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### **Enhancing Accountability in Public Service Delivery through Social Audits:**

**A case study of Andhra Pradesh, India**

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**Enhancing Accountability in Public Service Delivery through Social Audits:  
A case study of Andhra Pradesh, India**

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## **Executive Summary**

Over the last few years there has been a growing emphasis on the importance of enhancing accountability in public services by the government. There have been a large number of civil society and state-led initiatives which aim to facilitate the process of citizen engagement with the state, during planning, implementation and evaluation of government projects. Social audit is one such initiative and is a process through which government expenditure details at the local level (usually at the village level) are obtained and discussed in a public hearing attended by both the service providers and the people who have benefited from that particular government program. This provides an opportunity to the citizens, especially the poor, to directly engage with the service providers and provide continuous feedback on the implementation of large government programmes. It also exposes corruption in the implementation of the government programs.

The paper examines the effectiveness of social audit as a tool to enhance accountability by measuring the impact of social audit on the implementation of National Rural Employment Guarantee Scheme, the flagship employment guarantee program of the Government of India, in the state of Andhra Pradesh, using a mix of quantitative and qualitative methods.

The main research questions addressed are: the impact of social audits on the size of the program and the payment process; are social audits results good indicators of the overall quality of program implementation; compare the performance of Karnataka, a neighbouring state, which has not taken up social audit, to Andhra Pradesh, in the overall implementation of the program; and the reasons behind the successful scale up of social audits in Andhra Pradesh. A difference of difference estimator was used to estimate the effect of social audit using the person-days of work generated and the proportion of timely payments in mandals (sub-district level) where social audit had been conducted and mandals where it had not been conducted in the years 2006-07 and 2007-08.

The results showed that there is a statistically significant improvement in the size of the program as measured by the mandays generated. There was no statistically significant

improvement in the proportion of timely payments, which can be attributed to technical problems in scaling up the payment process. It was found that the qualitative reports provided useful inputs on the process related aspects (performance of functionaries, maintenance of muster rolls etc) that were missing from the quantitative performance reports. It was found that the program is not in a very stable position in Karnataka, given the fact that there has been a decrease in the size of the program in the current year, and a comparison with Andhra Pradesh would not be a fair. An important insight was that the social audit program generated a great deal of public support in Andhra Pradesh, as manifested by the huge turnouts in the sub-district level meetings, which resulted in political support cutting across party lines. Another critical strategy was co-opting the lower bureaucracy in the entire process, so that there were no major problems during roll-out.

The overall conclusion is that social audits are indeed an important tool in building social awareness which results in a greater demand for work which translates into increased size of the program. The process also exposed corruption in the implementation of the program and a total amount of Rs 20 million of program funds was recovered.

Our recommendation is that the Andhra Pradesh experiment with social audit can be replicated elsewhere in the country, provided that the learnings from its example are internalized, the program is launched in an incremental manner and political issues generated by the process are carefully handled. It is specifically recommended that the Government of India should finance a pilot social audit project in two districts in each state of the country, roughly modeled on the Andhra Pradesh example. The states could then do a comprehensive roll out across all districts based on the state-specific learning from the pilot projects.

## Table of Contents

1. Introduction.....	6
2. Background.....	6
Evolution of Social Audits.....	9
NREGA and its features.....	11
Social Audits the Andhra Pradesh Experience.....	12
World Bank study on impact of Social Audits in Andhra Pradesh....	14
3. Methodology and Analytical Framework.....	16
Impact of social audit on NREGA.....	16
Interstate comparison.....	20
Social audit as an indicator of overall quality.....	22
Reasons for successful scale up in Andhra Pradesh.....	23
4. Results and Analysis.....	24
Impact of social audit on NREGA.....	24
Inter state comparison.....	27
Social audit as an indicator of overall quality.....	31
Reasons for successful scale up in Andhra Pradesh.....	33
5. Conclusion and Recommendations.....	35
Main Findings.....	35
Administrative feasibility, Political Supportability and Technical correctness.....	36
Guidelines for replication across other states.....	40
References.....	42
Annexures (1 to 8).....	44

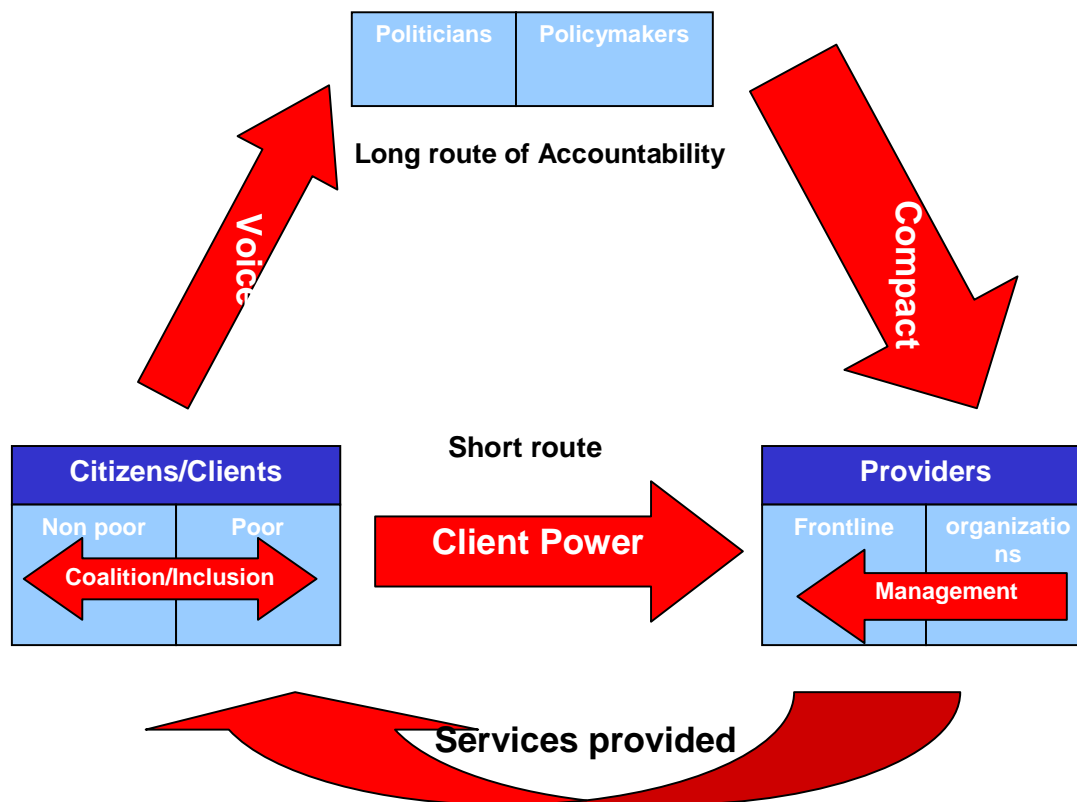
## **1. Introduction**

The objective of this paper is to examine the effectiveness of social audit as a tool to enhance accountability in public service delivery. The paper does this by measuring the impact of social audit on the implementation of National Rural Employment Guarantee Act (NREGA), the flagship employment generation program of the Government of India, in the state of Andhra Pradesh using a mix of quantitative and qualitative methods. The client for this study is the Ministry of Rural Development, Government of India. The paper is organised into four sections, Background, Methodology and Analytical Framework, Results & Analysis and Conclusions & Recommendations.

The background section introduces the growing importance of accountability in Public Service delivery. It then examines the evolution of Social Audits as a tool to enhance accountability. This is followed by a brief description of NREGA, the social audit process in Andhra Pradesh and a review of the results of a World Bank Study on estimating the increase in awareness level about NREGA due to the Social audits in Andhra Pradesh. The next section on methodology and analytical framework presents the main research questions that this paper attempts to answer followed by the methodology being followed for each of the research questions. Results and analysis of the results are presented in the next section. The last section provides the conclusion and recommendations.

## **2. Background**

Over the last few years there has been a growing emphasis on the importance of enhancing accountability in public services by the government. The World Development Report 2004 released by the World Bank had come out with the analysis that one of the prime reasons for poor levels of public service delivery in developing countries was that there were not enough mechanisms to ensure that the poor could directly interact with the public service providers and provide continuous feedback on the quality of service being provided. This was seen as the short route of accountability as opposed to the long route where citizen feedback is incorporated only through the politicians.



Source: World Development Report, 2004

Accountability is “a relationship between power-holders and those affected by their actions, and consists of two key elements: ‘answerability’ (making power-holders explain their actions) and ‘enforceability’ (punishing poor or criminal performance)”<sup>1</sup>.

Accountability mechanisms aimed at increasing “answerability” and “enforceability” are classified into “Vertical” and “Horizontal” accountability mechanisms. The main difference being that Horizontal accountability refers to the ways in which accountability is ensured internally through clear rules and regulations of the government and Vertical accountability refers to the ways through which the citizen is able to directly demand accountability from the government and its officials.

Traditionally vertical accountability is ensured through elections; however there is growing realisation that more needs to be done to ensure accountability of the

<sup>1</sup> Anne Marie Goetz and Rob Jenkins, “Accountability”, *The Social Science Encyclopedia* (New York: Routledge, 2004).

governments between elections. Thus there have been a large number of civil society and state-led initiatives which aim to facilitate the process of citizen engagement with the state during planning, implementation and evaluation of government projects.

Anna Marie Goetz, one of the leading researchers in the area of accountability, has classified the degree of this engagement as consultation, presence and influence based on the extent of policy impact that they could create. Consultation is expected to create the least and influence is expected to create the maximum impact. According to her “*Consultation* can occur in a range of spaces with dialogue, information sharing or awareness rising”<sup>2</sup>. Examples of such accountability initiatives include public opinion surveys, citizens’ report cards, community scorecards, citizen juries, participatory poverty assessments, monitoring public service provision and consultations mandated and mediated by donor institutions over national poverty reduction strategy processes. The second category of engagement i.e. presence ensures organizations have “a greater *presence* and access in decision-making processes to represent the concerns of excluded group”<sup>3</sup>. A well known example would be the participatory budgeting exercises in South Africa, Brazil, Sri Lanka, Uganda and Mexico<sup>4</sup>.

Finally the most effective form of engagement seems to be “influence, which is able to influence policymaking and service delivery through mechanisms premised on people’s right to seek accountability from power holders”<sup>5</sup>. Social audit belongs to this category of citizen engagement and has emerged over the years as a tool which gives an opportunity for the citizens, especially the poor, to directly engage with the service providers and

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<sup>2</sup> Anne Marie Goetz. 2000. ‘Accountability to women in development spending at the local level: a concept note’. Paper presented to IDS Workshop Gender and Accountability in Public and Private Sectors

<sup>3</sup> Anne Marie Goetz. 2000. ‘Accountability to women in development spending at the local level: a concept note’. Paper presented to IDS Workshop Gender and Accountability in Public and Private Sectors

<sup>4</sup> Bharati Sadasivam and Bjørn Førde, “Civil society and social accountability”, Making Democracy Deliver, UNDP Democratic Governance Department, UNDP, August 2007

<sup>5</sup> Anne Marie Goetz. 2000. ‘Accountability to women in development spending at the local level: a concept note’. Paper presented to IDS Workshop Gender and Accountability in Public and Private Sectors



provide continuous feedback on the implementation of large government programmes. It also provides the government with an opportunity to take corrective action and improve the level of service delivery.

### ***Evolution of Social Audits***

The use of social audits was pioneered by an NGO, Mazdoor Kisan Shakti Sangathan (MKSS)<sup>6</sup> in Rajasthan<sup>7</sup> in India. MKSS called these social audits as “Jan Sunwaias” or “People’s Hearings”. This is basically a process through which government expenditure details at the local level (usually at the village level) are obtained and discussed in a public hearing attended by both the service providers and the people who have benefited from that particular government program. The first step in the process is to get the information on expenditure incurred on the concerned government program. Meetings are organised where elected representatives, local government officials and the community which was supposed to benefit from the program are present. In the meeting, the expenditures booked as per the records are read out and the concerned beneficiaries are asked whether they actually received the benefit from the program. Through this form of cross – verification any misappropriation of funds is exposed. For example, such a process exposes corruption if a particular person has been listed as a beneficiary of a poverty alleviation scheme but has not received the payment. Another example of an expose would be that payments have been made to contractors but works have actually been not taken up. This process enables citizens to not only obtain information on government programmes but use this information to enforce accountability of public officials. The social audits carried out by MKSS brought forth many cases of systematic corruption due to the nexus between the local politicians, local government officials and the local powerful elite like the contractors, traders etc. Though everybody knew about such a nexus it was extremely difficult to expose. The social audit exposes this by relying on information at hand and

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<sup>6</sup> MKSS was founded by Aruna Roy who had an influential role in ensuring that social audits are incorporated into NREG Act itself

<sup>7</sup> Rob Jenkins and Anne Marie Goetz, “Accounts and Accountability”, *Third World Quarterly*, vol. 20, no. 3 (1999), pp. 603-22

providing verifiable evidence. The findings of social audits helped MKSS to successfully lobby with the state and central governments on having more transparency and accountability in the implementation of government programs for the poor.

