



**CROWN AGENTS**

ACCELERATING SELF-SUFFICIENCY & PROSPERITY

**CUSTOMER ORIENTATION IN THE DEVELOPMENT OF PUBLIC  
FINANCIAL MANAGEMENT SYSTEMS IN NEPAL  
A PERSONAL PERSPECTIVE ON DIGITAL INNOVATION**

**Tokyo Fiscal Forum**

**4-5 June 2018**

# Sub National Treasury Regulatory Application (SuTRA)



## What is SuTRA?

- It aims to improve Budgeting, Accounting and Financial Reporting at Sub National Tiers
- Web Based; Federal Government led; Spiral (Flexible) Approach to Development; Nepali Language
- Complementary to (and supportive of) revised Nepal Classification (GFSM 2014)

## Modules and Functionality – Up to 2018/19

- Budget (including virement)
- Accounting
- Financial Reporting
- Treasury (Planned)

## SuTRA and its strategic potential

1. Initiated to meet information needs of influential interests in Federal Government
2. Single classification means potential extended transparency and all the goes with it
3. SuTRA is a focal point reform - It can bring in other reforms and initiatives and embed them – it can link traditional and tech
4. It has great potential to link digital innovation to influential interests in Government



# Nepal: The Context

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## Federal Nepal

- New constitution Political Settlement and Democratic elections
- Three new tiers of government (Co-operative and Autonomous; Federal; State; Municipal)
- Many new implementation arrangements and new powers
- Fragmentation in PFM systems – some new systems required – interfacing is a big issue
- **Number of innovative initiatives on Financial Inclusion and Financial Services**
- Post Earthquake Recovery



# SuTRA: The Implementation Thesis

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## The Theory....

- Imperatives → Incentives → Innovation

## Nepal Specific Context

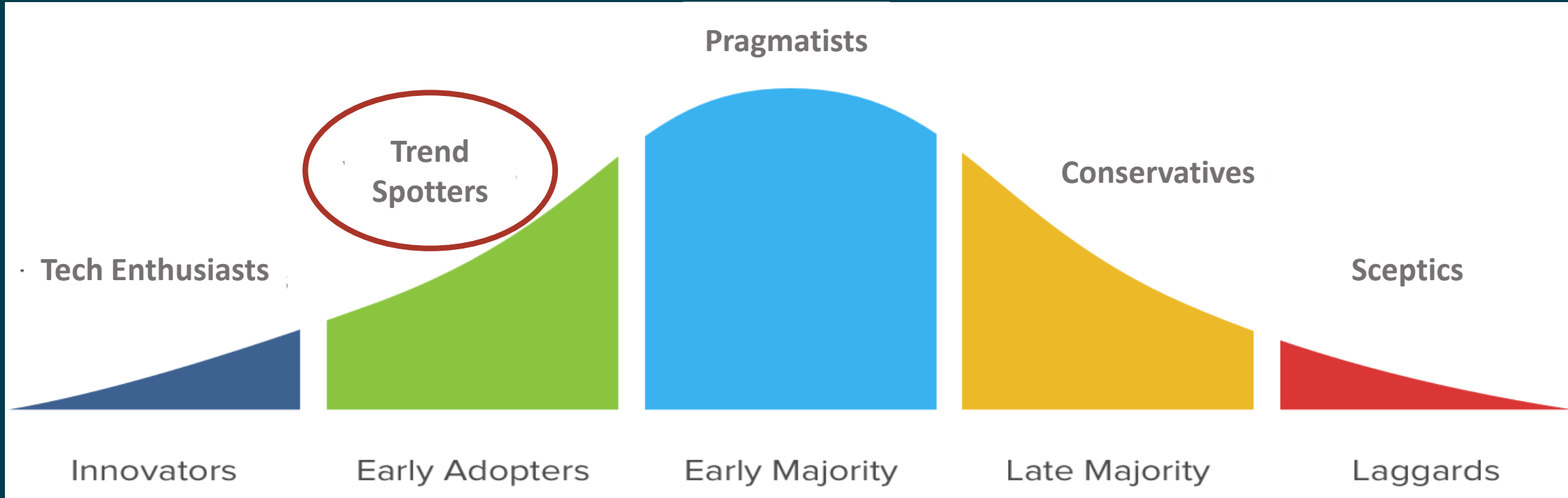
- Traumatic Change → Need For Knowledge → New Classification + **SuTRA**

## Sustainability Strategy

- Focus on the customers and their needs
- Innovation is the future – we must link to it
- Innovation can link to central strategy via SuTRA



# Stages of Innovation – Inclusion and Development is the aim....



We focussed on ‘Trend Spotting’ to reinforce tech with SuTRA

- It’s not always entirely about innovators – establishment of new ways of working needs Trend Spotters / Early Adopters
- Innovation needs traditional and traditional needs innovation to move ahead
- This helps to embed innovation, accelerate self-sufficiency and build prosperity in the long term through alliances and mutual interest

