

Government of Nepal
Ministry of Federal Affairs and Local Development
Local Governance and Community Development Programme
Sub-NAC
Meeting Minutes

Date: 10 April 2015

Location: MoFALD Meeting Hall

Start Time: 11:00 am. End Time: 1:30pm

Chair: Mr. Reshmi Raj Pandey, National Programme Director and Joint Secretary, MoFALD.

DP Co-Focal Person: Ms. Laura Lesyer, Governance Advisor, DFID and DP Focal Person:

Mr Jean Francois Cuenod, Head of Development Cooperation and DP Co-focal person, Embassy of Switzerland in Nepal

LGCDP II stakeholders met to discuss programme priorities, policy recommendations from output groups and highlight LGCDP progress for the last 8 months. The presentation has been shared and key discussion points included:

Opening Remarks by National Programme Director and Joint Secretary Mr. Reshmi Raj Pandey

In his opening remarks, NPD welcomed all LGCDP II stakeholders, Output Managers and LB associations' representative and mentioned that this particular Sub-NAC meeting will only share progress status and not have any policy recommendations. The next Sub-NAC will be held in May to finalize ASIP and budget for the next fiscal year approve other policy related recommendations which are to be approved by the NAC. The NPD also mentioned that subsequent NAC meeting is likely to be held in June in Pokhara.

Presentation by National Programme Manager and Under Secretary Mr. Purshottam Nepal

The NPM noted that the presentation discusses financial and physical progress until the second trimester of this financial year. Also, it will include discussion on budget ceiling for the next financial year, 2072/73. Other policy agendas as necessary. The next Sub-NAC will discuss and approve the ASIP 2015/16 and necessary policy related issues that will need NAC decisions.

The NPM presented progress status in the following order:

1. Updated status on action taken on previous Sub-NAC meeting decisions
2. Policy recommendations and action taken
3. Output wise progress update

1) Updated status on action taken on previous Sub-NAC meeting

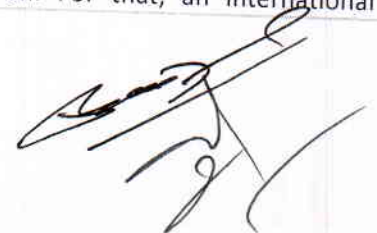
a) CIAA report: the NPM noted that the status update of publishing the CIAA report as agreed during last



NAC meeting is being planned to update in the new LGCDP website. The OAG audit report has already been translated and circulated to all the DP members.

b) Procurement Monitoring: It was informed that as agreed procurement monitoring template has been fine-tuned and captures the progress of PPSF, SPMP and aligned programmes. However, it was noted by the NPM that despite continuous follow up, LGCDP II has not received procurement monitoring report from the aligned partners, thereby not included in the report.

Agenda	Actions/Recommendations	Status update
Output-1	<ul style="list-style-type: none"> i. Consider alternative options if LDTA has not signed NSP contract before the NAC meeting on 5th December. ii. CAC graduation concept note and implementation approach. 	<ul style="list-style-type: none"> I. LDTA as a NSP already on board and has already initiated training activities such as SM, MTOT and regional trainings. II. Concept note prepared and circulated to RCUs, DGEs/UGEs for comments and expected the comments to be received within a week following. It will be shared with DPs, and finally will be rolled out.
Output-2	<ul style="list-style-type: none"> I. CSOs contract upto July 2015 II. Grievance handling made public III. Quality assessment on both social and public hearing need to be conducted to improve the overall performance of the LBs in terms of downward accountability. 	<ul style="list-style-type: none"> i. It was informed that CSOs are issued yearly contract with possibility of extension based on their performance. Currently, in all 66 districts, CSOs are working and have received initial first instalment payment has been released. Training and capacity building have already been done. ii. Grievances are being received from Hello Sarkar, CIAA, and National Vigilant Centre. Once the investigation is completed by the ministry, Good governance section will publish the information with qualitative narration in the website. iii. This is complied through the compliance monitoring guideline and implemented through CSOs. Once CSOs report is received, the real scenario will be shared with all development partners.
Output 3	<ul style="list-style-type: none"> i. Shift all activities related to LBFC restructuring to output 9 in the revised ASIP ii. Recruit Fiscal Decentralisation Specialist as soon as possible. 	<ul style="list-style-type: none"> I. This refers to policy level activities only. It will be jointly implemented by the LBFC and Federal affairs division. Currently, LBFC restructuring study is going on. For that, an International



