The much-talked about movie this year has been the maverick Taiwanese director Ang Lee's celluloid epic 'Crouching Tiger Hidden Dragon'. The movie set in timeless China portrays the quintessential struggle between good and evil and underscores the value of morals and ethics. While Ang Lee's oeuvre was captivating audiences across the globe, a murkier saga was being captured through the narrow lens of a hidden camera in India. The fledgling dotcom company Tehelka's searing expose on the seedy world of arms procurement codenamed 'Operation Westend', shot in the plush rooms of 5 star hotels and the fairly non decrepit white walled sanctums of party headquarters, revealed a noxious universe of graft in high places with a cast of characters including some very big names in Indian politics. The nation watched in morbid fascination (thanks to the 24-hrs news channels!) the sickening sight of the chief of the ruling party accepting bribes and government servants and bigwigs in the military establishment selling themselves for ridiculously low sums of money.

Now for the grand climax of the story: How a person who was debarred from contesting elections became the Chief Minister of a state. No kidding! We are talking about the new Chief Minister of Tamil Nadu, Jayalalitha Jayaram. Here's the script. 14 cases of fraud and corruption are filed against her. The court finds her guilty in three of them and sentences her to imprisonment. She files an appeal and gets the sentence stayed; but the conviction is pending appeal. Meanwhile elections are announced. She files in her papers as a candidate but her nomination is rejected on the grounds of her conviction. The verdict of the people gives her party a landslide victory. She assumes the highest public office in the state without being eligible to stand for the same. The shamming of a nation is complete.

In this issue of the Public Eye, we take a look at some interesting initiatives. We commence by exploring the possibilities of combining the power of the Internet with the traditional zeal of a public advocate in an attempt to chart the landscape of Internet Advocacy. The growing impact of empirical databases is fast spawning many innovative approaches to benchmark a country's macro environment. We take a look at the latest attempt called Opacity Index. PAC has launched its' biggest project to date – The Millennial Survey of Public Services in India. We take a quick tour of what this project is all about. And our Chairman speaks to all of you through an open letter soliciting support and ideas to explore options on how to strengthen and sustain the Centre's work in improving the quality of governance in India.

Gopakumar

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INTERNET ADVOCACY & THE NON PROFIT SECTOR: CHARTING THE LANDSCAPE

Gopakumar K

SETTING THE CANVAS
From the cave paintings of pre-historic times, through the great oral depositories of early and medieval epochs to the relatively modern forms of communication, the production and dissemination of information has been a dominant leitmotif in the fascinating saga of our evolution and progress. However, in all past episodes of change and paradigm shifts, information was like the ghost in Shakespeare’s Hamlet - “Always in the periphery of action, but never in it”. The ongoing information revolution makes a sharp detour from the past trajectories: the organisation and access to information has suddenly become the vantage-point to observe, critique and plot development discourses and practices. Knowledge powered by technological breakthroughs and innovations is fast becoming the polarising force sharply dividing the world into two camps - the “connected” and the “dis-connected”. A polarisation that reveals all potency to accentuate inequalities and differences among societies and economies in much sharper relief and deeper nuances than conventional indicators like income or wealth.

Like any other radical change, the Information revolution also shows a ‘biased’ trend on the applied side. The corporate world or the profit sector has been the first to jump into (and thereafter control the new media bandwagon). An incisive report articulates this theme succinctly! “The corporate world has developed an intellectually respectable, highly marketable consumerist and entertainment-oriented vision of the new media - a vision that that dovetails nicely with that of computer libertarians who regard the Internet as the last 20th Century outpost of individual freedom. Drawing upon writers like George Gilder, Alvin Toffler, Nicholas Negroponte and Esther Dyson, Wired magazine has given these visions intellectual depth and cultural hipness”. As a critical buffer between commercial dreams and political calculations, civil society has over the ages demonstrated its’ effectiveness in preserving democratic spaces and participatory niches. Be it the slow paced agricultural revolution or the much faster paced and dramatic industrial revolution, the mediating role of civil society has been quite pronounced. Unfortunately, the contours of the sweeping changes ushered in by the ongoing information revolution have largely bypassed the non-profit sector or the civil society. The failure of civil society organisations to tap in to the ongoing technology-led information revolution will only result in their inevitable marginalisation in the long run.

