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SAJHEDARI BIKAAS PROGRAM

Sajhedari Bikaas Project Strategy for Objective D: Local
Government Units Function Effectively

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Table of Contents

Table of Contents.....	2
Acronym List	3
Introduction	5
Overview of Political Landscape	6
Proposed/Illustrative Activities and Coordination Mechanisms at Local and National Levels.....	11
Coordination mechanisms at the local and national level related to Sajhedari Bikaas’ and other IP’s activities	21
Discussion of potential "bigger picture" outcomes. How will Objective D activities support and lead to broader behavior changes or national reforms?.....	22
Review and adjust the Objective D budget under the proposal - provided illustrative overall budgets for key activities.....	23

Acronym List

ADDCN	Association of District Development Committees of Nepal
CA	Constituent Assembly
CAC	Citizen Awareness Center
CBO	Community Based Organization
CDCS	Country Development Cooperation Strategy
CMM	Conflict Management and Mitigation
COP	Chief of Party
CPN-M	Communist Party of Nepal (Maoist)
CSP	Community Support Program
CSO	Civil Society Organization
DCOP	Deputy Chief of Party
DDC	District Development Committees
DfID	Britain's Department for International Development
DNGO	District Non-Governmental Organization
DRR	Disaster Risk Reduction
ESP	Enabling State Program
GoN	Government of Nepal
IDA	Interdisciplinary Analysts
INGO	International Non-Governmental Organization
IP	Implementing Partner
IPC	Integrated Planning Committee
LDO	Local Development Office
LGB	Local Governance Barometer
LGCDP	Local Governance and Community Development Program

MOFALD	Ministry of Federal Affairs and Local Development
NAVIN	National Association of Village Development Committees in Nepal
NEOC	National Emergency Operations Centre
PEA	Political Economy Analysis
PETS	Public Expenditure Tracking System
PFM	Public Finance Management
PMP	Project Management Plan
PRAN	Program For Accountability in Nepal
PSA	Public Service Announcement
SB	Sajhedari Bikaas
STTA	Short Term Technical Assistance
ToT	Training of Trainers
VDC	Village Development Committee
WCF	Ward Citizen Forum

Introduction

Sajhedari Bikaas is a five-year USAID-funded project aimed at empowering communities to direct their own development. Sajhedari Bikaas is specifically designed to offer sustainable, locally-appropriate development solutions while maintaining the programmatic flexibility necessary to quickly respond to a dynamic operating environment.¹ The program approach brings together an effective combination and mix of strategic interventions. These include: 1) improving the enabling environment by addressing the causes of conflict and providing more effective short term resolution mechanisms; 2) strengthening inclusion and participation of communities and marginalized groups in local planning processes; 3) supporting the economic empowerment of marginalized groups; and, 4) strengthening more accountable and transparent local government.

The purpose of Objective D is to provide technical assistance, material support, and training to improve the ability of local government officials to carry out their mandates and respond to local demands. This involves strengthening the collaboration among Civil Society Organizations (CSOs), Community Based Organizations (CBOs), and local government units to identify local development priorities, and support community engagement in local government budgeting and planning processes. Sajhedari Bikaas will target 50 percent of the Village Development Committees (VDCs) (115 VDCs) in the targeted six project districts (Dang, Banke, Surkhet, Bardiya, Kailali, and Kanchanpur) located in the Mid-West and Far West development regions of Nepal.

The intention of this strategy is to serve as a roadmap for near-term programming and as a forward looking document that can guide future investment in local governance processes and institutions. This strategy is intended to be sufficiently flexible so as to adjust to evolving political events and the lessons learned during the project implementation process. It will be responsive to government and development partner interventions, ensuring maximum coordination and collaboration of investments in the target districts. Lessons learned during the implementation process and opportunities for scale up will be identified and presented to USAID for consideration as appropriate

¹ While SB was designed to be flexible it will still follow competitive procurement standards when engaging sub grantees or contractors.

Overview of Political Landscape

USAID and GON Policies

USAID/Nepal's Country Development Cooperation Strategy (CDCS) goal is: "Increased progress toward a democratic, resilient, and prosperous Nepal." Sajhedari Bikaas (SB) was designed to build demand and supply side capacity to achieve more positive state - society relations leading to more democratic, representative, and responsive national and local government institutions. This includes processes and institutions that are more inclusive of women, traditionally excluded castes and religious and ethnic minorities, and other vulnerable groups, and more accountable to the citizens they serve.

