

Review of the district planning process in Karnali

Briefing Note

Introduction

This briefing note describes and assesses the district planning processes in Karnali region, as part of the technical assistance provided to the Karnali Employment Programme (KEP). These planning processes determine the type of programmes and projects implemented by district governments in the area of economic and social development. The outcome of the planning process is of paramount importance for interventions like the KEP, which base their selection of the community assets to be created on the results of the planning process.

The Ministry of Federal Affairs and Local Development requested that the UK Department for International Development provide technical assistance to support employment-led approaches to reducing poverty and vulnerability in Nepal. This assistance is provided through the KEP Technical Assistance (KEPTA) consortium led by Oxford Policy Management and incorporating Cardno IT Transport and Deego Pvt Ltd.

As part of this technical assistance, KEPTA has produced a report on the potential for economic development in Karnali (KEPTA, 2014). This study required assessing the district planning process and reviewing the plans of Jumla and Kalikot as well as conducting in-depth interviews and focus group discussions with a range of stakeholders. The research also relied on secondary data sources. The main findings about the planning process are described below.

District planning process and budget allocation

Under the Local Self Governance Act 1999, districts prepare their own annual plans and budgets. Once approved by the relevant District Development Committee (DDC) they become the official annual development plan of the district. Districts can generate their own additional resources, although most district budgets are comprised largely of grants from the central government, and this is especially the case in remote districts such as those in the Karnali region. In addition, districts may have five-year strategic plans and longer-term sectorial plans.

The Karnali region accounts for 5.6% of the budget allocated to the 75 districts by the central government in 2013/14. Due to its poverty levels and the high costs of implementing policies caused by the difficult terrain and remoteness, Karnali receives per capita funds substantially greater than the national average. Nevertheless, the table below shows very substantial differences in the budget allocation within Karnali. Dolpa – with the smallest population – has the highest allocation per head, while Kalikot – with the largest population – has by far the lowest allocation per head. This discrepancy is understandable to some extent due to the higher cost per capita of administering and delivering development projects in a more sparsely populated districts and the economies of scale involved in the delivery for larger and more concentrated populations. However, some evidence – for instance, the Human Development Index – indicates that Kalikot has significantly more development needs than Dolpa, suggesting that the budget allocation should not only follow demographic trends.

Table 1: Budget allocation in Karnali (2013/14)

Budget			
	NPR (000s)	% of national budget	Per capita
Dolpa	739,883	0.9	20,160
Jumla	1,098,165	1.3	10,082
Kalikot	1,054,269	1.3	7,698
Mugu	790,854	1.0	14,305
Humla	887,929	1.1	17,459
<i>Karnali region</i>	<i>4,571,100</i>	<i>5.6</i>	<i>11,760</i>
<i>National</i>	<i>81,626,786</i>	<i>100.0</i>	<i>3,081</i>

Note: This table includes only funds provided by the national government.
Source: National Planning Commission, 2014

Assessment of the planning process

The Local Self-Governance Act 1999 (LSGA) has empowered local bodies to deliver a range of social and economic services, including infrastructure development. The LSGA is a unified act that provides a legal and institutional framework for local self-governance and defines a 14-step planning process to guide local participation, consultation and decision-making.

Briefly, this bottom-up process for local planning starts with the Village Development Committees (VDCs) collecting inputs from the citizens about their needs and preferences. In order to do so, every VDC organises at least one meeting in each ward every year to collect this information. The VDC compiles this data and presents it in the VDC Council. The council, which is constituted by political parties, scrutinises the proposals further and defines the projects. Finally, similar processes are conducted at the *ilaka* (cluster of VDCs) and district levels and the district plan is produced. The main findings of the assessment of this process are described below.

Low planning and technical capacity: VDCs and to some extent DDCs do not have the capacity to assess whether the projects proposed are feasible and optimal from a technical point of view and do not seem to be prepared to involve communities in the selection. Moreover, they also seem to lack the capacity to calculate project costs. This often leads to unrealistic and unachievable plans and puts at risk the credibility of the whole process, thereby potentially reducing levels of participation in the future.

