

Paul Hamlyn Foundation

Evaluation of the Village Development Fund
Initiative (VDF)



1. INTRODUCTION

Village Development Fund (VDF) is a leverage fund provided to selected Gram Panchayats in the Kutch region in Gujarat. It is part of a larger initiative called SETUs under the aegis of Abhiyan, a district network of 32 NGOs.

The Setu programme has been functioning as village level information and facilitation centers in the region since the aftermath of the 2001 earthquake. Initially Setus facilitated a coordinated mechanism in the relief and rehabilitation efforts. During the following years, their character got defined and matured itself as a facilitating agency for Panchayats, Gram Sabhas or communities, government agencies/departments, NGOs and donors to address various development and governance issues. It covers around 320 revenue villages and 40 hamlets spread over 7 talukas through a network of 18 locally placed Setus or units.

2. EVOLUTION AND OBJECTIVES OF Village Development Fund (VDF)

One of the approaches of Setus was to support the Gram Panchayats within the clusters, to evolve themselves as 'real' institutions of self-governance. This also meant that the Gram Sabhas as citizens' platform become the centre of local governance and development. They were empowered to prioritize, develop, plan and implement their own developmental priorities and needs.

The overall level of political consciousness, development perspective, devolution, readiness to govern, and accountability to citizens were abysmally low in Kutch as in other parts of Gujarat and the country as a whole. Gram Panchayats were groomed to be agencies of the state departments. They were not in the practice of assessing their own needs nor planning or doing by themselves, thanks to the poor devolution status in the state. The concepts of local governance and citizen participation were totally akin to them. A culture of transparency and accountability in local development was also unknown of. Thus the problems were of capacity building, advocacy for further devolution and empowerment.

Can these be overcome by training programmes and conventional advocacy initiatives, especially in the larger political realm existing in the state? Will access to an untied fund known as the Village Development Fund to the Panchayats be useful to re-educate the Gram Panchayat in good governance, introduce an intensive process of capacity building with them, and support them to establish transparent norms of fund utilization and implementation? Can the results from it be the tools for advocacy for further devolution in the state and to some extent country as a whole? Is there a possibility of realigning and redefining the role of the NGO, Donor, and Community in the context of the constitutionally mandated local self governments known as Panchayati Raj? Thus evolved the concept and objectives of VDF.

3. WHY I AM HERE

VDF completed its first phase with the support of Paul Hamlyn Foundation (PHF) and is in the process of moving towards the next phase. It required an evaluation and suggestions for future strategy. This evaluation, myself as the one-member 'team', tries to focus on the relevance of the VDF initiative as a strategy for building governance capacities within Panchayati Raj Institutions (PRIs), and also developing confidence among the PRIs to strengthen their demand for devolution.

4. SCOPE AND LIMITATIONS

The assignment is to evaluate VDF. It tries to capture what has happened, how it has happened and what result it has produced. It also tries to understand how it could be used to strengthen Panchayati Raj by up scaling, replicating or adapting to other parts of Gujarat as well as the country. It was difficult to do justice to the task of evaluating the VDF alone as it is intertwined with various other activities of Setus. In fact, ***VDF does not exist by itself nor is it an island.***

Evaluation as such is a difficult task in development initiatives; especially one has to evaluate the processes rather than the results. This report is an evaluative documentation of a few learnings. It is not my own learnings, but learnings collected from a cross section of the stakeholders of VDF, who went through the processes and felt the impacts.

Short term nature of the assignment leaves room for a lot of limitations in understanding the processes and learnings. This is, to a great extent, covered through conversation with a large number of people who were involved in the process. But, I admit that I could not meet many of those 'non-stakeholders' or passive on-lookers. I have also not looked into the managerial aspects of the VDF at the level of Abhiyan office, which I presume does not fall within the mandate.

Despite the large wealth of information and learnings from the stakeholders, the major limitation of this report is that of my own prejudices, learnings and orientation. This report is to be read with due consideration of this limitation.

5. WHAT I DID

As usual, it started with a lot of materials provided to me for reading. Then, the visits to the Panchayats, Panchayat institutions, government offices, SETU offices and Abhiyan office. In all these places, I met elected representatives, officers, SETU volunteers, Gram Sabha members, other Panchayat functionaries, Mahila mandal representatives, women SHG members, independent activists, officers at various levels and NGO functionaries.

Listening was the 'tool' used. It was never posed to them as evaluation, but to learn. The meetings in the Panchayats and SETUs were treated as their regular meetings and with regular kind of discussions. My task was to learn from these processes. A few questions for clarity were put towards the end of these meetings. These were followed up with a few telephonic interviews with those of whom I could not meet while in Kutch. E-mail interviews and exchange of previous reports were also useful during the process.