The CDCS is aligned with the Government of Nepal's (GoN) Three Year Plan (2009/10 to 2012/2013): "to improve the living standards of all Nepalese people, reduce poverty to 21 percent, and achieve the Millennium Development Goals (MDGs) by 2015 through sustainable economic growth, generating dignified and gainful employment opportunities, reducing economic inequalities, achieving regional balances, and eliminating social exclusions." The Country Development Coordination Strategy supports four of the six priorities of the GoN Plan and is particularly well aligned with Priority 5, which aims to "make development result-oriented through good governance and effective service delivery."

Sajhedari Bikaas will work collaboratively with other USAID Implementing Partners (IPs) in health, agricultural, climate change, and conflict management and mitigation initiatives active in its areas of operation. Sajhedari will explore areas for collaborative work through mobilizing Ward Citizen Fora (WCF), Citizen Awareness Centers (CACs) and Integrated Planning Committee (IPCs) in the local governance planning process. This will be achieved through Pact's integrated governance systems based approach, which builds on Pact's expertise in organizational capacity development, inclusive and participatory approaches to local governance reform and expertise in community based natural resource management, health and social welfare service delivery, and economic empowerment programming. This multi-sectorial approach tailored to specific contents assists local governments to improve service delivery to develop more inclusive, transparent processes for planning and managing budgets and monitoring implementation of planned activities. In addition, the strategy will enable citizens to hold officials accountable for improved health, infrastructure, economic, conflict management, food security, and environment project results.

Sajhedari will serve as a focal point for coordination between USAID's IPs -- WWF's "Hariyo Ban," RTI's "Health for Life," and Winrock's

“Feed the Future” projects -- operating in our target districts. For example, collaboration with Winrock’s Feed the Future project might well focus on establishing small business start-ups and improving their business management skills, as a component of our own Women’s Economic Growth program. Another vehicle for collaboration will be the Village-level female health volunteer network established by the Ministry of Health and now supported by RTI’s H4L project. Other collaborations between Sajhedari Bikaas and the Hariyo Ban project are under discussion, including mutual work with forestry user groups (FUGs) and their claims on natural resources management in their respective VDCs. These are but a few practical examples of the many opportunities for inter-programmatic collaboration between USAID’s IP’s. Similar collaborations are being discussed among USAID’s Conflict Mitigation and Mediation (CMM) IPs, also working in the Mid-West and Far West regions and overlapping districts

Political situation in the Sajhedari Bikaas target districts

Objective D was designed to provide USAID and Pact with the flexibility to respond to the results of national elections and its impact on the constitutional drafting process on local governance, in addition to the prospect for local elections. To date, none of these milestones have been attained, and while national elections are scheduled for November 19, 2013², no specific date for local elections has been announced, although there has been speculation that they may be held in April or May of 2014.

Completion of democratic elections has the potential to contribute to a greater degree of government legitimacy than the current power sharing arrangement among the major political parties if this is followed by the provision of quality government services in line with citizen demands. Pressure to hold local elections, the first in over well over a decade, would also mount to fill the power vacuum that has contributed to the general state of poor governance at the local level with further marginalization of women, caste, ethnic, religious and linguistic groups.

Arguably the top national issues that will affect political stability in the six target districts where Sajhedari Bikaas operates are the upcoming electoral process and results of the election, constitutional drafting process, and implications of how federalism is defined, possible realignment of administrative boundaries and the effectiveness of the national government in the efficient and equitable distribution of the national budget.

² Although the CA-II election is scheduled for November 19 this year, several political parties and regional groups have announced different plans of boycotting the election and even general strike before and during the election. This indicates that election is either going to be postponed until early next year or violence is inevitable.

In the run-up to the national election, the Sajhedari Bikaas Project team expects an intensification and politicization of issues that are important in the Mid-West and Far West regions, such as the Kamalari system, land seizure, and risks from natural disasters. Each of these issues is likely to be manifested at local government levels. High levels of unemployment among the regions' youth will also likely be exploited by all parties³, as well as the influx and settlement over the past two decades of increasing numbers of Muslims – particularly in Banke and its proximate districts, where Muslim populations now comprise significant minority blocks and are divided among the political fronts.

As the Sajhedari Bikaas and other demand side donor and government supported programs increase the knowledge, confidence and voice of historically disenfranchised groups, greater expectations for positive government response will be created. For instance, the recently established National Network for Kamalari Liberation comprising different Tharu groups, civil society actors and other organizations working on the issue, have coalesced and have organized bandhs that have effectively shut down transport throughout the Terai.

Although agreed in the Comprehensive Peace Agreement, November 2006, to return the property seized during armed conflict, land seizure remains an important issue, with both new cases and cases from the conflict period leading to tension in the Far West and Mid-West regions. While much conflict-era land has been returned to landowners there remains a significant number of outstanding cases, that demonstrates the need to resolve long-standing land disputes which persist as a source of tension between landowners, tillers, tenants, and local Maoist cadres.

