



NEPAL

BUDGET TRANSPARENCY INITIATIVE

Empowering Citizens through Budget Transparency and Enhanced School Governance in the Kaski, Dolakha, and Nawalparasi Districts

Background

Citizens often lack information on the use of public funds. They are usually left out of allocation decisions and do not have opportunities to provide adequate and timely feedback on the use of scarce resources. Transparency in the budgetary processes reduces opportunities for wasteful and corrupt spending, consequently increasing the resources available to fight poverty.

In Nepal, three districts—Kaski, Dolakha, and Nawalparasi (one mountain, one hilly, and one plains region in the country)—are piloting an initiative with support from the World Bank to promote greater budget transparency and improve school governance. The initiative has three objectives, namely:

1. Simplification, analysis, and disclosure of budgets at multiple levels (national, district, and school);
2. Awareness and capacity building of government officials and various levels to promote a public dialogue regarding public expenditures by encouraging demand-side governance; and
3. Documentation and dissemination.

Two national NGOs with expertise in budget transparency and social accountability approaches—Policy Research and Development (PRAD) and Community School National Network (CSNN)—are facilitating the community mobilization and budget dissemination process.

Implementation So Far

A pilot to promote budget transparency is being implemented at multiple levels in Nepal—from community-level schools to district-level institutions and national-level Constituent Assembly members. The pilot activities included gathering information on budgets and schools at the appropriate level, creating simplified templates, training concerned officials on the budget process overall and facilitators to fill out the templates accurately, and,

disseminating the collected information widely with brochures, public meetings, and the media.

National- and District-Level Budget Simplification and Dissemination

Phase I of the pilot has supported a range of activities to complement efforts by the Government of Nepal in order to enhance budget transparency and literacy. Led by a National NGO, a budget literacy program at both the national and district levels has facilitated broader understanding of the budgeting process among key stakeholder groups, including Constituent Assembly members, government officials, civil society organizations, and the media.

A Budget Literacy Handbook was developed and two budget-literacy workshops were conducted for Constituent Assembly members at the national level. District-level budgetary allocations in the three pilot districts have been disclosed, simplified, and disseminated with District-Level Budgetary Booklets, which were simplified versions of the Budget Book II, the Government of Nepal's budget summary for the 2010/11 and 2011/12 budgets. Over 1,000 copies of these handbooks and booklets were distributed to key stakeholders (e.g., Constituent Assembly members, Village Development Councils, District Development Councils, and civil society organizations). Three dissemination workshops—one in each of the districts—were conducted to disseminate the key findings from the Budget Book II and explain the budget formulation process to various stakeholders. A study was conducted in the districts to analyze how and when public funds (from line ministries, local government bodies, and constituency-development funds) are made available for education programs and how these allocations can be better aligned with district priorities. A national roundtable discussion on budget analysis in the education sector drew extensive media coverage.

Constituency-Level Fund Flows

Nepal's 1992 Constituency Development Fund (CDF) is an annual budgetary allocation earmarked to each Constituent Assembly member to fund locally-identified projects in order to address development needs that are otherwise not addressed through central- and district-level programs or fall through systemic and institutional gaps. CDF grants have funded a range of locally-identified projects, from road construction and irrigation to income generation and skills-development trainings. A study, focusing on Constituent Assembly Members in the three districts, was conducted to analyze and suggest improvements in the flow and utilization of CDF grants. As part of this study, a series of interviews were conducted with government officials, elected representatives, and civil society members to assess and research actual budgetary allocations and expenditures. A template and a series of dissemination materials were developed in order to increase transparency in the access to and utilization of CDF grants.

School-Level Good Governance

Nepal's community schools cater to 88 percent of the total enrollment (6.5 million) from grades 1–10. Of the total education budget, approximately 85 percent is shared by community schools and more than 90 percent of this budget goes to these schools directly. Nepal has established that social audits must be conducted annually in each community school in order to encourage transparency and accountability. A **Social Audit Gap Analysis** was conducted in schools in the three pilot districts in order to identify gaps between Nepal's School Social Audit Guidelines and implementation. These findings were disseminated through a national-level dissemination workshop and three district-level workshops with the objective of influencing policy. A three-day training program for 30 Social Audit facilitators was conducted with the objective of creating a cadre of social audit facilitators and resource centers. These facilitators have strengthened the capacity of social audit committees in 60 schools. A handbook, training guides, and case studies on the experience of social auditing in three schools have been developed for this and further trainings.

A series of tools and informational materials have been developed to support these training efforts and to disseminate information to school stakeholders. **My School At-a-Glance** is a simplified template that outlines details on school-level demographics and resources. The **School Governance Assessment Tool** is a template that combines information on the social audit process, the management of school finances, and the conduct of the School Management Committee (SMC). Two **Frequently Asked Questions** (FAQs) have been developed to inform school stakeholders of the principles of school good governance and social audits. NGO partners have produced a learning note to capture the outcomes and recommendations from this pilot.

Results and the Way Ahead

So far, discussions with stakeholders at all levels—from parents and district and ministry officials to Constituent Assembly members—have revealed a high demand for budget simplification and disclosure activities. Stakeholders feel that disclosure of budget information will help prevent misuse of funds, enhance transparency, and further increase community participation.

The latest discussions with partner NGOs and government officials confirm ongoing enthusiasm for the initiative and positive feedback from the local communities. They have stressed the need to extend the initiative to other schools and districts and expand the budget literacy training program to other constituencies, including journalists and civil society organizations.

The social accountability tools developed through this pilot have been expanded in the Bank's program in Nepal and in government monitoring systems. Phase II of this work will disseminate the results of the pilot through media campaign tools such as posters, radio, TV, and brochures and disseminate the Social Audit and Good Governance tools and techniques in schools in all 75 districts of Nepal. Phase II will also expand the capacity-building activities of the pilot to three regions and six additional districts through facilitator and school committee trainings and a social audit gap analysis. Finally, a recently created multidonor trust fund on public financial management has included some of the BTI activities in this pilot.



THE WORLD BANK

SOCIAL DEVELOPMENT

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