

Money versus Kudos:

The Impact of Performance-based Incentives on
Elected Local Politicians in India

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Introduction

- ▶ How do we make electoral democracy work better?
- ▶ Key function of government is to ensure equitable access to public goods/services
- ▶ Things are expected to work better locally
 - ▶ Higher quality information due to proximity to constituents
 - ▶ Sharper electoral incentives – due to more direct mapping between performance and votes
 - ▶ Better monitoring of official performance
- ▶ However, elected local governments have largely failed to target better or provide more equitable access to public goods and services

Introduction

- ▶ Failures attributed to various imperfections
 - ▶ Low capacity/selection
 - ▶ Elite capture, corruption, rent-seeking
 - ▶ Social fragmentation and identity-based politics
 - ▶ Poor voter information on politician performance
 - ▶ Commitment/enforcement/credibility problem
 - ▶ Clientelism that leads to a preference for private goods over public goods

Introduction

- ▶ Past efforts on improving government performance/policy outcomes
 - ▶ Strengthening political institutions and improve accountability
 - ▶ Democratization, change in voting laws [Baland and Robinson, 2008], voter enfranchisement [Fujiwara, 2015], campaign finance reforms [Avis et al., 2017], state-led audits [Olken, 2007; Ferraz and Finan, 2011]

Introduction

- ▶ Past efforts on improving government performance/policy outcomes
 - ▶ Strengthening political institutions and improve accountability
 - ▶ Strengthening community participation
- ▶ Olken [2007]; Mansuri and Rao [2013]; Rao, Ananthpur and Malik [2017]; Gine and Mansuri [2018b]

Introduction

- ▶ Past efforts on improving government performance/policy outcomes
 - ▶ Strengthening political institutions and improve accountability
 - ▶ Strengthening community participation
 - ▶ Improving voter knowledge
- ▶ Voter knowledge [Gerber and Green, 2000, 2008; Banerjee et al., 2011; Aker et al., 2017], role of media [Besley and Burgess, 2002; Stromberg, 2004]

Introduction

- ▶ Past efforts on improving government performance/policy outcomes
 - ▶ Strengthening political institutions and improve accountability
 - ▶ Strengthening community participation
 - ▶ Improving voter knowledge
 - ▶ Directly targeting clientelism and vote-buying
 - ▶ During a political campaign [Fujiwara and Wantchekon, 2013; Vicente, 2014]
 - ▶ Public policies that make clientelism difficult [de Janvy et al., 2014]

Introduction

- ▶ Past efforts on improving government performance/policy outcomes
 - ▶ Strengthening political institutions and improve accountability
 - ▶ Strengthening community participation
 - ▶ Improving voter knowledge
 - ▶ Directly targeting clientelism and vote-buying
 - ▶ Decentralization and reservation for political seats (including in India)
 - ▶ Reserved politicians continue to enact redistributive policies, except the distributive policies under reservation favor the minority group [Pande, 2003; Chattopadhyay and Duflo, 2004, Besley, Pande, Rao 2008]

Introduction

- ▶ Past efforts on improving government performance/policy outcomes
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 - ▶ Strengthening community participation
 - ▶ Improving voter knowledge
 - ▶ Directly targeting clientelism and vote-buying
 - ▶ Decentralization and reservation for political seats (including in India)
 - ▶ Improving performance of government officials/bureaucrats and frontline delivery staff

Introduction

Improving performance of government officials/bureaucrats and frontline delivery staff

- Teachers [Lavy 2000,2009; Muralidharan and Sundararaman, 2011; Duflo et al., 2012, Gaduh et al 2020]
- Healthcare workers [Mullen et al., 2010; Miller et al., 2012]
- Community groups [Olken et al., 2014]
- Government officials [Bo et al., 2013, Khan et al 2015]
- Aid workers [Ashraf et al., 2014; Berg et al., forthcoming]
- Policing [Banerjee et al., 2014], etc.

Salary incentives for Politicians (Ferraz and Finan, 2011): Higher wages for politicians results in more bills and better public goods provision.

- Overall, the results have been mixed
 - Challenges associated with incentivizing employees of mission-oriented organizations [Besley and Ghatak, 2005]
 - Multitask problem with no single measure of performance, and mission is often broadly defined
 - ▶ Extrinsic and intrinsic motivation

This paper

Public incentives with citizen-based performance monitoring

Compares Monetary Incentives for public goods with Kudos (public information on performance)

Context

- ▶ Panchayat Raj (1992 - 73rd Amendment to the Indian constitution)
- ▶ Transferred responsibility for delivery of several public goods and services
- ▶ Third and the lowest tier - Gram Panchayat (GP)

Context

- ▶ Each GP typically covers 5-10 villages (or hamlets)
- ▶ The GP president is elected by a popular vote among residents in the GP
- ▶ Elections are held every five years
 - ▶ With no term limits, but reserved seats for female and ST/SC caste on rotation-basis
- ▶ Current cohort of GP presidents was elected in 2011
- ▶ Gram Sabha—public meetings with GP residents—are held every three months

Context

- ▶ GPs have limited institutional capacity to collect own revenues
 - ▶ Entire budget is financed through program-specific state and federal government grants
 - ▶ All state and federal funds are formula-bound (hamlet or population proportionate)
 - ▶ Detailed guidelines related to what types/how to provide public goods and services
 - ▶ Use of funds requires approval from the upper tier government officials
- ▶ Average annual GP budget is approximately 30 lakhs (at the time)



Functions of
GPs in Tamil
Nadu –
Public Goods

Construction and maintenance of basic “development related” public goods

- Village roads, street lights, drinking water, and sanitation
- Provision of other public goods and services like schools and primary health centers remain with the district (or the relevant departments of the state)
- Financing for these public goods come from two sources: State Finance Commission and Federal Finance Commission
 - Tamil Nadu Village Habitation Improvement Scheme (THAI)
 - GP general budget
- Both funds are formula-bound (hamlet or population proportionate with a fixed equalization fund)
- Use of funds often requires approval from the block office or from the district office
- Keep track of larger repair and construction needs inside GP, and pass this information to the upper tier governments



