

Bringing Electoral Politics to the Doorstep: Who Gains Who Loses? ¹

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Abstract

This paper uses household survey data from Punjab Pakistan to empirically analyse who is gaining and who is losing as a result of recent reforms that have instituted electoral decentralization and expenditure devolution. The identification strategy relies on exogenous kinship or caste identities and historic settlement patterns of households to estimate the change in the post-reform bias of service provision outcomes between different household types. We find that electoral and expenditure decentralization in Pakistan has had the positive effect that households in previously underprovided villages have seen a substantial increase in the provision of essential services. However, the results also show that post-reform targeting of provision between households is conditional upon political geography and membership to dominant village level patron-client factions. The results show that being a demographic majority does not always count in a decentralized structure and that there are incentives in the system that may lead politicians to discount groups that are in a demographic majority.

¹ This paper reports results from an ongoing project that is attempting to measure household level service provision impact of local government reforms in Punjab, Pakistan. We are grateful to the CIDA funded LUMS-McGill Social Enterprise Development Centre for funding this project. Special thanks are in order to the numerous research assistants, surveyors and students whose hard work ensured availability of data. The rich dataset this paper uses would not have become operational without the effort put in by Ali Asjad Naqvi, Husnain Haider, Fizza Hyder, Imran Nasim and Fatimah Inayet. The empirical sections of this work benefited enormously from interaction with Atif Mian and Asim Khwaja. Valuable comments were provided by participants at: the Dr. Akhtar Hameed Khan Development Forum; the World Development Report (2006) Conference in Delhi; the LUMS-McGill Devolution Workshop and at seminars at IDS, Sussex and LUMS. In particular, we would like to thank Tara Vishwanath, Danyal Aziz, Shekhar Shah, Dilip Mookherjee, Vijayendra Rao, Mick Moore and Anirudh Krishna. We have also benefited tremendously from our interaction with Major (Retd.) Abdul Rahman Rana (Ex-tehsil nazim, Jaranwala) and Mr. Zulfiqar Shah (Tehsil Nazim, Chiniot). All errors are our own.

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It is a lamentable fact that India's ancient and self-governing village communities have...disappeared, under the too centralised administration of British Rule...no representatives of the village population help the administration...and an alien Government lacks that popular basis, that touch with the people....

R.C.Dutt (1903)

What is the village community but a sink of localism, a den of ignorance, narrow-mindedness and communalism. I am...surprised that those who condemn...communalism should come forward as champions of the village community.

B. R. Ambedkar (1948)⁴

The smaller the society, the fewer the distinct parties and interests composing it...the more frequently will a majority be found of the same party; and the smaller the number of individuals composing a majority, and the smaller the compass within which they are placed, the more easily will they concert and execute their plans of oppression.

J. Madison (Federalist Papers No. 10)⁵

1. Introduction: Devolution and accountability

Electoral decentralization and devolution of public service provision have become much advocated complementary pro-poor governance reforms in developing countries (Bardhan and Mookherjee 2006). Protagonists claim that by assigning service delivery functions to politicians who are closer to the people and by making them electorally accountable these reforms will increase the *accountability* of governments to local communities and to marginalized social groups (World Development Report 2004). However, there is paucity of empirical literature⁶ that gives insights into who gains and who loses as a result of decentralization of electoral politics to the local level. This is unsurprising given that it has been extremely difficult for researchers to get appropriate pre-reform baselines on the basis of which changes in the bias of post-reform provision can be measured. Furthermore, in most cases fiscal and administrative decentralization

⁴ Quoted in Mookherjee (2004).

⁵ Quoted in Mookherjee (2004).

⁶ Recent empirical studies in the South Asia context include Bardhan and Mookherjee (2003), Besley et al. (2003) and Chattopadhyay and Duflo (2001). However, none of these studies measure the gains and losses of different groups as a result of the decentralization of electoral politics.

lags electoral decentralization⁷ and this makes it hard to attribute changes in the bias of post reform provision to local level politicians and political structures.

The current study is an initial attempt to address this gap in the empirical literature. It is part of an ongoing three district study that aims to evaluate the impact of Pakistan's recent Local Government Reforms (2001)⁸ on changes in household level access to local public goods in rural areas. We ask the simple question, who is gaining and who is losing as a result of Pakistan's recent reforms. In particular, we ask whether the relative change in a household's access to post-reform provision is conditional upon it being located in close proximity to the local nazim (mayor); it belonging to the majority social group in the village; and/or its affiliation with the un-elected village influentials electoral faction. We also ask whether electoral decentralization benefits marginalized majorities or are the benefits captured by elite minorities? By answering these questions our results give critical insights into how the accountability of the local state to majorities and marginal groups is being restructured as a result of electoral decentralization to the local level. The rationale is that if accountability is being strengthened, we should be able to find increased equity in allocation across spaces and between groups. Finally, we use anthropological methodologies to describe the importance of non-political party electoral factions that rural citizens in Pakistan use to negotiate the local level electoral sphere and the impact variation in the structure of these factions has on who gains and who loses in post-reform provision.

Our results point to the importance of political geography and non-political party village level patron-client electoral factions in shaping changes in provision outcomes, between social groups and households, as a result of electoral decentralization in Pakistan. We find that majority social groups do not always benefit from increased local provision and our results show instances where minority groups do much better than majority groups in post-reform targeting. We also find that elite capture and responsiveness to the majority social group is a function of the social composition of non-party village level electoral

⁷ Bardhan and Mookherjee (2006).

⁸ For a good description of the reforms and their evolution see Cheema, Khwaja and Qadir (2006).

factions. To the extent that these factions encompass non-elite groups and majority social groups the benefits of provision within villages tends to be more equitably distributed, otherwise we find an increase in the incidence of elite capture.

The study makes a number of important contributions. It uses an innovative empirical strategy to measure the direction of the targeting bias in post-reform provision between different household types. It does so by comparing the difference in the change in post-reform provision of schemes between different household types, holding the pre-reform difference of provision between them constant. The use of this methodology is made possible by a unique survey-based dataset of 364 households that enables us to measure post-reform change in provision, by providing information on a pre-reform baseline of provision, as well as the provision status of households three years after the reform. Another important contribution of the study is that it bases its results on differences in actual provision outcomes pre- and post-reform and not on budgeted expenditure figures⁹.

Yet another important contribution of the study is that it is able to attribute changes in the bias of post-reform targeting between household types to local government executive decision-making. This attribution is possible because of the design of Pakistan's far ranging recent local government reforms.¹⁰ The reforms have not only engendered electoral accountability in all three tiers¹¹ of the local government system, they have also devolved forty percent of the expenditure assignment to local governments in the case of Punjab. Our focus is on the lowest tier of local government, the union administration. This is the only directly elected tier in Pakistan's three tier local government system and as such it represents the direct electoral interface between citizens and the local state. Furthermore, section 2 argues that the reforms give union level executives, i.e. nazims

⁹ Most studies on public good provision tend to use expenditure figures rather than data on actual provision. See for example Alensina et. al. (1999) and Faguet (2004).

¹⁰ Promulgated in 2001 through Local Government Ordinances in all four provinces of Pakistan.

¹¹ The highest tier is the district government in which the old provincial bureaucracy, who headed this tier, has been made accountable to an elected head of government - the nazim (mayor). Similarly elected nazims (mayors) head the tehsil municipal administration and the union administration, which is the lowest tier of local government. Tehsils are revenue units that are smaller than districts and encompass a large number of union councils and villages. The union administration is the executive that runs the union councils. In rural areas the union councils overlay a small cluster of villages and usually have a population of between 15-20000 people.

(mayors) and naib nazims (deputy mayors), considerable ‘authority’ and ‘autonomy’ over the allocation of district and tehsil level development schemes that provide local public goods, such as sanitation and street paving, to households and villages within a union. The combination of electoral decentralization at the union level with the increased authority of union nazims (mayors) over local public good scheme allocations allows us to attribute post-reform provision targeting biases to union level executive decision making. We choose sanitation as the public good of interest because in our sample villages union level executives had the ‘authority’ to identify and allocate these schemes between households and villages within their unions and because our survey results show that it is a highly demanded public good at the household level.

Finally, an important contribution of the study is that it analyses the effect non-party based political factions have on the bias in post-reform service provision of sanitation. South Asian political science and sociological literature¹² has repeatedly highlighted the importance of local level non-party based social and political factions as a determinant of voting behaviour and development related patronage. However, the empirical literature on decentralization has not been able to analyse the importance of these factions as a determinant of targeting biases largely due to paucity of data. Much more importance has been given to the political party affiliation of candidates in the empirical literature¹³, which may not be as important a determinant of targeting at the local level. We would certainly expect this to be the case in Pakistan where local government elections have been repeatedly held on a non-party basis and where the turnover of intermediate level party leadership has been quite fluid.

We address potential biases caused by endogenous household choices, which would affect our measure of the bias of provision targeting between household types, by using an empirical strategy that defines a household’s type by its biraderi¹⁴ of birth. Ali (1988),

¹² For example, see Brass (1965, 1985), Khan (2000) and Weiner and Kothari (1965). The important studies in the Pakistani context include Ahmed (1977), Alavi (1971), Rouse (1988), Gazdar (2000), Inayatullah (1963) and Wilder (1999).

¹³ Bardhan and Mookherjee (2003) and Chattopadhyay and Duflo (2003).

¹⁴ Biraderies are endogamous patrilineal caste networks. In the areas we are studying the British distributed land, at the time of canal colony settlements, according to the biraderi of different groups (Ali 1988).