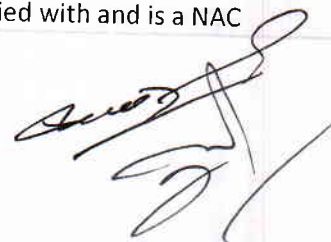
	<ul style="list-style-type: none"> iii. MCPM assessments to make LDOs/EOs/VDC Secretaries more accountable on service delivery iv. PCU to commission study on late transfer of funds at the sub national level 	<p>consultant is under negotiation while two national experts are already on board. The study will be initiated and completed soon.</p> <ul style="list-style-type: none"> II. Mr. Hem Raj Lamichanne, FD Specialist is already on board. He is currently working with LBFC and revenue enhancement section. III. Five orientation events organized to orient some of the LDOs/Eos/VDC secretaries for their responsibilities. There are six more such events planned in this fiscal year. IV. Partially complied with the LBFC and Finance Unit initiated to track transfer of funds from central to sub-national level, that is from DDC to VDC. The compiled list will be shared soon.
Output 4	<ul style="list-style-type: none"> i. Include VDC reporting, tracking and procurement plan monitoring in the TOR of the Compliance Unit in the Financial Administration Section and need to share the TOR with stakeholders ii. Audit tracking system also need to cover Municipalities which is planned to pilot in 2 VDCs and gradually roll out in all VDCs. iii. TOR of the newly established Compliance and Audit Unit to be shared with DPs 	<ul style="list-style-type: none"> I. The unit has already initiated task. Some of the VDCs have been monitored and report finalization is underway. Once it is finalised, it will be widely shared. II. Training has been conducted at regional level for internal auditors on audit tracking and planned to roll out in the phase-wise manner to all DDCs, VDCs and Municipalities. III. Complied with and TOR shared with DPs; Shared with the team of PFM group by the respective Output Manager.
Output 5	<ul style="list-style-type: none"> I. Civil Engineers to support the new 72 municipalities II. Policy decision to be made in the NAC regarding PRF III. Finalize CD strategy with short (annual?), medium and long term strategy including action plan. IV. Develop standard handover template for LDOs 	<ul style="list-style-type: none"> i. Short listing of engineer has been completed and interview in the process. The result will be published within this month. ii. PRF concept note and TOR has been finalised and consultants are on board. LGCDP received inception report and has provided comments. It will be shared with the stakeholders soon. iii. CD plan developed in line with the CD strategy by identifying short, medium and long term. Some of the activities are already underway. iv. A standard handover template is



		already exist under Civil Service Act and regulation and thus efforts are being made to fully implement the same instead of developing a new template.
Output 6	I. Criteria for identification of priority activities of new municipalities to be defined and additional resources to be sourced.	
Output 7	i. RBM to be rolled out in all districts and municipalities	I. Complied with the WBRS and now the system rolled out in all DDCs and Municipalities. RCUs are now linked in the WBRS. Monitoring and Evaluation Specialist at RCUs will be responsible to monitor and analyze the WBRS data of the respective region. Prepare narrative of implementation status.
Output-8 and 9	II. LSGA is under discussion in the parliament and regular follow-up	ii. Currently, discussion is going on in the development committee. The CA members of the parliament have sent the LSGA amendment proposal to the development committee which is being discussed in the committee.

2) Policy Recommendation and Action Taken

Policy Recommendations	Action Taken
<ul style="list-style-type: none"> a. Approved additional short term support for the LGAF secretariat and TA modality delegated to TASC for implementation. b. Endorsement of moving grievance handling from output 6 to output 2 for NAC approval c. Appreciation establishment of Financial Compliance Unit in the Financial Administration Section and requested ToR to be shared with stakeholders. d. Comprehensive assessment of VDCs capacities (e.g staff) and to categorize VDC by their needs. 	<ul style="list-style-type: none"> a) It is in the process of hiring. b) Complied with c) It is also complied with d) Until now there has not been any action taken on this activity as GoN recently converted around 300 VDCs into new municipalities which in itself is a classification of VDCs. Currently, all those VDCs which were categorised into class A and B have been converted into new municipalities. Hence, the policy needs to be redesigned which is under discussion at the ministry. e) Discussion is going on whether this needs to be under Joint Secretary General Administration or Planning Division. Regardless of that, a consultant has been recruited already and study is ongoing. f) ToR developed and hiring consultants in the progress. g) Partially complied with and is a NAC



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| <ul style="list-style-type: none"> e. Form PRF taskforce headed by joint secretary, planning Foreign Aid Coordination Division to lead implementation of PRF. f. Conduct stocktaking exercise on Local Economic Development (LED) to identify best practices and recommending LGCDP II interventions g. LBs are being overburdened large number of committees and this reduces operational effectiveness. Recommended policy review for NAC h. Readjust SIP target in output 7 EMP to 80% districts and 75% Municipalities adopt EMP by 2016/2017 for NAC approval i. Sector plans prepared earlier than the districts plan is creating disconnection in the integrated planning process j. Revise log frame for outcome 4 k. Revise the ASIP and AWP for 2014/2015 and delegate responsibility to TASC for adjustments to TAP implementation with existing budget limits l. Establish a sub group to develop strategy and action plan to implement the new CD strategy m. Conduct a performance assessment of quality labs to address the challenges and gaps in providing quality services and explore the possibility of extending the coverage to all municipalities. | <ul style="list-style-type: none"> decision. h) Complied with and is a NAC decision i) The NPC has decided not publish Red Book Vol II. GoN has instructed all sector ministries to follow planning process as per LSGA. j) Complied with the sub activities k) Complied with l) It is also complied with. m) Until action is taken except for mapping of existing quality labs and preparing the action plan on how to assist the quality support as there are some quality labs built from DPs support such as ADB, World Bank. Therefore it needs to be coordinated with DPs and therefore under implementation. |
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3) Output wise Progress Update (As of 15th March 2015)

Output 1

Progress Status Update

- a. Social Mobilization Guideline 2014 has been revised, and a sufficient number of the Guideline is being printed.
Particulars: Once they are printed, the Guideline will be shared with all CACs, WCFs and stakeholders.
- b. SM Handbook has been updated incorporating EFLG, CFLG, BalBhela, Community mediation, Climate adaptation, Child marriage, and other social practices, and over sighting process responsibility of WCF, etc.

