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SPECIAL ISSUE

Governance Reform in Developing Countries

Guest Editors:

Charles Polidano and David Hulme


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BOOK REVIEW

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Abstract

The public sector institutions which are responsible for monitoring government performance are not normally open to citizen participation. Yet there is widespread dissatisfaction with the capacities of states to exercise self-restraining functions effectively, and a growing interest amongst citizens to inform, monitor or participate directly in the workings of these oversight institutions. This paper examines two citizen-initiated efforts in India to engage with public sector oversight functions. In one case, citizens attempted to engage with administrative accountability institutions (monitoring efficiency and quality in the food subsidy system), and in the second, citizens challenged official auditing systems in local government by producing parallel accounts of local spending which contradicted official versions. Both cases involved citizens breaking away from the 'vertical' channels of accountability traditionally open to civil society (lobbying, voting), and insinuating themselves to previously closed horizontal accountability functions (the state's internal procedures for administrative review or financial auditing). We argue that for such 'hybrid' forms of accountability to be effective, it is important that citizens be given legal standing within institutions of public sector oversight, a continuous presence within the oversight agency's work, structured access to official documentary information, including spending records, and the right to issue dissenting perspectives directly to legislative bodies.

Key words

Accountability, public sector oversight institutions, civil society, local financial auditing

HYBRID FORMS OF ACCOUNTABILITY

Citizen engagement in Institutions of public-sector oversight in India

Anne Marie Goetz and Rob Jenkins

Anne Marie Goetz
Institute of Development
Studies
University of Sussex
E-mail: a.m.goetz@ids.ac.uk

Rob Jenkins
Birkbeck College
University of London
E-mail: r.jenkins@bbk.ac.uk



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Public-sector reform programmes can take various forms – from performance-based pay schemes to restructured reporting relationships within service-delivery agencies. One subset is the creation or revival of institutions responsible for the oversight of government performance, particularly its financial probity. Aid and development organizations have in recent years funded a large number of anti-corruption commissions, auditors-general, human rights machineries, legislative public accounts committees and sectoral regulatory agencies in developing countries. These are institutions of 'horizontal accountability' – state agencies that monitor other arms of the state. They either rule authoritatively based on their findings and judgements or (more typically) advise elected officials on a course of action. Some, like Hong Kong's anti-corruption commission, achieved fame for their success at curbing abuses of public power. Mostly, though, oversight institutions have been ineffective, and have been perceived as such.

Low levels of public confidence in these horizontal forms of accountability in most developing countries has evolved alongside growing dissatisfaction with limitations on the effectiveness of 'vertical' forms of accountability, which include both the individual citizen's exercise of electoral choice and the collective exertion of pressure by civil society organizations. Vertical accountability systems suffer from many shortcomings, among which is their tendency to blunt the impact of citizen 'voice'. Voting periodically for a party that will pursue policies across the full spectrum of public issues, which no individual citizen is likely to agree with across the board, is the classic example of this syndrome.

To date, efforts to rectify the problems of horizontal and vertical modes of accountability have proceeded independently of one another. The focus has been on strengthening the performance of each axis, based on a fairly clear division of labour between the two. Thus, development organizations have supported horizontal accountability by reorganizing audit and account mechanisms, and worked towards improvements in vertical accountability by funding resource centres for NGOs and encouraging consultative processes in policy formulation. This has preserved the specialized and distinct roles to which political convention has assigned each of the two.

It is in this context that this article explores two case studies from India of civil society activism which challenge the vertical–horizontal dichotomy on which understandings of accountability have been based. The two organizations at the centre of these case studies adopted approximations of the methods normally associated with official state institutions of horizontal accountability, before initiating dialogue with different arms of the state in an effort to insert themselves more directly into this horizontal axis. This article analyses these cases to show how they are tending towards a hybrid form of accountability bridging the vertical–horizontal divide, that, for want of a better term, we call 'diagonal accountability'.

The first of our two cases of citizen groups engaging with poorly performing

systems of horizontal accountability is the Rationing Kruti Samiti (RKS), a coalition of NGOs in the Indian city of Mumbai (Bombay). The RKS has been working since 1993 to pressure officials to improve the operation of the city's Public Distribution System (PDS), through which India's food subsidies are administered. It has, in this sense, pursued conventional channels of vertical accountability. But the RKS has moved beyond this in recognizing that protest action would not suffice to bring about much change to the problem of corruption in the PDS system. Official monitoring systems for horizontal accountability were manifestly failing. The RKS responded to this by, for a time, inserting civil society groups directly into official processes of oversight through which corruption in the PDS is supposed to be curbed. The RKS experience is based not only on the belief, common to many organizations representing marginalized social groups, that improved systems of vertical accountability require more organizational activity among the poor, but more importantly, on a conviction that horizontal systems of accountability are too closed to citizen intervention.

The second case study centres on the work of the Mazdoor Kisan Shakti Sangathan (MKSS), which like the RKS seeks to insert citizens and their associations directly into oversight functions (in this case relating to financial auditing) previously exercised solely by government bodies, such as the Comptroller and Auditor General of India. The MKSS has conducted popular audits of local government performance based on official expenditure records obtained informally from bureaucrats. It then succeeded in getting the state government to change the local government Act to include local residents directly in auditing official development schemes.

These and other cases of citizen activism represent a shift towards augmenting the limited effectiveness of civil society's watchdog function by breaking the state's monopoly over responsibility for official executive oversight. While we do not contend that the phenomenon of diagonal accountability is widespread, we suggest that the case studies explored here offer insights as to how citizens might prompt more satisfactory performance from authorities – or even see sanctions enforced for manifestly poor decision making or outright corrupt behaviour. We conclude with a reflection on the daunting obstacles to this new hybrid form of accountability, including the state's tendency to neutralize citizen efforts to engage in horizontal accountability processes by offering substitute, but often anodyne, opportunities for consultation over policy making and evaluation.

