



## FROM MODERNISING GOVERNMENT PROGRAMME TO LOCAL GOVERNMENT SERVICE DELIVERY PROJECT IN KERALA

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### **Abstract**

*This paper seeks to make a preliminary assessment of the Modernising Government Programme(MGP) implemented in Kerala during the 10<sup>th</sup> Plan period and the Kerala Local Government Service Delivery Project implemented in the state from 2011 onwards. The paper adopts a descriptive approach and draws data by relying on secondary sources supplemented by key informant interviews. The paper concludes that projects of this kind do create infrastructure, but fail to change the bureaucratic mind set or inculcate values that are predisposed to citizen-centric governance. The high degree of organised unionism with its general antipathy towards any effort to undermine the public sector is partly to be blamed. Until politicians and bureaucrats become more professional and less partisan in orientation, the prospects of success of such reforms beyond creation of physical infrastructure appear bleak.*

**Key Words- Modernising Government- Service Delivery- New Public Management- Public Value.**

### **INTRODUCTION**

For the last three decades or so, public sector reforms have been undertaken in developing countries drawing extensively on the New Public Management principles, driven either by domestic pressures or donor preferences. These principles suggest that service delivery to the public should be efficient, cost-effective, transparent and citizen-friendly by involving both the private and non-profit sectors. The reason for this shift has been attributed to the increasing complexity of government functions in an era of reduced state capacity and high citizen expectations. More recently, the focus has shifted from results and efficiency to achieve the broader goal of public value creation(O'Flynn, 2007: Osborne 2010).

In this paper we will attempt to make a preliminary assessment of the Modernising Government Programme (MGP) implemented in Kerala to enhance the capacity of a range of government offices at various levels from 2002 onwards and the more recent Kerala Local Government Service Delivery Project focused exclusively on the Gram Panchayats and Municipalities of the state, and identify some hurdles to the implementation of New Public Management principles in the state.

### **ENABLING FEATURES OF KERALA**

Kerala is one of the first states to contemplate administrative reforms. The number of committees that it had set up and the progressive nature of the reforms particularly that of the First and Third administrative committees mark it out from other states in India. The Kerala model of development and decentralization of powers to local bodies have been widely seen as models to follow. Institutions and features like ombudsman, citizen's charters and early introduction of right to information in local governance have also been widely acclaimed. The introduction of participatory planning since 1997, the incorporation of a Women's Component Plan and the enhancement of reservation for women to 50% in the local bodies in all the three tiers have made the state stand out as a forward looking one. The self-help groups organized under the Kudumbasree mission and e-governance initiatives like Akshaya and Friends have drawn national and international attention and can be considered as forms of Kerala style agencification. The Public Private Partnership model (PPP model), which is increasingly being used for infrastructure development in the state, is an example of the application of NPM principles in the state. On the basis of a range of physical and human development indicators, Kerala provides a congenial atmosphere for administrative reforms to flourish. Some of these reforms particularly those under the e-governance mode have already been well established in the state as they were seen as technology-driven and therefore politically neutral.

### **THE MODERNISING GOVERNMENT PROGRAMME (MGP)**

The Modernising Government Programme was implemented in the state from 2002 onwards with assistance from the Asian Development Bank and the Dutch government although the negotiations had started much earlier under the previous government led by the Left. The MGP has the following five themes which are called the five pillars on which the reform initiatives would be mounted.

1. Ensuring Assured Levels of Basic Services to the Poor
2. Building an enabling environment for growth
3. Fiscal Sustainability- State and Local



4. Enhancing effectiveness and efficiency of core Government functions
5. Efficient, Effective and Accessible Local Self Governments

### **Political and Bureaucratic Context**

The context of implementation of the MGP sent out wrong signals. The white paper on the state's finances published in late 2001 that presented a grim picture of the finances of the state, the consequent ban on employment in the public sector and the introduction of other cost cutting measures had already created misgivings in the minds of the employees and the leftist youth organizations. The MGP only helped to reinforce them. The project was not subjected to society-wide discussion. No effort was made to retain the staff who received training under MGP in the institutions in which intervention took place. Instead, staff was transferred at random, thereby making the MGP institutions to lose their identity after being staffed by people used to the pre-MGP ways. The staff hired as programme support executives were raw MBA graduates who were not very familiar with government procedures. Employees feared that changes in policies in the government sector through downsizing and cost cutting will affect their job security and restrict opportunities for public sector jobs in Kerala where government jobs, in the absence of industries, are highly prized entities.