Alavi (1972), Ahmed (1977), Rouse (1988), Wilder (1999) and Gazdar (2000) have documented the pervasive role biraderi groups have historically played and continue to play in ordering social and political life as well as electoral outcomes in Punjab, Pakistan. This literature has also carefully documented the close association between belonging to a biraderi group and an individual household's social status ranking. Therefore, our measure of household type is exogenous in the sense that an individual does not choose the biraderi group that he is born in. We have, however, attempted to control for the possibility that an individual may change his biraderi group name through the use of triangulation in the identification of the exact biraderi name of our sample households.

The potential bias caused by endogenous sorting of households between villages and lanes does not affect our results because our sample villages have seen very little immigration or inter-lane resettlement and virtually none since the reform. Family settlement patterns in our sample villages tend to be between fifty seven to one hundred years old. The expansion of new housing owing to population pressure within families has tended to happen on owned and previously uninhabited agricultural land and not through resettlement within lanes.

This study is important because it gives us essential insights into what types of household's gain and lose as a result of electoral decentralization and whether the change in post-reform provision between different household types is becoming more or less equitable. These empirical insights are important because, as suggested by the quotes at the beginning of the paper, the literature¹⁵ on decentralization is ambiguous about there being a strong, unconditional, and positive relationship between decentralization and accountability. Recent studies conducted by political scientists and economists¹⁶ show that the success of decentralization in terms of accountability is conditional upon the prevalence of, among other factors: socio-economic structures that promote equality in literacy and in social and economic status; strong political collectivities that are inclusive

¹⁵ We are making a conscious distinction between the academic and policy literature on decentralization. While the latter puts in some caveats regarding elite capture, nonetheless, its main conclusion is usually in favour of the positive relationship between decentralization and accountability.

¹⁶ Crook and Manor (1998), Tendler (1997), Bardhan and Mookherjee (2003), Chaudhuri (2006), Besley et. al. (2003).

of marginalized groups; adequate fiscal autonomy for the lowest tier; and a well functioning administrative and oversight apparatus. As these conditions are not generic to developing countries, nor are they likely to hold across all localities within a given country, we should expect to find variation in the accountability outcomes of decentralization, which are contingent upon the specificity of the context.

The paper is organized as follows. Section 2 briefly describes the accountability failures identified by the literature to explain Pakistan's poor pre-devolution social service delivery outcomes. It also describes the salient features of Pakistan's local government reforms 2001. Section 3 describes our survey and our sampling strategy. Section 4 provides the union and village level socio-economic context, which is essential for the interpretation of the results. Section 5 details the empirical specifications used to test the questions highlighted in the introduction and presents the results. Section 6 addresses potential endogeneity and omitted variables problems. Section 7 concludes.

2. Accountability failures and institutional change in Pakistan

Recent literature has shown that Pakistan's fifty year development experience has resulted in a significant social development gap relative to comparator economies¹⁷. The literature identifies two important stylised facts about Pakistan's social development. First, Pakistan's poverty of social outcomes in part reflects a bias in public sector expenditure against the social sectors and in favour of defence. The second stylised fact about Pakistan's social development experience is the existence of considerable inequity in social sector outcomes across provinces, across rural and urban areas and even across villages that lie in close geographical proximity to each other (Cheema and Mohmand 2005).

Pakistan's poor social development outcomes have been attributed to its pre-reform structures that weakened political and bureaucratic accountability to citizens and resulted in political economy and governance failures. The 2001 local government reforms appear

¹⁷ Easterly (2003) and Keefer et. al. (2006).

to have recognized these accountability failures, in that these reforms are an attempt by the Pakistani state to rectify these failures by redesigning political, electoral and administrative structures and relationships at the local level.

Pre-reform accountability failures are blamed by the literature on three key features of the old state system. First, most decisions regarding service delivery, including budgetary allocations, were centralised and concentrated in the hands of the provincial and federal governments. This centralization resulted in a lack of accountability because it created a large distance between citizens and key decision makers, thereby weakening the ability of the former to monitor the actions of the latter.

Second, the bulk of services were delivered through the deconcentrated provincial bureaucracy that was accountable to the higher tier provincial bureaucracy and not to citizens. This created a disjuncture between service providers and citizens, weakening the accountability of the former to the latter.

The third cause of accountability failures is argued to lie in the political system, which, in Pakistan, is described as the domain of historically entrenched interests with powerful politicians acting as patrons to selected local level clients because of unequal control and ownership in economic, political and social domains (Hussain 1999, Easterly 2003, Gazdar 2000). In this view, the real political bargaining game over the distribution of development funds occurred at two levels. At the higher level the bargaining was between the provincial/federal state and the MPAs/MNAs¹⁸. At the lower level political bargaining was confined between the local un-elected patrons and the higher-tier elected politicians and/or the deconcentrated provincial bureaucracy. An important cause of accountability failures was the un-elected nature of local level patrons who influenced decision-making and could control the local level without being accountable to a wider citizenry.

¹⁸ Member of Provincial Assembly/Member of National Assembly

The local government reforms of 2001 have attempted to deal with each one of these accountability failures.

2.1. Devolution of Service Delivery Functions

An important change has been the devolution of key provincial functions to the district and tehsil levels, whose scope has been considerably increased by assigning them important provincial functions. Most significantly, budgeting, planning and development functions that were previously performed by provincial secretariats have been transferred to the district and tehsil levels. These changes have meant a considerable increase in the local government share of consolidated provincial and local government expenditure (Figure 1.1)¹⁹ and have reduced the distance between service providers and citizens, which is expected to improve accountability through better citizen monitoring.

2.2. Engendering Electoral Accountability

Another significant change is that provincial service delivery departments at the district and tehsil levels have been placed under the authority of elected governments at these levels. This has significantly empowered the local level elected tier and created a new form of accountability for the provincial bureaucracy. What this means is that the local level bureaucracy, which was previously accountable to un-elected provincial bureaucrats, is now accountable to an elected representative of the citizens. Again, this change is expected to increase the responsiveness of administration to citizenry.

2.3. Engendering User Power and Citizen Participation

Local government reforms have also provided for institutional arrangements that foster citizen participation in service delivery and oversight, such as Citizen Community Boards (CCBs) and School Councils (SCs). CCBs have been created to enable citizens to directly participate in service delivery through a component sharing arrangement with the state. Oversight bodies, such as SCs, have been created to empower citizens as ‘users’ by

¹⁹ Figures and tables are given in appendix 1.

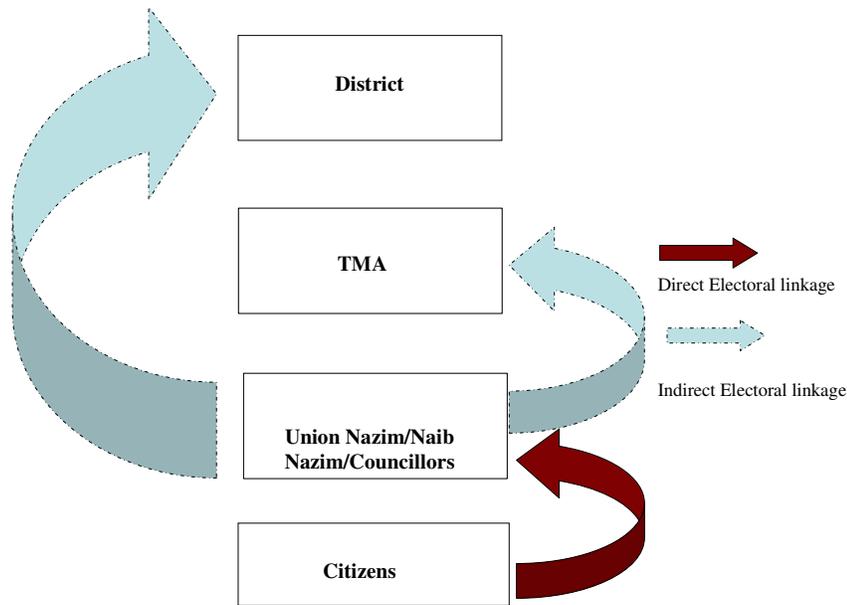
giving them the authority to monitor and supervise local service providers. It is hoped that these bodies would increase the efficiency of project selection and also increase the accountability of government service providers to the needs of citizens.

2.4. Empowering the Union

By far the most significant change has been the strengthening of the union as a foundation of the local state. The union council is the only directly elected tier of a more empowered local government system (Figure 1). Nazims (mayors), naib nazims (deputy mayors) and councillors are directly elected at the union level, which is a multi-village electoral ward consisting of an agglomeration of villages. The union council is composed of 21 directly elected members, which include the union nazim, naib nazim²⁰ and 19 councillors. Although because of the multi-ward nature of union elections there is no village-level reservation in the union councils, seats are, nonetheless, reserved for women, minorities, labourers and peasants.