THE PLACE OF CIVIL SOCIETY IN ACCOUNTABILITY INSTITUTIONS

It is widely agreed that contemporary democracies,¹ North and South, face a 'crisis of accountability'. The World Bank's recent global participatory 'Consultations with the Poor' concluded that:

(f)rom the perspectives of poor people world wide, there is a crisis in governance . . . State institutions, whether represented by central ministries or local government, are often neither responsive nor accountable to the poor . . . Poor people see little recourse to injustice, criminality, abuse and corruption by institutions.

(Narayan *et al.* 2000: 172).²

In both the North and South, shortcomings in conventional accountability systems – secrecy in auditing, ineffective policy reviews in legislatures, the electorate's difficulty in sending strong signals to decision makers between elections, excessive delays in courts and inadequate sanctions for failure to apply administrative rules or respect standards – have created pressure for better channels for vertical information flows and stronger accountability relationships between state agents and citizens.

Answerability (providing an account) and enforceability (punishing poor or illegal performance) are the key elements of genuine accountability (Schedler 1999). Accountability mechanisms operate either along a 'vertical' axis (external mechanisms used by non-state actors to hold policy makers to account), or a 'horizontal' axis (institutional oversight, checks and balances internal to the state) (O'Donnell 1999). Horizontal accountability is in theory ensured by a range of state institutions and specific agencies. *Political accountability* is assured through the operation of a legislature where there is an effective opposition and well-functioning oversight committees. *Fiscal accountability* is more precisely defined than other types of accountability, as it is simply based on formal financial accounting for the use of public resources. *Administrative accountability* can be more loosely institutionalized than other forms of accountability, and tends to be the arena least well insulated from social and political pressures. In a formal sense, it inheres in the reporting relationship between the bureaucracy and its political superiors (ministers and the legislature), and in the internal reporting relationships between different levels and functional arenas of the bureaucracy – relationships that can be undermined easily by collusion among officials. At an informal level, administrative accountability is expressed in a professional civil service ethos that includes norms of impartiality and excellence in service. In theory, this shared informal norm constitutes moral pressure on public servants to perform responsibly, but its informal and, arguably, counter-cultural nature (in some contexts) can make it very difficult to inculcate and monitor. Finally, *legal and constitutional accountability* is assured by the judiciary, which is entrusted with ensuring that politicians and officials do not exceed their legal authority. This final category naturally takes a multitude of forms, as constitutional regimes vary widely.

A deeply entrenched convention in institutions of horizontal accountability is to deny non-officials access to their proceedings. This convention supports a principle common to all horizontal accountability functions: the public-sector worker's remoteness from citizens and associations, and indeed disregard of information not obtained through the procedures stipulated in the legislative Acts under which they operate. Bureaucrats, auditors and judges are insulated from citizens and politicians precisely to guard against too much responsiveness to particular interests and to preserve the

notion of the public service as guardian of the public interest against the short-term agendas and self-interested machinations of politicians and influential social groups.

Responding in an unmediated way to citizen needs as expressed through the jostling of special interest groups is certainly no method for ensuring equitable, rule-based governance, and this is one defence for the enthusiasm of bureaucrats for creating distance and boundaries between themselves and the publics they ostensibly serve. However, the protestation that public servants must remain 'neutral' is often an excuse for restricting public scrutiny of their actions and denying responsibility for their mistakes. The formal and informal institutions that insulate officials from citizens, such as official secrecy laws, the use of non-vernacular or impenetrably technical languages, or the physical distance of government offices from ordinary people, also helps to hide the abuse of public office for private gain.

That direct citizen engagement with the substantive work performed by institutions of horizontal accountability is considered novel in 'good governance' discussions is evident from the fact that civil society is invisible in most development organizations' prescriptions for strengthening intra-state accountability agencies. A good example is the World Bank's approach to creating or reforming anti-corruption institutions. A recent summary of its proposals for 'fostering institutions to contain corruption' mentions civil society, or rather, 'non-governmental organizations', almost as an afterthought. It suggests that such groups can 'form coalitions to lobby for constitutional changes to improve governance' (World Bank 1999: 4). This relegates citizens and their associations to the traditional vertical role – without access to detailed government information which they could cross-check, and bereft of any means of determining the basis upon which oversight institutions take decisions. The Bank document asks a question almost identical in spirit to the one asked by the activists whose work is the focus of this article: 'If . . . horizontal institutions are the nerves and muscles of corruption control, why would politicians let them function effectively?' (World Bank 1999: 3). In answering this question, the Bank says nothing of substance about the potential for civil society to participate directly in institutions of horizontal accountability.

Yet direct citizen engagement in official accountability processes is not without precedent. In countries with long-established democracies and constitutional rights regimes, such as India and the USA, citizens have used their right to litigate in connection with efforts by progressive members of the judiciary to create forms of judicial activism which transcend the vertical–horizontal accountability divide and bring citizens directly into what were once closed official processes (Grant 1997). One of particular note is the experience of Public Interest Litigation (PIL), sometimes referred to as Social Action Litigation in the Indian context. In India, from the mid-1980s, the number and visibility of PIL cases expanded enormously. A number of landmark decisions by the Supreme Court of India established the principle that the judiciary was morally required and constitutionally mandated to increase its responsiveness to citizen requests for investigative (and, if warranted, remedial) action in

relation to the detailed performance of specific government agencies, including the police, service-delivery ministries and pollution-control boards. Perhaps the highest-profile case of all was the legal challenge to the construction of the Narmada Dam complex.

The judiciary presents an interesting case of hybrid accountability. It is clearly an institution of public oversight, operating in the mode of horizontal accountability. But when adjudicating cases brought by members of the public, in the specific form of PIL, the judiciary's orientation shifts to allow it to act as a mediator between the otherwise incommensurable vertical and horizontal axes. It is through this means that citizens can begin entering the horizontal process of in-depth monitoring of government. Proceeding with the tools available through litigation, individual citizens and activist groups become part of an official fact-finding process. Discovery motions lead to the availability of government-held information that can incriminate officials who never expected such detailed scrutiny of their decisions.

