

GANDAKI PROVINCE

PRE-BUDGET

ROUND TABLE DISCUSSION

FISCAL YEAR 2023/24



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Tel.: 061-587111

Email: centre.pokhara@gmail.com

Website: www.pokharacentre.org

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Pre-Budget: Round Table Discussion Meeting Notes and Concluding Remarks

Date: 05/26/2023

Time: 8:00 am- 11:30 am

Venue: City Square Banquet, Pokhara

Stakeholders: Gandaki Province Former and Current Ministers, Former and Present Members of Gandaki Province Assembly, Private Sector, Journalist, Academician and Civil Society Members.

Total Attendee: 37

Program Description:

The program started by welcoming and giving the brief background of the program by the Master of Ceremony. This was followed by a brief overview of the review of Gandaki Province's last five-year budget analysis, presented by Mr. Sujan Regmi, Executive Director of Pokhara Research Centre (PRC). The floor was then opened for round table discussion for the attendees.

Views from the highlighted attendees

Our province lacks in terms of plans and programs, which can be attributed to political instability as the primary cause. According to him, a lack of proper feasibility studies is obvious. Mainstream political parties formulate plans and programs primarily with the intention of impressing their voters, treating them merely as election agendas. The political competition between parties adds to this issue.

Additionally, our dependency on grants is excessive, and the scope of provincial taxation jurisdiction is quite limited, necessitating its expansion. The estimated revenue falls short of expectations. Furthermore, there is a lack of need assessment during the formulation of plans and programs. The province has struggled to maintain cooperation and coordination with local levels. Therefore, the province should prioritize income generation, as illustrated by the examples of Nawalpur Iron mine and the Baglun Dam project.



Mr. Indra Lal Sapkota

*Former Member
Gandaki Province Assembly*



Mr. Sudip Pradhananga

*Executive Member
Pokhara Chamber of Commerce
and Industry (PCCI)*

If the management of supply and demand can be effectively handled, the province stands to gain from it. Previously, the Commerce Chamber had a checkpoint at the entrance to Pokhara, which provided valuable data on everything entering the area. However, this checkpoint has now been cancelled.

Although an online tax payment system was introduced, it didn't achieve much success due to people's unfamiliarity with the process. He assures that the Chamber of Commerce and Industry is prepared to assist the Pokhara Metropolitan City and Gandaki province government in simplifying tax collection. He believes that government entities should give priority to Nepali products over foreign ones.

Pokhara, known as the tourism capital of Nepal, attracts a significant number of tourists, with more than 70% of tourism revenue coming from adventure tourism, making it a crucial sector to leverage. Despite various investments in Pokhara's tourism industry, such as the development of hotels, the desired level of success has not been achieved. Surprisingly, the allocated budget for the tourism sector, including administrative and official expenses, is less than 2%.

The Nepal Tourism Board at the provincial level has not fulfilled its required responsibilities, which requires collaborative efforts with the Pokhara Chamber of Commerce and Industry. Additionally, there is a wide scope for Agro tourism to be explored as well.



Mr. Ram Prakash Kandel

*Corporate Member
Pokhara Chamber of Commerce
and Industry (PCCI)*



Hon. Lil Bahadur Thapa Magar

*Member
Gandaki Province Assembly*

It is crucial to conduct reviews of plans, programs, and budgets. The budget planning process consists of four phases, but unfortunately, it has not been reviewed at any stage. Prioritization plays a significant role and should be given due attention.

Currently, there exists a substantial gap between budgeting and its actual implementation. Regular improvements in GDP and HDI are necessary. It is important for the budget to remain independent from political influence. To achieve desired outcomes, the budget requires preparation and thorough research, with a clear focus on the intended targets.

Based on the available data, it appears that all the yearly spending occurs in the final month (Asar) , prior to that, the budget is spending is very minimal. The government should begin spending the money from the beginning the fiscal year.

Additionally, it seems that estimated taxes are not being collected, and it is necessary to issue proper taxation certificates from the revenue office. He believes that there may be some problems with the development process.



