in the establishment of a dialogue forum with local NGOs and between NGOs and government; the participation of umbrella NGOs in the designing and decision-making processes; and the creation of a demonstration effect.

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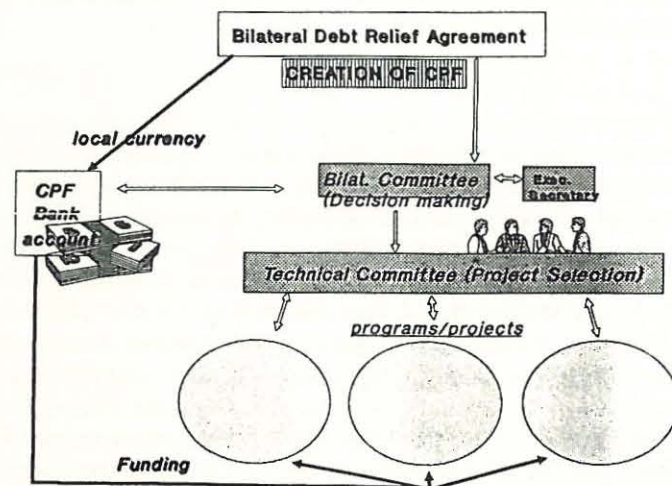


Table: Typical counterpart fund structure

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Neil Webster¹

Democracy, Decentralized Government, and NGOs in Indian Rural Development

Introduction

Rural development in India is currently in a state of some confusion. The policies of economic liberalization, i.e. 'the New Economic Policies' (NEP) have been laid over a development scene that was already broad in its range of strategies and in which an extremely varied range of institutional actors play different roles in development, both complementary and competing. At international, national, and sub-national levels, many voices reflecting often quite different development discourses are now asserting a right to influence the course of development within the country. Yet the new directions in development and economic policy that have begun to emerge, are often serving only to complicate the issues involved and to provide misleading signals to the various institutions and actors involved in development planning and implementation at the local level. This paper is an attempt to reassess the role of local institutions in rural development with a view to aiding both the ultimate effectiveness of their involvement as well as the development of better aid policies by external organizations that wish to promote a pro-poor rural development through the local institutions.

From the institutional perspective two themes are currently prominent in discussions of rural development in India, each involving a different group of local institutional actors. The first is an argument for more effective, more accountable and more participatory local government. Here the institutional actors are Panchayati Raj institutions (PRI), that is institutions of local government operating at village cluster, Development Block, and District levels.

The second theme rests more upon the argument for a reduction in the state's involvement in development, i.e. a return to the market. Local Indian NGOs² figure in this discourse both for reasons of their ability to cushion

¹ Senior Researcher at the Centre for Development Research, Copenhagen. An earlier version of this paper was presented at the International Conference on New Directions in Aid Policy for Rural Development, Vienna, October 13 – 15, 1994. A considerable debt is owed to Lars Engberg-Pedersen, Researcher at the Centre, with whom I have co-operated closely in recent work on democracy and decentralization in development.

² Unless otherwise stated, NGOs are used in the article to refer to Indian NGOs involved in development work, usually at the local level.

some of the short-term effects of the new policies, but also as they are institutions seen as central to the development of a strong civil society that can counter-balance the state through the political incorporation of a greater number of its citizens, particularly those previously excluded from development.

The two themes are far from being mutually exclusive. Both reflect the process of political liberalization currently gathering pace in the country. Within the international development community, both themes are central to the more general debate linking development with democracy and which stress participatory development and political empowerment.

The trend for most of India's post-independence history has been for rural development to become increasingly a centralized, 'top-down' process. Participation and empowerment of the rural population and specifically of the poor majority might have been somewhat idealistically and superficially planned for under Nehru and later played with to gain political capital by both Indira and Rajiv Gandhi, but the reality is that rural development witnessed a retention and strengthening of hierarchical structures within the federal state development departments and the central government development agencies. Administrators and officials remain accountable only to those above, their work is simply to fulfil the requirements of the planned programme sector for which they are held responsible, and popular or representative participation has had little role to play.

Then during the 1980s the focus in India began to change with calls for decentralized and devolved government in the form of Panchayati Raj. Taking a lead from the experiments in the States of West Bengal and Karnataka in decentralized government, attention was first turned towards the need for a restructuring of the state along more decentralized lines, creating or revitalizing local state institutions that could facilitate greater participation and assertion of influence by the rural population on the state and its planning and implementation of development. In the late 1980s the focus of attention broadened to include local institutions that can enable a greater degree of political and economic self-determination for specific groups of social actors from the voluntary sector, in particular NGOs.³

³ So far the total contribution of NGOs to Indian rural development is very small. There are estimated to be in excess of 40,000 in number, of which around 15,000 are registered under the Foreign Contributions Regulation Act of 1976. Most of these are relatively small and limit their work to specific localities, but the growing acceptance of their potential reflects a growing movement away from the belief in state managed development. It also reflects a tendency to conceptualize the institutional side of rural development in somewhat simplistic terms of NGO vs. State. This is dangerous as it pushes important institutions for rural development into an ideological confrontation as well as confusing donors seeking to develop a better strategy for the delivery of aid to the rural sector in India.

The result in India today is that the rural development scene at the local level is somewhat chaotic with both state and non-state institutions and organizations operating in an uneven, unstructured, and often incoherent fashion. The challenge is therefore to begin to move towards a more coherent strategy of rural development that draws upon the resources, skills, and comparative advantages of the range of institutional actors present, from the local to the international, and one which stresses the need to draw upon the rural population's own abilities to organize for development.

It is to this end that the paper seeks to explore the nature, role, and inter-relationships between local government institutions and non-governmental institutions and organizations.

Decentralization of government

Arguments for the decentralization of government usually proceed along the lines of: decentralized local government institutions make the state more participatory, thereby more accountable, and thereby more efficient. The rural poor majority can assert their interests and the local government institutions and the development they undertake begins to be more equitable and more sustainable.