Particulars: It has been shared with ToT and MToT participants and it will also be shared with stakeholders.

- c. DDCs and Municipalities have issued service contract to 327 Local Service Providers out of 549 LSPs required for social mobilization activities. Moreover, RFP issues to 155 LSP and EoI to 49 LSP.
- d. 2946 VDCs and 191 Municipalities conducted ward level planning workshop in which 951,342 people participated (41% women).
- e. 2941 VDCs and 151 Municipalities conducted council on time as per the provision of LSGA.
Particulars: Planning process already completed. Few VDCs and Municipalities were unable to hold council meeting due to new municipality formation.
- f. 253589 citizens participated in VDC and Municipality Council meeting (30 %women)
- g. WCFs forwarded 137,765 projects to LBs of which 63711 projects included in annual plan of LBs (46%) amounting Rs 8.37 billion. **Particulars:** Most of the projects of VDCs and Municipalities are from WCFs recommendations.
- h. 2207 CACs received LIP support and 12874 CAC members initiated LIP activities
- i. For the first time 25% Ward Citizen Forum members have been replaced by new members
Particulars: As per the guideline, annually 25% of WCFs members are to be replaced. This year, 25% has already been met.
- j. 62,449 representatives of IPFCs, CACs and WCFs received orientation on local level planning process.
- k. NSP organized MToT and regional ToT. Accordingly 30 Master trainers and 150 regional trainers produced for social mobilisation. **Particulars:** Altogether 178 training events will be organized and imparted to LSP representatives, SMs, VDC secretaries. Also, the same opportunity will be taken to orient them on the new SM guideline 2071 within this fiscal year. For this purpose, 130 million budget has already been handed over to NSP.
- l. CAC graduation approach, method, tool and process has been developed
- m. Balbhela have been organized in 1161 VDCs and Municipalities wards.

AMEP status and way forward to achieve the set targets

Output 1 (Moderately Satisfactory)	Way forward	Issues/Challenges
	1. Organize national level harmonization meeting in May 2015. 2. Facilitate all the DDCs to organize harmonization meeting with social mobilization agencies. It was mentioned that SM harmonization meeting to be held with DPs and INGOs and other institutions in May to ensure all agencies follow the same the SM guideline and also see if there are some adjustments/amendments that	A. Selection of Local Service Providers (LSPs) is planned to complete by January 2015 but taking long time resulting in delay in handover of Social Mobilizers to LSPs. The initial target was to complete it by April 2015. 60% target achieved however, owing to the Procurement Act and Regulation. B. It is planned to expand Citizen Awareness Centres at the rate of 2 to 3 CACs per VDC



	<p>has to be made in order to be harmonized. It has also been instructed to all RCUs to organize harmonization meeting with local NGOs and service providers in order to have a harmonized approach of SM at the LBs.</p> <p>3. The collection of data on the status of CACs is in process and CAC graduation will be carried out in June 2015. From July 2015, new CACs will be formed and supported.</p> <p>4. The empowerment of WCFs on accountability and oversight function is planned and Orientation Resource Book preparation is going on. Currently, a draft has been prepared and will be shared soon.</p>	<p>but available fund is not adequate to meet that target. There is a need to find additional fund to expand CACs. Currently, the analysis is ongoing to use SDC funded 3.5 million CHF for this purpose.</p> <p>C. The harmonization of social mobilization programme conducted by different agencies is required and still to initiate harmonization according to the approved guideline. It was noted that SM agencies working at the ground and funded by various DPs and INGOs are following their own SM guidelines. These SM agencies are bound under contractual obligation to follow the guideline for certain period. It is thereby requested to DPs to instruct their respective funding agencies to at least initiate harmonization meeting with the PCU in following days.</p>
<p>OUTPUT 2 (Moderately Satisfactory)</p>	<p>Way Forward</p>	<p>Issues/Challenges</p>
	<ol style="list-style-type: none"> 1) LGAF has signed service contract with 66 Civic Society Organizations (CSOs) to conduct social accountability activities in 66 districts. Rest of the 9 districts is carried out by SALGP- 2 districts, direct operation from SALGP, rest 7 are contracted via CSOs. 2) LGAF organized two meetings with PRAN for coordination and harmonization. 3) National Committee of LGAF restructured under the chair of MoFALD Secretary. 4) Compliance Monitoring Guidelines has been prepared. 5) Oriented LDOs and EOs, DGEs and UGEs on LGAF and ToR of Civic Society Organization at three clusters Dhulikhel, Hetauda and Biratnagar. 6) Training manual on social accountability has been prepared. 7) Representatives of 66 Civic Society Organizations have been orientated on compliance monitoring guideline. In total 330 CSO personnel made familiar on compliance monitoring. 	<ol style="list-style-type: none"> 1. Organize district level training for SM and LSP officials. 2. Carry out compliance monitoring in 66 districts. 3. Organize training for WCF members. 4. Accountability and civic oversight activities require an intensive monitoring and supervision for effective implementation but LGAF do not have adequate technical human resource, mobility. 5. LGAF do not have trained manpower to conduct training and orientation on social accountability. Thus, it needs to be assessed at the output group meeting. There is not enough trainers to conduct social accountability, thereby more efforts is needed in developing trained manpower in social accountability. 6. The existing norms of GoN to conduct training have discouraged to organize training/workshop because the existing rate does not meet the current market price of food and accommodation. Despite, the revision of the norms of trainings from the Ministry of Finance, it still does not meet the market