Functions of
GP: Private
Goods

Identifying target populations for national and state anti-poverty programs

- **Recurring private transfers:**
 - National pension schemes for senior citizens, differently-abled, and widows
 - Rural Employment Guarantee Scheme (MNREGS)
- Provide cards that allow them to access these schemes
- Improving access involves identifying eligible individuals who do not have access to these programs, provide assistance in filling out application forms, forward these applications to the higher authorities at the block level (who are ultimately responsible for approving the applications)
- And provide political mediation services during the processing of these applications
- **One-time private transfers:**
 - Indira Gandhi Rural Housing Scheme (IAY)
 - 3-6 lakhs rupees in subsidy for a poor household to build a house made of solid construction
 - Number of recipients formula-bound

Context

- ▶ In Tamil Nadu, as in other Indian states, GP also implements flagship programs of the Ministry of Rural Development
- ▶ Pudhu Vaazhvu Project (PVP) (Now absorbed into NRLM)
 - ▶ Large scale rural livelihood program (3961 GPs drawn from 120 blocks across 14 districts), which targeted 10 million women in the poorest areas of the state
- ▶ Self-help groups (SHGs) of women
 - ▶ Connect poor, excluded households to the statewide network of SHGs—which provide access to credit and livelihood trainings for women
- ▶ Youth skill development program
 - ▶ Organizing skills training and placement of the village youth with the private sector

Context

- ▶ Pudhu Vaazhvu Project (PVP)
 - ▶ Apart from the two livelihood interventions, PVP is a community driven development (CDD) project, designed to work integrally with the GP to make local governance work for the poor
 - ▶ PVP has a formal partnership with the GP
 - ▶ GP president serves as the president of the Village Poverty Reduction Committee (VPRC)—which is the core institution through which PVP implements its various interventions
 - ▶ Key elements of PVP's design focused on:
 - ▶ Making local government more responsive to citizens' needs
 - ▶ Improving transparency in the use of public resources

Context

- ▶ To improve GP responsiveness, VPRC tasked with two key mandates:
 - ▶ VPRC provides facilitating services, in partnership with GP president, to improve access to private benefits from existing state and national programs (by identifying excluded, assisting them with filling forms, and GP president providing political mediation for approval)
 - ▶ Play an intermediary role between the citizen and state
 - ▶ Bring individual issues directly to the attention of GP presidents
 - ▶ Or indirectly by improving participation in Gram Sabha meetings
- ▶ To support the goal of transparency and accountability, PVP uses a multi-dimensional approach
 - ▶ GP president ensures that VPRC is comprised of one representative from each hamlet, and individuals from disadvantaged social groups are adequately represented
 - ▶ Gram Sabha ratifies all beneficiaries for private transfers, and reviews social audit and expenditure reports

Experiment

- ▶ Randomized controlled trial to test the effectiveness of two types of incentives
- ▶ Study sample
 - ▶ In Phase 2, the project rolled out to 10 new districts (4 blocks in each district)
 - ▶ From those 10 districts, we took one block from each district (not random)
 - ▶ For those 10 blocks, we randomly selected 25 GPs from each block
- ▶ 198 GPs across 10 blocks and 10 districts
- ▶ Randomly divided the sample GPs into three groups (within block randomization)
 - ▶ 2 treatments and 1 control

Experiment

- ▶ Financial incentive

- ▶ Reward better performing GP presidents with a one-time cash grant that can be used for any public investments and programs at the president's discretion
- ▶ A grade GP president would receive INR 600,000
- ▶ B grade GP president would receive INR 300,000
- ▶ These grants are significant
 - ▶ Relative to the total investment budget of the GP
 - ▶ Relative to the cost of providing public goods
 - ▶ A construction of a public well would approximately cost INR 150,000
 - ▶ A construction of an internal road would cost INR 100,000 to 200,000
 - ▶ And, a small reverse osmosis system typically required to increase water supply would cost INR 600,000

Experiment

- ▶ Non-financial incentive
 - ▶ Advertise the achievement of high performing GP presidents to their constituents
 - ▶ For each A and B grade presidents, special Gram Sabha organized during which president is presented with a certificate of recognition from the State Government
 - ▶ In addition, for A grade presidents, an information campaign organized that highlights his/her achievement
 - ▶ A large poster (of size 23.4 x 33.1 inches) comparable to a large political advertisement board
 - ▶ 100 posters (of size 11.7 x 16.5 inches) of similar design

Experiment

புதுவாழ்வு திட்ட கிராம வறுமை ஒழிப்புச்சங்க செயல்பாடுகளை சிறப்பாக வழிநடத்தியமைக்காக

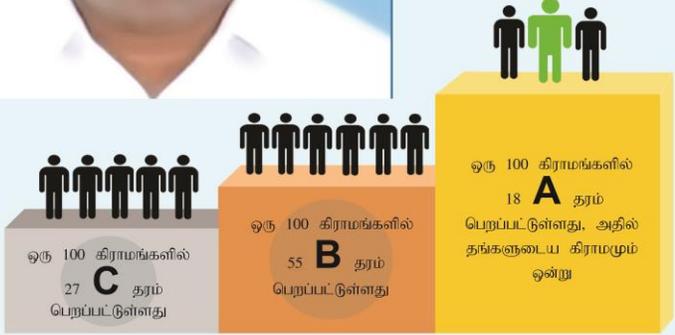
புதுவாழ்வு
மக்களே முதன்மை

பாராட்டுக்கேடு

திண்டுக்கல் தொப்பம்பட்டி
மாவட்டம், கோட்ட துரை
வட்டாரம், ஊராட்சியின் கிராம
வறுமை ஒழிப்பு சங்க செயல்பாடுகளை மிகச்சிறப்பான
முறையில் வழிநடத்தி புதுவாழ்வு திட்ட இலக்கு ஏழை
எளியோர் அனைவரும் பயன் பெற செய்தமைக்காக
திரு சாமீதுரை ஊராட்சி மன்ற தலைவர்
அவர்களை பாராட்டுகிறோம்.