Another NGO which successfully used social audit to expose corruption and lobbied for greater transparency in the implementation of government was Parivartan. In August 2002, Parivartan<sup>8</sup> obtained copies of all the civil works done by Municipal Corporation of Delhi in two major residential areas in Delhi inhabited by lower income groups. In the public hearing, the contracts were read out and local residents verified the extent to which these contracts were actually carried out. It came to light that out of works worth Rs 13 million about Rs 7million were siphoned off. Responding to the findings, the Delhi government passed several orders to ensure that information regarding public works was systematically displayed to the public and that public hearings were carried out in other areas of Delhi.

However, some studies like the one by Banerjee et al<sup>9</sup>, on the primary education program implemented by government of India, in the state of Uttar Pradesh, have shown that increasing awareness of the citizens and building their capacities may not result in improved program outcomes. Social audits, as defined in this paper, however go beyond increasing awareness and building capacities, and involve a post program evaluation that includes a direct engagement between the program beneficiaries and the service providers. With this particular form of social audit, which includes program evaluation and direct engagement, the experience in India has been generally positive.

Given this background of demonstrated utility of the process of social audits, the government of India while launching the National Rural Employment Guarantee Scheme, its flagship rural employment program, stipulated the use of social audits as part of continuous monitoring and evaluation of the program. The next section of the paper gives a

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<sup>8</sup> [www.parivartan.com](http://www.parivartan.com)

<sup>9</sup> Abhijit V. Banerjee, et al, "Pitfalls of Participatory Programs: Evidence from a Randomized Evaluation in Education in India", The World Bank Development Research Group Human Development and Public Services Team, March 2008

brief description of the Program, its features and components designed to enhance accountability.

### ***NREGA and its features***

The NREGA is a landmark legislation which guarantees the right to work for rural households in India. This was launched in the year 2005 by the government of India. The total expenditure on this program for the year 2007-08 was Rs. 150,000 million<sup>10</sup> (\$ 3.5 billion) which makes it the largest employment guarantee program in the world. The scheme was officially launched in February 2006 in 200 rural districts of India. It was later extended to 136 more districts in April 2007 and to another 207 districts in September 2007<sup>11</sup>. With the third extension, the scheme is operational in all rural districts of India. As far as the financing of the program is concerned, government of India bears the total cost of wages and 75% of the cost of material and the state governments bear 25% of the cost of material<sup>12</sup>. Considering the fact that most of the cost is incurred in paying wages to unskilled workers, the Central and State Governments' share of financing is approximately in the ratio of 90:10. The operational details of the scheme are provided in **Annexure 1**.

What differentiates this program from similar programs launched in the past is that it “guarantees” the right of an individual to get employment from the government. The NREGA mandates that the government needs to provide 100 days of employment. The act says “Save as otherwise provided, the State Government shall, in such rural area as may be notified by the Central Government, provide to every household whose rural adult members volunteer to do unskilled manual work not less than one hundred days of such work in a financial year in accordance with the scheme made under this Act”. More importantly the Act mandates that the government provide an unemployment allowance to an individual who has asked for employment and has not been provided.

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<sup>10</sup> [www.rd.nic.in](http://www.rd.nic.in)

<sup>11</sup> [http://nrega.nic.in/presentations/ORIEN\\_NEW\\_DISTTS.pps](http://nrega.nic.in/presentations/ORIEN_NEW_DISTTS.pps)

<sup>12</sup> [http://nrega.nic.in/presentations/ORIEN\\_NEW\\_DISTTS.pps](http://nrega.nic.in/presentations/ORIEN_NEW_DISTTS.pps)

Ensuring accountability in the implementation of the program is one of the cornerstones of the Act. The Act mandates that this is to be achieved through information disclosure and conducting social audits during the implementation. The Act has clear procedures laid down on how the process of social audit needs to be carried out. One of the factors that gave impetus to the drive to ensure transparency was the Right to Information Act which was passed in 2005. The Act itself specifies that social audits shall be an integral part of the program: “The Gram Sabha shall conduct regular social audits of all the projects under the Scheme taken up within the Gram Panchayath<sup>13</sup>. The Gram Panchayath shall make available all relevant documents including the muster rolls, bills, vouchers, measurement books, copies of sanction orders and other connected books of account and papers to the Gram Sabha for the purpose of conducting the social audit”. Details on the rules for the conducts of social audit are given in **Annexure 2**.

Even though the Act has stipulated that social audit would be an integral part of the program, the record of most of the states in carrying out social audits has not been encouraging. Andhra Pradesh has been one of the notable exceptions and has scaled up the conduct of social audit in a big way.

### ***Social Audits: the Andhra Pradesh Experience***

Social audits have been conducted in nearly 15,000 Gram Panchayaths across 712 mandals (sub-district) of the state<sup>14</sup>. The rural development department of Andhra Pradesh created a separate office for social audit inside the directorate of NREGA and appointed a director from the state civil services. One of the key members of MKSS was also inducted into this office. There were two main objectives behind appointing a key member of MKSS. One was to incorporate the learning that MKSS had acquired over the years in the conduct of social audits and the other was to signal the government’s intent and commitment to the process of social audit. The office selected about 35 persons from the government and NGOs having

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<sup>13</sup> Grama Panchayat is the lowest elected level of government. It is at the village level and typically represents a population of around 5000 to 10,000 people.

<sup>14</sup> [www.socialauditap.com](http://www.socialauditap.com)

10-15 years of experience in community organization as state resource persons. These state resource persons were trained in the process of social audit and were given key roles in the training of district resource persons drawn (about 20 from each district) from individual districts. The state and district resource persons essentially planned and executed the social audits in each of the districts. The actual social audit is typically a 7 day process. The first step in the process is the gathering of information on the implementation of the scheme in the mandal and each of the Panchayats in the mandal. This is done by filing applications under the Right to Information Act with the concerned officer at the mandal level. Information was available in consolidated form at the mandal level because of the computerization of the management information system for the scheme. As part of this computerization, each mandal was equipped with a computer centre and the all important transactions like issuance of a work order, measurements of the work done, payment orders etc were computerized. Thus information was easily available in a consolidated form. The district resource persons then select literate youth (usually 3-4 per village) from the families which have actually done the work as part of the scheme. These youth are trained in social audit processes over a three day period. The training includes making them familiar with the main features of NREGA, going through the nuances of the social audit process and specifically how each of the documents/records could be cross verified. This is followed by a team consisting of these youth and one district resource person carrying out the audit process in each of the villages in the mandal. This process includes random door to door verification of the muster roll, focused group discussions and night Gram Sabhas. As part of the process, the team builds awareness about the program and the implementation process among the villagers. The entire social audit process ends with a public meeting at the mandal level where social audit reports are read out in the presence of the public, people's representatives, the concerned NREGA functionaries and senior officers of the government. Immediate corrective action is taken as the senior officials of the district are present in the meeting. Follow up action is planned at the meeting and the mandal level teams are involved in the follow up action<sup>15</sup>.

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<sup>15</sup> [http://www.rd.ap.gov.in/SAudit/Social\\_Audit\\_Note\\_131008.pdf-4](http://www.rd.ap.gov.in/SAudit/Social_Audit_Note_131008.pdf-4)

Since the beginning of the social audit process, there have been several cases where cash was handed back by the people who had siphoned them off. Nearly Rs. 20 million has been recovered as part of this process. In addition nearly 1000 Field Assistants (the lowest functionary working in NREGA at the village level) have been removed from their jobs since they were found to be involved in corruption<sup>16</sup>. In addition there have been nearly 15 departmental enquiries against government officials who were identified as corrupt in the process. More importantly, the process seems to have brought about a landmark change in the mindset of the poor, who are the intended beneficiaries of the program. The poor now seem to be aware of their rights as they have complete access to information. Also cases of misappropriation of funds are identified with evidence. This further emboldens the citizenry and places greater responsibility on the people in the government who are implementing such huge welfare schemes.

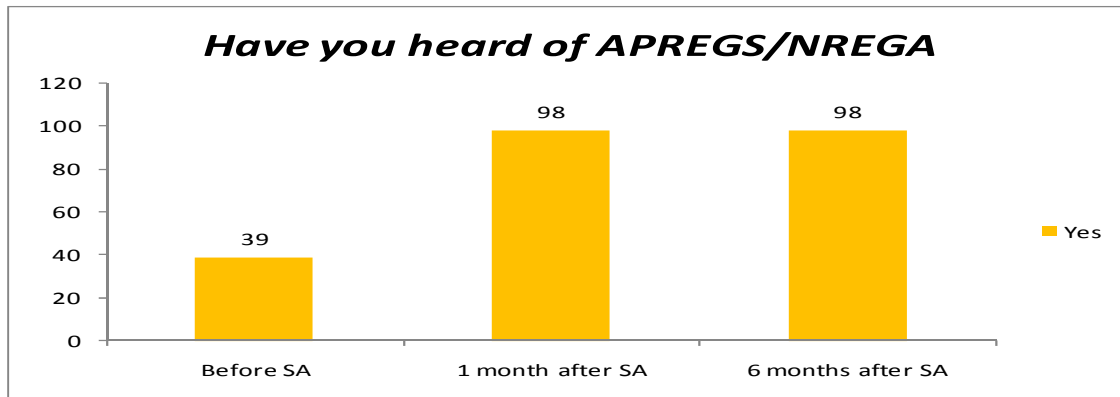
### ***World Bank Sponsored study on impact of Social Audits in Andhra Pradesh***

One of the first attempts to measure the impact of the social audits in Andhra Pradesh was made by a World Bank sponsored study carried out by a team of independent consultants in 2007<sup>17</sup>. The study comprised a sample of 750 respondents spread across 3 districts and 6 mandals where social audit had been conducted. These districts and mandals were specifically selected to ensure a representative sample. The primary issue examined by the study was the effect of exposure to a social audit on NREGA laborers and to see if social audits enhance laborer's bargaining power. The study was carried out at 3 different times: once before the social audit to establish the baseline, second, one month after social audit to determine immediate effect of exposure to a social audit and the third, six months after social audit to understand how the effects change over time. The results showed that the awareness about the program among the laborers increase significantly from 39 % during the baseline to 98% one month after the social audit and stayed at 98% even after 6 months.

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<sup>16</sup> [http://www.rd.ap.gov.in/SAudit/Social\\_Audit\\_Note\\_131008.pdf-4](http://www.rd.ap.gov.in/SAudit/Social_Audit_Note_131008.pdf-4)

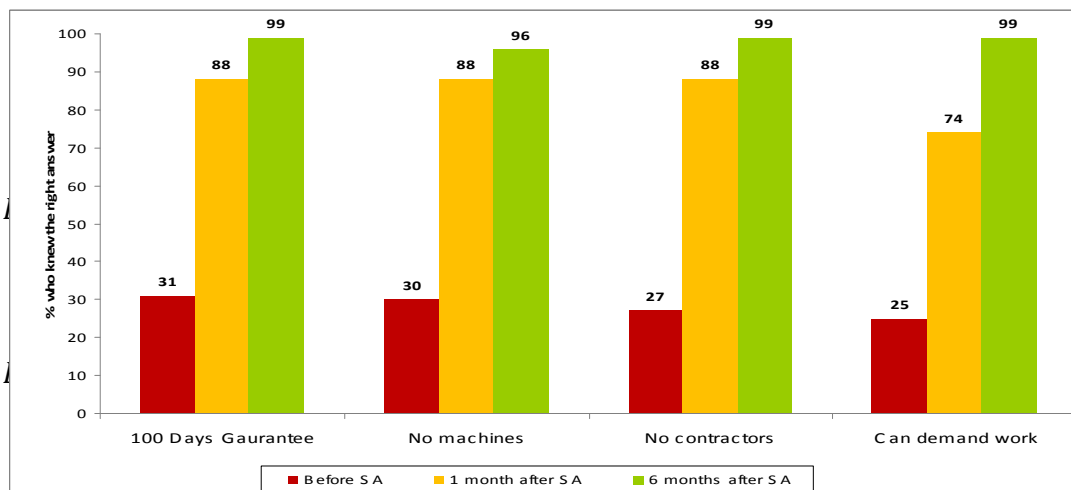
<sup>17</sup> Atul Pokharel, Yamini Aiyar, Salimah Samji, "Social Audits: *from ignorance to awareness*- The AP Experience", World Bank, Intellicap, SPIU- Government of Andhra Pradesh, Feb 2008



Source: World Bank Study on Social Audits, 2007

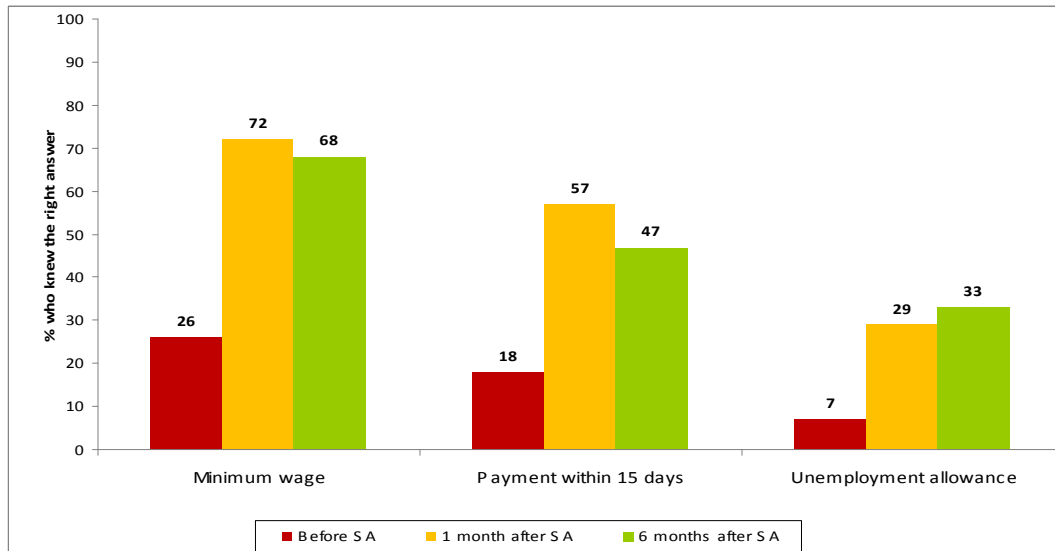
The study also showed that the awareness of the laborers regarding the implementation process also improved significantly. The most improvement in awareness levels was on the following features of the program: it ensured 100 days of guaranteed work, they can demand work, no machines and contractors should be used. The least improvement in awareness levels were on the following features: payments need to be made within 15 days and they have a right to claim an unemployment allowance.