- 8) Master ToT provided to 2 Good Governance Section Officials, 6 RCU experts and, 4 external resource persons.
- 9) All the DDCs have conducted social audit.
- 10) 72 DDCs, 151 Municipalities and 494 VDCs have conducted public hearing in this financial year.

- 7. requirement to cover food and accommodation of training participants and resource person. Therefore it has always been a challenge to hold such trainings.
- 7. Preparation of consolidated annual accountability report of LGAF combined with aligned programme is also a challenge.

Output group 3(Unsatisfactory)

Way forward

Issues/Challenges

- 1) Formed a committee under the chair of Joint Secretary of Federal Affairs Division/MoFALD to review LBs' revenue sharing policies. A draft report on LSGAR has been prepared. The revenue sharing mechanism is under discussion - whether to issue a new regulation or incorporate within the existing revenue sharing guideline. There have been issues in sharing revenue; some problem in sharing revenue from DDCs, from DDCs to VDC and Municipalities. So this needs further discussion.
- 2) MoFALD has received proposal from 57 LBs (27 municipalities and 30 DDCs) for revenue administration development. It is planned to provide grant amounting to Rs 500 thousand per LB for revenue administration development. Authority has already been provided to such LBs.
- 3) Capacity development expenditure guidelines prepared.
- 4) MCPM impact study completed.
- 5) MCPM assessment of DDCs, Municipalities and VDCs for 2070/71 has been completed.
- 6) Revenue enhancement plan of 3 municipalities (Itahari, Tansen and Dhankuta) and 2 DDCs (Dhanusha and Surkhet) have been prepared.
- 7) Training conducted on MCPM for 35 Executive Officers.
- 8) 54 Municipalities have introduced Integrated Property Tax.

- 1. Organize regional consultation on draft MCPM indicators of conditional grant.
- 2. Organize regional consultation on MCPM indicators (unconditional grant) to new municipalities.
- 3. Conduct study on equalization formula and implement the recommendations of the study.
- 4. Organize workshop to share findings of LSGAR revision study
- 5. Implement recommendations of cost index study.
- 6. Local Bodies especially VDCs are not receiving budget on time. VDCs are facing this problem since long time and studies have also been conducted in the past to identify the reasons for delay in release of fund but no improvement. 1st tranche budget was released and received by VDCs on time. In order to receive the second budget release, VDCs need to furnish audit report, procurement plan, and agreements with user's committees as per the guideline. It was informed that VDCs due to lack of accountant and technical capacity, could not furnish required reports in time. Therefore, MoFALD is focussing in building capacity such as trainings on VDC accounting software. 250 trainings were held so far.
- 7. Local Bodies are relying more on central government for fund rather than exploring the possibility of increasing the fund from internal resources due to the absence of elected representatives in local bodies as well as inadequate capacities.

	<p>9) A MoU has been signed between MoFALD and LDTA to organize training on IPT.</p> <p>10) High and low revenue Municipalities (10) and DDCs (10) have been identified. ADDCN and MUAN have submitted proposal to organise interaction between low and high revenue LBs</p> <p>11) Study on cost index completed. Currently, a plan to incorporate into new grant distribution formulae.</p>	
<p>Output 4 (Moderately Satisfactory)</p>	<p>Way forward</p>	<p>Issues/Challenges</p>
	<ol style="list-style-type: none"> 1) VDC accounting software is fully operational in 250 VDCs. 2) 7 municipalities adopted accrual accounting software. 3) 20 persons have been trained on VDC accounting software as Master trainers, 158 local trainers have developed, 9 groups are trained, local facilitators for the software are available in 70 districts, and additional 23 VDCs have started to use software. It is expected that within next 2 months, more than 600 VDCs will be trained on VDC accounting software. 4) Initiated to improve linkage between DDC- Financial Administration and Management Plan (FAMP) software MoFALD database. FAMP is being operated fully in 59 DDC. Any discrepancies at DDC FAMP can be detected by the Ministry; technical assistance is being provided from the centre and region to fully implement FAMP. 5) Financial compliance monitoring system has been introduced. 6) 75 DDCs and 130 Municipalities have provided financial progress report on time. 7) Internal Audit Guideline has been revised (draft). Revised guideline approval process will be initiated soon. 	<ol style="list-style-type: none"> 1. FRRAP progress review and its revision ongoing. 2. PEEFA assessment is ongoing. 3. PETs study is planned to complete this financial year. Still to be initiated. 4. VDCs are going to be empowered with accounting software. Around 1000 VDCs will be completed this financial year. 5. Empowerment of PFM related central level agencies has been planned and modality will be finalized soon. 1. Lack/inadequate accounting staff, poor reporting and no coherent functional recording is resulting the lack of meaning data from LBs. 2. Financial Monitoring and Compliance Unit has been established but need support from FCGO and PEFA Secretariat. 3. Inadequate monitoring of audit and procurement plan of LBs 4. Tracking of progress on FRRAP activities is not systematically carried out. 5. Weak capacity of internal auditors. 6. Timely and reliable financial reporting from VDCs.



