



## Highlights

- ✓ **The Treasury Single Account and Accountability in Nepal**
- ✓ **Events:**
  - Pre-Service Orientation Workshop
  - Capacity Building Workshop
- ✓ **Citizen Voices on Social Accountability**



## The Treasury Single Account (TSA) and Accountability in Nepal

*"In Palpa district, now government school teachers are receiving their salary on the same day the District Treasury Comptroller Office (DTCO) issues their cheques. This was not the case before Treasury Single Account (TSA) was introduced in Nepal. It used to take days,"* says Gopi Chandra Bhandari, Deputy Financial Comptroller-General, during his visit to the district.

Processing Government of Nepal (GoN) budget expenditures, previously would take hours, even days, but thanks to the new Ministry of Finance TSA, the duration has now shortened to simply a few minutes.

### TSA in Nepal

The TSA system is a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of unity of cash and the unity of treasury, a TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. ) (IMF, 2010)

In Nepal, the TSA was first introduced in Bhaktapur and Lalitpur Districts in 2009/10 on a pilot basis. The following year, the system was rolled out in 20 districts and then subsequently implemented in all the 75 districts of Nepal by 2014.

### TSA's role in Public Financial Management

The efficient and effective use of government revenue is one of the primary aspects of the TSA; the other fundamental purposes are expanding transparency and accountability. The system improves expenditure control and enhances government accountability by strengthening the treasury system, thus improving financial reporting and Public Financial Management capacity.

## The Treasury Single Account (TSA) and Accountability in Nepal (Contd...)

“With the TSA, the Government of Nepal has much fuller control and insight over the public’s fund as the system provides the real position of the use of public funds in real time. Idle cash is discouraged, bank commissions are reduced by up to three times and overdrafts are zero after the TSA implementation. All of the GoN’s real time data and financial reports are recorded immediately,” says Mr. Bhandari.

The TSA not only covers the budget execution process but also other areas of government financial activities like: revenue collection, deposits and extra budgetary expenditure of government. However, local bodies (e.g. the Village Development Committees (VDCs) are not yet under the full TSA system as the budgets of these local bodies are recorded separately as they are allocated as block grants within the provision of government policy.

### The Role of Civil Society and TSA

Given that the TSA has only recently been fully rolled out in all the districts of Nepal, PRAN has been working with Policy Research and Development (PRAD) Nepal, one of its partners, to involve local civil society in selected districts to analyze the actual real time financial and fiscal information on budgetary spending in order to obtain more disaggregated information at the district level.

“This will help the CSOs to collect real time data so that they can analyze, simplify and disseminate real time financial reports at the district level with the aim of promoting transparency and accountability,” says Prof. Prithvi Raj Ligal, PRAD Nepal.

PRAD trained CSOs from Palpa, Rolpa, Dang, Kapilbastu, Kailali and Bajura districts on the function of TSA and how to analyze the data from 29<sup>th</sup> to 31<sup>st</sup> October, 2015. The program took place in Tansen, Palpa and was attended by local Social Accountability Practitioners from the respective districts. The main objective of the workshop was to capacitate the practitioners on the functions and working modality of the Treasury Single Account (TSA) and how this could contribute in tracking budgetary release and expenditures at the District Development Committee (DDC) and Village Development Committee (VDC) levels.

Representatives from the District Treasury Comptroller Office (DTCO), the Executive Officer of the Tansen municipality and a Section Officer of District Education Office also attended the program.

As part of their learning, participants visited Palpa DTCO, District Education Office, Municipality, and DDC. The objective of the visit was to learn about the budget release process for district schools and the impact of the TSA on the GoN local scholarship distribution system.

The next phase of the program aims for PRAN CSOs working at the field level to match the budgetary release data through the TSA with selected VDC budgets in each district. The CSOs will then analyze this information through the technical supervision and support of PRAD Nepal and share it locally. The analysis from each of the VDC reports will then be aggregated into a district level report that will be disseminated at the district level with the participation of all 20 PRAN VDC Secretaries working in the respective districts.



*Workshop held in Palpa district*

*(Credit: PRAD Nepal)*

Consecutively, the six district level reports will culminate into one comprehensive report that will be disseminated at the national level. The final TSA report will be shared with the Financial Comptroller General’s Office (FCGO), Public Expenditure Financial Accountability (PEFA) and Ministry of Federal Affairs and Local Development (MOFALD) for their comments before official release. It is anticipated that the report will provide meaningful feedback to these authorities on the effectiveness of TSA and also highlight the potential role of civil society in bringing the data to the general public for better budget awareness and engagement.

### Implementation Challenges

Although TSA has been successful so far, there are few points to be taken into consideration for more effective implementation, says Gopi Chandra Bhandari: “We, GoN staff, have been facing problems due to the low internet capacity in the districts, the irregular supply of electricity, the inadequate human resources in the DTCOs and often the low motivation of our staff. If these matters are even partially resolved, we will have a smooth and even more efficient implementation of the TSA.”

## Pre-Service Orientation Workshop

PRAN in collaboration with its grant management partner, the Centre for International Studies and Cooperation (CECI), organized a pre-service orientation workshop for 30 CSOs from the 15 districts that the program covers. The three day workshop (21-23 September) guided the Social Accountability Practitioners how to implement accountability tools in Public Finance Management (PFM) at the local level and how best to align the work with the Local Governance and Community Development Programme (LGCDP)/ Ministry of Federal Affairs and Local Development (MoFALD).