Civil Society is increasingly being conceptualised as a ‘space’ between the State (government) and the Market (business) to challenge, contest, confront and collaborate for improving the quality of governance. And advocacy is a widely employed strategy to use that space effectively. Most actors in the civil society arena, have sometime or other, used advocacy as a means to make their interventions more effective and focused. The emerging challenge in the context of the new economy is to tap in to evolving technological frontiers to enhance the potency of existing advocacy strategies and more important to explore new and innovative modes of advocacy.

1 Reinventing Democratic Culture in the Age of Electronic Networks’ by David Bollier. Report submitted to the John D. and Catherine T. MacArthur Foundation, 1996

2 The dynamic world view of the Chinese is best represented by the term they use for ‘crisis’ - wei-jp, composed of the characters for danger and opportunity.
Already, we could discern the responses to this challenge in the form of increasing use of information technology to enhance social capabilities.

One arena which has emerged as a level playing field is the Internet. Whether one is talking about information regarding the quality of milk, crop inspection standards, databases of importers, global economic indicators, or government spending of politicians, publishing on the Net can effectively augment traditional communication channels. Interestingly, the Net is also today seen as a potent medium for capturing various 'voices' which could then be selectively targeted or widely disseminated for impact. The flexibility and spread of the Net is also being effectively used by Civil Society Organisations for advocacy purposes. Submerging the notions of national communities, on-line communities are on the rise today drawn together by politics, ethnicity, gender or social cause. These new actors are increasingly amplifying a new lobbying power to previously silent voices on the global stage.

Though the growth of the Internet has been nothing short of being spectacular, its dispersion remains highly asymmetric. Over three-quarters of the computers linked to the Internet are found in the United States, followed by Europe and the emergent economies. The third world represents only a minuscule proportion of Internet users. Thus, while an estimated 3.1% of the population in high-income countries use the Internet, only 0.0002% of the population in low-income countries do so, a multiple factor of approximately 15,000! Given this scenario, it's no wonder that CSOs in the south have rarely shown a proclivity to engage the potential of the Internet to strengthen their advocacy muscles.

A quick appraisal of some of the emergent narratives in the interface between the non-profits and the Internet highlights a spectrum of opportunities and challenges:

**BECKONING OPPORTUNITIES**

- **Reinvigorating the public discourse**: Faster, easier and cheaper channels of communication are actively facilitating closer interactions between various constituencies. A new ecology of public knowledge is fast emerging providing new loci and leverage points for effecting changes. Electronic newsgroups and online postings by committed activists are radically altering the lexicon of public discourse and praxis in ways previously deemed impossible.

- **Re-negotiating relationships**: As individuals gain access to new information sources, many traditional intermediaries are getting increasingly bypassed. Distributed electronic networks are forcing deep structural changes in the way our societal institutions function. Networking is re-configuring our experiences of time, distance and community, and eroding traditional boundaries between public and private, work and home, and work and education.

- **Rise of the ‘Gift Economy’**: The gift economy is a branch of sociological inquiry that illuminates the moral connections that bind a group of people together. Through the Internet, people make available all sorts of useful information for free - a behaviour that is in defiance of orthodox economic rules which claim that such behaviour can occur only with financial incentives. The robustness of the Internet itself rests on this essence of community and civility.

- **Networks of Believers**: Perhaps the most far-reaching implication of the online social revolution is the power of the Internet to create networks of believers dedicated to a shared purpose. As French Bishop Jacques Gaillot describes: "The primitive Church was a kind of Internet itself, which was one of the reasons it was so difficult for the Roman Empire to combat it. The early Christians understood that what was important was not to claim physical power in a physical place but to establish a network of believers - to be online". SeniorNet, Peacenet, Econet and WomensNet are all good examples of online communities of believers.

**LOOMING CHALLENGES**

- **Locked up in a reactive catch-up mode**: There are very few examples of creative and original use of the Internet by non-profits. There is an urgency to shift the usage profile of the Internet from 'downloading' to an 'uploading' mode.