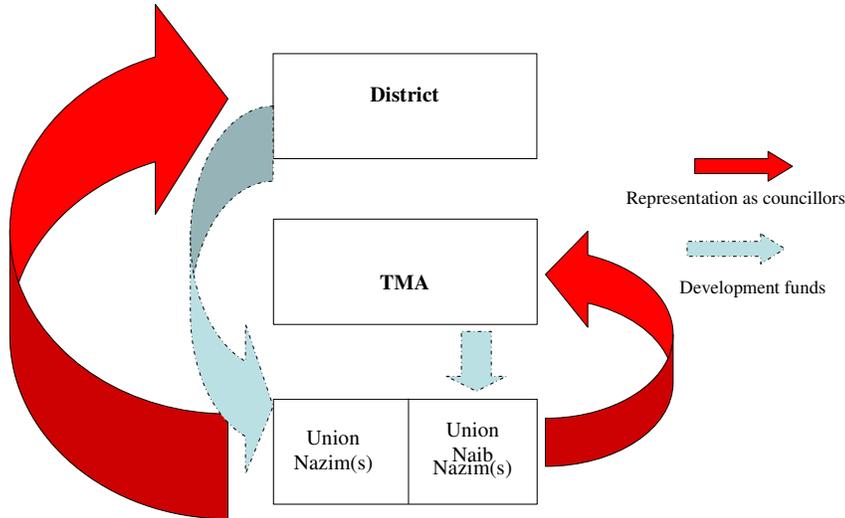
²⁰ They run together on a joint ticket

Figure 1. Electoral Linkage



Reforms at the union level are expected to increase accountability in a number of ways. First, the introduction of elections is expected to expose the old local level un-elected patron to electoral competition and, thus, create a direct link of accountability between these patrons and the union level citizenry. Second, the mechanism of reservation is expected to increase accountability to the marginalized and powerless. Third, political bargaining over development funds now not only occurs between levels (the union and the district/tehsil) that are closer to citizens but that all the actors involved in this bargaining are either directly or indirectly elected, and therefore, accountable to their voters (Figures 1 and 2).

Figure 2. Interlinked Representation

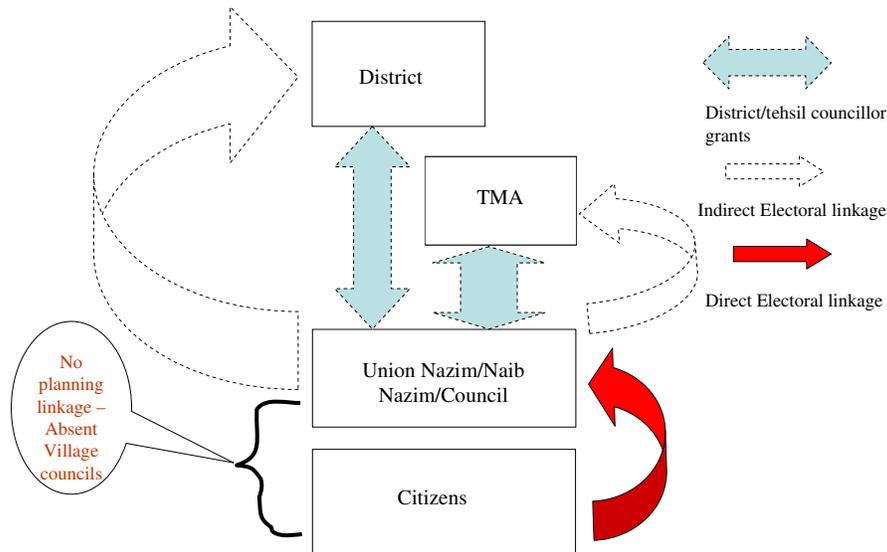


Even more importantly, at least in theory, union councillors and the union executive are now in a position to hold a much more empowered higher tier local government executive accountable because of the manner in which the union has been integrated into the higher tiers of local government. First, union nazims, naib nazims and councillors constitute the Electoral College for the district/tehsil nazims, naib nazims and councillors elected on reserved seats at these higher levels (Figure 1). Second, union nazims are ex-officio members of the district council and union naib nazims are ex-officio members of the tehsil council (Figure 2).

The political and electoral integration of the union into higher tiers of government allows union nazims and naib nazims to play a critical role in the allocation of funds and projects across villages, households and social groups in their respective unions on account of two reasons. While union nazims/naib nazims can now monitor the spatial allocation of the district/tehsil budgets directly, in their role as district/tehsil councillors, the tehsil administration and the district government currently do not have the capacity to ‘monitor’ and ‘verify’ the use of development funds for localized public goods such as sanitation

and solving by union representatives at the local level. This gives union nazims and naib nazims considerable ‘authority’ and ‘autonomy’ over the allocation of funds and projects for localized public goods within the union. This authority has been institutionalised in the current system through the use of district councillor and tehsil councillor grants that give union nazims and naib nazims the autonomy to allocate a certain pre-specified proportion of district and tehsil development funds as schemes within their respective unions (Figure 3).

Figure 3. Electoral and Budgetary Linkages



Under the current reform an ‘institutional gap’ remains in that individual villages and households do not have any *direct* participation in budgeting, development planning and the selection of schemes. *Direct* participation of villages was to be operationalised through the enactment of village and neighbourhood councils (VNCs), which till date have not been made active in spite of the fact that the Local Government Ordinance (2001) provides for their existence. This ‘institutional gap’ means that citizens can only exercise voice over satisfaction with local government budgets, plans and schemes at the

time of the election of union nazims, naib nazims and councillors (Figure 3). Apart from this whatever contact individual citizens have with union, tehsil and district representatives to convey their developmental needs is 'informal' and 'ad-hoc' and this access is likely to be asymmetric between different citizen types. Furthermore, this input is not binding on government.

These reforms have clearly empowered union nazims and naib nazims in comparison with the pre-devolution system. However, to what extent will this result in a more equitable and efficient management of development funds depends to a very large extent on how accountable union nazims and naib nazims are to the union level citizenry. The 'institutional gap' in budgetary and planning processes means that citizens can only convey their developmental needs informally and that the process is likely to be ad-hoc and need not give equal access to all citizens. Furthermore, it is only at the time of elections that all citizens, irrespective of their type, have the opportunity to voice their satisfaction over the policies, plans and budgets formulated by different local governments. Therefore, if direct elections at the union level increase the accountability of these representatives, we would expect to see increased equity and efficiency in the use of development funds at this level. However, if the union remains prone to elite capture, the expected results may show the persistence of inefficient spending and spatial and social inequity in the allocation of projects.

3. Sampling and Survey Design

3.1 Choosing the District, Tehsil and Union

The focus of the research is on rural areas and is justified on two grounds. First, Pakistan's rural poverty incidence is much higher than the incidence of poverty in urban areas. Second, literature suggests that social outcomes and state provision of essential social services is much worse in rural as opposed to urban areas (Easterly 2003). To the extent that social service provision deficits impact poverty, and the link is fairly well established in the Pakistani literature (Gazdar and Sayeed, 2003), it is instructive to

assess the degree to which devolution is correcting for the pre-reform failure in social sector provision in rural areas and, thereby, acting as a poverty alleviating institutional change.

At the same time, we feel that it is instructive to analyse the impact of devolution in rural areas that are expected to have seen considerable socio-economic change as a result of urbanization and industrialisation. The expectation is that elite capture will be lower, and the impact of devolution larger, in these areas because of a breakdown of the old structure of agrarian relations and because of access to greater market-based opportunities for the citizens of these areas.

Therefore, we decided to choose a fieldwork site in Faisalabad²¹, Punjab's second most industrialized and urbanized district²². Within Faisalabad we chose Jaranwala tehsil for two reasons. The first reason is that excluding Faisalabad city²³ Jaranwala is the tehsil that houses the largest agglomeration of urban population in Faisalabad district²⁴. Along with this the rural areas of Jaranwala tehsil are dominated by peasant proprietors. Both these reasons fit in well with our objective of analysing change in rural areas that are expected to have seen considerable socio-economic change.

Given our resource constraints, we were aware that the size of our village sample would be small. In effect, the availability of resources restricted our sample size to 2 unions and 2 villages within each union. Given that Jaranwala is Punjab's largest tehsil in terms of the number of unions, we needed an objective rationale for selecting our 2 case unions. As the primary objective of our Faisalabad case study was to analyse the impact of reforms in rural areas that were exposed to urbanization and industrialization, we decided to select our sample villages from the rural unions surrounding Khurrianwala town because of three reasons. First, during the past twenty years Khurrianwala town has been

²¹ Previously named Llayalpur.

²² After Lahore, which is entirely a city district

²³ Since the focus of our case studies is on rural areas it is natural for us to exclude the Faisalabad city tehsil, where the urban city dominates socio-economic activity.

²⁴ 44% of Faisalabad's urban population (excluding Faisalabad city) resides in Jaranwala tehsil.

Jaranwala tehsil's fastest industrializing town²⁵ and its growth has created many opportunities for industrial and service sector employment for adjoining villages. Second, the rural areas surrounding Khurrianwala town are situated off the main Sheikhpura and Jaranwala access roads, which have seen the development of considerable market activity. Third, Jaranwala town, which was the tehsil's other urban centre, is also the tehsil capital and the seat of the Tehsil Municipal Administration, which means that its surrounding rural unions may be prone to a capital effect that we wanted to isolate.

Having chosen the case district, tehsil and rural localities of interest, we selected two unions, from the group of fifteen unions, which surround Khurrianwala town and have seen more or also equal development spending on sanitation.²⁶ By choosing unions that have obtained similar magnitudes of development funding for sanitation from higher tiers of local government, we control for the revenue effect in our targeting analysis. Furthermore, in our case unions, nazims and naib nazims have complete authority and autonomy to identify and allocate schemes between households and villages within their union council. This allows us to concentrate on the *political and administrative* 'basis' of the union executive's decision to allocate development funds across villages and households of different types.

Furthermore, we chose unions where the union nazim had won the 2001 local government elections by an extremely small margin of approximately 2-5% of votes cast. This sampling strategy ensures that we are surveying unions where *ceteris paribus* we would expect the nazim to be responsive to citizens on account of the threat of being ousted by a small 'vote swing' in the next local government elections.

In order to maintain the confidentiality of our respondents we label the first union, 'Case UC 1' and the second union, 'Case UC 2'.

3.2 Choosing the Sample Villages

²⁵ In 1999 Khurrianwala's octroi revenue surpassed the octroi revenue collected from Jaranwala town.

