

Problems of Implementing Regional Development Programs – The Case of Nepal

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Introduction

Regional planning has risen to a major issue in Nepal. According to the National Planning Commission "the future economic, administrative, political and social development of the country will be determined by the degree of circulation in men, materials and ideas within the country. At the present level, such communication system between the capital and other parts of the country is poorly articulated. Most of the urban centres in Nepal are either concentrated around metropolitan Kathmandu or tied to the rail-heads along the Terai border."¹

One of the policies of the Fourth National Development Plan (1970–75) of Nepal is to promote the concentration of investments in selected areas for rapid growth instead of scattering the limited resources thinly throughout the country. Four growth regions have been singled out for this purpose. One of them, Kosi Growth Axis in Eastern Nepal, was surveyed by a joint research and consulting team of the German Development Institute in Berlin and the Centre for Economic Development and Administration in Kathmandu for three months in 1971/72².

Only few attempts had been made³ as yet to define the general goals of regional planning in Nepal, to formulate objectives, to select criteria, to work out alternative projects and programs, to collect data and to conduct feasibility studies. Little has been done to re-examine the original objectives in the light of new information and insight into the nature of the problem and to reformulate the objectives when necessary⁴.

¹ See Okada, F. E., Preliminary Report on Regional Development Areas in Nepal. National Planning Commission, His Majesty's Government (HMG). Kathmandu 1970, Foreword by Gurung, H.

² See Ojha, D. P., Weiss, D. and collaborators, Regional Analysis of Kosi Zone, Working Method for Regional Planning in Nepal. Berlin and Kathmandu 1972. The Report is available at the German Development Institute, 1 Berlin 19, Messedamm 22; and at the Centre for Economic Development and Administration, P. O. B. 797, Kathmandu.

³ Apart from Okada, *op. cit.* see Rana, J. S. J. B., An Economic Study of the Area Around the Alignment of the Dhanagadi-Dandeldhura Road, Nepal. Kathmandu 1971. Schmidt, R., Hartmann, A., and Zump, R., Road Feasibility Study of the Tama Kosi/Khimti Khola Area, Eastern Nepal. Berne and Kathmandu 1971. Schroeder, M. C. W. and Sisler, D. G., The Impact of the Sonauli-Pokhara Highway on the Regional Income and Agricultural Economics. Cornell University, 1970. Donner, W., Kathmandu. Sanierungsprobleme einer alten Königsstadt, in: Internationales Asienforum, 3. Jg., 1 (1972).

⁴ Complex sets of national and regional goals, programs and constraints in terms of budgets, personnel, and administrative and political structures can be dealt with effectively

National and regional goals everywhere tend to be vague and criteria to be inarticulate, conflicting and subject to change in the course of time. Alternative project ideas are usually incomplete, and their possible effects are only partly known; constraints cannot clearly be set until the alternatives and their effects have been analyzed with regard to conflicting objectives and criteria. Nepal is no exception to this rule. The obstacles to its development are more difficult to overcome than those of many other countries due to Nepal's rugged topography, the lack of transportation facilities and the tremendous cost of providing them, the limited size of the internal market and the difficult competitive position with regard to foreign trade. The majority of development projects in the past have had to be financed by foreign aid. No change in this situation can be expected in the foreseeable future⁵. The lack of qualified personnel is another bottleneck still plaguing Nepal, and a crucial problem is the low efficiency and plan implementation capacity of Nepal's development administration. The following remarks, based on a three months field survey in the **Kosi Zone** of East Nepal, are directed towards this aspect of regional development.