6. WHAT I SAW AND HEARD

What I Saw

1. I was in a meeting of elected representatives and Gram Sabha members. Towards the end of the meeting, one of the women elected representatives started talking thus, 'I take pride in sitting among such a large group, **facing men without dupatta**. Earlier we were seldom present in the Gram Sabha or even when we were there, we used to sit with face to the opposite side, still covered with dupatta. The ward level meetings for VDF planning and various other meetings changed us a lot. We even went to the District Education Officer to complain about the absence of teachers in schools.'

2. There is this village, around 14 Kms away from the nearest health facility. I was here in a neatly organized **dispensary borne out of the VDF**. A trained para health worker from the village manages the dispensary. There are medicines for the common ailments, first aid and facilities for wound cleaning and dressing. Referring patients at the appropriate time, follow up of cases and management of common ailments are taken care of here. After seeing the good work being done here and the impact, the resource professionals (medical) has become very supportive and provides enough medicines to the dispensary as well as regular advice and information. One of the villagers stood up and showed me his still healing wound over the right palm and said, 'I got injured while working in the field. If it was not for the dispensary, I would have spent at least a thousand rupees to have regular visits to the health centre in a far off place. This would have also affected my daily work. If I did not go to this dispensary, my wound would have worsened and I would have been out of my farming activities for ever. Thanks to the dispensary and the efficient health worker, I am doing fine'.

3. We were in a village to meet the representatives of Panchayats from the area. When we reached, all of them had proceeded to a nearby place. We too moved on. It was here that the Panchayat is retrieving the pasture land which belonged to the village. The post-earthquake developments in Kutch also include the **impact of globalization**. Corporates are slowly encroaching on the village land with connivance of the authorities who define these pieces of land used by villagers for grazing as waste land. Now, this Panchayat is developing the 92 acre stretch of land as pasture land and is also fencing the boundary so that the corporates do not encroach. While the legal know-how came from the Setus, ideas of **joint action** by the Gram Sabha and mobilization of resources from the people for fencing evolved out of their experiences in managing VDF.

4. People in all the villages I visited considered education as an important need. And in one of these villages, they found lack of **educational facilities** as a key need. With the VDF funds, they initiated three schools and later, the government gave formal approval to these schools!

5. I was in a meeting of the Panchayat Association of Anjar Block. They had clear views on VDF. They talked about how the Rs. 1 lakh from VDF can be used to get Rs. 10 lakhs from the state

government. They were clear on how **the Association** could help in monitoring so as to ensure best usage of VDF and in disseminating the message of VDF by exchange programmes.

What I Heard

Elected representatives talked about why is Setu is different, why VDF is important to them, how they learnt to plan and organize, how they understood the scope of participation, how they learnt to understand the local needs and how they learnt to access other resources. They also mentioned that the guidance and motivation Setus provide is much more valued than anything else. Women elected representatives were enthusiastic about the new role they have, not just in local development, but in their day to day life itself as many of the issues taken up in VDF were close to their daily lives.

Opinions of elected members on the long term potentials of VDF varied. Some of them considered this as an **entry point** for Panchayats in local development. Once they understood and learned the process, they were confident that they could mobilize more resources from various sources and plan future course of development. For them, VDF is an **educational tool**. For a few others, they still consider it as 'funds' alone and consider that they require higher amount of money for meeting many other needs of the village. However the latter group seemed to be small in number.

There is ownership of VDF projects by the elected representatives as they find is that this is the only project where they could say that '**we conceived, we planned and we implemented**'. Transparency involved in the VDF process makes the elected representatives comfortable as one of them said, "we lead the process and so people also come to know that we deliver something". This is not to undermine some of the responses that the process is long and it takes time.

To the question on whether they would have agreed for VDP if there was no offer of VDF, the responses varied. For a great majority, the answer was 'yes' as they considered VDP as a continuation of the support Setus have been providing them and they see merit in them. At least two of the elected representatives commented that initially they were not clear about the project and there the offer of VDF also influenced their decision.

A cross section of the **Gram Sabhas** mentioned about the new culture of participation which has evolved during the process of VDF. Gram Sabhas have become effective, people came to know more about Panchayats and they have developed a feeling of Panchayats as their own. The concept of transparency and accountability has been brought in and there is also the concept of citizens' responsibility in local development. There are differing views too. In one of the Panchayats, the adolescent girls made it clear that they were not part of any consultation in the VDP process. They too had their needs, demands and dreams about their villages. In another, women too voiced their displeasure that the VDF project selection was not with their participation.

Officials in the various government departments found the Setus very useful in strengthening Panchayati Raj as well as functioning as link between the government and the Panchayats. VDF

was mentioned to be useful and effective but they seemed to be less aware of the processes. I could find a few Talatis who were totally involved in the VDF and VDP processes and elsewhere without even an idea of what is happening with VDF.

SETUs talked about the process, how they were able to bring this many Panchayats to the fold of VDF processes and how they were accepted by Panchayats. They wanted their capacities to be upgraded to address the new challenges and why they require exposure to other similar initiatives.

Activists and NGO representatives talked about how the 'gamble' with the VDF became successful and how it has become a useful tool for empowering Panchayati Raj. They in general talked about the need to up scale, disseminate and use VDF experiences for advocacy. They also raised the issue of capacity building of Setus in a new direction.

