

## **Executive summary of DDP seminar on decentralization: The Kerala model**

**28 May, 2008, Hilton hotel**

**Keynote speaker: Dr. Thomas Isaac, Minister of Finance/Kerala state/India**

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The Kerala decentralization model is hailed as a universal reference point of bottom-up participatory development planning. It is built on redistribution, community participation and social provisioning. In sum, the Kerala model is about translating human capabilities into substantive development outcomes. Hence, the purpose of the seminar was to peer into the key features of the Kerala decentralization model with a view to drawing key conceptual and empirical lessons to broaden the contours of the South African local participatory governance debate.

Dr. Thomas Isaac presented a broad-brush overview of the strengths/successes and weaknesses/constraints of the Kerala decentralization model. The main highlight of Kerala's success story is that it has achieved a quality of life equivalent to developed countries. According to Dr. Isaac, Kerala enjoys higher rates of adult literacy (91) and life expectancy (70) compared to the national averages of (52) and (60), respectively. Its birth rate (20 per 1,000) and infant mortality rate (17 per 1,000) are significantly lower than the all-India averages of (31) and (85), respectively.

One of the main features of the Kerala participatory planning approach is its radical form of devolution, which creates huge prospects for mass participation / mobilisation of the local citizenry spanning urban and rural settings. This is evidenced by the Kerala "big bang approach" whereby 35-40% of the development budget was devolved to local communities at one stroke. According to Dr. Isaac, this decision has stimulated the participation of millions of people in the local participatory planning process.

Meanwhile, he observed that Kerala's mass organisations encompass nearly a third of the adult population, comprising large networks of political affiliated organisations, including trade unions and other employees' organisations, youth, student and women organisations, and non-political networks, e.g. sports clubs, theatre and art groups, science movements, voluntary organisations, etc.

In terms of its redistributive thrust, the state pursued a radical strategy of land redistribution, especially to the rural poor, which encouraged collective bargaining leading to the redistribution of income. The co-operative network successfully extended credit to rural areas and helped to reorganize the traditional industries by removing the middlemen. Kerala also established a vast network of social infrastructure, including public health centres, local clinics, schools and ration shops. Education was made free and compulsory and the social security system through welfare funds covered majority of wage workers.

However, the Kerala decentralization model became riddled with intractable challenges during the late 90s and early 2000s, threatening to unravel its significant redistribution gains. According to Dr. Isaac, a sharp fall in agricultural prices between 1999 and 2000 and the introduction of neo-liberal economic policies, after 2001, resulting in a cut in social expenditure, perniciously affected the Kerala economy. He observed that from the late 1990s onwards, while the overall economic growth was rapid, there was

decline in the real, and even nominal, income of small producers and workers in the agricultural and traditional industrial sectors, which employed around 40% of the workforce. Consequently, unemployment rates surged more than three times the national average, spawning high levels of inequality.

Dr. Isaac indicated that a new strategy of development was needed that would ensure an acceleration in material production, focusing on areas of competency, while at the same time, protecting petty production sectors and improving social infrastructure. Meanwhile, participatory governance was seen as an instrument to intensify people's struggles for land, higher wages, democratic rights, and to struggle against centralized policy-making. Hence, community participation was identified as the linchpin of efforts to improve the quality of social services and the productivity of the petty production sectors.

Community participation embodied by the Peoples Plan Campaign (PPC) was thus adopted as a precondition of Kerala's model of democratic decentralization. People were recognised as active participants in local planning exercises with power to decide on the development priorities for their different settings.

**How it works:** Local self governments have to prepare a plan to put claim to funds. The planning process is divided into five discrete phases with distinct objectives. The planning process includes the holding of grama sabhas (ward level assemblies) to identify the needs of the people, the convening of village / municipal seminars to determine the order of priorities and the constitution of sectoral task forces in which non-official experts and volunteers directly prepare reports, formulate projects and draft sectoral plans. Final plans are vetted by the district planning committee before approval. Meanwhile, each phase contains participatory spaces where citizens directly engage elected representatives and officials on development priorities and projects.

The presentation generated a deluge of questions. Some of the most important questions related to the relationship between the Communist Party of India (CPI) and the Civil Society Organisations (CSO's); how transparency and accountability is measured, and whether the Kerala model could be adapted across different contexts.

In response, Dr. Isaac contented that in order for any participatory process to be genuinely inclusive it has to accommodate a repertoire of voices. He mentioned that in the Kerala context the participatory planning process comprises a vast network of political and non-politically affiliated movements and organisations, which is important for ensuring that that the outcomes are reflective of the broader interests and needs of the local citizenry. Regarding the question about accountability, he indicated that transparency is a precondition of the Kerala participatory planning process. Representatives are elected by the people and are expected to report to their constituencies in forums of direct participation. Finally, he indicated that the Kerala democratic decentralization model is under construction and that its democratic outcomes are not certain – it is learning experience.