- 8) Field work of PEFA has been completed and the analysis of data is in progress.
- 9) Financial Compliance Monitoring Unit has been established and compliance indicators have been developed.
- 10) Procurement Unit established in all the DDCs and Municipalities.
- 11) PETs study is planned within this year.

Output 5 (Moderately Satisfactory)

Way forward

Issues/Challenges

- 1) Training on local level planning (LLP) has been organized for LBs, WCF and CAC including representatives of political parties.
- 2) Performance Contracts have been signed between Secretary of MoFALD and Local Development Officers of 69 DDCs and 129 Executive officers of Municipalities. This is one of the new initiatives of the MoFALD.
- 3) Concept note on Programme Recruitment Facility has been approved and ToR prepared to design and develop PRF framework and consultant team on board.
- 4) Institutional Development Plan of LDTA has been prepared.
- 5) 3211 VDCs Secretary position are fulfilled out of 3276 VDCs.
- 6) MoFALD has developed CD plan in line with the CD strategy.

- 1. Carry out comprehensive VDC assessment and design focused intervention to reduce VDC Secretary's absenteeism and mobilize LBAs to advocate reducing frequent transfer of LDOs and EOs.
- 2. Focused discussion/consultation at the policy and staff level on transitioning of current TA arrangement to the new arrangement.
- 3. Expand the capacity of LBFC towards the capacity expected from a National Fiscal Commission is contingent on new constitution thus recommend Sub-NAC to remove this target from the work plan.
- 4. Human Resource Development mechanism [Human Resource coordination committee and Capacity Development Fund] in Local Bodies are not active and functional.
- 5. Most of the CD activities are focused on personal level so less on organizational level
- 6. Promoting innovative non-training CD activities
- 7. Most of the CD activities are ad-hoc
- 8. Trainings mainly focus on skill and knowledge but attitude change part is not focused
- 9. Lack of statutory training curriculum for staffs working in local bodies

Output 6 (Unsatisfactory)

Way forward

Issues/Challenges

- 1. Concept note has been prepared to improve and establish quality labs to ensure quality of local infrastructure.

- 1) Follow up DDCs to speed up procurement of lab equipments and hiring of lab technicians for new and existing quality

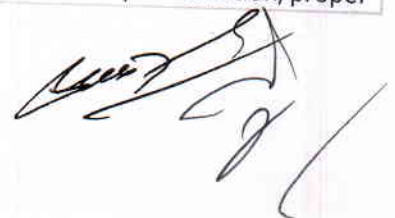
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| <ol style="list-style-type: none"> 2. Mapping of existing quality lab completed. 3. 22 districts received financial support for strengthening quality labs. 4. Technical staff of 72 new Municipalities have been trained on local infrastructure development. 5. Infrastructure Development Division have fully been staffed and in operational. 6. Guidelines for preparation of Municipal Transportation Master Plan has been prepared and circulated to 72 new Municipalities. 30 old municipalities are also developing. 7. Four sample model office buildings for new Municipalities have been designed 8. Vital registration and Social Protection MIS software has been prepared and implemented in Lalitpur, Palpa, Jhapa, Ilam and Kathmandu Municipality City. 9. 14 districts established MIS and data entry has been completed for vital registration and social protection. 10. Additional 20 Community Mediation Centres have been established. | <p>lab</p> <ol style="list-style-type: none"> 2) Expedite process of developing training manual on local infrastructure development works and approach manual on WASH. 3) Organize capacity development training to VDC/Municipality technicians. 4) Develop monitoring mechanism for cash transfer and distribution of social protection allowance. 5) Develop ToR for harmonizing models for community mediation practice by MoFALD , USAID, JICA , Danish and other. 6) Lack of trained technicians for smooth functioning of existing labs. 7) Weak coordination between VDC and health centre to improve vital registration particularly birth and death registration. 8) Poor/no data/internet connectivity at districts and VDCs level to implement MIS system effectively. To overcome this, discussion is ongoing with Nepal Telecom to manage this system. 9) |
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**Output
7 (Moderately
Unsatisfactory)**