The Mid-West and Far West districts are prone to natural disasters. During April this year for example, incidences of fire and lightning increased significantly, killing at least 34 people and injuring 99 others across the country. According to the National Emergency Operation Centre (NEOC), a total of 1,205 houses were completely destroyed by accidental fires and lightning in different districts. The NEOC record shows that a majority of the Tarai districts are badly affected by natural disasters. Dense settlement patterns, lack of awareness of fire prevention, low-lying and poorly constructed houses (mostly made of bamboo, straw and local material) are contributors to the increasing number of fire incidences at this time of the year in Tarai districts.

During its VDC review and selection process that engaged district-level governance leadership (Local Development Officer/LDOs, District Development Centre/DDC Secretaries, etc.) Sajhedari staff noted that the second most prioritized issue among these district

³ During election, such unemployment youth are tend to be engaged in political campaign, influencing/intimidating the public, capturing of polling booth and other violent activities.

leaders was the need for improved DRR planning, response, and preparation. The seasonal monsoons, beginning early this year, have already claimed 29 lives due to flooding and landslides in the target six districts, along with a tremendous loss of property (the box below, provided by the Nepal Red Cross, covers only three of the six Sajhedari districts – Bardiya, Kailali and Kanchanpur).

Impact of disasters	
Affected Districts	12
Dead	29
Injured	7
Missing	11
Total Affected	5,979 Families (29,895 People approx.)
Houses destroyed	1,003 (508 Fully and 495 Partially)
Displaced	2,490 Families (12,450 People approx.)

*Source: Nepal Red Cross Society, "Situation Report: No. 1," June 21, 2013.

Nepal's lack of a timely national budget has hampered its economic and social development, with implications for social security payment distributions, and implementation of other priority local development projects. Nepal simultaneously faces delayed disbursements, which impacts the public financial management capacities of local bodies. These delays further delegitimize government, especially in the Terai where the people have felt historically marginalized by the central government. As a governance project, these and other budget-related issues will have short and long term impacts on the effectiveness Sajhedari Bikaas' outcomes. Along with the now-common delays to annual public funds allocation to the sub-district local planning bodies (the Integrated Plan Formulation Committees, or VDCs, as described in the Local Self-Governance Act of 1999) is a recognized need for improved public finance management (PFM) staffing and systems at the district and sub-district level. This improved PFM system would include increased transparency of funds expenditures and accounting practices.

The expected November Constituent Assembly election coincides with the commencement of the annual public funds planning process at the local level. Elections, if they occur, could dramatically affect the regular planning cycle, thereby impacting Sajhedari's planned implementation of activities. During the election, it is expected that political parties and groups will try to influence the local planning processes across all districts, by supporting politically favorable allocations of resources. In some cases, manipulation in voting procedures by party supporters could cause violence, impacting the operational environment of the project. The extent of potential impacts on the project is unknown at

this time and will depend on the degree to which such incidents are isolated or become more widespread.

In a worst-case scenario in which elections are not held according to the current political time-table, additional tensions can be anticipated, centered on demands for dissolution of the interim government. In that case, the project's efforts at creating an "enabling environment for local development" may be severely affected and the Sajhedari Bikaas Project would need to consider increased conflict mitigation measures.

Potential Impact of a New (Federal) Constitution and Local Elections on Local Development and Governance in Nepal

National elections will begin the process of democratic consolidation in Nepal. The newly elected Constituent Assembly (CA), the second such CA in less than three years, will be under tremendous public pressure to come to consensus on the remaining issues of contention and draft a constitution that will lay the basis for the structure of national and local government. Top among the issues of contention is the form of federalism that Nepal's leaders will adopt. Once this matter is sorted, government will be pressured to call for local elections.

Local elections, the first since 2002, could have profound effects on governance at the local level. At present, a power vacuum exists due to the lack of elections which has been filled by unelected, centrally appointed technocrats and unelected political party cadre, both of whom are more accountable to their superiors in Kathmandu than the people they are supposed to serve at the local level. Once the new constitution is promulgated and local elections have taken place, there are a number of issues that SB should consider with regards to future programming:

Potential Outcomes Post-New Constitution:

- Unrealistic expectations of immediate federalism dividends among traditionally marginalized groups leading to loss of legitimacy of local governments
- Potential for more corruption at local level -- democratized corruption leads to creation of local fiefdoms
- More resources targeted to "powerful people" -- zones of influence based on affluence, caste
- Capacity of newly elected leaders weak due to inexperience -- lack of culture of leadership, decision-making, advocacy, and a full understanding of responsibilities
- Centralization of power at provincial level—new local elites emerge, rendering lower level governments impotent
- Failure of devolved government functions could result in recentralization of power at national level