²⁶ The cumulative development spending on sanitation from district and tehsil funds between 2001-02 and 2003-04 in our two sample union councils stands at Rs. 2 million and 2.3 million respectively.

As mentioned earlier, in each union we surveyed two villages. In each union we decided to survey the elected union nazim's village because local interviews as well as international literature (Besley et. al. 2003) suggests that local elected mayors tend to oversupply to their own villages at the expense of other localities. We wanted to test whether this fact held for our case villages.

Again, to maintain the confidentiality of our respondents, we will refer to these villages as nazim (mayor) village 1 (in Case UC 1) and nazim (mayor) village 2 (in Case UC 2).

The most difficult part of the village sampling strategy was to agree on an objective criterion for selecting what we have labelled as 'non-nazim (non-mayor) villages'. In the end we selected villages that had poor representation in the union councils, and where the union naib nazim (deputy mayor) did not reside. In the case of one village under representation meant that no union councillors were elected from it and in the case of the other village only 1 union councillor was elected from it (Table 1.1). We chose this sampling strategy because it enables us to isolate the effect of councillor numbers and councillor power from the analysis, which means that we can analyse the provision responses of the union executive²⁷ in isolation from the effect of councillor power.

These non-nazim villages were villages where a majority or near majority of household heads had voted for the elected union nazims and naib-nazims in the 2001 local government elections (Table 1.2). This means that these villages were not electorally unimportant from the union executives' point of view. *As a result, at an a priori level we should expect to find increased targeting towards these villages post-reform.* Furthermore, the village influentials of the non-nazim villages and their electoral faction opposed the candidature of the elected union nazims during the 2001 elections (Table 1.5). *Therefore, we should expect to find post-reform targeting to move away from the old elite groups if voting is an important basis for provision targeting.*

²⁷ The Nazim (mayor) and the naib-nazim (deputy mayor).

These villages are labelled Non-nazim village 1 (in Case UC1) and Non-nazim village 2 (in Case UC 2).

3.3 Intra-Village Sampling

In each village we surveyed 22-30²⁸ percent of households, which gave a total sample of 364 households (Table 1.2). The household sample was randomly drawn and stratified according to the biraderi composition of the village, which was drawn through a mapping exercise that mapped households and lanes in the village and used key respondents²⁹ to identify the biraderi and economic status of each village household³⁰. Although, we wanted to stratify our sample by the economic ranking of households, this could not be done as there was little variation in the rankings obtained from key respondents. Failing this we decided to fall back on biraderi composition as a means of sample stratification on the assumption that biraderis were good proxies for social positions. This is justified by the continuing historical correlation between biraderi identity and social status within our sample villages. We found that while wealth indicators have been shifting and diluting because of the rise of non-land based job opportunities in the many factories near our sample villages, social power still seems to emanate not from monetary wealth but from the ownership of land, so that non-agricultural biraderis are still considered to be of lower status than agricultural biraderis. As mentioned earlier, information on the biraderi identity of a household was triangulated with key respondents.

3.4 Survey Design

The main question addressed by this case study is who gains and who loses in provision targeting as a result of Pakistan's local government reforms in 2001, which have decentralized electoral and expenditure spheres to the union executive. This question could be answered at the village and/or the household level. Besley et. al. (2003) and

²⁸ The minimum level of surveys was set at 22-25 percent in each village. However, apart from our first village, nazim's village 1, we were able to survey almost 30 percent of households in each village.

²⁹ Usually groups of people assigned by lanes, the union administration and the tehsil administration.

³⁰ The subsequent use of the map to identify specific households confirmed its veracity.

Bardhan and Mookherjee (2003) have conducted village level analysis along similar lines for Indian districts. However, lacking resources to undertake statistically meaningful village level surveys we decided to address the issue of inequality at the household level. In order to maximize the efficiency of our resources we decided to conduct in-depth household surveys in two villages in each of our case unions. Each survey represents one household, with 'household' defined as a number of individuals sharing a kitchen³¹. Two teams carried out surveys in each union over a duration of three months. The household survey collated information on household access to key services, quality of service provision by different providers and household service delivery needs. In addition, information was collected on essential household characteristics, such as, wealth, land ownership, occupation, voting behaviour, levels of electoral and institutional participation, biraderi composition, literacy etc. We also asked households to rank the responsiveness of different tiers of government along a number of dimensions. The survey was quite extensive and an average survey took over an hour to complete³².

3.5 Outcome Variable

In order to assess the issue targeting biases in provision at the household level we needed data on a service that could be targeted at the household level. This presented a problem because most services were provided at the village level and village households had universal access to these services³³. We countered this by deciding to concentrate on government provided sanitation or drain provision as our dependent variable. We chose this variable for three reasons. First, because by and large intra-village biraderi settlements were clustered and as a result provision could easily be targeted to different biraderi households by the union nazims. Second, pre-survey visits revealed that even in the few heterogonous lanes that we observed drains were in fact not being provided, as one would expect, at the lane level, but instead were being provided at the household level. There were many instances where, within a lane, a few houses were provided a

³¹ Therefore each house could effectively include more than one household.

³² The questionnaire is available from the Lahore University of Management Sciences Social Enterprise Development Programme on request.

³³ Such as schools and basic health units

drain and others were excluded from provision. This suggests that the actual practice of provision made sanitation a household good. However, this also means that our data is only capturing the quantity of provision and not the access of a household to a functional drain system. This is because, in many cases, targeted provision to a few households in a lane obviously did not resolve the problem of waste accumulation at the street level. Third, our surveys reveal that sanitation was the most important household level need voiced by our respondents and, therefore, it is no surprise that it is a service that has seen considerable change in the overall magnitude of provision, in our sample villages, since the reform (Cheema and Mohmand 2005).

Drain provision was also selected as our dependent variable because in our case unions drain provision has been and is being done only by government and there is no evidence of community self-provision. In fact, as explained earlier, under the current system the union nazim/naib nazim play a critical role in the bargaining over funds for sanitation from the district/tehsil government and in the identification and implementation of schemes. This makes drain provision a tractable variable for any analysis of household and village level targeting.

As our interest is in estimating the *changes* in the inequality of provision across villages, classes and groups on account of local government reform, we needed to collect data on the change in provision at the household level as a result of the reform. This variable was collected through the household survey as well as directly through a physical mapping exercise that mapped the type of (or no) drain outside each house, the date on which the drain was provided and, in the case of a new drain, the type of drain that existed pre-2001. The physical mapping information was triangulated with local government officials. This allowed us to map out baseline and current provision thereby enabling us to measure change in provision at the household level since the reforms. The survey data on household wealth, voting alignments, literacy, occupation and biraderi allows us to identify the target groups that benefited from provision.

4. Descriptive Statistics and Features of Case Villages

4.1. History and Settlement Patterns

Historically, these villages were inhabited under two specific waves of migration. Non-nazim village 1 and both the villages of Case UC 2 were settled during the first wave created by the canal colony settlements of the British government at the beginning of the 20th century. The second wave of migration occurred during the partition of India and Pakistan, in 1947, when large numbers of people moved to Faisalabad district from the villages of East Punjab. Nazim village 1 was re-inhabited during this second wave. Table 1.3 shows that over ninety-six percent of households, in both nazim and non-nazim villages, report having migrated over ten years ago with ninety one percent reporting having migrated over twenty five years ago.

The impact of these settlement patterns was most obvious in the social power structures observed within these villages. One way to get a handle on the question of social power is to analyse the socio-economic base of the village influential, that is an individual or family who the villagers recognize as the socially and/or economically powerful agent in the context of the village. In the case villages inhabited under the first wave, referred to as “settler” villages, village influentials derive their influence from historical social power, in most cases as the descendents of British-appointed *numberdars*³⁴, and from being the largest landholders in that village³⁵. This power base is missing in nazim village 1, a “migrant” village, where the influential derives his power from being the head of the majority biraderi and not from wealth or landed power. An interesting feature of these villages is that each village had a single village influential and there was no competition between influentials in the village.

4.2. Socio-Economic Features

³⁴ Village headmen instituted by colonial authorities.

³⁵ It must be pointed out that within these case unions we are using the term “large landholders” only in a relative sense. Compared to the large landholdings of other parts of Pakistan, these groups may be better described simply as “rich peasants”.

As far as specific features are concerned there is little difference in land ownership and occupation patterns between nazim and non-nazim villages (Table 1.3). Both types of villages conform to Faisalabad's small peasant holding pattern. The pattern is interesting as it shows that a majority of households are working as small peasants or labourers, with a bulk of workers employed in the factories that mark the Sheikhpura and Jaranwala access roads. It appears that access to industrialization has really only meant the proletarianization of peasants in these villages. The two types of villages also have little difference between them in terms of wheat productivity. In fact, both Case UC 1 and 2 have low land utilization because of irrigation breaches, which has reduced the supply of water to these rural areas and has ended up increasing the income deprivation of peasants that inhabit these villages.

There is also little difference between nazim and non-nazim villages in terms of adult male educational attainment and population size. Another interesting feature of our case villages is that electoral participation, measured as the percentage of adults who cast their vote in the 2001 elections, is extremely high.

Nonetheless, some important differences persist between the two types of villages (Table 1.3). First, adult female educational attainment is much lower in non-nazim villages. Second, non-nazim villages have a much higher proportion of mud houses and a higher proportion of houses with no toilets inside their homes, which suggests that a greater proportion of households in non-nazim villages have relatively poorer living conditions and indicates that low income households in these villages are much poorer than in nazim villages (Table 1.3).