- **Low usage as a policy tool**: The enormous growth in the number of non-profit websites and organisations using email over the past few
years have not really translated into strategic uses of the Internet as a policy tool. There is also an overriding problem of the lack of a coherent, positive vision that can help mobilise and unify diverse non-profit players and organise their discourses into a more coherent framework. The existing public interest vision is largely fragmented, issue specific and lacks an organising political philosophy or a self-organising and expanding movement.

- **Barriers to internalise Internet applications:** Lack of knowledge about and access to affordable tools, training and technical assistance are frequently cited as the major reasons preventing non-profits from effectively pursuing Internet applications. However, tools and technologies are fast being adapted and contextualised to suit non-profits’ activity profiles and budgets. The key challenge would then be the ability of non-profit leaderships to facilitate the transfer.

- **Disconnect between non-profit interests in using technology and availability of funding for such activities:** There is increasing criticism that foundations and other donor agencies are reluctant to support Internet-led advocacy initiatives. There is an urgent need to sensitise these resource-support constituencies to the emerging potential of the new medium.

- **Content related barriers:** Dearth of local information, language barriers and low levels of literacy prove to be powerful barriers for the extensive use of the Internet, especially in South Asia.

**THE WAY FORWARD...**

From a strategic perspective, the global contours of the Internet revolution need to be mediated, adapted and contextualised by CSOs in the South. Adding a new dimension to this is the increasing applications of IT in matters of governance. As the concept of e-government takes clear shape and form, CSOs need to reorient their strategies to negotiate with the state effectively on equal terms. Key challenges looming ahead would include promoting local language applications, developing simple to use and easy to maintain systems and user-friendly softwares that have capabilities for documentation and databases.

(Gopalakumar is Senior Research Officer at the Public Affairs Centre, Bangalore and Editor of Public Eye.)

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**REGIONAL WORKSHOP**

**ADVOCACY IN THE INTERNET AGE**

Way Forward for Civil Society

A SOUTH ASIAN REGIONAL WORKSHOP

JANUARY 27-30, 2001

Public Affairs Centre in association with IT for Change, Bangalore and MAHITI, Bangalore organised a four day workshop on Internet based advocacy for civil society organisations in South Asia. The workshop was supported by The Asia Foundation, Bangladesh and was limited to senior and middle level functionaries drawn from NGOs and Civil Society Organizations in South Asia (Bangladesh, India, Nepal, Pakistan and Sri Lanka). Apart from highlighting conceptual concerns and themes, the forum also provided for a hands-on experience in working with some tools and techniques.

A major focus of the workshop was on analysing regional best practices and searching for ways to replicate and adapt. The organisers hope to carry forward the momentum by creating an effective online forum for all CSOs in the south to articulate their concerns and share best practices and experiences.

(The entire proceedings of the workshop, including all presentations is available in a CD. To order a copy, please write to Public Affairs Centre, Bangalore.)

**PLEASE VISIT...**

www.asiafound.org
www.pacindia.org
www.mahiti.org
www.itforchange.org
THE OPACITY INDEX

On January 25, 2001, PricewaterhouseCoopers (PWC) unveiled at the annual meeting of the World Economic Forum in Davos, Switzerland, an index that measures the impact of business, economic, legal and ethical transparency on the cost of capital in 35 countries—the Opacity Index or O-Factor. A panel of economists and researchers brought together by PWC’s Endowment for the Study of Transparency and Sustainability developed this analytical model from surveys of chief financial officers, equity analysts, brokers and PWC consultants in each country. The index identifies the specific incremental borrowing costs imposed by the lack of transparency in the areas of:

- Legal protections for business
- Macro-economic policies
- Corporate reporting
- Corruption
- Government regulations

In this study—primarily intended to assist policy makers and investors—opacity is defined as the lack of “clear, accurate, formal and widely accepted practices.”

