

LOCAL BODY GRANTS EXPENDITURE REVIEW
AND
COMMUNITY ENGAGEMENT SURVEY
IN
FIVE VDCs OF KATHMANDU DISTRICT

Submitted by

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This report is based on the outcomes of the project intervention entitled “*Local Body Grants Expenditure Review and Community Engagement Survey*” implemented in five VDCs (Baadbanjyang, Budhanilkantha, Dahchowk, Goldhunga and Ichangunarayan) of Kathmandu district. The project aimed at examining utilization of government grants given by the Ministry of Local Development to the VDCs every year in terms of provisions made in the relevant Acts, Regulations and Guidelines. This also aimed at enhancing the knowledge of local communities as service recipients about the importance of community engagement in all development activities carried out by the VDCs. It is hoped that the project intervention has contributed to enhance community’s knowledge and capacity to make the service providers at VDC level more transparent, efficient and accountable to the people.

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ABBREVIATIONS USED

CBOs	Community Based Organizations
CSOs	Civil Society Organizations
DDC	District Development Committee
ED	Executive Director
FGD	Focus Group Discussion
GSIO	Gender and Social Inclusion Officer
INGO	International Non-Governmental Organization
KII	Key Informants Interview
LDO	Local Development Officer
LGAF	Local Governance Accountability Facility
LGCDP	Local Governance and Community Development Program
LSGA	Local Self Governance Act
LSGR	Local Self Governance Regulation
MCPM	Minimum Conditions and Performance Measures
MoLD	Ministry of Local Development
NGO	Non-Governmental Organization
PSA	Public Service Announcement
UC	Users Committee
VDC	Village Development Committee
WVAF	World Vision Advocacy Forum

Local Body Grants Expenditure Review and Community Engagement Survey

1. INTRODUCTION

Ever since Nepal embarked into devolution of decentralization, the local bodies (DDC, Municipality and VDC) have always remained focal points for overall development at local levels. Specifically, after the restoration of multi-party democracy in 1990 the powers and development functions to local bodies were devolved through the enactment of Local Self-Governance Act (LSGA), 1991 and of Local Self Governance Regulation (LSGR) 1992. The local bodies are empowered to raise internal revenues through various tax and non-tax measures. However, the local bodies; particularly the VDCs in the mountain and large parts of hill regions face financial constraints due to low or absent of resource base and hence largely depend upon government grant to fulfill the financial requirement for the development projects/programs. The Ministry of Local Development (MoLD) provides grants to local bodies annually to carryout development activities in their respective areas. The MoLD has promulgated Local Body Grant Directive; 2057, Local Body Block Grant Implementation Procedures; 2063 and more recently “Grant Mobilization Procedures 2067” for local bodies. These regulatory frameworks are designed to manage the government grants in an effective, participatory and inclusive manner maintaining transparency and accountability at local level. However, attainment of these parameters at VDC is critical due to long absence of elected representatives. Alternative arrangements that exist at present have to ensure engagement of community notably, peoples belonging to marginalized and vulnerable communities and women in proper utilization of government grants. Institutional capacity of VDCs is found inadequate to assume and absorb decentralized responsibilities and resources. There is a weak monitoring mechanism with regard to community engagement. All Party Mechanism has also been dissolved and no alternative has so far been surfaced.

There is a need to strengthen the capacities of communities to monitor and evaluate service delivery and informed decision-making. One important aspect of community engagement is to educate the community on available budgets and establish realistic expectations about budgetary expenditures. There is a need to institutionalize community involvement in decision making regarding planning, monitoring and implementation of government budgets at local level. Similarly, local bodies; notably VDCs, should ensure that communities are participating in the VDC development activities in an inclusive, transparent and democratic manner and that all segments of the community are adequately represented.

II. OBJECTIVES

The overall objective of the ‘Local body Grants Expenditure Review and Community Engagement Survey’ was to strengthen the capacity of CSOs to enhance transparency and engagement of the communities, especially those belonging to the marginalized and vulnerable communities and women, in the planning and processing of block grants received by five project VDCs. The specific objectives were to:

1. Assess the effectiveness of block grants given to the target VDCs from the perspectives of the service providers, service recipients and community engagement against the guidelines given by the MoLd and prevailing Acts/Regulations/Rules.
2. Enhance the capacity of CSOs and the community people; especially the women and people from the marginalized communities to make service providers (VDCs) more transparent and accountable with regard to mobilization and utilization of VDC financial resources with particular focus on government grants.

By the end of project completion, the following outputs were expected to be achieved:

- Assessment of government grants in all five target VDCs is documented/disseminated.
- The community people; especially the women and people from marginalized communities, along with other stakeholders are well informed of their roles and responsibilities towards VDC grants
- Active participation of community people including women and people from marginalized communities and service providers are obtained in all project activities.

III. AREA COVERGAE/GEOGRAPHIC LOCATION

The project was carried out in the five VDCs of Kathmandu district as mentioned in the table below. These VDCs represent mixed ethnicity (Bahun, Chhetri, Newar, Tamang, Gurung, Sherpa, Sanyasi, *Dalit* etc.)