ஊராட்சியின் தரம்
மதிப்பெண்
73 / 100



ஒரு 100 கிராமங்களில்
27 C தரம்
பெறப்பட்டுள்ளது

ஒரு 100 கிராமங்களில்
55 B தரம்
பெறப்பட்டுள்ளது

ஒரு 100 கிராமங்களில்
18 A தரம்
பெறப்பட்டுள்ளது. அதில்
தங்களுடைய கிராமமும்
ஒன்று



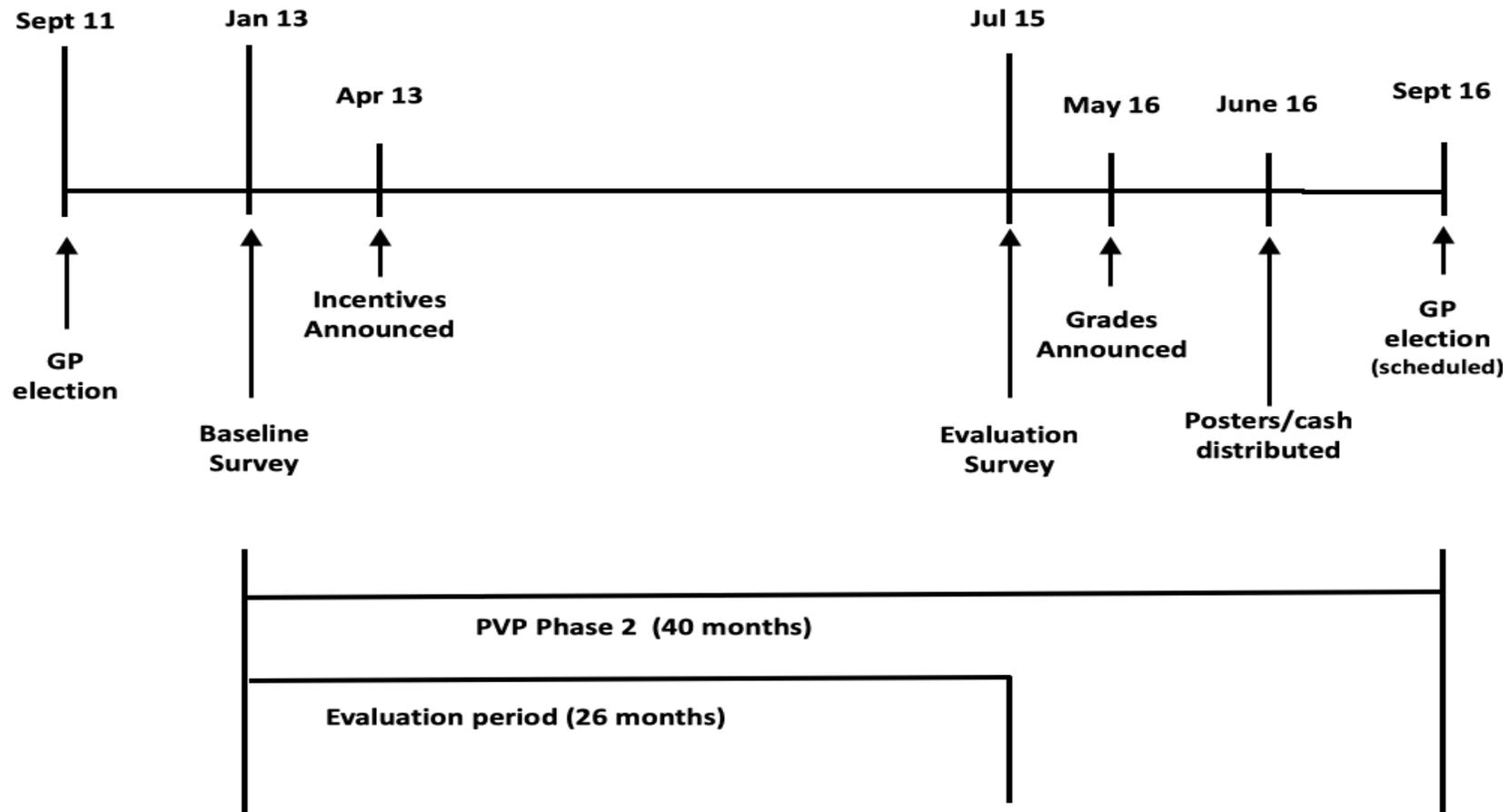
- President of [District Name] [Block Name] [Panchayat Name] is commended for excellent performance in her/his functions related to the PVP program, and in facilitating access to the program benefits for the poor, vulnerable and others in the village.

Experiment

- ▶ All GP presidents informed of the evaluation process (and the incentives for the treatment GPs) through an official communication from the district panchayat (verbal and written)
- ▶ Identical letters except control GPs had no mention of any incentives, and incentive details varied by the treatment type
- ▶ Same grading/evaluation criteria as the one that PVP used in Phase 1
 - ▶ In Phase 1 of PVP, an objective evaluation criteria (and evaluation/monitoring process) was developed by PVP management team, and all GP presidents were evaluated and given a performance grade (A, B, or C) based on this criteria at the end of phase 1
- ▶ Explicit grading criteria was not shared with the GP presidents to avoid strategic effort allocation

Experiment (2014)