- During first years of federalism confusion over roles and responsibilities between different levels of government causes confusion and paralysis resulting in poor service delivery

Potential Positive Outcomes Post-Local Elections:

- Municipalities will likely to grow in number and play a more important role in local governance and become potential growth poles for local development
- Local taxes likely to increase causing greater citizen demand for better public services
- Shifting of power from central government bureaucrats to locally elected bodies should fill power vacuum at local level and improve social accountability
- Post-election Local Government enabling environment begins to be established
- Ward Committee elected representatives more empowered to make decisions over use of local resources
- CACs become more influential in aggregating community concerns for local officials
- Continuity in local level decision-making on policy-making improves (less turnover in governance personnel)
- Women, Dalit and other marginalized ethnic and religious communities are elected and play larger roles in local governance contributing to more equitable distribution of resources

Proposed/Illustrative Activities and Coordination Mechanisms at Local and National Levels

Result 1: Local government officials effectively carry out their mandate

Activity 1: Perceptions of VDC Service Delivery, Trends, and Federalism.

SB will undertake a public perception survey of VDC service delivery trends and attitudes towards federalism in its target districts where the core of SB's investments under Objectives A-C have been made. The polling will provide valuable feedback to the SB team, local government bodies, and USAID on the public's perceptions of whether public services have improved. The survey will also help measure the public understanding of such key issues as federalism and decentralization, and it will also gauge the level of participation the public has had in local governance processes. In consultation with local partners and USAID, SB will use the results to build the case to shift resources, change media programming and use other project resources to address the findings. After the scope and methodology of the survey receive COR approval, the SB team proposes to implement this through an annual contract with IDA. The findings of these surveys will be compared and contrasted with findings from Saferworld's quarterly and annual conflict analysis as part of Objective A. SB will hire an STTA consultant to carry out a one-time Gender-Based Violence/Alternate Disputes Resolution (GBV/ADR) assessment. Discussion of GBV/ADR at multiple fora was

had in Sajhedari Bikaas Project districts. Initial findings show that due to the prevalence of GBV and the multiple ways of classifying this social ill, we see numerous parties engaged in attempting to address the issue. It was also found that there was no standardization and little coordination of services and different models/approaches are being practiced. Furthermore, it concluded that many cases that are essentially criminal in nature are being mediated by non/semi-skilled mediators.

This assessment will contribute to enhanced community mediation and other Sajhedari Bikaas future programming under Objective A.

Contextual triggers for activity include the actual occurrence, conduct and results of the national elections and local elections; as well as political party, ethnic, religious, and caste political dynamics at local level.

Performance Management Plan (PMP) Indicator: % improvement in positive citizen views on federalism, decentralization and VDC service delivery (Outcome)

Expected beneficiaries of this activity include target local governments, national government, community members, CSOs, local media, SB and other USAID IPs operating in the six districts; national and local government, USAID and other donors.

Activity 2: Local Governance Barometer (LGB)

The LGB is a self-assessment tool designed to measure the quality of governance by community stakeholders and government officials. The LGB uses a quantitative and participative approach to identify the strengths and weaknesses of governance at any level of governance to assess and compare different governance situations in an objective manner; measure the evolution and change in governance performance over time; and to help identify, plan, monitor, measure the impact of capacity building interventions.

The SB Team will pilot the LGB at the VDC level. The SB project staff will be trained in its methodology by a former Pact staff member with years of experience training and implementing the LGB in different countries. SB staff will be trained in the overall objective and purpose of the tool as well as in data entry, analysis, reporting and facilitating the feedback and program planning session. Then, the SB project staff will either directly implement the LGB or undertake a Training of Trainers (ToT) with its local NGO Implementing Partners.

If the LGB pilot shows it is too cumbersome at the VDC level, SB will employ Community Score Cards, which have been used by DFID's CSP and LGCDP. Community Score Cards are

qualitative monitoring tools that are used for local level monitoring and performance evaluation of services, projects and even government administrative units by the communities themselves. The community score card (CSC) process is a hybrid of the techniques of social audit, community monitoring and citizen report cards. Like the citizen report card, the CSC process is an instrument to exact social and public accountability and responsiveness from service providers. However, by including an interface meeting between service providers and the community that allows for immediate feedback, the process is also a strong instrument for empowerment.

The expected results of the LGB will be a local government and community level action plan that indexes necessary steps to increase good governance. DNGOs will shift their assistance to VDCs and local communities to provide skills needed as identified in the plan and/or the project. This should have a positive impact on the use of project resources.

The expected timing for this will begin in year 2 and take place in five pilot VDC sites; depending on outcomes, additional VDCs will be added in Phase II of the project.