# The Customers...

## Supply of Information



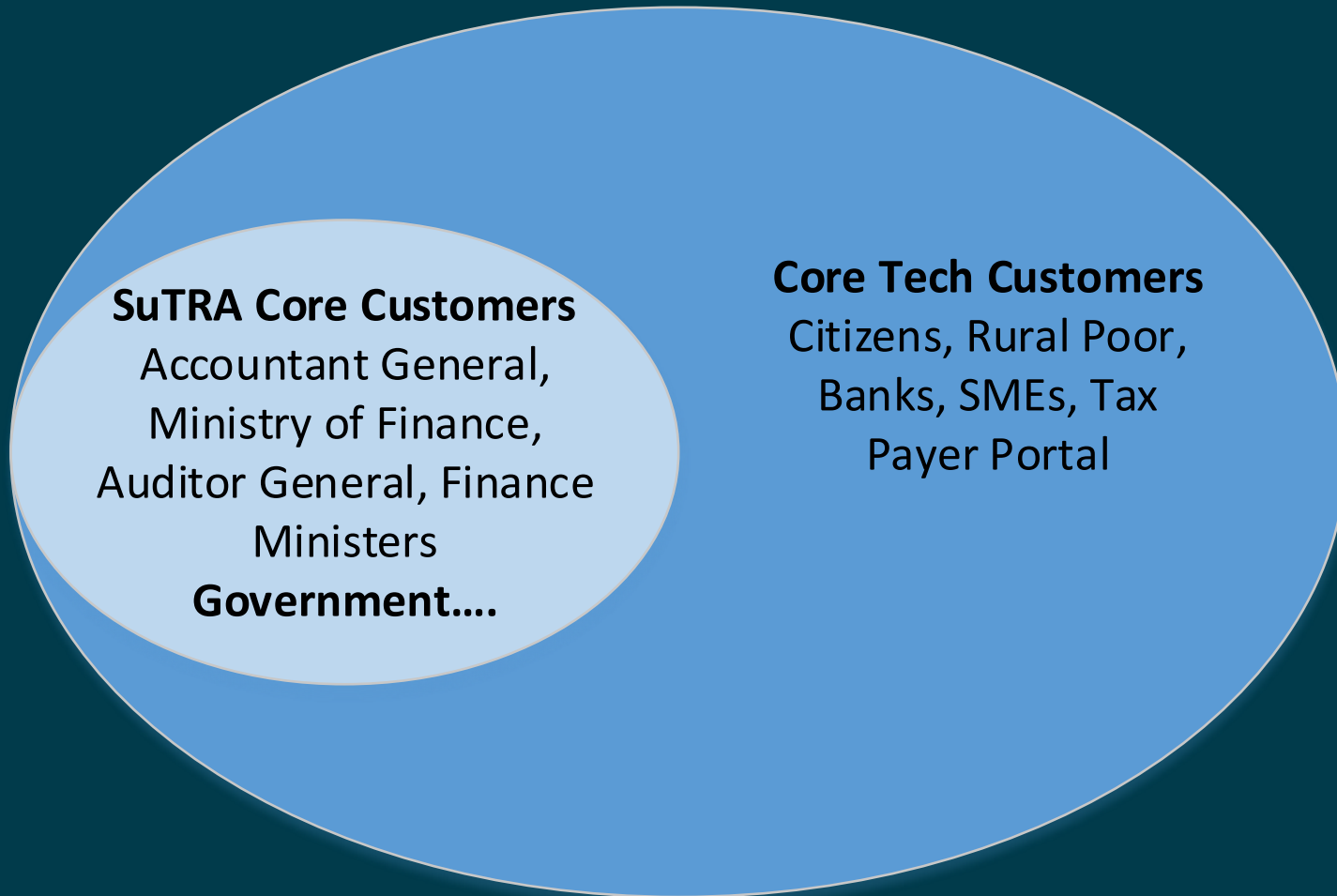
### Factual Starting Point:

- Many “masters to serve”
- Supply of information to meet needs
- Very diverse
- SuTRA is one of many initiatives that serve the needs of the groups
- → Mapping of interests and prioritisation is needed