According to PWC, by using the Opacity Index over time, government policy makers will have a clear picture of which system reforms will have the biggest potential impact on economic development. As for investors, the index can serve as determinant of the obstacles to foreign direct investment in a country. The findings of the study indicate that after China (O-Factor Score of 87), the countries deemed the most “opaque” were Russia (84), Indonesia (75) and Turkey (74). In other words, the O-factor suggests that these countries are the worst places to do business among the 35 countries subject of this study because of their perceived lack of transparency and high relative capital costs. On the other hand, Singapore, the United States and Chile were judged as having the most transparent business environments.

In this first report, scheduled to be released twice a year, PricewaterhouseCoopers studied the O-Factor in 35 countries. The countries were chosen to be representative geographically but also to provide measurements for a sample of countries taken from the World Bank’s economic tiers—Upper Income, Upper Middle Income, Lower Middle Income and Lower Income. By mid 2002, the Index will be expanded to include most of the world’s significant economies.

Here’s a snapshot of the ratings:

<table>
<thead>
<tr>
<th>Country</th>
<th>O-Factor</th>
<th>Tax Equivalent (%)</th>
<th>Opacity Risk Premium (Basis Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>29</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>USA</td>
<td>36</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Chile</td>
<td>36</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>India</td>
<td>64</td>
<td>28</td>
<td>719</td>
</tr>
<tr>
<td>South Korea</td>
<td>73</td>
<td>35</td>
<td>967</td>
</tr>
<tr>
<td>Turkey</td>
<td>74</td>
<td>36</td>
<td>982</td>
</tr>
<tr>
<td>Indonesia</td>
<td>75</td>
<td>37</td>
<td>1,010</td>
</tr>
<tr>
<td>Russia</td>
<td>84</td>
<td>43</td>
<td>1,225</td>
</tr>
<tr>
<td>China</td>
<td>87</td>
<td>46</td>
<td>1,316</td>
</tr>
</tbody>
</table>

O-Factor is the score of a country based on survey responses. High numbers indicate a high degree of opacity and low numbers indicate a low degree of opacity.

Tax Equivalent shows the effect of opacity when viewed as if it imposes a hidden tax. For example, the number 30 indicates that opacity in that country is equivalent to levying an additional 30 percent corporate income tax.

Risk Premium indicates the increased cost of borrowing faced by countries due to opacity, expressed in basis points (100 basis points = one percentage point). On average, countries with more opacity tend to have to pay a higher interest rate on the debt they issue. For example, a score of 900 would indicate that countries need to pay international investors an extra 9 percent on their sovereign debt due to opacity.

(The complete version of the Report can be found at www.opacityindex.com)
AN APPEAL

YOU CAN MAKE A DIFFERENCE

I am pleased to have an opportunity to write this letter to the “Friends of PAC” through the columns of Public Eye. As readers of Public Eye, you are familiar with the programmes and concerns of PAC. All of us know that most research and academic institutions in India are state sponsored or supported and do not play an active role in energising and assisting civil society to play its legitimate role in seeking better governance.

It was the recognition of this gap that led to the establishment of the Public Affairs Centre (PAC) in Bangalore, India in 1994 as an independent non-governmental body dedicated to the improvement of the quality of governance of the country. PAC pursues its mission through its research on governance issues and support to citizen action and other civil society initiatives. PAC’s oversight rests with a board of directors which includes several eminent persons. It has a small core staff of about 15 persons and networks widely with others in its work.

In the past six years, PAC has brought out “report cards” on the public services in several cities in India, starting with Bangalore. It has used report card findings to stimulate civil society institutions including the media to demand improved services and control of corruption. PAC has held workshops to train persons from many organisations, both national and international, in report card methodology and advocacy. It has examined the budgets of cities and is presently engaged in the development of a fund based accounting system for cities. Its information campaign on candidates in elections, monitoring of the quality of road works, and work on the industrial environment in Karnataka are other examples of the generation and use of knowledge to strengthen civil society to demand greater public accountability.

The report card approach has been replicated or adapted in several other countries and PAC has assisted in this process through capacity building and networking support. More recently, PAC has brought out a report card on Karnataka Government’s first year in office. International donors such as the World Bank, DFID (UK), CIDA (Canada) and UNDP have written about our work and taken our tools and concepts to several countries. A more detailed overview of these achievements can be found in our new publication Public Affairs Centre: A

Retrospective. This document can be accessed through our website: www.pacindia.org. If you prefer to receive a copy, please write to the Editor, Public Eye. A copy will be mailed to you.