► Timeline of the study



Data

- ▶ Baseline survey
 - ▶ Interviewed GP presidents
 - ▶ Hamlet-level data on public investments and IAY beneficiary
- ▶ Evaluation survey
 - ▶ Official VPRC records, GP office records
 - ▶ Village focus group meetings, interviews with VPRC members, GP president
 - ▶ Unannounced field visits to project sites to verify records
 - ▶ Multiple layers of data validation
- ▶ Three rounds of India Census
- ▶ 2011 GP election data from the State Election Commission

Data

- ▶ Data validation exercise
 - ▶ All monitoring data collected by VPRC/GP goes through a 3-step validation process
 - ▶ Locally validated through a Social Audit Committee (SAC)
 - ▶ Every month data is reviewed by project functionaries, as part of the block, and state reviews
 - ▶ Third-party monitoring firm review the data and reports
 - ▶ Process monitoring firm (Mott MacDonald) visited a rotating random sample of GPs so that every GP was reviewed at least once in a year
 - ▶ Financial statements were audited by Price Waterhouse Coopers on an annual basis
 - ▶ Subset of this monitoring data is collected by an independent survey team, with an additional layer of verification conducted by the team

Data

▶ GP president characteristics

	Mean	[Std. Dev.]
	(1)	(2)
Female	0.374	[0.485]
Age	43.25	[9.714]
SC/ST caste	0.283	[0.452]
Graduate/diploma degree	0.217	[0.413]
Served multiple terms	0.223	[0.417]
Tenure as GP president (in years)	2.425	[3.254]
Member of a political party	0.839	[0.368]

Data

▶ GP characteristics

	Mean	[Std. Dev.]
	(1)	(2)
Total population of GP	3296	[2159]
% ST/SC caste	0.248	[0.161]
Literacy rate	0.684	[0.078]
Number of hamlets	8.091	[6.715]
% of mixed-caste hamlets	0.500	[0.324]
% of hamlets with only non-pres. caste households	0.149	[0.192]

Data

► Political participation and GP elections

	Mean	[Std. Dev.]
	(1)	(2)
Attendance in Gram Sabha	134.40	[55.42]
% female attendee in Gram Sabha	0.529	[0.101]
Voter turnout in 2011 GP president election	0.856	[0.120]
Number of candidates in 2011 election	3.747	[1.799]
Reserved seat in 2011 election	0.460	[0.500]
Not eligible to run in 2016 election	0.298	[0.459]

Data

► Within-GP inequality in access to public and private programs (residence)

	All hamlets (1)	Pres- hamlets (2)	Nonpres- hamlets (3)	Diff [(2) - (3)] (4)
No. of households in hamlet	186.85	324.54	143.51	181.03***
Distance from the GP office (in Km.)	1.602	1.097	1.745	-0.648***
% of hamlets with public investments in:				
Roads	0.496	0.582	0.468	0.114***
Streetlights	0.515	0.609	0.492	0.116***
Water	0.440	0.522	0.422	0.100***
Sanitation	0.257	0.370	0.226	0.144***
% of hamlets with IAY recipients	0.634	0.723	0.613	0.110***

Data

- ▶ Balance test
 - ▶ We find no differences in the means on all baseline variables across all three groups

Empirical strategy

$$\blacktriangleright Y_{g,1} = c + \eta_b + \gamma Fin_g + \delta Nonfin_g + \theta Y_{g,0} + \Gamma \bar{X}_g + \varepsilon$$

- ▶ $Y_{g,1}$: post-treatment outcome of interest for GP g
- ▶ η_b : block dummies
- ▶ $Y_{g,0}$: pre-treatment outcome for GP g
- ▶ \bar{X}_g : vector of GP-level covariates
- ▶ $Fin_g(Nonfin_g)$: = 1 if president in GP g was offered the financial (nonfinancial) incentive

$$\blacktriangleright Y_{gsp,1} = c + \kappa_g + \rho_p + \pi PresH_s + \beta (Fin_g * PresH_s) + \psi (Nonfin_g * PresH_s) + \theta Y_{gsp,0} + \varepsilon$$

- ▶ $Y_{gsp,1}$: = 1 if hamlet s received program p during the evaluation period
- ▶ κ_g : GP dummies
- ▶ ρ_p : program dummies
- ▶ $PresH_s$: = 1 if hamlet s is the president's hamlet of residence (or includes household that belong to the same caste as that of the president)