Administrative Organization and Management as Key Factors in Development

Both the Fourth Plan⁶ and its critics⁷ have laid stress on the aspect of plan implementation and on the country's difficulties in spending the budgeted amounts. The Fourth Plan attaches particular importance to plan implementation in agriculture, now accounting for two thirds of the Gross Domestic Product and employing more than 90% of the total labor force: "Although a number of development works have been undertaken in different sectors of the economy, there has not been, virtually, any noteworthy change in the basic condition of agriculture."⁸ The Fourth Plan argues that this "is mainly due to the absence of adequate organizational effort and provision of necessary inputs"⁹. It continues that "unless the present organizational set-up is basically changed it is evident that the programs envisaged in the Fourth Plan are unlikely to be implemented in an effective way. At the village level there is no administrative machinery except some JtAs¹⁰ to look after agriculture extension and other development works. As a result, necessary inputs and services are not funnelled effectively from the centre to the village level."¹¹

by an iterative systems approach as indicated above. See Weiss, D., *Infrastrukturplanung. Ziele, Kriterien und Bewertung von Alternativen*. Berlin 1971, English Summary.

⁵ HMG, National Planning Commission, *The Fourth Plan (1970-75)*. Kathmandu 1970, Chapter III.

⁶ Fourth Plan, *op. cit.*, p. 2-(1) f.

⁷ Rana, P. S. J. B., *Nepal's Fourth Plan*. Kathmandu 1971, p. 22 f.

⁸ Fourth Plan, *op. cit.*, p. 5-(1).

⁹ *Ibid.*, p. 5-(4).

¹⁰ Junior Technical Assistants, usually Peace Corps Volunteers.

¹¹ Fourth Plan, p. 5-(7); see also Chapter XXVII, *Administrative Reform*.

Three Basic Elements of Implementation: Essentials, Accelerators and Institutions

Project and program implementation is easily described as a "must", but is difficult to effect in administrative routine, as the experience in many developing countries has made evident. It may be of benefit to identify some of the key elements in the process of transforming budget allocations into material outputs in the field¹².

There are **four essentials** apart from budget resources and personnel: (a) effective **demand** for the products and services, (b) supply of **technology** which has been tested beforehand in pilot studies with regard to the feasibility and applicability under the prevailing conditions in the field, (c) **local availability of supplies and equipment** at acceptable prices when needed and dependable in quality, and (d) **incentives** such as a price making innovations profitable enough for the farmers to off-set the risks and uncertainties involved, a reward system for civil servants who are supposed to work efficiently in the field far from the "promotion lobby" of the center, or a way of making the job of road maintenance attractive to those who are responsible for it. These four essentials **must** be available for implementing a project or program.

Accelerators¹³ are helpful in getting a project or program into effective operation, but are no absolute "must" as are the essentials above. These accelerators are (a) **education and training** of the people involved in the project, (b) **participation** as a means of getting people committed to development action (as emphasized by the creation of the Panchayat sector in the Fourth Plan¹⁴) and (c) **credit**, if necessary, for particular development programs such as agricultural extension and modernization schemes or promotion of small-scale industry and handicraft.

Both essentials and accelerators are based on the assumption that spending and erecting buildings are not sufficient and that support and group action by the beneficiaries of an envisaged program are most often the key factor to success in current operation. This implies innovations both in attitudes and in action. Experience has shown that farmers and craftsmen are quick to grasp direct benefits such as the chance of earning additional cash income, on the condition that the outlined essentials already exist or can be provided. The necessity of additional accelerators depends mainly on the novelty and complexity of the program and on the complementary actions which may have to be taken with the concerted energies of a large group of beneficiaries (e.g. for voluntary Panchayat labor in road construction). The necessity of additional accelerators also depends on the additional capital inputs required from the beneficiaries and, last but not least, on the profitability of the new activities, particularly in terms of additional cash income.

Thirdly, implementation calls for **institutions**, both in terms of the administrative machinery responsible for a project and in terms of the additional institutions concerned with extension and current operation, such as the banking system, local merchants, co-operatives, transport firms, resettlement authorities, health services, etc. A project may be the setting-up of an industrial production unit in the public

¹² See particularly Kulp, E. M., *Rural Development Planning, Systems Analysis and Working Method*. New York, Washington, London 1970, p. 34 f.

¹³ Not to be confused with the accelerators of Keynesian macroanalysis.