Way forward

Issues/Challenges

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| <ol style="list-style-type: none"> 1) District Periodic Plan (DPP) is in place in 18 districts and preparation of DPP is in progress in 21 districts. 2) Draft report of baseline and perception survey has been prepared 3) Renewable Energy Programme has been implemented in 4 districts and 11 Municipalities. 4) Environment Friendly Local Governance Programme (EFLGP) has been implemented in 12 DDCs, 33 Municipalities and 60 VDCs 5) Local Climate Change Adaptive Living Facility (LoCAL) has been implemented in 2 districts (Dhading & Rupandehi) and 6 VDCs. 6) Gender responsive budgeting localization strategy has been prepared (draft). Shared with RCUs and some of | <ol style="list-style-type: none"> 1. Intensive monitoring and reporting on EFLG related activities- NRREP, LoCAL, EFLGP 2. CFLG will be rolled out in 15 DDC and 14 Municipalities in this trimester. 3. LBs have prepared annual plan 2015/16. Information on use of 35% of fund on targeted group will be available at the end of the 3rd trimester. 4. GRB will be rolled out in 64 DDC and 11 Municipalities (GRB Committee formation, Orientation/ trainings and Gender Audit) 5. Annual Development Plan of local bodies prepared through participatory planning process is activity oriented and there is no link with periodic plan. 6. Incorporating environment and climate change issues at local level planning. 7. Effective implementation/proper |
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	<p>the DGEs/UGEs.</p> <p>7) CFLG has been adopted in 60 DDCs and 44 Municipalities.</p> <p>8) Web-based Reporting System has been adopted by all the DDCs.</p> <p>9) DPMAS has been implemented in 5 DDCs.</p> <p>10) GRB piloting in 11 districts (conduct training, develop GRB software, desk review)</p> <p>11) Trained and mobilized 16 persons as GRB resource person in 11 pilot districts</p>	<p>utilization of gender responsive budgeting practice by LBs.</p> <p>8. EFLG is being a new concept but bringing its message up to settlement level planning is a challenge.</p>
Output 8 & 9 (Unsatisfactory)	Way forward	Issues/Challenges
<p>Note: Overall status unsatisfactory as indicators planned with the assumption that structure will be designed by this year. Thus, indicators in this group need to be revised.</p>	<ol style="list-style-type: none"> 1) Established 133 new Municipalities with that total number of Municipalities reached 191. Number of VDCs reduced to 3276. 2) LSGA amendment bill has been forwarded to Development Committee from parliament to make LBs more inclusive and auditing of VDCs by Office of Auditor General. 3) The MoFALD has been restructured with 6 Divisions and 22 Sections. 4) Draft report on LBRAR has been circulated to DDCs for comments. 5) The MoFALD has signed MoU with Ministry of Health and Population to conduct basic health programme in 6 districts. 6) Federal Affairs Division and Federal Affairs Section has been established and functional. 7) Developed concept note on sub-national governance in federal context. 8) National workshop on necessity, structure and service delivery modality through the district tier/local government in the federal governance context was organized. 	<ol style="list-style-type: none"> 1. Local governments categorized and restructuring plan has been started to implement with new Municipalities declaration and further categorization is under discussion in the MOFALD 2. Local resource Mobilization Guideline amendment plan has been approved and a taskforce is working on it. 3. Draft report of LSGA revision study to incorporate child friendly provisions is being discussed 4. LBFC restructuring study is ongoing. 5. Action plan of the basis of recommendation of Federalism workshop with CA members and other experts is under preparation and integration with ongoing fictional assignment study 6. Decentralization Implementation and Monitoring Committee meeting is not taking place since long time. 7. Delay in the formulation of constitution has led to uncertainties to move forward on some of the policy and reform activities.
	Financial Status as of 15 March 2015	
	Total expenditure so far Rs. 10.045 Billion which is about 49.8% of the total budget	

outlay. Under the GoN budget about Rs.9.07 Billion has been spent which is 42% of the planned budget and under JFA 935.7 million has been spent which is about 36.1% of the planned budget and under PPSF Rs. 360 million spent which is about 50.7% and the lowest spending so far has been under SPMP which is only 39.5% which is under 6% of the planned budget, this will pick up as two major contractual obligations will be disbursed in the coming months.

General Policy Issues (Proposed)

- LDTA has request the MoFLAD to determine the remuneration package of Social Mobilization and Curriculum Development expert and Communication Monitoring and Reporting officer. As per the LDTA regulation, it can only manage basic salary as per the GoNpay scale while the requirement for the expert is up toNPPP III level of PPSF. So this needs to be discussed.
- Shift the duty station of UGEs from existing old municipalities to new municipalities. It is expected that stationing UGEs in new municipalities will substantially increase the capacity of the new ones while still need of over sighting the old municipalities.
- Provide grants to Local Development Fund to carry out activities as provisioned in Social Mobilization guideline. The local development fund have been demanding fund to carry out SM activities.
- Remuneration of community volunteers to be fixed at Rs.500 per session because the salary has not been fixed yet.
- Increase the grant to WCFs from Rs.3, 000 to Rs.6, 000 per annum and increase the number of meeting from 4 to 12 meeting per annum. Currently, assigned over sighting function of the community.



- Assign community nurse in Raautte settlement in Surkhet and Dailekh District with special remuneration. Formation of 3-6 CACs in this community and to provide nurse and SM to the targeted beneficiaries. Their remuneration needs to be doubled as they need to be living close to their community.
- Increase the salary of Social Mobilizer from Rs.10, 000 to Rs.12,000.