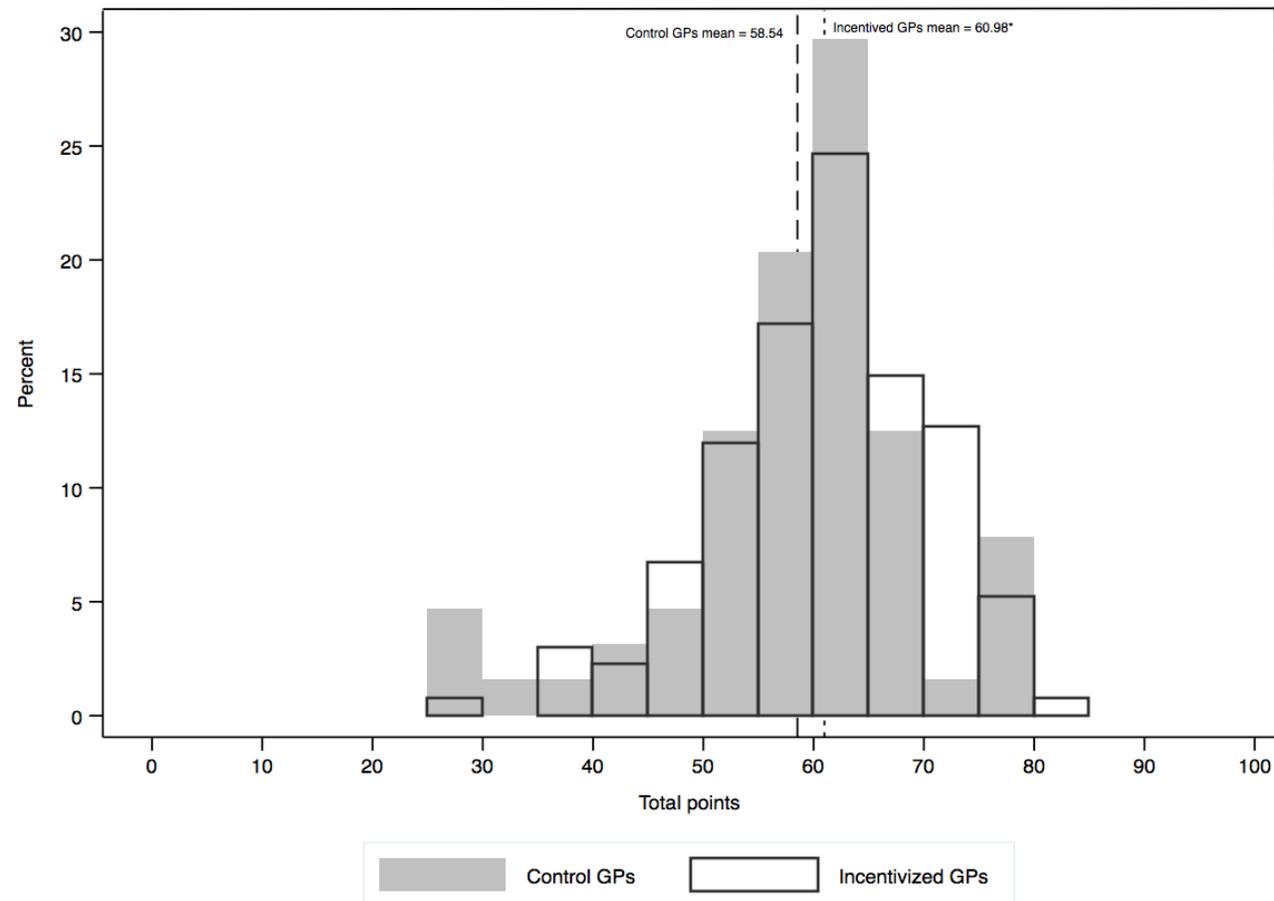
Empirical strategy

- ▶ Evaluation score
- ▶ Private transfers
- ▶ Public investments
- ▶ Budget, utilization, and transparency

- ▶ Within-GP resource allocation
- ▶ Differential effect by GP president's electoral incentives

