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How to Overcome the Governance Challenges of Implementing NREGA

Insights from Bihar Using Process-Influence Mapping

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ABSTRACT

Large-scale social safety net programs such as India's National Rural Employment Guarantee Act (NREGA) are difficult to implement due to governance challenges related to elite capture, leakages, and corruption. The ability to identify how the governance challenges of program implementation can be met requires detailed insights into the actual process of program implementation, with clear views on the source of leakage and mismanagement, the sensitivity of program implementation to the influence of different actors, local power structures and informal bureaucratic processes.

This paper uses a new participatory research method, referred to as Process-Influence Mapping, to shed light on these issues and related governance challenges, using the implementation of NREGA as an example. The Process-Influence Mapping tool helps identify the specific features of the NREGA implementation process that limit the program's effectiveness (for example, elite capture in the definition of work and capacity limitations due to staff shortages and lack of training) and create scope for the misappropriation of funds. The insights gained can be used to identify policy options for reforming the administrative process of NREGA implementation so as to create an effective social safety net.

Keywords: National Rural Employment Guarantee Act, India, governance, participatory research method, Process-Influence-Map

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1. INTRODUCTION

In 2005, India's parliament passed the National Rural Employment Guarantee Act (NREGA), which is the central government's response to the constitutionally manifested right to work and a means to promote livelihood security in India's rural areas. To this end, the Act guarantees 100 days of annual employment at statutory minimum wage rates to any rural household whose adult members are willing to do unskilled manual work. The manual work needs to create sustainable assets that promote the economic and infrastructure development of villages.¹ Implemented in three phases beginning in 2006, the Act extended to all of rural India in April 2008. NREGA is an innovative answer to the long-standing problem of providing social safety nets in rural areas. Most importantly, it is a rights-based approach. In the words of social activist Aruna Roy (2009, quoted in UNDP 2009), NREGA exemplifies the features of a "mature democracy", which provides "the poor with the right to demand, the right to know and the right to dignity. Not the right to beg."

There are two types of governance challenges that make the large-scale implementation of social safety nets in rural areas, such as those implemented under NREGA, inherently difficult: (1) the challenge of avoiding elite capture and of actually reaching the poor and the disadvantaged, and (2) the challenge of managing the funds allocated to the program effectively and avoiding leakages and corruption. As a public works program, NREGA uses a self-targeting mechanism to meet the first challenge. In fact, the program has been remarkably successful in this regard. More than half of its beneficiaries belong to Scheduled Castes and Tribes, and more than half are women.²

The second challenge is more difficult to meet because NREGA involves two features that have been highlighted in the literature as particularly challenging. First, the program is "transaction-intensive" in terms of time and space: It requires day-to-day action throughout a country that spans an entire subcontinent. Second, the program requires discretion, since decisionmaking on issues such as the type of infrastructure to be created under the program cannot easily be standardized. As Pritchett and Woolcock (2004) have shown, there are no simple administrative solutions to the problem of managing programs that are at same time transaction-intensive and discretionary.

Informed by India's far-ranging experience in managing rural welfare programs, NREGA has already gone a long way in including innovative design features aimed at overcoming the well-known implementation challenges of such programs. As further discussed below, NREGA is implemented in a decentralized manner and includes substantial checks and balances as well as oversight and complaint mechanisms. Yet, available evidence indicates that massive implementation problems remain (see Section 3). At the same time, there are constant efforts to adjust the implementation procedures to resolve these challenges. This paper aims to support these efforts by analyzing the administrative implementation procedures of NREGA.

The paper is based on the recognition that "the devil is in the details" when it comes to the implementation of programs such as NREGA. These details are often overlooked or treated as a "black box" in the literature on program implementation, yet understanding them is crucial to being able to determine how the governance challenges of program implementation can be met. In particular, it is essential to identify how the actual process of program implementation differs from what is foreseen in the implementation guidelines, and to identify where exactly the opportunities for leakage and mismanagement arise. Likewise, it is crucial to find out how much influence various actors have on the implementation process, and how local power structures and informal bureaucratic processes affect program implementation.

This paper uses a new research method, referred to as Process-Influence Mapping, to shed light on these questions. Process-Influence Mapping is a participatory mapping technique that is based on the Net-Map tool (Schiffer and Waale 2008).³ Process-Influence Mapping combines elements of various tools

¹ See NREGA (2005) for additional information.

² See figures on the official website of NREGA at <http://nrega.nic.in/>.

³ For details see <http://netmap.wordpress.com>.

that have been developed to analyze stakeholder interaction and political processes (World Bank 2007). The technique can be used in interviews with individuals or groups and involves three main steps: (1) mapping all stakeholders or actors involved in a particular process, (2) drawing a flowchart of the steps involved in the process, and (3) ranking the influence of various actors on the process by using checkers game or carom board pieces for visualization (see Figure 1 in Section 4.1.). The result is a three-dimensional map that serves as a basis for further discussions with the interviewees. The map can then also be used to identify problems in the implementation process and to identify entry points for overcoming these problems.

This paper presents the results from a case study in which Process-Influence Mapping was applied in two districts in Bihar to analyze the implementation of NREGA. The study was conducted jointly by researchers from the International Food Policy Research Institute, the Institute for Social and Economic Change, and the Tata Institute of Social Sciences. The study was carried out in the first district in April 2008 and in the second district in January 2009. The time difference made it possible to gain some insights into the implementation challenges of a change in the administrative structure of the NREGA project that involved the payment of wages through banks and post offices. The remainder of this paper is structured as follows. Section 2 presents the guidelines for the administrative processes through which NREGA is supposed to be implemented, and Section 3 reviews the existing literature about NREGA implementation and its challenges. Section 4 describes the Process-Influence Mapping tool in more detail, explains the selection of the case study location, and reports the major insights regarding the governance challenges of NREGA implementation that have been derived from the Process-Influence Mapping exercise. Section 5 uses the Process-Influence Maps to derive possible strategies for strengthening the effectiveness of the NREGA implementation process.

2. NREGA IMPLEMENTATION IN THEORY⁴

The implementation of NREGA involves institutions at the central government and state level, and at all three tiers of local government in India, which includes the *zilla panchayat* at the district level, the *taluk panchayat* at the block level, and the *gram panchayat* at the village level. The most important agency at the central government is the Ministry of Rural Development and the ministry-founded Central Employment Guarantee Council (CEGC). The ministry is responsible for ensuring the adequate and timely delivery of resources to the states and for reviewing, monitoring, and evaluating the use of these resources, as well as NREGA processes and outcomes. The CEGC advises the central government on NREGA-related matters and monitors and evaluates the implementation of the Act. The council is mandated to prepare annual reports on the implementation of NREGA and submit these to the parliament.

The pivotal institution at the state level is the state government, which is required to formulate a Rural Employment Guarantee Scheme (REGS) that conforms to the minimum features specified under the Act. In addition, the state government must constitute the State Employment Guarantee Council (SEGC), whose main responsibility is to advise the state government on NREGA-related matters and to monitor and evaluate the implementation of the Act. Finally, the state government is responsible for ensuring the adequate and timely release of the state share of the REGS budget and facilitates administrative, financial, and technical support for all implementing bodies at the *zilla* (district), *taluk* (block), and *gram* (village) panchayat level.

Since NREGA foresees a decentralized implementation, the principal authorities for the implementation of the REGS are the local government (panchayat) institutions at the district, block, and village level. In order to provide employment in a timely and adequate manner, the local government institutions at all levels must identify priority areas of employment-generating activities and propose, scrutinize, and approve the respective REGS projects. At the district level, the identification of the REGS projects is guided by the five-year District Perspective Plan, which specifies the long-term employment-generation and development perspectives of the district. In addition to the long-term plan, local government institutions at all levels must also identify the priority activities to be taken up in a year. At the *gram panchayat* level, these priority areas are decided during village council (*gram sabha*) and subvillage council (*ward sabha*) meetings. Based on the recommendations formulated in the *gram sabha* and *ward sabha*, the *gram panchayat* prepares an annual plan and forwards it to the NREGA block program officer for technical sanction/approval.

The program officer scrutinizes the annual plans of the individual *gram panchayats* for technical feasibility and submits a consolidated statement of approved proposals at the block level to the *taluk* (or intermediate) panchayat. The *taluk panchayat* discusses and approves the plan and forwards it to the district program coordinator. The coordinator scrutinizes the plan proposals of all *taluk panchayats* and consolidates them into a district plan proposal with a block-wise shelf of projects (arranged by *gram panchayat*). For each project, the district plan indicates (1) the time frame, (2) the person-days of labor to be generated, and (3) the full cost. This plan is discussed and approved by the *zilla panchayat* with the assistance of Technical Resource Support Groups. These groups are asked to assess the technical feasibility and cost efficiency of projects and to monitor and evaluate work implementation. Ultimately, the Technical Resource Support Groups help to define plans that can meet the demand for employment within 15 days of application. Following the approval of the development plans through the *zilla panchayat*, the *gram panchayat* must execute at least 50 percent of the projects as well as monitor and audit the implementation of the REGS at the *gram panchayat* level. The responsibility for these activities at the *gram panchayat* rests with the employment guarantee assistant, that is, the *Gram Rozgar Sevak*. Thirty percent of the development projects can be executed by the *taluk panchayat* and 20 percent can be realized through the *zilla panchayat*. Block- and district-level activities are expected to cover more than

⁴ This section builds on NREGA (2005); India, Ministry of Rural Development (2005); and Comptroller and Auditor General (2008). Appendix Table A.1 provides a summary of the actors and their functions as envisaged in the operational guidelines.

one gram panchayat and taluk panchayat, respectively. Examples are roads that connect several gram or taluk panchayats.

In addition to defining and implementing annual work plans that identify the priority activities to be taken up in a year, the gram panchayats are also responsible for verifying the households' registration for NREGA employment, registering households for job cards, issuing and distributing job cards, allocating employment, initiating NREGA-related projects, measuring and evaluating the completed work, and remunerating the NREGA wage workers. The gram panchayats are required to issue job cards free of cost within 14 days after the application for registration is submitted (see India, Ministry of Rural Development 2008). Valid for a period of five years, job cards must carry the photographs of adult members.

Following the issuing of job cards, rural households have a right to seek employment from the gram panchayat or the NREGA program officer after the state REGS is passed. Once the request for employment is submitted in writing to the gram panchayat or the program officer, stating the registration number of the job card, the date from which employment is required, and the number of days of employment required, work is to be provided within a radius of 5 kilometers of the village and within 15 days of the date of demand. If the state fails to provide work within the mandated period for whatever reason, the applicant is entitled to an unemployment allowance at pre-fixed rates, paid by the state government. If work cannot be provided within a radius of 5 kilometers of the village, the rural workers are entitled to a markup equal to 10 percent of their wages.

People who take up employment under NREGA are entitled to receive their wages between 7 and 15 days after the date on which the work was executed for a period of at least 14 days. The wage rate must be at least as high as the minimum wage rate set by the central government or the state according to the Minimum Wages Act 1948 for agricultural laborers and must be paid according to a piece rate or daily rate and disbursed on a weekly or fortnightly basis. The minimum wage should not be less than 60 rupees (Rs.) per day and must be the same for men and women (see India, Ministry of Rural Development 2008). Besides setting minimum wages, NREGA also promotes livelihood security in rural areas by mandating a wage-to-material ratio of 60:40. To this end, the Act bans the use of machinery as well as contractors. The latter are perceived to exploit unskilled workers and to use capital- rather than labor-intensive production techniques.