Contextual triggers for activity include the interest and capacity of VDCs and other local level groups to participate in this process. Contextual factors that will influence the findings of the LGB are: the timely passage and allocation of national budget to DDCs and VDCs; the level of GoN punitive action on local level public sector corruption; Local Governance and Community Development Program (LGCDP) commitment to fiduciary risk management plans; and sufficient and appropriately skilled local government officials in place.

PMP Indicator: Proportion of VDCs that have used the local government barometer as a self- assessment tool (Output)

Expected beneficiaries include local communities, local CSO/CBOs, and local government officers involved in the process. USAID and other donors will also benefit from having a measurement of good governance at the village level and knowledge of where governance gaps exist for future investments.

Activity 3: Facilitating VDC Functionality in Program Activities and Capacity Building

The purpose of this activity is to provide direct technical and material technical assistance to targeted VDC staff members to enhance their capacity in the formulation and implementation of village develop plans, resource management plans, public information campaigns, infrastructure maintenance plans, and other capacity development skills needed to support their ability to deliver on their mandates. This activity is complementary to planned activities in Objectives B and C , and is linked to results under Objective B and C.

The SB staff will use feedback from the perception surveys cited above as a reference for the types of assistance that are needed. For VDCs that have gone through the LGB process, a list of governance weaknesses will emerge to guide technical assistance interventions.

This activity will be implemented through SB project staff, consultants and LNGOs. SB staff and consultants will train LNGO staff in the formulation and implementation of village development plans, resource management plans, public information campaigns, infrastructure maintenance plans and other relevant skills over the course of the project. This activity will begin in year two and continue through the end of project.

Local elections could be a game changer for this activity because it could lead to the potential for greater legitimacy and accountability of locally elected officials. This would require a revised approach based on the form of federalism adopted and its implications for devolved local governments. Illustrative activities might include:

- Support mechanisms for inter-local authority learning, collaboration and engagement with the national government. May consider working with subnational officials in early stages of new political dispensation
- Assist and strengthen GoN entities responsible for the transition to devolved governance. e.g. Ministries to develop reasonable service-delivery standards
- Develop accuracy of information about revenue collection rates (total potential vs. actual)
- Development and type of tax system (i.e., manual, computerized etc.)
- Introduce enforcement measures, penalties, fines for non-payment of taxes
- Introduce dynamic implementation and other innovative methods for enhanced service delivery
- Enhance leadership knowledge and skills of new targeted local government officials (especially officials from marginalized groups)
- Build representational skills of local authority elected officials and staff to understand their roles and responsibilities to citizens under new political dispensation
- Curriculum development with the Ministry of Education on civic education—new forms of government at local level and the roles and responsibilities of government officials and citizens
- Creation of Youth Congresses at the sub-national level to inculcate skills, values and knowledge of democratic governance
- Enhanced Disaster Risk Reduction preparedness procedures for new/existing local entities

- Build capacity of newly elected authorities on local development concepts, planning processes, implementation, and monitoring.

Contextual triggers for this activity include the presence of elected VDC secretaries, the level of cooperation between political parties and local communities, and the impact of national elections on local politics.

PMP Indicator: Number of elected VDC officials trained and/or mentored in public administration, inclusive management, planning and implementation of VDC plans (Output).

Expected beneficiaries include staff of elected VDCs, DDCs, and local communities that will receive better public services.

Activity 4: Women VDC Secretary Forums

The purpose of this activity is to pilot a district based program that targets female Local Governance officials at the VDC level to share experiences, and build leadership and advocacy skills to respond to their professional duties. In particular, the forums could focus on best practices sharing, reinforcement of gender-inclusive political processes at the sub-district level, advocacy around sustaining girls' enrollment in schools, women's health, economic advancement (link to the national women's small business association that has chapters in each district), realizing codified claims on the VDC annual budget process, and practical steps women can begin taking to make serious in-roads into the existing political parties and their decision-making hierarchies.

Linking this forum to the strategic development fund or small grants program to carry out projects in their villages targeted at marginalized groups may be considered as a way to raise women VDC secretaries' status. One particular activity that this forum could take the lead on is disaster risk reduction (DRR) planning and mitigation. DRR is often neglected at the village level and often the most vulnerable and marginalized groups are the least prepared and the last to receive relief assistance after disaster strikes. This activity will be piloted in one district in year 2 to determine its efficacy and if expansion is warranted.

Initially SB staff will directly implement this activity by facilitating the creation of a voluntary forum to ascertain professional needs and build relationships with the SB Project. Phase II of SB would either further expand or collapse this activity. If expanded beyond VDC secretaries to district level female officials relevant to the Project's programming (e.g. Women Development Officers), Sajhedari Bikaas staff will lead this in phase 1 and determine how implementation would be handed over to DNGOs.