In spite of the fuel shortage in Nepal, the practitioners travelled from their respective districts to attend the training in Kathmandu. The three day workshop oriented 30 Social Accountability Practitioners (SACPs) before they started their upcoming field level activities. The main objectives of the workshop were to:

- develop common understanding among SACPs about MDTF/PRAN2,
- clarify the roles of the partners of MDTF/PRAN2,
- orient the SACPs on reporting tools, including the finance and record keeping,
- provide the basic concept of SAc tools that are being used in the field under PRAN 2, and
- create a familiar environment to exchange learning and experiences as and when needed.



*PRAN Practitioners at the Workshop*

*(Credit: CECI)*

The participants discussed vital issues concerning social accountability in their districts and how they sought solutions to curb them. Issues such as a lack of elected local bodies, the non-responsive local service providers and the lack of meaningful citizen participation were mentioned as most frequent limitations.

PRAN's Monitoring and Evaluation partner, New ERA, guided the grantees on the program's results framework and key deliverables. The New ERA team discussed the key expectations from CSOs on Social Security Entitlements (SSE) focusing particularly on the use of Public Expenditure Tracking Survey (PETS) that will be implemented as part of PRAN 2 to track SSEs.

Policy Research and Development (PRAD) Nepal, PRAN's technical partner, also presented the key activities of PRAD including the strengthening of the OAG-CSO partnership in the Performance Audit process in Nepal.

The participants were also informed about the social accountability tools that PRAN is implementing in this phase of its program, including: the Grievance Redress Mechanism (GRM), the Community Score Card (CSC) and the Public Expenditure Tracking Survey (PETS).

## Capacity Building Training

CECI also organized a three-day training on Social Accountability tools from 24<sup>th</sup> until 26<sup>th</sup> September 2015 in Kathmandu with particular focus on: the Budgetary Process, Gender and Pro-poor budget analysis, Right to Information (RTI), Gender Equality and Social Inclusion (GESI), Public Audit, Public Hearing and Public Procurement including orientation on the Local Bodies Resource Mobilization and Management Guidelines, 2069

**The objectives of the training were:**

- To provide technical knowledge and skill to the principal SACPs for the proper implementation of selected SAc tools,
- To ensure the effective application of assigned SAc tools, and
- To strengthen the analytical capacity of the SACPs on the collection and presentation of local level information/data.

From the learnings of Phase 1, the practitioners were also trained on RTI and its rightful use so that they could apply it during the program activities.

## Events

The issue of RTI came up as an overarching element in all the social accountability tools that were implemented in the previous phase. Ms. Babita Basnet, a trainer on RTI, updated the current situation of the application of RTI in government authorities. She encouraged the participants to inform the citizens about RTI practices at the local level. She said: "If citizens start to practice RTI at his/her local level, transparency and accountability will increase simultaneously."

Likewise, Dr. Chandra Mani Adhikari, an expert on Nepal's Budget, inspired the participants to be pro-active when it came to informing citizens about budget analysis:

"It is realized that the tool "budget process, and gender and pro-poor budget analysis" would be more effective at the local level when there is more citizen participation. Thus, social mobilization is essential to increase constructive citizen participation in the budget process and budget planning."



(L-R) Prof. Prithvi Raj Ligal (PRAD Nepal), Dr. Bal Gopal Baidya (New Era), Mr. Keshava Koirala (CECI), Mr. Basanta Rai (CECI) and Ms. Anjalee Thakali (WB).  
(Credit: CECI)

## Citizen Voices on Social Accountability

### Engaging with Citizen Voices and Experiences: the 2017 World Development Report on Governance and the Law

E-forum entitled "[E-Forum on Governance and the Law](#)" invited social accountability practitioners from around the world to voice their opinions on governance to be included in the 2017 World Development Report. The forum was moderated by Steve Commins from UCLA and the WDR17 team with co-facilitation of Janet Oropeza from Fundar, Carolina Cornejo from ACIJ, Lucia Nass from ESAP2 and Joy Aceron from Ateneo de Manila School of Government.

The forum invited participants to introduce themselves and their area of work and requested them to answer questions such as: What does 'governance' mean to you and what are key dimensions of it? What challenges related to governance have you faced and how have you overcome them?

Most of the interactions have been on the mistrust between the government and its citizens; on human rights and on demand-driven social accountability tools such as Community Score Cards (CSC). The participants from their respective organizations shared their experiences while implementing social accountability approaches. One such example is from @amrhlashin who recognizes the poor relation "between the research organizations and the CSOs" which makes research and learning least of the priorities of CSOs working on governance.

The WDR 2017 team will utilize the e-forum contributions as follows: (a) to have a reality-check on the WDR's framework and main concepts; (b) to identify specific country/case experiences that can be used to illustrate content of the Report.

The World Development Report 2017 on Governance and the Law seeks to understand how governance interventions can be more effective in generating sustainable welfare improvements in the long term and self-reinforcing dynamics of inclusion. The report seeks to unpack the complex interactions between state institutions, power, social norms, and development outcomes to (i) explain cross-country (and within-country) heterogeneity and (ii) investigate processes of institutional change.

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