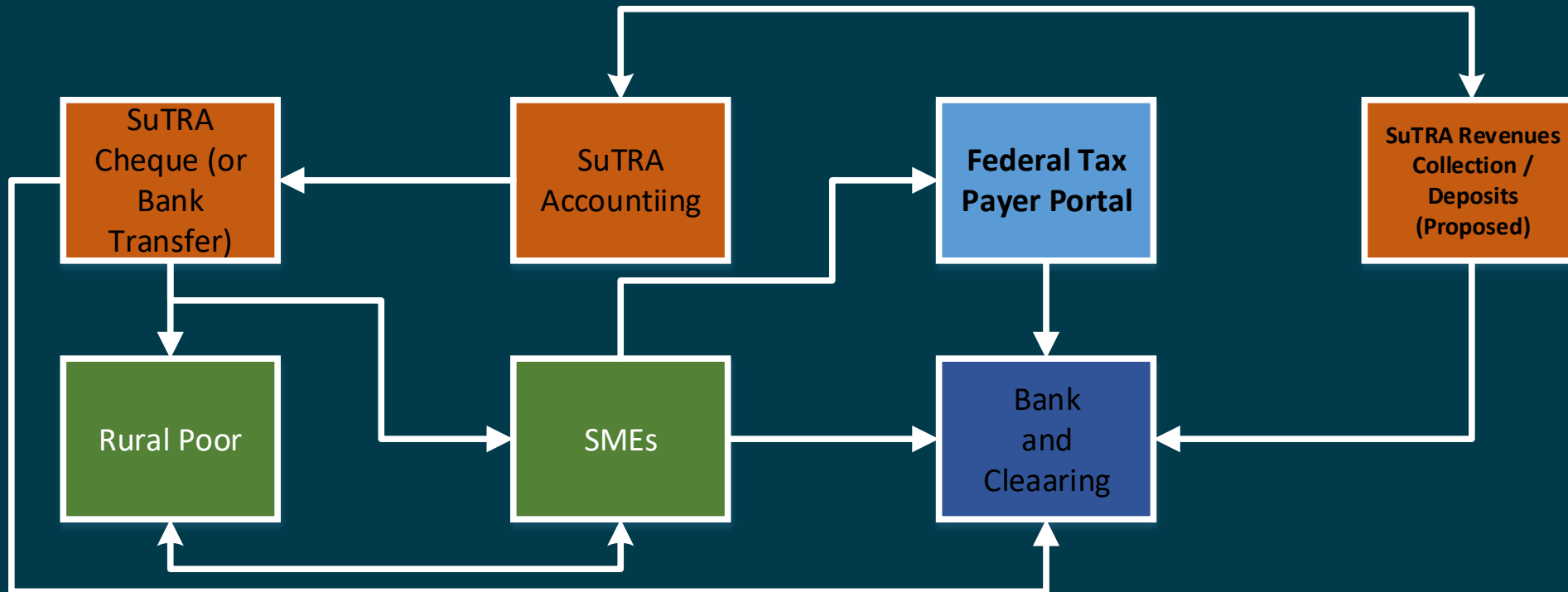
# The Customer Dilemma....



- Immediate beneficiaries are often different groups
- Focal Point PFM reforms (such as SuTRA) don't always naturally target the same groups as Tech
- The interests of the two groups could come closer together
- SuTRA (and focal point PFM reforms) can bridge the gap?
- Linking tech to tradition is the challenge



## Illustration of Some Linkages – Abstract of Four Initiatives (Colour Coded)



### SuTRA – PFMA-2 (DFID) – Our Project – How Linked To Other Initiatives?

**Access to Finance** - Revenues – Calculation and Collection – Digital Payments to SME and Social Payments – Bank Branch expansion - mobile money – rural access

**Banks and Nepal Clearing House** - Treasury and Cash Management - Electronic Funds Transfer – Rationalisation of balances

**Digital Inclusion of Rural Poor** - Elimination of Cheques – Reduced Fiduciary Risk – Transparency

**Federal Tax Payer Portal** – Potential to Extend Function to Local Tiers?





# Customer Needs – Control and Financial Reporting

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- Auditor General Prescribed 200+ Financial Reports and Schedules - Focussed on six
- Budget Reports (Appropriation) Purposes – Deadline imperative
- Budgets cannot be overspent – Essential Fiscal Discipline
- Virement functionality to aid control
- Transaction level approval controls
- Once approved, journal or payment vouchers cannot be adjusted
- **Not all needs are met; but sufficient to keep satisfaction and allow us to extend the customer base – get the basics in place and then move on for now – like Schick principles?**
- **Immediate needs can be met and eye to the future can be maintained simultaneously**



# Overarching Transferable Learning Key Messages

## Demand For Information

- Involve as many stakeholders as possible on some level
- Imperatives create change and opportunity (Necessity is the mother of invention?)
- Not all customers are the same – recognise this early in development – focus on the influential
- Innovation is embedded by cultivating the right customers and programmes – map the field
- Innovation is embedded by identifying and linking to the right initiatives – analyse the field
- Recognition of inter-dependency and willingness to engage and build on each other is key
- Tech training is a start – you need to continue to engage and educate in order to retain users





# Support Strategies For Moving From Early to Mass Adoption

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- Support strategies should not be totally technically focussed (i.e. ‘training’ needs to be thought out properly and not underestimated – engage both the influencers and the future)
  - Think of ‘training’ as marketing, engagement, extension of users
    - First to engage
    - Then to retain
    - Then to expand
  - Design and plan accordingly
    - Initial technical awareness for inputters
    - Teach the influencers the power of data and what the software can offer
    - Look to integrate with the tech users
  - Avoid “one size fits all” – differentiate the learning - Tailor and Target
  - Transparency, inclusion and improved PFM initiatives often use the same tools – software, tech and customer focus
- **And above all – Always Look to link**