¹⁴ Fourth Plan, op. cit., p. 2-(7), and Rana, P. S. J. B., op. cit., p. 43.

sector; the final effect aimed at may be the increase in income and the improvement of the quality of life in rural areas supplying the raw material processed by the industrial plant. Although it is hard to include the streamlining of such a large group of additional institutions in the planning process for the industrial plant, it may be useful to keep this institutional aspect clearly in mind and to be prepared to introduce additional measures if institutional bottlenecks occur. The first institutional problem to be solved is the organization of the administrative machinery responsible for implementing the projects and programs.

Zonal Administration and its Implementation Competencies

a) General Outline

Common administrative structures can be divided into centralized and regional ones. In the first case, the center is usually organized along departmental lines, each department being responsible for one or several sectors of the economy, i.e. departments of agriculture, industry, public works, etc. In the second case, the center is balanced by a regional decision-making structure; here a complicated procedure for balancing sectoral considerations of development budget allocation by the central government against regional claims for a "fair share" usually has to be worked out by a somewhat painful political bargaining process (typically used between the Government and the States of India).

The Constitution of Nepal does not provide for a decision-making procedure along regional lines¹⁵. Centralization is favored in view of the goal of national integration and reducing the strength of tribal and regional heritage. Regional representation is not totally lacking, however.

The administrative structure concerned with plan implementation on the zonal level can be summarized as follows. Nepal is divided into 14 zones. Each zone consists of a number of districts (the 5 districts of **Kosi Zone** are Morang and Sunsari in the Terai, and Dhankuta, Terhathum and Sankhuwasabha in the Hills). All zones are mapped out with one definite plan in mind: to link the Terai and the Hill districts and thus to bring about the political and economic north-south integration of the country. The decision-making structure can be divided into a "Civil Service Line" and an "Assembly/Panchayat Line".

b) Civil Service Line

Zonal Commissioner

The Zonal Commissioner is the chief administrative authority of HMG (His Majesty's Government) in his zone and is responsible for the general administration of his zone. His appointment and dismissal is made by HM (His Majesty the King) on the basis of his political career. His functions are to maintain 'law and order', to supervise, to control and to co-ordinate the work of the zonal level offices of different ministries or departments of HMG, to inspect the general working of District, Town

¹⁵ See The Constitution of Nepal (As Amended), English Translation. Kathmandu 2024 V. S., p. 8 (Nepali calendar 2024 = Western calendar April 15, 1967 – April 14, 1968).

and Village Panchayats and to issue necessary guidance, and to discharge other functions according to the directives issued by HMG from time to time¹⁶.

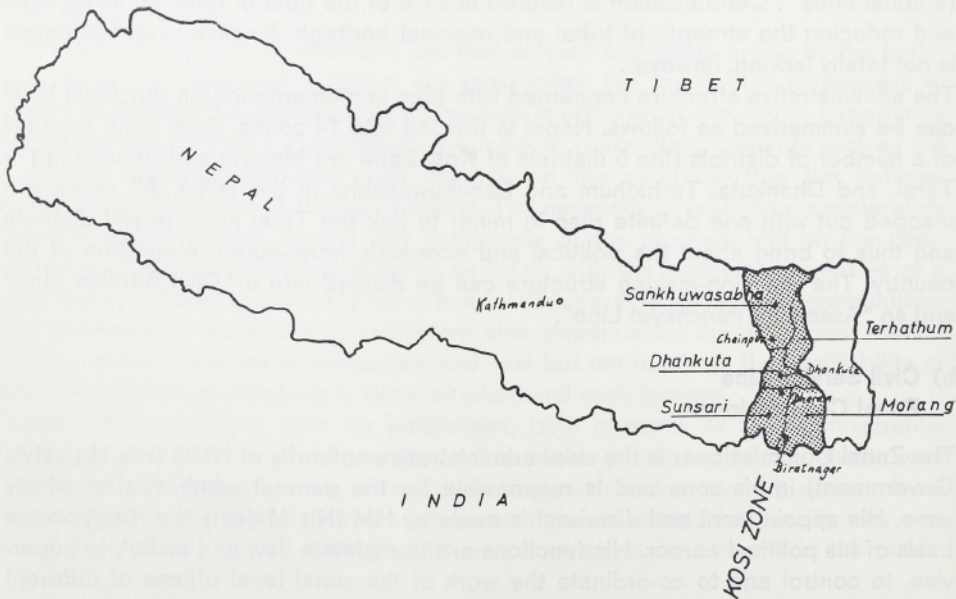
Every zone has a Zonal Committee to advise the Zonal Commissioner. The Zonal Committee consists of the chairmen of the District Panchayats of the zone, the chairmen of Class and Professional Organizations on zonal level "and such other persons, not exceeding five, as are nominated by His Majesty"¹⁷. The Zonal Commissioner is the chairman of the Zonal Committee. "A zone is too big an area for one Zonal Commissioner to effectively manage."¹⁸ Therefore the Chief District Officers (CDO) have been given the authority of maintaining 'law and order' in their districts¹⁹.