7. MY IMPRESSION

Together with various other activities of the Setus, the VDF has served its purpose to a large extent of empowering Panchayati Raj and inculcating a **new development culture** of transparency, accountability and participation. Despite the low levels of devolution in the state, the strategy has proved to be effective in initiating a new process of decentralized thinking and action.

Clear strategy, well laid out guidelines, planning procedures, facilitating role of Setus, selection process, and financial management system for Panchayats have contributed to these achievements. Above all, the **bottom-up approach** rather than the Setu driven or donor driven initiatives is the striking feature of VDF. It also showed a **new way of how NGOs could facilitate** the process of strengthening Panchayati Raj.

Panchayats also did rise to the occasion and they have proved that Panchayats could be motivated, they can do it, they can be transparent, there would be participation, and above all, they have the inclination to be **real local self governments if adequately facilitated** and supported.

VDF is **not a panacea** for all the development issues, but it is a catalyst. It was not the money alone, but it was the motivation and support VDF provided with the added guidance from Setus which contributed to the success of the initiative.

It is also to be noted that the experiences varied from one Panchayat to the other. Thus, VDF experiences are not uniform across the group and there is a need for evaluation of each of the VDF projects which could be undertaken jointly by the Setus and the Panchayats.

8.1 OVERALL EFFECTIVENESS

- As a development initiative which brought in participatory process in development
- In empowering women, especially to be part of the local governance and development processes
- In bringing in the importance of Gram Sabha and its institutionalization

- In motivating Panchayats to access various government schemes including NREGS and mobilization of resources from other donors
- In introducing a culture of transparency and accountability in local governance and development
- In sensitizing the people for identifying issues for all the wards (While planning, they identified many new issues which could be easily addressed with government schemes)
- In changing the Panchayats' orientation from infrastructure to other issues of social justice, human development and holistic development (Many of the projects of VDF are skewed towards sanitation, education, health, drinking water, resource mobilization, cattle fodder development, small scale industries etc.)
- Above all, in making people believe in themselves and in building confidence in local governance.

8.2 EFFECTIVENESS IN PANCHAYATI RAJ EMPOWERMENT

- In establishing the role of Panchayats in development
- In empowering the Gram Sabha and the elected Panchayat to jointly pursue development needs, thus making engagement of Gram Sabha and Panchayat in development a reality
- In developing a feeling among people of a Panchayat initiative where they have powers as well as responsibilities, thus bringing people closer to the Panchayats and a feeling of 'my Panchayat'
- In introducing the scope and potential of a transparent and accountable development system and culture in local governance
- In helping the Panchayats to plan for themselves in a participatory manner and then pursue their needs through other government schemes and projects

8.3 POTENTIALS

The potentials of VDF do not lie in its impact on actual development of the villages. Its potentials are as a **powerful educational medium**, as a tool to empower PRIs and Panchayati Raj and as a process for building capacities for local governance. On the one side it adds value to the overall initiatives of Setus and Abhiyan while on the other side, the latter's initiatives add value to the VDF. Thus VDF can not exist by itself for a few more years. *Till the Panchayats become more empowered and are able to plan and mobilize resources by itself or from state government, VDF and the Setus will have to play an important role in the region.*

Learnings and experiences from VDF will be major **advocacy tools** for strengthening Panchayati Raj in the state and the country. It provides scope for further devolution and establishment of a system of transparency, accountability and participation in local governance. It has shown that it has the potential to create a network of Panchayats demanding for greater devolution. But this needs to be stronger and requires refined capacity building strategies as well.

Its potentials also lie in **reorienting the donor community** as well as it shows the importance and potentials of local governance and local governments in development. Strengthening Panchayati

Raj has been evolving as a thematic area for many bilateral and multi lateral agencies like the UN agencies (in states like Bihar, MP, Rajasthan, UP, Chhattisgarh, Jharkhand and Orissa), SDC (in Kerala and Sikkim), DFID, The World Bank (in Kerala, Karnataka, West Bengal and Bihar) and many national and international NGOs like Ford Foundation, PRIA, ISS and THP. The VDF experiences can also be a an eye opener to the **centrally sponsored flagship programmes** like the NREGS, SSA and NRHM where Panchayats could play a better role if provided with appropriate facilitatory support.

8.4 SPECIFIC PROJECTS AND IMPLEMENTATION

A look at how the various VDF projects were implemented is necessary to understand its effectiveness in terms of its role in strengthening local governance and development. Almost the entire VDF projects were '**contractor-free**' and in most of the places implemented with people's participation. This participation was by way of physical labour, supervision and voluntary contribution – money or materials.