4.3. Social Structure

Table 1.4 describes the socio-economic features of village biraderis. As explained earlier, biraderi³⁶ is an important category of social and political organization in Punjabi villages. Therefore, it is interesting to map out the socio-economic features of dominant and

³⁶ As pointed out earlier biaderies are endogamous patrilineal networks.

majority biraderis. A dominant biraderi is described as the biraderi of the village influential. As opposed to this, majority biraderi is described as a biraderi that constitutes a demographic majority in the village population. In the nazim villages the majority biraderi and dominant biraderi are one and the same. This means that the influential of these villages, which in both cases is the union nazim, comes from the majority biraderi. Furthermore, the majority/dominant biraderi in the nazim villages is primarily agricultural and made up of small peasants.

The story is different in the non-nazim villages. In these villages the influentials represent minority biraderis, are relatively larger landowners³⁷ and have little dependence on labour. As opposed to this, the majority biraderis of these villages are primarily small landholders and labourers. The dominant biraderi in the non-nazim villages is much better off than the majority biraderi, which has much poorer conditions of dwellings (Table 1.4).

This analysis shows an interesting variation in social structures between nazim and non-nazim villages. In the former small peasant majority biraderis dominate the social structure. We see some indication of diversification of occupation towards labour in these biraderis. However, the social structure of the non-nazim villages is dominated by relatively large landowners that constitute a minority population. The majority biraderis of these non-nazim villages are small landowning households that have diversified into labour to keep afloat. At the bottom of the non-nazim villages' social structure is the pool of lower caste Muslim sheikhs (agricultural servants) that live in really poor conditions and are almost entirely dependent upon agricultural and domestic labour.

4.4. Voting Behaviour in the 2001 Union Council Elections

What kind of political alignments do these village level social structures give rise to? Interestingly, our study found that while a very large majority voted for the nazim in the nazim villages, a majority also voted for the nazim in the non-nazim villages (Table 1.2).

³⁷ Although given the acreage they control they would at best be called middle peasants.

In both types of villages voting transcended narrow biraderism as a majority of small peasant majority biraderis³⁸ and non-agricultural castes voted for the nazims. Interestingly, the dominant biraderis in the non-nazim villages, which were the village influentials' biraderis, voted against the nazims of our case unions. Basically, the weak and the poor in the non-nazim villages voted for the nazims, while the village influentials of these villages vote against the nazim.

5. Methodology and Results: Who Gains and Who Loses?

5.1 Does it Pay to Reside in the Nazim's village?

Our first empirical question is whether the enhanced mandate of the union nazim over local level development spending, an outcome of the reforms, is creating 'spatial' targeting biases in favour of households in the nazim's own village. Besley et. al (2003) show that where the local government head has: (a) village specific preferences and (b) the ability to shape resource allocation, the expectation is that provision targeting will be biased towards the head's own village relative to other villages. The expected targeting bias is an outcome of 'heightened mandates' as in Pakistan's union councils and of a political process that assumes village specific accountability of representatives.

To test whether the spatial targeting bias in favour of households located in the nazim villages has increased post reforms, we estimate a linear probability regression of the following form³⁹:

$$Y_{ij} = a + b NV + c Post + d (Post * NV) + e X_{ij} + f (Post * X_{ij}) + \varepsilon_{ij} \quad (1)$$

where, Y_{ij} is the provision of pucca drains by government to household i in village j . NV is a dummy for whether household i is located in the nazim villages. $Post$ is a dummy for

³⁸ In the nazims' villages these are the biraderis the nazim belonged to.

³⁹ We also ran probits with the same specification. However, as there was little difference between the probit and the linear probability regression results, we have only reported the latter results. We are grateful to Atif Mian for suggesting this empirical specification.

whether a household i in the non-nazim village has obtained drain provision after local government elections, i.e. post-2001. $(Post * NV)$ is a dummy capturing whether household i in the nazim villages obtained provision after the elections in 2001. X_{ij} is a set of household level controls and we include the interaction terms between these household level controls and the $Post$ (i.e. post 2001) dummy (see notes to Table 1.6). d in (1) captures the coefficient of interest — i.e. the relative increase in post reform provision received by a household located in the nazim villages. We cluster the standard error at the village level.

The interesting thing about this specification is that it estimates relative changes in post reform provision for households located in the nazim villages controlling for the pre-election provision differences between nazim and non-nazim village households. A positive and significant d coefficient would suggest that, controlling for pre-election differences in provision between the two village types, drain provision to households located in the nazim villages has grown even more disproportionately, post local government elections, than provision to households in the non-nazim villages. If X_{ij} and their interactions terms are included in the regression, then d can be thought of as estimating the relative increase in post-reform provision to households in the nazim villages, conditioning on observable household characteristics and the post-2001 change in these characteristics.

The results are in Table 1.6, columns (1) and (2). Both c and d are found to be positive and significant. This suggests that increased access to development funds and heightened mandates for union nazims have resulted in a significant increase in union level provision within a short time period. However, a significant and positive d suggests that the increase in provision seen by non-nazim village households, post local government elections, has been dwarfed by the substantial increase in provision that has favoured households in the nazim villages. This result is robust to the inclusion of household level controls.

What is most interesting about the result is that the coefficient a , although positive, is insignificant. This suggests that there were insignificant provision differences between households in the nazim and non-nazim villages prior to the local government elections of 2001. This is unsurprising given the lack of ‘entrenched alliances’ between influentials in these villages and present and past higher tier politicians. Put together, this is a stark result that not only shows an increase in ‘spatial inequality’ in provision in favour of the nazim villages but more importantly, it attributes the increase in ‘spatial inequality’ to the local government elections 2001.

This result is clearly the outcome of an interaction between heightened mandates for the union nazims and a political process that is creating incentives for the nazims to favour their own villages. The subsequent sections attempt to prize open the black box called ‘union-level politics,’ to get a peak into the process that is resulting in an increase in ‘spatial inequality’ of provision.

5.2 Does it pay to Vote for the Union Nazim

One plausible explanation for our ‘spatial inequality’ result is that the nazims’ bias in favour of their own villages merely reflects responsiveness to their voters. We know from section 4 that many more households voted for the union nazims in the nazim villages than in the non-nazim villages. If this is correct then we would expect to see higher increases in provision in favour of the nazims’ voters in both nazim and non-nazim villages. In this case it may be asked that to the extent that spatial inequality in provision really reflects responsiveness to voters, is this not consistent with what ‘democratic politics’ is supposed to do? Would we not have expected this outcome⁴⁰? In order to address these questions we directly test for the ‘voter responsiveness’ effect using the following empirical specification:

$$Y_{ij} = a + b NV + c Post + d (Post * NV) + e X_{ij} + f (Post * X_{ij}) + g Vnazim + h (Post * Vnazim) + i (Vnazim * NV) + j (Post * Vnazim * NV) + \varepsilon_{ij} \quad (2)$$

⁴⁰ We would like to thank Asim Khwaja for raising these questions.

where V_{nazim} is a dummy variable for whether a household i voted for the elected union nazim in the 2001 local government elections in the non-nazim villages. ($V_{nazim} * NV$) is an interaction term that captures the effect of a household i who voted for the elected nazim in the nazim village. We also include the interaction of these two variables with $Post$. All other variables are as before. The coefficients of interest are h and j — they capture the relative increase in provision, after the 2001 union council elections, to the households that voted for the elected nazim in the nazim and non-nazim villages, respectively.

The results are given in Table 1.6 columns (3) and (4). They show a highly significant increase in post-reform provision to households that voted for the nazim in the nazim villages. This suggests that the nazims are clearly responsive to their voters in their own villages. Interestingly, the same result is not true for non-nazim villages, where the nazims' voters are able to get a much smaller increase in post-reform provision compared to households that either did not vote or voted against the nazim. This suggests that the nazims are discounting their voters in the non-nazim villages.

This is an intriguing result because of the small margin with which both our nazims won the election in their unions in 2001. Given the nazims' small margin of victory one would expect a much higher degree of responsiveness to households that voted for them irrespective of their location. However, the result is highly significant and robust. Given the counter-intuitive nature of the result we decided to probe this issue further through key respondent surveys.

5.3. Patron-Client Factions and the Inequality of Provision.

Our key respondent surveys gave us a clue that may explain the counterintuitive result that we found in the last section. Key respondents whom we interviewed were not surprised by our result on voting. They explained to us that individual voters did not

matter in elections. What mattered was the patron-client faction or the ‘dhara’⁴¹, one belonged to. This observation is confirmed by Table 1.3, which shows that a very high proportion of households reported being part of dharas in both nazim and non-nazim villages.

The sociology of provision was explained as a bargaining game between the influentials of a village and the union nazims and naib nazims. Respondents explained that all provision going into a village was negotiated through the village influential, whose first distributional priority was towards members of his ‘dhara’. We label this dhara as the ‘village influential’s dhara (vote block),’ which is defined as a village-level electoral faction whose organizer is the village influential himself⁴². In our case unions the elected union nazims organized ‘dharas’ (vote block) within their own villages in their role as socially-powerful village influentials. We name these dharas as ‘nazims’ dharas’. Similarly, non-nazim village influentials organized dharas in their own villages and are named as ‘non nazim influentials’ dharas’. The important point about these dharas is that they are village specific and do not represent cross-village alliances (Table 1.5).

According to our respondents the reason why village influentials prioritised provision towards their own ‘dhara members’ was because the alliances between these agents had longevity and were ‘embedded’. The embeddedness of the alliance is attributed to the fact that in his own village the influential offers not only provision benefits but also protection, coercion and other benefits, such as dispute resolution. This is borne out by our interviews where key dhara members argued that they were part of the influential’s dhara not only because of provision benefits but because he helped them resolve disputes with state organizations, with other parties and/or he could exact penalties on them. In particular, they argued that given the state of ‘rule of law’ or ‘state functioning’ they needed an influential to negotiate basic protection of rights to property and assets. In exchange ‘dhara members’ give the influential social, organizational and electoral

⁴¹ Faction or vote block.