Since its inception, PAC has been fortunate in getting financial support from the National Foundation for India and the Ford Foundation. It is the policy of these foundations to provide initial financial support to new organisations in the hope that the latter will diversify their sources of funds in a few years’ time. In our case, we have been able to set up a corpus fund and get some modest donations from a few corporate and individual donors. More importantly, our own activities now generate a small contribution (out of our annual budget of about Rs. one crore) to our development fund. But given the nature of our agenda, our internal resources will never meet all our costs or enable us to build the necessary infrastructure to expand our work both nationally and internationally. Given the mission and civil society focus of PAC, the best way to diversify its sources of funds is by appealing to all our friends to contribute to PAC whatever amounts they wish.

We have therefore decided to launch a campaign to seek financial contributions from our many friends and well wishers. Our friends who are unable to directly participate in PAC’s activities will now have the opportunity to participate in another form. I am sure that many of you set aside some funds to support worthy causes that you cherish. If you are convinced of the value of PAC’s work, may I request you to add PAC to the list of causes that you plan to support? Some of you may be able to bring PAC’s work to the attention of other friends, trusts and foundations that may wish to donate funds to PAC. This too will be a valuable service to PAC.

Our corpus fund will generate interest earnings that could be used to meet our salary and other operational costs. We need a building fund to create a permanent home for PAC. Your contributions could be earmarked for either of these uses. We have set a target of Rs. 2.5 crores (about $ 550,000) for the corpus fund and Rs. 2 crores (about $440,000) for the building fund. Both individuals and organisations are welcome to contribute any amount they can afford, and pay in instalments, if necessary. All contributions to PAC are exempt from income tax in India under Section 80G. Cheques may please be made in favour of Public Affairs Centre, Bangalore.

Yours sincerely,

Samuel Paul
Chairman of the Board, PAC
MILLENNIAL SURVEY OF PUBLIC SERVICES IN INDIA

Public Affairs Centre (PAC) has carried out a series of studies on the quality of public services, at different locations in India. These assessments have generate reliable feedback on the constraints faced by citizens, and facilitated action by civil society to demand greater accountability and better service delivery. In the process, PAC’s initiatives have not only addressed an information gap, but also catalysed corrective and collective action.

The Centre seeks to consolidate its work in different parts of the country with an independent national survey on quality of public services in India, at the turn of the millennium. A pilot project on these lines, covering the State of Karnataka was completed in 1999.

Why the Survey?

Delivery of basic services has been a central theme of state action. An assessment by World Bank indicated that Central and State governments together spent roughly Rs.3655 in per capita terms on providing public services, during 1996-97. Most of the information produced by government focuses on expenditures and occasionally on some widely known outcomes (e.g., literacy, production, etc). But beyond this arithmetic, we know little about the quality of services provided by the state. And whatever little is known paints a disturbing picture. To quote some examples: 60% of families in India do not have electricity at home; 40% of Indians do not have access to water at home; 53% of children in India suffer from malnutrition; 84% of the population have no access to sanitation and 58% of primary schools have no safe drinking water. Quite clearly, increasing the scale of investments in basic services alone is no answer - there is need to focus attention on specific weakness in the delivery of services through the generation of systematic and reliable information.

Project Objectives and Scope

The Survey has two key objectives:

a. To provide a well focused and independent assessment of the state of the public services that impact on the welfare of the majority of the country’s population at the end of this millennium; and

b. To establish a benchmark for measuring the progress and performance of these services over time through the creation of an independent database that is easily accessible to both government and civil society.

While the first objective seeks to provide a frame of reference to assess the veracity of the information and claims of the government concerning public services, the second objective highlights the potential contribution of the project to future research and monitoring of public services.

