

Case Study

Sulekha

Plan Formulation and Monitoring System for Decentralised Planning of Local Governments

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Background

At the start of 1997 and India's ninth five-year plan, the state of Kerala inaugurated its unique decentralisation model. Central to the devolution was a direct transfer of 40 percent of state funds to local bodies - district, block and gram panchayats, municipal corporations and urban local bodies (ULBs). This necessitated new planning, budgeting and reporting processes at the local level that would only be enabled through proper facilitation of information flows. In 2002, the Information Kerala Mission (IKM) in Thiruvananthapuram, Kerala - a government body established to strengthen local governance through ICT - launched Sulekha, a digital system designed to streamline local plan formulation, appraisal and approval, and monitoring.

Sulekha's evolution from its inception in 2002, to its present design in 2010, has been significant. Today, 100 percent of local bodies are utilizing the programme for annual plan formulation. All plans are project based and provide valuable insight into the areas that necessitate funds and how funds are used. Key achievements of Sulekha include:

1. Digitisation of legacy plan data which has made for easy formulation of budget allocations.
2. Increased quantity of data; aggregated plan data; and recorded local project details. This has resulted in an extensive warehouse of centralised information that can be examined and used for improved financial management.
3. Significant improvement in plan processing efficiencies. This has freed up time for local planners to address alternative important issues. It has also allowed for local bodies to witness the results of project implementation within the stipulated time span of one financial year.
4. Increased participation by local officials in the planning process due to the ease with which the corresponding tasks can be carried out using the software.
5. Enhanced transparency in local level expenditure; as a result, this can be monitored and analysed by all interested parties, and most importantly, by state level officials.

Sulekha has been recognized for its achievements as a winner of the CSI-Nihilent E-governance award 2008-09 – G2G.

Objective

1. To facilitate state-wide efficient and effective decentralized project plan formulation through the digitisation of local annual plan formulation.
2. To streamline processes of local plan approval and appraisal (Local Self Government Departments - Technical Advisory Committees - District Planning Committees).
3. To improve monitoring of local plan design and implementation through easy transfer of data between varying levels of involved institutions.
4. To make transparent all state finances through online publication of records.

Stakeholders

1. Information Kerala Mission
 - MK Prasad, Executive Chairman and Director
 - M Sivasankar, Executive Mission Director
 - Prem Kumar, Technical Director
2. Local Self Government Department (LSGD)
 - S.M. Vijayanand, Principal Secretary
 - Sanil Kumar, State Resource Group & Former LSGD
3. State Planning Board - PV Unnikrishnan, Former Executive Mission Director, IKM
4. Gram Panchayat Samiti (Village Government) - Zain-ul-abdin, Secretary, Vellanad Panchayat/ Pravin Chand, Former President, Vellanad Panchayat
5. Technical Advisory Group (TAG)
6. District Panchayat Office (DPO) – secretariat of DPC – Mr. Radakrishnan
7. District Planning Committee (DPC)
8. Kerala institute for local administration (KILA)

Salient Features

- Centralises data on previous years' expenditure, allocation, and utilization which assists the State in formulation of appropriate allocations
- Electronically captures plan formulation data. The software is designed to capture project details and formulation processes.
- Uniquely codes projects which helps in data identification and extraction
- Operates on low cost, open source model, enabling long-term sustainability
- Uses local language (Malayalam) for design of software interface. This makes the software user-friendly at the local level.
- Facilitates validation of plan adherence to government guidelines through data transfer from local body to TAG and DPC

Working Design

Plan Formulation

The Kerala State government allots a portion of their annual budget to local bodies. Broad guidelines developed by centre and state governments, suggesting for what and for whom the funds should be used, shape the devolution process. From the end of the fiscal year in March until July, all 1223 local government bodies in Kerala formulate plans in accordance with these guidelines, using Sulekha