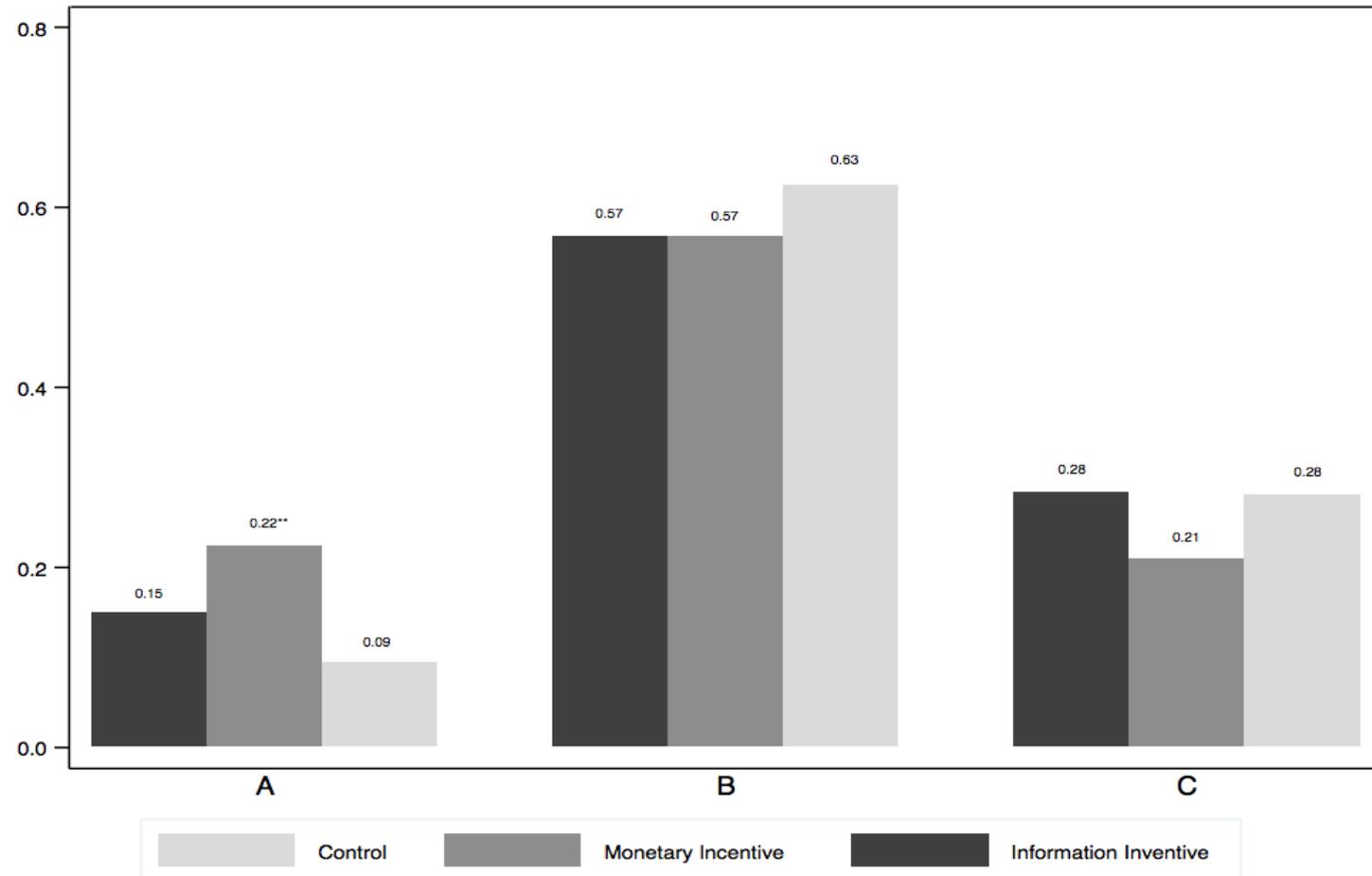
Results

► Evaluation score



Results

► Evaluation score



Results

► Evaluation score

	Total points	Grade A	Grade B	Grade C
Financial incentive	2.83** [1.268]	0.113** [0.0560]	-0.063 [0.0785]	-0.051 [0.0619]
Nonfinancial incentive	1.59 [1.307]	0.061 [0.0559]	-0.049 [0.0829]	-0.012 [0.0673]
P-value of F-test: <i>Financial = Nonfinancial</i>	0.282	0.378	0.864	0.537
Mean dep. var., control	58.54	0.094	0.625	0.281

Results

► Access to private transfers

	PVP schemes		National pensions & NREGS	Indira Gandhi rural housing (IAY)		Private transfer index
	Youth skill development	Self help groups		No. of new recipients	% hamlets w/ new recipients	
	No. of youths Trained & employed	No. of members added	No. of cards issued	No. of new recipients	% hamlets w/ new recipients	Private transfer index
Financial incentive	8.27** [3.207]	13.78 [20.20]	18.17 [22.08]	-1.817 [2.918]	0.074*** [0.0276]	0.260** [0.1160]
Nonfinancial incentive	8.44*** [3.034]	18.92 [18.08]	8.286 [19.63]	0.251 [2.795]	0.082*** [0.0298]	0.299*** [0.1120]
P-value of F-test: <i>Financial = Nonfinancial</i>	<i>0.953</i>	<i>0.801</i>	<i>0.630</i>	<i>0.449</i>	<i>0.655</i>	<i>0.710</i>
Mean dep. var., control	28.48	278.30	179.20	13.84	0.899	0.000

Results

► Access to public investments

	% of hamlets with public investments in				Public investment index
	Roads	Street lights	Water	Sanitation	
Financial incentive	0.099** [0.0389]	0.061* [0.0339]	0.056 [0.0487]	0.073 [0.0540]	0.342** [0.1450]
Nonfinancial incentive	0.056 [0.0409]	0.045 [0.0360]	0.081 [0.0497]	0.059 [0.0550]	0.277* [0.1590]
P-value of F-test: <i>Financial = Nonfinancial</i>	<i>0.276</i>	<i>0.625</i>	<i>0.596</i>	<i>0.790</i>	<i>0.641</i>
Mean dep. var., control	0.871	0.889	0.516	0.651	0.000

Results

► Budget, utilization, and transparency

	Youth skill development scheme		Procurement	GP presidents
	Total funds received	Utilization rate	as per SAC rule	received IAY benefit
Financial incentive	10,023 [8,627]	0.113*** [0.0371]	0.038 [0.0423]	-0.046 [0.0748]
Nonfinancial incentive	1,403 [8,447]	0.097* [0.0387]	0.117** [0.0463]	-0.147** [0.0659]
P-value of F-test: <i>Financial = Nonfinancial</i>	<i>0.267</i>	<i>0.690</i>	<i>0.111</i>	<i>0.090</i>
Mean dep. var., control	165,008	0.631	0.781	0.234

Results

- ▶ Increase in access to private transfers
- ▶ Increase in access to public goods
 - ▶ More hamlets received new public investments (and IAY housing scheme)
- ▶ Positive impacts not limited to PVP schemes
- ▶ Not much difference between financial and nonfinancial incentives
- ▶ Improvement in compliance with procurement rules
- ▶ Increase in fund utilization rate

- ▶ Does this imply more equitable allocation of private transfers and public investments inside the GP?
 - ▶ Specifically, are resources preferentially targeted to hamlets in which the GP president resides, or where households of the same caste as the GP President reside?

Results

► Within-GP resource allocation (residence)

	Public investments [Roads, street lights, water, and sanitation]	Private transfers [IAY housing scheme]
Financial incentive x P1	-0.010 [0.0355]	-0.019 [0.0320]
Nonfinancial incentive x P1	-0.081** [0.0346]	-0.058* [0.0320]
President hamlet: Residence of GP president (P1)	0.071* [0.0289]	0.048 [0.0290]
P-value of F-test: <i>Financial x P1 = Nonfinancial x P1</i>	<i>0.015</i>	<i>0.076</i>
Observations	6,300	1,575
Mean dep. var., control	0.692	0.848

Results

- ▶ Hamlet baseline data suggests unequal targeting of public investments and IAY housing scheme
 - ▶ Preferential allocation of resources to the GP president's own hamlet of residence and hamlets with households that belong to the same caste as the GP president
- ▶ Incentives reduce this inequality in access
- ▶ Is the underlying within-GP inequality driven by GP presidents' re-election incentives?
 - ▶ If so, how does our incentives interact with this underlying political motivation, and deliver a more equitable allocation within a GP?