Decentralization is currently a policy advocated by neo-liberals seeking to 'role back the state', by neo-marxists seeking to obtain better means through which the marginalized and oppressed can influence and begin to change the class character of the state, and by a range of theorists occupying various positions in the middle ground concerned administrative efficiency and effectiveness, fighting corruption, and much more.

So it is that in the past 10 years or so there has been a growing pressure for democratic decentralization as an important policy to bring about development and not merely as a desirable political goal in itself. Decentralization is seen to represent a qualitative change in the form of government, and not merely the administrative extension of the state outwards and downwards. It is the devolution of responsibility and capability from above (financial resources, competent personnel, etc.) and the incorporation of demands and interests from below into institutions of local government. Ideally, much of the design, researching, and implementation of development policy should then take place at a local level through institutional structures and processes that enable the democratic participation of the population.

The principal problem confronting any real decentralization of government is that it runs counter to the recent history of the state, namely the tendency for a centralization and concentration of power at the centre. Not only is the political organization of government based usually upon the

consolidation of vested interests at the centre, but the administrative organization of government has been increasingly centralized in hierarchical line ministries. Therefore, even when there is a shift in the balance of political forces and a genuine desire to decentralize democratically government, there remain the entrenched interests within the administration secured by their bureaucratic structures and procedures.

Decentralization of government therefore requires a strong *political commitment* on the part of the state government. There are two obvious reasons for this: First, the creation of democratic decentralized government introduces the very difficult problem of integrating horizontal political councils with vertically structured administrative departments. Decentralization only begins to become meaningful when departmental administrations begin to carry out their functions in co-ordination with, and with a degree of accountability to, the local political institutions. In order to achieve this, the quite radical requirement of central government and of the state generally is to re-conceptualize its relationship to its citizens and to redraw its lines of responsibility and accountability. It is not just to generate the local institutions, but to make them function effectively and democratically. This also requires time as the generation of a popular trust of decentralized institutions requires the gradual transfer of individuals' expectations about key aspects of their everyday life to these institutions.

Secondly, there is a need for the state to intervene at the structural level in order to bring about certain key changes necessary to facilitate the democratic functioning of local government and the participation of those traditionally marginalized from the political process. Land reform, education, minimum wage legislation, and the protection of minority and individual interests are examples of measures designed to secure rights. Without the security of key rights such as these it is difficult to envisage decentralized government institutions achieving the free participation of marginalized and oppressed groups, or of these institutions being accountable to the population as a whole.

Lack of any degree of popular participation and thereby accountability to the population must call into question not only their legitimacy, but also their sustainability in the long-term. It must also lead to a questioning of the effectiveness of such institutions given the state's inability or lack of political will to secure such rights.

It is therefore important to argue strongly against views that see the generation of local government institutions, i.e. decentralization of the state, as a zero-sum process whereby in developmental and political terms the central state becomes weaker as the locality grows stronger. Instead, one can argue that a principal development role of the state is to pursue democratic decentralization of governance in order to facilitate the local

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rural development, and their relationship to the 'people' were all left to the individual States to decide. Accordingly, it is not possible to talk of democratic decentralization on an all-India basis, or of Panchayati Raj empowering the people of India let alone the poor.

However, there are examples where significant attempts have been made to carry through democratic decentralization and to a considerable extent these have gone down the path that other states must at least appear to follow. West Bengal has been effectively running decentralized government, Panchayati Raj, since 1978. The previous redundant panchayat bodies were constitutionally restructured in the state by the Left Front Government elected in 1977. New direct party-based elections to the three tiers of Gram Panchayats (village cluster), Panchayat Samitis (Block) and Zila Parishads (District) were then held in 1978 and every five years thereafter. From 1985 the Panchayati Raj institutions have also been responsible for drawing up the District Annual Development Plans beginning with Basic Needs proposals from the lowest tier. These are then formulated into the State's Annual Plan for submission to the central government for funding. The direct benefits, both democratic and developmental have been recognized by a growing number of authors⁴ as well as by the people of West Bengal, reflected in the past four sets of elections.

West Bengal is unusual in that its Left Front Government is led by the Communist party of India (Marxist), CPI(M). Committed to bringing about a 'People's Democracy' and thereby socialism, its agrarian strategy has combined structural reforms with Panchayati Raj to bring about an anti-poverty agrarian strategy that is quite unique in India. In this instance, democratic decentralization has involved the intervention of a strong state to break many of the traditional socio-economic ties of dependency that undermined the poor and marginalized them from independently participating in politics. It has also involved not just the generation of an accountability of the bureaucrat to the elected politician and of the elected politician to the electorate, but also the accountability of the elected party members and party supporters to the party's development goals through a system of close monitoring.

In this way West Bengal has seen a successful challenge to the traditional mode of patron-clientelism in local politics and to the 'rock departmentalism' of line ministries. However, this 'model' also possesses the weaknesses associated with a democratic centralist party that must pursue short-term political demands required for re-election as a state government within the Indian Union while retaining a long-term goal of a fundamental transition of the social formation and its economy. Consequently, while there is a greater local democracy than ever before, the Left Front Government is extremely

4 See for example Webster 1992a, 1992b; Lietaen 1992a, 1992b, 1993; Westergaard 1985.

reluctant to allow the local 'political space' to emerge that one normally associates with such democracy with the result that local development initiatives that lie outside the work and political domain of the panchayats rarely succeed in establishing themselves and developing into viable development actions.

On the surface the political strategies for local rural development in the Indian states of West Bengal and Karnataka appeared at one point to have set out on very similar paths towards decentralized and devolved government and planning under their respective Panchayati Raj programmes.

In 1983 the Janata party was elected to the State government with Ramakrishna Hegde as Chief Minister. It proceeded to take the original Karnataka Panchayat legislation passed in 1956 and enacted the Karnataka Zilla Parishads, Taluka Samitis, Mandal Panchayats, and Nyaya Panchayats Act in 1985. The legislation created two elected tiers: the Mandal Panchayat (equivalent to West Bengal's Gram Panchayat), and the Zilla Parishad (District), with the Taluka Samiti as an intermediary nominated body.