Table 1: VDCs selected for the project intervention

VDCs	2009 Projection							
	HHs	Total Population	Male	Female	HHs Size	Literacy Rate (%)	Ethnicity	Remarks
Baadbhanjyang	962	4,749	2,409	2,340	4.9	59.1	Mixed	Inaccessible
Budhanilkantha	3,279	15,370	7,763	7,607	4.7	67.0	Mixed	Accessible
Dahachowk	1,113	5,578	2,812	2,766	5.0	49.6	Mixed	Inaccessible
Goldhunga	1,893	10,068	5,123	4,945	5.3	68.2	Mixed	Accessible
Icahngu Narayan	2,429	11,119	5,804	5,315	4.6	72.5	Mixed	Accessible
Total	9,676	46,884	23,911	22,973	4.8	63.3	Mixed	----

Source: **Village Development Profile of Nepal: Socio-Economic Development Data Base of Nepal;** Intensive Project & research Center, Kathmandu, Nepal, 2008

The Village Secretaries; community leaders; social workers; and members of Users Group, CBOs, professional groups, women' groups, various ethnic groups, and I/NGOs of the project VDCs were expected to benefit from the project activities. Likewise, the members of All Political Party Committees as well as Peace Committees working at VDC were also anticipated to benefit directly.

The final beneficiaries, at large, who were expected to benefit indirectly on long term basis include the 9,676 households of the project VDCs. Implementation of project activities was expected to have the target groups more informed about the VDC grants and the types of

project/services to be delivered to the people. More importantly, they were expected to be well informed about their roles and responsibilities and their capacity to make the VDCs more transparent and accountable was greatly enhanced. At the same time, implementation of project activities was to contribute to enhance the capacity of service providers (VDC secretaries, members of Users Committee and other stake holders involved in the handling of VDC revenues) to deliver services to the communities in a more efficient, transparent and accountable manner and improve their financial and management capacity and ensure proper utilization of block grants and other sources of revenue.

IV. METHODOLOGY

The various approaches adopted during the course of project implementation aimed at generating required information to assess the mobilization and utilization of government grant given to VDCs and engagement of local community (service recipients) in various stages (project selection, allocation of budget, supervision and monitoring, benefit sharing etc.) of development project implementation financed by government grants. The assessment on both fronts (expenditure review and community engagement) is largely based on what was provisioned in various related Acts/Regulations and Procedures/Guidelines, what actually existed and what were the major factors responsible for deviation. In this conceptual framework the major approaches used for data/information collection are briefly discussed below.

4.1 Review of relevant regulatory documents

The project implementation was initiated by reviewing a number of relevant regulatory documents that included LGCDP Project Document, 2008; Various hand outs on LGAF made available during the pre-bid conference and TOT course held at Hetaunda; LGCDP Monitoring and Evaluation Framework; Local Self-Governance Act (LSGA) 2055 (1991); Local Self-Governance Regulation (LSGR) 2056 (1992); Village Development Committee Grant Mobilization Procedures, 2067; District and Village Level Capacity Development Procedures, 2066; Local Body Financial Administration Regulation (Chapter 2 on VDC); 2067; Training of Trainers Guidelines on Accountability Promotion; Chaitra, 2067. Among these documents, the Village Development Committee Grant Mobilization Procedures, 2067” was the most relevant document for the project activities that was strictly followed for the assessment of grant expenditure and community engagement.

The review of these documents greatly helped the team members understand:

- Process of planning, implementation and monitoring of local development projects at local bodies; particularly at VDC
- Different types of local development grants and procedures of budget allocation, budget release and expenditures
- Provisions and procedures to make the local bodies more transparent in public affairs and accountable to their citizens
- Criteria (proportion of budget) to allocate VDC grant to various beneficiary groups such as women, dalits, indigenous groups and other deprived and excluded communities

- Roles, responsibilities and accountability of service providers to the service recipients
- Various tools/approaches to be used in enhancing community engagement notably; exit poll, focus group discussion, public hearing, public audit etc.
- Various measures/mechanisms to be followed to make VDC activities transparent and disseminate information to the community people such as Citizen Charter, Progress Review Meetings, Project Hoarding Boards at the project sites; public notices to be spread through various electronic and print media etc.
- Facilitation techniques to hold public meetings

4.2 Consultative Meetings

The review of relevant documents was followed by holding consultative meetings in all of five project VDCs where 109 local people (70 men and 39 women) including VDC personnel had participated along with the project team members (Project Coordinator, Gender and Social Inclusion Officer and Facilitator).

Table 2: Number of participants in consultative meetings by VDC

VDCs	Date	Number of Participants			Remarks
		Male	Female	Total	
Baadbhanjyang	July 10,2011	22	5	27	See VDC Annexes for major issues discussed in consultative meetings.
Budhanilkantha	June 24, 2011	12	17	29	
Dahachowk	July 03, 2011	16	6	22	
Goldhunga	July 19, 2011	10	2	12	
Icahngu Narayan	July 20, 2011	10	9	19	
Total		70	39	109	

The consultative meetings provided the project team an opportunity to introduce themselves and the project objectives/activities and get acquainted with some major stakeholders concerned with the VDC grants. Similarly, it provided the community people (service recipients through organization or individually) to know about the proportion of government grant allocated for the projects directly benefitting the women, children and indigenous people and importance of community engagement in the VDC project activities. The proceedings of consultative meetings held in each VDC and the major issues discussed during the meetings are presented in the VDC-wise reports that are Annexed.

4.3 Observation of VDC meetings/events

Observation of VDC meetings was found to be another important approach to have insight into the actual situation in the project VDCs. The VDC secretaries were requested to inform project team members about any major events that would take place in their respective VDCs. The project team members were provided with unique opportunities to observe the proceedings of the meetings held at three VDCs (Buddhanilkantha, Dahachowk and

Goldhunga). The events that were participated in and observed by the project team members are furnished in the Table 3.