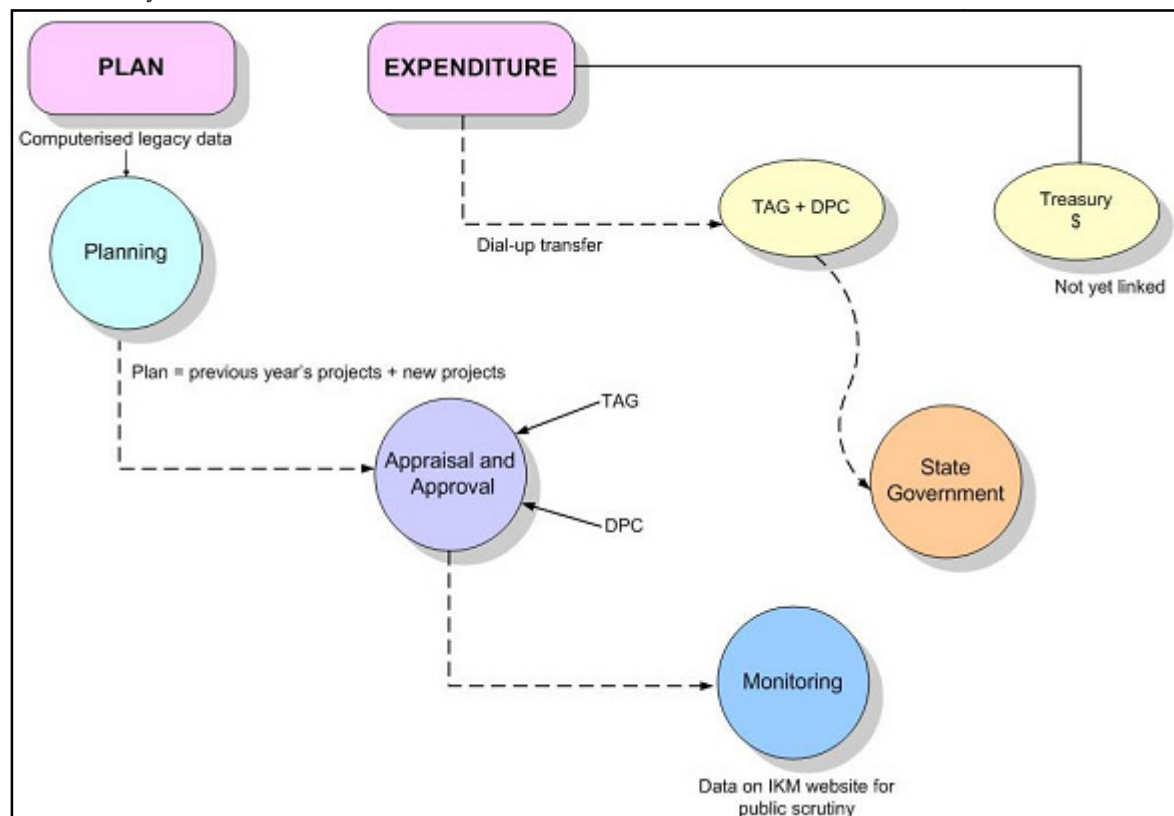
software to document all project details. Each local body records approximately 100 plans per year, which brings the total annual capture in Sulekha to more than 1.5 lakh plans.

Plans correspond to local projects designed by working groups of elected members. An extensive but not exhaustive list of project plan details entered into the Sulekha software is as follows:

1. Sector, subsector, microsector – identified by unique id
2. Scope of project
3. Timeline
4. Financials
5. Resource flow
6. Beneficiaries (gender, below poverty line (BPL) status, prioritized populations - i.e. women and widows, etc.)
7. Physical targets/achievements
8. Mode of implementation
9. Asset details
10. Trainings
11. Approvals by Panchayat community

Projects are classified by unique id based on sector, subsector and microsector. Through this sophisticated organizational method, Sulekha becomes a comprehensive tracking system of local plans across the state. To ensure proper and complete submission of plan details, the

Sulekha software has a built-in validation mechanism through which no report can be printed unless it passes a number of checks. Furthermore, requirements that are unmet are marked in red for easy identification and correction of errors.



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Figure 1: High level plan/expenditure workflow through Sulekha

Appraisal and Approval

The digital records of plan details are copied onto CDs and sent for appraisal to the technical advisory group (TAG), a team of government appointed experts. TAG adjusts the plan as it determines it necessary, and passes it on to the District Planning Committee (DPC) for approval. The district planning office (DPO) is the secretariat of the DPC, and the district collector oversees the DPC. All approvals are carried out according to adherence to national and state guidelines. These guidelines may include special projects such as for citizens with disabilities. They may also specify sectoral ceilings, for example, financial limitations on construction-related activities. If rejected, local bodies are given another chance and project revisions are handled through the Sulekha software. The aim of future practice is to pair the rejection with a hold on one of the ten monetary increments received annually by local bodies. This would incentivize timely and appropriate plan revisions and help to ensure financial accountability.

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Prior to 2006, data transfer to TAG and DPC was manual because plan data was too large to go through a dial-up connection. A CD-courier method (with expenditure data transferred over dial-up) through a virtual private network (VPN) has since enabled a more rapid transfer system.

Monitoring

Once submitted through Sulekha, all data (plan and expenditure) is uploaded to the central server and published on the website of the LSGD (www.lsg.kerala.gov.in/sulekha) by IKM for public scrutiny. At present, data is made public once a year, as local plans are also digitally submitted on a yearly basis. The aim is to move towards monthly submission of plans (at present, some districts/blocks are submitting plans as often as on a quarterly basis - see Box 1). In absence of frequent plan submission, intermittent monitoring is accomplished through monthly meetings conducted by the DPO with chairpersons of local bodies.