#### High Awareness levels on some aspects of NREGA



Most importantly, 60% of the respondents said that their ability to contact local government officials involved in the implementation of the scheme had improved because of their greater awareness. The study concludes that “Social Audit enhances citizens

bargaining power with local officials and offers them excellent opportunities to address their grievances”.



### 3. Methodology and Analytical Framework

The methodology described below corresponds to each of the four research questions.

**Research question 1: What has been the impact of Social audits on various aspects of the implementation of NREGA in Andhra Pradesh? These include:**

- a. Size of the program**
- b. Payment process**

#### Basis for selection of parameters

There are a number of parameters of NREGA on which the impact of social audits can be studied. Typically, any government program is measured by its financial and physical achievements: the financial part reflecting the actual expenditures against the budgetary allocation; the physical part reflecting the actual completion of the work against the proposed targets. This information is available for NREGA as well. Social audits would have an impact on the financial and physical achievements of the program as well. However, we have another variable that is unique to the nature of the NREGA: the total employment



generated, measured by the number of mandays generated. The size of the program is driven by the demand for the program, since the state is mandated to provide employment up to 100 days to all people who register for the program. The current size of the program in Andhra Pradesh is around 30% of the potential size (i.e. providing 100 days employment to the entire rural population with job cards), there is more than ample scope for expansion of the program. Thus the program, in its present scope, is fully demand driven and will expand to meet the full demand. The other variable which we used to study the impact of social audits is the percentage of timely payments. NREGA being a wage employment scheme, one of the key determinants of the success of the program is how timely are the payments being made to the people engaged in the program. The NREGA also specifies, vide section 3 (3) “that disbursement of wages shall be done on a weekly basis or in any case not later than a fortnight after the work was done”. We used the threshold of 15 days, as being the maximum acceptable level of delay in making the payments to the people working in the program, as specified by the Act. We looked at the percentage of labourers to whom payments were made against the total number of labourers to whom payments were due, within a period of fifteen days, and the change in this proportion after conduct of social audit.

#### Criteria for selection of Treatment Mandals

We selected 55 mandals where social audits were conducted in the later part of the year 2006-07<sup>18</sup> (Dec 2006 to March 2007). Since the social audits had been conducted in the last four months of the financial year, we can assume that the impact of social audit would be fully reflected in the year 2007-08.

The number of mandals and the districts were as follows: five in Chittoor, six in Cuddappah, four in Karimnagar, six in Khammam, five in Khammam, six in Medak, nine in Nalgonda, two in Nizamabad, three in Vizianagaram, nine in Warrangal. The details of the mandals and the districts and the dates on which the social audit were conducted in attached at

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<sup>18</sup> The financial year is defined from April of the current year to March of the next year

**Annexure 3.** These 55 mandals were designated as the treatment mandals, since we can look at the performance of the program in the year 2007-08, after the social audits have been conducted.

#### Criteria for selection of Control Mandals

We also selected one control mandal for each treatment mandal, where social audit was not conducted in 2006-07. The control mandal was chosen to be in the same district and was a geographically adjacent mandal. The control mandal was chosen by listing all the adjacent mandals, and then looking at the date in which the social audit has been conducted in that mandal. The control mandal was designated as the mandal where the social audit had been conducted after September 2007. This would imply that the mandal had no social audit in 2006-07 (no treatment) and social audit, if conducted in the year 2007-08, had been conducted in the second half of the financial year, so that the size of the program in 2007-08 can be assumed to be substantially without the treatment. Thus a comparison can be made between the treatment and control mandals. The details of the control mandals (and the corresponding treatment mandals) with the dates on which the social audit has been conducted is attached at **Annexure 4.**

#### The use of Difference of Difference estimator

We used the difference of difference estimator to estimate the effect of social audit between the treatment and control mandals between the years 2006-07 and 2007-08 for the two variables of mandays generated and percentage of timely payments. Since the mandals selected for social audits were not selected in a randomised way, a simple comparison between the performances of these mandals, post social audit, with those where social audits were not conducted would not help us in finding out causality i.e. whether it was the social audits that were responsible for change in performance. A simple Ordinary Least Squares regression would be biased (in either direction) because several other factors like the demography, socio economic characteristics etc. of the mandal would influence the program size.

The difference of difference estimator was used because it gave us the best chance of isolating the impact of social audits. By comparing the difference in performance before and after the social audits between the treated and control mandals and by ensuring that the control mandals are similar in all other aspects to the treatment mandals, we could isolate the impact of social audit on the program.

The standard methodology for the difference in difference estimator was used: two dummy variables were defined: one for the treatment (returning the value 1 for the treatment mandal and 0 for the control mandal) and one for the year (returning the value 1 for 2007-08 and the value 0 for the year 2006-07). The regression was run with the mandays being the dependent variable and the two dummy variables and their product being the independent variables. Similarly the second regression was run with the percentage of timely payments being the dependent variable and the two dummy and their product being the three independent variables. Both the regressions are of the form:

$$Y = \beta_0 + \beta_1 \text{treat}_i + \beta_2 \text{after}_i + \beta_3 \text{treat}_i * \text{after}_i + e_i$$

where

treat = 1 if in treatment group, = 0 if in control group,

after = 1 for year 200708 , = 0 for year 2006-07

Y is the dependent variable (the mandays generated or the percentage of timely payments)

$\beta_0$  is the regression constant

$\beta_1$  is the coefficient for the treatment\_dummy,

$\beta_2$  is the coefficient for the year\_dummy,

$\beta_3$  is the coefficient for the treatment\_dummy multiplied by the year\_dummy

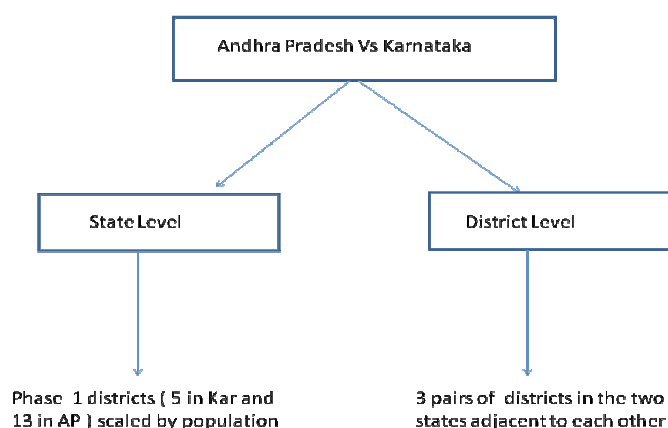
$\beta_3$  is the coefficient of interest in both the regressions, since it returns the value of the difference of difference estimator.

The table below summarizes difference of difference methodology and the impact can be measured by looking at  $\beta_3$ .

	2006-07 (Before)	2007-08 (After)	Difference
Control (55 mandals )	$\beta_0$	$\beta_0 + \beta_1$	$\beta_1$
Treatment (55 mandals )	$\beta_0 + \beta_2$	$\beta_0 + \beta_1 + \beta_2 + \beta_3$	$\beta_1 + \beta_3$
Difference	$\beta_2$	$\beta_2 + \beta_3$	$\beta_3$

**Research question2: How has the performance of Karnataka a neighbouring state, which has not taken up social audit compare to the performance of Andhra Pradesh on the overall implementation of the program?**

We also performed an inter-state comparison between Andhra Pradesh and Karnataka, two neighbouring states in South India, on the overall implementation of the program. We specifically examined the role of social audits in the outcomes in the two states. While Andhra Pradesh has been a leader in conducting social audits in the country for NREGA, social audits, focussing exclusively on NREGA, have not yet begun in a significant way in Karnataka. Karnataka has had an institutionalised system of Gram Sabhas, which are conducted in every Gram Panchayat on a half yearly basis, and these Gram Sabhas examine the performance of all the government programmes. However, since these Gram Sabhas look at the whole range of programs they are generally not as detailed and focussed as the ones observed in Andhra Pradesh for NREGA. We performed a state level and a district level comparison between the two states. The methodology is best explained by the figure below:



*The Comparison Scheme*

### State Level comparison

For the state level comparison we looked at the outcomes in each of the states for the phase 1 districts of the program. NREGA was launched in the year 2005-06 in 5 districts in Karnataka, namely Bidar, Raichur, Gulbarga, Davengere and Chitradurga. It was launched in the same year in 13 districts in Andhra Pradesh, namely, Adilabad, Anantpur, Chittoor, Cuddappah, Karimnagar, Khammam, Nalgonda, Nizamabad, Ranga Reddy, Vizianagaram, Warrangal, Mahbubnagar and Medak. The state level comparison was done by comparing the size of the program, measured by the mandays generated per capita, in the first eight months of the year 2007-08 (from April 2007 to November 2007) to the first eight months of the year 2008-09 (from April 2008 to November 2008) for each state.

In Andhra Pradesh, social audits for NREGA had not been carried out in only 170 mandals out of the total of 750 mandals, by the end of March 2007, meaning that around 80% of the mandals of the first phase districts had been covered by social audits in the financial year 2007-08. This would mean that the performance in the year 2008-09, would reflect, among other factors, the effect of the social audits conducted in the earlier years. We compared the growth rates of the two states in the aforementioned period, based on the understanding that the growth rates in Andhra Pradesh would reflect the effect of social audit to some degree. We expect that the scaling by the population would give a better measure of the spread of the program in the two states.

### Inter District Comparison

For the inter district comparison across the two states, we selected districts which lie across the border of the two states. We have identified three such pairs, all the districts having been covered in the phase 1 of the program. These pairs of districts are Bidar and Medak, Raichur and Mahbubnagar; Gulbarga and Mahbubnagar. We looked at the increase in the size of the program, measured by the mandays generated in each of these pairs over the first eight months of the year 2007-08 (from April 2007 to November 2007) to the first eight months of the year 2008-09 (from April 2008 to November 2008). Again the

hypotheses is that since more than 80% of the mandals had been covered by social audits by March 2008, the size of the program in the year 2008-09 would incorporate, among other factors, the effect of the social audit conducted in the previous years. We also look at the scaled comparison after adjusting the mandays generated for the total rural population of each of these districts.

***Research question3: Are social audits results good indicators of the overall quality of program implementation in Andhra Pradesh?***

To examine if social audits results are good indicators of the overall quality of program implementation in Andhra Pradesh, we compared the qualitative social audit findings with the quantitative performance indicators. The issue under examination is whether social audits would help us gain insights that are not immediately obvious in the quantitative performance indicators. Andhra Pradesh has developed a detailed reporting format for the qualitative findings of each social audit carried out in each village. A sample report is enclosed in **Annexure 5**. In the detailed reporting format, the beneficiaries that took part in the audit rate the program as very good, good, average, bad and very bad on various aspects of the program. We analysed the ratings on the following three critical aspects:

- Financial irregularities reported
- Maintenance of the muster rolls
- Performance of the key program functionaries.

In order to capture the qualitative information in the best possible way, the following scoring scheme is proposed:

Rating in the report	Points
Very good	2
Good	1
Average	0
Bad	-1
Very Bad	-2

The total score in each of the three aforementioned factors were calculated for the mandal. The total score was then scaled by the number of villages in the mandal. On the basis of the above scoring scheme, a mandal with a good performance in social audit should have a high positive score. We chose the best mandal and the worst mandal in each district (the choice made on the basis of the highest and the lowest mandays generated per capita respectively) and observed how they fared in terms of the qualitative findings of social audit.