Table 3: Number of major events observed by project team members in the project VDCs

VDCs	Date	Events	Purpose Of Events	Number of Participants	
				Male	Female
Baadbhanjyang	No observation opportunities made available				
Buddhaniikantha	July 09, 2011	All Party Committee Meeting	To allocate budget for FY 2068/69	6	2
	July 22, 2011	General Meeting Public	To make the outcomes of the VDC Review Meeting public	89	100
	January 13, 2012	General Meeting Public	To make Annual Plan/Budget for FY 2069/70 public (as approved by VDC Council Meeting)	60	140
0Goldhunga	August 15, 2011	VDC Review meeting	To review the income and expenditures of last fiscal year (FY 2067/68)	4	0
Dahachowk	August 16, 2011	VDC Review meeting	To review the income and expenditures of last fiscal year (FY 2067/68)	30	2
Ichangunaraya	No observation opportunities made available				

Unfortunately, no information was furnished to the project team members about any meetings to be held in Baadbhanjyang and Ichangu Narayan VDCs. It is the impression of the project team members that no important events took place in Baadbhanjyang VDC. The VDC Secretary appeared to be reluctant to hold any meetings that are prescribed in the LSG Act/Regulation as, he thought, the VDCs of Kathmandu districts would be designated as Municipalities with clusters of 10-11 VDCs. In case of Ichangunarayan VDC, it is gathered that due to conflicts among the members of All Party Committee no formal VDC Review Meeting was held. However, formality of Review Meeting was fulfilled by getting signatures of the members in the minutes of the meeting. For more VDC level information see Annexes 1-5.

4.4 Focus Group Discussion (FGD)

In order to assess the knowledge and community engagement regarding various development activities carried out by the project VDCs, Focus Group Discussions (FGDs) were held in each of the five project VDCs by using a structured checklist prepared in Nepali.

The participants for the FGDs were selected largely from the members of Users Groups that were awarded development projects in the last two fiscal years. Attempts were made to include the women and persons from the indigenous and deprived communities. Altogether 69 persons participated in the FGDs (Table 4).

Table 4: Number of participants of FGD by VDC

VDCs	Date	Number of Participants			Remarks
		Male	Female	Total	
Baadbhanjyang	November 11, 2011	14	1	15	See annexes 1-5 for more VDC wise details on the results
Budhanilkantha	November 04, 2011	3	13	16	
Dahachowk	November 16, 2011	14	5	19	
Goldhunga	November 15, 2011	3	6	9	
Icahngu Narayan	December 20, 2011	7	3	10	
Total		41	28	69	

This approach proved to be quite useful not only in generating information regarding community engagement but also educating the community (participants) about the prescribed allocation of VDC block grants and their roles and responsibilities to make the service providers more accountable. Refer to Annexes 1-5 for more details on VDC wise results of the FGDs.

4.5 Key Informants Interviews (KIIs)

In order to assess the knowledge, perception and practices of service providers about the use of government grants given to the VDCs each year and the procedures followed, Key Informants Surveys were conducted in each of five project VDCs as mentioned in Table 5 below. By using a structured checklist prepared in Nepali, the VDC Secretaries along with their office assistants were interviewed at their respective VDC offices.

Table 5: Respondents of Key Informants Survey (KIIs) by VDC

VDCs	Date	Respondents		Remarks
		Name	Position	
Baadbhanjyang	December 15,2011	Mr. Bal Krishna Malla	VDC Secretary	See annexes 1-5 for more VDC wise details on the results
		Mr. Manoj Kumar Sigdel	Office Assistant	
Budhanilkantha	December 07,2011	Mr. Keshab Pd. Neupane	VDC Secretary	
		Mr. Raj Kumar Thapa	Office Assistant	
Dahachowk	December 16,2011	Mr. Praksg Adhikary	VDC Secretary	
		Ms.Saraswoti Bharti	Office Assistant	
Goldhunga	December 13,2011	Mr. Praksh Paudel	VDC Secretary	
		Mr. Raju Timilsuna	Office Assistant	
Icahngu Narayan	December 18,2011	Mr. Sita Ram Ghimire	VDC Secretary	
		Mr. Narayan Pd. Timilsina	Office Assistant	

The checklist used for the interview was designed primarily to collect the information related to the following issues/subjects:

- Service providers' knowledge about the VDC Grant Mobilization Working Procedures:2067
- Budget allocation for the women, children, deprived communities etc. as per the provisions made in the VDC Grant Mobilization Working Procedures: 2067
- Whether or not prescribed procedures of project selection, budget allocation, supervision and monitoring, formation of user's committees etc. were followed.
- Representation of women, dalits and deprived communities in various Committees formed in the process of project formulation and implementation.
- Efforts made by the VDC to enhance community engagement
- Problems and issues being faced in the course of ensuring community participation and proper use of government grant at the VDC levels.

4.6 Collection of government grants data

In order to quantitatively examine the trends of revenue generation, budget allocation and expenditures in the project VDCs, data was collected from all five project VDCs by using a structured questionnaire. The questionnaire was mainly designed to collect the following types of information:

- Trends of revenue generation from external (government grants, grants from DDC etc.) and internal (taxes and non-tax measure) sources of revenue generation for the last five fiscal years (2063/64-2067/68).
- Trends of expenditures for the last five fiscal years (2063/64-2067/68).
- List of development projects funded from the government grants in the last fiscal year (2067/68)

However, the data provided by the VDCs on internal revenue generation and corresponding expenditures were found inconsistent and unreliable. Therefore, only the government grants received by the VDCs and the projects funded out of the government grants are presented in this report. This has greatly helped the study team examine the allocation and expenditure of government grant in terms of the provisions made in VDC Grant Mobilization Working Procedures:2067; particularly with respect to the prescribed percentage of allocation i.e. 10% for women, 10% for children, 15% for deprived/disadvantaged communities and 15% for agriculture (applicable for current fiscal year only). See Annexes 1-5 for VDC wise data presentation.