The decision making process and the implementation mechanism described above have contributed to transparency and accountability. This is not to say that there were no **outliers**. In one of the Panchayats where we had the focus group discussion, it was clear that the elite capture had occurred and women were excluded while taking a decision on VDF. In another Panchayat, the decision was taken after deliberation with participation. However, it was not clear whether it was completely an **informed participation**. For example, people could participate and even help in arriving at a decision without understanding how much they can intervene and their responsibilities in decision making. To be more precise, it was not clear to them how much they can overrule the suggestions of the Sarpanch or even the Setus as finally the money is perceived to belong to or come from Setus.

A key question asked during all the FGDs were about the **prioritization** of VDF projects. Were these prioritizations the most right ones? In most of the places, the prioritizations were based on the felt needs, absence of any other sources of funds and the feasibility. They were all collective decisions by the Gram Sabha, though might have depended on the reasons and explanations provided by the Sarpanch/Panchayat body or the Setus. But, there was a process for prioritization which was important for a programme like this. However, in a few places, I felt that the projects selected under VDF could not have been the most important ones. For example, in one of the Panchayats which was inhabited by comparatively 'richer' people, the VDF project was on buying facilities like tables, chairs and almirahs for the Panchayat office. It is to be noted that it was here that the 'real' participation for decision making had not taken place. Were those facilities the most important issues? Those could have even come from people' contributions, if attempted to. This question was put before the FGD group. Soon came the answer- This is a Group Panchayat and one of the villages under it is far off from the main Panchayat office. Though the people in the mainland is economically better off, the village mentioned is not so and the services from the Panchayat were not easily accessible by them. So, they had bought these facilities to start a sub

office in the village and Talati and other services will be provided in the village on a few days in a month there. Was it not prioritized well? This kind of answers were there from almost every Panchayat where there were apprehensions raised by me on the appropriateness of the VDF project. All of these lead to the following observations: there was a process for prioritization, the Panchayats had their own justification on their selection of VDF projects and finally, preconceived ideas on the need of the villages by an outsider like me need not be valid always. This also leads us to the point that the Panchayats have their own capacities to identify and select their own needs and solutions.

A fairly transparent **maintenance of accounts** of the VDF projects was seen in all the Panchayats, whether publishing it on the worksite or maintaining it on book. Who maintains it varies from place to place and in some of the places the Talatis were totally ignorant about the VDF projects. They left it to the Sarpanch to keep it and Setus would definitely help them, was their contention. While the VDF accounts were maintained properly and transparent, this can not be said about the Panchayat accounts. In many places, even the Sarpanch do not know how much money has been collected by the Talatis by way of various taxes and licenses. The challenge is to translate the VDF accounting and transparency principles into the overall Panchayat administration.

While some form of community monitoring of the implementation of the VDF projects was there, they are yet to be evaluated by the community. Therefore, I could gather only opinions from people. In general, people were highly appreciative about those projects like wells, improvements in schools, health dispensary etc, especially the utility of them in their lives. There were mixed feelings about other projects like that of facilities for Panchayat office. While a great majority of people whom I met highlighted the need for such projects like financial support to destitutes and the challenged, they were not clear whether it should be part of VDF project or through other community mechanisms. One-off events like health check up camps were useful but they also commented that if there is no follow up and no institutional linkages, there is no use.

8.5 CAPACITIES

All the VDF Panchayats were able to carry out activities as per the guidelines. Of course, timeline could not be adhered to in many places. It was only in one Panchayat that they returned the money as they could not carry out one of the activities proposed. Here too, the issue was that the villagers were migrant population and the health check up camp could not be arranged before the migration season started. Even in this place, they were able to even procure technical support for constructing a well with locally adapted technology.

At the moment, the VDF projects are all selected considering their ability to implement them. In addition they get a regular support from Setus. In the long run, there is a need to have a support system for unleashing their capacities and building capacities based on need. This is required in the

field of rural technologies, dealing with governance issues, linkages with other tiers of governments and learning from each other.

8.6 SUSTAINABILITY

The key question on VDF projects was the sustainability. This has to be considered on a case to case basis. There are projects like those on drinking water which seem to be sustainable. But, many projects like support to destitutes, health check up camps etc are by design itself not sustainable. Then there are those projects like health care dispensary, school improvement which have potentials for sustainability if adequate systems are in place.

Whether VDF itself is sustainable needs to be considered (or whether it should be sustainable). Though the present format of VDF is not sustainable, the learnings from it would provide other models to be developed. Pooling of resources from various sources including the philanthropist families is a potential in the Kutch context where there is a system of donating money by the migrated people to their ancestral villages. If a governance and coordination mechanism for such funds could be created, that would be the contribution of the learnings from VDF. Apart from these, the potential for using VDF as an advocacy tool for devolution has to be seriously considered. There needs to be increased and concerted effort in this direction. Otherwise, VDF would end as a one time distribution of money to villages for certain one-off activities.