***Research question 4: What are the reasons behind the successful scale up of social audits in Andhra Pradesh?***

To understand the reasons behind scaling up in Andhra Pradesh, interview was conducted with Director, Social Audit, Department of Rural Development, government of Andhra Pradesh. The questionnaire and the responses are attached at **Annexure 6**. The questionnaire tries to explore the reasons for the large scale roll-out of social audits in Andhra Pradesh and the political support for such a move. Given the fact that social audit would directly impact on the politician-contractor-official nexus, we wanted to understand the process by which political support for social audits was built and who were the key movers behind this experiment. We also wanted to understand the manner in which support for the exercise was created among the lower bureaucracy, since it was quite likely that the social audits would fundamentally change their way of working. Finally we also wanted to understand the operational issues associated with the roll-out, the role of the state level agencies vis-a-vis the role of the district and mandal level functionaries, and also issues of funding for this exercise. The funding issue is especially significant because we wanted to examine whether such a large social audit program could be carried out within the overall budget for NREGA or would it require funding from other sources as well.

#### 4. Results and Analysis

The results and analysis pertaining to each of the four research questions is as follows:

***What has been the impact of Social audits on various aspects of the implementation of NREGA in Andhra Pradesh? These include:***

***c. Size of the program***

***d. Payment process***

We used the difference of difference estimator to estimate the effect of social audit between the treatment and control mandals between the years 2006-07 and 2007-08 for the two variables of employment generated and percentage of timely payments. The regression equation was

$$Y = \beta_0 + \beta_1 \text{treat}_i + \beta_2 \text{after}_i + \beta_3 \text{treat}_i * \text{after}_i + e_i$$

where

treat = 1 if in treatment group, = 0 if in control group,

after = 1 for year 200708 , = 0 for year 2006-07

The regression results were as follows (**log file attached in Annexure 7**):

*All in 000*

*Mandays*

	2006-07	2007-08	Difference
Control(55)	94 (6.07)	220 (12.79)	126 (14.16)
Treatment(55)	117 (5.45)	288 (12.13)	171 (13.30)
Difference	23 ( 5.45)	68 (17.63)	45 (19.43)

The results show that that interactive dummy coefficient is significant at the 95 % confidence level. This means the increase in mandays generated in 2007-08 over the year



2006-07 in mandals where social audit has been conducted is higher than increase in mandays generated in 2007-08 over the year 2006-07 in mandals where social audit has not been conducted. In simple terms, based on this sample it can be said that the year on year improvement in performance of mandals where social audit has been conducted is significantly better than the improvement in performance of mandals where social audit has not been conducted. As described in the methodology, by ensuring that the control mandals are quite similar to the treatment mandals, we can be confident that the difference of difference being significant can be attributed to the use of social audits and that social audits have indeed led to increase in the size of the program. The improvement in performance of mandals where social audit has been conducted may be attributed to the increased level of awareness about the program due to the social audit process. This in turn could have lead to greater demand for the program among labourers needing employment. This is also corroborated by the study on social audits in Andhra Pradesh done by the World Bank in the year 2007 and referred to in background section.

Regression results on percentage of timely payments

*All in % of  
payments*

	2006-07	2007-08	Difference
Control(55)	46.11 (2.92)	67.75 (2.80)	21.63 (4.06)
Treatment(55)	44.44 ( 3.08)	66.36 (3.23)	21.91 (4.40)
Difference	1.66 ( 4.25)	1.38 (4.2)	0.28 (5.98)

The regression results show the interactive dummy coefficient is not significant at the 90 % confidence level. This means the increase in the percent of timely payments in 2007-08

over the year 2006-07 in mandals where social audit has been conducted is not significantly different from the increase in the percent of timely payments in 2007-08 over the year 2006-07 in mandals where social audit has not been conducted.

From the above regression results, it seems that though social audits have led to increased demand for work from the labourers and therefore greater mandays generated the efficiency in the payment process has not improved significantly enough as a result of social audits. We conclude that the biggest reason for this would be the fact that the sudden escalation in demand for employment would have put a huge pressure on the delivery system for payments. For example, it can be seen that the mandals in which the mandays generated has jumped 3 or 4 times, the improvement in percentage of timely payments has been very minimal, when compared to mandals where the increase in mandays generated has not been as high. Let us examine a specific case of two mandals, Chintankani and Venketapuram mandals of Khammam district, where social audit did take place. In case of Chintakani the mandays generated have increase more than four times and the improvement in proportion of timely payments is from 46 % to 78 %. On the other hand in case of Veketapuram, the mandays generated has increased only two and a half times but the proportion of timely payments has increased from an even lower base of 37 % to 80%. Similarly in case of Karimnagar district, two mandals where social audits have been conducted and there is an improvement in mandays generated, the quantum of improvement in proportion of timely payments is much lesser in the case of the mandal which has had a greater increase in mandays generated. In case of Odela the mandays generated has increased four and a half times and proportion of timely payments has only marginally improved from 41% to 51 %. On the other hand in case of Peddapalle the mandays generated has only doubled but the proportion of timely payments improves significantly from 23 % to 47 %. We also conclude that unlike the parameter of mandays generated, which is mostly driven by the demand from the labourers, the proportion of timely payments is dependent on a number of factors as well. The payment process is a complex process involving external entities like the banks and post office. It appears that both the banking system and the post office have not been able to cope with the huge increase in the number of payments. It is also possible that the data entry at the mandal

level (which is necessary to generate all payments) could be a bottleneck in this process. Therefore even a well done social audit that achieves its objective of enhancing social awareness levels of the labourers may not be enough to bring about large scale improvement in the payment process.

***How has the performance of Karnataka a neighbouring state, which has not taken up social audit compare to the performance of Andhra Pradesh on the overall implementation of the program?***

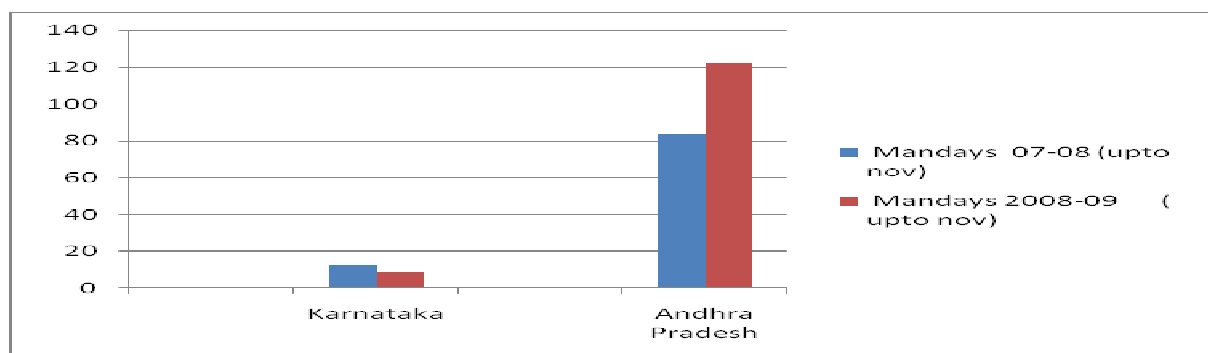
Result of the state level comparison

The state level comparison was done by comparing the size of the program, measured by the mandays generated, in the first eight months of the year 2007-08 ( from April 2007 to November 2007) to the first eight months of the year 2008-09 (from April 2008 to November 2008) for each state. The results were as follows:

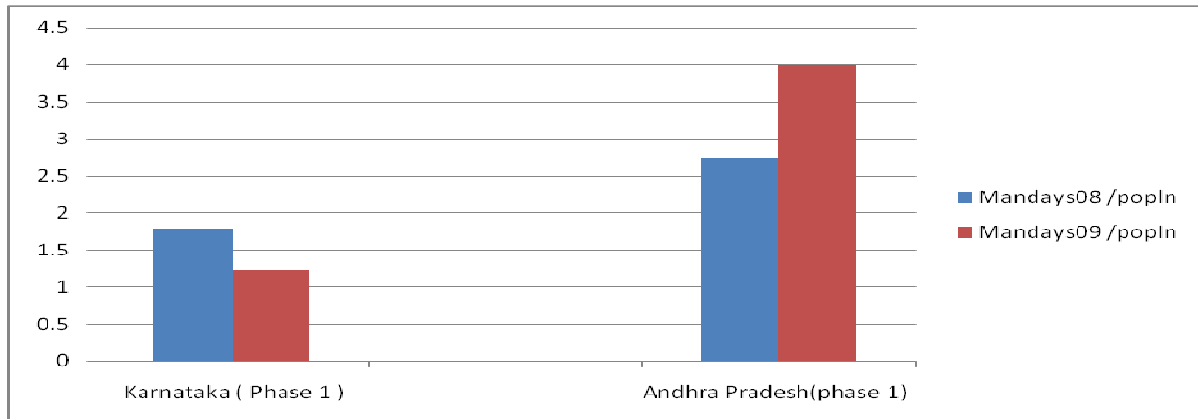
*Comparison of Phase 1 districts (Mandays in Millions)*

States	Mandays 07- 08 (up to Nov)	Mandays 2008-09 ( up to Nov)	Growth
Karnataka	12.76	8.82	-0.31
Andhra Pradesh	83.55	121.84	0.46

*Comparison of Phase 1 districts*



*Comparison after scaling by population*

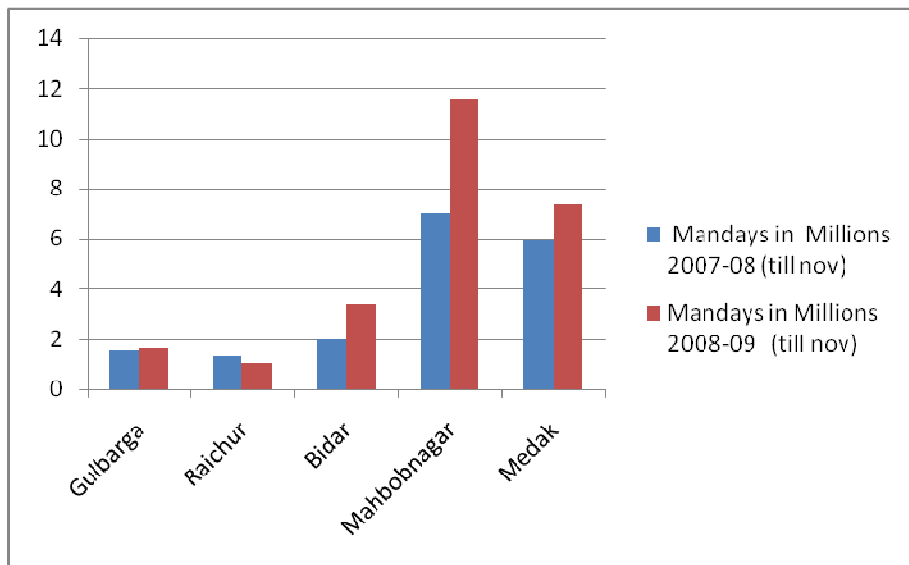


The results show that there has been a negative growth rate in terms of the mandays generated in Karnataka over the last one year. Andhra Pradesh has done exceptionally well and the growth in terms of the total mandays generated has been a robust 46%. If we look at the penetration of the program in Karnataka, and compare it with Andhra Pradesh, we find that the penetration, measured by the mandays generated per capita, is much lower in Karnataka. Thus one could actually argue that there is probably a greater scope for increase in Karnataka than in Andhra Pradesh, since the latter already has some impressive performance to its credit. However, the results actually contradict this expectation: Andhra Pradesh starts off with some impressive performance and continues to better its performance through robust growth and the distance between the two states has been widening.

