Examples and lessons learned from Constituency Development Fund of Nepal

Budgeting for Climate Change Finance
A Collaborative Approach for Effectiveness

kathmandu, Nepal
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Introduction

Decentralization initiative, fund from central government to constituency
Expenditure on development projects intended to address local needs
Two public funds in place—Constituency Development Fund and Constituency Infrastructure Development Special Program, total appropriation in FY 2014-15 Nrs 3.3 b
CDF – Rs 1.5 m each for all 601 MPs (FY 2014-15), begins since 2003-4
CIDSP – Rs 10 million for FPTP MPs (240), starts since FY 2014-15
Regulatory Provisions

- Regulatory Provisions – Constituency Development Program Regulations 2058 BS and Constituency Infrastructure Development Special Program Regulations-2071 BS enforced by MoFALD
CDP Selection Standards:

FPTP MPs allocate budget of their choice.

Presentation of proposed program before DDC within first quarter.

Above Rs 50,000 and programs aligning periodic district/constituency development plans.

Ensure 20 per cent people's participation; at least 50 per cent for physical infrastructure development projects.

Not allowed to political parties/sister organizations.

Project number should not exceed 12.
CIDSP Selection Standards:

– CIDSP direction and management committee to select program
– Convened by FPTP MP of concerned constituency
– 10 projects; no less than Rs. 700,000 each; project period one fiscal year
– Focus on district/constituency development projects, incomplete projects
– People’s participation; operation and management by users committee
– No investment in infrastructures related to organizations and parties
CDF Tracking: An experiment of RTI use

– Information request from all 75 DDCs as per RTI Act 2007
– Decision-making process in budget appropriation, testimonials of the decisions, appropriation breakdown, program details, adherence to local body council recommended plans, agreements and progress reports
– 68 districts provided information; rigorous RTI process (information request, complaint, appeal)
– A successful civic experiment; evidence-based accountability
– Advocacy for reforms; Media/CSOs use RTI-generated evidence for policy awareness and advocacy and monitoring purpose
Key Findings:

- RTI effective in tracking CDF/CIDSP (unmonitored)
- Funds not allocated in any physical/social infrastructure development projects other than temples/monasteries
- Funds found distributed without aligning constituency priorities
- Unfocused towards transforming lives of ordinary people; not used in development projects
- Scattered allocations; less attention to big projects contributing to perspective development
- Project selected to appease their supporters
- Claiming projects developed by other agencies as their own
- Project location not specified
- Public money given to institutions close to lawmakers' party
- Spending in unproductive sectors influenced by political motives
Case Studies:

– CDF for musical instruments and hymns
– Public service commission exams and auditorium
– Purchasing trumpets and bands
– MPs have become addicted to money
– NRS 3.3 billion in petty projects
Major Lessons:

– RTI can be used as a systematic tool to track expenditure of public money in other areas
– The success can be replicated to climate finance tracking
– Use the RTI-generated evidences for people’s participation in the budget formulation stage
– Citizen/media advocacy in pre budget debate and budget formulation process
Thank you