The most significant feature of the Karnataka system was the extensive devolution of powers and financial and administrative autonomy which in many ways exceeded that implemented in West Bengal.⁵ All functions and functionaries of the development departments at the district and lower levels were transferred to the Panchayati Raj institutions (PRI). The councils were finally elected, after some delay on the part of the Congress central government, in 1987.

However, the return of Congress to power in Karnataka in 1989 has seen the gradual demise of the initiative. Direct elections to the three tiers of Panchayats constituted under the revised Karnataka Panchayat Act: the Gram Panchayat (formerly the Mandal Panchayat but slightly reduced in size), the Taluka Samiti (now elected rather than nominated) and the Zilla Parishad, were due to be held in the State in January 1992, but were repeatedly delayed until December 1993 despite pressure from both the High and Supreme Courts. Even now it is only the elections to the lowest tier that have been held.⁶ The consequence has been that after the Mandal Panchayats' and Zilla Parishads' terms of office were completed in early 1992, they effectively ceased to exist. State development planning in Karnataka once more became centralized with responsibility for local rural development lying with the relevant administrative departments. Whether the new elections will

5 For a detailed account of Panchayati Raj in Karnataka, see Inbanathan 1992.

6 The elections were contested on a non-party basis, but unofficial reports suggest that pro-Janata Dal candidates secured a majority over pro-Congress candidates. As the elections to the two higher tiers of PRI are to be contested on a party basis, it is hardly surprising that the State's Congress government has postponed them indefinitely.

bring about anything more than a superficial revitalization of the Panchayati Raj institutions remains difficult to judge.

So it is that the political space that exists for local institutions in Karnataka is somewhat different to that found in West Bengal. In Karnataka, as the local government initiative has declined so the role and scope for local NGOs has grown, with the State's full agreement. In West Bengal, NGOs have not been encouraged by the Left Front Government. Few have received government support, bilateral and multilateral aid has been encouraged to pass through the Panchayati Raj institutions, and generally, those NGOs that have been operating in the State are at best tolerated, not supported. It has only been in the past years or so that there is beginning to be a debate, albeit behind closed doors, as to how to use local NGOs in the process of planning development.

In Karnataka, the reverse is true. Local NGOs have grown in numbers at a very rapid pace in the past five to ten years. At the lowest level it would almost appear that the State has franchised out certain development work to the local NGOs. Over four hundred are currently active in rural development work alone.⁷ In one District, Kolar, the number grew from less than 10 to over 40 in the space of 6 years. Many of Karnataka's local NGOs are little more than paper entities, registering as NGOs as the availability of external donor funds became known.

The beginnings of a revitalization of local government with the new elections to Panchayats held in December 1993 has raised key questions as to how the two types of institutions should relate to each other, in many ways the same that are also being posed in West Bengal, albeit from a different political standpoint. It is these same questions that those involved in the formulation of aid policy must take up if they are to develop a more effective strategy for local rural development.

Decentralizing Government and Planning – Some lessons to be learnt

As analyzes of the experiences of West Bengal and of Karnataka have revealed some important lessons concerning local government and development policy,⁸ let me state some of these before proceeding to discuss further the role of local NGOs in the development process.

It is clear that the decentralization of government is not simply the shift of government from the centre towards the periphery. Effective democratic decentralization requires a strong state both in order to create the political

⁷ Estimate from M. K. Bhat of Bangalore Consultancy Office.

⁸ See Webster 1992a, 1992b; Westergaard 1986; Lieten 1992a, 1992b, 1993, 1994.

space necessary for decentralized government institutions by permitting the devolution of powers and responsibilities etc. In addition, to carry through the types of structural reforms necessary to facilitate the democratic participation of the politically marginalized, for example countering structural biases based upon economic status, gender, ethnic or religious identities.

Furthermore the sustainability of effective and democratic decentralized government remains dependent upon the political will of the central state and, in the case of India, the federal state. If the state's political will changes, then local government may find it hard to survive. However, efficiency, accountability, popular participation, and support from civil society can all serve to strengthen the position of local government with respect to the higher state and serve to maintain a positive relationship between the two levels of institutions.

It is clear from the experiences of West Bengal and Karnataka that the decentralization of political and developmental responsibilities must be matched by the provision of financial resources with which to carry out effective local government. This does not necessarily entail merely transferring the responsibility for the mobilization and utilization of local resources. Central funding is necessary in order to avoid uneven development between the local government regions due to differences in resource bases.

There is also a clear requirement for the central or federal state to intervene strongly in redefining the relationship between hierarchical line administrations and elected councils. The problem with integrating political institutions with administrative departments is invariably one of producing something meaningful out of the horizontal intervention of the former into the vertical organization of the latter. In West Bengal it has resulted in a rapidly expanding number of committees that handle the various aspects of local government and development. These are most significant at the District level where it is estimated that each Zilla Parishad now has more than 70 committees operating under it.

Decentralizing the point of decision-making with respect to the utilization of state allocated development funds, thereby forcing administrative departments to 'look downwards' for their programme budgets, can help strengthen the position of the lowest level panchayat institutions with respect to the administrative departments. It is also important to improve the capacity of local councils by transferring technical staff away from line departments and into the panchayat institutions.

On the electoral side, direct elections based upon political parties may run counter to the popular belief in the village as a 'community', but the reality is that such 'communities' are deeply divided along many lines and so-called 'apolitical' councils tend to preserve existing local political elites. The contest between political parties can introduce a new dimension into the village

arena, and direct elections to higher tiers help to weaken the traditional political patronage systems.