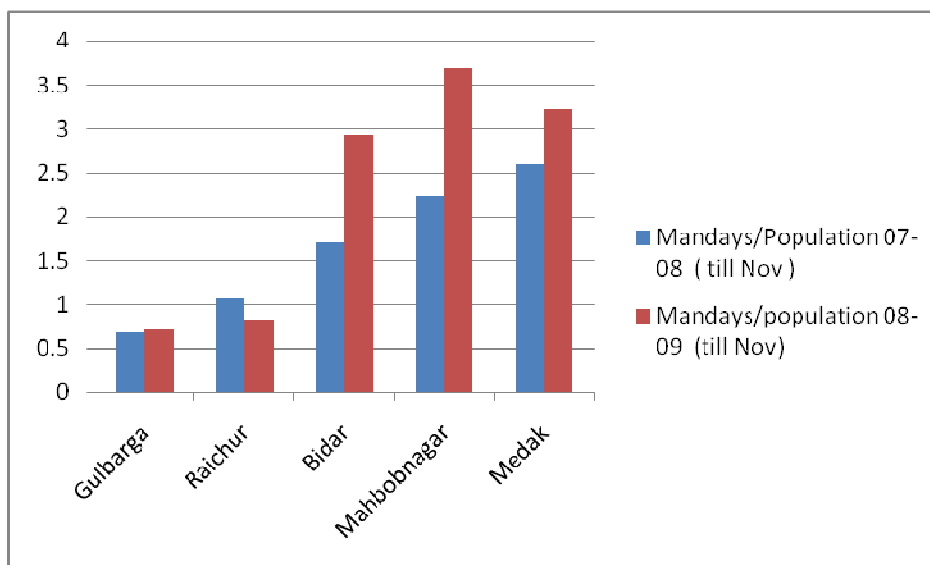
### Results of the district level comparison

The district level comparison was done by comparing the pairs of districts which lie across the border in the two states: the pairs of districts are Medak and Bidar; Raichur and Mahbubnagar; Gulbarga and Mahbubnagar. We looked at the increase in the size of the program, measured by the mandays generated in each of these pairs over the first eight months of the year 2007-08 ( from April 2007 to November 2007) to the first eight months of the year 2008-09 (from April 2008 to November 2008). The results are as follows:

*Comparison of adjoining districts*



*Comparison of adjoining districts (after scaling)*



If we look at the comparison between Gulbarga and Mahbubnagar, we have growth rates of 4% and 65% respectively. Similarly the growth rate of Raichur and Mahbubnagar are -23% and 65%. Clearly Mahbubnagar has outperformed the Karnataka districts by a fair distance. In fact the large negative growth rate of Raichur suggests that there would have been a systematic implementation problem in the district. However, the story seems to be

completely reversed in the case of Bidar district of Karnataka, which seems to be doing quite well and has recorded an increase of 72%, which is higher than the neighboring district of Medak in Andhra Pradesh, which has a growth rate of only 24%. Even in terms of the penetration, measured by mandays generated per capita, Bidar appears to be only marginally behind the levels in Medak district.

### Analysis of the results

These Karnataka results are difficult to explain, there has been an overall decline in the size of the program, but there appears to be one district which stands out in terms of its performance, and even seems to be coming close to the performance of its Andhra Pradesh neighbor. We conducted a brief interview with the Director, NREGA, government of Karnataka to understand the reasons for these anomalous results. The same is attached as **Annexure 8**. The interview clearly reveals that there have been systemic problems in Karnataka, which have led to a fall in the performance levels in the current year. While there have been major issues relating to corruption ( including basic failures like having contractors in the scheme implementation) in two districts, there has been a major shortage of personnel in Raichur district, which has resulted in poor performance. Bidar has done exceptionally well this year, again mainly due to the efforts of a few dedicated officers, some of whom have been transferred out, and is showing signs of slowing down.

In comparison, Andhra Pradesh has shown good growth in all districts and a robust overall growth, which is in line with one's expectation, since the program is indeed expected to grow rapidly in the initial years, since the current size is still only about 30% of what has been mandated in the Act.

An inter state comparison is actually of little added significance in view of the major challenges the program faces in Karnataka, compared with the relative stability and robust growth of the program in Andhra Pradesh. Similarly, an inter district comparison would also not give much additional insights, since the data of Karnataka is heavily skewed in one or the other direction. Probably, one district that could be used for a rough comparison is Gulbarga, which traditionally does not have major personnel problems, and does not

appear to have any widespread issues relating to corruption in the program. Even in Gulbarga, the growth of the program is only 4%, compared to huge growth in Mahbubnagar of 64%. The growth is also much smaller than the overall growth of 46% that the state of Andhra Pradesh has recorded. This result also is too skewed for us to draw any inference about the role of social audits in these differences.

Due to reasons discussed above, it would also be premature to attribute the difference between the performance of Andhra Pradesh and Karnataka only to social audit. The Karnataka program has many problematic issues and unless the program stabilizes, we cannot make a proper comparison between the two states and argue about the impact of social audit.

***Are social audits results good indicators of the overall quality of program implementation in Andhra Pradesh?***

To examine if social audits results are good indicators of the overall quality of program implementation in Andhra Pradesh we compare the qualitative social audit findings with the quantitative performance indicators. The methodology we have followed in arriving at scores for the qualitative reports generated by social audits has been explained in the methodology section. Based on that methodology the following were the scores for the best and worst mandals in each of the districts.

<b>Districts</b>	<b>Rating</b>	<b>Performance of EGS Staff</b>	<b>Financial Irregularities</b>	<b>Muster rolls</b>
<b>Medak</b>				
Kohir	Good	-0.29	-0.67	-0.67
Medak	Bad	0	-0.48	-0.48
<b>Nalgonda</b>				
Kethepalle	Good	-4	0	0
Narketpalle	Bad	-4	0	0

<b>Nizamabad</b>				
Balkonda	Bad	1.4	-0.28	-0.28
Pitlam	Good	NA	NA	NA
<b>Warangal</b>				
Atmakur	Bad	0	-0.67	-0.67
Raghunatha palle	Good	1	-0.05	-0.05
<b>Vizianagaram</b>				
Gummalakshmipuram	Bad	-1.15	-1.41	-1.41
Merakamudidam	Good	0.17	0.33	0.33
<b>Chittoor</b>				
Kambhamvaripalle	Good	-1.76	-4.29	-4.29
Srikalahasti	Bad	-1	-1.97	-1.97
<b>Cuddupah</b>				
Rayachoti	Good	-1.22	-2	-2
T sundupalle	Bad	-1.43	-2	-2
<b>Karimnagar</b>				
Manthani	Bad	0.39	-0.61	-0.61
Peddapalle	Good	0.29	0	0
<b>Khammam</b>				
Chinthakani	Bad	0.45	0	0
Venkatapuram	Good	-0.8	-1.8	-1.8
<b>Mahabubnagar</b>				
Gattu	Good	-2.06	-3.72	-3.72
Maddur	Bad	-1.41	0	0

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If we analyse the table we find that there are many instances where a mandal rated as the best performing mandal based on quantitative data can have plenty of problems on the ground. For example, Gattu in Mahbubnagar district that is rated as good based on quantitative data has much poorer scores compared to Maddur which is rated as bad. The scores also help us identify the specific problems in a particular mandal. For example in the case of Gattu, there seem to large scale financial irregularities and problems with the



upkeep of muster rolls. Even in case of Khammam and Chittoor districts, the mandals rated as the best based on quantitative data have much less scores than the mandals rated as bad. However this is not a systematic phenomenon. If we see the scores for the districts like Karimnagar and Warangal, the mandals which are rated as good based on quantitative data indeed have good scores based on these qualitative parameters, brought out in the social audit report, as well.

Overall there does seem to be quite a lot of additional and critical information coming through as a result of social audits over and above the information captured by the traditional quantitative data based management information system.

***What are the reasons behind the successful scale up of social audits in Andhra Pradesh?***

Based on the telephonic interview with the Director of the Social audits in Andhra Pradesh the following are the key factors for the scale up of the social audit in the state:

**Incremental Approach**

Firstly, it was an incremental approach rather than a big plan to have social audits across the state. They first successfully piloted the audit process in 3 villages in February 2006 and then had a massive social audit in September 2006 involving 1500 volunteers from 31 NGO's who carried out the audit in 600 villages of Anantpur district. They successfully used the tremendous positive publicity and appreciation they got from the national government because of this mass social audit to get the necessary political acceptability from the chief minister and the cabinet in the state. They again did not rush in to the second phase of scaling up and prepared extensively before launching it in three districts of the state where NREGA was being implemented. Only when they were fully prepared and had undergone extensive learning because of the audits in the three districts did they scale up in a big way to conduct the audits in all districts where NREGA was being implemented.

### A trained manpower and a systematic process

They laid tremendous emphasis on building a strong group of trainer of trainers who could then train the resource persons who could actually carry out the audits. The fact that most of these trainers of trainers were from outside the government gave the audit process freshness and signalled a break from the usual government procedure.

Through piloting and experimentation they also designed a process that ensured large scale community level participation. It also ensured that any kind of misappropriation was exposed with supportive evidence and immediate action was taken as a result of this expose. They did this by not only having village level Gram Sabhas but by having a high profile mandal level meeting which had senior government officials, elected representatives like Members of Legislative Assembly(MLA) and Zilla Panchayat (district level elected body) members etc.

### Co-option of lower bureaucracy

The social audit teams dealt with the key government functionaries involved in the implementation of NREGA in a very collaborative way. Right from the beginning, there was recognition that government functionaries like the mandal development officers would feel threatened by the entire process and so there was a concerted effort to reach out to these officials, sensitise them to the process of social audits and a clearly communicate that they were key members of the audit teams. At the same time there was no compromise on the principle that the findings of the audit will be made public.

### A Very Strong IT backing

One of the reasons for the audit process to have gone on smoothly is the fact that all information regarding the scheme like the works, expenditures, wages paid etc was easily available in a consolidated and comprehensible manner. This was critical because information being available in this form helped the social audit teams to communicate in a

clear manner with the poor beneficiaries of the program. This in turn ensured that the poor had a sense of participation in the audit process.

#### A devoted team at the state level

One other reason that made the large scale audits possible was the fact that there was an exclusive office at the state level for this purpose. The director, a senior officer from the state civil services, was given a clear mandate to focus all energies on social audit. It also helped that right at the outset a key member of MKSS, the organisation that pioneered the use of social audits in India, was recruited to be part of this office. This sent a strong message to the civil society that the government was committed to the process of social audits.

## **5. Conclusion and Recommendations**

### ***Main Findings***

- There is a statistically significant improvement in the size of the NREGA program in Andhra Pradesh, when comparing mandals where social audit has been conducted to mandals in the same district, where social audit has not been conducted.
- Even though, there is no statistically significant improvement in timely payments, we conclude that this is due to the fact that the absolute number of payments has increased dramatically, and therefore the proportion of timely payments has not shown a statistically significant increase.
- It was found that the qualitative reports provided useful inputs on the process related aspects (performance of functionaries, maintenance of muster rolls etc) that were missing from the quantitative performance reports.
- On the issue of interstate comparison between Andhra Pradesh and Karnataka, and the role of social audits in explaining these differences, we conclude that the program is not in a very stable position in Karnataka, given the fact that there has been a decrease in

the size of the program in the current year, and a comparison between the leading state in the country, i.e. Andhra Pradesh, and Karnataka, would not be a fair.

*The overall conclusion is that social audits are indeed an important tool in building social awareness about the program and has been one of the important factors in the successful implementation of the program in Andhra Pradesh.*

Though there has not been a comprehensive evaluation of the program across the country, a study conducted in the states of Madhya Pradesh, Chhattisgarh, Jharkhand and Andhra Pradesh<sup>19</sup> has revealed glaring anomalies in all states except Andhra Pradesh. The awareness levels about the program is very low and even where the program has been implemented the participants were not being paid the minimum wage as stipulated in the Act. There has been another study in the state of Orissa<sup>20</sup> which has found that contractors are actively involved in NREGA works. Even in Karnataka, there have been instances of works being carried out by contractors (**Annexure 8**). This shows that there is evidence of problems in program implementation in various states across the country and that the Andhra Pradesh example could be worth emulating in other states as well.

### ***Administrative feasibility, Political Supportability and Technical correctness of Social Audits***

We understand that for any development reform to be replicated and scaled up three components are critical<sup>21</sup>:

- Administrative feasibility- The proposed action should be something that the organization which is supposed to take up can actually undertake.

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<sup>19</sup> Center for Budget and Governance Accountability - New Delhi, Survey to monitor implementation of NREGA, [http://www.nrega.ap.gov.in/Nregs/news\\_events\\_eng.jsp](http://www.nrega.ap.gov.in/Nregs/news_events_eng.jsp)

<sup>20</sup> Jean Drèze, "NREGA: Dismantling the contractor raj", [Http://www.hindu.com/2007/11/20/stories/2007112056181000.htm](http://www.hindu.com/2007/11/20/stories/2007112056181000.htm)

<sup>21</sup> Lant Pritchett, "What is on the global- development agenda—and why", [https://kenedy.byu.edu/events/pdfs/pritchett\\_16jun05\\_lecture.pdf](https://kenedy.byu.edu/events/pdfs/pritchett_16jun05_lecture.pdf)

- Technically Correct – It is clearly demonstrated that the proposed action does lead to the desired outcomes.
- Politically supportable- The proposed action takes into consideration the likely political ramifications and is something that would have the required political backing.

Let us now evaluate the social audits in Andhra Pradesh on these three critical parameters.

### Technical Soundness

From the quantitative and qualitative data analysis carried out in this paper, it is clear that social audits do lead to an improvement in the performance of NREGA, measured by the size of the program. Thus there is evidence that the desired outcome of enhancing performance of the NREGA can be achieved through social audits.