Contextual triggers for this activity include: the number of female VDC secretaries in a particular district (need sufficient number to have a quorum); perceptions of Gender Equity and Social Inclusion/GESI by local bodies and local communities; impact of staff transfers and recruitment which could cause the membership to be low and/or perpetually new; politization of the forums caused by national and local election.

PMP Indicators Number of women local government forums established (Output); Number of women local government forum meetings (Output) Note: These indicators are not currently in the draft PMP submitted to USAID.

Expected beneficiaries include women VDC secretaries, District WDOs, and local communities, in particular marginalized groups that bear witness to successful female leaders.

Result 2: Local Government units and CBOS/CSOs collaborate to identify local development priorities

Activity 5: Stabilizing Central Government's Fiscal Commitments to Sajhedari Bikaas Communities

Starting in year two and continuing throughout project cycle, SB will use local and international experts to provide technical assistance to national and local government bodies to regularize fiscal transfers to local governments. SB will build the capacity of the Ministry of Federal Affairs and Local Development (MOFALD), Ministry of Women, Children & Social Welfare (MWCSW), National Planning Commission (NPC), National Women's Commission (NWC), National Dalit Commission (NDC), and National Badi Commission (NBC) to participate in guiding policy on state restructuring, and to improve transparency, inclusion and participation in policy making on national budget process regarding local governance.

SB proposes to work with the National Association of Village Development Committees in Nepal (NAVIN), the Municipal Association of Nepal (MuAN), and the Association of District Development Committees in Nepal (ADDCN) to provide advocacy support to ensure National Government keeps its commitment to transfer funds to local government, and to help monitor policy implementation. Post elections, SB should consider working more closely with the National Association of Municipalities as their role in local governance is likely to increase.

Contextual triggers include: the timely passage and disbursement of a national budget; national and local elections; constitution writing; and the implementation of a national anticorruption policy at district level.

PMP Indicator:

- Number of times technical assistance is provided to government ministries (Output)
- Number of initiatives that influence policy making on the national budget process regarding local governance (Output); Number of policies drafted/amended as a result of Project initiatives (Neither is currently in the PMP)

Expected beneficiaries of these activities include targeted ministries, local authorities, and local communities, especially marginalized and excluded groups.

Result 3: Communities engage in local government budget and planning processes

Activity 6: Public Expenditure Tracking Systems (PETS)

The purpose of PETS is to improve civil society's capacity to track local revenues and expenditures emanating from the national level to the intended beneficiaries at the local level. SB will build the capacity of local civil society groups to identify and evaluate annual budget commitments to the six targeted districts. Pact has budgeted to issue a sub-contract to Root Change, an INGO with long standing affiliation to Pact. Sajhedari will conduct a ToT for selected LNGOs, who will in turn build the capacity of WCFs, user groups and other local CSO/CBOs in implementing PETS at the VDC level.

SB will link this activity to local media outlets to enhance the public's awareness of the financial flows to the VDC and how those funds are to be expended.

On the supply side, SB will work to build the VDCs capacity to be transparent and to take a proactive approach to inform the public about this information before it is requested by civil society. SB will also work with its local NGO partners to improve the expenditure system of the VDCs.

PETS is implemented by DfID, Local Government Community Development Program (LGCDP), and the World Bank's PRAN in some of SB's target districts. The SB team will ensure that there is no duplication of PETS training through regular coordination with donors and government officials. The roll-out of PETS will take place throughout Phases 1 and 2. VDC selection will consider areas where there is maximal program overlap with other USAID IPs in the six districts.

Contextual triggers for activity include the interest and capacity of local level groups to participate in this process. Other factors that will influence the findings emanating from PETS are the timely passage and allocation of national budget to DDCs and VDCs; the level of GoN punitive action on local level public sector corruption; and LGCDP's commitment to fiduciary risk management plans.

PMP Indicator: Proportion of Ward Citizen Forums, User Groups, and CSOs/CBOs which have tracked their budget allocation (Outcome).

Expected beneficiaries include local CSO/CBOs, Ward Citizen Forums, user groups, VDC secretaries, and local communities -- especially targeted marginalized, women's and youth groups.

Activity 7: Monitoring Community Development Projects' Results through Perceptions Surveys

In order to enhance its understanding of the types of programming that are most effective, SB will issue a competitive RFA to contract local social science research groups to conduct annual surveys in the SB VDCs to assess the target community's perceptions of the utility of its community oriented development projects. In particular, the survey will measure community's perceptions of whether SB has improved the: enabling environment for community development, local communities' ability to access resources, effectively implemented inclusive development projects, and capacitated local government officials to effectively carry out their mandates. SB will consult with DDCs to obtain their input into survey prior to implementing the annual perception survey in the target districts.