It is clear from both State's experiences that while maintaining a strong state involvement in local development, it is also necessary to generate and to permit a 'room for manoeuvre' for local institutions, both government and non-government. Local development initiatives' attempts, for example, at revitalizing a co-operative movement, need to be able to pursue their objectives without being subjected to excessive bureaucratic demands from the state or being destroyed by local political power struggles. Here the (potential) roles of local NGOs must be assessed for the extent to which they can help to facilitate local development initiatives⁹ in a balanced and complementary manner. If local government involvement in 'human capital' programmes is stepped up, taking the onus away from the current administratively-oriented 'target approach', then the actions of local NGOs on behalf of particular target groups within the electorate can fulfil a vital role, that parties needing to be re-elected by the majority of the electorate might be reluctant to undertake.

I would argue that in this way, a social transition at the lowest level can assume its priority in the whole Panchayati Raj programme, in particular the socio-cultural issues of gender, ethnicity, and religion must become a focus for a wider process of socio-economic change in the work of the panchayats as decentralized political institutions. But, it is a fragile affair. Achieving the balance between a strong state, strong democratic panchayat institutions, and producing effective development at the local level in the agrarian economy requires support from outside. It is here that the basis for a constructive involvement of NGOs needs to be identified and built upon and it is to this that I will now turn.

NGOs in local rural development

Why is there a need for NGOs alongside the decentralization of government? Firstly, a government rarely does, or will, fulfil more than a few of the wide range of demands that effective democratic decentralized government requires. Rarely if ever is there an adequate devolution of power, of responsibilities or of resources to decentralized government institutions.

Secondly, the government is rarely willing to implement the types of structural reforms and policies that can bring about a transformation in the abilities of marginalized groups and other disadvantaged social actors to contest more successfully in key markets that determine the economic, social, and political conditions.

⁹ See Webster 1993.

Thirdly, institutions of local government are rarely willing to bring about the mobilization of disadvantaged groups in order to place demands upon the local or central state. In some Indian states, for example West Bengal, this role of mobilization is carried out by political parties who carry through the demands expressed into the institutions of government. More often than not such party political mobilization is the basis for achieving electoral power and then is left to decline or is deliberately set aside. Otherwise, it is the basis for an opposition political party to challenge the party in power, in which case it is opposed or rejected by the party in government. (Maharashtra has the slightly different example of the sugar growers and the powerful lobbies of the co-operatives.)

Fourthly, the electoral focus of political parties upon the institutions of government at local and national levels tends to mitigate against taking up specific local problems or, given the patrimonial nature of local politics, problems that challenge local political elites.

On the basis of these factors, NGOs have come to occupy a central position in facilitating development at the local level, in particular, development directed at improving the condition of the more marginalized and disadvantaged social groups.

Firstly, among the advantages seen to be possessed by local NGOs are that they are *potentially* more actor-oriented because they represent local interests; they are more flexible in their methods and practices because they tend to be local and relatively small; they are more participatory in their organization not least because they are less hierarchical; they are more focused in their development work as it is their principal goal; they are more independent from local power structures and local political elites; and finally, they are more effective as they can better target their intervention.

Secondly, it is now generally recognized that a part of the requirement of a successful democracy is a strong civil society. Civil society can counter-balance the interests and actions of the state where necessary. Civil society is the arena in which the interests of different groups within the social formation can be presented through a wide variety of means and actions.

Use of the term civil society is a problem, not least because there is considerable disagreement as to where to draw the boundaries of civil society with respect both to the state and to the private domain of the individual. There is also considerable disagreement as to what civil society is composed of and as to what its political role can be. However, there is considerable agreement that NGOs are important organizations within civil society adding to its ability to influence and strengthen the process of development in Third World countries.

NGOs are therefore important not just for the fact that they can 'do' development better, but also because they can influence the perception,

including that of the state, of what constitutes better development. If the former has been one of the principal reasons for a growing interest in supporting the role of such local institutions on the part of states and international donor organizations, it is the latter that is now being taken up in discussions on the role of advocacy to be played by such institutions.

In India, only some 2 – 3 per cent of total international development aid is channelled through NGOs, but the ability of Indian NGOs to mobilize resources within the country and from the government is considerable when compared with other South Asian countries. In particular, the last five years or so in India have seen the profile and perceived potential of NGOs assume a far greater prominence in all forums. However, the danger is that by being elevated to such a central role in the process of political liberalization, NGOs risk being encouraged to assume roles for which they are poorly equipped at the expense of those comparative advantages they do possess in local rural development.¹⁰

What I wish to argue is that NGOs must resist the tendency to have their role determined for them in this way. That there is a need for NGO donors, advocates, and activists to take an analytical step backwards and to begin with the premise that it is neither realistic nor desirable for NGOs to seek to provide an adequate alternative to the state or to constitute part of an ideological project challenging the state. Instead, they should approach NGO-state relations in terms of a collaborative rather than a competitive relationship. The discussion then changes to one of how to make the state a better developer through the intervention and involvement of other actors, in this case NGOs. The next step is then for NGOs to reconsider their development role and political strategy and to establish how best to intervene at strategic institutional points in the political system in order to adjust policy and shift priorities in the development practice of the state.

NGOs should pursue a twin track approach of, on the one hand building an effective base for influencing government through advocacy, while on the other hand building sustainable organizations of people located around their particular socio-economic needs, but with the political ability to begin to effect the process of government and thereby development, from below.

¹⁰ It should be noted that if NGOs fail in the unrealistic task, in the absence of an alternative development path there is a real danger that the growing anger of the marginalized, combined with the fear of the governments and the disillusionment of the policy advisers will lead to the unintended consequence of a return to strong governments and the rejection of democracy, human rights, popular participation, etc. as constituting necessary conditions for successful development to occur.

Local institution – local government relations

Two general approaches can be identified amongst analysts of NGO-State relations. The first approach is primarily concerned with assessing and analyzing the relative comparative advantages of the different organizations when it comes to their carrying out specific development activities, service delivery, etc.

The second approach tends to take a more holistic view of the development process and traces the historical development and the socio-economic natures of the different organizations. The role, nature, and interaction between the different forms of organizations are then seen as reflecting the general process of development in a country and its social formation, and in particular the development of the country's state and of its civil society.