Feedbacks, comments and suggestions from the participants

Remarks by Laura, DFID

Ms. Laura appreciated the progress update and comprehensive presentation. It was informed that preparation of NPPR of local governance sector is ongoing and key issues & challenges included in the presented can be an opportunity to address.

Issues of concerns noted as:

- a) It was underlined that FRRAP has been under revision since long time and really needs to be implemented as soon as possible in order to measure progress against it. There is already a PEFA assessment and also the PETS assessment is planned, not sure if anything may drastically come out of these assessments that might need to be included under FRRAP and if so those can be additional. As learnt from recent news, fiduciary risk is under scrutiny in UK papers. DFID is receiving its internal auditors next week and thus underlines its need to prioritise fiduciary risk management. Also, considering the implementation status of the SPMP which primarily looks at this areas is very slow, it needs immediate attention for effective implementation. The FRRAP should be implemented with no further delay. There is a general consensus on this amongst all the DPs.
- b) The recent workshop/national debate was welcomed. However, discussion on this particular output needs to be revitalised with DPs and the MoFALD.

Remarks by Jean Francois Cuenod, SDC

Mr. Jean pointed out the need to highlight plan of action or a correction made to mitigate the problems on audits and monitoring of audits such that it does not occur in the future because such problems gives bad image to the programme.

In case of fund transfer –there is still a problem in release of budget to LBs on time and at the same time there is a challenges that LBs rely heavily on centre for the budget, thus not very proactive in raising their own local revenue. If both the issues are not addressed in time, there will be bigger challenges to face in days to come. Hence, increasing capacity of LBs should be a priority.

Issues of concerns noted as :

On LSP hiring, only 50% have been achieved by the end of March, how rest of the 50% will be achieved by the end of the year is a concern.

UCPA data collection is in progress but the question is on the quality of data.

The decision of the NPC not to publish the second part of the Red book is a very strategic and important decision. It was noted that as observed from the field, LBs seem unsure how to address this new situation. Are they going to publish? How are they going to publish? It must be ensured that before the NPC, the information must be received from DDCs. What MoFALD leadership is coordinating with other sector ministries? How is the coordination on the information second part of the red book?

Regarding pending issues of holding DIMC meeting, it should take place sooner than later. The discussions on federalism and other crucial structures need to be discussed at the DIMC level.

Remarks by Kala Nidhi , MUAN

Mr Nidhidraw the attention regarding the restructuring of LBFC as the country itself is debating on restructuring. It was noted that revenue part is often overlooked at Sub- NAC discussions. It was also mentioned that not enough efforts are being made to implement IPT and local revenue generation at LBs. Past CA documents has specific responsibilities drawn for LBs where tax collection and IPTs are under the jurisdiction of the state governments. At the moment, MUAN is brainstorming on dividing responsibilities regarding revenue assignment to municipalities and the centre because the division of responsibility and power is symbiotic.

It was pointed out the agreement made by the Secretary with GIZ to develop capacity of the new municipality whereby a clear responsibility for MuAN, stakeholders and local governments has been spelled out.

How climate change related strategies and policy will be incorporated in LBs annual plan and periodic plan is an issue. These issues need to be taken into account by the important forum.

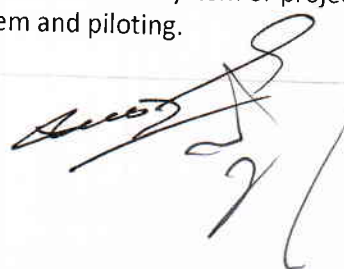
Remarks by Siddhant Vikram, ADB

Mr. Vikram mentioned that timeline to be included in AMEP where status is mentioned as in progress. Since, there are many activities ongoing at the same time, without a timeline, it would be very difficult to keep tracking of the activities. It will allow for atleast to request the DP cell for a status of the progress, if provided with a timeline.

Disappointment to see SPMP disbursement as less than 6%. A lot of key activities of the SPMP are related to FRRAP. The intention of the FRRAP is to provide a foundation to governance and PFM structure across all the outputs of LGCDP II. Thus, it is concern of all output groups. If lacking to implement some of the core functionalities of the FRRAP, many of the other activities sustainability will be comprised. It has been in transition so much and updated all the time. It was also recognized that since it is so thinly spread out across all output groups, it is difficult to know what the actual implementation status is but related to PFM and governance issue, it seems lacking. Since funding is available and if staffing is an issue, GoN is in strong position to bring it from outside. It is up to the GoN to take ownership of it and to take it forward. PETS will be completed within this calendar year and it is under the process of RFP.

It was noted that a lot of recent reports mentions the absenteeism of VDC secretaries from their duty stations. It is a concern because, especially in this environment where it is claimed that the environment has been improved.

It was queried whether revenue administration development has been envisioned as a system or project? If it is a system, ADB is already developing municipal revenue administration system and piloting.