Elites and politicians influencing the planning process: It seems that in most cases local bodies do follow the 14-step process, but local governments appear to struggle to balance the competing demands of communities, local elites and central government directives. While people interviewed in Karnali generally felt that they were given the opportunity to voice their opinions, they also claimed that the prioritisation of projects was based on the views of influential groups and politicians:

Our first priority is irrigation and drinking water but the elite people who live outside the village want roads so that they can easily reach their homes. This results in roads often being prioritised. (Focus group participants, Kalikot)

Moreover, VDC and DDC plans seem to be frequently modified by the respective council upon the confirmation of the resources available, undermining the effectiveness of the bottom-up process.

Project allocation is influenced by the political strength of VDC leaders: It seems that a frequent problem that undermines the fairness of the planning process is that the differences in the influence and

bargaining power among VDC representatives affect their ability to secure projects. It has been reported that political strength often allows residents of areas that are somewhat better-off to secure more resources. The report on economic development (KEPTA, 2014) shows that more resources are given to less poor *ilakas* in Jumla.

Lack of a strategy and data: The bottom-up process is not supported by any higher-level strategy for economic development. As a consequence, projects are selected without any coordination, which seems inefficient and ineffective. Moreover, there is a general lack of robust and timely data about people's needs and development opportunities that could strengthen the prioritisation done by the village council as well as the support provided by VDCs in regard to communities' identification of projects. Furthermore, even when data are available, decision-makers and leaders do not necessarily rely on it.

Lack of innovation: As is described in more detail below, most projects tend to be related to the creation of roads and irrigation canals. Although there is no doubt about the importance of these projects, there seems to be little room for innovation; these projects have such a long tradition that they are almost selected by default. As a result, despite the huge potential of other types of projects, the planning process seems to always be inclined toward roads and canals. This seems to be the result of path dependency and a lack of information about alternative projects.

Inadequate execution of the plans: It seems that an important number of projects selected through the planning process are never implemented.

Review of Jumla and Kalikot district plans

This section reviews the district development plans for Jumla and Kalikot that were available in early 2014 when the research was conducted. Unfortunately, Kalikot does not yet have a five-year district strategic plan or village development plans. Jumla appears to be ahead of Kalikot in this respect and has a five-year strategic plan for the years 2013/14 to 2017/18 and a selection of village development plans. In addition, Jumla has a strategic plan for the development of the agricultural sector. Therefore, the review that follows for Kalikot is based on the yearly district development plans and the District Transport Master Plan (DTMP), while for Jumla it is based on the: i) five-year strategic plan; ii) the village development plans; iii) the agriculture perspective plans; iv) the DTMP; and v) the annual plan and budget.