4.7 Public Service Announcements (PSA) in the Local FM Radio

The PSA was another important approach adopted during the project period. Starting from June 23, 2011, so far the following two Nepali messages have been aired by the Ujjalo National Network, 90 MZ, in the morning at 7.00 for a period of 20 seconds every day until the closure of project period (January, 2012).

Message 1

“तपाईंको गा.बि.स.मा विकास निर्माणको लागि के कति सरकारी अनुदान आउछ र कहाँ कति खर्च हुन्छ, भन्ने बारे जानकारी लिने गरौं” (This means “Cultivate habit of getting informed of the government grants received by the VDC for development projects and the expenditures incurred”)

Message 2

“गा.बि.स अनुदानमा महिलाको लागि १०%, बालबालिकाको लागि १०%, र पिछडावर्गका लागि १५% रकम छुट्याएको हुन्छ के तपाईंले त्यो अधिकार प्राप्त गर्नु भएको छ?” (This means “VDC grants are required to allocate 10% for women, 10% for children and 15% for disadvantaged groups; have you acquired this right?”)

In the informal contacts made with the general people of project VDCs the project team members were informed that they have listened to the PSA one time or other. However, its proper assessment with audience has yet to be made.

4.8 Public discussions

The public discussion held in each of the five project VDCs turned out to be the concluding activity at the VDC level. The public discussions were held with four objectives as mentioned below:

- **To share the findings of study with the service providers and service recipients (local community) by the study team members:** The major findings of grant data collected from the VDCs, Focus Group Discussions (FGDs), Key Informants Surveys and Observations of major events at the VDCs were shared with the participants. The number of participants who attended this program was considerable high in each VDC (Table 6).

Table 6: Number of participants of public discussions by VDC

VDCs	Date	Number of Participants			Remarks
		Male	Female	Total	
Baadbhanjyang	January 26, 2012	14	10	24	See annexes 1-5 for more VDC wise details on the results
Budhanilkantha	January 18, 2011	17	14	31	
Dahachowk	January 11, 2012	26	16	42	
Goldhunga	January 23, 2012	22	10	32	
Icahngu Narayan	January 27, 2012	26	18	44	
Total		105	68	173	

- **To orient the participants about the salient features of VDC Grant Mobilization Working Procedures: 2067 in relation to budget allocation and community**

engagement: This task was handled by the representative (Facilitator at DDC) invited from Kathmandu DDC who fully attended each event of public discussions.

- **To hold discussion on major issues/problems outlined by the study results:** The number of participants in each public discussion was considerably high (Table 6) who actively participated in the discussion and expressed their feelings.
- **To bring out a Commitment Paper and form a Commitment Implementation Committee:** The public discussion in each VDC was concluded by bringing out a Commitment Paper that was endorsed by the participants (service providers and service recipients/local community people). Such Commitment Paper aims at improving community engagement in the VDC activities and better utilization of government grants in compliance with the provisions made in the relevant Act, Regulation, and Procedures etc. Similarly, in each VDC a Commitment Implementation Monitoring Committee is formed that consists of 5 to 6 members representing the women, dalits, indigenous community, political parties and service providers (VDC officials). Refer to Annexes 1-5 for VDC wise reporting on the outcomes of the public discussions.

4. 9 Project Results Dissemination Program

A project results dissemination program was organized on February 8, 2012 at Transitional Justice Resource Centre (TJRC) hall, Anamnagar in Kathmandu to disseminate jointly the findings of the following two project interventions carried out by WVAF:

- Local Body Grant Expenditure Review and Community Engagement Survey and
- Community Based Monitoring of Local Government/Public Goods and Services

Altogether 56 participants (Males 43, females 13) including the project team members attended the dissemination program. The participants included: VDC Secretaries, VDC Assistants, and representatives from User's Committee and beneficiaries from the all the project VDCs and project locations. Another groups of participants included the Board members of WVAF including the Chairperson Dr. Tika Pd. Pokharel who chaired all the sessions. Other important participants included Mr. Bharat Bahadur Khadka, Central Committee Member, Association of District Development Committees of Nepal (ADDCN) and local committee member, LGAF western region, Mr. Manoj Bhattarai, Executive Director, LGAF-IA, Mr. Damodar Regmi, member of National Committee of LGAF and two representatives from Kathmandu DDC; Mr. Subash Bhattarai and Mr. Pravin Pyakurel.

Power point presentations on the major findings, achievements and challenges of the project interventions were made by Project Coordinator, Mr. Arjun Jung Shah for the Local Body Grant Expenditure Review and Community Engagement Survey and Mr. Sudarshan K.C. for the Community Based Monitoring of Local Government/Public Goods and Services.

The program was well received and appreciated by the participants. There was general consensus on the results presented and issues raised. At the same time, there were few suggestions to be included in the final version of project report. See Annex 6 for details of the proceedings of the program.