The former of the two approaches is reflected in literature primarily concerned with issues of a policy and management orientation. Here the questions raised tend to focus upon the best organizational form for carrying out a particular function or bringing about a given goal. Initially, the discussion was in the context of improving public sector functioning, generating more efficient and effective development systems within the public sector. Subsequently, the debate has changed towards one of government versus non-governmental organizations with the explicit view that being *non-governmental* was in itself a qualification for doing better development. The discussion of different institutional or organizational comparative advantages has thereby come to focus upon a governmental – non-governmental axis with each side assumed explicitly or implicitly to possess inherent advantages (and disadvantages).

To some extent a similar tendency emerged within the second approach. As states were increasingly seen to be elitist, bureaucratically inflexible, top-down in structure, lacking in wider popular credibility, so local NGOs came to be seen as offering political alternatives to the central and centralizing state. That many of these local organizations had emerged as a direct response from the local level to state activities and policies gave them the popular credibility that the state appeared to lack. In effect, NGOs in the 1980s became the new focus for the populist ideas of the 60's and 70's, embracing a faith in the poor and in their ability to overthrow the cause of their oppression.

Today, the focus has shifted once more. Rather than viewing local government institutions and local non-governmental institutions as competitors either from a perspective based upon the assessment of their organizational efficiency and effectiveness or from a more ideological standpoint, the move is towards talking of their functional complementarity. There is a growing belief that a comparison of the functional strengths and weaknesses

NGOs	Political Parties
Potential strengths: - can mobilise marginal groups based upon specific identities (actor oriented) - flexible in adopting new approaches - more efficient in resource use - better at participatory rural appraisal Common weaknesses: - questionable legitimacy; donor dependency - long term role; ability to leave - geographically limited; internal autocracy - reluctant to network/coop. with govt.	Potential strengths: - based upon both local and mass mobilisation; - possess both technical and political capacities viz a viz mobilisation, campaigning, etc.; - links to higher levels of party and to the state (both government and administration); Common weaknesses: - need for electoral support can lead to party placed before local people - popular participation, but not necessarily popular initiative - tendency towards hierarchy and top-down strategy formulation
Umbrella networks	
Potential strengths: - the strengths of individual elements (see above) but with a new ability to engage in lobbying, policy advice, programme coordination, resource sharing, etc. i.e. a development division of labour Common weaknesses: - differences between NGOs in development orientation, political philosophy, project approach, leadership, management, and organisational styles, competition for donor funds, etc. make cooperation very difficult - similarly, the tendency for competition between the government and non-government/voluntary sectors both in terms of development, service delivery, terms and conditions of personnel employment, resourcing, etc.	

Local Government	Ministries (local)
Potential strengths: - state backing with resources (personnel, finance, etc.) - popular participation local input into planning - access and influence over administration - popular legitimacy Common weaknesses: - only as good as state permits - problems of integrating horizontal councils with vertical departments - lack of political dynamic; "bureaucratic politics"	Potential strengths: - a trained workforce - strong organisational structure - research support - function specific departments - resource backing from the state Common weaknesses: - top down structure and accountability - centralising tendencies with little flexibility or room for local initiative - corruption - administrative wastage - inter ministry competition for resources - tendency towards self-justification - poor popular participation - bureaucratic arrogance
Project Organisations	
Potential strengths: - purpose built organisational structure, tailored to the specific project activity - well resourced - strong management structure and clear lines of accountability - flexible Common weaknesses: - too project oriented, lack of political perception at local or macro level - political, cultural and social factors easily become obstacles or problems to project implementation - lack of participation, of popular accountability, of political legitimacy - easily becomes a competitor to the (local) state/government	

Table 1: Potential strengths and common weaknesses of local organisations and institutions in rural development

of the different organizations can lead to the identification of a complementary approach towards the problems of development.¹¹

While the approach in assessing capacities is little changed, the concept of co-operation and complementarity is quite different as it breaks with the dichotomous view of state versus NGO. Going one step further is to begin the process of re-conceptualizing the institutions of the state and organizations of NGOs in terms of the political system as a whole. While the role of the state can be said to be to guide, shape, and set the overall priorities and institutional boundaries from which and within which development takes place, the role of the latter, the NGOs, is seen to facilitate the actions of local level actors within that system. While this entails a considerable simplification of the processes involved, not least the political nature of the state, it permits the complementarity of the different roles to be emphasized as opposed to their competitiveness.

However, I would underline the point that here we are dealing with the state in theoretical terms and in terms of its *potential* development role. In *practice* the majority of states, including India, as described above, have tended to become centralized, undemocratic and quite willing to resort to oppression in order to secure their position. Human rights, minority rights, and the democratic rule of law are often the first to suffer. Democracy, in so far as it has been introduced, remains very fragile. Nevertheless, my point is that the conception of the state must not be obscured by the practice of the state, and that one part of the development process must be to change the state and thereby the type of development pursued and supported by that state. If the poor are to become the object of development, the state has a role to play and it must be encouraged to play it.

In the following table I have tried to indicate the types of strengths and weaknesses that the different organizations have with respect to local development. I have covered 6 types of organizations/institutions which I feel represent the full range that have a potential role to play in shaping and facilitating the nature and pattern of development at the local level. In India, the role of political parties is important, but it must be acknowledged that in many countries their role is at best a distant potential. Umbrella organizations might well have been a sub-section of NGOs, but as these could also include local government institutions, I have listed them as a separate category. Finally, Project Organizations is a category that covers the few instances of organizations that have been established by Northern NGOs specifically to implement a project. Action Aid would be a good example in some of its Indian projects.

¹¹ For discussions on NGO-government relations see Edwards 1993, Farrington and Bebbington 1994.