8.7 VDF AND VDP

VDF has contributed in a large way in introducing VDP and legitimizing the latter among the villagers. However, VDF was never a precondition for the preparation of VDP. Even if there were no VDF, the Panchayats would have tried at VDP. This is due to multiple factors like the goodwill generated by Setus and their activities, the lack of proper support and devolution from the State government and the general interest by the elected representatives and a few others in the villages to 'do something' in the village. But, the process of VDP with focus on participation, transparency and accountability was reinforced through the VDF project identification and implementation. It is also to be noted that Setus played a major role in all these and if there were no Setus and there was VDF, one could not expect many of these aspects.

Considering the patriarchal mindset prevailing in the society, the VDP has helped in a large way to bring in women's participation in decision making and local governance. Barring one Panchayat where it was pointed out that women did not have space for 'informed participation', all the villages had women's participation while preparing VDP. Suggestions by women were included in the VDP as is evident from the projects listed in the VDP. However, these are all related to practical gender needs rather than strategic gender needs. This is understandable considering the context in which the process is introduced and the process of VDP itself in a way is addressing some aspects of strategic gender needs. When prioritization for VDF projects took place, there seems to be less involvement of women. Finally, the role of women in implementation and monitoring of VDF projects is the weakest link in the whole process.

8.8 SAMRAS AND VDF

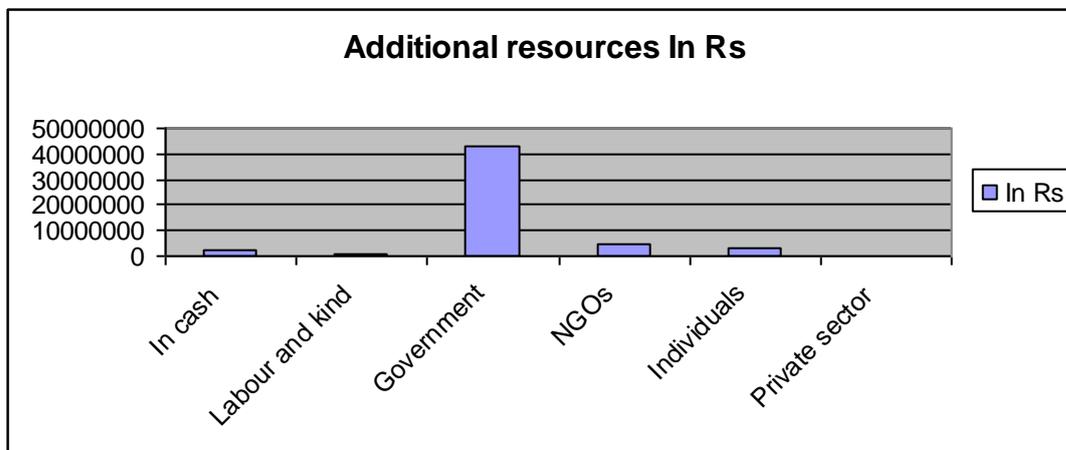
Gujarat has the much debated system of Samras Panchayat where the Panchayat gets an incentive in terms of money if they do not have formal election process. Opposition to the concept withstanding, 11 VDF Panchayats are Samras Panchayats. It is interesting to note that all those VDF Samras Panchayats except one have utilized the Samras money through the same transparent and participatory process (except for those Panchayats who had already spent the Samras money before the VDF). This is an indication that the VDF and VDP processes have helped in changing the governance and development culture in those villages.

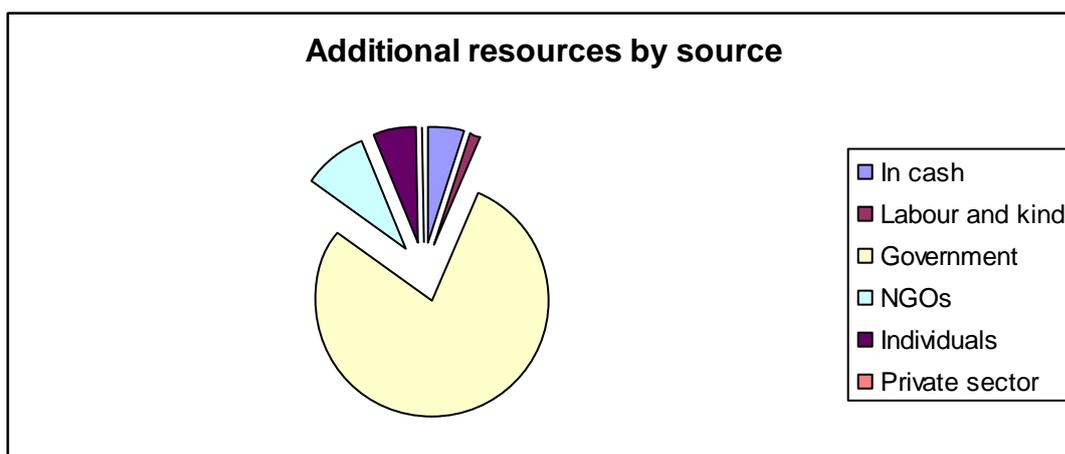
8.9 NON-VDF PANCHAYATS

Though not originally intended, I had a look at a few non-VDF Panchayats. Lack of resources have kept them away from undertaking any activity other than passing resolutions and sending them to the district administration. Even in those Panchayats where VDP has been prepared and there is no VDF, this is the situation. Non-VDP non-VDF Panchayats had the double disadvantage of not having resources as well as not having a support mechanism like the Setus.