⁴² He may or may not be an electoral candidate himself. In fact, in our non-nazim villages the village influentials did not stand as electoral candidates in the 2001 local government elections.

support. This support is a repayment for the services mentioned above and as these services are provided over the long-run, the support too is assured over the long-term.

The reason why non-members of the influential's dhara loose out, according to our respondents, is because their alliances with the influential are not 'embedded'. As a result, these households do not have a socially powerful influential to negotiate provision on their behalf.

Given the importance accorded to 'dhara' or factional politics by our respondents we decided to test the hypothesis that being a member of the village influentials' dhara gives a household a higher likelihood of getting new provision post-local government reforms. To study the 'village influential dhara effect' we estimate the following linear probability regression:

$$Y_{ij} = a + b NV + c Post + d (Post * NV) + e X_{ij} + f (Post * X_{ij}) + g Vifac + h (Post * Vifac) + i (Vifac * NV) + j (Post * Vifac * NV) + \varepsilon_{ij} \quad (3)$$

where *Vifac* is a dummy for a household belonging to the village influential's 'dhara' (faction/vote block). Similarly, (*Vifac* NV*) is an interaction term for a household belonging to the village influential's 'dhara' in the nazim villages, where the elected nazims are the village influentials. That is, (*Vifac* NV*) really identifies a member of the nazim's dhara. We also include the interaction of these two variables with *Post*.

Our survey was designed to capture the rich data on dhara (vote block) formation and membership at the household level. Based on this survey data we used two methods to classify a household as a member of the village influential's dhara. The first method was based on two survey questions that asked a respondent whether (s)he voted alone or as part of a dhara and the name of the influential/organiser who put the dhara together. A household was classified as a member of the village influential's dhara if its members reported that they were a part of a dhara that was organized by the village influential. We used a second more stringent method of classification that made membership to the

village influential's dhara identified by the survey method conditional upon the household voting in the same pattern as the village influential. The results are the same with either classification and, therefore, we report results based on the latter more stringent classification.

The coefficients of interest in (3) are h and j , which capture the increase in post-reform provision to households that are part of the villages influentials' dharas in the non-nazim and nazim villages, respectively. An important point to establish at the outset is that 90% of the members of all village influentials' 'dharas' reported stability of their 'dhara' between the 1997 and 2001 elections (Table 1.3). This gives us some comfort that the formation of these 'dharas' are not likely to be endogenous to expectations regarding provision.

Table 1.6 columns (5) and (6) give the results. The coefficients of interest are significant and have the expected signs. They show that being a member of the village influentials' dhara (faction) in both the nazim and non-nazim villages has resulted in a substantive increase in post-reform provision to its members as compared to non-members.

This regression helps explain the counterintuitive voting result from the last section. Recall that this result showed that the nazim is discounting his voters in the non-nazim villages in terms of provision. To the extent that one agrees that membership in the non-nazim village influentials' faction increases the likelihood of a household obtaining post-reform provision, one can explain the voting result, because it was precisely the members of the non-nazim village influentials' faction that electorally opposed the nazims (Table 1.5). This suggests that post-reform provision is biased in favour of the 'dharas' of the socially powerful. Furthermore, this result is not conditional on there being an electoral alliance between these dharas and the elected nazim. Contrary to the results of the last section, these results imply that competitive democracy at the grassroots level may not be working as well as expected.

5.4. Does it pay to belong to the Majority Biraderi?

A problem with the results presented in the last two sections is that they suffer from endogeneity problems. It could be argued that the choice of whom to vote for or which 'dhara' (vote block) to join is conditional upon expected provision benefits from different candidates⁴³. This would bias our estimates of change in the provision of post-reform drains to different household types. We address potential biases, caused by endogenous household voting and membership into dharas, by using an empirical strategy that defines a household type in terms of its biraderi⁴⁴ identity. We then ask whether households belonging to a biraderi that is in demographic majority in the village have a higher probability of obtaining drains post-reform. If electoral democracy is responsive to demographic majorities then we would expect to find this result. We would expect this to be the case in our villages because there is little difference in the voting turnouts of majority and non-majority biraderi households (Table 1.3). The advantage of using biraderi identity as our independent variable is that membership to the biraderi is exogenous in the sense that an individual does not choose the biraderi group that he is born in. Therefore, this empirical strategy addresses the endogeneity problems that affected the earlier results. Furthermore, looking at changes in post reform inter-biraderi targeting of provision gives us useful insights into local politics because, as argued below, biraderi groups play an important role in structuring social, political and electoral outcomes in Punjabi villages.

As pointed out in the introduction, Biraderies are historically settled endogamous patrilineal networks (Alavi 1972). A large corpus of sociology and political science literature shows that biraderies are important informal institutions that have helped structure and continue to shape socio-political life in Punjabi villages⁴⁵. Our surveys reinforce the importance of biraderies as a means to organise dharas (vote blocks). A majority of our respondents report biraderi affiliation with the organiser as a key reason for joining an electoral faction (Table 1.3). Our anthropological work clearly reveals that

⁴³ Although we have pointed out earlier that a large majority of our respondents report stability of vote blocks. We would like to thank Dilip Mookherjee for raising this issue.

⁴⁴ Biraderi groups are endogamous patrilineal caste networks.

⁴⁵ Ali (1988), Alavi (1972), Ahmed (1977), Rouse (1988), Wilder (1999) and Gazdar (2000). Munshi and Rosenzweig (2005, 2003) empirically examine the evolution of similar informal institutions in India and their impact on occupational and schooling choices for their members.

social status is tied to the biraderi identity of households and key respondent interviews reveal the importance of endogamous biraderi marriages as a way to order social life⁴⁶ (Cheema and Mohmand 2005).

To study the ‘majority biraderi effect’ we estimate the following linear probability regression:

$$Y_{ij} = a + b NV + c Post + d (Post * NV) + e X_{ij} + f (Post * X_{ij}) + g Majbir + h (Post * Majbir) + i (Majbir * NV) + j (Post * Majbir * NV) + \varepsilon_{ij} \quad (4)$$

where *Majbir* is a dummy for a household belonging to the majority biraderi in the non-nazim villages. Similarly, (*Majbir* NV*) is an interaction term for a household belonging to the majority biraderi in the nazim villages. We also include the interaction of these two terms with *Post*.

The coefficients of interest in (4) are *h* and *j*, which capture the increase in post-reform provision to households that are part of the majority biraderi in the non-nazim and nazim villages, respectively. Table 1.7 columns (1) and (2) give the results. The coefficient of interest for the nazim village has the expected sign but it is only significant once we put in the controls, which suggests that nazims are responsive to demographic majorities in their own village. The coefficient of interest for the non-nazim village is significant but it does not have the expected sign. It shows that majority biraderi households in the non-nazim villages are able to get a much smaller increase in post-reform provision compared to other minority households. This result continues to hold even if we add *vifac*, its interaction with *NV* and *Post* and its double interaction with *NV* and *Post* to the right hand side of (4)⁴⁷. This suggests that the nazims are not responsive to demographic majorities in the non-nazim villages. Given that a majority of members in the majority

⁴⁶ The Pakistan Rural Household Survey (PRHS II, 2004) reports that eighty percent of the 1800 women in its sample report within biraderi marriage, mostly marriage to first cousins with a preference for the paternal side.

⁴⁷ Similarly, the result continues to hold even if we add *vnazim*, its interaction with *NV* and *Post* and its double interaction with *NV* and *Post* to the right hand side of (4). These results are available from the author upon request.

biarderi (Table 1.3) voted for the winning union nazims in the non-nazim villages, this reinforces our earlier finding that the nazims are discounting their voters in the non-nazim villages. It also reinforces our earlier observation that local democracy may not be working as well at the grassroots level in the non-nazim villages.

5.5. Patron-Client Factions and Elite-Biased Provision

In and of themselves the results from the previous sections do not tell us how elite biased post-reform provision is. This question can be answered by analysing the social composition of the members of the village influentials' 'dharas' in nazim and non-nazim villages. Table 1.5 suggests that in the nazim villages the influentials' dharas tend to be encompassing of the majority biraderi and include a plurality of membership that includes small peasants, minority peasant biraderis and non-agricultural castes. Since the influentials' factions that have gained are more 'encompassing' in the nazim villages, the increase in post-reform provision in these villages is less elite biased.

As opposed to this, the influentials' dharas in the non-nazim village tend to exclude the small peasant majority biraderi and a large faction of the non-agricultural castes. These dharas are dominated by the large landowning dominant biraderi through an alliance with a small faction of non-agrarian castes. Contrary to the nazim villages, the influentials' factions in the non-nazim villages are much more elite-centric and are excluding the non-elite factions from the benefits of post-reform provision.

This analysis still does not answer the question why these excluded non-elite social groups cannot construct 'dharas' of their own to give effective political competition to the village influentials' dharas in the non-nazim villages. Although, non-elite groups have formed 'dharas', they are largely ineffective because of a high level of factionalization and a high degree of instability in these vote blocks. In the two non-nazim villages the 79 households we surveyed that participated in these small dharas were divided over almost 20 factions. As opposed to this, the 53 households in the non-nazim village influentials' dharas in these two villages represented consolidated factions. Furthermore,

approximately one-third of dhara members in the non-nazim villages report instability of dharas, which is much higher than the 9% who report instability in the nazim villages (Table 1.3). Understanding the causes that lead to the factionalisation and instability of non-elite groups provides an interesting question for future research.