4.10 Capacity enhancement of CSO and supervision and monitoring

The LGAF appeared to be concerned with enhancing the capacity of CSOs (including WVAF) to carryout the assigned tasks effectively and ensuring completion of project by maintaining quality in the assigned tasks. It was reflected in the following activities accomplished by the LGAF central region office at Hetaunda:

- Before signing the contract a four day (June 14 -17, 2011) **Training of Trainers (TOT)** course on “Downward Accountability” was organized at Hetaunda. This was attended by the Project Coordinator, Mr. Arjun Shah. This progrom was quite useful in facilitating the project team members to be clear about the tasks to be accomplished and the tools/approaches to be used. The hand outs made available; specifically the Acts, Regulations and Guidelines and documents on study tools proved to be good reference documents during the project imlementation.
- A two day (November 30 - December 01, 2011) **Progress Review Meeting** was organized at Hetaunda that was attended by the study team members of all the CSOs that were awarded the studies including Project Coordinator, Mr. Arjun Shah. This meeting was organized at a time when many of the CSOs had completed their major tasks. Nevertheless, it provided the particiapnts an opportunity to share thier experience, express the problems being confronted and seek solutions to the problem. Specifically, the meeting was useful in working out future modalitiies with regard to the unfinished tasks and reporting formats.
- Ms. Manju Singh Rana; previous Regional Program Officer visited WVAF office on 26th July, 2011. Similalry, Ms. Sovita Pariyar; Regional Program Officer also visisted WVAF office on 9th december, 2011. These visits were aimed at monitoring the progress made in the project imlemenatation. The study team members found these visits useful as they appraised progress of project and expressed the problems being faced.
- Preparation of periodic reports and submission to LGAF is also considered a part of supervision and monitoring processes. During the project implementation (that started from June 19, 2011 and ended on January 31, 2012); WVAF has submitted Inception Report, two project status reports and final report (in hand) to LGAF.

V. FINDINGS

As outlined above in the methodology, government grant expenditure and community engagement is mainly assessed on the basis of what is provisioned in VDC Grant Mobilization Procedures: 2067 and other related Acts/Regulations, what actually existed and what were the major factors responsible for deviation. This framework of assessment is

largely linked with various prescribed steps of project cycle management i.e. planning, (project selection, allocation of budget), implementation (formation of Users Committees etc.) supervision and monitoring, benefit sharing etc. The community engagement is assessed in terms of representation of women, *dalits* and deprived communities in various Users Committees and other Committees provisioned in the legal documents and their participation in various activities carried out in the VDCs.

The results derived from the consultative meetings, Focus Group Discussions (FGDs), Key Informants Interviews (KIIs), observation of major events, revenue and expenditure data collection, public discussions on major issues organized in all five project VDCs which tend to differ slightly from each other are documented in Annexes 1-5.

However, the combined and common finding derived from project intervention in all five project VDCs suggest that the government grant is not allocated and expended strictly as per prescribed provisions and there is low level of community engagement in development activities of VDCs. The major findings of project intervention are summarized below:

1. The **allocation of capital budget** was not distinctly made in accordance with the prescribed provisions made under the target group development program. In the VDC Grant Mobilization Procedures: 2067, Part 3, Clause 11; sub-clause 3 (e) it is mandatory that 10% of capital budget is allocated for the projects that directly benefit the women of poor and deprived communities; 10 % for the projects that directly benefit the children of poor and deprived communities and 15% for the projects that directly benefit the indigenous and backward/deprived communities. In addition, current “budget speech” has also provisioned that another 15% of capital budget is allocated for the agriculture development related activities. The VDC secretaries claim that capital budget was allocated for the projects related to women, children and other targeted groups. However, the review of capital expenditure by types of projects carried out in the last fiscal year does not show that the budget allocation in the prescribed manner. Moreover, the targeted beneficiaries i.e. the women, children, dalits and other backyard communities expressed that they were not aware of such provisions and as a result they could not demand their share in the budget allocation in the past. It was observed that such information was not disseminated by the VDCs during public notice calling for feasible projects from the communities at ward levels.
2. **All Party Mechanism** (now dissolved) was found dominant in all the activities of all five project VDCs. There were mixed reactions of the community people about this mechanism. Some took it positively as suitable alternative to mobilize community and represent community needs in the VDCs. The service providers themselves found it easy to seek cooperation from such mechanism instead of making efforts to mobilize community at large for which they do not have sufficient time. On the other hand, people expressed their dissatisfaction over the dominant role of All Party Mechanism on the grounds that development projects were selected on the basis of interest of the political parties not on the basis of actual needs of the communities. They also felt that presence of All Party Mechanism functioned as undesirable substitute to community engagement that led to low participation of community people in various activities of VDCs.