With political power at the state level passing from the ruling front to the opposition every five years for the last three decades, radical reforms with a long-term vision are unthinkable. The opposition leader even threatened to dishonor the agreements reached with the donor if his party was returned to power in the ensuing election. Even within the same party, there was not much consensus. For example, the enthusiasm of A K Antony, the then Chief Minister was not shared by his fellow congressman and successor Oommen Chandy. In such a situation, political continuity could not be ensured. Hence there was lack of political ownership and political will to get the project complete its logical course successfully. Coalition politics in Kerala also had its impact on MGP performance in a state where individual ministers belonging to different parties function without much coordination, particularly when the congress-led United Democratic Front is in power. The MGP soon came to be owned up by none and had to complete its course purely on the basis of its own imperatives rather than anyone taking the initiative to salvage it.

The MGP was thus envisaged largely as a technical project that had not factored in the complexities of reform in Kerala characterized by high degree of political polarization along party lines with very little space for any consensual action. Ego clashes among bureaucratic peers, contest between the generalists and the specialists and failure to acknowledge the central role of the first MGP secretary also affected the rhythm of the project considerably.

### **ADB's Own Evaluation**

The evaluation carried out by the ADB found the program as relevant to the state, but the outcomes were found to have been never achieved. The political environment was pointed out as the main weakness behind the ineffectiveness of the program. The MGP was not a whole system effort. Only a few institutions could be brought under its purview. There was not much coordination among the execution ministries either at the inter-ministry level or at the level of the bureaucracy. Often there was lack of cooperation and coordination among the heads of various departments at the district and state levels. The civil servant in charge of the MGP could not make things move in other departments headed by his peers. The coordination and active involvement of the stakeholders in the program is a key factor to be considered while implementing any reform program. The office of the MGP had very limited coordination with other departments and the communication was mainly top down. Many department heads had very little control over the employees and the union leaders often dictated terms to them (ADB: 2007).

### **MGP: Outcomes and Pitfalls**

Nonetheless the MGP created considerable amount of facilities. Some institutions like anganwadis were the direct beneficiaries of MGP assistance. Modernization of the District collectorate, use of DC suite office software and changes in the office layout to make it more people friendly are some of the achievements. MGP provided a fillip to computerization, citizen charters and the setting up of enquiry offices in several institutions. But often computerization was not preceded by creation of the necessary back up structures. Performance-based management system, one of the goals of the MGP, could not be implemented in Kerala.

Many allocations made under MGP at the ground level were not meant for developmental purposes, but for clearing arrears arising from non-plan commitments of the previous year's such as payment of electricity bills. The facilities created also needed additional funds for maintenance for which no provision was made, making many of these facilities unusable after a period. Most of the procurement was made centrally. Equipment were often provided to offices on a centralized basis without ascertaining whether such equipment could at all be installed in the offices successfully. The MGP had no impact on change



of mindset of the bureaucracy. The bureaucracy continued to rely on old practices and not learn in any way from the training they had received.

The content of training, the trainers identified and the employees selected for training all had several problems. Training was never taken seriously by the staff. Many of those selected were relatively elderly persons for whom the break from the normal routine and the travel and dearness allowances that they would be entitled during training were the major points of attraction rather than any learning that would emerge from the training. The trainers selected had little experience of how public offices function and therefore the trainees could not relate themselves to the management-oriented training that they received.

The very criterion of efficiency was defeated when the government decided to go for purchases from its sick industrial units at prices higher than the local market. The programme could not get into the next stage of bringing more institutions in its purview. Hence it was an incomplete project. No proper evaluation of the scheme was done by the government. The MGP website was discontinued and no documents were made available, making transparency a casualty. No financial statement of a consolidated nature also has been issued on the MGP.

Many of the elements of NPM such as cost cutting and downsizing could not be affected in Kerala. The creation of a Kerala Civil Service could not be achieved. No space for incentives to motivate service providers to improve service delivery could be found nor measures to improve the accountability of providers, nor an effective system to monitor and evaluate service delivery, nor clear economic and social criteria to prioritize such projects, nor timely transfer of financial resources to local bodies.