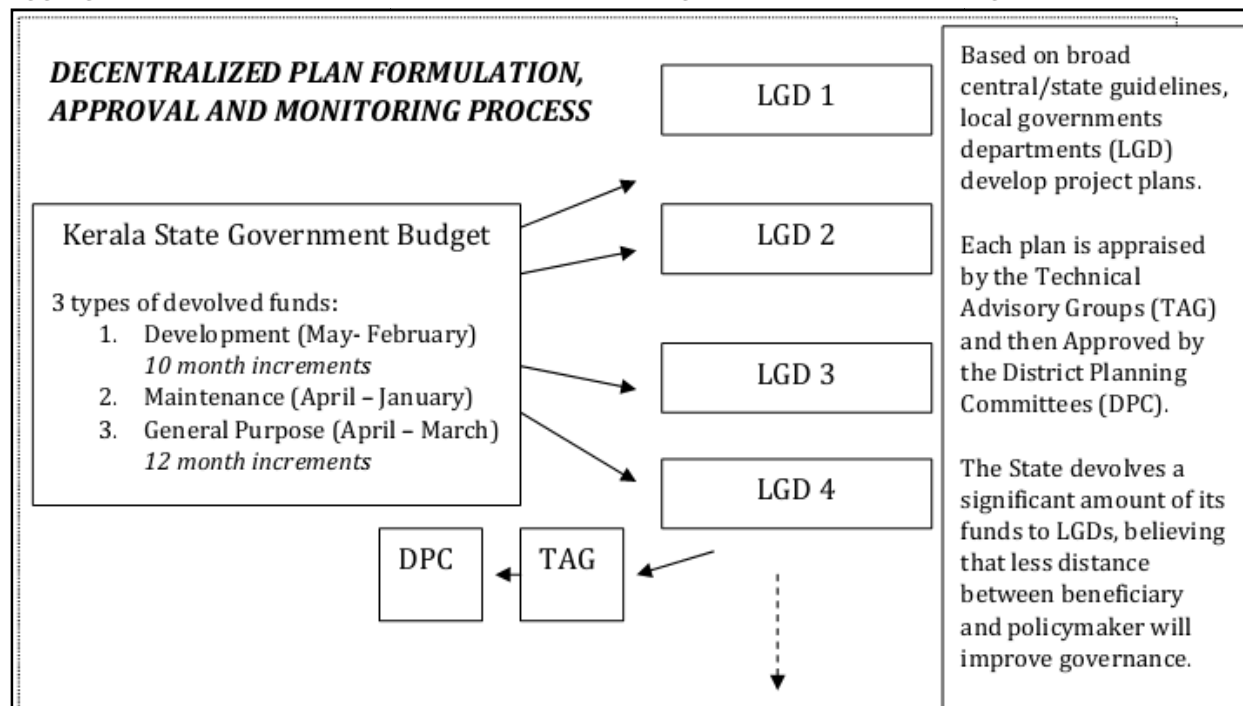


Figure 2: Screenshot of Sulekha on IKM Website

The State Resource Group (SRC) consists of 15 members who together support the Local Self Government Department (LSGD). Specifically, the SRC is responsible for accessing plan reports from IKM's website and using them to prepare the upcoming year's state-wide plan. This effort is significant because it directly links local level improvements to enhancements at the state level, bringing financial accountability full circle.

The measurement of physical achievements is imperative when monitoring real impact. At present, the Sulekha software includes a section for recording physical targets, however compliance remains low namely due to the difficulties surrounding measurement. For example, the construction of a well can be measured partly by the installation of a pump; however the measurement of women's empowerment through a weaving programme, let's say, would be significantly more complicated.

Another monitoring mechanism of local level activities in Kerala is social auditing. The goal is to integrate social audit documentation with Sulekha. This would add to the richness of data aggregated in the central server and thus, also strengthen overall monitoring.



Key Achievements

Good Governance

- Efficient local plan formulation through easy-to-operate ICT; Minimum of a one-third reduction in time needed to develop plans
- Strengthened accountability between state government, local governing bodies and the citizens through:
 - transparency of local expenditure and plan for state and public to monitor
 - technical support from the IKM helpdesk at the state level, technical officers at the district level, and additional support from State Resource Group for Decentralised Planning (SRG) Kerala Institute for Local Administration (KILA) and District Planning Office (DPO)

Financial Data Enhancement

- Digital records of the entire 1.5 lakh project plans of 1223 local governments
- Unique coding of plans allowing for easy monitoring of them over time

Methodology

Identifying Sulekha as a best practice

OneWorld researchers follow a standard methodology for best practice selection. It begins with online searches through reputed governance-related websites and award repositories. Brainstorming sessions with governance experts are also held. In this case, Sulekha came to the forefront through the combination of these efforts. This was followed by a thorough online search of existing documentation on the programme. Documents found were scanned to provide insight into Sulekha's position as a best practice. Criteria for determining this included the social and financial sustainability of the programme, the ease with which it could be replicated, its uniqueness, and its overall impact (qualitative or quantitative).