Kosi Zone (see Fig. 1) is divided into Division I with the Sankhuwasabha, Terhathum and Dhankuta districts (headquarter Dhankuta) and Division II with the Morang and Sunsari, i.e. the Terai districts (headquarter Biratnagar).

District Administration

The district administration is the backbone of the regional development administration. The CDO, a civil servant under the Ministry of Home and Panchayat, is the chief executive of his district. He is responsible for supervising, controlling and co-ordinating all the district level offices of HMG which function as sections of the Office of the CDO. The departmental program of these offices shall be co-

Fig. 1: The Study Area – General Orientation



¹⁶ Shrestha, M. K., Trends in Public Administration in Nepal. Kathmandu 1969, p. 25.

¹⁷ The Constitution of Nepal, op. cit., Article 86 B.

¹⁸ Shrestha, op. cit., p. 25–26.

¹⁹ Local Administration Ordinance, Kathmandu 1971.

ordinated under the guidance of the CDO "within the departmental policies and prescribed programme"²⁰.

Although the CDO is the formal administrative head of the district level offices of the ministries and departments, the "formulation of the national level policy and technical direction" is left in the hands of the ministries and departments in Kathmandu²¹.

The PDO (Panchayat Development Officer), also a civil servant under the Ministry of Home and Panchayat, is the deputy CDO. He is the secretary of the District Panchayat and responsible for executing the decisions of the District Panchayat.

The whole staff of the **District Level Offices** is formally under the CDO and consists of career civil servants of the specialized central ministries.

c) **Assembly/Panchayat Line** **Village and Town Level**

The "Assembly/Panchayat Line" consists of the Village, District and Zonal Assemblies on the one hand and the Village, Town and District Panchayats on the other. On this level the decision-making process involves elements of democratic participation and regional representation.

The **Village Assembly** (Gaun Sabha) consists of all voting members of a village or a group of villages. Art. 30 of the Constitution intends the Village Assembly to be the base of the partyless Panchayat system. Every Village Assembly elects a Village Panchayat of 9 members, who, in turn, elect one chairman. The Kosi Zone consists of approximately 220 Village Panchayats. The Village Assembly also approves the village budget and development project proposals formulated on village level.

The **Village Panchayat** is in charge of collecting data needed for land records, of establishing co-operative societies, providing for agricultural extension services, collecting land revenue, developing and operating primary schools, furnishing basic health services and carrying out minor irrigation projects. The upper limit for a village level project is about Rs 15,000 (as compared with Rs 200,000 on the district level). The Village Panchayat is also responsible for mobilizing voluntary labor and for making relatively small financial contributions for development projects²². All programs are conducted under the supervision of the District Panchayat and the District Office's technical personnel.

The main problem on the village level is that the far-distant central decision-making levels must be contacted for all projects needing budget allocations and political approval from ministries in Kathmandu. The villages encounter difficulties in communicating and establishing a basis of understanding for the priorities and felt needs of their inhabitants. Problems also arise in co-ordinating local resources such as voluntary labor with central assistance, in terms of budgets, technical per-

²⁰ Shrestha, op. cit., p. 43.

²¹ Ibid., p. 43.

²² An excellent analysis of the internal decision-making process within a Village Panchayat is given by Caplan, L., *Land and Social Change in East Nepal, A Study of Hindu-Tribal Relations*. Berkeley and Los Angeles 1970, p. 163 f.

sonnel and equipment which are channelled, controlled and quite often delayed within the multi-level decision-making machinery.