In terms of funding, NREGA activities are financed with funds from the central as well as state government. The central government releases funds directly to the districts through the National Employment Guarantee Fund. The funds cover 75 percent of the NREGA-related material and wage expenses of semiskilled and skilled workers. The central government is required to fund 100 percent of the wage costs of unskilled workers. The state government is mandated to provide the funds for the remaining 25 percent of expenses as well as the funds for the unemployment allowance payments and the administrative expenses of the SEGC. To this end, the state government releases revolving funds under the REGS to the implementing agencies at the district, block, and village levels. At all levels, the implementation of the REGS is facilitated by line departments, nongovernmental organizations (NGOs), central and state government undertakings, and self-help groups.

3. NREGA IMPLEMENTATION IN REALITY: INSIGHTS FROM THE LITERATURE

As NREGA was introduced in phases beginning in 2006, assessments regarding the procedural challenges of NREGA implementation predominantly prevail for the Phase 1 districts (2006/07). The present review mainly emphasizes the performance assessment results of the 2008 Comptroller and Auditor General social audit (hereafter: CAG) and the 2007 Poorest Area Civil Society (PACS) Program – Civil Society Organization (CSO) survey (hereafter: PACS-CSO).⁵ The CAG audit evaluated the implementation of NREGA in 558 gram panchayats and 141 blocks in 68 of the 200 districts that had been covered during the first phase of the NREGA program (meaning February 2006 to March 2007). The 68 districts belong to 26 states. In comparison, the PACS-CSO survey emphasized the experience of six states that had been subject to interventions under both NREGA and the U.K. Department for International Development (DFID) PACS Program. Accounting for differences in the socioeconomic and geographic conditions, primary data were collected for 283 gram panchayats and 600 villages from different sociocultural backgrounds in 39 districts of the six PACS-intervened states.⁶ In Bihar, the survey covered 8 districts, 50 gram panchayats, and 172 villages. The findings refer to the fiscal year 2006/07.

3.1. Technical and Administrative Implementation

Under NREGA, the maintenance and computerization of records is an important means of promoting accountability and transparency in the generation of guaranteed employment. Accountability and transparency are promoted through computerization because records help to (1) authenticate the number of households that demanded and received employment, (2) substantiate the caste and gender distribution of NREGA employment, (3) identify the number of days of employment provided, and (4) locate any discrepancies between the number of work days demanded and provided.⁷ In reality, the CAG audit report identifies pronounced deficiencies in the preparation and/or maintenance of all types of records at all levels of local government. Major deficiencies concern the improper and untimely maintenance of the Employment Register, the Application Registration Register, the Job Card Register, the Asset Register, the Muster Rolls, the Muster Roll Issue and Receipt Register, and the Complaint Register.

For instance, the Employment Register in many gram panchayats was not maintained or missed details on the type and duration of employment demanded, the employment allotted, and the employment that was actually taken up. Muster Rolls and Muster Roll Issue and Receipt Registers did not carry the required unique identification numbers and did not furnish information on (1) the name of the person working, (2) the respective job card number, (3) the work order number, (4) the number of days worked, and (5) the wages paid. Due to these deficiencies, wages had been paid to unregistered and fictitious workers and to workers whose names had been recorded two or three times for the same time period, resulting in overpayment. In addition, the gram panchayats did not keep photocopies of the Muster Rolls for public inspection and the block program officer typically did not digitize the Muster Rolls (CAG 2008, 51 and Section 8.8.1).

One important reason for the lack of adequate registers is the absence of a sufficiently large number of trained support staff, especially at the level of the block and the village. At the village level, manpower constraints predominantly concern the absence of the employment guarantee assistant (meaning the Gram Rozgar Sevak). Because the employment guarantee assistant is instrumental in the maintenance of NREGA-related records at the village level, the absence of this agent limits access to basic information such as employment demand and employment allocation. This, in turn, causes employment generation under NREGA to be a nontransparent and unaccountable process, which offers

⁵ This paper does not review the socioeconomic and infrastructural impact of REGS. See Siddhartha and Vanaik (2008) and PACS-CSO (2007) for respective (tentative) evidence.

⁶ The states are Uttar Pradesh, Madhya Pradesh, Jharkhand, Chattisgarh, Bihar, and Maharashtra.

⁷ The most important records are the Application Registration Register, the Job Card Register, the Employment Register, the Asset Register, the Muster Rolls and Muster Roll Issue and Receipt Register, and the Complaint Register. The majority of these registers are to be maintained by the local governments.

substantial scope for fraud and the misappropriation of funds. Unfortunately, the CAG and PACS-CSO reports do not assess or discuss the relative importance of the underlying incentive problems. Furthermore, potential beneficiaries of the REGS do not have a contact person at the local level who can easily be approached for employment, let alone for local proximity.

At the block level, the CAG audit criticizes the absence of a (full-time) block program officer. In many instances, regional employment guarantee schemes are processed, approved, evaluated, and monitored by the block development officer. Because the block development officer is responsible for a large number of development programs, he or she cannot pay adequate attention to the needs of the NREGA-related employment guarantee schemes. In addition, the block level suffers from chronic shortages of technical support staff and is thus short of people who can assist in the planning, design, and estimation of NREGA projects and screen project proposals for their technical feasibility and cost efficiency. In fact, most blocks implemented NREGA projects through the same administrative and technical channels as other development programs. With the same number of people implementing a larger number of programs, the block development officer and the block-level staff lack the support infrastructure needed for the adequate implementation of the provisions of NREGA. This effect is further compounded by the absence of rules that specify the time for processing and approving proposals at different levels.

As regards the capacity of the administrative and technical staff, the PACS-CSO report emphasizes the need for capacity-strengthening activities, especially at the level of the elected local governments. Capacity strengthening should be aimed at improving the ability of elected representatives to keep and maintain accounts, books, and Muster Rolls; to measure the volume and quality of work; and to conduct social audits (PACS-CSO 2007, 46). The current level of capacity-strengthening support is considered to leave elected local officials unable to deal with complex administrative and technical tasks. Outsourcing technical and administrative tasks to private resource persons in response to manpower constraints is unlikely to promote the effective implementation of NREGA activities unless these individuals are qualified and accountable to the elected local governments (see also Shah 2008).

3.2. Plan Preparation and Work Execution

The CAG audit report notes that annual plans were not at all or inadequately prepared or checked at the district and village level. At the district level, the district program coordinator often did not consolidate the plan proposals of the taluk panchayats into a district plan proposal with a block-wise shelf of projects. If a district plan existed, it frequently did not specify the time frame within which the projects should be carried out, did not indicate the person-days to be generated for each project, or did not specify the full cost for each project. Furthermore, the district plans frequently promoted projects that were not evaluated in terms of their technical feasibility. Counter to the implementation guidelines for the Act, the district plans also did not ensure that 50 percent of the projects were executed by the gram panchayats (CAG 2008, 17–18).

At the village level, the CAG and PACS-CSO reports note that gram panchayats frequently did not identify the low-wage areas of employment and the priority areas of gram panchayat work according to the principles of transparency and accountability. At the core of the problem are (1) elected gram panchayat representatives who are unaware of the steps that need to be taken in defining and executing the annual plans, (2) unannounced and unpublicized gram sabha meetings, and (3) low gram sabha participation rates. According to the CAG report, the low gram sabha participation rates reflect the lack of awareness among the rural poor regarding the provisions of NREGA. The lack of awareness is pronounced because the gram panchayats do not (1) organize gram sabha meetings that explain the provisions of the Act, (2) invite applications for registration, or (3) verify applications so as to ensure that all those who are entitled to work under NREGA can demand and ultimately receive employment. In view of these constraints, the annual plans were frequently prepared by external agencies or by the block- or district-level officials without the participation and consultation of rural households and/or the gram sabhas.

Another problem in the implementation of projects relates to the requirement that all planned activities be technically and administratively sanctioned. According to the PACS-CSO survey, 50 percent of the sampled gram panchayats from six states received technical approval of the NREGA work within 7 to 15 days and administrative approval and the respective funds for project implementation within another 7 to 15 days. That is, NREGA-related work could start after a total of 15 to 30 days in 2006/07. In Bihar, only 40 percent of the sampled gram panchayats received technical approval within 7 to 15 days, while 29 percent of the gram panchayats had to wait 31 to 60 days and 13 percent had to wait more than 60 days. For the same sample, 45 percent received funds within 7 to 15 days after the technical sanction, while 23 percent and 21 percent were funded after, respectively, 31 to 60 days and more than 60 days.

The PACS-CSO report documents that the speed at which projects are technically sanctioned depends on the payment of commissions to the block-level functionaries. Gram panchayats that paid commissions had projects approved in a shorter period of time. Similarly, gram panchayats with a sufficient number of well-trained personnel received the technical and administrative approvals faster. Still, the delay in the release of funds suggests that thorough planning on the part of gram panchayats is required to ensure timely access to employment under NREGA whenever the need for employment arises. In addition to thorough planning, another determinant of the successful generation of employment under NREGA is the willingness of the gram panchayat secretaries and executive officers to pursue and support NREGA-related activities. Ambasta, Shankar, and Shah (2008, 44) argue that if these agents lack commitment, they may take active measures to discourage even committed local government leaders from implementing the Act. One reason is the fear of being held (financially) responsible for any violations of NREGA provisions and guidelines and for any delays in the implementation of NREGA.

3.3. Resource Utilization

Under NREGA, three-fourths of the funds are to be provided by the central government and one-fourth by the states, as indicated above. In order to measure the success of the states in implementing the Act, the PACS-CSO study determines the degree of resource utilization. The assumption is that states that utilize more resources implement a larger number of low-wage projects, generate more employment and labor income, and create more infrastructure.

Using the official NREGA data from the Ministry of Panchayati Raj, the PACS-CSO report shows that the average state in India utilized 73 percent of the NREGA-related funds in 2006/07. Bihar used only 60 percent. Funds thus do not appear to be a binding constraint under NREGA. The underutilization of funds could reflect the noncompliance with explicit funding guidelines at the level of the state, district, block, and village. For instance, the state is required to release funds within 15 days of the release of the central funds. In order to transfer and use the funds and to ensure transparency and accountability, the state government is required to design a complete Financial Management System. Under this system, separate bank accounts for NREGA-related funds must be opened at the level of the district, block, and village. At the same time, accounts need to be squared on a monthly basis in order to track the use of the funds and ensure financial accountability. The CAG report documents examples of states, districts, blocks, and villages that did not follow these and other guidelines. For example, the Government of Bihar experienced a cut in central funds in 2006/07 because it did not inform the Government of India about the funds that had been spent by the District Rural Development Agency (DRDA) of two districts (CAG 2008, Section 8.9.2.212.2.1).

Turning to the wage-to-material ratio, Indian states generally complied with the requirement of the Act and maintained a wage-to-material ratio in excess of 60:40.⁸ In fact, on average, states spent 66.20 percent of all funds on wages during the fiscal year 2006/07 (PACS-CSO 2007, Table 2.4). Although resource utilization was quite low, the wage-to-material ratio suggests that the pursued projects were labor-intensive. Bihar is one of the states with a comparatively low wage-to-material ratio (58.73

⁸ The discussion of the wage share emphasizes the amount of funds spent on the wages of unskilled workers. The amount of funds spent on the wages of semiskilled or skilled workers is typically less than 6 percent (PACS-CSO 2007, Table 3.1).

percent). The CAG report attributes the low wage-to-material ratio to the material-intensive construction of brick soling roads and to the failure of the gram panchayat to identify low-wage projects (CAG 2008, 18). The PACS-CSO survey (2007, 13) emphasizes that care must be exercised when interpreting these data, as block, district, and village functionaries lack the capacity to fill up formats or to upload data on the indicator variables of NREGA performance. Given this, states such as Bihar may actually comply with the required ratio of 60:40 but are said to spend too little on wages because records are not well maintained and stored.