The strengths and weaknesses identified should also be seen in terms of each institution's potential to facilitate development benefitting the poor and underprivileged at the local level and, to a lesser extent, with respect to their potential to affect the direction and political context of development at the level of the state. Obviously, the lists are far from complete, but I feel they do indicate one line of thinking that a focus upon local development must take if it is to take the poor as its object and seek to directly engage their participation in the design and implementation of development in practice.

Towards a re-assessment of strategy for local rural development

Clearly there is a need to separate between the desirable and the realisable in developing an improved strategy of local development that is both pro-poor and rooted in democratic and participatory local institutions. At the general level, not just in the context of India, but for development generally, I would outline the basis for moving towards a new direction in development with the following points:

(i) The primary object is that of bringing about a development process with a strong pro-poor orientation.

(ii) Such a development would require a change primarily in the structural relations that bring about poverty and thereby a major reduction in the poor's differing vulnerabilities to both natural and socio-economic crises. This will primarily require action to be taken by the state aimed at securing better economic, social, and political rights. The political process is therefore quite central.

(iii) Such a transition, given its social, economic, and political nature will be strongly resisted by those interests affected negatively by the change (i.e. those directly or indirectly benefitting from the poor's condition, exploiting their vulnerabilities, etc.).

(iv) The prevalence of anti-democratic, anti-poor tendencies and practices within the majority of states, including India, would suggest that a democratic involvement of the poor would significantly improve their development possibilities, i.e. we should seek to (democratically) empower the poor. Their empowerment is most likely to be effective when channelled through institutional and organizational forms.

(v) The purpose is not to remove the state from involvement in development, but to improve the state's involvement. The democratic decentralization of government is one important means by which this can be achieved.

(vi) However, the strong tendency towards a centralization and concentration of power in the state has resulted in very weak counter-tendencies

towards effective democratic decentralization of government. Meanwhile 'line' ministries in the state remain extremely hierarchical with little or no room for manoeuvre for individuals or departments at the lower and local levels. Political parties tend also towards a high degree of centralization with local politics rooted in patronage and primordial loyalties rather than any form of collective popular mobilization. Local NGOs therefore represent in many instances the only effective range of possible alternatives to bring about an empowerment of the poor.

(vii) The central responsibility of effective non-governmental organizations is to strengthen the role of the poor in relation to the institutions of the state at both local, meso- and national levels either through direct participation or indirectly through advocacy.

(viii) Therefore, the role of NGOs is not just as an alternative to the state. The greater actor-orientation of NGOs permits them to take up the more specifically local dimensions of poverty and to meet the specific needs of local social groupings of the poor (as adivasi women, as dry land cultivators, as scheduled caste agricultural labourers, etc.).

(ix) At the same time there is a danger that the generation and reinforcement of NGOs etc., i.e. institution-building, in becoming the primary objective of the project activities will result in (a) the poorest of the poor tending to be marginalized in the areas covered by their activities, and neglected and ignored outside these areas, and (b) the wider vision of the political processes of both democracy and of development being lost.

(x) To meet these problems, the decentralization and democratization of local government must remain a goal for both Northern NGOs and donor agencies and for Southern NGOs as a political strategy for improving pro-poor development in the longer term and across a broader territorial space and population.

(xi) At the same time, the project activities carried out by local institutions need to be longer to help secure the processes of change. This applies equally to both government and non-government projects.

(xii) A dual track approach is therefore required of NGOs:

- (a) local facilitation of the groups of the rural poor through projects; and
- (b) macro-actor action through networks at District, State and National State levels with the aim of creating a better political space for the local institutions and of placing the interests of different marginalized and underprivileged groups on the development agenda of the state at all levels.

Towards a more adaptive strategy for local rural development¹²

On the basis of the above discussion I wish to illustrate further the possible complementarity of roles that can exist between the state, local state institutions and non-state institutions and organizations in the field of poverty alleviation and the mobilization of the poor. In Table 3 I have tried to indicate this complementarity of roles in poverty alleviation. The table is based upon a separation of macro-based policy interventions and micro-based policy interventions. The basic argument is that while local institutions can be agents of centrally launched anti-poverty programmes directed at the large groups of the poor – women, sharecroppers, agricultural labourers, landless, the illiterate, the under-nourished, etc. – they can also be agents for local groups of the poor who not only constitute part of these large groupings, but also face specific localized forms of poverty.

Empowerment of the poor can now be discussed with respect to different strategies from different institutions in pursuit of the alleviation of poverty. Local institutions can be seen as possessing a number of possible roles. These would include:

- as better implementors of macro anti-poverty programmes because of their local status;
- as channels for enabling the local poor to influence the formation and direction of macro anti-poverty programmes;
- as facilitators for generating or supporting local institutions of the local poor with the aim of politically asserting their collective needs and/or economically mobilizing to change their circumstances.

From Table 1 it is clear that not all local institutions possess the same comparative advantages when seeking to bring or facilitate the entry of the poor into the development process. Table 2 seeks to indicate the merits of three categories of institutions, these could be subdivided into the six categories of Table 1 on the basis of local field analyzes in specific countries. The argument is simple enough, however, namely that different forms of poverty are best tackled at different levels of intervention and institutions have comparative advantages with respect to the poor in bringing about the process of intervention.

On this basis it is possible to ground a discussion of empowerment in more specific forms of development practice with respect to the different institutions. According to the types of poverty present and the groups of poor involved, empowerment can take many forms. Some examples would be:

¹² With acknowledgement to Rondinelli's arguments for an adaptive approach towards development administration. see Rondinelli 1993.

Basis for anti-poverty intervention	Type and level of institution		
	Central State	Local State (administrative & elective)	NGO/CO/PO
Macro	Macro intervention - land reform - literacy - health - etc.	Local implementation of macro programmes	Local implementation of macro programmes
	Macro generation of 'political space' for local institutions	Local participation in planning Local lobbying of needs from macro programmes	Local interpretations or variations on macro programmes Advocacy
Micro	Primarily in changing individuals' and local groups' abilities to negotiate in key markets	Local input into planning formulation Local problems resolved with the tools of provided from macro interventions	Projects designed to meet local problems identified through Participatory Appraisal, etc. Projects of the local marginalised and under-privileged (e.g. electoral minorities. ¹¹)

Table 2: Institutions and anti-poverty interventions

- organizing to lobby for new state policies or legislation,
- participating in the local implementation of a particular national anti-poverty programme,
- electing and participating in local councils,
- being granted rights such as tenancy rights, rights to organize unions or minority rights,
- forming credit unions or agricultural labour co-operatives.