As a now familiar feature of the institutional landscape of India's politics, PIL has to a substantial degree legitimized the notion of direct citizen engagement with issues of executive oversight. PIL has arguably also triggered a subsequent interest by social movements in adopting, almost mimicking, legal processes. This has taken the form of procedurally complex public hearings, of which the MKSS's approach, detailed below, is but one variety. People's hearings are held where voluntary groups and NGOs feel compelled to fill the gap when authorities fail to provide information or consult with citizens. This is particularly true for controversial infrastructure projects likely to have damaging environmental impacts, such as the Enron power project in coastal Maharashtra. The logistical arrangements surrounding the collection of evidence, both for one-off hearings as well as for the researching of faux-official 'status reports' on incidents of police violence, are formidable and represent a 'legalization' of social action. Instead of demanding an inquiry, such activist-led initiatives conduct inquiries themselves, and if sufficiently successful in conveying their evidence to a larger constituency, are sometimes in a strong position to demand at least *ex-officio* inclusion in official investigations.

PIL has shown that it is possible for citizen-litigants to enter into legal-constitutional accountability institutions to become active demanders of answerability in a forum that carries the weight of enforceability. This combination of answers and sanctions is precisely what most citizen-initiated approaches to diagonal accountability aim to achieve. However, there are important barriers to the effective use of PIL, particularly by poor people. These barriers include cost, time, biases in the courts and the near-impossibility of having favourable decisions implemented by a hostile bureaucracy. The cases discussed in this article demonstrate citizen efforts to engage with accountability problems at the level of service implementation (the hostile bureaucracy), by entering into administrative accountability functions controlling process and quality in the Public Distribution System (the RKS) and financial accountability functions controlling local government spending on public works

schemes (the MKSS). Both cases are notable for engaging the very poor in scrutiny of official accountability processes, challenging assumptions that the socially marginal and illiterate may lack the human capital or long-term vision to invest in efforts to improve the quality of governance, as opposed to efforts to improve their immediate survival prospects.

These rather exceptional cases must be clearly distinguished from other forms of citizen engagement that often amount to little more than 'barking dog' advocacy on the margins, as when citizens monitor public perceptions of service delivery to highlight discrepancies between popular opinion and official records of targets met. One common civil society response to poor quality services in the absence of openings for direct citizen influence on service providers is to publicize details about the gaps between government commitments and actual delivery, in the hope of embarrassing officials into a response. A good recent example of this is the 'Report Card' method used by the Public Affairs Centre, an NGO based in the south Indian city of Bangalore. Report Cards on urban services reflect the findings of public opinion surveys conducted in low-income neighbourhoods in major Indian cities. They report on the perceived quality and appropriateness of a range of public services. They are compiled by professional survey teams, using quantitative methods, in the hope that the unimpeachably rigorous research techniques will enhance the credibility and legitimacy of the results. These surveys have both merits and shortcomings (Jenkins and Goetz 1999a, 1999b), but most importantly they do not involve financial or even actual performance auditing, and thus do not represent a challenge to the state's monopoly over horizontal institutions of accountability.

There are five key institutional characteristics that could theoretically allow the citizen-initiated versions of hybrid accountability discussed in this article to assume an even more promising institutional form:

- (1) legal standing for non-governmental observers within institutions of public-sector oversight;
- (2) a continuous presence for these observers throughout the process of the agency's work;
- (3) well-defined procedures for the conduct of encounters between citizens and public-sector actors in meetings;
- (4) structured access to the flow of official documentary information; and
- (5) the right of observers to issue dissenting reports directly to legislative bodies.

These conditions for state-citizen engagement are what the cases described in this article aspire to, and what citizens ought to expect as a minimum from any state-sponsored copies of such efforts. Neither of the cases we discuss has achieved all five of these conditions, though the fact that the MKSS's 'people's audit' methods have been incorporated into new legislation on the conduct and powers of village councils satisfies, in principle, the first four.

MOBILIZING FOR FOOD SECURITY: CITIZEN-INITIATED VIGILANCE COMMITTEES IN MAHARASHTRA

The Rationing Kruti Samiti (RKS), or Action Committee for Rationing, based in Mumbai, was created in the wake of the widespread (mainly) Hindu-Muslim rioting that shook the city in December 1992. Its objective was to improve the capacity of the Public Distribution System (PDS) – which supplies subsidized food and a few other basic commodities (notably kerosene) – to reach the poor in Mumbai's enormous low-income, or slum, settlements. The PDS is a critical resource for the food security of the poor, especially the urban poor, and particularly women, who manage household food supplies. But the PDS suffers from chronic management and delivery problems: inadequate procurement, storage and distribution networks, rising prices, insufficient supplies to meet demand, poor quality food grain, harassment of consumers and exclusion of large numbers of the poor from the system entirely, either through incapacity to process their claims or outright disqualification despite clear evidence of need.

Above all, there is the problem of 'leakage' of grains supplied by the Food Corporation of India to the shop owners licensed by the state government's ministry of food and civil supplies to trade, at a stipulated profit, the commodities supplied at government-determined prices to holders of government-issued 'ration cards'. The illegal diversion of grain to the open market, through a highly institutionalized network of agents and middle men, is a common practice, and severely undermines the capacity of the system to serve the needs of the poor. Widespread theft of supplies by the workers and managers who operate the vast network of PDS warehouses and fair-price shops means that poor consumers are faced with chronic shortages. Those products that are available are often adulterated to cover up leakages from stocks. In many areas, in order to obtain five kilograms of grain, consumers must agree to sign a shop register recording that they had received ten kilograms. This again helps to fix the otherwise out-of-balance books produced by the shop-keepers' continued creaming. With such systemic problems plaguing the PDS it is not surprising that one of the RKS's main objectives is to plug these 'leaks'.