8.10 LEVERAGING ADDITIONAL RESOURCES

The data shows that the VDF has prompted the Panchayats to mobilize additional resources. 10 out of the 24 Panchayats mobilized additional funds for VDF projects. All the Panchayats had contribution from people as labour or in kind. One of the Panchayats had additional resources from private sector. 12 of them were able to manage support from other NGO funds.. But, this was also dependant on the support and inputs from concerned Setus. Also, it need not be attributed to VDF alone. The fact of the matter is that the confidence built through VDF implementation and the support from Setus contributed to leveraging additional resources.





Though the figure above shows that government funds have been mobilized on a large scale, this is due to large scale support to one of the Panchayats from government sources. Moreover, these additional resource flows from government sources in many occasions were not directly linked to VDF activities. In fact, Linking VDF with other programmes and schemes is a weak link in this process. Potentials of tapping the resources from various centrally and state sponsored schemes like NRHM, NREGS, SSA, MPLADS have not been attempted seriously in any of the Panchayats. In fact, if such an attempt is done, some of the VDF projects could have been taken under those schemes and other needs could have been attempted through VDF. An example is the improvement in schools where SSA could have been used. But, this requires increased capacity of Setus in conceptualizing and identifying the potentials of such schemes at the local level and capacity of Panchayats in lobbying with the higher tiers.

It is also to be noted that no correlation could be established between VDP-VDF activities and tax efforts by the Panchayats.

8.11 UP SCALING AND REPLICATION

Continuation of the VDF **for at least five more years** is required to get the impact sustainable. During the process, VDF initiative needs to be expanded geographically as well as financially. Up scaling the initiative and then using the experiences for advocacy for mainstreaming could be the strategy adopted. For this, a **critical mass of Panchayats** has to be in the fold, preferably around 100 of them within a period of three years. This can happen through a **process of weaning off** of the existing Panchayats once they become mature enough to plan for themselves and mobilize resources and simultaneously the VDF being offered to other Panchayats in the region.

During up scaling, the VDF **guidelines can be flexible** in terms of finances and type of projects. While the amount could generally remain as Rs. 1 lakh per Panchayat, there should also be provisions of a larger amount to the existing Panchayats (or even awards for the good work), depending upon the type of projects and methodology they formulate. This might provide motivation to innovate and work towards larger goals.

There might be issues which are common across the Panchayats (like literacy, education, PDF, resource mobilization, small scale industries leading to network economy, legal issues, capacity building, exposure visits etc.). VDF could provide for certain **joint initiatives of Panchayats** in an area as an up scaling strategy. This could be done under the leadership of Panchayat Association.

Up scaling has to be undertaken with a clear strategy on **linkages with government programmes and schemes**. Supplementing or complementing them through VDF will add value to both and up scaling potential will also be increased. While attempting government sponsored schemes, Panchayats face with the problem of receiving the funds only after completion of the work. VDF may be used as **mobilization advance** for such purposes. This slowly will change the character of VDF as a parallel or additional support.

The content of VDF supported projects to a larger extent is dependent on the capacity building efforts by the Setus. The content of capacity building also needs to be refined as part of the up scaling. It should help the Panchayats to identify issues of strategic development and local governance, which itself is a political process.

A **strategy for dissemination**, across the region, of experiences is a pre requisite for up scaling and replication. This is also important for attracting more donors and for pooling of resources.

The VDF experiment is **relevant in majority of the states** as the fiscal devolution is still in its infancy in most of them. The experiment could serve as an advocacy tool as well as a capacity building exercise. Of course, as in the case of Kutch, it has to be linked with other capacity development programmes and empowerment initiatives. More over, it needs to consider the socio-cultural and political environment in each state and adapt accordingly.

8.13 STRENGTHS AND WEAKNESSES

One of the major strengths lies in the **facilitatory role** played by Setus and Abhiyan. The works they do are not 'banner seeking' and 'brand seeking'. **Bottom-up approach** with the planning process starting from wards and the transparency mechanisms encourage participation. As mentioned earlier, *a clear strategy, well laid out guidelines, planning procedures, facilitating role of Setus, selection process, and financial management system* for Panchayats are strengths which need to be taken care of in the forthcoming phase.

Panchayats accept **Setus as their natural ally** as the latter provide various other support and guidance to the Panchayats on a day to day basis. An important strength of the VDF is that the Panchayats do not consider VDF as just a source of money but they consider the overall collaboration with Setus and the guidance they provide as the most important features. The amount being small prevents the development of dependency syndrome too. Another important strength is the **willingness of the Panchayats to learn, accept changes and reorient** themselves.