In many instances empowerment will involve a combination of different interventions by different institutions and call upon a range of different practices from the poor.

It is this holistic approach in conceptualizing development, here in terms of empowerment, that needs to be retained while the immediate requirements of building around one specific set of objectives and a limited set of goals are being pursued within the framework of a particular project.

The combination of a revitalization of local government in India led by the examples of West Bengal and Karnataka with the increase in local NGOs with an increasingly political view of development is beginning to generate a

new discourse at the local level which no longer sees local government and NGOs as competitors in development. This paper has tried to suggest that these organizations and institutions are quite different; that they possess not only different comparative advantages, but that they are quite different political phenomena. The task is to begin to see them as constituent parts within a political system that functions at local, meso- or provincial, national and international levels.

Towards a new direction in aid policy for local development

If it is accepted that different local institutions can perform different, but mutually supporting roles in local development, then the role of aid becomes quite critical. Drawing upon the example of local rural development in the Indian context with the assumption that a Northern NGO or bilateral donor agency wishes to pursue a development strategy that is pro-poor, based upon local institutions, and stresses factors of participation, accountability, effectiveness, and sustainability in giving aid support, then some of the forms of support would include:

A donor should begin by considering the country's primary development needs from the perspective of the poor. These might be land reform, security of tenure, rehabilitation of displaced populations, slum upgrading, etc. Once identified, the possibility of developing a range of different types of project activities around these should be explored in terms of the local institutions present and capable of taking on a role in such an activity, the potential for spreading the activity across a range of different types of institutions, and the 'political space' available to the different local institutions (both present and potential) from the state.

A donor should develop a set of guidelines for the assessment of the nature and (potential) role of local government and administrative institutions to bring about development with a strong pro-poor orientation. Key variables for such an assessment would be participation, accountability, sustainability, effectiveness as well as the political context or space in which these institutions are located.

A similar set of guidelines need to be generated for assessing potential Indian NGO partners. In addition to the above variables, legitimacy i.e. the political relationship to those they seek to represent (this is more than just participation and accountability) should be included.

With respect to its ongoing engagement with local development, the donor agency, Northern NGO, etc. should regularly assess its own capacities to carry out the range and types of activities in project activities with a strong pro-poor orientation and involving local institutions in the different countries.

It should encourage networks of local institutions to develop and maintain a more global vision of the context in the country and to assess the implications of ongoing political and economic reforms. It should seek to assert pressure upon the government via lobbying from international and internal NGO networks to pursue greater decentralization of democratic government where it can be seen to be tactically useful in pursuing a pro-poor development strategy.

The development of a more general 'advocacy' role in support of networks of local NGOs etc, with respect to the Indian state, with respect to bilateral and multi-lateral donor agencies and Northern governments providing aid, in pursuit of both tactical and strategic goals in aid policy. As part of this process forums could be organized around local, mezo- and national seminars to discuss the relationship between local institutional development and the state, perhaps focusing upon particular issues – land reform, minority rights, tenancy reform, the forest environment, etc. This would help towards building an element of trust and respect between the local government and the non-government sector and to break the current 'competitive' tendencies.

With respect to the local level project activities, pre-project appraisals must map out the political context for the proposed project at local, mezo- and national levels. Potential and likely developments during the project's life should be identified and incorporated into the partner's thinking.

Financial inducements could be used to encourage inter-institutional co-operation and co-ordination – for example matching grants, resources to local state institutions, etc. and generally there is a need to identify a range of instruments to shape a better interaction (finance etc.).

In developing project activities, the political legitimacy of local state institutions should be recognized and respected more, even when its popular basis might be extremely weak.

To conclude, in Table 3 I have sought to summarize a number of points concerning the potential roles of northern states as donor agencies, of Northern NGOs and of Southern states in the generation of a 'better' strategy towards local development. As with Table 1 the purpose is to suggest that we should look for complementarity and mutual support in the generation of policy and aid policy rather than competition. Obviously, such a development must be based upon mutual trust and respect for each other's role rather than to allow the ideologically derived divisions to emerge that tend to characterize much of the present relationships.

The central premise behind the 'new direction' in development and aid policy is the belief that people, and in particular groups of the poor, can bring significant and substantive changes to their own condition while being part of their country's overall development process. Interest and belief in the