The RKS has also lobbied and agitated for improved norms and procedures relating to the issuing of ration cards. The ration card is, like many other government services, available at an 'unofficial price' (usually Rs 5,000, roughly equivalent to US\$100), and has become another expression of corruption in the PDS. People are willing to pay this substantial amount for their ration card because it can purchase, in addition to diluted kerosene and grains that in some instances have been declared unfit for human consumption, basic citizenship rights. This is because the Hindu-nationalist-cum-Maharashtra-regionalist governing coalition, composed of the Shiv Sena and Bharatiya Janata Party, that ruled the state from 1995 until 1999, had, in an attempt to halt what it saw as an massive influx of illegal aliens, used the eligibility-screening process for ration cards as a way of, as hard-core party activists put it, 'weeding out foreigners'.

Many Muslims were unfairly harassed and accused of being illegal migrants from Bangladesh. Possession of a ration card is widely required as a precondition for verifying identity and domicile, without which access to many public and private services would be impossible. Seeking one is a major preoccupation of many poor families.

To provide even a minimalist food-security safety net in a vast city like Mumbai is a hugely expensive proposition. Unwilling to devote resources from the state budget, as other state governments have, to offset funding cuts created by the central government's *de facto* reduction in the food subsidy, the Maharashtra government slowly chipped away at the universality of the system. Beginning in the mid-1990s, the system of ration card allocation was 'targeted' to eliminate access for middle-class families. In 1997, the Government introduced a policy of issuing colour-coded ration cards to different income groups, providing varying levels of rights to purchase cheap commodities. Yellow cards provide the greatest range of subsidies, but are also the hardest to obtain, as they require applicants to provide documentary proof that they fall below the poverty line. The discretion exercised by local rationing officials in issuing these cards is, of course, an important source of personal rent for them, the provision of which helps the state to keep the formal wage bill down.

The PDS is supposed to be monitored and 'performance audited' by official Vigilance Committees, chaired by the elected representative of the municipal ward in question and composed of 'concerned citizens'. This arrangement bears a surface similarity to the idea of diagonal accountability introduced in the first two sections of this article. But these are plagued by several defects. Appointment to the committees through a process of official selection increases the possibility of capture by the very political organizations that are central to the operation of the systems of leakage outlined above. Moreover, committees have little access to information, and since many ration shops are actually owned or controlled by politicians, who are themselves on the vigilance committees, committee members have little incentive to remain eternally vigilant. Shopkeepers also often sit on these committees and do their best to undermine any monitoring initiatives.

One of the RKS's critical decisions as an advocacy organization – especially one built by already overburdened activists, heavily involved in managing clinics and childcare centres and helping slum-dwellers to avoid eviction – was to form parallel informal Vigilance Committees. These are composed of five women for each ration shop. These women are all PDS clients, and their concern is to track the amount and quality of subsidized commodities that arrive in their shops, and to monitor their sale. The RKS strategy has, from the beginning, centred on using their negotiating strength as a collective to establish a constructive relationship with public-sector officials. Their success on this front peaked in an 18-month period between 1992 and 1994, during which an unusually reform-minded bureaucrat, Mr Salvi, held the post of Regional Controller of Rationing. This senior position gave Salvi a huge degree of influence over the system. He accepted the representative nature of the RKS, to the extent of giving

their Vigilance Committees semi-official recognition in terms of the right to access information about PDS deliveries. Salvi set up regular monthly meetings between the RKS and city officials involved in the PDS. The RKS used these meetings as a means of informing officials about specific cases of malpractice that had been uncovered by its vigilance committees working with the shop owners and the local-level ration inspectors. The regular meetings, which systematically reviewed progress on various aspects of reform, were also used to push – successfully, as it turned out – for simplification of procedures at the shop level, the introduction of new products in the system and the implementation of new measures to ensure product quality at the consumer level.

The latter measure, requiring provision of a sealed transparent sample of each bulk commodity attached (and unremovable) from each new delivery, was seen as a key way of enabling consumers to monitor the system more effectively. This sample would indicate the quality of commodities delivered. The purpose was to counter the practice of adulteration, in which, for instance, kerosene is diluted, or rice mixed with sand, to disguise the theft of some portion of the original consignment. Physical evidence about the quality of the sample was important because it enabled illiterate consumers to identify differences between the quality of the original consignment from the government warehouses and the commodity that actually made it to the PDS sale counter. Official auditors could be alerted to these cases, and could then perform a more detailed probe of the shop's operations.

Under the system developed collaboratively between Salvi, the RKS, shop owner's associations and lower-level ration inspectors, shopkeepers were required to post information about each new delivery, and the new prices of commodities, on a notice-board in the shops. These data would be reproduced in the official delivery register through which shops report to the rationing bureaucracy's internal oversight processes. Finally, the sales register – in which shopkeepers record transaction details next to the ration card number of each purchaser – was made available for inspection by ordinary PDS customers. In principle these reforms meant that the RKS's informal vigilance committees could monitor the incoming commodities and make sure that there was no leakage onto the open market. Access to records of actual sales was of particular importance, since shopkeepers disguise their sales to the open market by recording sales to bogus card-holders. Or, as noted above, they overstate the amount sold to an individual consumer, a fraud that is easy to perpetrate in the case of illiterate consumers. Many consumers must simply conspire in this misrepresentation for fear of souring their relationship with the shop owner, which could prove very costly indeed for families on the economic margin.

The RKS's success at this time owes to a great extent to factors beyond the organization's influence – for instance, to the fact that its actions coincided with a political crisis (riots in 1992 required the city to be seen to respond to the poor) – and with the tenure of a champion of reform holding a key post within the administration. Salvi was able to use the RKS's activities to support reforms he was anxious to

promote in this notoriously run-down and under-resourced government service. Thus he combined efforts to improve transparency, efficiency and probity in the delivery and sale of subsidized commodities with efforts to improve working conditions for all staff, to introduce more effective monitoring systems and to build a commitment to service delivery among the famously corrupt PDS staff. The next logical step would have been to institutionalize a role for the RKS's Vigilance Committees in providing assessments of quality performance. However, any momentum towards this was dramatically arrested when Salvi received a punishment transfer for his pains. He had unacceptably challenged the functioning of vast chains of patronage within the PDS and between it and politicians.