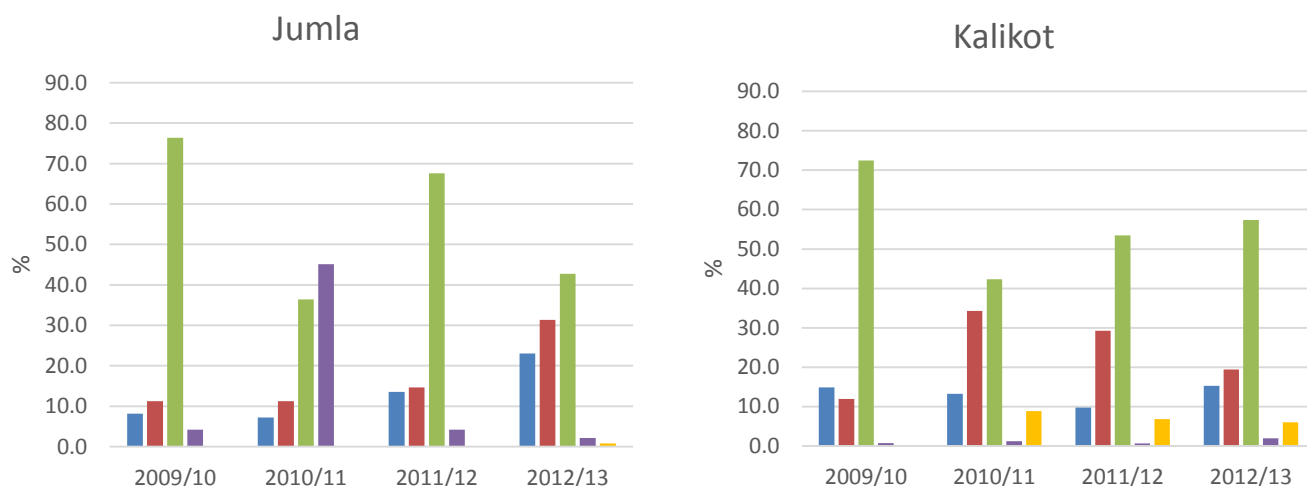
i. Budget allocation

The district budgets in Jumla and Kalikot have been rising sharply. The Jumla budget experienced an increase of 45.1% from 2009/10 to 2012/12, rising from a budget envelope of NPR 1,687,788 to one totalling NPR 2,448,812. The same happened in Kalikot, where the increase was of 43.7%, from NPR 1,279,428 to NPR 1,838,003 in the same period. These figures include not only the central government allocation but also funds from the internal district revenue or provided by external sources like NGOs. Although the budget figures mentioned above correspond to a different fiscal year (2013/14), the important differences with the 2012/13 figures indicate how significant the funds coming from other sources than the central government actually are (roughly between 30% and 50%).

Although most of the budget in Kalikot and Jumla goes to the development of infrastructure, the share of this type of spending has been declining sharply. In 2012/13, infrastructure development represented 42.7% of the budget in Jumla and 57.3% in Kalikot. However, these shares were much higher in 2009/10, at 76.4% and 72.5% respectively. Regardless of this substantial decrease, most of the budget is still allocated to the development of infrastructure, something that responds to the remoteness of the districts. It should be noted, however, that infrastructure development tends to be very resource intensive and costly, which explains its high budget share.

In recent years funds have been increasingly allocated to the budget lines ‘economic development’ and ‘social development’. Surprisingly, very few resources are assigned to ‘natural resource management and development’, despite the potential of the region for activities related to water and land management.

Figure 1: Budget allocation in Jumla and Kalikot (2009/10–2012/13), by sector



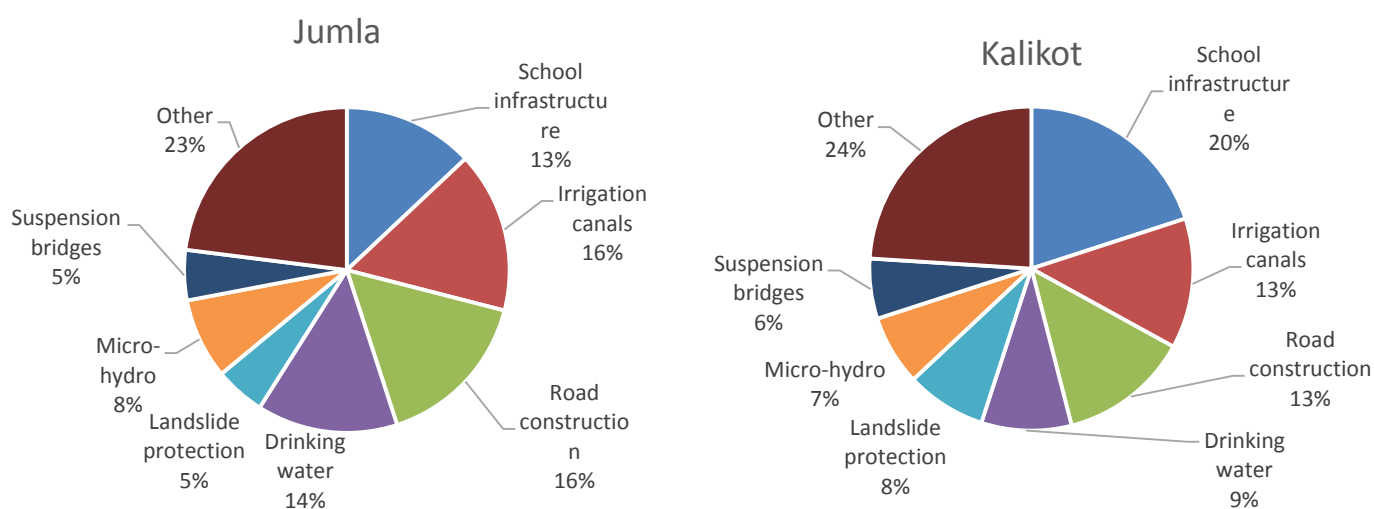
Labels: In order – Economic development (blue bar), Social development (red bar), Infrastructure development (green bar), Natural resource management and development (purple bar), and Good governance and organisation development (orange bar).