Mr. Sudip Ojha

*Executive Member
Pokhara Chamber of Commerce
and Industry (PCCI)*

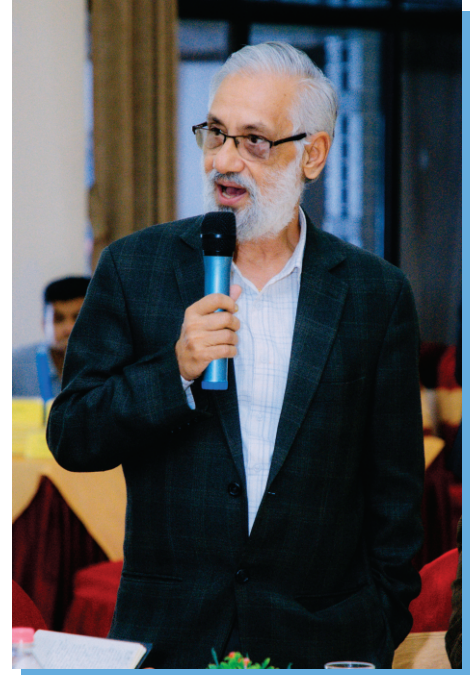


Hon. Ashok Kumar Shrestha
*Member
Gandaki Province Assembly*

In order to ensure appropriate expenditure, it is essential to have a source of income. The main question is: What are the sources of revenue available? Currently, the province heavily relies on the federal level for income rather than generating its own. It is crucial to determine which sector should be prioritized for revenue generation. Moreover, it should be noted that only half of the estimated revenue is being collected. This raises the question of whether the estimation is too ambitious or if the Gandaki province has limited working area. Considering our province's strength in tourism, it is important to assess how much revenue is being generated from this sector. Prioritization of plans and programs becomes crucial in this context.

There is currently an economic recession, and our exports are negligible. Despite having resources, the issue is our budgeting process. It's possible that the process itself is flawed or that we lack the necessary capacity for budget formulation. It is crucial for us to enhance our abilities in this area by focusing on building our budgeting capacity. Additionally, it is essential to periodically review our budgeting practices. Currently, we are lacking proper monitoring and reviewing processes. To address this, we should adopt a more realistic budgeting method that accurately reflects our sources of revenue and expenditure.

Agriculture serves as the primary source of income for our province. This includes supporting local production, protecting small agro industries, and assisting farmers. Apart from agriculture, there are promising opportunities for agro tourism, religious tourism, and adventure tourism within the province. An example was provided regarding the Kaligandaki corridor review and cross-country cycling. Moreover, it is crucial to protect the wetlands within our province.



Dr. Anil Subedi
Agricultural Expert
Gandaki Province



Hon. Devaka Pahari Tripathi
Member
Gandaki Province Assembly

In the second term of Gandaki province, the situation is relatively easier compared to the first term. We already have a reasonable number of laws and policies. The role of the legislature is to provide representation and the formation of the government. However, to ensure effective governance, it is crucial for the three tiers of government to work together in coordination and collaboration. The main challenge we face is generating sufficient revenue. Currently, we heavily rely on grants for our financial needs. To address this issue, sectors such as energy, agriculture, and tourism require policy interventions that focus on generating actual income. The preservation of wetlands does not receive adequate attention from any level of government. She provided examples of transportation and trekking routes in Manag and instances like the Pokhara International Airport and paragliding to support the claim that the lack of seeking alternatives is the problem. Also, It is common to initiate new projects without completing existing ones, which contributes to inefficiency and delays in development.

The implementation of federalism in Nepal has raised many questions. Gandaki Province has been allocating incremental budgets rather than zero-based budgets. This hinders the province from leveraging its strengths, such as an increased working population of 8% and 9% more GDP. Gandaki Province has a good record in various sectors, which can be used to create a new identity for the province. The province also has the capacity to generate a surplus and give it to the central government.

The government can also invest in housing schemes, such as by starting pilot projects for retired bureaucrats. The low budget allocation for the agricultural sector is decreasing the GDP. The government needs to focus on agriculture. The government also needs to resolve the dispute between airlines and road construction companies through the European system, which legalizes commissions and encourages tax payment. This will promote fast-track development.

Gandaki Province also has a high Human Development Index (HDI), which gives the government the flexibility to invest more in social infrastructure than physical infrastructure. The government also needs to leverage the border linkage with China in the north for trade.



Dr. Arjun Kumar Thapa

*Assistant Professor of Economics
Pokhara University*



Hon. Bindu Poudel

*Member
Gandaki Province Assembly*

The root cause of all these governance problems can be attributed to political instability. To achieve economic stability and self-sufficiency, it is important to remain free from political influences. There is an opportunity to explore the establishment of a nature wellness center, which can contribute to the economic development of the province.

Additionally, combining religious tourism with the establishment of pilgrim shelters holds potential for promoting tourism. In order to overcome these challenges, our focus should shift towards the implementation phase of our plans, programs, and budget.

Lekhnath has recently been incorporated into Pokhara metropolitan, and as a result, the province must ensure equal attention is given to Lekhnath. It is essential to prioritize the development of roads that connect the seven lakes within the city.

Boditar, significant potential of an industrial area, should be included in the budget and annual plans and programs of the province.