After Salvi's departure in 1994, the relationship between the PDS and the RKS soured, moving from 'continued cooperation, through disinterest and opposition to downright rejection of the credibility of the RKS as a networking group' (UNRISD 1998: part 2). The RKS has continued to try to enforce the transparency-related changes achieved during the Salvi era, but in practice, there are rather few cases of women's committees being able to monitor PDS shops effectively, because the PDS department proved highly resistant in enforcing these changes. Records of deliveries to each shop were, for instance, available on computer print-outs, for a fee, for the first few months after this was agreed with the RKS. But the complexity of the records made them next to useless to the informal Vigilance Committees, whose literacy skills were weak. Shopkeepers of course resisted regulations regarding the posting of information on the quantity, quality and price of deliveries, and resisted the practice of displaying sealed samples alongside the commodities for sale. They also obstructed efforts of local groups to inspect sales registers. Furthermore, monitoring the shops was a full-time job (indeed, a 24-hour job, since many deliveries are deliberately made late at night when they would attract less scrutiny) for which the five-woman groups were unable to find the time.

In the end, this joint civil society–state monitoring initiative was undermined by politics. State politicians were infuriated that their control over the PDS had been undermined by a bureaucrat and a group of CBOs. Without state support for its work, the RKS has had to return to more conflictual but rather *ad hoc* tactics (such as city-wide protest action and sustained community pressure on individual shopkeepers) to pressure local shopkeepers to leak smaller amounts to the open market. It is beginning to federate on state-wide and national levels. This is starting to pay off: its growing strength and autonomy (it has rejected foreign funds since mid-2000), combined with its flair for embarrassing and high-profile parodic protests of state actions (sending children on the streets to 'beg' for funds to give to the Chief Minister in response to his claims that he lacked the funds to subsidize the PDS) has made state and city officials give them renewed respect. With the change of state government to a Congress-led coalition in 2000, and the consequent easing of the previous government's interest in using the PDS system as a way of persecuting Muslim immigrants, the RKS has fared somewhat better. Once again it is meeting regularly with the

Controller of Rationing, has been put on the mailing list for all government resolutions and orders in relation to the PDS and is demanding (though not yet obtaining) accounts of spending on all subsidized commodities (Bhatt 2001). Its main problem remains the challenge of moving from a rearguard action focused on propping up a crumbling system, to proactive strategies to reform the PDS so that it can respond better to the needs of the poor.

The RKS experience is at best a limited 'success story'. So while the situation for poor consumers in Mumbai remains dire, the fact is that people did organize against great odds and in some localities even improved things for a time, while also probably helping to forestall additional destruction of the food-subsidy system by one of India's most reckless state governments in recent memory. Either way, the RKS experience – particularly its pattern of engagement with issues, its development of new methods and changes to its internal structure – reveals three noteworthy features of citizen efforts to hold government agencies accountable.

First, a huge increase in resources for operational costs will be required in order to improve the effectiveness of citizen monitoring of an entity as large and diverse as the PDS, which encompasses the public and private sector and operates through agencies of the local, district, state and central administrations. The slum-dweller women who still sit on the informal Vigilance Committees have plenty of incentive to try to make the PDS more effective. Their main problem is a dearth of resources. They often lack a primary essential resource – citizenship rights – particularly if they are Bengali Muslim immigrants who have not been recognized as *bona fide* 'Indian nationals', let alone legitimate city residents, by the municipal and state administrations. They also lack the time needed to continuously monitor the PDS stores to check for arrival of commodities. Women slum-dwellers often lack the technical skills for monitoring and audit. They lack the literacy and accounting skills needed to make sense of PDS records so as to track inconsistencies between amounts of goods delivered and sold. They lack access to official records which would have enabled them to check whether the ration card registration numbers recorded in the shopkeepers' registers were bogus. All the talk of self-help aside, it is hard to imagine these kinds of committees making any sustained impact without some kind of official assistance, whether from Indian charitable trusts, development agencies or publicly budgeted funds. The latter would, of course, imply a further 'officialization' of civil society's engagement with mechanisms of direct oversight, a point to which we return in the conclusion.

A second essential element in efforts to hold a bureaucracy to account ought to have been efforts to create incentives for the 'street-level bureaucrats' – in this case the shopkeepers – to improve their performance. However, the RKS is particularly unsympathetic to the shopkeepers who so ruthlessly exploit poor people (to the point of physically harassing and attacking their putative clients – see Bhatt 2000). They have not engaged seriously with the problem of raising incentives to shopkeepers for better performance. (Given the ill will between consumers and shop owners, this is not very surprising, but possibly a tactical misjudgement.) In late 2000, for instance, the RKS

opposed a government proposal to double shopkeepers' commissions on the sale of subsidized goods to 10 per cent (Bhatt 2001: 8). This aspect of the RKS's work underlines the importance of ensuring that citizen frustrations with corruption at the local level eventually do receive a response from properly authorized state agencies. Without this, there is a danger that civil society activism can 'harden' in steadfast opposition to potentially workable solutions, all because dented relations of trust undermine any chance of establishing a constructive negotiating environment.

Finally, to return to the theoretical plane, even this cursory treatment of selected aspects of the RKS's work should strengthen our earlier assertion that the RKS's move into the horizontal accountability institutions of bureaucratic oversight gave greater force and acuteness to the nature of its more traditional vertical accountability function of lobbying for reforms to how the system operates. In this sense it shares a key feature with the protagonists of the second case study.