Source: Adapted from Deego (2013).

ii. Selected projects

In order to obtain insights into local and district-level development priorities for FY 2013/14, a number of programmes have been examined. The district development programmes to be implemented in the current fiscal year were developed and prioritised following the 14-step planning process discussed above. The prioritised projects in Kalikot and Jumla have been categorised as shown in Figure 2. The figure shows almost identical results for both districts. Projects related to school infrastructure, irrigation canals and road construction represent almost half of the projects prioritised.

Figure 2: Selected projects in Jumla and Kalikot (2013/14)



Source: District development plans for Jumla and Kalikot, 2013/14

Despite the complaints about the influence of elites and decision-makers in the project selection, there seems to be a general consensus about the preference for roads and irrigation canals. The economic study done by KEPTA (2014) indicates that, among most of the stakeholders interviewed (including community members), there was an overwhelming inclination toward roads and canals. Therefore, despite the influence of elites and other groups in the selection of what roads or canals need to be created, these categories nonetheless seem to be prioritised by most stakeholders.

The low share of projects related to land and water management, which could enhance the livelihoods of Karnali households at a low cost, seems to suggest that information about these projects is somewhat scarce. Indeed, not only communities but also VDCs and DDCs themselves seem to have little knowledge about the potential of these projects.

The role of the district planning in local development: the way forward

District planning has a strong role to play in local and regional development. However this can only be achieved effectively if the constraints described above are addressed. District technical and administrative capacities need to be enhanced and the interference of elites and leaders need to be minimised in order to ensure the real engagement of communities. Moreover, innovation in the type of projects could increase the impact on livelihoods and development. Furthermore, on the one hand communities need to be informed, oriented and supported in order to be able to identify projects of real socio-economic value. On the other hand, however, these projects also need to be part of a broader strategy for economic development rather than isolated efforts. Consequently, the bottom-up process needs to be oriented and supported, and this requires overcoming the various constraints mentioned.

Improving the district planning processes as suggested in this note will be far from enough to foster the development of the region; however, it would certainly make a strong contribution. The output of an improved process will be a list of projects that truly reflect both the community demands and the needs for local and regional development; projects that will be affordable and socially and technically feasible. Then the different programmes operating in the region, like for example the KEP, will be able to draw on the projects selected through this process, without needing to do further assessments. This will contribute to the harmonisation of the different employment programmes operating in the region, aligning all of them to the same economic strategy and multiplying the overall impact.

References

Deego Pvt. Ltd. (2013), "Preparatory Report for the Technical Assistance for Employment Led Poverty Reduction in Western Nepal".

KEPTA (2014), "Strategy for the Economic Development of Karnali".

Box 1: KEPTA series of briefing notes

KEPTA series of briefing notes:

- Poverty profile and social protection strategy for the mountainous regions of Western Nepal (2014)
- Review of the district planning process in Karnali (2014)
- Social protection through public works in Nepal: Improving the Karnali Employment Programme (2014)

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