### Administrative Feasibility

#### *Managing the likely resistance from lower bureaucracy*

There was a lot of resistance to the social audit process from the lower bureaucracy, specially the mandal development officers (MDOs), who are one of the most important links in the entire implementation process. They perceived the program as one that was designed to curtail their powers and also as a fault finding exercise. Great pains was taken to dispel this notion, and it was continuously stressed in the training programs that this was not a fault finding team that had been sent by the people from the state capital, rather it was an effort to strengthen their efforts and help them streamline the processes. In fact co-opting the MDOs into the process was one of the major reasons for the successful rollout of the social audit program. It is also interesting to note that even though more than 1000 Field Assistants were sacked, there were very few instances of disciplinary action against the MDOs. In fact, around the end of the year 2007, only 3 MDOs had been placed under suspension after the social audit process (about 0.5% of the total number of mandals where social audit had been conducted). The emphasis was clearly on rectifying the mistakes that had been committed and not on finding scapegoats. This conciliatory approach allowed the MDOs to be successfully co-opted into the process of social audit.

### *Information Management*

The other administrative problem typically faced in the implementation of such large programs is the issue of getting information regularly in an aggregated manner. This problem was overcome by effectively using information technology. The entire work was handed over to Tata Consultancy Services (TCS), one of the leading software companies in India. They developed and maintain (till date) one of the most comprehensive software support systems for the program. This software allows the all the data to be captured at the mandal level and is updated every week. Thus payments to each individual, muster roll, details of works etc are all available on demand. This detailed and updated information played an important role in the process of social audit. It should also be borne in mind that the Andhra Pradesh government showed a lot of foresight in having the software in place even before the program became fully operational, this allowed the social audits to be rolled out almost with the roll out of the program itself.

### *Managing the Costs*

The cost involved in carrying out new initiatives is one of the biggest stumbling blocks to reforms. In this case as well, if the conduct of social audits involved high costs, it could become a big hurdle in its replication.

In the Andhra Pradesh case, the initiative was piloted through funding from the Department for International Development (DFID). But this funding was for only the pilot phase, the subsequent scaling up to the Phase 1 districts and Phase II districts was done using the funding available as part of the administrative costs in the scheme itself (the scheme allocates 10% of the total cost towards administrative costs). This shows that the cost involved in taking up these social audits are not too high and are within possible funding sources.

### Political Supportability

Probably the most interesting part of this success story is the political acceptability of the entire process, cutting across party lines. There are instances these days in some Zilla Panchayats where social audits are being sought to be conducted in other government

programs as well (Annexure 6). It appears that there was little political enthusiasm during the pilot phase of the social audits. Probably, it was not conceived by too many people that this would really become one of the big success stories of the government. However, the program gained a lot attention after the mass social audit in Anantpur district. The valediction was done by the Union Rural Development minister and three cabinet ministers from the state government participated as well. There were huge turnouts at the mandal level social audit meetings, and the proceedings were extremely tumultuous in some instances. These initial stormy sessions also convinced the participants of the program that social audits were indeed an important tool in their hands to ensure that the program works fairly. Once the credibility of the social audit process was established, and there was continued large gatherings in the mandal level meetings it became very difficult for anybody in the political set-up to oppose this process. An important innovation in Andhra Pradesh was that the consolidated reports of all the social audits, conducted at the village level and discussed in each of the Gram Sabhas, was discussed at the mandal level in a meeting. The Act only stipulates that social audit had to be conducted in Gram Sabhas. However, the dispersed nature of the Gram Panchayaths often implies that the Gram Sabhas are thinly attended by both the officials and the important political representatives at the mandal level. By consolidating the social audit reports mandal wise and highlighting the major lapses in the mandal level meetings, an impression about the seriousness of the entire exercise was created. Since major issues of the entire mandal were being discussed, the entire official machinery was necessarily present and given the seriousness of the lapses and the large public turnout, the political leadership would also be in attendance at these meetings.

We recognize that conducting social audits implies that one is attacking the roots of a very entrenched system of corruption and patronage that exists in most places in the country between politicians, bureaucracy and contractors. And it would be difficult for the local legislator/Zilla Panchayat member to accept the fact that they would have no say (whether monetary or otherwise) in the conduct of the work. However, we feel that the momentum generated by this process was so great that it gained universal acceptance in a short period of two years. It was also critical that the process started off in an innocuous fashion, and

was probably not taken very seriously by most people who thrive off the system ( and therefore would have a vested interest in derailing it), and when they actually sat up and took note, it was probably too big for it to be opposed by anybody.

The above discussion clearly demonstrates that replication of social audits across other states of India involved in the implementation of the NREGA program is technically sound, administratively feasible and politically supportable.

We recommend that the government of India should finance a pilot social audit project in two districts in each state of the country, roughly modeled on the Andhra Pradesh example. The states could then do a comprehensive roll out across all districts based on the state specific learning from the pilot projects. We recognize that social audit, by definition is a bottom up process, and a fiat from the Centre may not be a very successful method for its implementation. However, the idea is that only the initiation would take place as a fiat; once the process began, it would have a momentum of its own, and would have the support of all the political parties. We now provide some guidelines that could be useful to the Department of Rural Development, Government of India in the replication of the social audit process across other states of India.

#### ***Guidelines for replication across other states***

- Co-opting of the MDOs in the entire process is essential and needs to be done before the launch of the program. This should not be a very difficult exercise, and probably resource persons from Andhra Pradesh could also be used to drive home the finer points of the process in the other states.
- An important administrative innovation in Andhra Pradesh that is worth replicating is the creation of the Directorate of Social Audit in the Rural Development ministry. This exclusive directorate has given a lot of direction to the entire process of social audit and the other states could emulate this.
- The stability of tenure of the key players in the exercise has to be ensured: the Director of Social Audit, the Commissioner for Rural Development and the Principal Secretary,



Rural Development in Andhra Pradesh have remained in their respective positions without being transferred for the last four years.

- In order to ensure the smooth flow of information, using the application software already in developed in Andhra Pradesh may be the best way ahead. Thus the software can be procured directly by the other states, and minor modifications to meet state specific requirements can be easily done. Most states have computer infrastructure at the sub-district level (some, like Karnataka, have computers even in Gram Panchayats) and this can be used for the creating the data entry platforms that would be subsequently used for generating the reports for social audit. Similarly most states also have trained manpower to handle the new software at the sub-district level and it would not very difficult to equip these personnel to handle the task of NREGA software.
- The tricky issue would be the political acceptability of the entire process. One can expect that there is not going to be a great deal of political enthusiasm to launch the program of social audits. However, we feel that the Andhra example could be a useful guide in this context as well. If the pilot projects are well conducted and the response is good, then it could be extended on a slightly larger scale, covering a few more districts and a few more mandals. This is the most critical stage of the program rollout: it has the size that attracts sufficient public attention; however, it is still not a whole scale launch that may scare away the skeptics and the vested interests. If this stage is successful, the momentum created by this would ensure that the program could be rolled out in the entire state.

Thus we conclude that the success story of Andhra Pradesh can indeed be replicated in other parts of the country. This would mean a tremendous boost not only in empowering the citizens and ensuring greater accountability from the government, but also streamline the expenditures of the largest social sector program of the government.

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## Annexure 1

### **Operational details of the Scheme and the rules regarding information disclosure and Social audits<sup>22</sup>**

As mentioned the scheme was launched in 200 poorest rural districts. As the objective of the scheme was to promote wage employment, the government guidelines specified that the major focus had to be on works which involved manual labour and with an emphasis on promoting water conservation and harvesting. The scheme envisaged that each of the rural households interested to get employment would first apply for a job card. The Gram Panchayath after a basic verification issues the job card. Any job card holder who wants work, needs to apply for work at the Gram Panchayath (which is the first level of local government to be accessed by rural households). The Gram Panchayath is supposed to provide a dated receipt of the application. This is to ensure that if employment is not provided within 15 days then the job card holder has a proof for applying for the unemployment allowance. The Gram Panchayath needs to plan ahead for works to ensure that the group of households that have applied for work are provided work in the Gram Panchayath area within 15 days of receiving the application for work. The types of works that can be planned include water conservation, plantation and afforestation, flood protection, land development, minor irrigation, horticulture and rural connectivity. Employment should normally be within 5 kilometres radius of the village where the applicant resides. The amount of wage to be paid depends on the amount of work done by the job card holder but they need to above the minimum wage as specified by the state government.

In addition the government has laid down Public Access to Information Rules and rules for conducting social audit. It has been clearly laid down that information pertaining to the works and wages needs to “voluntarily disclosed” at various levels like the worksite, Gram Panchayath office and at district and state levels. In fact it has been specified that muster rolls should be made available for scrutiny by the community. It has also been specified that information needs to be made available at the worksite and Gram Panchayath level in easily readable form and at higher levels in electronic form<sup>23</sup>.

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<sup>22</sup> [http://nrega.nic.in/presentations/ORIEN\\_NEW\\_DISTTS.pps](http://nrega.nic.in/presentations/ORIEN_NEW_DISTTS.pps)

<sup>23</sup> [http://nrega.nic.in/Trans\\_acc\\_ablity.pdf](http://nrega.nic.in/Trans_acc_ablity.pdf)

## **Annexure 2**

### **Rules of Social Audit**

There are very clear rules for the conduct of social audit<sup>24</sup>. It has been specified that there would be 3 stages of social audit, Preparatory phase, Social Audit Forum and Post Social Audit phase. The preparatory phase includes collating information and copies of relevant documents; worksite verification and muster roll verification and display and dissemination of summary of documents. The Social Audit Forum shall be convened once in every six months. As part of the social audit information shall be read out publicly, and people shall be given an opportunity to seek and obtain information from officials, verify financial expenditure, examine the provision of entitlements, discuss the priorities reflected in choices made, and critically evaluate the quality of works as well as the services of the programme staff. The “Action taken report” relating to the previous Social Audit Forum shall be read out at the beginning of each Forum. Also it has been mentioned that Social Audit shall be open to public participation and any outside individual person/group/NGO shall be allowed to participate in the Forum. As part of the post social audit stage, all action taken reports are supposed to be filed within a month of convening of the Social Audit. There is clear mention of action against a person found guilty of any misappropriation.

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<sup>24</sup> [http://nrega.nic.in/Trans\\_acc\\_ablity.pdf](http://nrega.nic.in/Trans_acc_ablity.pdf)

### Annexure 3

#### List of treatment Mandals and date of social audit

District	Mandal	From Date	To Date
	<b>Chittoor</b>		
1	Kambhamvaripalle	18-01-2007	24-01-2007
2	Mulakalacheruvu	10-03-2007	15-03-2007
4	Punganur	19-02-2007	24-02-2007
5	Rama kuppam	28-02-2007	05-03-2007
6	Srikalahasti	05-02-2007	11-02-2007
	<b>Cuddupah</b>		
7	Kalasapadu	07-03-2007	15-03-2007
8	Porumamilla	08-12-2006	13-12-2006
9	Rayachoti	25-11-2006	01-12-2006
10	Sambepalle	06-01-2007	11-01-2007
11	T sundupalle	09-03-2007	16-03-2007
12	Vallur	21-03-2007	26-03-2007
	<b>Karimnagar</b>		
13	Manthani	21-03-2007	26-03-2007
14	Odela	10-03-2007	16-03-2007
15	Peddapalle	08-02-2007	15-02-2007
16	Sirsilla	22-02-2007	28-02-2007
	<b>Khammam</b>		
17	Chinthakani	05-01-2007	11-01-2007
18	Chintur	15-12-2006	21-12-2006
19	Garla	22-01-2007	29-01-2007
20	Tekulapalle	13-03-2007	24-03-2007
21	Thirumalayapalem	06-02-2007	12-02-2007
22	Venkatapuram	18-02-2007	23-02-2007
	<b>Mahabubnagar</b>		
23	Ghattu	07-03-2007	13-03-2007
24	Kodangal	06-01-2007	12-01-2007
25	Kondurg	22-03-2007	28-03-2007
26	Maddur	19-01-2007	27-01-2007
27	Thimmajipeta	22-02-2007	28-02-2007
28	Vangoor	07-02-2007	15-02-2007
	<b>Medak</b>		
29	Jharasangam	28-02-2007	06-03-2007
30	Kohir	26-12-2006	31-12-2006
31	Kohir	30-06-2008	08-07-2008
32	Medak	18-02-2007	25-02-2007
33	Mirdoddi	04-02-2007	12-02-2007
34	Mirdoddi	01-11-2008	10-11-2008

35	Raikode	28-02-2007	07-03-2007
36	Ramayampet	09-11-2006	16-11-2006
37	Siddipet	06-02-2007	13-02-2007
38	Yeldurthy	06-01-2007	12-01-2007
	<b>Nalgonda</b>		
39	Chilkur	15-11-2006	22-11-2006
40	Chivvemla	16-12-2006	22-12-2006
41	Kethepalle	06-01-2007	12-01-2007
42	Mothey	08-12-2006	14-12-2006
43	Nakrekal	17-02-2007	24-02-2007
44	Narketpalle	15-11-2006	22-11-2006
45	Pedda adiserlapalle	05-03-2007	12-03-2007
46	Peddavura	12-10-2006	17-10-2006
47	Thunga thurthi	13-08-2006	18-08-2006
48	Vemulapalle	25-07-2006	30-07-2006
	<b>Nizamabad</b>		
49	Balkonda	07-03-2007	13-03-2007
50	Pitlam	21-03-2007	26-03-2007
	<b>Vizianagaram</b>		
51	Garugubilli	23-02-2007	02-03-2007
52	Gummalakshmipuram	09-02-2007	15-02-2007
53	Merakamudidam	10-03-2007	16-03-2007
	<b>Warangal</b>		
54	Atmakur	20-01-2007	28-01-2007
55	Bachannapeta	08-12-2006	13-12-2006
56	Ghanpur(stn)	25-11-2006	30-11-2006
57	Kuravi	19-01-2007	25-01-2007
58	Mulug	22-03-2007	28-03-2007
59	Nallabelly	07-02-2007	14-02-2007
60	Parkal	04-01-2007	10-01-2007
61	Raghunatha palle	14-11-2006	19-11-2006
62	Regonda	23-02-2007	01-03-2007