There are a few weaknesses too. Many a time, empowering can become disempowering too. The whole initiative of VDF is still **dependant on Setus** and their existing capacities. The ceiling of Rs. 1

lakh per Panchayat sometimes prevents a genuine need to be put back into the shelf. Rather **weak linkages** with the elected bodies of the Zilla Panchayat and Taluk Panchayat takes away some of the potentials of VDF as tool for strengthening Panchayati Raj. Both at the taluk and district levels, the bureaucracy are the counterpart and not the elected bodies (the overall situation with regard to ZP and TP in the state might also be a factor).

Panchayats have been focusing on certain issues of practical needs as part of VDF. The **larger issues of local governance** have not yet been addressed. The orientation of Setus in this aspect also is a priority issue to be addressed in the next phase.

Inclusion of other NGOs working in the area in VDP and VDF is also a weak link. Though there is relationship between Setus and other NGOs, it has not been able to bring them together in the overall process. Thus, even VDP could run as a parallel programme. Even leveraging funds for projects under VDP could have been attempted to like that of VDF.

There is also a fundamental weakness with the Abhiyan in effect becoming a funding agency for Panchayats. This definitely might develop into a **donor-recipient relationship**. It will have its negative impact on the other capacity building and empowerment initiatives undertaken by Setus and Abhiyan. The existing FCRA prevents the Panchayats from receiving direct support from foreign agencies.

8.14 WHAT ELSE REQUIRED

Individual VDF projects

- Ensure informed participation of all stakeholder groups while finalizing the VDF projects in the Panchayats
- Consider including the left out stakeholder groups like the adolescents
- Sustainability of projects to be considered while finalizing them
- Only those projects which can not be undertaken through any other resources to be taken up under VDF
- A system and formula for community contribution or linkage /integration with other schemes to be ensured
- Role of Talatis (official system) and Sarpanch in maintaining accounts to be defined and to be integrated with the Panchayat accounting system so that VDF is integrated into the system.
- Need for project wise evaluation by the community

VDF Governance

VDF governance at the moment is placed on strong ground with clear guidelines and management structures. But, **guidelines could be revised** as per the strategy in the next phase. In the long run it has to be more flexible to accommodate changing needs and environment.

A comprehensive **methodology for Panchayat planning** and budgeting has to be developed. Such a plan with long term perspectives can be used by the Panchayat to prioritize their needs and attract resources from government, donors and citizens. These plans could be submitted to other tiers of governments and District Planning Committee. It will also enable them to supplement and complement various government schemes. This also will strike a balance with **donor interests and Panchayat needs**.

Effort should be made to ensure that VDF does **not develop as a parallel system**. It is here that the possibilities of linkages with other tiers of government have to be probed. **Line department officials** should be brought in to provide regular technical support to Panchayats. **Panchayat association** may be brought in to monitor the VDF functioning, as an experiment. If found successful, the system may be institutionalized. In the long run, representatives of the Panchayats/ association also should be included in the steering committee. A system of **peer evaluation** by a group of Panchayats and Gram Sabha members could be instituted.

Identifying **new donors and local contributors** is important for up scaling. Panchayats also need to be encouraged to identify such contributors so that dependency on Abhiyan is reduced. Funds or programmes from NGOs in the region could also be pooled in to serve the purpose.

Possibilities of **direct funding** to Panchayats have to be probed. Advocacy initiatives are needed to allow Panchayats to be exempt from FCRA regulations. If successful, this might even pave way for larger changes in Panchayati Raj in India.

SETUs in VDF

Overall functioning of the Setus was critical in the success of VDF. In fact, given an option Panchayats prefer Setus' regular activities to VDF alone. **Upgrading the capacity** of SETUs in the context of a new VDF is important. They need exposure to other similar initiatives across the country. While their capacities were optimum for the first phase, they have to be reoriented to address the larger local governance issues as well the politics of governance.

Setus have been proved to be effective and they are accepted by the Panchayats as well as the government functionaries for the work they do and the support they give. For the Panchayats, they are the source of knowledge and information whereas for the government, they are the link to the Panchayats. Considering the system prevailing, it is also important to be cautious as there is also the **possibility of Setus being co-opted** by the vested interests, either from the government or the Panchayats. The large workforce in Setus and their sustainability is also a cause of concern.

Engagement with the Governments

There needs to be **more engagement** with the various tiers of government/district/department authorities including MLAs and MPs. Setus and Panchayats should be aware of the programmes and functioning of these and the former should be informed of how VDF works.

The functioning of the Panchayats, to large extent, depends on the **Talatis**. For the sustainability of the initiative, it is important to build their capacities, motivate them and empower them so as to strengthen Panchayati Raj.

Dissemination

In addition to the regular ways of documentation and dissemination including the Setu conference, more needs to be done to address the original objectives of VDF. Exchanging of VDF learnings to other Panchayats in the region is the prime concern (periodical sessions could be attempted). A provision for **exposure visits to the VDF areas** is a possibility. Panchayat association could play a major role in such activities. Engagement with the **media**, both local and national, too is useful.