WE'RE ALL AUDITORS NOW: THE RAJASTHAN EXPERIENCE OF PUBLIC HEARINGS

The management of public accounts tends to be a highly secretive affair because of the great political sensitivities involved in identifying sources of government revenue and collecting it, establishing priorities for national spending and assessing whether government records indicate that the allocated funds were indeed spent under the budget headings created for them. But what comes after – formal auditing – gets even less public attention, largely because the multiple levels of auditing are not fully grasped by people without first-hand experience. Auditors must review the contents of the Government's financial records and investigate a sample of individual expenditure transactions by contacting recipients of funds to verify the amounts received, identifying other data sources that could corroborate or falsify the Government's own record, inspecting the physical assets allegedly created through funded-programme action and performing a range of other time- and labour-intensive tasks.

Because these auditing functions concern the epicentre of corruption – where it is linked to operational fraud – it is almost entirely closed to citizen involvement. Citizens have a great direct interest in how national and local funds are spent. But there is almost nowhere on earth that citizens or their associations have either been given access and information on, let alone a more substantive role in, formal auditing processes. Indeed, even in the far less sensitive area of expenditure *planning*, there is just a handful of experimental cases world-wide encouraging citizen involvement.³ Citizen *auditing* strikes at the heart of practices that preserve the powers of bureaucrats and politicians: the secrecy in public accounts that can mask the use of public funds for personal advantage.

The experiment in popular auditing initiated by the MKSS in Rajasthan focuses on much more intimate details of specific transactions in public works schemes, and

stresses the importance of citizen engagement in direct local-level auditing of public spending.⁴ Citizen auditing is almost unheard of anywhere for several reasons. First, few countries offer citizens a statutory right to information (in the form of financial records of state agencies) on actual expenditure activity within public programmes. Second, because citizen auditing can expose corruption and networks of privilege between bureaucrats and local elites, it is strongly resisted by administrators and politicians. It can be a highly risky activity, therefore, for ordinary citizens, and can jeopardize other patronage-based relationships they may have nurtured with politicians, bureaucrats and local elites. Third, an inescapable minimum threshold of expertise in budget analysis is required to make sense of government accounts. Finally, for citizen auditing to be effective, a capacity for generating independent information on government spending is needed if individual transactions buried within official accounts are to be verified or falsified.

The Rajasthan experiment in public audits of spending on local development works, led by a 1,000-person-strong self-defined 'non-party political movement' called the Mazdoor Kisan Shakti Sangathan (MKSS), or Workers and Farmers' Power Association, addresses each of these constraints on citizen auditing. It has spearheaded a national campaign for the creation of a statutory right to information which would enable citizens to access most non-defence-related documents held by government, including of course records of expenditure transactions. The MKSS has also developed tools for analysing accounts and making them accessible to illiterate people, while also establishing the importance of mobilization and solidarity to support the process of investigating and exposing specific instances of corrupt practices.

The main tool for spending analysis and audit used by the MKSS are their dramatic but infrequent public hearings (*jan sunwai*), which have been held periodically since 1994 in villages around the organization's base in Rajsamand district. These hearings are the culmination of a methodology for reviewing local government accounts and determining whether funds were expended on the development works in the manner indicated in official records. Meticulous research is conducted in the weeks prior to the public hearing. The first step is to procure government expenditure accounts, including receipts for building materials purchased and employment-wage registers. Sometimes this information is given willingly by sympathetic senior bureaucrats; at other times, filching by low-level clerks connected with the MKSS has proven effective. The implied threat of agitation and protest provides a background inducement for co-operation by officials.

The MKSS's team of 'auditors' compare stated expenditure with evidence of actual spending. This evidence is gathered through interviews with workers and contractors on these schemes, as well as villagers who observe poor quality work – for instance, excessive sand in cement – or the absence of works promised. This is a painstaking process, involving, for instance, verifying that all day-labourers listed on an employment register for a particular public work were indeed involved in the work. The individuals listed on the daily registers are contacted and asked to recollect the number

of days they worked on a particular project, the amount of work they accomplished and what (or even whether) they were paid. Some workers have developed, with the help of the MKSS, methods for recording their work schedules for precisely this reason. Suppliers are asked to show their accounts and attest to the quality of materials supplied, the quantity supplied and the amounts they were paid. Dossiers are compiled on every public work under investigation. These virtually reconstitute government accounts from scratch. This direct and intimate form of public audit enables a much more accurate investigation of local accounts than is possible in massive aggregated formal audits, which obscure the many small diversions of funds at the local level which can mean so much to poor people's livelihoods.

At the public hearings, held in tents in village squares and town markets, the relevant details of questionable public works schemes are read aloud to the largely illiterate assembly. For each work under examination, individual local residents identified in the pre-hearing research phase as having relevant testimony are invited by the MKSS moderators to inform the meeting of whether their own experience, observation or knowledge of a specific transaction is at variance with the officially recorded version. For instance, did each of the workers on the drainpipe installation project on the main road get paid Rs 50 per day, as stated in the employment register signed by the foreman and approved by junior officials in the relevant line ministries? The names of individual labourers listed on these registers are read aloud, and those present will often step forward to recount the actual payments received. The mainly women workers on the drought-relief public works programmes, on which the MKSS's auditing work has focused, may discover that the portion of their wage which they had been denied on the grounds of insufficient public funds had in fact more probably been divided between the head of the village council, the *sarpanch*, and the junior engineer and supervisor overseeing the schemes on behalf of the department of public works. Others may discover that they had been listed as beneficiaries of anti-poverty schemes but had never received the job opportunities or subsidized housing which was their due. Or the collective may discover that names of non-existent or dead villagers had been used to pad out the beneficiary lists of anti-poverty schemes to create a reserve to be drained by village politicians and bureaucrats.

This very public, and collective, form of speaking out – into a microphone in front of hundreds of people, some engrossed and others milling around the nearby tea stalls – can act as a spur to others, some of whom will reveal information leading to unexplored cases. The foreman and his accomplices are sometimes in the audience, and look markedly sheepish at revelations of the gap between what they were paying the workers and what they claimed from the state government for their wage bill. The officials' earlier excuses for underpayment are sarcastically reprised by the very irate workers, both individually in their testimonials and in the audience-reaction chatter.