3.4. NREGA Wage Payments

Although funds are not fully utilized, the prevailing wage-to-material ratio suggests that NREGA is an important instrument for providing income through employment-generating activities at least at the state level. In order to gain a better understanding of the extent to which NREGA supports livelihood, this section summarizes the existing evidence on NREGA in terms of the number of job cards provided, the number of work days received per household, and the wage rate earned.

Ownership of a job card is the first step necessary to demand employment, claim wages, or claim unemployment allowance if a job is not provided within the time frame of 15 days. Using the official NREGA data, the PACS-CSO document shows that 37.85 million people were issued job cards in 2006/07 all over India, which is equivalent to 70 percent of rural households. Bihar has issued fewer cards than warranted by the 2001 Census number of rural households, which could reflect people's lack of awareness regarding the existence of a guaranteed employment scheme and the lack of publicly organized NREGA awareness-creation campaigns. In comparison to the results from the official NREGA data, the PACS-CSO survey suggests that 90 percent of the households in the aggregate sample of the selected six states that registered for job cards had been issued cards. This value is influenced by the experience of Bihar, where only 74.3 percent of the households that registered for job cards had been issued cards. The primary data of the PACS-CSO survey also suggest that in the aggregate of the sampled states, only 42.9 percent of job cards were distributed to households. This low number is again driven by Bihar, where only 21.3 percent of job cards were distributed.

The evidence from the PACS-CSO report (2007, 15–16) points to a substantial delay in the issuance and distribution of job cards, with households waiting up to 8 months to receive their cards. In addition, distributed job cards were eventually taken back and kept with the employment guarantee assistant or with the gram panchayat president and gram panchayat secretaries. The latter were found to make wrong job card entries, such as over-reporting the number of work days of NREGA employment provided. According to the PACS-CSO report, gram panchayat officials inflate the actual number of work days in order to accommodate commissions for the block-level functionaries such as the junior engineers and the block program officers.

Households with job cards are entitled to receive employment within 15 days of employment registration. If the state fails to provide employment for whatever reason, the applicant is entitled to an unemployment allowance at pre-fixed rates, paid by the state government. Unemployment payments are typically not paid for a number of reasons. Job card holders demanding work typically do not obtain a receipt for the application and thus cannot prove the day of registration. As unemployment benefits must be paid entirely by the state government, the government is reluctant to pay unemployment allowance and may therefore refuse to accept applications for work or actively discourage job card holders from demanding work. Workers who have received NREGA employment report a response time to call for employment of 15 to 30 days. That is, the time between submitting the application for work and obtaining work is less than one month in most states.

NREGA provides clear instructions on the manner and the time frame in which workers can receive their entitlements. One requirement mandates that at least 25 percent of wage payments involve cash, while 75 percent can involve both cash and in-kind payments. The PACS-CSO survey documents that most workers in Bihar and in India receive cash payments (see Table 1). NREGA also mandates that workers receive their wages at fixed rates between 7 and 15 days after the completion of the work.

According to the PACS-CSO survey (Section 3.5.5), the majority of workers received their wages within 30 days for the aggregate sample of Indian states and within 7 days for the sample of Bihar (Table 1). Delays in the payment of wages arise because wage payments are determined by the amount of work completed in a day rather than by the number of days worked. Numerous problems arise with measurement-based wage payments. First, assessments regarding the actual amount of work performed are unclear and are delayed mainly because of an insufficient number of technical support staff (such as civil engineers) that can measure work output. Second, measurements regarding the amount of work completed are likely to be imprecise, with the worker often receiving less than what he or she is entitled to. Third, the absence of properly maintained records (especially Muster Rolls and job cards) implies that neither the worker nor any Vigilance and Monitoring Committee can conclude whether full wages have been paid or not.⁹

Table 1. Wage payment characteristics

	Mode of Wage Payment		Timing of Wage Payment after Work Completion		
	Cash	Cash and kind	Less than 7 days	7 to 30 days	More than 30 days
Bihar	84%	16%	58%	35%	7%
Grand Total	92%	8%	33%	55%	13%

Source: PACS-CSO (2007, Section 3.5.4–3.5.6). The values are derived from graphical illustrations and are therefore approximations. Values may not sum to 1 due to rounding.

One major provision of NREGA is employment generation without gender discrimination. However, both the PACS-CSO report and Drèze and Oldiges (2007) point to the existence of gender discrimination in work creation. The gender bias is particularly strong in the northern states of India, especially in Bihar, Uttar Pradesh, Jammu and Kashmir, West Bengal, and Himachal Pradesh, where less than one-fourth of all work days are given to women. At the all-India level, women make up 40 percent of NREGA employment. Case study evidence compiled by PACS-CSO suggests that the low share of female workers, especially in the northern states, does not reflect a lack of demand but the hesitancy of elected local governments to provide work opportunities to women and the unwillingness of men to send their wives and daughters to workplaces in the public domain (PACS-CSO 2007, 30). At the core of gender discrimination are traditional and cultural factors and beliefs, which typically also result in wage discrimination against women. Wage discrimination arises from the vested belief that women are incapable of doing hard manual labor, which in turn causes elected local governments to pay lower wages to women than to men. In a study of Tamil Nadu, Narayanan (2008) suggests that women who bring their children to NREGA work sites in the absence of childcare facilities receive lower wages or are even turned away from work sites. The absence or insufficiency of childcare facilities at NREGA work sites thus adversely affects female participation rates in NREGA implementation (see also Drèze and Oldiges 2007).

⁹ See the PACS-CSO report for more details on the approach used in determining the wage rate and the level of wages. As the present paper is interested in the administrative process of providing wage employment, the wage rates are not further considered. Siddhartha and Vanaik (2008) and Drèze and Oldiges (2007) summarize the number of work days that NREGA generates per household.

3.5. Auditing, Monitoring, and Grievance Redress

In order to ensure the effective implementation of NREGA, the Act includes provisions for social auditing, monitoring, and grievance redress. Social audits are required to verify 11 stages in the implementation of NREGA, including the job card registration of households and the biannual mandatory social audit in the gram sabha (see the CAG report). Monitoring requires block-, district-, and state-level officials to inspect 100 percent, 10 percent, and 2 percent of projects every year, respectively. At the gram panchayat level, Vigilance and Monitoring Committees are to monitor the progress and quality of work execution. In addition, the district authorities must prepare financial audits. Finally, grievance redress mechanisms and procedures at the block and district level must be devised by the state government. The mechanisms must deal with any NREGA-related complaint by any person and need to specify the procedures that will be used to handle complaints.

The CAG report shows that the provisions for public auditing, monitoring, and grievance redress were not properly met under NREGA, at least during 2006/07. Although social audits are mandated to take place twice a year for all projects taken up within the gram panchayat in the preceding year, the CAG report notes that the majority of sampled gram panchayats did not implement any social audits. Ambasta, Shankar, and Shah (2008) report narrative evidence indicating that social audits were not implemented due to the poor maintenance of records and the insufficient mobilization of rural households to participate in gram sabha meetings.

Regarding monitoring, there is strong evidence that state-, district-, and block-level officials do not inspect the required number of projects. At the gram panchayat level, monitoring is complicated by the nonexistence of Vigilance and Monitoring Committees (see CAG). Ambasta, Shankar, and Shah (2008) note, however, that even where Vigilance and Monitoring Committees exist, this might only be on paper. There are cases in which gram panchayat secretaries selected proxy Vigilance and Monitoring Committee members without informing the respective persons about their membership or their duties and powers. Furthermore, the mandatory social audits were not properly conducted by the gram sabha even in the presence of Vigilance and Monitoring Committees, given the rural communities' lack of awareness regarding the audit objectives.

At all levels, monitoring was complicated by the absence of up-to-date information on key parameters of NREGA performance, such as the number of registered workers, the registered demand for work, cost estimates, Muster Rolls, administrative decisions on the release and sanction of funds, the spending activities of the implementing agencies, and projects started and executed (see the CAG report). The inadequate flow of information reflects the absence of a well-functioning and integrated Management Information System (MIS) that contains timely and adequate data on the performance of NREGA at all stages of implementation. According to Ambasta, Shankar, and Shah (2008), the present MIS does not function effectively and comprehensively due to insufficient Internet connectivity and the lack of personnel sufficiently trained in data entry and posting. Instead, the implementation of NREGA presently relies on a nontransparent system of incomplete and time-consuming paper records. These factors combine to preclude concurrent vigilance, public audit, and transparency of NREGA-related activities. As a consequence, the REGS are implemented in an environment conducive to malfeasance, including corruption and the misappropriation of funds.

In order to create an effective, accountable, transparent, and timely MIS that integrates all NREGA-related functions, functionalities, and funds and facilitates the timely transfer of data between all NREGA agents, Ambasta, Shankar, and Shah (2008) emphasize the need for investments in Internet connectivity, especially in remote areas. At the same time, capacity training in data entry and posting is needed to promote the effective use of the MIS as well as improve the quality of the available information.

4. CASE STUDY

4.1. Case Selection and Research Methods

In order to gain deeper insights into the administrative procedures of NREGA implementation, a case study was conducted in two districts¹⁰ in Bihar, as explained in the introduction.¹¹ The two districts were selected by using 2001 Census information and the insights from a poverty and social assessment study of districts in Bihar as prepared by the Asian Development Research Institute.¹² The latter clustered districts according to poverty, social vulnerability, livelihood potential, and social capital criteria. Qualifying the data along a 1–5 scale, one district that performed better (referred to as District A) and one that performed worse (referred to as District B) than the average district in Bihar were purposely selected.

In each district, two blocks were purposely selected, one again being better developed than the other. The selection was guided by the 2001 Census infrastructure data on the number of villages with drinking water, schooling, healthcare, post office, and public transportation facilities, among other factors. In addition, the selection was supported by insights from district officials. The better-off blocks in Districts A and B are referred to as Block A-A and B-A, respectively, while the less-well-performing blocks are referred to as Block A-B and Block B-B. In District A, ten villages were randomly selected in each selected block. With the assistance of block-level officials one well- and one less-well developed village from the list of ten villages was identified. In the selected case study sites, interviews were conducted with government officials at the district and block level and with NREGA beneficiaries in focus groups at the village level. As indicated in the introduction, the Process-Influence Mapping tool was applied to gain an in-depth understanding of how the implementation of NREGA works in practice, which and how actors are involved, and how much influence they have, in the perception of the respondents, on the ultimate outcome.