Field Research

Once Sulekha was identified as a potential best practice, key stakeholders were contacted for brief, over-the-phone validation of programme functioning. This was followed by a visit to Thiruvananthapuram to interview stakeholders. Interview questions (See Appendix A) focused on programme origins, purpose, and impact.

Example 1: Vellanad Gram Panchayat

In 2005, Sulekha piloted in five panchayats – Vellanad was the first. With a population of 28,894 and comprised of 18 wards, Vellanad Panchayat boasts a flourishing agricultural industry primarily surrounding the cultivation of bananas and coconuts. Prior to Sulekha's introduction, plans in Vellanad were completed manually. They were sent to project monitoring committees and given final approval by the elected officer of the committee. From 2005 to 2007, officials in Vellanad began using Sulekha software for recording of plan details. During that time, plans were printed and sent by messenger to the TAG and DPC for approval. Today, plans are computerised and sent by CD to the TAG/DPC.



Figure 3: Vellanad is known for its banana and coconut harvesting. Co-operative farming, processing and marketing

Sulekha-led Project Cycle in Vellanad

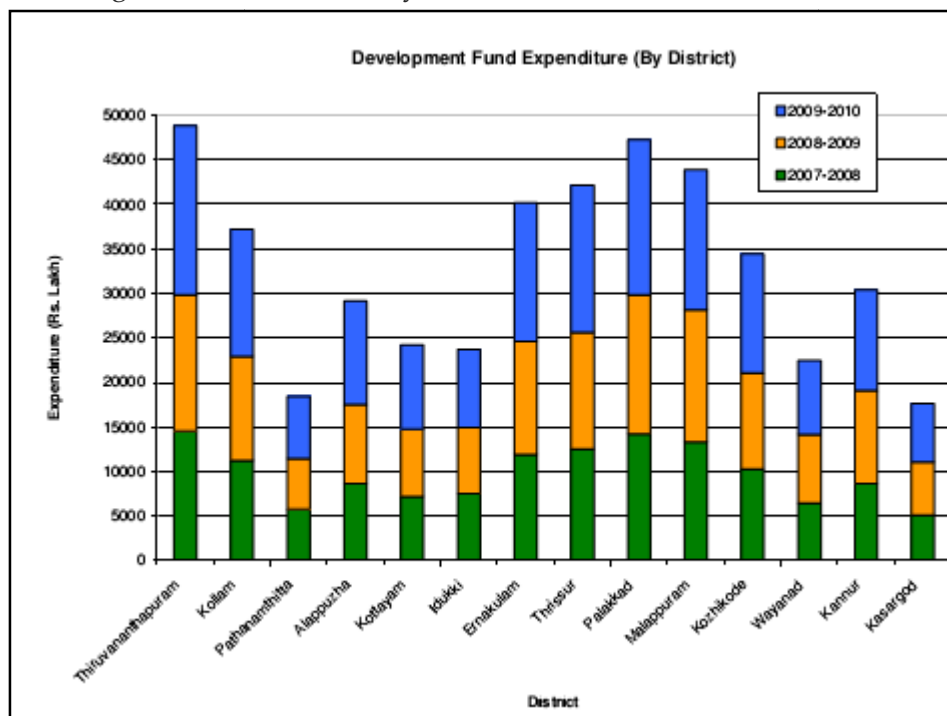
1. Projects are formulated in Vellanad as follows:
2. Every month, villagers propose projects to the gram sabha based on needs/desires
3. Every quarter, the panchayat samiti selects projects and prepares plans using Sulekha software. It takes one day to enter all data. Once complete, the digital plans are sent back to the gram sabhas.
4. The gram sabhas then select beneficiaries based on panchayat samiti guidelines
5. Every month, the panchayat president collects expenditure data from implementing officers (For every 100 projects, there are approximately 7 to 8 implementing officers)
6. Every quarter, the panchayat samiti presents the gram sabha with:
 - How much money was allocated/used for what projects
 - How many assets were produced

Prior to Sulekha, communication at quarterly meetings between panchayat samiti and gram sabha members was primarily one-sided – Samiti officers had to ask gram sabha leaders to divulge details about plan and expenditure. Today, the computerisation and centralisation of

this information informs Samiti officers. This allows for smooth and efficient discussion and assessment of public service delivery.