The **Town Panchayat** (Nagar Panchayat) is similar to the Village Panchayat and is elected from the various town wards. The two Town Panchayats in the Kosi Zone are Biratnagar and Dharan.

District Level

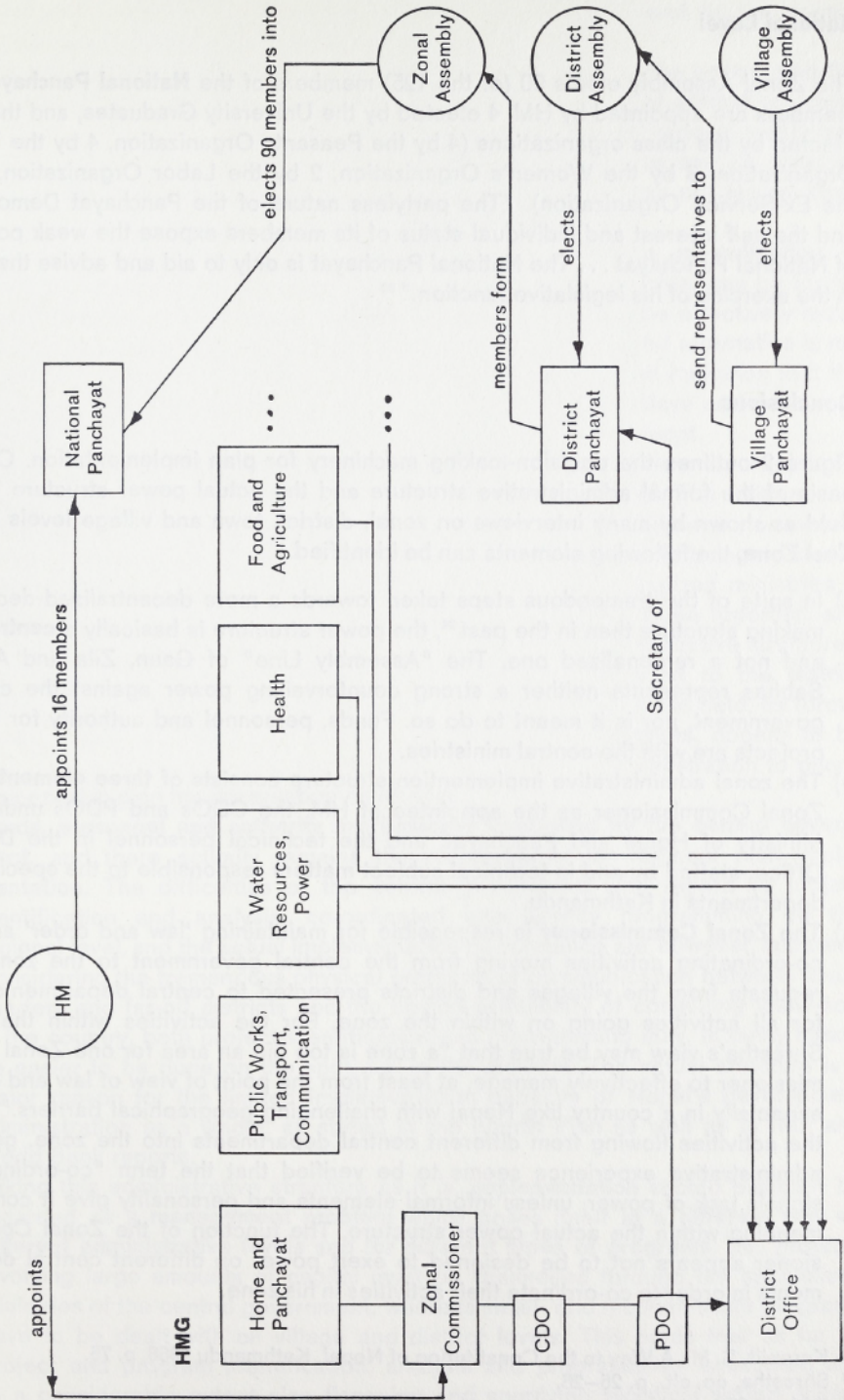
Each of the 5 districts of the Kosi Zone has a **District Assembly** (Zila Sabha) consisting of one elected member of each Village Panchayat and one third of the members of the Town Panchayats of the district. Each District Assembly elects an executive committee called the District Panchayat; it also approves the district budget, discusses and approves the development proposals in the district. The **District Panchayat** is the executive body of the district. It levies minor taxes and fees (e.g. Rs 10,000–15,000 per annum in Sankhuwasabha District for market taxes, transportation taxes [bridges and roads], radio licenses, taxes from fishermen). It supervises the activities and budgets of the Village Panchayats. It prepares and executes district development projects (upper limit of a project Rs 200,000). It prepares district development plans on the basis of projects submitted by Village Panchayats, co-ordinates development projects concerning two or more Village Panchayats, distributes central grants and gives financial contributions to Village Panchayat projects (e.g. 10 projects in Sankhuwasabha in 1970/71 with a total outlay of Rs 171,000).