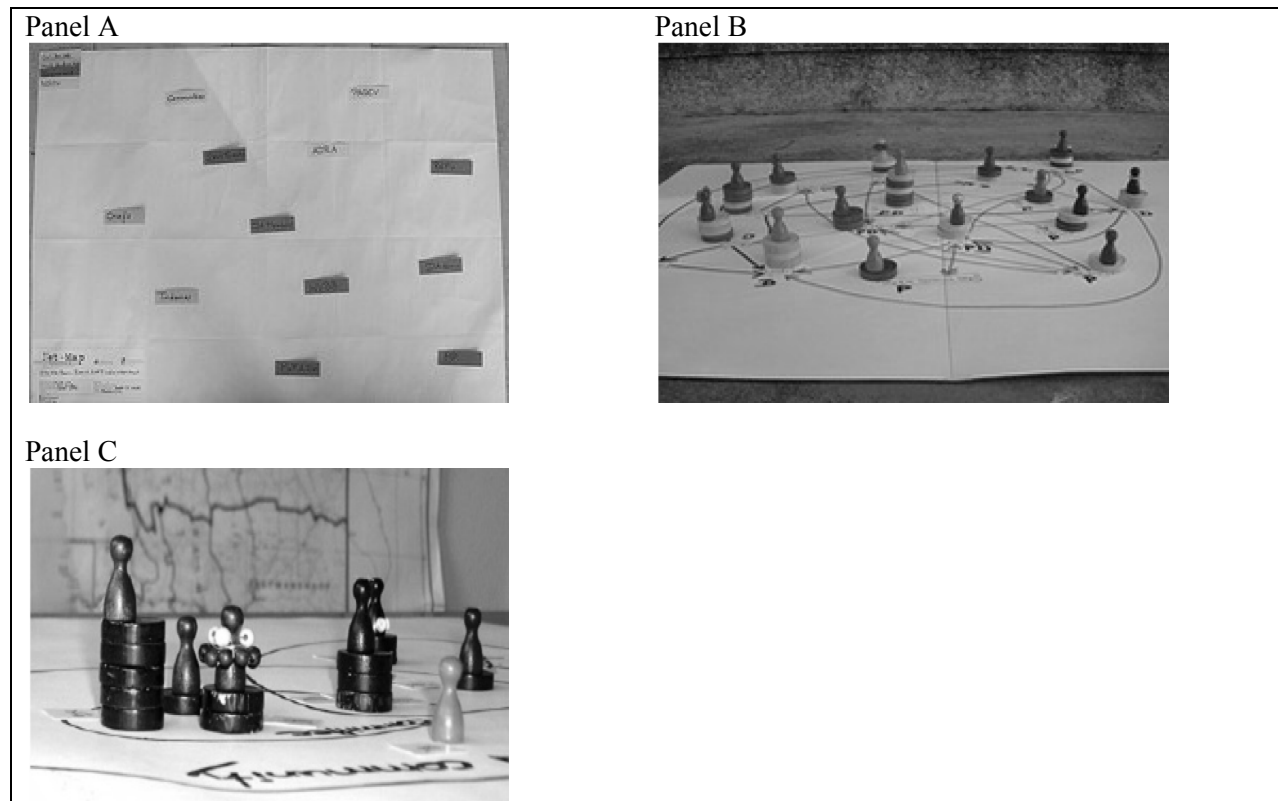
The remainder of this section describes the application of the Process-Influence Mapping tool taking the interviews of focus groups as an example. Dependent on the interview, the focus groups included (1) both villagers and representatives of gram panchayats such as the gram panchayat secretary or the employment guarantee assistant or (2) only the employment guarantee assistant or the NREGA program officer at the block level. Regardless of the focus group composition, the interviewees were asked in three stages about the steps that are taken to provide NREGA employment and wage payments to the unskilled poor in rural areas. In step one, the interviewee identified the actors that are involved in providing NREGA employment and wage payments, which in turn are marked on a sheet of paper (Figure 1, panel A). The second stage represents the various actors with small figures, and arrows are used to describe the actions that are needed in order to provide NREGA employment and NREGA wages (Figure 1, panel B). In a third step, “towers” of carom game pieces are built in order to visualize how much influence various actors have on providing NREGA employment and NREGA wage payments (Figure 1, panel C). At that stage, it was emphasized that the level of influence was not about “authority” but about the importance of actors in the implementation of NREGA as described in the Process-Influence Mapping exercise.

¹⁰ To ensure the anonymity of the respondents, the names of the selected districts, blocks, gram panchayats, villages, and interviewees are not disclosed.

¹¹ The study of NREGA was part of a more comprehensive case study that dealt with decentralized rural service provision. This study was sponsored by the International Food Policy Research Institute (IFPRI) and the World Bank through a Trust Fund Grant of the Bank-Netherlands Partnership Program (BNPP).

¹² We thank Vera Vemuru, senior social development specialist at the World Bank, for pointing out this study.

Figure 1. Process-Influence Mapping



Source: <http://netmap.wordpress.com>

4.2. Case Study Findings

The remainder of this section presents and discusses the results of applying the Process-Influence Mapping tool to the interviews with NREGA service providers (block program officer and employment guarantee assistant) and one village focus group. The interviewees identified the actors that are involved and the steps that are actually taken to provide NREGA wage employment and wage payments to the rural poor and unskilled.

In order to facilitate the comparison of results across the various interviews, this section first summarizes the administrative procedure as envisaged in the operational guidelines of NREGA. The following sections reports the evidence from Process-Influence Mapping interviews with (1) one village focus group that implemented NREGA work at the block level in Block A-A,¹³ (2) one NREGA program officer in Block B-A, and (3) one employment guarantee assistant in Block B-A so as to identify the governance challenges in program implementation. We supplement the Process-Influence Mapping results with insights from interviews in which the Process-Influence Mapping exercise could not be adequately applied. The respective evidence refers to interviews with one block development officer in Block A-B, one zilla parishad (the term used in Bihar for the elected district government) president in District A, and with NREGA beneficiaries in Block B-A.

¹³ As indicated in Section 2, NREGA work can be carried out at the zilla, taluk, and gram panchayat level, with each level receiving a certain percentage of funds (20, 30, and 50 percent, respectively) for NREGA implementation.

4.2.1 How NREGA Is Supposed to Be Implemented

Figure 2 summarizes the implementation of NREGA as described in Section 2 and in the NREGA operational guidelines by means of the Process-Influence Mapping procedure. Panel A illustrates the main process, including the planning phase, and panel B presents the envisaged flow of funds and provides insights into who controls whom in the implementation of the projects executed by the gram, taluk, or zilla panchayat. Figure 2 indicates that the implementation process mainly involves the NREGA workers and the block program officer. The gram panchayat and the gram sabha are, however, important in the identification of the projects that should be carried out under NREGA.

NREGA workers are supposed to be proactive in applying for registration and employment as part of the demand- and rights-based employment program. Figure 2 also suggests that the law seeks to provide a complex web of check-and-balance mechanisms that cover the flow of funds and administrative procedures, and to create transparency and accountability, mainly through the creation of top-down state- and district-level control or accountability mechanisms and the social audits of NREGA-related projects by villagers during gram sabha meetings and through the gram sabha social audit forum. In addition, citizen information boards at work sites; Vigilance and Monitoring Committees; and block, district, and state- and district-level inspections are meant to foster transparency in the implementation of NREGA schemes.

Figure 2. NREGA implementation according to operational guidelines

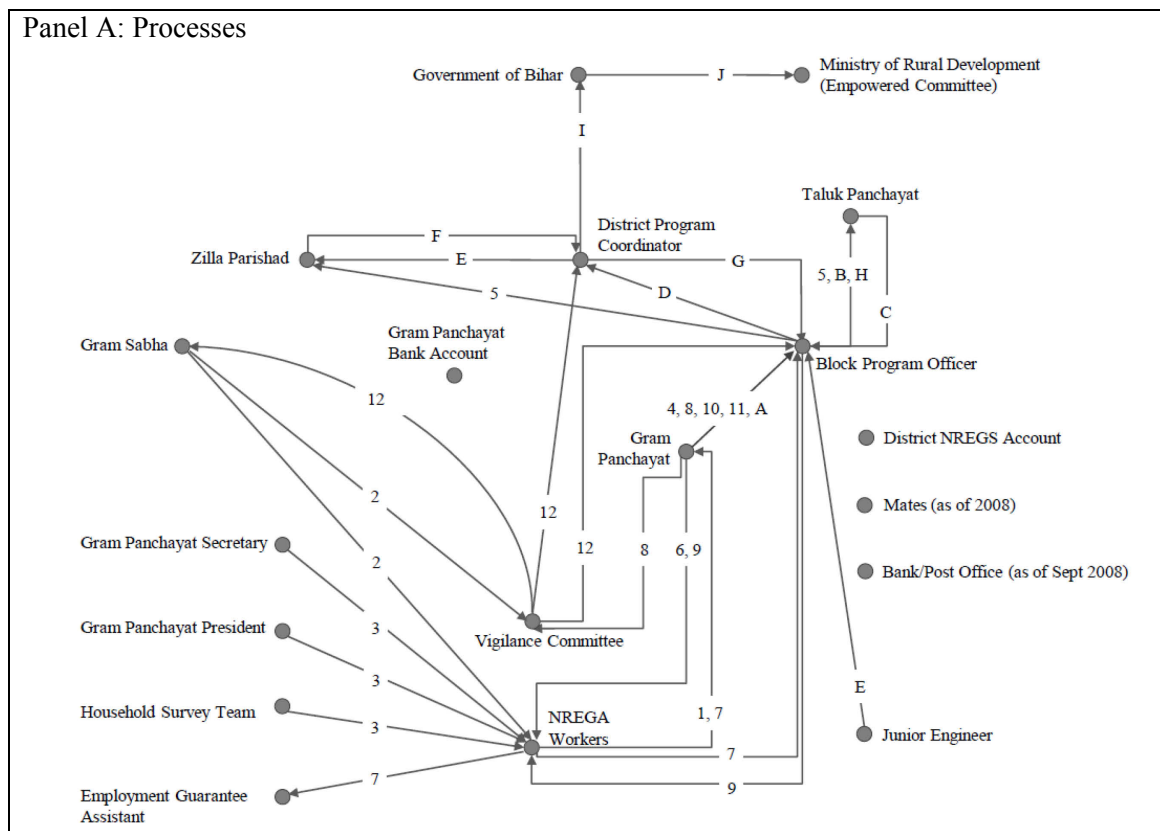


Figure 2. Continued

Panel A: Processes

Implementation process

1. Adult household members apply for registration.
2. Gram sabha verifies and mobilizes applications for registration and elects the members of the Vigilance and Monitoring Committee.
3. A household survey is performed for the identification of households that are willing to register for employment cards.
4. The gram panchayat sends a copy of the registration to the block program officer.
5. The block program officer reports to the taluk and zilla parishad.
6. The gram panchayat issues employment cards to registered households.
7. Adult household members apply for work at the gram panchayat or present themselves to the employment guarantee assistant (EGA). The EGA records the application in the employment register. The employment application via the block program officer is a “fallback” option only.
8. The gram panchayat informs (1) the block program officer about new work applications and (2) the Vigilance and Monitoring Committee about estimates regarding the work, time frame, and quality parameters.
9. The gram panchayat and block program officer assign employment.
10. The gram panchayat informs the block program officer about the employment allotments made.
11. The gram panchayat informs the block program officer about the start of work, and the block program officer issues registered Muster Rolls.
12. Upon completion of the work, the Vigilance and Monitoring Committee prepares the report and submits it to the gram sabha, the block program officer, and the district program coordinator.