In consultation with the COR, the SB will develop a scope of work and propose quantitative and qualitative methodologies to collect and analyze data both in the target community and outside target communities for comparative purposes and to inform future work plans.

PMP Indicator: % improvement in positive citizen views on the effective implementation of community development projects (Outcome)

Expected beneficiaries from this activity include SB team/USAID, local government; historically marginalized groups, women, and youth.

New proposed Activities:

Activity 8: Applied Political Economic Analysis (PEA) at VDC Level

The purpose of this activity is to create a qualitative knowledge base of the political and economic powers and tensions that exist in the VDCs where Sajhedari Bikaas and other USAID IPs implementing health, agriculture, climate change, and conflict management will be implemented. This process will provide SB staff with a deeper understanding of the existing political context in the target VDCs and in the districts, and help SB and other USAID IPs to more accurately target development interventions at the VDC/DDC level. Other benefits of the PEA approach is that it may reveal that a “one-size-fits-all” approach to providing TA at the local level can be inefficient, ineffective and potentially do harm or inadvertently cause conflict. The findings may also be useful to determine the effectiveness of national level frameworks for local governance and provide an evidence base for policy reform.

SB proposes to pilot PEA at selected VDCs in all six districts. The pilot VDCs will be selected based on the level of USAID and other donor investment, the level of leadership (VDC presence, political party presence, informal leaders); types of institutions present, both formal and informal, and governance—those reputed to be governed well and those with poor governance reputations.

SB proposes to contract teams of researchers (perhaps a combination of Kathmandu-based consultants and Nepali NGOs with local legitimacy) to carry out in-depth field work in each district on an annual basis. The researchers will use a mixture of individual interviews, focus groups and observations and will stay in each VDC for approximately two weeks. Researchers will identify VDC level institutions, leadership and marginalized groups and develop a narrative of the political history of each VDC. SB staff may be trained in this methodology in case scale up of PEA is determined to be desirable; this will save on cost of contracting with a Kathmandu-based consultancy. The Local Development Officer LDO will be consulted prior to the commencement of research activities.

After completion of the PEA in the VDCs, a confidential report will be drafted and a debriefing with SB senior management and USAID will be held.

This activity will be carried out annually. The suggested plan is to pilot this in years 2 (after the national elections) and 3 to determine if the findings have a useful influence on program strategy and result in ensuring the success of local development initiatives as evidenced by: a greater influence of formerly excluded groups in budgetary allocations and other opportunities; more equitable service delivery; and more capable local governance bodies.

Contextual triggers for this activity include the post-election and constitution writing environment that could contribute to political instability as well as rising conflict and division among citizens over some of the most sensitive constitutional issues, e.g. basis of

federalism that will impact the Project's implementation; power dynamics at local levels; and the politicization of caste and ethnic issues.

PMP Indicators:

- # of VDCs that undergo applied PEA (Output)—not currently in the PMP
- # of new program strategies/changes to the annual work plan developed as a result of PEAs (Outcome)—not currently in the PMP

Expected beneficiaries: Sajhedari Bikaas, GoN, LNGOs, USAID IPs, and other donors who work in SB's six districts

Activity 9: Support an Inclusive and Transparent Ilaka-Level Planning

Step 9 of the 14 step government budget planning process involves the Ilaka level planning workshops, where the stakeholders from the Ilaka level review the current year's policies and budgets. The primary activity of this process is the promotion of Ilaka level discussion to prioritize VDCs projects, especially those targeting youth, women and marginalized groups at the VDCs falling under a specific Ilaka. SB will also focus on encouraging the inter-VDCs projects. SB team proposes to utilize its contracted LNGOs to provide technical assistance to improve sectorial planning processes via the Ilaka level planning workshop to ensure transparency and wider citizen participation. This activity is scheduled to take place in year 2 and occur annually through the life of project.

Contextual triggers for this activity include the transparency and accountability of local planning process; perception of control VDCs of SB during negotiating and prioritization of VDC projects to be recommended to the DDC; and the influence of political parties and dominant groups' in the Ilaka level planning process.

PMP Indicator: Number of local key stakeholders community leaders and local government officials trained in inclusive participatory planning in targeted VDCs within the six districts of the Mid-West and Far West regions; Number of local communities benefitting from a harmonized planning process.