3. None of the five project VDCs were found to have organized any of the important events such as **public hearing**. According to the regulatory documents such as LSGA:1991, LSGR: 1992; VDC Grant Mobilization Procedures, 2067 and Local Body Financial Administration Regulation (Chapter 2 on VDC) it is mandatory that VDCs organize Public Hearing, Public Audit and Social Audit every year. These are the very effective tools to enhance community engagement, make the service providers more accountable to the service recipients and make annual plans and expenditures of VDCs more transparent. This was one of the factors responsible for low community engagement in the five project VDCs.
4. Considerable shortcomings were observed in the process of selecting development projects to be implemented in the VDCs every year. There is well defined provisions for **Sectoral Plan Formulation Committee** (VDC Grant Mobilization Procedures, 206, Part 4, Clause 17; K) and **Integrated Plan Formulation Committee** (VDC Grant Mobilization Procedures, 2067, Part 4, Clause 15; A). Formation of these Committees requires representation from the women, *dalits*, indigenous/deprived communities, NGOs, CBOs and major political parties. However, these committees were not formed and made functional in the prescribed manner. The functions of these committees were performed either by All Party Committee or three-member Village Development Committee constituted by the VD Secretary. Absence of such committees also has contributed to the absence or low level of community engagement and needs based selection of development projects as the main function of these committees are to select and recommend the development projects each year.
5. Formation of **Users Committee** is an important component of project implementation at VDC level. There are prescribed procedures and composition of Users Committee in VDC Grant Mobilization Procedures, 2067 (Part 5, Clause 21), LSGA: 1991 (clauses 48, 49) and LSGR: 1992 (clauses 155, 156) that require representation from women (at least 33%), dalit and indigenous communities. The formation of Users Committees in the five project VDCs largely was not found to follow the prescribed provisions. Particularly, 33% of women representation was also non-existent in the Users Committees formed during last two fiscal years. Moreover, the management capability of Users Committees, as expressed by the participants of FGDs, was remarkably constrained by the absence of any orientation/training given to them by the VDCs.
6. It was found that **proper supervision and monitoring** was not accomplished for the development projects carried out in the project VDCs. Neither the VDC level Supervision and Monitoring Committees were formed in the prescribed manner nor all the development projects was supervised. VDC Grant Mobilization Procedures, 2067 (Part 6, Clause 29 (1) has provisioned for a six member Supervision and Monitoring Committee consisting of VDC Chairperson (Now VDC Secretary) or a person nominated by him/her, two persons (at least one female) from Ward Civil Forum, lone Ilaka or VDC level personnel nominated by VDC Executive Committee, one technical staff (to the extent available) and VDC Secretary or a staff nominated by him/her. Such committees were reported not have been formed and made functional. It was reported that the

members of All Party Committee used to be used for the supervision and monitoring purposes. There is also provision for the formation of a Monitoring Committee in each Users Committee formed. However, none of the Users Committees formed in the last two fiscal years was found to follow such provision. This again has contributed to low level of community engagement.

7. The community people were found unaware of the Minimum Conditions and Performance Measurement (MCPM) assessment that is carried out every year in the VDC in order to examine the planning management performance of the VDC. On the basis of the results of MCPM assessment, the amount of capital grant to be given to the VDC is determined. The MCPM Guidelines (updated every year) and other regulatory documents require VDCs to disseminate the results of MCPM to the community people using various means of communication.
8. Participation of community people was also observed either non-existent or extremely low in the **Annual Progress Review Meetings** organized by the VDCs. As per VDC Grant Mobilization Procedures, 2067 (Part 6, Clause 31), it is mandatory for the VDCs to organize such review within three months of the closure of fiscal year. It was found that such meetings were held either in the presence of members of All Party Committee or three-member VDC Executive Committee.
9. Community engagement was found either non-existent or extremely low also in VDC Executive Committee and VDC Council. Firstly, these Committees largely consist of three members (VDC level) from government staff including VDC Secretary. Secondly, it was found that the meetings organized by these Committees were largely confined to either these three members or to the members of All Party Committee.

The issues and underlying problems related to the government grant expenditure and community engagement revealed by project intervention conducted in the five project VDCs are mainly found to be the results of the following four mutually inclusive factors:

- **Uninformed and reluctant community:** It was found that the community people (potential beneficiaries/service recipients) were largely unaware of the VDC grants and other activities of VDCs as well as their roles and responsibility towards making the service providers more transparent and accountable to the community. No serious efforts were made from the VDC and any other concerning governmental and non-governmental agencies to educate the community and thereby enhance their effective participation. In some instances, the community people were also found to be reluctant towards VDC activities. It was reflected in the absence or low attendance of local people in the programs/meetings organized by VDCs. It was more pronounced in the VDCs adjoining Kathmandu urban areas suggesting that urban like people are less concerned with VDC activities.
- **Dominant Presence of All Party Mechanism (now dissolved) :** Presence of this mechanism was observed in almost all activities and processes of VDCs. As a result, it gradually moved towards becoming a substitute to community engagement that was

unwarranted and undesirable. It is presumed that this mechanism became indispensable and dominant at VDC mainly due to two reasons. Firstly, the representatives of major political parties as the members of this mechanism felt it was their responsibility to represent the community needs and aspirations. Secondly, the service providers, notably the VDC Secretaries, found it easier and safer to mobilize this mechanism instead of mobilizing cross-sectional people of the communities.

- **Discretionary powers to the service providers:** Alternative arrangements made in the absence of elected people's representatives in the VDC are basically designed to empower the government staff; particularly the VDC Secretary to use his/her discretion. H/she has to function both as a VDC Secretary and elected Chairperson of VDC. There are number of areas where VDC Secretary can use his/her discretionary power to mobilize community or not mobilize at all. For instance, VDC Secretary can form three member VDC Executive Committees and VDC Council and organize meetings accordingly without involving the community people. Likewise, h/she can formulate and approve the annual plans and budgets through these two Committees without forming Sectoral and Integrated Plan Formulation Committees. This has resulted in low level of community engagement at VDC level.
- **Over work load for the service providers:** According to the service providers, they are overloaded with the regular administrative (non-developmental) works. They (3.4 persons) hardly have time to monitor the development project activities and enhance community In the VDCs It is true of the VDCs adjoining municipalities such as Kathmandu Metropolitan City where they have devote substantial of time in collecting revenues and providing non-development services such as distributing social security funds, providing recommendation letters, maintaining vital registration etc.

VI. RESULTS/ACHIEVEMENTS

Implementation of various project activities in five project VDCs of Kathmandu district has led to the achievements of some tangible results. In general, all stakeholders; service recipients, service providers, enabling agencies including the CSO (WVAF), have benefitted from the project intervention in one way or other. The following results are considered to be the major achievements of the project intervention

- **Commitment Paper and Commitment Implementation Monitoring Committee**

The public discussions held in all five project VDCs (see Annexes 1- 5 for more detail) concluded with a Commitment Papers signed by the service providers and service recipients in each VDC and formation of a 5-6 member Commitment Implementation Monitoring Committee. Each Commitment Paper contains the following clauses:

1. The VDC will take the necessary steps to ensure that the VDC grant for women, children and disadvantaged groups etc. are allocated and expended as provisioned in VDC Grant Mobilization Procedures: 2067.