Focus and Content of the Survey

In order to assess the state of public services, the survey will be undertaken in three parts:

a. Survey of households to get a rating of selected public services and their outcomes, measures of quality, reliability, etc;

b. Survey of public facilities such as primary schools, clinics, fair price shops, etc in order to assemble some indicators of their functioning;

c. Survey of the citizen awareness of entitlements under the law, extent to which they make use
of the same, and the constraints they experience.

The survey will cover five services – Drinking Water, Public Distribution System (Ration Shops), Road Transport, Health Facilities and School education. In addition to this, a brief section will also explore issues like awareness of rights & entitlements. PAC has commissioned a leading market agency, ORG-MARG to carry out the survey. The survey is expected to cover 115 districts, spread over 23 states, to reach 33,000 respondents. Roughly a fourth of the sample will be from urban areas, including small towns and metros. The survey results are expected to come out by October 2001.

The findings from the Millenial Survey will be disseminated to different stakeholders with the help of a planned strategy. While the specific details of the strategy will be drawn up in the course of the project, the main targets would be:

a. state level and district level service providers  
b. state level NGOs working on basic service related themes  
c. international donors supporting programmes in related sectors  
d. national and state level agencies in sectoral and development planning

(To know more about this project, contact: Dr. Gopakumar K, Senior Research Officer, PAC)

**PERUVIAN INTERNET SITE OFFERS INFORMATION ON GOVERNMENT SPENDING**

To contribute to the fight against corruption, the Ministry of Economy and Finance launched in February an Internet site that the general public can access for information concerning public accounts and the management of public resources. The site provides detailed information related to the budget of most public entities, their fiscal income and debt service. Very few public agencies will be excluded from this site, even the Ministries of Defence and the Interior will be featured, except for those issues considered as reserved or secret. The website may be found at: http://transparencia-economica.mef.gob.pe/default2.htm.

**PROFILe**

**PRATHAM Education Initiative**

Concerned about the poor levels of literacy and primary education in the society, Pratham - Mumbai Education Initiative was founded by Madhav Chavan and Farida Lambay, two local college professors in 1994 in Mumbai. Along with eight other local activists, they started out with the goal of ensuring that every Mumbai child between three and ten years of age went to school. This initiative had the support of UNICEF, the Mumbai municipal corporation, and several local industrialists. As of May 2000, Pratham had 5,000 community-education teachers working with more than 100,000 children daily in the city. The organization has four main programs:

1. The **Balwadi** ("preschool") program—Pratham’s oldest, serving 53,000 children—provides classes for three- to five-year-olds not enrolled in other preschools. These balwadis are located in places which are easily accessible to children like municipal schools, community spaces, teacher’s homes or places of worship.

2. The **Balsakhi** (Friend-of-the-child) remedial program places teachers’ assistants in municipal primary-school classrooms to help lagging children at risk of dropping out. Started in 1998, the program now serves roughly 35,000 children.

3. The **Bridge Course** program targets children aged six to fourteen who have dropped out of school or never attended one. The program aims to educate children sufficiently to enroll them in municipal schools. Started in 1998, it now serves 12,000 children.

4. The **Pratishri** is Pratham’s computer-assisted-learning centers in municipal schools to familiarize children with computer technology and to enhance traditional learning. These centers now reach 9,000 children located in 15 different municipal school building. After school and during holidays, the centers are used for adult computer training. Pratham has a software team that creates math & language games in local languages.

*For more information about Pratham and its activities, see the organization’s Web site: www.pratham.org.*
A Report Card on Public Services in Hyderabad

The Administrative Staff College of India (ASCI), Hyderabad recently conducted a Report Card study on the qualitative and quantitative dimensions of public service delivery in the city of Hyderabad. Based on the methodology pioneered by PAC, the study highlighted a wide spectrum of issues confronting this fast growing metropolis and the fifth largest city in India.

Some salient findings are discussed below:

More than 50% of the respondents are dissatisfied with the services provided by various agencies; electricity gets the lowest score with 25% of respondents expressing satisfaction while 93% of the respondents are satisfied with the services provided by the postal and telegraphs department.

On an average, respondents have to make 2 to 3 visits to an agency to get their problems solved. The job knowledge, efficiency, attendance and courtesy of staff are reported to be very low in all the agencies.