Results

► Within-GP resource allocation, by eligibility to run for office in 2016

	Public investments [Roads, streetlights, water, and sanitation]	Private transfers [IAY housing scheme]
<hr/>		
Panel A: GP presidents eligible to run for office in 2016		
Financial incentive x P1	-0.068* [0.0407]	-0.058 [0.0371]
Nonfinancial incentive x P1	-0.117*** [0.0407]	-0.081* [0.0383]
President hamlet: Residence of GP president (P1)	0.111*** [0.0326]	0.076** [0.0332]
P-value of F-test: <i>Financial x P1 = Nonfinancial x P1</i>	0.162	0.358
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Observations	4,556	1,139
Mean dep. var., control	0.646	0.875
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Results

- ▶ Incentives reduce within-GP inequalities particularly for presidents who are eligible to run for office.
- ▶ Incentivized GP presidents who were eligible to receive financial rewards continue to exhibit a preference for their own hamlet
 - ▶ In 3 out of 10 blocks, among 18 GP presidents who received such rewards, 16 GP presidents invested their grants on hamlets with residents of their own caste, and 8 presidents on hamlets of their own residence

Conclusion

- ▶ External rewards can be used to improve policy outcomes of politically motivated agents
- ▶ Rewards that are designed to improve visibility of effort and strengthen credibility of better performing politicians to all groups of voters can counter clientelism (which are prevalent in the status quo)

Table A1: Selection of PVP blocks into the study sample

	All	PVP blocks		P-value (2)=(3) (4)
	PVP blocks (1)	In study sample (2)	Not in study sample (3)	
Total population	97311	88992	99622	<i>0.337</i>
% SC/ST caste	0.235	0.243	0.233	<i>0.696</i>
% of GPs with public facilities				
Education	0.923	0.926	0.922	<i>0.894</i>
Medical	0.774	0.764	0.777	<i>0.839</i>
Bank	0.206	0.202	0.207	<i>0.909</i>
Bus stop	0.904	0.909	0.903	<i>0.858</i>
Number of blocks	46	10	36	-
P-value for joint test of significance	-	-	-	<i>0.989</i>

Notes: The observations include 46 blocks in 10 districts that received PVP for the first time in the second phase of the project. In each district, the number of blocks that would be covered by PVP was defined by the available budget, and the eligible-blocks were selected based on a backwardness score, which comprised of ST/SC share of the population, share of below poverty line households, and other measures that included poor infrastructure, poor public services, and industrial backwardness. Blocks within each district were ranked based on their backwardness score, and they were selected starting from the highest score until the PVP budget was exhausted. The blocks in our study sample comprise of the last block selected in each district. The block-level data on block-level demographics and public infrastructure comes from the 2001 India Census.

Table A2: Evaluation grading criteria

No.	Indicators	Range of achievements	Scores	No.	Indicators	Range of achievements	Scores		
1.	Identified target poor reached by the project	Above 95%	5	23.	Percentage of identified differently-abled persons give ID cards for eligible benefits	100%	5		
		50-95%	3			80-99%	3		
		Below 50%	0			Below 80%	0		
2.	30% SC/ST VPRC representatives	Yes	3	24.	Percentage of all eligible differently-abled persons included in special SHGs	90 and above 90%	5		
		No	0			70-89%	3		
						Below 70%	0		
3.	No. of very poor household who are VPRC representatives	Above 50%	5	25.	Percentage of special SHGs given initiation funds	90-100%	5		
		50%	3			Below 90%	0		
		Below 50%	0						
4.	No. of women members in the VPRC	Above 60%	5	26.	Percentage of differently-abled persons who had access to individual loans and other benefits	Above 90%	5		
		50-60%	2			50 to 90%	3		
		Below 50%	0			Below 50%	0		
5.	Is a scheduled tribe (ST) representative selected if the GP has more than 10 ST HHs	Yes	3	27.	Eligible differently-abled persons getting maintenance grants	Yes	2		
		No	0			No	0		
		Not applicable	3						
6.	Is one very poor person selected as office bearer	Yes, two person available	5	28.	MGNREGS identify card applications processed (100%)	Yes	2		
		Yes, one person available	3			No	0		
		Nobody	0						
7.	No. of VPRC meetings in a year	Above 22	5	29.	MGNREGS ID cards applications processed for differently-abled persons (100%)	Yes	2		
		13-21	3			No	0		
		10-12	0						
8.	Average no. of representatives participating in VPRC	above 70%	5	30.	Percentage of applications processed for Green house/IAAY housing scheme (100%)	Yes	2		
		60-70%	3			No	0		
		Below 60%	0						
9.	Percentage of representatives who had knowledge of the minutes and the resolutions passed	80-100%	5	31.	Percentage of applications processed for the CM Medical insurance program (100%)	Yes	2		
		60-79%	3			No	0		
		Below 60%	0						
10.	Was the procurement sub-committee formed as per project rules?	Yes	3	32.	Percentage of applications processed for the Old Age Pension scheme (100%)	Yes	2		
		No	0			No	0		
11.	Were all procurement decisions made with the recommendations of the procurement sub-committee?	Yes	3	33.	Any eligible person given Marriage Benefits, Sewing Machine, Transgender monthly benefit, Pregnant Women Welfare Benefit through social welfare depart.	Yes	2		
		No	0			No	0		
12.	Was the business and monitoring sub-committee formed?	Yes	3	34.	Were utilization certificates issued for all funds released to Community Based Organizations (CBOs)	Yes	5		
		No	0			No	0		
13.	Percentage of target persons affiliated with SHGs	100%	10	35.	Number of Social Audit Committee meetings over the last one year	12 and above 12	5		
		80-99%	1			8 to 11	3		
		Below 80%	0			Below 8	0		
14.	Was the bookkeeper selected from among the target groups (including differently-abled)?	Yes	5	36.	Do all beneficiary and fund details show in the display board	Yes	5		
		No	0			No	0		
15.	Was a bookkeeper appointed and at work throughout the project period?	Yes	3	37.	Percentage of eligible youth trained	Above 30%	5		
		No	0			20-29%	3		
						Below 20%	0		
16.	Was all VPRC information up to date and available on the display board?	Yes	5	38.	Utilization rate of VPRC's Youth Skill Development fund	100%	5		
		No	0			80-99%	3		
						Below 80%	0		
17.	Was the project fund utilized as per the project rules (40:40:20 ratio)?	Utilized as per the rules	2	39.	Percentage of target household youths among total youth trained	Above 80%	5		
		Utilized not as per the rules	0			80% and below	0		
18.	Percentage of the VPRC funds received	96-100%	5	40.	Common Livelhoods Group (CLG) formed from among target group persons	Yes	5		
		80-95%	3			No	0		
		Below 80	0						
19.	Books of accounts maintained till date?	SHG and individual loans	3	41.	VPRC's cooperation with Pachayat President	Very good	5		
		Either SHG or individual loans	2			Good	3		
		Neither SHG nor individual loans	0			Not bad	0		
20.	Were the expenditure statement, the bank reconciliation statement, and the bank pass-book available?	Yes	2	42.	Development activities for target people through Gram Panchayat	Very good	5		
		No	0			Good	3		
						Not bad	0		
21.	Did the internal audit happen once in six months and was any action taken, if needed?	Yes	2	43.	Participation of Panchayat President in the last one year of meetings	90-100%	5		
		No	0			70-89%	3		
						Below 70%	0		
22.	Did the external audit happen once in a year and was action taken based on the auditor's report/recommendation?	Completed ext. audit & rectified all reco.	3	44.	Finance/Cash-mishandling		-20		
		Completed ext. audit but not rectified all reco.	2			45.	Benefits given to non-target people		-5
		Not completed ext. audit	0						