Data Analysis

The following graph presents development fund expenditure by district, from 2007 to 2010, as tracked through Sulekha software. The percentage change in expenditure from 2008/9 to 2009/10 rises by up to 30 percent in Alappuzha, with only less than 10 percent rise in 3 districts. When paired with physical achievements, the rise in expenditure can indicate development progress. The rise in expenditure in 100 percent of the districts minimally depicts the ability of Sulekha to encourage local level data entry.



The following graphs display total planned local projects and fund allocation by sector for the entire state of Kerala. Sulekha gathers this information by district and holds it together in the central server which allows for an analysis of the aggregated data.

Greater than one-third of projects planned for

2009-2010 are

transport related,

13 percent are social

welfare oriented,

and 10 percent are

for health activities.

More one-third of

funding is allocated

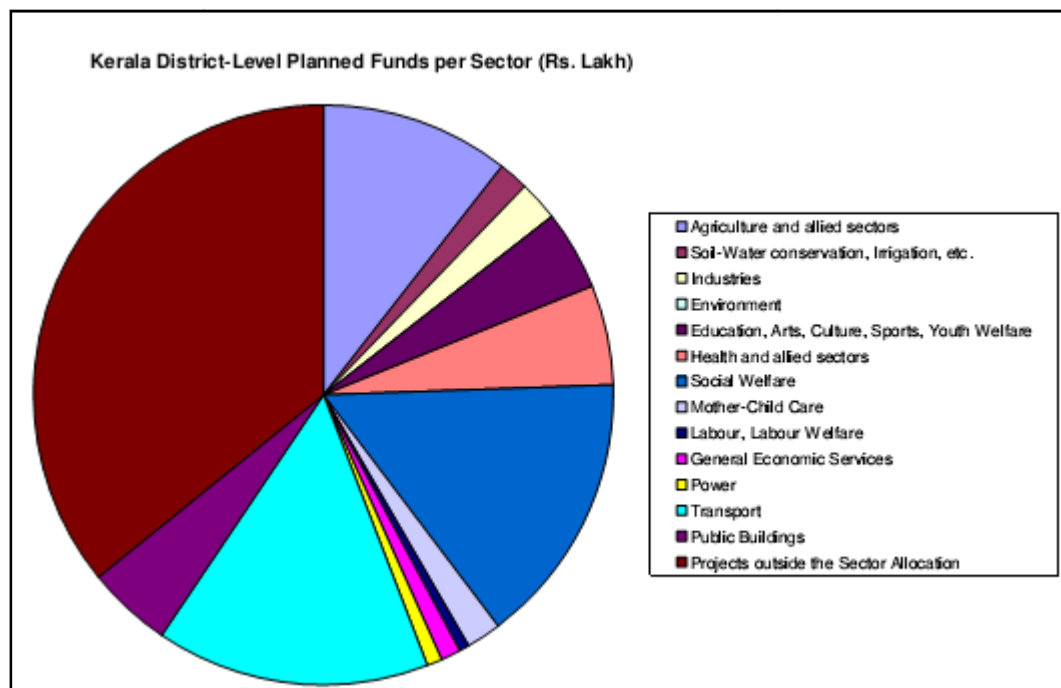
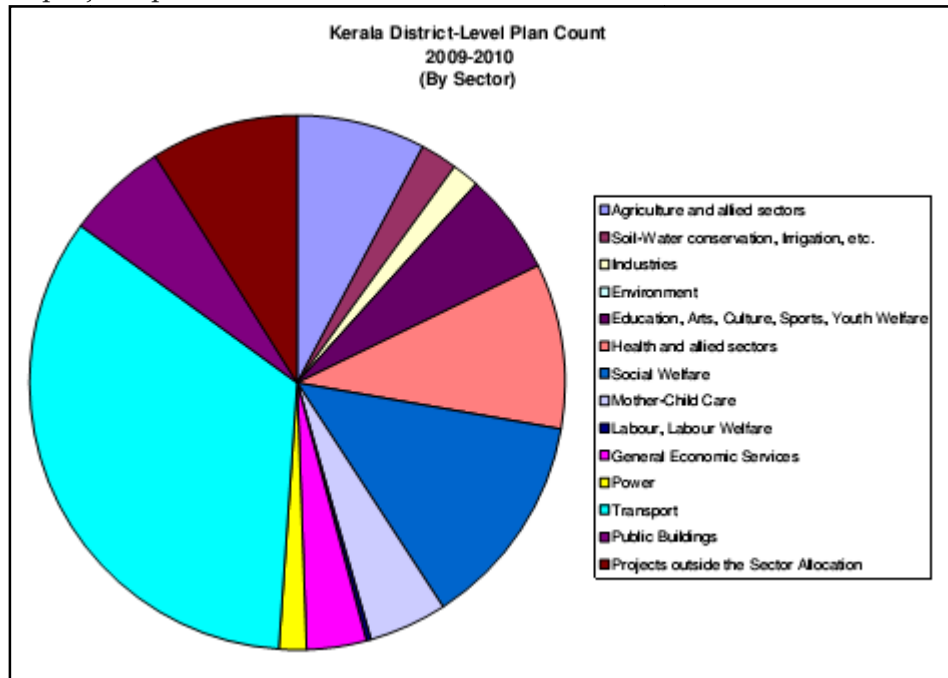
to 'other' sectors,