Planning process

- A. The gram panchayat forwards the development plan and priorities to the block program officer.
- B. The block program officer scrutinizes and approves the gram panchayat-specific proposals and sends the consolidated gram panchayat proposals to the taluk panchayat.
- C. The taluk panchayat sends the approval of the shelf of gram panchayat proposals.
- D. The block program officer forwards the shelf of gram panchayat proposals to the district program coordinator.
- E. The district program coordinator consolidates the block plans and prepares the labor budget. The junior engineer assists the block program officer and develops and approves technical estimates. These are sent to the zilla parishad, which approves the block-wise shelf of projects and the labor budget.
- F. The zilla parishad informs the district program coordinator about the approval.
- G. The district program coordinator reports the approved projects to the block program officer.
- H. The block program officer forwards a copy of the block plan to the gram panchayats.
- I. The district program coordinator forwards the labor budget to the Government of Bihar.
- J. The Government of Bihar forwards the labor budget to the Ministry of Rural Development.

Panel B: Flow of funds and control (Who controls whom?)

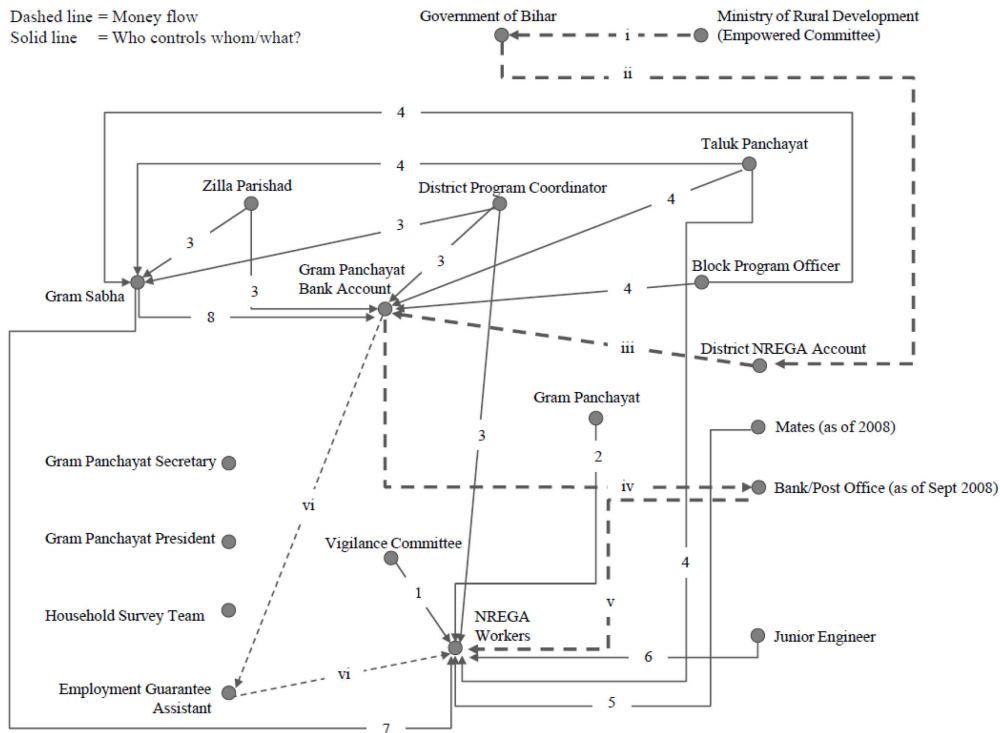


Figure 2. Continued

<p><u>Who controls whom?</u></p> <ol style="list-style-type: none">1. The Vigilance and Monitoring Committee monitors the implementation of the NREGA-related activities.2. The gram panchayat monitors the work and related documents.3. The district program coordinator and zilla parishad monitor the timely issue of job cards, the provision of employment, the implementation of social audits, the flow of funds, and the progress and quality of work.4. The taluk panchayats and the block program officer monitor the registration of households, the issue of job cards, the employment demanded and provided, the maintenance of Muster Rolls, the unemployment allowances paid, the social audits, flow of funds, the timely and correct payment of wages, and the progress and quality of work.5. The mate supervises the work at project sites.6. The junior engineer measures the work output.7. The gram sabha monitors registration and the issue of job cards, the work at the village level, and the employment provided.8. A social audit of the gram panchayat NREGA bank account takes place through the gram sabha. <p><u>Flow of funds</u></p> <ol style="list-style-type: none">i. Upon the release of the labor budget, funds flow from the Ministry of Rural Development to the Government of Bihar.ii. The funds then go from the Government of Bihar to the NREGA accounts of the districts.iii. The funds then flow from the NREGA accounts of the districts to those of the gram panchayats. The latter are jointly operated by the gram panchayat president and the gram panchayat secretary.iv. Upon completion of the work, funds are transferred from the gram panchayat to the bank or post office account of NREGA workers.v. Upon completion of the work, the workers are paid through their bank or post office account.vi. Until September 2008, NREGA workers were directly paid through the work implementing agent. <p>Notes: The figure does not illustrate the interaction between parties in special cases such as the unavailability of employment. See the operational guidelines for more details (India, Ministry of Rural Development 2008). Wage payments are made through the implementing agent, which can be the gram panchayat, the taluk panchayat and zilla parishad, or government line departments, among others. Figure 2 is constructed assuming that the gram panchayat is the implementing agent of the REGS projects</p>

Source: Constructed from India, Ministry of Rural Development (2005).

4.2.2 Governance Challenges

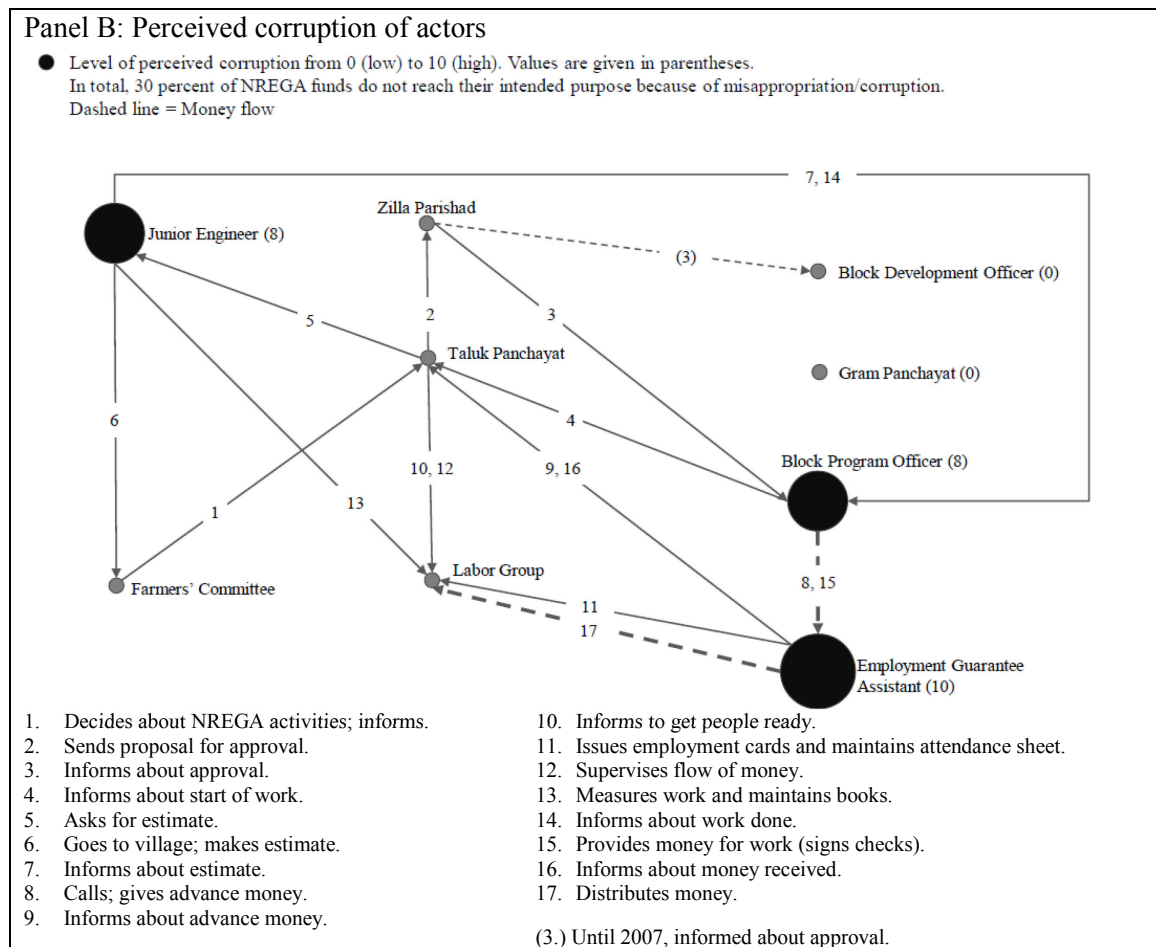
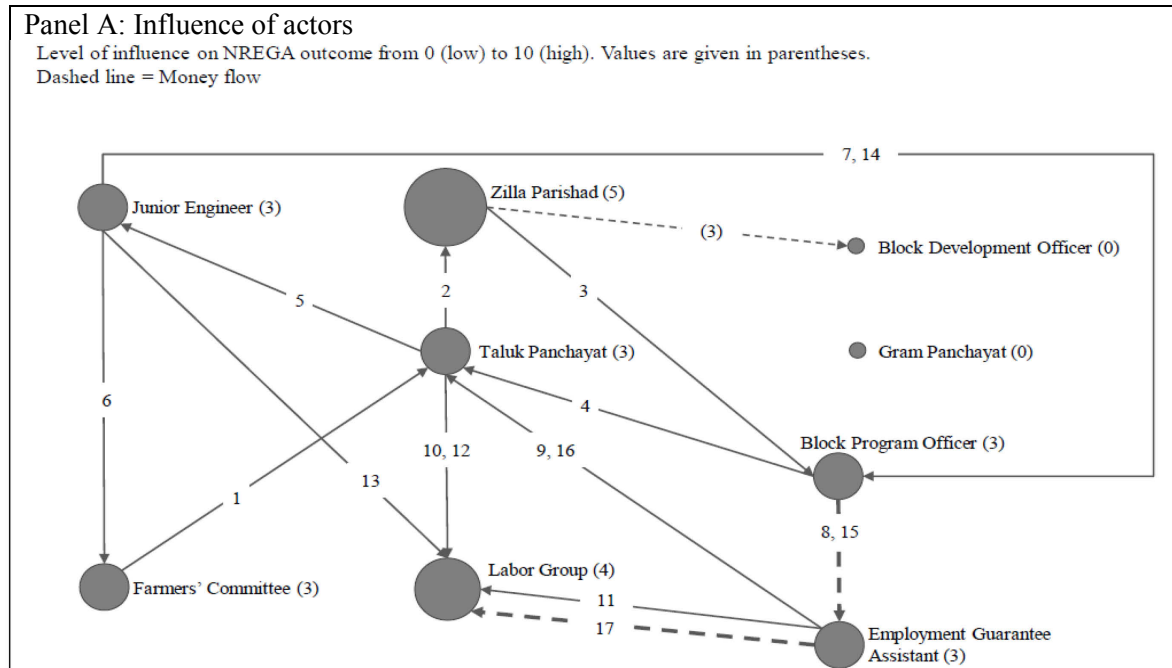
This section emphasizes the evidence from Process-Influence Mapping interviews with one village focus group (Figure 3), one block program officer (Figure 4), and one employment guarantee assistant (Figure 5) regarding the governance challenges in NREGA program implementation. The village focus group describes the implementation of taluk (block) panchayat-funded REGS at the village level, while the employment guarantee assistant describes the implementation of gram panchayat-funded REGS. The block program officer provides a general description. We supplement the discussion of the Process-Influence Mapping with insights from interviews of service providers and NREGA beneficiaries in which the net-mapping approach could not be adequately applied. In order to structure the analysis, the discussion identifies the governance challenges prevailing at different stages of NREGA implementation, that is, planning, issuing of job cards, and work execution.