The main problem on the district level is the district's limited finances and, as a consequence, the insufficient scope of development activities. Like the standard budget regulations in other countries, those in Nepal make no allowance for coping with contingencies by shifting funds made available by the central government on an ad-hoc basis to a purpose other than for which the funds were approved. The technical personnel available is also very limited.

Zonal Level

Each zone has a **Zonal Assembly** (Anchal Sabha) which includes all members of the District Panchayats of that zone. The Zonal Assembly is an advisory and co-ordinating body. It co-ordinates major development projects involving two or more districts in the zone. It does **not** have the function of a countervailing power confronting the central government by bargaining toughly for the "fair share" in the national development budget. Nor is the Zonal Commissioner an elected representative of the Zonal Assembly with a power basis of his own which might allow him to put effective pressure on single ministries or their co-ordinated action. The limited weight of the zonal political representation has apparent advantages in terms of the goal of national integration and curbing of regional and tribal traditions, but it brings with it reduced ability to implement plans on zonal, district and village levels.

Fig. 2: The Decision-Making Machinery Relevant for Plan Implementation in Kosi Zone



National Level

The Zonal Assembly elects 90 (of the 125) members of the **National Panchayat**: 16 members are appointed by HM, 4 elected by the University Graduates, and the rest elected by the class organizations (4 by the Peasants Organization, 4 by the Youth Organization, 3 by the Women's Organization, 2 by the Labor Organization, 2 by the Ex-Service Organization). "The partyless nature of the Panchayat Democracy and the self interest and individual status of its members expose the weak position of National Panchayat . . . The National Panchayat is only to aid and advise the King in the exercise of his legislative function."²³

Conclusions

Figure 2 outlines the decision-making machinery for plan implementation. On the basis of the formal administrative structure and the actual power structure in the field as shown by many interviews on zonal, district, town and village levels in the **Kosi Zone**, the following elements can be identified.

- a) In spite of the tremendous steps taken towards a more decentralized decision-making structure than in the past²⁴, the power structure is basically a **centralized** and not a regionalized one. The "Assembly Line" of Gaun, Zila and Anchal Sabhas represents neither a strong countervailing power against the central government, nor is it meant to do so. Funds, personnel and authority for larger projects are with the central ministries.
- b) The zonal administrative implementation structure consists of **three elements**: the Zonal Commissioner as the appointee of HM, the CDOs and PDOs under the Ministry of Home and Panchayat, and the technical personnel in the District Office, staffed by and in technical subject matters responsible to the specialized departments in Kathmandu.
- c) The **Zonal Commissioner** is responsible for maintaining 'law and order' and for co-ordinating activities moving from the central government to the zone, for requests from the villages and districts presented to central departments, and for all activities going on within the zone. For the activities within the zone Shrestha's view may be true that "a zone is too big an area for one Zonal Commissioner to effectively manage, at least from the point of view of law and order, especially in a country like Nepal with challenging geographical barriers."²⁵ For the activities flowing from different central departments into the zone, general administrative experience seems to be verified that the term "co-ordination" signals lack of power, unless informal elements and personality give it concrete meaning within the actual power structure. The function of the Zonal Commissioner appears not to be designed to exert power on different central departments in order to co-ordinate their activities in his zone.