15 percent is social

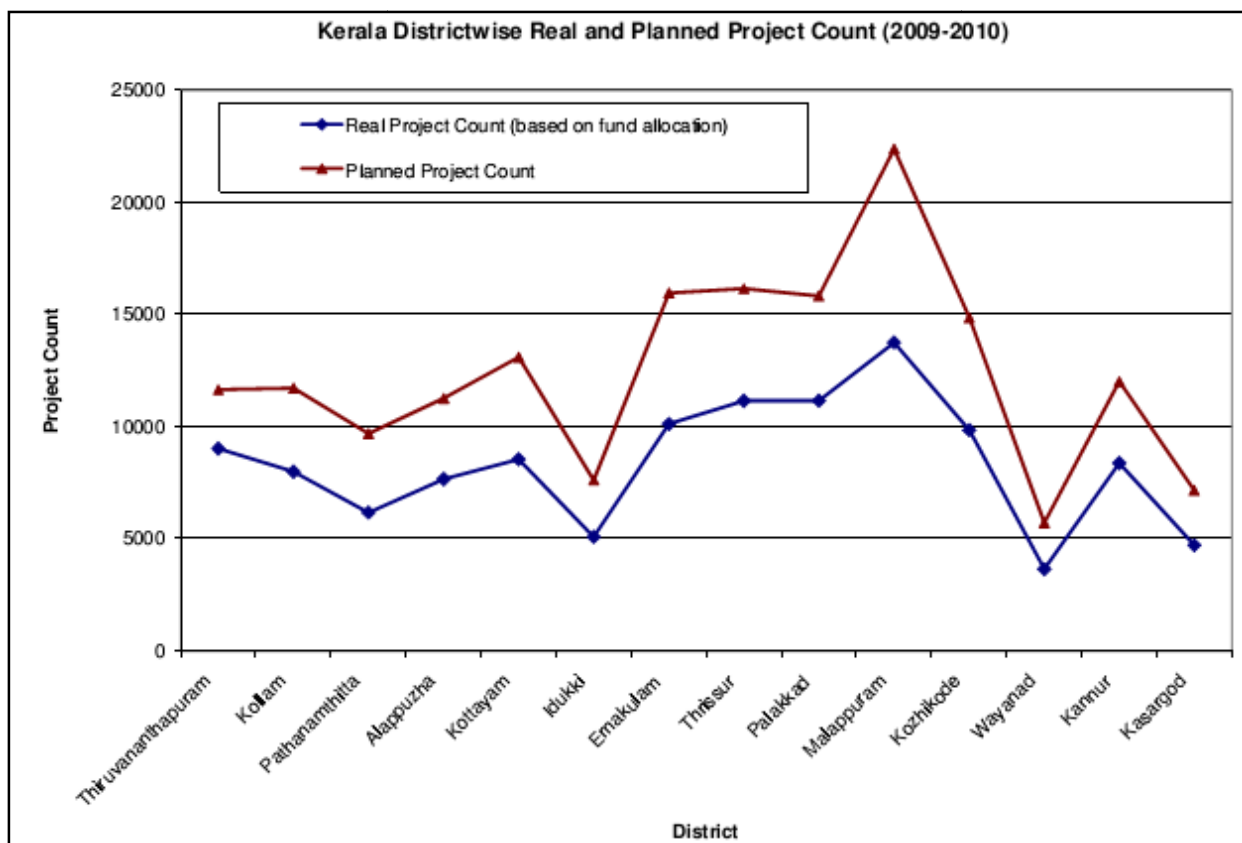
welfare oriented and

15 percent is for

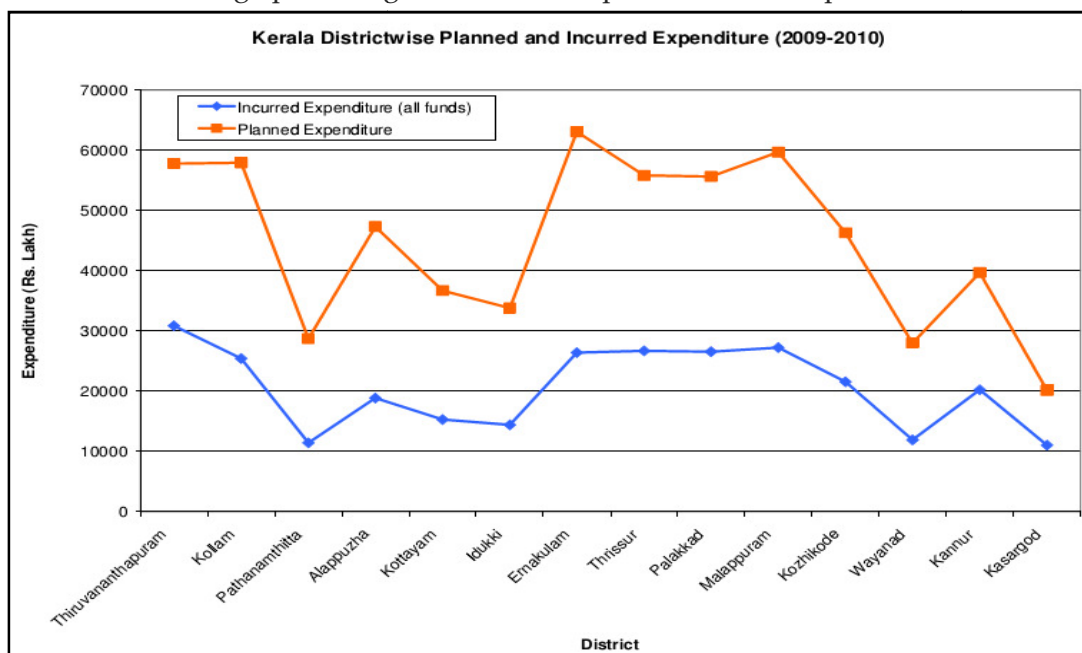
transport.



Below is the district by district breakdown of total planned and real project count (as determined through allocated funds) for 2009-2010. The data shows that districts receive funding for around two-thirds of total planned projects.



The following graph shows planned and incurred expenditure for 2009-2010 for all districts in Kerala. The average percentage of incurred expenditure that is planned is 45.



Lessons Learned

Context

Kerala's economic devolution to the local level is a unique model in India. Sulekha's benefits are highly contingent on a decentralized context where local level governments have control over service delivery. As such, the success of Sulekha derives from this pre-existing arrangement; in another context, the programme may not attain the same success. Although exact emulation may not be possible, certain aspects of Sulekha can and should be replicated.

Commitment

At its outset, Sulekha encountered a number of challenges that in time were overcome. Computer awareness, particularly at the local levels, was low. To address this problem, IKM employed a technical assistant (TA) in each block. At the start of operations, Sulekha software experienced some technical problems; these bugs were tracked and fixed, resulting in the smooth functionality that it boasts today. Local level officials were initially resistant to Sulekha; however, their fears were suppressed as the advantages to the programme became evident over time. Continual changes in government orders regarding planning processes made it difficult to keep Sulekha software up-to-date. As policy evolved, implementers made a concerted effort to revise the system accordingly.

Incentivising change

Resistance to change is a common hindrance to programme implementation. Hence, the introduction of new procedures and technologies succeeds when change agents incentivise stakeholder acceptance.