A note of caution is required. The administrative procedures presented here reflect the implementation of NREGA as it is understood by various respondents. Actors or lines of administrative responsibility and fund flows may not coincide with the provisions of the operational guidelines, as the interviewees are only aware of the procedures that they are directly exposed to.

i. Project Planning

The village focus group in Block A-A (Figure 3) presents the administrative process involved in the implementation of a taluk panchayat-funded REGS. The illustrations suggest that taluk panchayat-funded projects are implemented without the involvement of the gram panchayat. Instead, the implementation appears to depend on a farmers' committee, which identifies the NREGA-related activities. As the farmers' committee may promote activities that are of direct concern to the committee members, taluk panchayat-funded REGS may face problems arising from local elite capture and targeting failures. Additional support for this proposition is provided by the fact that the taluk panchayat-funded REGS was only implemented in the gram panchayat that the taluk panchayat member came from. This observation suggests that REGS funded and implemented through taluk panchayats may not cover a wider set of gram panchayats as envisaged in the block plan.

Figure 3. NREGA implementation: Village focus group in Block A-A, April 2008



Source: Authors.

Figure 4. Continued

Implementation process

1. The worker demands a job card.
 2. The worker channels the job card application to the employment guarantee assistant (EGA).
 3. The EGA signs and issues the job card.
 4. The worker submits the application for employment.
 5. The block program officer forwards the application for employment to the EGA.
 6. The worker demands employment from the block program officer and the EGA.
 7. The block program officer informs about and transfers the employment applications to the EGA.
 8. The EGA informs the people about the shelf of projects from which they can choose the NREGA projects.
 9. The EGA informs about the selected NREGA work/scheme and asks for a cost estimate and technical approval. The technical approval is obtained from (1) the panchayat technical assistant for schemes of less than 1 lakh Rs. and (2) the junior engineer for schemes of more than 1 lakh Rs.
 10. The junior engineer seeks technical approval from (1) the assistant engineer for schemes of 2–5 lakh Rs. and (2) the executive engineer for schemes of more than 5 lakh Rs.
 11. The gram panchayat president receives the technical approval from (1) the panchayat technical assistant for schemes of less than 1 lakh Rs. and (2) the junior engineer for schemes of 1–2 lakh Rs.
 12. The block program officer is contacted for the administrative approval of 2–5 lakh Rs. schemes and the district development commissioner is contacted for administrative approval of more than 5 lakh Rs. schemes.
 13. The gram panchayat president grants the administrative approval and asks the EGA to start schemes of less than 1 lakh Rs. The block program officer grants the administrative approval and asks the EGA to start 1–5 lakh Rs. schemes. The district development commissioner grants the administrative approval and asks the EGA to start schemes of more than 5 lakh Rs.
 14. The EGA informs rural workers about the start of the work within 15 days.
 15. The EGA monitors the NREGA work/scheme implementation.
 16. The EGA informs about the completion of the work and asks the panchayat technical assistant (for schemes of less than 1 lakh Rs.) and the junior engineer (for schemes of more than 1 lakh Rs.) for the measurement book. The junior engineer informs about the completion of the work and asks the assistant engineer and executive engineer (for schemes of more than 2 lakh Rs.) for the measurement book.
 17. The administrative release of funds takes place.
 18. The joint signature of the gram panchayat president and the EGA releases the funds to the EGA.
 19. As of September 2008, the EGA sends a consolidated statement of the workers' NREGA earnings to the bank or post office.
 20. The EGA informs the workers about the money transfer to the bank or post office.
- (19.) Until September 2008, the EGA paid workers directly in cash.

Planning process

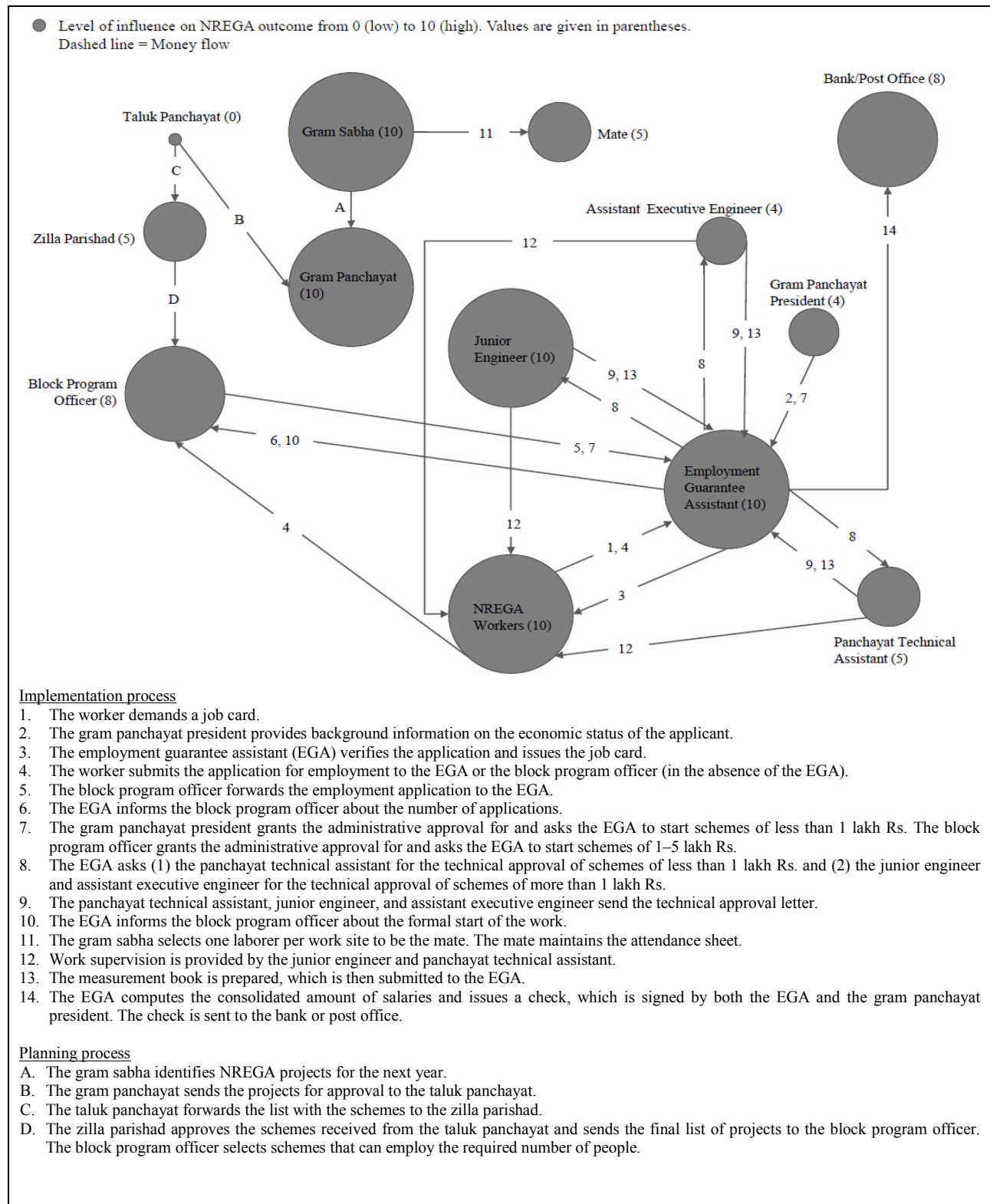
- A. The gram panchayat president calls the gram sabha to decide the NREGA projects for the next year.
- B. Projects selected in the gram sabha are sent to the taluk panchayat for approval.
- C. The taluk panchayat informs about the approval of projects.
- D. The zilla parishad informs about the approval of the taluk or gram panchayat work/schemes.
- E. The gram panchayat president and EGA jointly decide the work/scheme out of the set of schemes approved by the zilla parishad.

Note: The Process-Influence Map is characterized by a number of simultaneous rather than consecutive processes. Entries A to E denote the process of selecting NREGA work/schemes.

Source: Authors.

In addition, if the block program officer is not involved in the planning process, development plans might be passed that do not reflect local priorities and needs but generate employment without increasing the local potential for productivity and income gains (in agriculture) or that fail to promote activities targeted toward weaker sections of the society (for example, land development projects for small and marginal farmers).

Figure 5. NREGA implementation: Employment guarantee assistant in Block B-A, January 2009



Source: Authors.

Note: The Process-Influence Map is characterized by a number of simultaneous rather than consecutive processes.

ii. Registration and Issuing of Job Cards

According to the provisions of NREGA, the gram panchayat is required to receive the applications for registration, verify the registration applications, register households, and issue employment cards. The village focus group interview suggests that employment cards are reviewed by the taluk panchayat and issued by the employment guarantee assistant. The information for verification of the household's economic status is provided by the gram panchayat president, who in Bihar is referred to as Mukhiya.

The Process-Influence Maps suggest that the block program officer does not receive information on the number of job card applicants. Again, we cannot conclude that this is a general characteristic of NREGA implementation, as it may reflect the lack of awareness of the interview respondents. However, if it holds true, then estimates of how many programs are needed in order to meet the prospective employment demand might be unreliable. In addition, according to the perceptions of the village focus group (Figure 3), employment demand is made to fit supply, as employment cards are issued only after projects have been identified and project funds received. Although this finding casts doubt on the extent to which employment generation is right- and need-based and inclusive, it should not be overemphasized, as it reflects the perceptions of the interviewees, which could be imperfect reflections of reality.

The case study evidence also points to financial irregularities in the job card issue procedure. In line with the CAG report finding, a group of REGS workers in Block B-A pointed out that the gram panchayat president required households applying for job cards to pay Rs. 10 per household applicant, both at the time of submitting the job card application form and at the time of receiving the issued job card. The cost for the photographs had to be borne by the job card applicants as well, despite the clear operational guideline that the cost of the photographs and the job card are part of the program cost. The focus group of REGS workers also complained that the gram panchayat president issued the job cards only to those who had voted for him during the gram panchayat election or those close to him. On a closely related note, the interview responses point to the existence of caste conflicts in the issuing and distribution of job cards. For instance, the village focus group argued that the gram panchayat president preferentially issued job cards to members of his own caste within the Scheduled Caste group, while members of lower Scheduled Castes were less likely to receive them.

iii. Allocation of Employment Opportunities, Work Execution, and Wage Payments

NREGA mandates the allocation of employment opportunities through the block program officer and the gram panchayat. In order to coordinate projects and employment at the block level, the gram panchayat is mandated to inform the block program officer about the job allocation. However, the interviewees perceive that this is hardly ever done. According to the perceptions of the employment guarantee assistant in Block B-A, he is the only one who communicates the start of the work to the block program officer (Figure 5).