Mr. Bikram Karmacharya

*Executive Member
Lekhnath Chamber of Commerce
and Industry*



Mr. Dhananjaya Dawadi

*Former Member
Gandaki Province Assembly*

As we enter the final year of the five-year plans for Gandaki province, it is crucial that our plans, programs, and budget are aligned with the goals outlined in these plans. The problem is that the projects commence but remain unfinished. For this, it is advisable to introduce trimester monitoring of such projects and budgets through the parliamentary committee. In budget formulation, it is important to consider our actual spending capacity rather than being overly ambitious. Additionally, identifying and capitalizing on potential markets for agriculture is of importance. The province should aim for self-sufficiency in certain products, like apples.

Effective management of revenue collection is of importance. It is crucial to place emphasis on formulating sound policies and comprehensive plans to ensure the proper utilization of funds. Coordination among the three levels of government is essential to achieve the goal. Conducting needs assessments and prioritizing key areas of investment is also crucial. There is a need to broaden the scope of taxation. It is imperative to focus on the identification, sustainable utilization, and protection of natural resources. Efficient service delivery to citizens is another key aspect.

As part of our responsibilities, we should focus on institutionalization of federalism. Investing in infrastructure development plays a significant role in overall development.



Hon. Sita Kumari Sundas

Member

Gandaki Province Assembly

Former Finance Minister

Gandaki Province



Mr. Deependra Chaulagain

*Director of Operations & Outreach
Samriddhi Foundation, Nepal*

We need to be more positive about the provincial government and its importance in federalism. We need to make the provincial government the bridge between the local and central governments. Gandaki Province is a popular choice for many people due to its rich diversity, natural vegetation, and rich culture. It is recognized as a well-structured and beautiful province. Gandaki Province has a record of completing 60% of its work in every fiscal year. The provincial government needs to address tax evasion by broadening the tax base. Citizens should take action to leverage the built physical infrastructure. The government can also leverage the corridor for business environment and trade. The government should consult with the private sector 3 to 4 times before allocating the budget. The provincial government should also celebrate good governance and public service delivery, rather than only complaining.

Planning should be based on economic viability rather than being random. It is advisable to eliminate the parliamentary development fund. To ensure a smooth budget cycle, adequate preparation and timely implementation should be initiated six months prior to the budget period. It is crucial to establish clear guidelines for the selection of small-scale projects, and prioritization guidelines should also be established. Continuation of old projects, leaves little room for discretion for the finance minister. The institutionalization of a project bank is of utmost importance. Concrete responsibilities should be given to the Provincial Planning Commission to enhance its effectiveness.

The three tiers of government should prioritize coordination and collaboration rather than competition. Regular meetings of the Province Coordination Council should be held to facilitate effective communication and cooperation among the different levels of government. Efforts should be made to minimize or avoid miscellaneous spending.



Prof. Dr. Lekhnath Bhattarai
*Head,
Department of Economics,
Prithvi Narayan Campus, Pokhara*

The lack of pre-preparation stands out as a major challenge, where programs and projects are often proposed hastily at the end of the budget session. To address this, it is crucial to conduct thorough research, prepare detailed project reports (DPR), undertake feasibility studies, and estimate costs for yearly projects. The current allocation process lacks coherence, leading to inadequate implementation of our programs.

Additionally, party polarization is another concern, with the opposition opposing ideas irrespective of their merit, while the ruling party receives unwavering support, regardless of program necessity. Furthermore, there is a tendency to prioritize completion of the program rather than documentation and inauguration. There is importance of informing all stakeholders, from the minority, about budget allocations. The budgetary process should be inclusive, and representatives must raise concerns and advocate for the voices of minorities in the house. Policy development should incorporate the needs of all, avoiding individualistic approaches. Lastly, one needs to start today in preparation for the upcoming year's budget for the politically unbiased budgetary process.



Hon. Jit Prakash Ale Magar
*Minister
Ministry of Economic Affairs
Gandaki Province Assembly*

Accountability within the government sector holds significant importance. Equally essential is understanding the spending capacity of the government. In conjunction with the scope of taxation, it is imperative that the government maintains accountability and ensures proper service delivery.



Mr. Niranjana Shrestha

Chairperson

Pokhara Research Centre (PRC)

Conclusion:

The insightful views and suggestions shared during the program have provided valuable input for the Gandaki Province Government's upcoming budget. Based on the discussions, PRC would like to recommend the following to the Gandaki Province Government:

- **Strengthen Revenue Generation:** Focus on expanding the scope of taxation, enhancing revenue collection systems. This will increase the province's financial autonomy and reduce its dependency on grants.
- **Prioritize Infrastructure Development:** Allocate adequate funds for the development of transportation, tourism, and agriculture infrastructure. This will improve connectivity, attract more visitors, and support the growth of key sectors.
- **Promote Public-Private Partnerships:** Foster collaboration between the government and private sector organizations, such as the Chamber of Commerce and Industry, to simplify tax collection, support local businesses, and promote the growth of industries like tourism, agriculture and service delivery.
- **Enhance Budget Implementation:** Emphasize effective project management, timely completion, and proper documentation of projects. Ensure that allocated budgets are

spent throughout the fiscal year and implement trimester monitoring to track progress.