2. As provisioned in VDC Grant Mobilization Procedures: 2067, the VDC will form various committees such as Sectoral Plan Formulation Committees, Integrated Plan Formulation Committee, Supervision and Monitoring Committee etc. with regard to the project selection, budget allocation, budget expenditure and settlement.
3. The service providers will ensure maximum participation of community people in the project planning/selection, budget allocation and progress review.
4. The community people particularly women, children and economically and socially marginalized/disadvantaged groups from all castes will be aware and conscious about the VDC grants and take the necessary initiatives to make the service providers accountable.
5. The community people will support the service providers by ensuring their maximum participation in all events including meetings organized by the VDC from time to time.
6. As provisioned in VDC Grant Mobilization Procedures: 2067, the VDC will organize orientation programs for the User's Committees and the User's Committee members will be sensitive to fulfill their responsibility and accountability.

A five to six member Commitment/agreements Implementation Monitoring Committee is also formed in each VDC that consists of representatives from females, dalits, indigenous communities, political parties and VDC staffs. This is an achievement the outcomes of which are expected to be positive in the future. **See scanned copies of commitment papers in Annexes 1-5.**

- **Enhanced participation of stakeholders**

The project team members were able to make interactions with more than 500 persons in the course of implementing various activities under the project intervention. Such cross sectional persons included the service providers, service recipients, planners/policy makers, representatives from political parties, CSOs etc. The participation of local stakeholders was comparatively low in the initial project activities but it gradually increased as the project intervention moved towards conclusion. For instance, level of stakeholders' participation in VDC level public discussions and project results dissemination program was quite satisfactory.

- **Service providers are found more transparent and accountable**

The VDC secretaries and other staffs of all VDCs as well as the members of All Party Committees (now dissolved) in all VDCs are found quite sensitive towards making the government grants more transparent and effective and enhancing community engagement in all VDC activities as prescribed in the VDC Grant Mobilization Procedures: 2067 and other relevant regulatory documents. This has been evidenced, for example, in the following manner:

- In Budhanilkantha VDC, the VDC Council Meeting held in relation to formulating Annual Plans and Program for the coming fiscal year (2069.70) Budhanilkantha have allocated adequate budgets for the projects that are designed to benefit directly women, children, target groups and agriculture sector out of their estimated capital expenditure of Rs.7, 185,000.
 - Rs. 710,000 (10%) for women related projects
 - Rs. 710,000 (10%) for children related projects
 - Rs. 1,060,000 (15%) for target group related projects
 - Rs. 1,060,000 (15%) for agriculture related projects

According to the information furnished in Budhanilkantha Sandesh; 2068, Poush 29, a total of Rs. 10,400,000 (Rs. 7,550,000 from internal sources and Rs. 2,850,000 from external sources) is projected for the next fiscal year (2069/70). This includes estimated recurrent expenditure of Rs. 3,215,000 and capital expenditure of Rs.7, 185,000.

- Commitments from the VDC Secretaries of the remaining four VDCs were expressed during public discussions and project results dissemination program to make similar budget allocation in the next fiscal year.
 - The VDC Secretaries in all five project VDCs turned out to be very positive to mobilize maximum community/peoples participation (e.g. public discussions in all five VDCs and making VDC Review meeting and VDC Council Meeting public in case of Budhanilkantha VDC; see Annexes 1-5 for more detail)
- **Community people are found well informed about government grants and their roles and responsibilities**

It was evidenced specifically during public discussions held in all five project VDCs and the project results dissemination program where the service recipients; notably the women, *dalits* and persons from indigenous/deprived communities, were found to be vocal and enthusiastic towards their due share in budget allocation and VDC's efforts to raise their participation in various activities carried out in VDCs. They have also shown their keen concern towards having access to VDC Grant Mobilization Procedures: 2067 and other relevant documents and expressed the need to orient/train the members of Users Committees. Specifically, the women were found demanding their 33% share in all Users Committee and any other Committees formed in the VDCs.

- **Enhanced Capacity of CSO**

The CSO (WVAF) is found to be more confident about its institutional capability to carry out project intention such as the present one at VDC level, according to the Executive Director, WVAF. The project team involved in this project intervention now feels more informed about the issues of government grants and community engagement at VDC level and the tools and approaches to adopt in implementing such project intervention. This is also considered an achievement of project intervention as capacity enhancement of CSO is one of the functions of LGAF

VII. LESSONS LEARNED

Some lessons learned from the project intervention in five VDCs of Kathmandu district are worth mentioning that mainly include the following:

- The Public Service Announcement (PSAs) aired through FM radio becomes less effective in the VDCs that are in the proximity of urban areas. It was found that the PSAs aired during the project period was hardly listened to by the people of the project VDCs as they watched TV and read newspapers rather than listened to radio. However, PSAs are effective tools to educate the stakeholders including the community people on the pertinent issues. It also helps the project team members mobilize the community and service providers to participate in the project activities. It is felt that this should be an integral part of the project intervention in the future too. In this context, the caution that needs to be taken is the selection of communication media. Daily news papers and television would certainly be the better choice in the VDCs of Kathmandu district.
- The stakeholders and beneficiaries of the project intervention expect some commodity and financial supports from the project because the “project” conventionally is perceived that way by the community. For example, Budhanilkantha VDC expected some training and commodity (computer) supports to strengthen its computerized information system. In the absence of such supports from the project they tend to be reluctant to participate in the project activities. Hence, it is realized that to the extent possible some budgetary provisions should be made for such minor supports while formulating the proposal in the future. At the same time, they should also be informed that all the projects are not loaded with the capacity to extend commodity and financial supports.
- It is realized that a one to two day long orientation program for the stakeholders (service providers and service recipients) on relevant regulatory documents including VDC Grant Mobilization Procedures: 2067 should have been organized in all five project VDCs before implementing project activities. This could have definitely encouraged the service recipients to participate in VDC activities and make service providers more accountable.
- It is also felt that the project should have made provisions for the distribution of relevant documents to the stakeholders. This would have definitely contributed better results from the project interventions. The stakeholders in all five project VDCs demanded such documents but project could not fulfill their demands.
- It is difficult to implement a complete “*compliance monitoring*” in the project intervention of short period (3 to 6 months) because the major events that take place in the VDCs are stretched to over a period of 12 months to complete a project cycle. Alternate arrangement that goes beyond the project period (say 6 to 12 months) needs to be made for the complete compliance monitoring. In the project intervention of short period compliance monitoring is possible only for few limited issues only.

VIII. CONCLUSION AND RECOMMENDATIONS

8.1 Conclusion

The various activities undertaken during the project implementation in the five project VDCs (Baadbhanjyang, Budhanilkantha, Dahachowk, Goldhunga and Ichangunarayan) of Kathmandu have adequately depicted that the government grants extended to the VDCs every year have not been allocated and expended in the prescribed manner and the prescribed procedures of project selection, budget allocation, project implementation, supervision/monitoring etc. are also not strictly followed. Community engagement (i.e. participation of local people as service recipients) in various development activities carried out by the VDCs is also not encouraging. On their part, high level of ignorance about the government grants and other activities of VDC and reluctance to participate in the VDC activities were reported in all project VDCs. The service providers, on the other hands, were reported to have been over loaded with regular works at the VDC that has led to little or no efforts to enhance community engagement.

The project intervention, however, that required the project team members to make frequent visits to the project VDCs and interact with the service providers and service recipients has certainly contributed to sensitize them about their responsibility and accountability towards enhancing community engagement and making the use of government grants more effective, transparent and needs-based by adhering to the prescribed rules, regulations and guidelines.

8.2 Recommendations

Positive outcomes of the project intervention in making government grants more effective and enhancing community engagement are expected to be realized in the near future. However, that would be possible if certain pre-requisites are fulfilled. This is within this presumption that some recommendations are made below.

- All the discrepancies, inconsistencies and shortcomings that exist in what is provisioned/expected and what actual prevails with respect to government grants and community engagement is mainly caused by absence of elected peoples' representatives in the VDCs. Therefore, it is imperative that political decision is made soon to hold election of local bodies including VDCs. Past experience has sufficiently proved that no alternative mechanism can substitute the elected body.
- However, until the local elections are held, some corrective measures such as mentioned below are recommended:
 - Government should bring out alternative to All Party Mechanism that has now been dissolved. There were mixed reactions with respect to the All Party Mechanism that worked in the past in the project VDCs. Some have taken it positively as suitable mechanism to mobilize community with documented capability to represent the aspirations and needs of the community while others

- took it negatively and found it unnecessarily dominant to influence the VDC decisions.
- As service providers are found less aware of many rules/regulations/guidelines pertinent to VDC grant mobilization and community engagement, it is imperative that they are given orientation at least once a year. It is suggested the VDCs should allocate some budget every year for such orientation/training programs. Such program should specifically focus on VDC Grant Mobilization Procedures: 2067.
 - Similarly, the VDC should also organize various /awareness/orientation programs for the community people so that they can contribute to VDC activities. Such program should specifically focus on VDC Grant Mobilization Procedures: 2067.
 - As a result of project intervention local people are eager to have access to VDC Grant Mobilization Procedures: 2067 and other relevant regulatory documents. Therefore, the VDC staff should consult MoLD and other relevant agencies and get hold of such documents.
 - In all interaction programs held in the project VDCs, it was figured out that the User Committee members lack technical, administrative and financial knowledge to manage the Users Committee and therefore they must be provided with proper orientation before signing the Agreement. The VDC Secretaries should, therefore, work out some arrangements that ensure that the Users Committee members are necessarily provided with such orientation/training.
 - It is recommended that VDC Grant Mobilization Procedures: 2067 and other related documents should be reviewed in terms of examining the discretionary and executive powers given to VDC Secretaries. All such powers that increase work load to VDC personnel; and do not ensure community engagement and needs based allocation of government grants should be replaced by appropriate alternatives.
 - LGAF should take initiative to mobilize DDC or similar other institution to monitor the implementation of Commitment/Understandings Paper signed by the service providers and service recipients during the public discussions held in the five project VDCs.
- Local bodies; particularly the VDCs that are not covered in the present project are having high expectations from the LGAF in terms of having similar project intervention in their VDCs. Therefore, it is recommended that LGAF continues such program in the future to cover all VDCs of Kathmandu district.
 - It is also recommended that LGAF brings out guidelines/manuals to ensure conceptual clarity with respect to tasks to be completed and approaches to be adopted in all three components of project intervention LGAF is currently working. In the absence of such guidelines/manuals, the CSOs did not have a uniform approach in the past and had to revise their tasks in the middle of the project implementation.