In addition, the Act mandates notification through a public notice at the offices of the gram panchayat and the block program officer and through the mail, but it is not evident whether this transparent process is actually followed. It could be due to the respondents' limited understanding of what is going on at the district level that none of them mentioned the district program coordinator as the authority who coordinates with the block program officer and the gram panchayat (or other implementing agents) to ensure the generation of 100 days of REGS employment per household per year. Lack of awareness may therefore also explain why the results of the Process-Influence Map point to the complete detachment of REGS work allocation and execution from the district program coordinator.

It remains unclear to what extent the findings from the Process-Influence Mapping exercise are also the outcome of staff shortages. In particular, the implementation of REGS is complicated by staff shortages at all government levels in Bihar. The shortages are due to substantial policy-driven restraints on the new hiring of district- and block-level staff and the consequent adverse development of the age composition of staff. As vacancies are not (permanently) filled, block- and district-level staff are frequently assigned several posts.¹⁴ For instance, one block development officer from Block A-B made it

¹⁴ In order to deal with manpower shortage in spite of government regulations against new hiring, some employment takes

clear in the interview that he had been assigned responsibility for six additional posts, with the post of block program officer being just one of his responsibilities. In another interview in District A, the district program coordinator was found to be the district development commissioner. Obviously, the workload associated with each position implies that the respective interviewee could not act as a full-time block program officer or district program coordinator, and accordingly could not pay the required attention to or effectively monitor or administer the implementation of NREGA.¹⁵

Given the manpower problems (from unfilled vacancies) and the consequent lack of supervision, the 2008 NREGA operational guidelines specify the introduction of a “mate” who is supposed to be selected twice a month from the pool of REGS workers “through a fair, transparent and participatory process” (India, Ministry of Rural Development 2008, 30). After training, the selected REGS workers are meant to become responsible for the local supervision and monitoring of work sites. As this includes the maintenance of Muster Rolls at the work site and assessments regarding the quality of work, mates may not only reduce the workload of the employment guarantee assistant but also increase the transparency and accountability of REGS work implementation. In the case study interviews, the employment guarantee assistant in Block B-A referred to the mate as an actor who matters for the generation of NREGA-related wage employment by maintaining the attendance sheet. One mate was said to be selected per work site from the pool of REGS workers during gram sabha meetings.

In addition to the introduction of mates, the Government of Bihar attempted to alleviate the manpower problems and the consequent high workload by hiring specific staff for the implementation of the REGS outside the civil service and on a contract basis. For instance, the employment guarantee assistant in Block B-A was hired on a contract basis to support the gram panchayat. Implementation of NREGA projects through contractors, despite the ban on private contractors under NREGA, could be in response to the shortage of manpower (as it takes time for the measures to become effective) but also due to the traditional importance of contractors as employers of unskilled labor in Bihar. In District B, the REGS workers in Block A carried out work related to the renovation of traditional water bodies and the desilting of two tanks. Contrary to the provisions of NREGA, the project was given to a contractor, who was associated with the political elite and deprived REGS workers of approximately 40 percent of their wage entitlement. Instead of the agreed-upon wage of Rs. 82, the workers received only Rs. 50 per day.

The role of a contractor as implementing agent of NREGA-related projects and the associated misappropriation of funds illustrates the imperfect functioning of public vigilance. The NREGA operational guidelines request the formation of one Vigilance and Monitoring Committee for every project sanctioned to ensure transparency and accountability in NREGA program implementation. We could not find support for the existence of Vigilance and Monitoring Committees in the collected case studies. In addition, neither the interviewed employment guarantee assistant in Block B-A nor the block program officer in Block B-A mentioned their mandated responsibility to ensure the implementation and organization of social audits. This could be indicative of the absence of social audits (see Drèze, Khera, and Siddhartha [2007] for comparable evidence from Orissa) and thus of the absence of a platform that could promote accountability and transparency in the planning, implementation, monitoring, and evaluation of NREGA projects.

In addition to the contracting work, the evidence from the Process-Influence Mapping tool suggests that corruption may also exist at the level of those authorities that assess the technical feasibility of project work and provide cost estimates of project implementation (meaning panchayat technical assistant, junior engineer, assistant engineer, and executive engineer). In fact, the village focus group respondents in Block A-A considered the junior engineer (overseer) to be one of the most corrupt agents in the implementation of NREGA (Figure 3, panel B).¹⁶ The respective Process-Influence Mapping

place on a contract basis.

¹⁵ Also see Drèze, Khera, and Siddhartha (2007) for comparable evidence from Orissa.

¹⁶ The junior engineer is appointed at the level of the block, of which he may or may not be a resident. As effective monitoring and enforcement mechanisms do not adequately function, the junior engineer’s ability to misappropriate funds does not depend on his ability to collude with the REGS workers. That is, resources can be directly diverted from the REGS workers.

method helps identify the chain of mutually reinforcing actions through which junior engineers can misappropriate funds. For example, the taluk panchayat asks the junior engineer to provide estimates of the costs associated with a particular REGS (step 5)¹⁷. As the junior engineer also measures the work and maintains related books (step 13), in the absence of effective supervision and accountability mechanisms he can provide estimates (step 7) that exceed the true cost of work. Because the junior engineer also signs the document that authorizes the release of funds, he may siphon off the difference between the true cost and the excess estimate, or share this difference with other actors involved.

The ability to control corruption at the technical level depends on the existence of well-functioning monitoring mechanisms (including the monitoring capacity of the block program officer and the district magistrate) and enforcement mechanisms. Furthermore, incentive schemes for the technical staff are needed that increase the incentives to perform regular and reliable verifications and audits of the completed projects. In addition to corruption at the technical level, the interviewed employment guarantee assistant (Figure 5) also complained about the corrupt behavior of politically powerful villagers. The latter initiate disputes about the geographic area of NREGA work sites and pose financial requests in exchange for giving permission to get NREGA work started at particular work sites.

Finally, the evidence from the Process-Influence Mapping tool suggests that corruption may also exist at the level of the employment guarantee assistant and block program officer, that is, those authorities that administer and handle the management of funds associated with the implementation of REGS and the associated wage payments. The village focus group in Block A-A assumed that approximately one-third of the NREGA funds were misused. Although the research team had no opportunity to cross-check this figure, the Process-Influence Mapping tool can be used to assess the scope for corruption by identifying the channels through which funds can be misused.

The evidence from the village focus group interview (Figure 3) indicates that taluk panchayat-funded REGS involve the flow of funds from the block program officer (step 8 and 15) to the employment guarantee assistant and the subsequent distribution in the form of wages to labor groups (step 17). In the absence of adequate supervision and monitoring mechanisms, the block program officer and employment guarantee assistant might be corrupt along three related avenues. First, the block program officer authorizes the release of advanced and final payments to the employment guarantee assistant once he receives the work approval (step 3) and the information regarding work completion (step 14), respectively. The block program officer can siphon off funds by turning a blind eye on junior engineers if they submit cost estimates and work output measures that are too high in comparison to conventional estimates (step 7 and 14). Block program officers and junior engineers may share the differential between excess cost and true cost. Second, a corrupt employment guarantee assistant may deprive workers of their true wage entitlements (step 11 and 17) by imposing arbitrary upper bounds on the maximum daily output that qualifies for wage payments or by withholding the required minimum wage payment. Third, the employment guarantee assistant may demand money from job card applicants for issuing the employment card (step 11).

Due to the problem of misappropriation of funds through project implementing agencies, the 2008 operational guidelines introduced the payment of wages through the bank or post office network so as to separate payment agencies from implementing agencies. The interviews with the block program officer and employment guarantee assistant in Block B-A (Figures 4 and 5, respectively) suggest that this administrative change requires the employment guarantee assistant to submit a consolidated statement of workers' earnings to the bank or post office (see Figure 4, step 19, and Figure 5, step 14). The operational guidelines state that bank and post office accounts should be opened on behalf of the concerned REGS workers by an appropriate authority (for example, bank or gram panchayat). Given the experience with the job card application procedure, concerns prevail regarding the extent to which intermediaries can facilitate equitable access to bank accounts for all REGS workers or households.

The experience with the job card application procedure suggests that intermediaries may impose a fee for the opening of a bank account. As this increases the opportunity costs of applying for employment

¹⁷ Steps refer to the activities displayed in Figure 3 that lead to the provision of NREGA-related wage employment.

under NREGA, it may deter potential REGS workers from applying for NREGA work. Furthermore, there is evidence that banks refused to open bank accounts for REGS workers because the consequent additional administrative burden results in additional costs. In addition, the block program officer and employment guarantee assistant in Block B-A (Figures 4 and 5, respectively) point to problems in the use of bank accounts and delays in the payment of wages when made through banks.

REGS workers must tell the bank in advance when they plan to withdraw the money, as they cannot keep a large amount of funds after closure. Drèze and Khera (2008) argue that the move toward bank payments is not a sufficient means for creating accountability in NREGA implementation, as the banking system is prone to corruption as well. Drèze and Khera (2008) even argue that the move to bank payments has reduced transparency in NREGA wage payments, because banks are not subject to the same transparency and publication rules of key NREGA documents (such as Muster Rolls) as the NREGA implementing agents. Another problem concerns the scattered location of bank and post office branches, which reduces the accounts' accessibility and increases the opportunity costs of REGS workers to visit banks, not to mention the high transaction costs and the time involved.

iv. Influence of Actors on the Actual NREGA Implementation Outcomes

So far, the Process-Influence Mapping tool has been analyzed with respect to the steps that are taken to provide NREGA employment and wage payments to the unskilled poor in rural areas. This section summarizes the answers to the question: How much influence do the various actors have on the outcome of the REGS? As can be inferred from the size of the nodes in Figures 3 to 5, the interviewees differ in their perceptions regarding the importance of various actors. We represent differences in the importance of actors for the generation of NREGA wage employment by varying the size of nodes in the maps. The smaller the nodes, the less important a particular actor is perceived to be in providing wage employment.

Given their view on the implementation of REGS, the block program officer (Figure 4) and employment guarantee assistant (Figure 5) consider the NREGA beneficiaries to be most important for providing NREGA wage employment, as they are the ones who initiate the NREGA process by demanding employment. However, the respondents from the village focus group (Figure 3) do not share this perception; they consider the zilla parishad, as the district authority that sanctions all projects, to be most influential in the results of NREGA implementation. Except for the zilla parishad, the Process-Influence Mapping exercise suggests that the dominant share of the interview respondents do not consider the district- or state-level functionaries to be influential to the generation of NREGA wage employment. Their role appears to be largely confined to the intermediation of funds. At least the employment guarantee assistant also assigns importance to the newly created function of the mate. However, as the mate does not appear to report to any other institution, the associated maintenance of attendance sheets may not strengthen supervision over work execution and the payment of workers.

Finally, the maps suggest that responsibilities in the administration of REGS per se may provide an imperfect view of the perceived importance of actors in the implementation of projects. A case in point is the village focus group, which assigned the largest influence to the zilla parishad in spite of its proposed limited role in the implementation of REGS.

5. CONCLUSION

What Can Be Done to Overcome the Governance Challenges?

Using the insights gained from Process-Influence Mapping, this paper has pointed to a number of governance challenges in the implementation of NREGA that limit the effectiveness of the program. The findings are largely consistent with the literature reviewed in Section 3. The use of the mapping tool, however, made it possible to identify some challenges that have received less attention in the literature and to provide more detailed insights regarding the specific features of the implementation process that create scope for the misappropriation of funds. We conclude this paper with an overview of the five main NREGA implementation problems as revealed by the Process-Influence Mapping tool, and discuss possible solutions.