Activity 10: Sajhedari Bikaas Engagement with Political Parties at Local Levels

SB recognizes that political parties' cadres are powerful influencers at the local level and that SB staff will have to interact with them to plan and implement our programming. Based on the findings of the political economy and conflict analyses, SB proposes to organize regular consultations with political party representatives active at the local level, as well as local bodies' representatives, such as the LDO and the VDC secretaries and other key stakeholders. As part of the local program planning process, these quarterly consultation meetings at the district level will brief these stakeholders of our programming agenda,

describe project progress, solicit feedback, and seek their buy-in for future programming. SB's building of relationships with political parties could also help to facilitate the work of other USAID IPs at the local level including VDCs where there is programmatic overlap.

SB has discussed this intervention with the National Democratic Institute (NDI) in Nepal, and TAF's Nepal Peace Support Program/NTTP Forum which have agreed to introduce SB to the appropriate national level political party leaders, who can facilitate meetings with their cadres at the district and VDC levels.

Contextual Triggers

Consider the influence of political parties in terms of support to transparent and inclusive local development, and support to an impartial prioritization of local funds to meet the needs of women and other minorities. Also to be considered is the power relationship between 'larger' vs. 'smaller' political parties and their influence at the DDC and VDC level.

PMP Indicator: Proportion of community leaders and local government officials with a good understanding of inclusive participatory planning, including "Do No Harm" and "Safe Effective Development in Conflict" principles—Outcome # of political party representatives engaged through SB initiatives (Not currently in the PMP, but we can include that in ongoing monitoring reports)

Expected beneficiaries will be VDCs and local communities that benefit from more streamlined planning and implementation process, and USAID IPs for health, climate change, agricultural and conflict management.

Coordination mechanisms at the local and national level related to Sajhedari Bikaas' and other IP's activities

National level – SB will participate in LGCDP donor coordination group meetings at the national and sub-national levels on a regular basis to learn of government and donor plans, progress and setbacks. Through USAID, SB will share its own programming plans, progress and challenges in its districts of operation.

Through regular meetings with MOFALD, SB will establish and promote closer working relationships with key officials to keep them apprised of its budgetary support at the local level and progress made in building a more inclusive, participatory public policy process by engagement of marginalized groups, women and youth at sub/district levels.

SB COP/DCOP will regularly meet with and explore common programming activities and goals with DfID's Enabling State Programme, USAID's Community Support Program, the World Bank's PRAN, and other local governance initiatives (funded by SDC, ADB, GiZ).

Sub-national Level- SB has already begun to hold coordination meetings with other USAID IPs operating in SB districts to share information on technical approaches, challenges faced, GESI related issues and plan joint programming events with those IPs working in the same areas. SB will share lessons learned with these USAID IPs to help facilitate their programming. In addition, we hope to join forces to strengthen social accountability, and disaster risk reduction planning functions at local level, in particular with IPs working on the presidential initiatives and CMM activities.

Sajhedari works closely with the LGCDP Cluster Coordination office in Nepalgunj to reinforce their work through local "social mobilizers" and in finding new areas for joint collaboration.

Discussion of potential "bigger picture" outcomes. How will Objective D activities support and lead to broader behavior changes or national reforms?

Given Nepal's political history, its social structure, cultural norms and economic stratification, at best, modest gains in behavior change among Nepal's active citizenry in SB's areas of operation can be expected at the end of this project.

The increasing inclusion of marginalized groups in the political process, which began in earnest with the 1996 Maoist insurgency to overthrow the monarchy and dismantle Nepal's feudal system, continues to the present time. However, since the end of the insurgency in 2006 and political stalemate over the constitution making process, frustration among the marginalized groups is growing daily. Because local government is closest to the people and where public services are delivered or not delivered, failure to hold national and local elections further exacerbates societal tensions and threatens Nepal's political stability. For many years, the average citizen has had no elected official to pressure for the delivery of basic services.

The majority of SB's programming supports the creation of an enabling environment for more responsive, democratic and equitable governance at the local level. This is achieved through conflict mitigation, empowerment of marginalized communities to participate in the planning and budget making processes, skills building in oversight processes, the strategic use of the media to report government malfeasance, and capacity strengthening of local bodies to play a more active role in self-governance.

If successful, Objectives D activities will represent a holistic approach to building a system of tailored checks and balances at the local level based on deep contextual knowledge of the individuals and institutions that control resources and distribute wealth in a particular area. SB intends to contribute to more effective local-level governance through the introduction of both demand from ordinary citizens, as well as increased supply--capacity development and funding VDC development priorities, and incentives for officials to act in the best interest of all constituents. However, SB cautions that the gradual reversal of incentives for malpractice at local government levels is likely to be different depending on the particular historical, social, economic and political context at the local level. Therefore, we recommend that USAID pursue a 'best fit' model rather than a 'best practice' approach to scaling up interventions such as public financial management (e.g. PETS).

Review and adjust the Objective D budget under the proposal - provided illustrative overall budgets for key activities.

(forthcoming)