Given this evidence, it is not surprising that key respondents revealed that in non-nazim villages most strategic alliances between the nazims and the non-elite dharas that, by and large, voted for them were either based on ‘money transactions’ or the nazims had simply benefited from intra-village factional rivalry. These are just the type of short-term strategic alliances that we would expect the nazims to discount heavily. Ironically, even though there is a premium on collectivisation and stability, these non-elite non-nazim village vote blocks have not been able to achieve either of these. The result is that post-reform provision is heavily targeted against them even though their members are from amongst the most needy socio-economic groups.

Seen in this light, it is also not surprising that nazims in both case unions have realigned strategically with the non-nazim village influentials, who electorally opposed them, within a year or so of the local government elections. In Case UC 1 this was achieved through the office of the naib nazim. In Case UC 2 this manifested itself in the naib nazim’s⁴⁸ by-elections when the village influential of non-nazim village 2 supported the nazim’s candidate. The vote blocks of these influentials are consolidated and stable and are thus more attractive to the nazim since an alliance with them offers greater longevity as compared to coordinating an alliance with a small number of unstable dharas.

6. Endogeneity and Omitted Variables

A potential source of endogeneity that can affect our results is the possibility of household sorting between villages and lanes in response to expected provision. However, we have shown evidence Table 1.3 that in-migration into the village is virtually

⁴⁸ The naib nazim (deputy mayor) elected in the local government elections resigned in order to contest the Member of Provincial Assembly (MPA) seat in the 2002 general elections.

non-existent. Furthermore, while surveying we found little evidence of inter-lane sorting by households.

Our voting and vote block results are biased by the potential endogeneity associated with the conditional expectation of provision. We have addressed potential biases caused by endogenous household voting and membership into dharas by using an empirical strategy that exploits a household's exogenously given biraderi identity to estimate the bias in post-reform targeting in favour of majority and minority biraderies. Our biraderi findings reinforce the earlier results.

The finding that the union nazim is discriminating against demographic majorities in non-nazim villages, who have voted for him, despite having won by a small margin, could potentially be plagued with omitted variable problems. It could be that villages with a winning nazim are different from non-nazim villages, e.g. they may have more entrepreneurial people or are better able to organize politically. It could be argued that this may affect their ability to attract public provisioning even if they did not have a winning nazim from among them.

Although we are unable to address the omitted variable problem a number of our findings suggest that the differences between nazim and non-nazim villages may not be very large. Firstly, all our results have shown that the two types of village did equally poorly in terms of access to provision prior to the reforms. Secondly, village level socio-economic indicators suggest that these villages are fairly similar in terms of agricultural yield, occupational patterns and male educational attainment (Table 1.3).

However, we do find that non-nazim villages do much worse in terms of female educational attainment and in terms of conditions of dwellings. Furthermore, Table 1.4 points towards considerably higher inequality in the type and condition of dwellings between dominant and majority biraderies. To the extent that this reflects a much higher degree of socio-economic inequality between groups as opposed to the level of inequality found in nazim villages, it may be that these differences explain part of the difference in

the dynamics of politics and provision between nazim and non-nazim villages. However, this still cannot explain why a union nazim from outside the non-nazim village, who has won with a small margin, is systematically excluding a majority demographic group that has voted for him from the benefits of provision. A clearer answer to this deeper question can only be given by tracking the dynamics of politics and provision in these households and villages over time.

7. Conclusion

The answer to the simple question; who is gaining and losing from electoral decentralization, appears not to be straightforward at all. Our results show that Pakistan's recent local government reforms, which have increased the mandates and funds at the union level, are resulting in targeting biases in favour of nazim (mayor) villages and patron-client factions organized by village influentials. On the positive side, previously underprovided villages have received provision and within union nazim villages majority biraderies tend to gain. However, on the negative side, these targeting biases have reinforced the tendency towards spatial and social inequality of provision between villages and social groups and they are not benefiting the majority biraderi.

We find that voting for the nazim only delivers provision benefits in his own village. Furthermore, we also find that despite the closely contested nature of elections in these unions, the nazim discounts his voters who are not residents of his village. The result is that while majority biraderies gain in nazim villages they tend to be 'trumped' in provision terms by minority biraderies. By far the most interesting finding in this regard is that patron-client factions organized by village influentials determine the winners and losers of post-reform provision. It appears that this specific pattern of patron-client politics is a more important determinant of provision than individual voting.

Given this pattern of politics, non-elite households benefit from post-reform provision if they are members of the village influentials' 'dharas' (faction). This makes elite capture a function of the social composition of these 'dharas' (factions) in different villages. To the

extent that these 'dharas' (factions) encompass non-elite groups the benefits of provision within villages tend to be more equitably distributed. In non-nazim villages, where this was not the case, we find an increase in the incidence of 'elite capture'.

Our finding regarding the importance of patron-client politics is extremely interesting when one recognises that our surveys were done in areas that are not the domain of large landed interests and where villagers have recourse to market opportunities that give them outside options. If anything this should reduce the incidence of elite capture rather than increase it. An important area of future research is what explains the persistence of exclusionary factional politics in areas which have high exposure to urbanization.

However, these results need to be interpreted with caution and keeping in mind a number of qualifications. Our small village and service level samples are not amenable to easy generalizations. Furthermore, some of these results could be explained by village level omitted variables. For example, the spatial inequality result from (1) could really be capturing underlying village level characteristics that make the nazim villages more dynamic and factions within these villages more 'encompassing'. Although, Table 1.3 shows that among the identifiable variables, apart from female literacy and type of dwelling, there is not much difference in the socio-economic features of nazim and non-nazim villages. Nor was there a difference in pre-reform provision outcomes. This does appear to point to the fact that spatial and group biases in politics are causing poor accountability as well as targeting biases in provision between villages and social groups.

How can policymakers benefit from this work? Our work suggests that it is important to re-evaluate the role of the union as an electoral and planning unit. The union as it is currently structured, as a multi-village electoral ward, may not give adequate representation to all villages within the council nor may it give a weight to villages in the planning process. If equity is to be protected then adequate representation of villages in the council and the planning process is essential. Without this the existing domain of factional patron-client politics and its consequent inequalities will continue to thrive.

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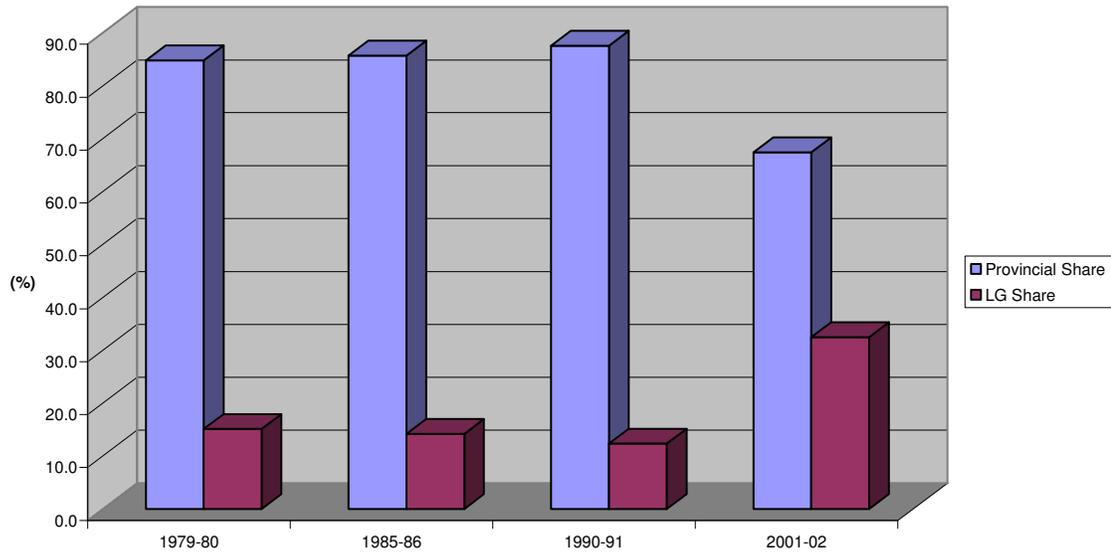
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Appendix 1. Figure and Tables

Figure 1.1 Expenditure Shares in Aggregate Provincial and Local Government Spending



Source: Cheema and Mohmand (2005)

Table 1.1 Distribution of Councillors across Case Villages

Case UC 1		
	% of Union Councillors	% of Households in Union
Nazim Village 1	42.1% (8)	21.5%
Naib Nazim Village	21.0% (4)	21.4%
Non-Nazim Village 1	0.0% (0)	20.3%
Other Village 1	15.7% (3)	18.9%
Other Village 2	15.7% (3)	17.9%
Case UC 2		
	% of Union Councillors	% of Households in Union
Nazim Village 2	15.8% (3)	10.3%
Naib Nazim Village	15.8% (3)	18.9%
Non-Nazim Village 2	5.3% (1)	14.3%
Other Village 1	26.3% (5)	17.3%
Other Village 2	26.3% (5)	34.1%
Other Village 3	10.5% (2)	5.2%

Note: Data on sample villages is given in bold. Number of councillors given in parenthesis. In case UC 1 one seat is vacant because of the resignation of the elected councillor.