5.1. Elite Capture in the Definition of Projects

Consistent with the existing literature, this paper shows that district and block officials play a limited role in defining the block and district plans for the generation of NREGA employment. However, while the existing literature (for example, the CAG audit report and PACS-CSO report) emphasized the lack of capacity of district and block officials to define the respective plans, the evidence from Process-Influence Mapping also points to inadequate transparency and accountability mechanisms, which enable interest groups such as farmers' committees to exercise power in defining the priority areas of NREGA-related projects. As a consequence, the projects may favor the interests of this particular group, whereas the gram panchayat, as a more inclusive body (with mandated reservation of seats for women and Scheduled Caste and Tribe members), might have chosen different projects. The case study also indicates that this problem can arise when taluk panchayat members implement projects that do not cover several gram panchayats (as foreseen under this mechanism), but rather cover only the location in which they reside. In such cases, it seems easy for taluk panchayat members to exclude the gram panchayat members from participating in the decision process, and instead involve interest groups that are close to them. This problem requires more attention in the future, as it may indicate that the share of work to be implemented by the gram panchayats, taluk panchayats, and zilla panchayats should be changed to favor the gram panchayats.

5.2. Exclusion in Issuing of Job Cards

It is well known from the literature and from the case studies that rural people face problems in obtaining NREGA employment cards. It is also well known that many factors account for the failure of people to receive the employment cards, especially corruption on the part of the card issuer. The Process-Influence Mapping exercise highlighted the role of local politics as an additional factor and showed that exclusion from receipt of employment cards can also arise due to caste conflicts within the Scheduled Caste group. At the core of the problem observed in the case study were electoral politics of the gram panchayat president and the (Scheduled Caste) rural people's lack of voice to express their right-based demand for NREGA employment. In order to improve the access of the rural population in general and of minorities in particular to NREGA-related services, it may be useful to concentrate more on awareness-creation campaigns that are targeted at disadvantaged (Scheduled Caste) citizens and inform them about their rights and duties, existing grievance mechanisms, the NREGA implementation process, and the agents involved.

5.3. Lack of Awareness and Capacity among Rural Citizens

The need for capacity building among rural citizens seeking NREGA employment is not well recognized in the literature, which may be related to the challenge of inherent capacity building at that level. For instance, the PACS-CSO report (2007) mainly emphasizes the need for strengthening the knowledge and skills of elected representatives. The Process-Influence Mapping tool could be used to identify areas in

which the mobilization of people and awareness-creation and capacity-strengthening activities could help increase the effectiveness of NREGA simply by removing structural and procedural misunderstandings regarding the implementation of the program and the responsibilities of the various actors. In addition to the prevailing lack of awareness, one interviewee attributed the limited effectiveness of NREGA to the value system of workers who are quick to assume that public programs are “gifts” provided by politicians to poor people. In order to strengthen the capacity of people to demand, monitor, and evaluate NREGA-related services, a “value for work” attitude needs to be developed that creates a sense of ownership over program implementation. In addition, Process-Influence Mapping can be used as a tool to identify possible changes in the administrative structure, together with officials and stakeholders, that could help increase the transparency and accountability of NREGA program implementation. Entry points for providing demand-based, inclusive, and adequate NREGA employment could involve the mobilization of local people through self-help groups and other local groups and through media campaigns that are specifically designed to help rural citizens claim their rights under NREGA. Improvements in the availability of information related to, for example, tenders and contracts and progress reports would also help, even though a stronger sensitization of the public may be required for effective use of such documents for oversight purposes.¹⁸

5.4. Misappropriation of Funds

The problem related to the misappropriation of funds is widely documented in the literature, specifically in the audit reports discussed in Section 3, but Process-Influence Mapping made it possible to specify more clearly where and how scope for misappropriation and corruption is created in the system. The Process-Influence Mapping exercise suggests that misappropriation is fostered by the complex structure of the administrative system and the program design. Although resulting from the best of intentions to minimize corruption through the creation of an extensive check-and-balance system, the complex administrative system facilitates the misappropriation of funds, as it adversely affects program monitoring and evaluation. Although manpower shortages and capacity constraints partially explain insufficient program monitoring and evaluation, additional hiring and training of staff may not necessarily reduce or even eliminate corruption as long as the scope for misappropriation is high. Hence, the case study shows that there are trade-offs—between creating additional checks and balances and keeping the system simple—that need to be considered in further reforming the system. Moreover, in line with the existing literature, the study suggests that sustainable solutions to corruption require the mobilization of rural people to become responsible for regular vigilance and monitoring, as they are the ones who have the strongest stake in the ultimate outcome of the program.

As the mobilization of rural people involves a time-consuming process, the Government of India seeks to limit the misuse of funds and corruption by separating the payment agencies from the implementing agencies and by making different agents responsible for the maintenance of Muster Rolls and the payment of wages. To this end, the Government of India mandated the introduction of bank or post office accounts. The Process-Influence Map for block panchayat-funded REGS (Figure 3) indicates that this approach may in fact increase the effectiveness of the REGS, as it eliminates those money flows that induce corruption among the employment guarantee assistant, junior engineer, and block program officer. As argued in Section 4.2.2, the introduction of financial intermediaries is associated with new challenges, which include increased transaction costs (in terms of time required) for program beneficiaries to access their payments. Still, the separation of payment and implementing agencies through the introduction of bank accounts appears to be a step in the right direction, provided it is associated with effective safeguard accountability and transparency mechanisms.

The use of technology is another avenue to improve vigilance over program implementation. In fact, Internet and software tools are increasingly considered to be useful means of meeting the demand for

¹⁸ See <http://www.solutionexchange-un.net.in/emp/cr-public/cr-se-emp-decn-03040601-public.pdf> for a discussion of how to strengthen vigilance and reporting under NREGA.

data collection and reporting. For instance, the Government of Bihar recently decided to use biometric devices when introducing the e-Muster Roll, with the objective of improving the transparency of Muster Roll entries and ensuring timely and appropriate wage payments.¹⁹ The biometric readers, currently being successfully pilot tested in Andhra Pradesh, store the fingerprints and photographs of NREGA program beneficiaries and record the number of days worked and the date and time of wage payments. The information is ultimately stored in a central online database that traces all transactions and facilitates the timely availability of project implementation information. In addition to ensuring the unique identification of the NREGA beneficiaries, the biometric card will be able to eliminate all cash transactions once banks integrate it with their own technology. The main binding constraint in the operation of the biometric devices might not be electric power supply, as the devices run on battery power, but the availability of a sufficient number of people who can properly use and maintain the devices. In addition, banks might be reluctant to incur the efforts of integrating another technology—a problem that might be particularly pronounced in remote rural areas where banks are sparsely located and poorly computerized. Nevertheless, the use of such technologies offers unique opportunities to meet some of the governance challenges inherent in implementing NREGA.

5.5. Lack of Capacity due to Staff Shortages and Lack of Training

The Process-Influence Mapping exercise suggests that many challenges arise because NREGA implementing agents and public officials are not sufficiently trained or related posts are vacant. These challenges are well known to the Government of India and—given the government’s strong support of the program—steps have been taken to address them by assigning responsibilities for program implementation to contracted nongovernmental agents and/or by modifying the administrative structure of NREGA implementation.

As regards training, the NREGA operational guidelines emphasize the importance of strengthening the capacity of all agents involved in NREGA planning, implementation, measurement, monitoring, and evaluation to meet their respective responsibilities. Unfortunately, the guidelines are silent on who is responsible for the specification of the envisaged training calendar and training modules. In order to facilitate access to training, information regarding the source of training and conditions for training eligibility should be easily accessible. In many instances, training needs to be provided to agents who are employed for a limited period of time and/or on a contract basis (such as employment guarantee assistant, block program officer). The training of temporarily employed agents such as the employment guarantee assistant is resource-intensive and difficult to manage because of a high turnover rate and the sheer number of required employment workers. Proposed strategies such as the training of (master) trainers with the active participation of NGOs could increase the outreach of training but also require additional resources for the supervision of the NGOs.

In order to effectively alleviate the constraints from unfilled vacancies, new functionaries have been introduced, such as the mate. In addition, the Government of Bihar has moved away from its stringent policy of no new hiring. The Process-Influence Mapping instrument can be used to gain a better understanding of the channels through which the introduction of additional (support) staff (for example, mate) affects the procedural and administrative implementation of REGS and thus employment generation.

Overall, the case confirms that in program implementation, the “devil is in the details,” and catching this devil is important to identifying reform options. Participatory techniques such as Process-Influence Mapping can be used to help create a better understanding of the intricacies of implementing complex large-scale programs such as NREGA and to assess possible solutions. The authors hope that the insights from the case study will help the government and the stakeholders involved in their continued efforts to realize the vision of NREGA as an innovative rights-based answer to the long-standing challenge of providing social safety to India’s rural poor.

¹⁹ See <http://www.igovernment.in> and <http://www.civilsocietyonline.com/June07/india07ngrea.asp> for details.

APPENDIX A: SUPPLEMENTARY TABLE

Table A.1. Summary of the roles and responsibilities of the key agencies

	Administrative level	Agent/agency	Responsibility under NREGA
Elected local governments	District (zilla)	Zilla panchayat (or zilla parishad)	Preparation of district plans and labor budget. Monitoring and supervision of REGS activities.
	Block (taluk)	Taluk panchayat	Identification of priority areas of REGS activities. Consolidation of the gram panchayat plans at the block level into a block plan. Proposal, scrutiny, and approval of district plan REGS activities. Monitoring and supervision of REGS activities.
	Village (gram)	Gram panchayat	Identification of priority areas of REGS activities. Proposal, scrutiny, and approval of respective REGS projects. Execution, monitoring, and auditing of gram panchayat-funded REGS activities.
Public administration (appointed by state government, with recruitment at the district, block, or village level)	Central government	Ministry of Rural Development Central Employment Guarantee Council	Nodal agency for NREGA implementation. Resource provision and assessment of resource use and NREGA processes and outcomes. Review, monitoring, and evaluation of NREGA-related activities.
	State	State government State Employment Guarantee Council	Formulation of REGS. Review, monitoring, and evaluation of REGS activities. Resource allocation and administrative, financial, and technical support to local government tiers.
	District (zilla)	District program coordinator Technical Resource Support Group	Overall responsibility for REGS implementation. Scrutiny and approval of the plan proposals of all taluk panchayats; consolidation of a district plan proposal. Release and utilization of funds. Monitoring and supervision of REGS activities. Performance assessment of employment guarantee assistant. Assessment of the technical feasibility and cost efficiency of district plan REGS activities. Supervision and evaluation of REGS work implementation.
	Block (taluk)	Block program officer (previously block development officer) Junior engineer	NREGA coordinator at the block level. Technical sanction/approval of the gram panchayat annual plan of REGS activities. Submission of a consolidated statement of approved block-level proposals to the taluk panchayat. Performance assessment of employment guarantee assistant. Monitoring and supervision of REGS activities, including the implementation of a social audit by the gram sabhas. Assessment of the technical feasibility and cost efficiency of district plan REGS activities. Supervision and evaluation of REGS work implementation.
	Village (gram)	Employment guarantee assistant	Monitoring of REGS work implementation at the village level and maintenance of REGS-related documents. Responsible for the process of registration, distribution of job cards, work allocation, wage payments, etc.

Source: India, Ministry of Rural Development (2008).

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