One third of the respondents paid bribes; while 77% were asked to pay the rest paid on their own accord. A major part of this bribe was paid to the lower cadre (77%).

The study also shows that the residents of Hyderabad have spend a colossal sum of over Rs. 2000 crores to cope with the inefficiencies of the service providers.

For further information, contact: V. Srinivas Chary, Centre for Energy, Environment and Technology, Administrative Staff College of India, Bella Vista, Khairabad, Hyderabad 500 082. Email: schary@ascihyd.org

WATER HELP DESK & SANITARY CONNECTION

A Global Water & Sanitation Advisory Service

In an effort to create an organised knowledge sharing and networking in the water and sanitation sector in south Asia, The World Bank and the Water and Sanitation Programme (WSP) have started a help desk in New Delhi to provide a 24-hour advisory service to respond to regional requests. Established in 1998 at the World Bank headquarters in Washington DC, the water help desk serves as an entry point for government officials, NGOs, the private sector and other development organisations for locating information on the sector. Specific services that could be accessed at the Water Help Desk include:

- Business opportunities and information on World Bank and WSP Projects
- Referrals to other local and global technical and advisory service organisations
- Project information and documentation
- Access to World Bank and WSP documents, publications, electronic resources and project databases
- Quick answers to frequently asked questions on water statistics, pricing, private sector participation etc.
- Upcoming events, conferences and training activities in and outside of the World Bank

Sanitation Connection is an interactive internet based network providing information on all aspects of environmental sanitation. The range of services provided here include:

- Links to quality controlled information sources
- Information which is sorted by theme and regions to facilitate simple navigation
- Links to online databases
- Interactive web based Help desk
- Links to partner organisations
- Frequently Asked Questions database

Information on the water help desk can be accessed at: www.worldbank.org/watsan

Information on the Sanitation Connection can be accessed at: www.sanicon.net

Global email address: whelpdesk@worldbank.org
INNOVATIONS

MUNICIPAL FINANCIAL MANAGEMENT IN TUMKUR, KARNATAKA

Suresh Balakrishnan, Ramesh Ramanathan and R.S. Muruli.

The Govt. of Karnataka, India has embarked on a plan to modernise Municipal Financial Administration. A pilot project initiated in 2000 in the town of Tumkur has completed upgrading the core back-end functions by installing an IT enabled Fund Based Accounting System (FBAS). The project is now designing Information & Communication Technology (ICT) tools for front-end operations whereby citizens of Tumkur can follow up on applications for services, with the help of Interactive Voice Response (IVR) and web based tools. This would ensure that greater efficiency in internal management of the municipal body would be matched with greater responsiveness and transparency in its external interface with citizens. A brief narrative on the project follows.

APPLICATION CONTEXT

India is rapidly decentralising developmental and governance functions to urban municipal bodies and rural panchayats. Decentralisation has been accompanied by substantial investments in infrastructure for potable water, sewerage and roads, with large loans from multilateral lending bodies. This rapid growth in infrastructure and liabilities, previously managed by State Governments, has posed enormous challenges to small cities. For example, Tumkur city, with a population of 400,000 persons and current annual budget of Rs. 180 million (approximately $4 million) is receiving investment of Rs. 300 million, but annual debt servicing far exceeds its current tax revenue from the city. It was quite evident that the conventional bureaucracy that implemented a grant-based administration so far is ill prepared to handle the requirements.

The main challenges were to upgrade capability in the municipal body to monitor and manage the expanded infrastructure, assess costs and set up measures to improve revenue, and ensure quicker and accurate revenue collection and service delivery. From a governance perspective, these measures were seen as tools for performance management and public accountability, which would enable the city to proactively address the new requirements instead of accumulating liabilities.

A NEW APPROACH

Tumkur City Municipal Corporation (TCMC) was assisted to set up an ICT backed mechanism to support modern municipal governance. The project went through five stages.

First, all financial transactions of TCMC were recorded simultaneously in manual mode and IT backbone. Statutory reports and ledgers were updated, both manually and using IT. The latter convinced local decision-makers that the new approach would not compromise operating conventions. This is of particular significance for small towns where the exposure and skills of political representatives as well as full time staff are limited by experience.