Table A3: Summary statistics and balance test (GP-level)

	Control	Financial	Non-financial	P-value		
				(1)=(2)	(1)=(3)	(2)=(3)
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Panel A: Gram Panchayat president characteristics</i>						
Female	0.344	0.388	0.388	0.603	0.603	1.000
Age	42.00	43.10	44.58	0.516	0.130	0.379
SC/ST caste	0.281	0.269	0.299	0.874	0.828	0.704
Graduate/diploma degree	0.219	0.224	0.209	0.944	0.893	0.835
Served multiple terms	0.190	0.258	0.219	0.364	0.704	0.598
Tenure as GP president (<i>in years</i>)	2.349	2.364	2.562	0.980	0.714	0.729
Member of a political party	0.825	0.833	0.859	0.903	0.605	0.689
<i>Panel B: Gram Panchayat characteristics</i>						
Total population of GP	3303	3293	3295	0.979	0.984	0.995
% ST/SC caste	0.242	0.259	0.244	0.546	0.943	0.590
Literacy rate	0.694	0.681	0.677	0.369	0.233	0.765
Number of hamlets in GP	8.000	8.075	8.194	0.950	0.870	0.919
% of mixed-caste hamlets	0.517	0.514	0.467	0.961	0.373	0.394
% of hamlets with only nonpres-caste households	0.124	0.154	0.176	0.375	0.128	0.517
% of hamlets with public investments in						
Roads	0.548	0.514	0.481	0.619	0.319	0.613
Street lights	0.541	0.582	0.473	0.561	0.342	0.122
Water	0.402	0.521	0.426	0.087	0.731	0.165
Sanitation	0.297	0.275	0.300	0.746	0.971	0.716
% of hamlets with <i>IAY</i> recipients	0.668	0.677	0.599	0.885	0.299	0.232
<i>Panel C: Political participation and electoral outcomes</i>						
Attendance in Gram Sabha	132.3	138.5	132.3	0.524	0.999	0.518
% female attendee in Gram Sabha	0.541	0.530	0.516	0.542	0.152	0.406
Voter turnout in 2011 GP president election	0.870	0.836	0.862	0.113	0.711	0.217
Number of candidates in 2011 GP election	3.953	3.642	3.657	0.324	0.348	0.962
Seat reserved in 2011 GP election ^a	0.391	0.552	0.433	0.065	0.628	0.628
Not eligible to run in 2016 GP election ^b	0.328	0.254	0.313	0.356	0.855	0.453
Number of Gram Panchayats (GPs)	64	67	67	-	-	-
P-value for joint test of significance	-	-	-	0.624	0.955	0.876

Table A4: Summary statistics and balance test (Hamlet-level)

	Control	Financial	Non-financial	P-value		
				(1)=(2)	(1)=(3)	(2)=(3)
	(1)	(2)	(3)	(4)	(5)	(6)
No. of households in hamlet	129.8	138.5	129.3	<i>0.641</i>	<i>0.978</i>	<i>0.619</i>
Mixed-caste hamlet	0.400	0.392	0.339	<i>0.893</i>	<i>0.227</i>	<i>0.312</i>
Hamlets w/ only nonpres-caste households	0.130	0.156	0.195	<i>0.416</i>	<i>0.091</i>	<i>0.348</i>
Public investments in:						
Roads	0.424	0.421	0.379	<i>0.963</i>	<i>0.511</i>	<i>0.496</i>
Street lights	0.460	0.474	0.368	<i>0.836</i>	<i>0.212</i>	<i>0.103</i>
Water	0.367	0.440	0.374	<i>0.206</i>	<i>0.911</i>	<i>0.296</i>
Sanitation	0.181	0.166	0.190	<i>0.760</i>	<i>0.874</i>	<i>0.622</i>
Hamlets with <i>IAY</i> recipients	0.576	0.571	0.514	<i>0.947</i>	<i>0.441</i>	<i>0.449</i>
Number of hamlets	507	525	543	-	-	-
P-value for joint test of significance	-	-	-	<i>0.820</i>	<i>0.171</i>	<i>0.401</i>

Table A6: GP president characteristics, by eligibility to run for office in 2016

	All GP presidents (1)	GP presidents who are		P-value (2)=(3) (4)
		Eligible to run in 2016 (2)	Not eligible to run in 2016 (3)	
Female	0.374	0.482	0.119	<i>0.000</i>
Age	43.25	43.08	43.64	<i>0.709</i>
SC/ST caste	0.283	0.374	0.068	<i>0.000</i>
Graduate/diploma degree	0.217	0.187	0.288	<i>0.116</i>
Served multiple terms	0.223	0.206	0.263	<i>0.386</i>
Tenure as GP president (<i>in years</i>)	2.425	2.213	2.930	<i>0.163</i>
Member of a political party	0.839	0.838	0.842	<i>0.947</i>