²³ Karanjit, S. M., *A Way to the Constitution of Nepal*. Kathmandu 1968, p. 75.

²⁴ Shrestha, *op. cit.*, p. 25-26.

²⁵ *Ibid.*, p. 25.

- d) Nor can the **CDOs**, let alone the technical officers delegated by the central departments to work in the **District Office**, assume this task.
- e) Considering the limited budgets and personnel available at the central and the zonal level, effective implementation means implementation of **central** programs and calls for co-ordination of the activities financed through various specialized central ministries within the regional framework of the zone and its districts. The Fourth Plan has laid emphasis upon the fact that this has not always been the case in the past.
- f) According to general administrative experience, effective **co-ordination of ministries** which always tend to be jealous of their competencies, can be forced by either a power base **above the ministerial** level that can be effectively mobilized for this purpose, or by a **regional** power base. The second alternative is not provided for in the Constitution of Nepal. The actual situation indicates that the implementation process for the larger share of financial outlays and personnel remains in the hands of the departments of the central government.
- g) The **first effective implementation capacity in Kosi Zone** below the ministerial level seems to be at **district level** rather than at zonal level. The influence of subordinate administrative levels with regard to central decisions is necessarily weak, however. The effective influence of the CDOs/PDOs with regard to the specialists in the District Office delegated by various specialized ministries is difficult to judge from outside: actual conflicts have often been reported, and personalities play a more important role than the formal administrative structures.
- h) Considering the predominant role which has been attributed to the **district administration** of Nepal in terms of promoting development in the field, its formal **competencies** as well as its financial and personnel **resources**, appear to be very limited and actually **too limited** to allow the district administration to play a major part in plan implementation on its own.
- i) **Funds, personnel and authority are basically controlled by the central government**, and there actually remains the responsibility for regional plan implementation. The difficulties of the central government with regard to project identification and analysis, co-ordinated inter-agency programming on the regional level, and the actual implementation performance are, however, apparent. Considering the tremendous physical problems of communication between headquarters and far-off districts and the limited availability of consulting know-how in the country, both project identification and programming may, in many cases, be easier to be done on the spot, i.e. in the districts. The actual structure is a major reason for the limited implementation capacity of Nepal's development administration as a whole, as stated in the Fourth Plan as well as in IMF and World Bank reports.
- k) Taking this administrative structure as it is, **implementation** should basically be regarded as a **management problem** which poses itself **in a different way on different administrative levels and for different types of programs**. I.e., projects involving large amounts of capital must be channelled through the specialized ministries of the central government, whereas small- and medium-scale programs have to be dealt with on village and district levels. This holds true as far as project and program identification, analysis and programming, execution, and to a considerable extent also financing and supplying technical expert advice

are concerned. Small- and medium-scale projects would also absorb the majority of voluntary labor which can be mobilized at the Panchayat level. Village and district levels are equally important when other forms of broad mass participation are needed, e.g. for current operation and extension of works necessary to make full use of a large project, such as a dam or a canal, where the water distribution system has to be organized on district and village levels²⁶.

Summary

The limited implementation capacity of Nepal's development administration is a major obstacle to the realisation of regional development programs. Centralisation of the decision-making procedure in Kathmandu is favored in view of the goal of national integration and reducing the strength of tribal and regional political forces. Regional representation can be divided into a „civil service line“ (zonal commissioner and district administration), and an „assembly/panchayat line“ involving elements of democratic participation and regional representation. Considering the predominant role which has been attributed to the regional bodies in terms of promoting development by the Fourth Plan, their formal competencies as well as their financial and personnel resources appear to be too limited. Funds, personnel and authority are controlled by the central government. The difficulties of the central government with regard to project identification and analysis, co-ordinated inter-agency programming on the regional level, and the actual implementation performance are, however, apparent and clearly stated in the Fourth Plan.

²⁶ More examples are given in Ojha and Weiss, *op. cit.*