Sulekha's success can be partly attributed to incentivising change through demonstration of effectiveness. Through its pilot in five panchayats, Sulekha gained acceptance because it proved to be beneficial to both state leaders and local level planners. State officials saw the new centrally digitised data as a much more convenient and effective way of monitoring the financial devolution of funds. They expressed a sense of empowerment through their newfound ability to analyse allocations, specifically to determine under or over utilisation of funds.

The sheer reduction in planning time by one-third convinced local leaders that Sulekha was useful. With the end of the fiscal year in March, projects filed through the software are approved by July. Prior to Sulekha, it took until January for plans to be finalized and hence, projects experienced great delays. Realizing that these efficiencies contribute to timely project management whereby the improvement in quality and quantity of projects is evident, adds to local leader advocacy of Sulekha.

Vision

Sulekha is often described as software that digitizes the local planning process.

Although central to the programme, the digitization process has been envisioned by IKM as a means to a much larger end. The ultimate goal is to enhance financial accountability, and in turn, increase the well-being of the citizens through development projects that effectively arise out of a transparent public service delivery system.

To achieve these greater outcomes, a number of efforts were undertaken. IKM began by computerising legacy data. This enabled the transition from project to plan tracking (plans consist of projects carried over from previous years plus new projects). This laid the groundwork for a sustainable change in local public service delivery. Considering the relevance of the software to the context, it was designed in the local language of Malayalam. Also keeping in mind that computerised planning would be ineffective unless plans were appraised and approved, IKM went on to digitize these processes.

However, reforms did not stop there because centralised and locally monitored expenditure and plan data only fulfilled the supply side of the equation, but the demand side required public scrutiny of records. As such, IKM began to publish all data in the public domain.