DONOR AGENCIES (STATES)	NORTHERN NGOs	STATE
Potential strengths:- - resources (financial, technical, intellectual, etc.); - bilateral and multi-lateral instruments; - a degree of international legitimacy (state system etc.); - flexibility with respect to new development methodologies; - comparative experiences from other countries and from own governmental role; - political and economic influence; - developed monitoring and evaluation capacities; - access to 'state of the art' research; Common weaknesses:- - ideological/philosophical orientation; - commitment is supply driven rather than demand driven; - suffers from bureaucratic procedures and fixed management models; - need to meet own political agenda; - tendency towards a top-down approach; Possible support to a new direction in aid: To southern states: - Resources (financial, technical, intellectual, ex-pats, etc.); - monitoring and evaluation; - policy advice; - debt relief, market support, - twinning with local authorities, - development of local research capacity; To southern NGOs: as for northern NGOs	Potential strengths:- - a recognisable legitimacy (constitution, internal recognition; international recognition; etc.); - structural reform (land reform, tax reform, nationalisation, privatisation, etc.); - institutional capacity for implementation (ministries, etc.); - willingness (to bring about development); Common weaknesses:- - weak (local) institutions and weak inter-institutional cooperation; - fixed political processes; - fixed bureaucratic procedures; - weak autonomy w.r.t. international actors & internal vested interests; - entrenched development models; - unresponsive to local needs and bottom-up participation; Possible support to a new direction in aid: The generation of political space (including tolerance) for local NGOs engaged in the development process:- (a) institutionally, for example through: - democratic decentralisation - administrative - local government accountability - promoting popular accountability - financial support to local institutions (b) structurally, for example through: - land reform - securing of the rule of law and 'rights' - welfare, education (literacy), health programs.	Potential strengths:- - resources (financial, technical, intellectual, etc.); - flexibility with respect to new development methodologies; - comparative experiences from other countries; - influence; - developed monitoring and evaluation capacities; - access to 'state of the art' research; - a degree of autonomy (e.g. in identifying 'rights' priorities); Common weaknesses:- - legitimacy in the country of intervention is at best ethical and highly partner dependent; - legitimacy in country of origin is at best ethical and member-based; - ideological/philosophical orientation; - commitment is supply rather than demand driven; - suffers from bureaucratic procedures; fixed management models; a need to seek legitimacy (e.g. accountability) in country of origin, etc.; Possible support to a new direction in aid: - advocacy in the north; - provision of resources (financial, technical, intellectual); - an 'aid leverage' on southern states; - local tailoring of capacity building; - pressure to and/or support for networking of southern NGOs; - support for democratic decentralisation of government; - discussion of NGO - local government relations;

Table 3: Towards a better local development: the potential roles of donors, northern NGOs and southern states

importance of democracy and of local institutions is founded upon this belief. To this end, the generation of greater 'political space' for local institutions and the raising of their capacities to engage in development actions within this space might be seen as the two guiding principles that inform much that is referred to in Table 3 and should inform a better aid policy generally.

Abstracts

Dieser Beitrag versucht die Rolle lokaler Institutionen in der ländlichen Entwicklung neu zu bewerten, wobei die Rolle sowohl die Wirksamkeit ihres Engagements als auch die Entwicklung einer besseren Hilfpolitik externer Organisationen, welche ländliche Entwicklung durch lokale Institutionen zu erreichen sucht, zum Ziel hat. Aus institutioneller Perspektive werden zwei Fragen diskutiert, einmal die nach wirksamerer, verantwortlicherer und partizipativerer lokaler Politik, wobei die Institutionen des Panchayati Raj im Mittelpunkt stehen. Zum anderen steht die Frage des staatlichen Einflusses zur Debatte, das heißt mit anderen Worten, die Frage nach einer stärkeren Rolle des Marktes. Lokale indische NGOs spielen in diesen Argumenten sowohl wegen ihrer Fähigkeit, die kurzfristigen Auswirkungen der neuen Wirtschaftspolitik abzufangen und eine starke zivile Gesellschaft zu schaffen, als auch als Gegengewicht zum Staat durch Einbeziehung einer größeren Zahl seiner Bürger, besonders jener, die bisher ausgeschlossen waren, eine Rolle. Es wird die Entwicklung einer stärkeren 'Anwaltsrolle' zur Unterstützung von Netzwerken in Bezug zum indischen Staat, den bilateralen und multilateralen Hilfsorganisationen und Regierungen aus dem Norden vorgeschlagen. Solche Maßnahmen müssen auf allen Ebenen, von der lokalen bis zur nationalen, durchgeführt werden, wobei mehr auf Komplementarität und gegenseitige Unterstützung bei der Formulierung von Wirtschafts- und Hilfpolitik geschaut werden sollte, als auf Konkurrenz.

This paper is an attempt to reassess the role of local institutions in rural development with the aim to aiding both the ultimate effectiveness of their involvement as well as the development of better aid policies by external organizations that wish to promote a pro-poor rural development through the local institutions. From the institutional perspective two arguments are discussed, one for more effective, more accountable and more participatory local government focussing on the Panchayati Raj institutions. The other asks for a reduction in the state's involvement in development, in other words, for a greater role to be played by the market. Local Indian NGOs figure in these arguments both for their ability to cushion some of the short-term effects of the new policies and to create a strong civil society that can

counter-balance the state through the political incorporation of a greater number of its citizens, particularly those previously excluded from development. The development of a more general 'advocacy' role in support of networks in relation to the Indian state, to bilateral and multilateral donor agencies and Northern governments providing aid is proposed. Such measures have to be taken on all levels, from the local to the national. It is suggested that one should look more for complementarity and mutual support in the generation of policy and aid policy than for competition.

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Development Strategies: A Case-Study of an Integrated Community-Based Project Magarini Integrated Rural Development Programme, Kenya

MIRDP's history and background

Magarini Settlement Project (MSP)

MIRDP evolved out of MSP, a settlement scheme in Magarini Division, Kilifi District, Coast Province, Kenya. MSP's objective is to settle the people already resident in the area and registered as squatters and give them title deeds. The need for the scheme is caused by the fact that, although the people have been living there for generations, they have no land rights. The land is either government land or it is owned by absentee landlords mostly from Zanzibar.

The implementation of MSP commenced in November 1978 after some feasibility studies had been carried out. The project was jointly financed and implemented by the Australian and Kenyan Governments up to June 1988. The original target of the project was to settle approximately 4,000 families. Each family was to be allocated 12 hectares (30 acres) of land.

The project encountered a number of problems caused amongst others by inadequacy in community involvement, lack of survey personnel in the project area, poor co-ordination between the Australian and Kenyan survey teams, and policy changes in the demarcation of plots from 30 to 15 acre plots and later reversal to 30 acre plots.

The most adverse effects had the lack of community participation and involvement. The project was planned very ambitiously and without any consideration of cultural and traditional values, attitudes of the community and sustainability of its interventions. The result was that the scheme met strong opposition from the people, many families did not take up their allocated plots, and the communities never felt responsible for infrastructural facilities like water supply which in turn resulted in the breakdown of most of them.