#### **From MGP to KLGSDP**

It may be noted that any reform undertaken in an incremental manner will invite lesser resistance from the employees. For example, the decision to introduce contributory pension in 2012 elicited relatively weak form of resistance. No resistance was found to the World Bank assisted Kerala Local Government Service Delivery Project (KLGSDP) launched in 2011. The KLGSDP is aimed at taking Kerala to the next level of decentralization by institutionalizing the practices already initiated and to improve the services of the local government covering all the 978 Gram Panchayats and 60 Municipalities which have direct linkage with people at the grass root level. The main aim of the assignment is to do a thorough capacity need assessment for grama panchayats and municipalities for identifying the capacity-building needs for the elected members, officers and other staff and also develop a capacity development strategy for the entire State. The duration of the project is four years. It has four components. They are 1097.96 crores for capital asset creation in the form of untied funds, 51.36 crores for capacity and human resource development, 15.81 crores for state level monitoring of the above two fund utilizations and the setting up of a Project Management Unit under LSG department forming its organization. Fund would be distributed on the basis of the criteria for devolution framed by the state finance commission. Like the MGP, the absence of an efficient mechanism to monitor and guide spending of funds is a problem faced by the KLGSDP.

The KLGSDP has however a number of performance-linked features, which are yet to impress upon the Panchayat leaderships in the state who are prone to see the funds as extensions of the plan funds. Most of these funds have found their way to pave roads primarily. While it is true that the Kerala Local Government Service Delivery project is not mired in controversy, the same factors that have worked against MGP are likely to raise their head in this case also. The project is expected to be wound up in 2015. Although performance-based assistance started from the third year onwards, the Panchayats were found to be lukewarm to fall in line to meet the performance criteria. Further, positions of consultants for each District under the project were advertised only after the project has already completed more than half its tenure.

Some of the civic bodies have spent a major share of the funds on road development rather than on solid-waste and natural-resource management, sewerage, e-governance, property-tax mapping and such important areas. About 58 per cent of the Rs. 140-crore performance grant under the project in 2011-12 was utilised for the development and maintenance of roads. The project managers have not succeeded in creating awareness among the civic representatives of the need for utilising the funds in a meaningful manner in line with the project conditions. The 14 district coordinators deployed for giving guidance in project implementation could not make any significant contribution to motivate the civic bodies to take up innovative projects to improve the quality of services(*The Hindu*, March 1 2013).

Of the performance grant of Rs. 140 crore provided to the civic bodies during the launch year in 2011 only Rs. 94 crore (67%) was spent even after several reminders and circulars even though all local self-government institutions in the State were grappling with serious issues like waste management(*The Hindu*, March 1 2013).



The Kerala Institute of Local Administration (KILA) has been in the forefront of organising training programmes after the launch of decentralised planning and governance in the State. The latest in the series was a training programme organised for strengthening grama sabhas at the grassroots level. The training was originally meant to be outsourced, but has recently been entrusted to KILA at the behest of the Chief Minister (*The Hindu*, 22 April 2013). The latest report on the progress in implementation of the project brought out by the World Bank in May 2015 rates it as only moderately satisfactory.

The MGP was only implemented for a short period in an ad hoc manner without envisioning a longer plan. There was no sign of continuation of the program. The MGP intervention in selected local bodies was not reckoned with in the KLGSDP, which was started as an altogether new project. Many of the procedures and practices established and physical facilities created had a natural death without continued support or alternative provisions for sustaining them. Hence sustainability of all reform efforts should receive high priority in all future reform programs.

Any reform effort should be implemented in an incremental way. This will create inbuilt mechanisms to withstand the psychological and cultural barriers of change. In MGP, the government was in a hurry to implement the reforms in the government. The training component, the institutional planning, etc were done in hurry without having proper homework and sufficient professional thought. If reforms have to be implemented across a number of departments, they have to be coordinated in such a way as to instill some kind of collective responsibility by developing appropriate organizational arrangements. Frequent changes in the key personnel implementing the reforms also should be discouraged for the sake of ensuring continuity.

Lastly, evaluation of the reform programs must be done periodically and corrective measures should be undertaken. Ideally, concurrent evaluation is needed for all such programs. Reforms in Kerala will continue with or without such projects assisted by foreign donors. This is because the reform process was initiated by internal processes and they will remain as a residue even if the donor-assisted projects wind up.

## CONCLUSION

What then are the prospects of reform in Kerala? There should be a strong positive political environment including cross-party support for the implementation of the NPM type reforms. In addition, an equally positive support from the bureaucracy is necessary for future reform programs to succeed. This necessitates that both the bureaucracy and political class become more forward looking and progressive rather than being prisoners of the past. In a literate state like Kerala, politics has remained backward looking and captive to partisan considerations. Lack of political continuity and the disruptive role of coalition politics in Kerala is also found to be a major impediment to implementing the NPM type reforms. Also, if political functionaries are to be re-oriented, it has to take place when they begin their job rather than after considerable part of their term has been completed. These issues need to be addressed in some ways before reforms can proceed smoothly in Kerala. Further, monitoring and evaluation have always been on the back burner.

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