Second, information on key areas like list of commercial tax-payers was transferred from manual ledgers to electronic databases. This information was used to assess receivables and generate demand notices, accurately and expeditiously, leading to immediate growth in revenue. This step demonstrated the capability of the system to go beyond mere reporting, and its potential for serving higher order requirements. This step standardised taxation norms, and reduced the scope for municipal tax assessors to “negotiate” the tax demands with taxpayers.

Third, a series of operating steps were designed to set up databases, ledgers and reports that would expand the existing single entry accounting system into an IT enabled FBAS. This called for systematically updating data on assets and liabilities of the TCMC over its existence, and recognising the remembers in fund based accounting documents. This step also called for working with the State Government, which was the repository of information on liabilities.

Fourth, the FBAS was made operational to generate traditional reports as well as modern reports on cost efficiency, ageing of receivables, etc. that broaden scope of performance management. These reports are going to be presented to the newly elected representatives to...
the TCMC, to assist them in guiding activities.

The fifth step, which is being designed, is integration of communication technology into the IT backbone. This involves setting up IVR and web enabling technology to enable citizens use telephones and Internet to obtain information on status of applications for licenses and certificates, as well as information on tax rates applicable/tax demands for the current year.

**IMPLEMENTATION CHALLENGES**

The first challenge for implementation in Tumkur came from limitations in exposure and capability among local staff on both to financial management as well as IT. Hence local capacity building was a high priority activity in the preparatory phase.

Fund-based accounting was a relatively new concept for the State government; hence substantial legal work was required to ensure that the modernised system was statutorily accepted. Given the incremental nature of change, it was possible to carry out the legal reform along side the substantive aspects of technology introduction and system reform.

Internal resistance to change in work process was an important factor to contend with. This was overcome by providing temporary project staff who handled the IT enabled operations till the changeover; this helped to convince the TCMC staff the benefits of the ease and scope of the new process and to give them hands on training. Conflict and resistance were avoided by keeping the initial focus was on routine financial operations in a manner that neither altered workflow nor demanded superior performance. It is only after his buy in was established that internal reports on aspects of performance were generated, and that too in a phased manner. Elected representatives were systematically informed of the progress at all stages to ensure ownership.

A significant issue was defining the scope of and timing the front-end operations, which addressed substantive governance issues of performance and accountability. External pressure on performance from users and citizens are being integrated only at the last stage by when substantial internal buy-in and performance management are already in place.

Modular pilot projects around separate municipal functions like property tax, land registration, etc., are convenient and useful, but significant benefits are realised only when they get integrated. A high degree of interdepartmental co-ordination is an imperative for setting up all the linked databases required for integrated systems. The scale of operations at Tumkur was convenient for establishing identification numbers required for data integration.

**KEY LESSONS**

The project is a typical example of a capital-intensive pilot project, where the results will be completely realised when the results are shared across other municipal bodies of the state. It also highlights the local benefits and wider confidence that arise of such locally embedded pilots in place of large-scale conceptual solutions.

While it is true that back end modernisation in state agencies is technology and capital intensive, there is little that can be done at the front end interface with citizens unless there is a good foundation. What needs to be highlighted is the danger of fatigue creeping in as well as lack of commitment to transparency and accountability being expressed, after costly foundations are laid. Hence, proposals always need to highlight front-end solutions as the goal, and success of projects assessed on the same.

While "end game" solutions are always to be kept in sight, there is need to be acutely sensitive to the means of getting there. Creating incentives and learning experiences for stakeholders call for taking on tasks that may not be central to the final output. Investments in these supplementary activities are often driven by local situations, and templates for change need to accommodate the same.

State-of-the art technology is good value for money, but may turn out to be extremely expensive to support and maintain. This is most critical when we look at ICT enabled mechanisms that have to be operated in a decentralised manner in locations where technology support is very thin. Experience at Tumkur highlights the advantages of working with tried and tested lower end technology that is easy to support. In the words of a well-wisher, this was a case of the state-of-the-art translating into art-of-the-state.

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