Today, IKM understands that their work is not over. At present, local plans are submitted annually but monthly progress reports are required to effectively monitor the progress of projects. This is difficult for a couple of reasons. First, heterogeneous groups with different interests lead local project implementation. Second, actors at the local level continue to lack sufficient levels of computer and financial training. These barriers have been identified and solutions to overcoming them are being formulated. One major proposed upgrade to Sulekha is linking the treasury to local expenditure. Currently, plan data goes through a vetting process, but a foolproof validation of expenditure data would require its integration with the treasury system. This would allow for both initial electronic bill generation, and traceable and monetarily enforceable plan revisions.

To measure the impact of Sulekha on the well-being of citizens, it is important to be able to identify beneficiaries. Fortunately, the UID programme, Government of India, is set to provide each and every citizen with a digital identity. Sulekha implementers hope to leverage UID information to help in monitoring effects of local projects on individual beneficiaries.

Another challenge to measuring impact is the tracking of physical targets and achievements. Currently, the software includes a space for recording these, but compliance is estimated to be a mere 10 percent. Civil projects, the most straightforward to measure, are said to be around 30 to 40 percent of all planned projects – this includes, for instance, the construction of roads. A prerequisite to expenditure tracking of these types of projects is detailed work estimates. To date, there has been much resistance to carrying out this work. Anecdotal evidence points to corruption, a lack of understanding on how to measure progress, and apathy towards conducting measurements, as the main reasons for why records remain meagre. Non-civil projects require a much more nuanced approach to measurement which only adds to the resistance to conduct measurement. Despite these hurdles, IKM continues to work towards the fulfilment of this goal.

Research was carried out by OneWorld Foundation India (OWFI), Governance Knowledge Centre (GKC) team.

*Documentation was created by Knowledge and Research Coordinator, **Nicole Anand***

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IKM.ppt

Interviews were conducted with key stakeholders: MKPrasad, Executive Chairman and Director – IKM; M Sivasankar, Executive Mission Director – IKM; Prem Kumar, Technical Director – IKM; S.M. Vijayanand, Principal Secretary –LSGD; Sanil Kumar, State Resource Group & Former LSGD; PV Unnikrishnan, State Planning Board & Former Executive Mission Director, IKM; Zain-ul-abdin, Secretary, Vellanad Panchayat; Pravin Chand, Former President, Vellanad Panchayat; Mr. Radakrishnan, DPO.

Appendix A: Interview Questionnaire

IKM Chairman, MK Prasad & Technical Director, Prem Kumar

1. What is IKM's role in the Sulekha project?
2. Can you describe the key features of Sulekha? How exactly does it work?
3. How was the Sulekha software designed and developed? How many technical support personnel are involved? Who trained them?
4. How does Sulekha help in project planning formulation and monitoring?
5. How does Sulekha ensure on time project planning?
6. Can you describe the connectivity of the software -through which all districts and blocks are connected to the central server and how information is shared between 1223 local governments and 14 district planning committees?
7. How much investment went into this project? Can you give us a breakdown- infrastructure, hardware, maintenance, personnel etc.?
8. What are the major challenges IKM has faced in implementing this programme?
9. What are the greatest advantages to Sulekha?

Member of State Planning Board, Vice Chairman of Information Kerala Mission: PV Unnikrishnan

1. What is the role of IKM in implementing Sulekha?
2. How is the initiative different from other plan monitoring systems?
3. To what extent has Sulekha improved decentralized financial planning? Give examples. Which are the specific features that have facilitated effective decentralized planning at the local level? Can you provide us with figures and facts to support this (such as no. of projects implemented, number of personnel reduced due to computerization, projects implemented on time etc)
4. Has there been a significant improvement in budget allocation and utilization for projects? Data will be useful.
5. What are the operational difficulties faced by IKM? What kind of training is given to the operators?

State Resource Group, Sanil Kumar

1. Why was the initiative conceptualized in the first place? What are its objectives?
2. Has it managed to achieve all its objectives? If not, why? If yes, how?
3. How does the software help in simplifying the project planning process across the districts and blocks?
4. How does the software capture details of the planning project? How does it detect errors?

5. What are its achievements since its inception?
6. What is the role of State Resource Group for decentralized planning (SRG) at the Kerala Institute of Local Administration (KILA) in this initiative?
7. How much funds were allocated for this initiative?
8. What challenges were faced during its implementation?

District Planning Office (DPO) – Mr. Radakrishnan

1. How many members comprise a single DPC? Who appoints them? What are its specific functions? How many are there in total?
2. What are the indicators/parameters used for plan approval?

Beneficiaries (Gram Sabha/Village council); Anavor Nagapan (President of District Planning, Trivandrum)

1. What are the advantages of Sulekha?
2. What are its disadvantages?
3. How has this initiative improved planning processes at the village level?