Table 1.2 Village level Sample Statistics and Voting Behaviour

	UC 1		UC 2	
	Nazim Village 1	Non-Nazim Village 1	Nazim Village 2	Non-Nazim Village 2
1. Sample Statistics				
Total Households (HH)	400	328	306	295
HH surveyed	89	89	94	93
Sample % of total HH	22.3	27.1	31	32
2. Voting Behaviour				
Household adults voted for elected nazim (% total HH adults)	73	47	87	62

Table 1.3 Socio-Economic and Political Features of Case Villages

<i>Household Level Data</i>	<i>Nazim Villages</i>	<i>Non-Nazim Villages</i>
1. Ownership and Productivity		
Average Landholding (acres)	5.6 (5.8) ¹	6.9 (8.4)
Average yield of wheat (maunds per acre)	25.1 (11.5)	25.2 (9.4)
2. Primary Occupation		
Proportion Households reporting agriculture	45.9	43.7
Proportion Households reporting labour	30.4	33.9
3. Education Attainment		
% Adult males with primary schooling	65.0	55.3
% Adult females with primary schooling	43.1	14.4
4. Dwelling Conditions (% village HH)		
Kucha HH	11.6	21.9
HH in dilapidated condition	49.2	45.4
HH with no or with outside toilet	19.9	56.8
5. Year of Settlement (% of total HH)		
Less than 10 years	2.29	2.79
10-25 years	6.86	5.03
More than 25 years	90.86	92.18
6. Dharas (Vote blocks)		
HH participating in dharas (% of village HH)	83.4	85.6
HH reporting stable dharas between 1997 and 2001 (% of HH in dharas)	90.7	66.4
7. Reasons for joining Dhara Biraderi/Biraderi alliance		
<i>Family and Neighbours</i>	5.3	7.1
<i>Others</i>	5.9	6.5
8. Voting by adult in 2001 Local Government Elections		
% Adults voted in 2001	74	72.3
% of adults in biraderi who voted		
<i>Majority Biraderi</i>	77	70
<i>Non-majority Biraderies</i>	72	76
9. Voting by Biraderis (% of Biraderi HH)		
<i>Voted for Nazim</i>		
Majority biraderi	84.3%	75.0%
Dominant ² biraderi	NA ³	0.0%
Non agricultural biraderis	68.1%	66.2%
<i>Voted against Nazim</i>		
Majority biraderi	15.7%	25.0%
Dominant biraderi	NA	89.3%
Non agricultural biraderis	31.9%	33.8%

Note: (1) Standard deviation in parenthesis. (2) Dominant biraderi is the village influentials' biraderi (3) NA implies that in the nazim villages the dominant and majority biraderi is one and the same.

Table 1.4. Socio-Economic Features of Dominant and Majority Biraderis

	UC 1		UC 2	
	Nazim Village 1	Non-Nazim Village 1	Nazim Village 2	Non-Nazim Village 2
<i>1. Dominant Biraderi¹</i>				
% HH in village	41.6	19.1	64.1	11.7
Average	4.5	11.2	6.4	14.9
Landholding (acres)	(4.6) ²	(6.8)	(6.6)	(10.4)
<i>Primary Occupation</i>				
Proportion Households reporting agriculture	48.6	82.4	67.8	72.7
Proportion Households reporting labour	21.6	5.9	23.7	0
% Kucha houses	5.4	0	3.4	0
% Houses with no toilet inside house	10.8	29.4	8.5	9.1
<i>2. Majority Biraderi</i>				
% HH in village	41.6	37.1	64.1	28.7
Average	4.5	5.1	6.4	4.7
Landholding (acres)	(4.6)	(6.8)	(6.6)	(6.3)
<i>Primary Occupation</i>				
Proportion Households reporting agriculture	48.6	75.8	67.8	51.9
Proportion Households reporting labour	21.6	9.1	23.7	33.3
% Kucha houses	5.4	18.2	3.4	25.9
% Houses with no toilet inside house	10.8	66.7	8.5	59.3

Note: (1) Dominant biraderi is the village influentials' biraderi . (2) Standard deviation in parenthesis

Table 1.5 Features of Village Influential Dharas (Vote blocks)

	UC 1		UC 2	
	Nazim Village 1	Non-Nazim Village 1	Nazim Village 2	Non-Nazim Village 2
1. Nazim's Dhara				
Members (% of village sample population)	57.3%	0%	75%	0%
Members who voted for nazim (% of dhara members)	78.4%	NA ³	94.2%	NA
Social Composition of dhara				
Small Peasant Majority ¹ Biraderi Dhara Members (% of biraderi HH)	78	NA	77	NA
Second largest Small Peasant Majority Biraderi Dhara Members (% of biraderi HH)	86	NA	83	NA
Non-Agricultural Caste Dhara Members (% of biraderi HH)	42	NA	81	NA
Small Peasant Majority Biraderi Dhara Members (% of dhara)	57	NA	65	NA
Second largest Small Peasant Majority Biraderi Dhara Members (% of dhara)	24	NA	7	NA
Non-Agricultural Caste Dhara Members (% of dhara)	18	NA	19	NA
2. Non-Nazim Village Influential's Dhara				
Members (% of village sample population)	0%	26%	0%	32%
Members who voted for nazim (% of dhara members)	NA	0%	NA	0%
Social Composition of dhara				
Dominant Biraderi ² Dhara Members (% of biraderi HH)	NA	88	NA	100
Small Peasant Majority Biraderi Dhara Members (% of biraderi HH)	NA	0	NA	0
Non-Agricultural Caste Dhara Members (% of biraderi HH)	NA	20	NA	30
Dominant Biraderi Dhara Members (% of dhara)	NA	57	NA	33
Small Peasant Majority Biraderi Dhara Members (% of dhara)	NA	0	NA	0
Non-Agricultural Caste Dhara Members (% of dhara)	NA	11	NA	12

Note: (1) Majority biraderi is biraderi in demographic majority in the village. (2) Dominant biraderi is the biraderi of the village influential. In nazim villages the dominant biraderi is the same as the majority biraderi because the nazim is from the latter. (3)NA means that the dhara has no members in this particular village

Table 1.6 Effect of Residence, Voting and Dhara Affiliation on Provision of Drains

Dependent Variable: Government Provided Drain outside Household	Household regression					
	(1)	(2)	(3)	(4)	(5)	(6)
Pre-Reform Provision for HH in Nazim Village (NV)	0.04 (0.09)	0.02 (0.10)	0.00 (0.06)	-0.02 (0.09)	0.16 (0.07)	0.11 (0.09)
Post 2001 Provision (Post)	0.13*** (0.02)	0.17** (0.05)	0.20*** (0.01)	0.23** (0.04)	0.08* (0.03)	0.13* (0.05)
Post 2001 Provision for HH in Nazim Village (Post * NV)	0.33*** (0.04)	0.34*** (0.06)	0.05** (0.01)	0.06** (0.02)	0.28*** (0.03)	0.30*** (0.05)
HH voted for Nazim in 2001 (Vnazim)			-0.08 (0.06)	-0.04 (0.08)		
Post 2001 Provision for HH that voted for Nazim in 2001 (Vnazim * Post)			-0.14** (0.03)	-0.14** (0.03)		
HH in Nazim village voted for Nazim in 2001 (Vnazim * NV)			0.08 (0.07)	0.06 (0.08)		
Post 2001 Provision for HH in Nazim village voted for Nazim in 2001 (Post * Vnazim * NV)			0.40*** (0.04)	0.40*** (0.04)		
HH in village influentials dhara (Vifac)					0.12 (0.12)	0.08 (0.13)
Post 2001 provision for HH in village influentials dhara (Vifac * Post)					0.17** (0.04)	0.17** (0.04)
HH in village influentials dhara in nazim village (Vifac * NV)					-0.13** (0.04)	-0.12*** (0.01)
Post 2001 provision for HH in village influentials dhara in nazim village (Post * Vifac * NV)					0.14*** (0.02)	0.14 (0.00)***
Controls	No	Yes	No	Yes	No	Yes
Rsqr	0.16	0.17	0.18	0.20	0.18	0.20
Obs.	728	728	728	728	728	728

Notes: The dependent variable is a dummy variable which equals one if the household was provided a drain by government outside the house. Household controls included are agricultural ownership, literacy and household size. We also include the interaction terms of all these variables with Post (i.e. post 2001). We ran separate regressions, which included these controls as well as occupational dummies and their interaction terms but this did not change the results. Robust standard errors in brackets. Standard errors have been clustered at the village level. * significant at 10%, ** significant at 5%, *** significant at 1%.

Table 1.7 Effect of Majority Biraderi

Dependent Variable: Government Provided Drain outside Household	Household regression	
	(1)	(2)
Pre-Reform Provision for HH in Nazim Village (NV)	-0.18 (0.08)	-0.2 (0.8)
Post 2001 Provision (<i>Post</i>)	0.18*** (0.02)	0.24*** (0.05)
Post 2001 Provision for HH in Nazim Village (<i>Post</i> * <i>NV</i>)	0.27** (0.09)	0.28** (0.1)
Majority Biraderi HH (<i>Majbir</i>)	-0.20*** (0.05)	-0.18** (0.06)
Post 2001 Provision for Majority Biraderi HH (<i>Majbir</i> * <i>Post</i>)	-0.19*** (0.02)	-0.2*** (0.02)
Majority Biraderi HH in Nazim village (<i>Majbir</i> * <i>NV</i>)	0.19*** (0.05)	0.15* (0.06)
Post 2001 Provision for Majority Biraderi HH in Nazim village (<i>Post</i> * <i>Majbir</i> * <i>NV</i>)	0.17 (0.10)	0.20** (0.08)
Controls	No	Yes
Rsq	0.20	0.22
Obs.	728	728

Notes: The dependent variable is a dummy variable which equals one if the household was provided a drain by government outside the house. Household controls included are agricultural ownership, literacy and household size. We also include the interaction terms of all these variables with *Post* (i.e. post 2001). We ran separate regressions, which included these controls as well as occupational dummies and their interaction terms but this did not change the results. Robust standard errors in brackets. Standard errors have been clustered at the village level. * significant at 10%, ** significant at 5%, *** significant at 1%.