In fact, local officials (including the District Collector, a post normally reserved for members of the elite Indian Administrative Service, or IAS) are invited to attend the

hearings and defend themselves or account for discrepancies. On several occasions, the *sarpanch* has pledged to return stolen monies. The greatest constraints to date to the public hearing audit method have been the absence of a statutory right to information (that is access to government-held documents) about local government spending and the lack of mandatory legal action to ensure that cases of corruption or malfeasance highlighted through such open processes are acted upon by the investigative agencies, police, courts and state government administration. During the 1990s, the MKSS and its supporters in other social movements – most notably the women's movement – launched high-profile public protests to demand the right to information about government accounts. In 1996 and 1997, extended dharnas (sit-ins) in Beawar and Jaipur generated wide support from city dwellers of all classes, and resulted in a series of promises by the ruling Bharatiya Janata Party state government of chief minister Bhairon Singh Shekhawat to create a right for ordinary people to photocopy local government accounting documents. These promises were never fully implemented, but sustained pressure, and the opportunities created by the installation of a sympathetic state government from the Congress party, following elections in late 1998, resulted in the passing of a state-level Right to Information Act by the Rajasthan state assembly in May 2000.

But the problem of mandatory legal action remained. Neither the identification of accounting discrepancies clearly worthy of further investigation, nor even admissions of guilt from local officials at the MKSS's unofficial public hearings, have propelled the state-government-controlled police into initiating follow-up action. Nor have other arms of the state's official oversight agencies been co-operative. For instance, the Rajasthan local government ministry, responsible for monitoring the performance of local government, has been unresponsive when the MKSS has brought *prima facie* evidence of misconduct, even when the discrepancies between data in official documents and the physical evidence on the ground could easily be verified through an official inspection.

In response to this persistent obstacle, the MKSS, alongside its efforts to promote right to information legislation, successfully campaigned for amendments to the state's local government law (the Panchayati Raj Act) to create mandatory legal procedures for the investigation of corruption and to institutionalize officially the public-hearing audit method at the village assembly (Gram Sabha) level. The amended Act legally empowers (indeed, requires) village assemblies to conduct collective audits of the development activities initiated by their local elected councillors (the ward *panches* and the *sarpanch*) and by local bureaucrats (particularly the *gram sevak*, the village secretary, the junior engineer, who oversees all public works and the *patwari*, the land registry official). If the Gram Sabha brings cases of what it believes to be misuse of funds to higher-level officials, such as the Sub-Divisional Officer (SDO), the latter are legally obliged to register these cases, constitute an inquiry committee and eventually report back to the Gram Sabha (Mander 2000: 27).

PROSPECTS FOR THE PROLIFERATION OF HYBRID FORMS OF ACCOUNTABILITY

Clearly, what makes these two cases of citizen activism noteworthy is their exceptional nature rather than their representativeness. There are other groups in India engaged in similar work – especially in mobilizing people to demand fuller information from bureaucrats processing applications for industrial projects financed by multinational capital. While there is growing national interest in the MKSS's people's audit methods,⁵ there is not yet enough evidence of comparable action on the ground to support a claim that their method of auditing has been widely replicated.

One reason for the rarity of similar citizen efforts to clean up official oversight institutions is because of the enormous risks involved, particularly for poor people, in confronting power-holders in the ways described above. This is especially so where the poor may rely on officials for patronage (however scanty or demeaning) or to turn a blind eye (often for a price) to the way the poor may violate a range of regulations in order to survive (illegal squatting on city pavements or on forest lands, use of child labour and so on). Members of both the RKS and MKSS have had to face tremendous hostility, including physical harassment, from politicians and bureaucrats for the obvious reason that efforts to clean up official oversight processes directly challenge the material interests of these officials. This is a basic political problem which will confront any citizen group pushing for better government performance, and can only be resolved through organizational strength, a point stressed by both the RKS and the MKSS. Another option is to enter the political arena, which the MKSS is considering. But other recent efforts to build political alliances around the social movements of the poor, such as the National Alliance of Peoples Movements, spearheaded in the mid-1990s by the anti-Narmada Dam activists, have not assumed the profile many had hoped. Beyond this central constraint to generalizing citizen engagement in the state's internal oversight functions, there are two other problems.

The first is the tendency for the state to resist citizen poaching on its exclusive oversight domain. An increasingly popular means of reasserting state control over the accountability agenda is for the state to pre-empt the emergence of new forms of citizen engagement with oversight institutions by introducing initiatives of their own to engage citizens in evaluating policy. New hybrid forms of accountability thus face stiff competition from the state itself. State elites, motivated by a desire to justify their evasion and emasculation of intra-state (horizontal) mechanisms of accountability, argue that they rely instead on modified forms of (vertical) accountability that link the state directly to citizens and their groups. These are typically unproductive means of obtaining citizen 'input' or else forums for citizen 'complaint'. They are pale imitations of the RKS and MKSS methods,⁶ which are themselves, ironically, a conscious mimicking of state process. Such efforts, which include citizens' juries, consultative forums, focus groups and citizens' charters, inevitably lack any decision-making power. They may amplify the 'voice' of certain previously excluded groups, but they

almost never supply participants with statutory rights to a response or explanation from officials, let alone with obligations on the state to provide recompense for citizens' grievances. They tend to fail on almost all of the five conditions we suggested earlier for effective state-citizen co-operation for improved accountability (legal standing for non-government participants, regular presence of these outsiders, clear procedures for meetings, the right to information and the right for outsiders to issue a dissenting report to legislative bodies). They give the impression of a government willing to listen, and they inform officials about public perceptions of government behaviour, but they enforce neither an answer from officials, nor impose sanctions for poor performance. By virtue of working with NGOs, these state-initiated programmes give the appearance of blurring the vertical-horizontal distinction. And while the nature of these competing efforts, and the motivations that underlie them, are different, their presence nevertheless constrains the ability of the more radical experiments launched by the people's organizations to proliferate more widely into arenas where they could be profitably pursued, such as in economic regulatory agencies.⁷

The second constraint on the proliferation of mechanisms for formally including ordinary citizens into official oversight processes is the problem of scaling-up. Both of the case study organizations discussed in this article operate at very local levels. And the one example that involves formal institutionalization – the Gram Sabha reforms in Rajasthan – is actually a part of the local government structure. Any move beyond the level at which personal experience and knowledge can convincingly contradict the state's account of its transactions increases the risk that citizen-auditors would fall prey to the same practical difficulties as normal auditors: how can one verify things that one does not know about? In fact, civil society watchdogs would face an additional problem of legitimacy, once the naturally endowed legitimacy of the local citizen is called into question upon his or her elevation to official observer status.