#### Annexure 4

#### List of treatment and corresponding control Mandals (with dates of social audit)

<i>Treatment mandal</i>	<i>Control mandal</i>	From	To
<b>Chittoor</b>			
Kambhamvaripalle	Kalikiri	24-05-2008	02-06-2008
Mulakalacheruvu	Peddathippasamudram	26-03-2008	02-04-2008
Punganur	Ramasamudram	23-08-2008	01-09-2008
Rama kuppam	Narayanavanam	15-02-2008	22-02-2008
Srikalahasti	Thottambedu	28-10-2007	03-11-2007
<b>Cuddupah</b>			
Kalasapadu	Brahmamgarimattam	16-10-2007	20-10-2007
Porumamilla	Gopavaram	09-10-2007	12-10-2007
Rayachoti	Pendlimarri	12-10-2007	19-10-2007
Sambepalle	Chakrayapet	20-09-2008	27-09-2008
T sundupalle	Pendlimarri	12-10-2007	19-10-2007
Vallur	Kamalapuram	25-10-2007	01-11-2007
<b>Karimnagar</b>			
Manthani	Kamanpur	27-03-2008	04-04-2008
Odela	Srirampur	22-04-2008	28-04-2008
Peddapalle	Ramagundam	01-10-2008	09-10-2008
Sirsilla	Mustabad	06-12-2007	13-12-2007
<b>Khammam</b>			
Chinthakani	Kusumanchi	03-10-2007	09-10-2007
Chintur	Kunavaram	22-02-2008	02-03-2008
Garla	Gundala	09-03-	19-03-



		2008	2008
Tekulapalle	Yellandu	13-10-2007	25-10-2007
Thirumalayapalem	Kusumanchi	03-10-2007	09-10-2007
Venkatapuram	Wazeed	10-04-2008	16-04-2008
<b>Mahabubnagar</b>			
Ghattu	Dharur	22-11-2007	29-11-2007
Kodangal	Bomraspeta	28-01-2008	04-02-2008
Kondurg	Farooqnagar	03-08-2008	09-08-2008
Maddur	Damaragidda	09-02-2008	18-02-2008
Thimmajipeta	18-07-2008	26-07-2008	16
Vangoor	Kalwakurthy	22-05-2008	27-05-2008
<b>Medak</b>			
Jharasangam	Munpalle	28-08-2007	03-09-2007
Kohir	Munpalle	28-08-2007	03-09-2007
Kohir	Munpalle	13-10-2008	20-10-2008
Medak	Shankarampet (a)	04-08-2007	11-08-2007
Mirdoddi	Shankarampet (r)	11-11-2007	18-11-2007
Mirdoddi	Dubbak	08-09-2007	14-09-2007
Raikode	Munpalle	28-08-2007	03-09-2007
Ramayampet	Munpalle	13-10-2008	20-10-2008
Siddipet	Chinna kodur	24-09-2007	29-09-2007
Yeldurthy	Chegunta	17-07-2008	26-07-2008
<b>Nalgonda</b>			
Chilkur	Kodad	17-04-2008	24-04-2008
Chivvemla	Nadigudem	25-03-	30-03-

		2008	2008
Kethepalle	Chityala	01-10-2007	06-10-2007
Mothey			
Nakrekal	Kattangoor	11-11-2007	19-11-2007
Narketpalle	Ramannapeta	10-10-2007	17-10-2007
Pedda adiserlapalle	Thripuraram	14-02-2008	22-02-2008
Peddavura	Nidamanur	28-01-2008	05-02-2008
Thunga thurthi	Nuthankal	13-07-2007	20-07-2007
Vemulapalle	Miryalaguda	12-03-2008	19-03-2008
<b>Nizamabad</b>			
Balkonda	Armur	17-01-2008	23-01-2008
Pitlam	Banswada	01-10-2007	07-10-2007
<b>Vizianagaram</b>			
Garugubilli	Jiyyamma valasa	26-03-2008	04-04-2008
Gummalakshmipuram	Kurupam	13-03-2008	19-03-2008
Merakamudidam	Garividi	21-11-2007	27-11-2007
Atmakur	Shayampet	14-11-2007	19-11-2007
Bachannapeta	Cheriyal	17-07-2008	26-07-2008
Ghanpur(stn)	Dharmasagar	24-10-2007	31-10-2007
Kuravi	Maripeda	30-07-2007	07-08-2007
Mulug	Venkatapur	12-10-2008	22-10-2008
Nallabelly	Duggondi	21-09-2007	26-09-2007
Parkal	Mogullapalle	24-10-2007	29-10-2007
Raghunatha palle	Lingala ghanpur	26-12-2007	31-12-2007

Regonda	Chityal	03-10-2007	09-10-2007
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## Annexure 5

### Abstract Of the Social Audit Findings On Non-Negotiable of EGS

**District :Cuddupah**

**Mandal :Rayachoti**

**Year :null**

**Month :null**

? --> EGS implementation is going on well.      ?? --> It is serious situation.  
? --> EGS implementation is not as it should be and requires action to be taken.  
**TA** --> Technical Assistant.      **PM** --> Post Master.      **FA** --> Field Assistant.

S.No	Village Name	No Contractor	No Machinery	Work Quality	Payments (Correct)	Payments (Timely)	Demand for Work being facilitated and met	EGS Functionaries Performance	
								Field Assistant	Post Master
1	Chennamukkappalle	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	--	--	<span style="color: green;">?</span>	<span style="color: red;">?</span>
2	D.abbavaram	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	--	--	<span style="color: red;">?</span>	<span style="color: red;">?</span>
3	Gorlamudiveedu	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	--	--	<span style="color: red;">?</span>	<span style="color: red;">?</span>
4	Katimayakunta	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	--	--	<span style="color: green;">?</span>	<span style="color: green;">?</span>
5	Madhavaram	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	<span style="color: green;">?</span>	--	<span style="color: green;">?</span>	<span style="color: red;">?</span>
6	Pemmadapalle	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">??</span>	--	--	<span style="color: red;">??</span>	<span style="color: red;">??</span>
7	Sibyala	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	--	<span style="color: red;">??</span> (38)	<span style="color: red;">??</span>	<span style="color: red;">?</span>
8	Varigapapireddygaripalli	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	--	--	<span style="color: green;">?</span>	<span style="color: red;">?</span>
9	Yandapalle	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: green;">?</span>	<span style="color: red;">?</span>	--	<span style="color: red;">??</span> (60)	<span style="color: red;">?</span>	<span style="color: red;">?</span>

-----> continued

S.No	Village Name	Financial Irregularities					Muster Rolls	Job Cards	Work Place Facilities being provided
		FA	TA	PM	Group Leader	Others			
1	Chennamukka palle	--	--	--	--	--	?	?	?
2	D.abbavaram	--	--	--	--	--	?	?	?
3	Gorlamudiveedu	--	--	?? (6776)	?? (8647)	--	?	?	??
4	Katimayakunta	--	--	--	?? (25000)	--	??	?	??
5	Madhavaram	--	--	--	?? (76646)	--	?	?	?
6	Pemmadapalle	--	--	--	--	--	??	?	??
7	Sibyala	?? (28884)	--	--	?? (27960)	--	?	?	??
8	Varigapapireddygari palli	--	--	--	?? (25000)	--	??	?	??
9	Yandapalle	?? (12911)	--	? (700)	? (656)	--	?	?	??

### Village-Wise Social Audit Abstract Report

**District :Cuddupah**  
**Village :Chennamukka palle**

**Mandal :Rayachoti**

S.No	Description	Value
1	Population*	1152
2	Male*	546
3	Female*	596
4	No. of job card applicants*	00
5	No. of job cards issued*	546
6	No. of new Job card applications	
7	No. of works sanctioned*	117
8	No. of works completed*	30

9	Total amount sanctioned (In Rs.)*	4418169
10	Total amount paid to workers (In Rs.)*	354668
11	Total working days*	5276

No Contractor	No Machinery	Work Quality	Payments (Correct)	Payments (Timely)	Demand for Work being facilitated and met	EGS Functionaries Performance	
						Field Assistant	Post Master
?	?	?	?	--	--	?	?

Financial Irregularities					Muster Rolls	Job Cards	Work Place Facilities being provided
FA	TA	PM	Group Leader	Others			
--	--	--	--	--	?	?	?

**SOCIAL AUDIT FINDINGS IN THE VILLAGE**

**1. CONTRACTOR**

No Contractors

**2. LABOUR DISPLACING MACHINERY**

No Machinery

**3. WORK QUALITY**

- The works have been completed with good quality.

**4. MEASUREMENTS**

Measurements are Correct

**5. TIMELY PAYMENTS**

- Payments have been made within 1 to 2 months.

**6. CORRECTLY PAYMENTS AND FINANCIAL IRREGULARITIES**

**7. DEMAND FOR WORK**

There are nil people ready to work, for whom work is not being provided

**8. OTHERS**

- There is more influence of Mates in the village and Mates have kept the pass books of wage seekers with them.
- Wage seekers have told that payments have been delayed to them and have requested to make payments through VOs.

**District :Cuddupah**

**Mandal :Rayachoti**

**Village :Dabbavaram**

S.No	Description	Value
1	Population*	1369
2	Male*	715
3	Female*	654
4	No. of job card applicants*	05
5	No. of job cards issued*	534
6	No. of new Job card applications	08
7	No. of works sanctioned*	138
8	No. of works completed*	23
9	Total amount sanctioned (In Rs.)*	6056148
10	Total amount paid to workers (In Rs.)*	1759552
11	Total working days*	18885

No Contractor	No Machinery	Work Quality	Payments (Correct)	Payments (Timely)	Demand for Work being facilitated and met	EGS Functionaries Performance	
						Field Assistant	Post Master
?	?	?	?	--	--	?	?

Financial Irregularities					Muster Rolls	Job Cards	Work Place Facilities being provided
FA	TA	PM	Group Leader	Others			
--	--	--	--	--	?	?	?

SOCIAL AUDIT FINDINGS IN THE VILLAGE
<p><b>1. <u>CONTRACTOR</u></b> No Contractors</p> <p><b>2. <u>LABOUR DISPLACING MACHINERY</u></b> No Machinery</p> <p><b>3. <u>WORK QUALITY</u></b> • The works have been completed with good quality.</p> <p><b>4. <u>MEASUREMENTS</u></b> Measurements are Correct</p> <p><b>5. <u>TIMELY PAYMENTS</u></b></p>

- Payments have been made within 15 to 30 days.
- 6. CORRECTLY PAYMENTS AND FINANCIAL IRREGULARITIES**
- Mates have been carrying on their duties properly. Wage seekers of some villages have not gone to post office for getting their wages, but Mates have gone to post office by taking the pay slips of wage seekers and BPM has paid wages of wage seekers to Mates.
  - Gopal Reddy, Venkata Ramireddy, Anjineyulu and Reddaiah have been carrying on their duties as mates in Abbavaram, Kummara Palli, Kammupalli and Indukuru villages respectively.
  - Wages have been paid to the wage seekers through Mates.
- 7. DEMAND FOR WORK**
- There are nill people ready to work, for whom work is not being provided
- 8. OTHERS**
- There is more influence of Mates in the village and they have paid wage seekers by keeping their job cards and pay slips with them.

### **Annexure 6**

#### **Questionnaire and responses on the AP Social Audit Process given by Ms Karuna Akella , Director, Social Audits, Department of Rural Development, Andhra Pradesh**

1. What was the motivation for the large scale implementation of social audit given the fact that it was not on top of the agenda in other states?

It was not like we started out with a grand plan to have large scale social audits. We did a pilot social audit in Feb 2006 on the National Food for Work Program in just 3 villages and the results of the social audit were so dramatic that we planned a mass social audit in September 2006. This Mass social audit was carried out in Anantpur district and was attended by 1500 activists from 31 NGO's who carried out the audit in 600 villages of the District. This Mass social audit was a huge success and that success helped us to scale up the social audit. We then customized the process to suit the requirements of NREGS and took nearly 3 to 4 months to go a lot of groundwork before launching it in 3 districts of the state where NREGS was being implemented. The successful experience of conducting the social audits in 3 districts helped us to further scale up the initiative to all the 13 districts where NREGS was being implemented under Phase 1. Now we are conducting the audits in all districts of Andhra Pradesh where NREGS is being implemented.