- **Focus on Sustainable Development:** Incorporate environmental sustainability considerations in budgetary decisions, particularly in sectors like tourism and agriculture. Protect natural resources, explore agro-tourism opportunities, and preserve wetlands within the province.
- **Strengthen Coordination and Collaboration:** Encourage regular communication and cooperation among the three tiers of government. Minimize competition and prioritize coordination to maximize the impact of budgetary decisions.
- **Foster Inclusive Budgetary Process:** Ensure inclusivity and representation of all stakeholders, including minorities, in the budgetary process. Involve representatives in decision-making and consider their concerns to create a fair and equitable budget.
- **Improve Planning and Feasibility Studies:** Conduct comprehensive research, feasibility studies, and detailed project reports prior to budget formulation. Adopt an economic viability approach and prioritize projects based on their potential impact and return on investment.
- **Enhance Budget Monitoring and Evaluation:** Strengthen monitoring and evaluation mechanisms to ensure efficient utilization of funds. Regularly review and assess the implementation of budgetary plans and programs for better accountability and transparency.

By incorporating these recommendations into their upcoming budget, the Gandaki Province Government can lay a strong foundation for sustainable development, economic growth, and improved service delivery. Pokhara Research Centre remains committed to supporting the government in its endeavors and looks forward to witnessing the positive impact of these suggestions on the province's overall progress.

Attendees of the Program

S.N.	NAME OF PARTICIPANTS	ORGANIZATION/OFFICE
1	Hon. Jit Prakash Ale Magar	Ministry of Economic Affairs, Gandaki Province
2	Niranjan Shrestha	Pokhara Research Centre (PRC)
3	Dipendra Chamlagain	Samriddhi Foundation, Nepal
4	Prof. Dr. Lekhnath Bhattarai	Department of Economics, Prithvi Naryan Campus
5	Prof. Dr. Arjun Kumar Thapa	Pokhara University
6	Dr. Anil Subedi	Agricultural Expert
7	Sudip Pradhyananga	Pokhara Chamber of Commerce and Industry
8	Sudip Ojha	Pokhara Chamber of Commerce and Industry
9	Ram Prakash Kandel	Pokhara Chamber of Commerce and Industry
10	Bikram Karmacharya	Lekhnath Chamber of Commerce and Industry
11	Dhananjaya Dawadi	Former Provincial Assembly Member, Gandaki Province
12	Indralal Sapkota	Former Provincial Assembly Member, Gandaki Province
13	Hon. Lil Bahadur Thapa Magar	Provincial Assembly Member, Gandaki Province
14	Hon. Sita Kumari Sundas	Provincial Assembly Member, Gandaki Province
15	Hon. Govinda Bahadur Nepali	Provincial Assembly Member, Gandaki Province
16	Hon. Bhim Bahadur Karki	Provincial Assembly Member, Gandaki Province
17	Hon. Roshan Bahadur Gaha Magar	Provincial Assembly Member, Gandaki Province
18	Hon. Sudhir Kumar Poudel	Provincial Assembly Member, Gandaki Province
19	Hon. Debaka Pahari (Tripathi)	Provincial Assembly Member, Gandaki Province
20	Hon. Prakash Baral	Provincial Assembly Member, Gandaki Province
21	Hon. Saraswati Gurung	Provincial Assembly Member, Gandaki Province
22	Hon. Ashok Kumar Shrestha	Provincial Assembly Member, Gandaki Province
23	Hon. Parbati Tamang	Provincial Assembly Member, Gandaki Province
24	Hon. Rekha Gurung	Provincial Assembly Member, Gandaki Province
25	Hon. Tika Kumari Basyal	Provincial Assembly Member, Gandaki Province
26	Hon. Bimala Gauchan	Provincial Assembly Member, Gandaki Province
27	Hon. Dilmaya Pau.V.	Provincial Assembly Member, Gandaki Province
28	Hon. Namdu Gurung	Provincial Assembly Member, Gandaki Province
29	Hon. Bindu Poudel	Provincial Assembly Member, Gandaki Province
30	Sujan Regmi	Pokhara Research Centre (PRC)
31	Bharat Koirala	Parliamentary Journalist Forum
32	Bishan Chhetri	Media Representative
33	Runa Mahato	Personal Secretary, MPA
34	Bishnu Prasad Dhakal	Personal Secretary, MPA
35	Suman B.K.	Personal Secretary, MPA
36	Rabina Bhattachan (Purja)	Personal Secretary, MPA
37	Binod Dhungana	Media Representative

Some Glimpse of the Discussion



Pokhara-11 Fulbari, Gandaki Province, Nepal

Tel.: 061-587111

Email: centre.pokhara@gmail.com

Website: www.pokharacentre.org