

Research: Budget Process Analysis of Butwal Municipality

Funding Partner: The Asia Foundation (TAF)

Start Date: April 1, 2008

End Date: September 30, 2008

The municipal budgeting system in Nepal has been governed by the Local Self-Governance Act, 1999. The challenge regard in making budgeting process effective are several but building strong accountability system between municipalities and their constituencies is the critical one. There are several tools such as **Participatory Municipality Development Planning (PMDP)** and budgeting guidelines, capacity building and transparency available for improving municipal budgeting process. Citizens very often complain that the municipalities are not addressing their problems. They have no access to fiscal and budgetary information.

The objectives of the analysis are:

- At this backdrop the study is to conduct a budget analysis of Butwal Municipality based on allocation and expenditure data from the period 2003-2008 A.D. and to analyze the budget policies (system, allocation, and service delivery) and budget accountability (transparency and public awareness/ engagement).
- To present relevant findings, especially sectoral and spatial allocations, in the Geographical Information System (GIS) map.

Methodology

- Conducted a budget analysis of Butwal Municipality based on allocation and expenditure data from the period 2003-2008.
- Analyzed the budget policies (system, allocation, and service delivery) and budget accountability (transparency and public awareness/ engagement).
- Presented relevant findings, especially sectoral and spatial allocations, in the Geographical Information System (GIS) map.
- Shared the findings with local and national partners, actors and stakeholders

The Major Key findings

- Butwal Municipality is found not adhering to the budgeting timeframe as required by the law. In five studied fiscal years, the municipality approved the budget in time only once. The municipal budget presentation format does not match with the format prescribed by the existing laws and regulations. Similarly, the budget document does not show the past expenditure history in some headings. The difference between budget estimation and actual revenue ranged between 56% - 70%. The average performance is 61% on the revenue side and 58% on expenditure. A huge gap is observed on revenue mobilization almost annually in headings.