2. How were possible apprehensions of the political leadership regarding social audits addressed ? Was there political support for the initiative – from the CM, from the RD minister and other senior ministers in general? Was the political support from the Zilla Panchayats and the mandal panchayaths?

We started out the process in such a small way, that it was too insignificant to be under the consideration of the political leadership in the state. However the mass social audit conducted in September 2006 attracted a lot of press attention. It was also attended by the Union Minister for rural Development who praised the entire process immensely. It was hailed by the media and the civil society as a great initiative by the government. The praise from the National government, the press and the civil society convinced the Chief Minister and the state ministers to give their backing to the social audit process. Once the social audit started being implemented, people started turning up in huge numbers at the mandal level meetings. The fact the huge number of people started turning up for the mandal level meetings at the end of the social audits gave a lot of legitimacy to the entire process. Since these mandal level meetings were attended by MLA's, Zilla Panchayath presidents and members, the top bureaucracy of the district, the high turnout of people made sure that the local political leadership could not sabotage it in any way. Also right from the outset, the implementation process of NREGS was very different from similar schemes earlier implemented by the government. The introduction of the social audits simultaneously along with the implementation meant that there was no time for the traditional local politician –contractor- local government staff nexus to devise new ways to try and work around the social audit system as well.

3. How were the apprehensions of the lower bureaucracy ( mandal development officers, mandal level engineers, gram panchayat secretaries) addressed ?

To start off there was definitely a lot of apprehension among the mandal development officers and the other local government staff about the social audit process. In fact in one of the districts, I was gheraoed (mobbed) by the association of the mandal development officers, but then we made a concerted effort to reach out to them and communicate to them that this was not a fault finding exercise but a step to revitalize the entire implementation machinery. They were given extensive training about the process and they were made active members of the social audit teams during the audits in their respective mandals. This brought in cooperation from the mandal level staff.

4. What was the criteria used for the sequencing of mandals for carrying out social audit across the state?

Firstly as mentioned earlier we piloted it in 3 districts and then scaled it up to 13 districts. These 3 districts were picked in the 3 different regions of Andhra Pradesh. As far as the sequencing of the mandals is concerned there was no systematic method used to fix the sequencing. The factors on which the mandals were selected included logistical issues, the willingness of the senior staff in the district, the extent to which training of the district staff had been completed etc. Sometime we would also do a social audit if there were a number of press reports or some allegations that there was large scale corruption. Overall there was no systematic method used for the sequencing of the mandals.

5. What was the manpower involved in conducting this huge exercise?



At the state level I was supported by a team of 6 people basically for carrying out administrative work, do the necessary coordination with the districts, preparation of the training material and required documentation. We also developed a team of 35 state resource persons who were thoroughly trained in the social audit process. Almost all of these 35 resource persons were from NGO's who had 10 to 15 years of experience working on rights based issues. Then these state resource persons were actively involved in developing nearly 20 district resource persons in each of the districts. These District resource persons were also given extensive training and they are ones who in turn go to the mandals and carry out these audits.

6. What was the source of funding for carrying out this exercise?

The pilots in the 3 villages and the mass social audit and the initial social audits were conducted through funding from DFID (Department for International Development, United Kingdom). This was as a part of a governance reform program of the government of Andhra Pradesh that had been funded by DFID. However currently, the entire funding comes from the state government itself. The expenses are booked under the administrative expense of the NREGS.

7. What was the mandate for the office of the director of social audit?

My mandate was to drive the process of Social audit in the state right from piloting it to planning and implementing the scaling up of the social audits.

8. What is your opinion on the likely impact of the social audits on the overall performance of the NREGS program?

We have enough evidence to show that social audits have contributed significantly to increase in awareness of the NREGS program among the laborers. A recent World bank study showed significant increases in the awareness levels of the laborers as a result of the social audit process. My gut feel is that this would definitely get translated into better overall performance but right now we do not have data to support this.

9. What do you suggest are the biggest learning's in this exercise that would be useful for other states which want to emulate the AP example?

The biggest learning is to do the entire process in a gradual manner by demonstrating a successful pilot and using the learning's from this pilot to further scale up.

## Annexure 7

### Log File

```
-----  
log: M:\SYPA\STAT\sociaaudit.txt  
log type: text  
opened on: 20 Feb 2009, 11:10:04
```

```
. reg treatman yeardummytreat,robust
```

```
Linear regression  
Number of obs = 110  
F( 1, 108) = 165.60  
Prob > F = 0.0000  
R-squared = 0.6053  
Root MSE = 69763
```

```
-----  
treatman | Coef. Robust Std. Err. t P>|t| [95% Conf. Interval]  
-----+-----  
yeardummyt~t | 171194.4 13303.37 12.87 0.000 144824.8 197564  
_cons | 116674.3 5454.838 21.39 0.000 105861.9 127486.7  
-----
```

```
. reg controlman controlyeardummy,robust
```

```
Linear regression  
Number of obs = 110  
F( 1, 108) = 79.97  
Prob > F = 0.0000  
R-squared = 0.4254  
Root MSE = 74254
```

```
-----  
controlman | Coef. Robust Std. Err. t P>|t| [95% Conf. Interval]  
-----+-----  
controlyea~y | 126623.6 14159.6 8.94 0.000 98556.86 154690.4  
_cons | 93878.42 6067.675 15.47 0.000 81851.23 105905.6  
-----
```

```
. reg contreatman0607 treatcondummy0607,robust
```

```
Linear regression  
Number of obs = 110  
F( 1, 108) = 7.81  
Prob > F = 0.0062  
R-squared = 0.0674  
Root MSE = 42787
```

```
-----  
contrea~0607 | Coef. Robust Std. Err. t P>|t| [95% Conf. Interval]  
-----+-----  
treatco~0607 | 22795.87 8159.163 2.79 0.006 6622.996 38968.75  
_cons | 93878.42 6067.675 15.47 0.000 81851.23 105905.6  
-----
```

```
. reg contreatman0708 treatcontr0708dummy,robust
```

```
Linear regression  
Number of obs = 110  
F( 1, 108) = 14.60  
Prob > F = 0.0002  
R-squared = 0.1191
```

Root MSE = 92465

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
contrea~0708						
treatcontr~y	67366.65	17632.41	3.82	0.000	32416.16	102317.1
_cons	220502.1	12793.65	17.24	0.000	195142.8	245861.3

```
-----+-----
```

. reg delayedpaytreated yeardummytreat,robust

```
Linear regression
```

Number of obs =	110
F( 1, 108) =	24.79
Prob > F =	0.0000
R-squared =	0.1867
Root MSE =	23.086

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
delayedpay~d						
yeardummyt~t	21.91764	4.402266	4.98	0.000	13.19158	30.64369
_cons	44.44564	3.085979	14.40	0.000	38.32869	50.56258

```
-----+-----
```

. reg contrdelayedpay controlyeardummy,robust

```
Linear regression
```

Number of obs =	110
F( 1, 108) =	28.52
Prob > F =	0.0000
R-squared =	0.2089
Root MSE =	21.241

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
contrdelay~y						
controlyea~y	21.63018	4.0505	5.34	0.000	13.60139	29.65898
_cons	46.11582	2.922254	15.78	0.000	40.3234	51.90823

```
-----+-----
```

. reg contrandtreatmandays0607 treatcondummy0607,robust

```
Linear regression
```

Number of obs =	110
F( 1, 108) =	0.15
Prob > F =	0.6951
R-squared =	0.0014
Root MSE =	22.287

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
contran~0607						
treatco~0607	-1.670182	4.250039	-0.39	0.695	-10.0945	6.754133
_cons	46.11582	2.922254	15.78	0.000	40.3234	51.90823

```
-----+-----
```

. reg contrtreatpay0708 treatcontr0708dummy,robust

```
Linear regression
```

Number of obs =	110
F( 1, 108) =	0.11
Prob > F =	0.7432

R-squared = 0.0010  
 Root MSE = 22.077

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
contrtr~0708						
treatcontr~y	-1.382728	4.209948	-0.33	0.743	-9.727575	6.96212
_cons	67.746	2.804814	24.15	0.000	62.18637	73.30563

```
-----+-----
```

. reg mandays controldummy yeardummy yeardummycontroldummy,robust

Linear regression

Number of obs = 220  
 F( 3, 216) = 86.74  
 Prob > F = 0.0000  
 R-squared = 0.5479  
 Root MSE = 72043

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
mandays						
controldummy	22795.87	8159.163	2.79	0.006	6714.102	38877.64
yeardummy	126623.6	14159.6	8.94	0.000	98714.96	154532.3
yeardummyc~y	44570.78	19428.69	2.29	0.023	6276.698	82864.87
_cons	93878.42	6067.675	15.47	0.000	81918.98	105837.9

```
-----+-----
```

. reg delayedpayments controldummy yeardummy yeardummycontroldummy,robust

Linear regression

Number of obs = 220  
 F( 3, 216) = 17.94  
 Prob > F = 0.0000  
 R-squared = 0.1978  
 Root MSE = 22.183

```
-----+-----
```

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
delayedpay~s						
controldummy	-1.670182	4.250039	-0.39	0.695	-10.04704	6.706677
yeardummy	21.63018	4.0505	5.34	0.000	13.64662	29.61375
yeardummyc~y	.287454	5.982182	0.05	0.962	-11.50347	12.07838
_cons	46.11582	2.922254	15.78	0.000	40.35603	51.8756

```
-----+-----
```

. log close  
 log: M:\SYPA\STAT\socialaudit.txt  
 log type: text  
 closed on: 20 Feb 2009, 11:10:04

```
-----+-----
```

## Annexure 8

### **Response to the questionnaire by Dr. P.C. Jaffer, IAS, Director, NREGA & Director PPMU, Rural Development and Panchyati Raj Dept. Government of Karnataka**

1. Have separate social audit (through Gram Sabhas) been conceived for the NREGA? Or is the pilot project (in Gulbarga) only meant to test the effectiveness of the program in that district? Is there a plan for a roll out in the entire state?

The Guidelines provides for conducting periodic social audit and Gram Sabhas at least twice in the year. However, this is one area which has not been paid much attention. Social audits are conducted in most of the districts. However, the process leaves much to be desired. The experience in the social audit differs from considerably across the state. There are certain Gram Panchayaths conducting it in a very systematic way where they even inspect the works, compare with the estimates and MB recordings. At the other end we have GPs, which have conducted Social Audit as per the records but people complaint that nothing of that sort has happened. The experiment done in Gulbarga was an attempt to devise some models for social audit. The methodology appears to be ok but we have to find out a way in which this can be done with cost effectiveness. Overall, social audit is something the state is not doing well.

2. Have the regular gram sabhas conducted by the gram panchayaths been monitoring the details of NREGA?

They are supposed to be monitoring. Practically, the Gram Sabhas mainly discuss the selection of beneficiaries for the housing schemes. The agency to monitor the NREGA activities is the Vigilance and Monitoring Committees (VMC) to be formed for each village. These committees are fully functional in those GPs where the Jal Nirmal (a World Bank assisted water supply scheme) project is going on. Some progressive districts where these committees might be working are not having many issues in front of them. We are in the process of forming VMCs in all the villages and conduct training for them in next two months.

3. How has the experience of NREGA been different from the earlier food for work programs and SGRY? Specifically, what has been the experience of the state in eliminating contractors in NREGA (something that was widely prevalent in SGRY, though seldom acknowledged officially)?

The contractors are kept out of the NREGA officially. They were rampant in Chitradurga and Davangere districts in the first year. There are a number of enquiries, FIR (police complaints) going on even now. The decrease in the person days created in these districts compared to the previous years is because of the tightening up of the loose ends. Likewise, the same is true in the case of Bidar which shows abnormal progress during the current year. In Bidar, if we analyze the

expenditure pattern, the expenditure has mainly happened during the first three months. Since the district project co-coordinator (DPC) was transferred, the expenditure has come down. Of course, many of these cannot practices cannot officially acknowledged.

4. Why has the performance of Raichur district (when comparing the mandays generated between 2007-08 (till November) and 2008-09 (till November) slowed down?

There are many issues in Raichur. Each issue has been compounded and creating more problems. The major reason is the lack of the personnel at various positions in the district. There is a lot of instability at the Chief Executive Officer's (CEO, Zilla Panchayath) position itself. There were six people in that Chair in the last three years. Most of the time, the Deputy Commissioner (DC) and CEO were the same people, as one of the posts was invariably vacant. There were two full time CEOs who were unsuccessful in taking the scheme through. Now since the new CEO, ZP has taken over last year, the things are getting sorted out. In fact, the civil society groups were on strike and they even had moved the High Court on a writ petition to the tardy implementation of the scheme. The state government has also been slow to respond to issues concerning Raichur district.

5. What has been the reason for the good performance for Bidar (when comparing the mandays generated between 2007-08 (till November) and 2008-09 (till November)?

Bidar issue has already been explained above.