NIRD and SIRDs need to be made aware of the initiative as they still are the primary trainers for PRIs in the country. This also has the advocacy potential as they are often consulted by the governments as well as other Panchayats.

Ministry of Panchayati Raj of the Government of India has to be regularly appraised about the VDF initiatives. Along with this are the ministries in the states. It is also useful to be part of the various **knowledge sharing networks** on decentralization and local governance, both to share and to learn.

During the up scaling phase, the Setus need to be reoriented to address the dissemination priorities. In that context, a regular system needs to be developed. The rich experiences and the knowledge developed as part of the VDF and the Setus could be shared through a permanent system like an **academy of development practitioners**, which should include Panchayat representatives as both faculty and learners. Learning by seeing and doing would be the best way of dissemination.

9. CONCLUDING NOTE

The VDF and the Setu activities in general for me seemed to be a **silent democratization** of the local development process and politicization of the Panchayati Raj. It may have to remain as a silent process for a few more years till a critical mass of Panchayats gets empowered through the initiatives. The process will have to be slow but it has all the potentials to show to the country that 73rd amendment to the Constitution was not a futile exercise. There are weaknesses, some of which were narrated above. Looking at VDF alone, there are issues of capacities, sustainability, and linkages to be tackled or mended. Development and local governance being dynamic processes, the VDF and Setus might need to be constantly monitored and supported to bring about appropriate changes on a regular basis, but the team is capable of doing that too. VDF is not an end in itself. Learnings from it should lead to development of a system for continued support for effective local governance and demand for further devolution.

1. Fact sheet

No. of Gram Panchayats in Kutch:	614
No. of Gram Panchayats covered under Setu Programme:	164
No. of Gram Panchayats covered under VDF:	25
No. of projects (Sector) approved under VDF:	9 main sectors covered [drinking water, education, health, capital expenditure for G.P, Administrative cost, support to vulnerable, livelihood, income generation and public infrastructure
Amount spent so far out of VDF:	Rs.27,00,000 utilized as on 31 st July-09 (Rs.27, 00,000 have been sanctioned by PHF)
No. of Setus (Units):	18
No. of personnel in Setus:	109

2. Documents referred to

1. Kutch Nav Nirman Abhiyan Annual report 2007-2008
2. Abhiyan Journey Post the 2001 Earthquake
3. Efforts towards Improved Rural Governance
4. Abhiyan College of Para Professional Education for Rural Youth
5. VDF Concept Note
6. VDF Activities Guidelines
7. VDF Compiled report
8. Strengthening Grass-root Governance, Citizenship and Political Economy of rural Kutch Jan 2010-12
9. VDF – Next Phase (suggestion from Setu team of Anjar Taluka)
10. Tour reports provided by Mr. Ajit Chuadhuri
11. Data sheets on VDF expenses, additional resources and tax efforts provided by Abhiyan

3. Places visited

No.	Date	Particulars	Place
1	3 rd July09	Meeting with functionaries and Gram Sabha members from Naransari GP and three nearby Gram Panchayats	Naransari Village, Bhachau Taluka.
		Meeting with the DDO	Kutch District Panchayat, Bhuj
		Meeting with Retd. Dept. DDO and Advocate : Shashikantbhai Thakkar	Madhapar, Bhuj
2	4 th July 09	Meeting with Anjar Taluka Development Officer	Anjar Taluka Panchayat
		Meeting with Lohariya Gram Panchayat functionaries and Gram Sabha members	Lohariya Village, Anjar Taluka
		Discussion with Association of Panchayat members of Anjar taluka and Setu functionaries	Khambhra Setu, Anjar Taluka
		Visit to Bhalot Health Centre run by Bhalot Group Panchayat	Bhalot Village, Anjar Taluka
3	5 th July 09	Discussion with members of 4 Panchayats of Pachchham region.	Khawda Mahiti Mitra, Pachcham region, Bhuj taluka
		Meeting with Lead Team.	Abhiyan campus, Bhuj
		Smt. Lata Sachde – the resource person of the Panchayat programme	Abhiyan campus, Bhuj
4	4th Dec09	Discussion with Ajit Chaudhari and Sushma Iyengar	Abhiyan campus, Bhuj
5		Meeting with Berdo Gram Panchayat functionaries and Gram Sabha members	Berdo Village, Bhuj Taluka
6	5th Dec09	Meeting with Badalpar Gram Panchayat functionaries and Gram Sabha members	Badalpar Village, Rapar Taluka
7		Meeting with Badalgadh Gram Panchayat functionaries and Gram Sabha members	Badalgadh Village, Rapar Taluka
8	6th Dec09	Meeting with Setu Team Leaders who are implementing VDF Project	Abhiyan campus, Bhuj
9		Discussion on VDF Analysis report with Vikram, Srestha and Veena	Abhiyan campus, Bhuj
10		Discussion with Gunvantbhai Shah (Individual Donor)	Abhiyan campus, Bhuj

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