This last point indicates the limitations of citizen-initiated accountability efforts, particularly those which end up establishing scrutiny processes parallel to, rather than in partnership with, official horizontal accountability institutions. In different ways, both the RKS's Vigilance Committees and public protests and the MKSS's people's audits have functioned as surrogate courts. In adopting, almost mimicking, legal processes, these cases reflect the influence of Public Interest Litigation on Indian social movements and politics. This influence has taken the form of procedurally complex public hearings, where voluntary groups and NGOs fill the gap when authorities fail to provide information or consult with citizens. This is particularly true for controversial infrastructure projects likely to have damaging environmental impacts, such as the Enron power project in coastal Maharashtra. The logistical arrangements surrounding the collection of evidence, both for one-off hearings as well as for the researching of faux-official 'status reports' on incidents of police violence, or, as in the RKS case, tracking the leakage of subsidized commodities on to the black market, are formidable and represent a 'legalization' of social action. Instead of demanding an

inquiry, such activist-led initiatives conduct inquiries themselves, and if sufficiently successful in conveying their evidence to a larger constituency, are sometimes in a strong position to demand at least *ex-officio* inclusion in official investigations.

But generalization of these do-it-yourself investigations, hearings and even mock trials brings serious risks that they will be used as forums for score-settling. The MKSS itself has been accused of this by its detractors, who point out that it has no democratic mandate, no obvious processes or institutions through which it can be held accountable even by its own constituency and there is no 'objective' external monitor of its work, save for the panels of eminent people from within and outside of the area who sit as jurors in the public hearings. It relies for its credibility and legitimacy on the unimpeachable credentials of its core leadership group for incorruptibility and modest living. But the MKSS's increasingly prominent and socially responsible role has problematized issues of legitimacy and representation and is behind current internal debates about whether and how to enter the political process, and whether to move to a more formal organizational structure.

The substitution of citizens' informal institutions for state accountability institutions inevitably runs into problems of legitimate authority, controls on power and at the same time, limited impact. Where such institutions function as, in effect, surrogate courts, without a democratic mandate or due and universally applied process, and with, in the end, rather limited resources for investigating official wrong-doing, some miscreants may evade prosecution while others may become scapegoats. It is precisely for this reason that the MKSS stages its public hearings infrequently, and with great care, and is now seeking means of generalizing this process in formal institutions. This problem points to the desirability and indeed necessity (from a civil society point of view) of ensuring that efforts to engage in horizontal accountability functions are ultimately done in collaboration with the state.

NOTES

- 1 We restrict this discussion to democracies. Accountability problems are much more blatant in authoritarian regimes, of course. But in this article we begin with states which have formal vertical and horizontal institutions for accountability, and in which civil society has relative freedom to engage critically with the state. This implies democracy of some kind.
- 2 I am indebted to John Gaventa for bringing this quotation to my attention.
- 3 The most important of these are the participatory budgeting initiatives in Brazil (see note 4). They should be distinguished from commentaries on national budgeting, of which a new sophisticated generation are the gender-, poverty- or environmentally sensitive budget analysis methods which have been taken up with most alacrity in South Africa (see Budlender 1999) and Canada, and have inspired similar efforts in Jamaica, Tanzania, Uganda and Mozambique (Esim 2000).
- 4 This distinguishes it from the better-known examples of direct citizen participation in local expenditure planning, in particular the experiments with participatory budgeting in Brazil in which reviews of spending are conducted by looking at aggregated data on expenditure. See Abers (1998) and Avritzer (2000).

- 5 It has participated in a nation-wide learning process involving other social movements and some NGOs which are also working to improve local government accountability. In March 2000 it hosted a large assembly of representatives of these groups in Dev Dungi, its village base and organized a public hearing for the panchayat of Bhim as a demonstration of its methods.
- 6 Indeed, a measure of the impact of the MKSS in Rajasthan was a borrowing of the public hearing method by the state government in 1999, when its State Planning Board invited comment upon its progress in implementing its development programmes, particularly in health care, rural electrification and social welfare services. Public meetings were held at panchayat samitis, but only elected local politicians, not the general public, were invited to participate (*The Hindu*, 'Rajasthan Launches Panchayat Samiti Evaluation Meetings', 22 October 1999; *The Hindu*, 'Review to Verify Development Statistics', 7 December 1999).
- 7 Indeed, an expanded definition of horizontal accountability agencies would include regulatory agencies, to the extent that they oversee not just private-sector entities, but also other government departments and parastatal organizations. The Telecom Regulatory Authority of India, for instance, regulates competition between private- and public-sector providers, as well as the government department responsible for devising and implementing policy in the sector. Some of these agents of horizontal accountability have greater investigative powers than others; some have greater enforcement power. The MKSS has itself moved in the direction of regulatory issues. In November 1999 it organized a public hearing on 'Transparency in Power Sector Reforms'. While the immediate intention was to assert that 'people have a right to know what is happening in the power sector and how it is going to affect their lives', the broader issue was a consistently articulated demand that decision making take place on the basis of equal access to quality information made available on a systematic basis (that is, as part of an information regime) to non-partisan experts who could cross-examine officials (*The Hindu*, 'Rajasthan Cautioned against Power Riots', 23 November 1999).

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