VDC accounting software is implemented in 250 VDCs. It was expected that for the last 5-6 months a very aggressive VDC accounting software training would be imparted. It was clarified that the 600 additional is outside 250 VDCs. But by end of this year it should reach 1000 VDCs as this is part of the tranche condition.

Remarks by Durga Prasad Khatiwada, UNWOMEN

Mr. Khatiwada thanked for very comprehensive presentation with sufficient data and lots of interesting information but with rooms for improvements. Participation of women in ward level planning is only 40% and their participation in DDC and Municipality council is only 30%, should try to increase this by 10% in the next plan and also should get sex desegregated data for most of the key activities.

Remarks by Chakrapani Sharma, MOFALD

Mr. Sharma appreciated the comprehensive presentation but with little coverage on energy sector achievements, in which about 24 million NPR has been spent for 4 DDC and 9 Municipalities inclimate resilience activities. LGCDP has allocated grant about 10 million NPR, but the demand is very high and need at least 100 million NPR to do something meaningful and concrete in this sector. In case LGCDP spending is low in other activities, reallocate the unspent amount in environment sector where it is will be able to spend and provide results.

Remarks by Parshuram Upadhyay, NAVIN

Mr. Upadhyay mentioned that there are few important priorities that need to take up, one of them is holding of the local election, which is still not the priority of the government, and need to push this even further and get the government to act. Also the government is planning to bring two new ordinance, but the LSGA is still long pending, if this is the attitude of government with regard to local governance, this is very discouraging. The other concern is regarding declaration of new municipalities, this is a welcome move, but in terms of public awareness, about what it means to be part of municipality amongst the citizen is lacking. There is no any awareness building or public communication on the merits of being classified as municipalities. This need to be taken up on priority or else this can create lots of challenges in the future. NAVIN is committed to stand by the government to help create these awareness and also help to encourage large VDCs to align with other VDCs and upgrade to new municipalities. The MoFALD has sent lots of funds to LBs on an ad-hoc manner, this is not good and it undermine all the efforts that the LGCDP is putting to strengthen the local level planning mechanism and urge the ministry to ensure that resources are channelized based of the local level 14 step planning mechanism.

Remarks by Bijay Thapa, UNFPA

Mr. Thapa made a query on the status of DPMAS, which is currently implemented in 5 DDCs. This system is used for reporting progress on the indicators, but before doing so, it is necessary to know if DPMAS is functional. Hence it would be beneficial if details information on this and also based on the DPMAS assessment conducted by DFID circulated through DP Cell, where three options were recommended, what is the status and what is the government position on adopting one of the three recommendation to further strengthen and roll out DPMAS.

Remarks by Yam Nath Sharma, UNDP

Mr. Sharma thanked for detail presentation. He highlighted on the status of AQAA, where the international consultant/team leader is on board and two national consultants will be on board soon. With regard to the transfer of UDGs from old municipalities to new municipalities, it need more discussion especially given that there are uncertainties with regard their current engagement which is only till end of this year, moving them

to new municipalities for few months might not be very meaningful. Also the fact that it is already in the process of developing a road map for the new municipalities, it should wait to get more clarity on how to support the new municipalities. With regard to the policy level issue specifically related to output 8 and 9 it needs further discussion at the high level as how to move on these key policy issues.

The recent event organised by the ministry with the CA members is encouraging, where discussion on the role of DDC and local bodies were also discussed. This has opened up some opportunities to engage in policy dialogue, which should further support the ministry and the federal affairs unit of the ministry. There is a need to link with other similar programme, like PREPARE which is led by Ministry of General Administration is working on transitional functional assignments of 5 core sectors, education, health, drinking water, transportation and agriculture, with focus on expenditure assignment under the federal structure. Also there is a plan to work with the MoGA on the transitional administration as a whole and also there is a high level commission under the Ministry of Finance working on transitional revenue assignment and administration under the federal structure.

Remarks by Yuka Kitamatsu, JICA

Ms. Yuka mentioned that JICA is planning to start 4 year project to support LDTA which will be focusing more on the strengthening analysis and research capacity of LDTA and the LDTA- IDP is not part of the JICA support and need to discuss how to support this aspect though LGCDP.

Remarks by Anjali Pradhan, UNICEF

Ms. Anjali thanked for the comprehensive presentation and mentioned that action taken on NAC decisions in each of the outputs need to be included. Stakeholders like MUAN and NAVIN are contributing to LGCDP programme, but there are no opportunities to highlight their contributions in formal forums, hence need to find mechanism to provide opportunities where they will be able to share their contribution. UNICEF is conducting mid-term review in 2015 and one of the focus area is on Child Friendly Local Governance. UNICEF is supporting on results based planning for the DPPs.

Remarks by Vibeke Sorum, Norwegian Embassy

Ms. Sorum thanked for detail update on progress and made an query on the status on web based reporting system, publishing the report corruption cases and the verdict by the anti-corruption agency as these cases to be made public through the MOFALD website and also on the progress on actions taken to ensure the quality of District Periodic Plans. Another concern was related to quality of human resources and sustainability of human resources, which need to be addressed in a more systematic manner. Also made a query regarding concrete plan for conducting local elections, which is also a pre-condition to the success of the LGCDP-II.

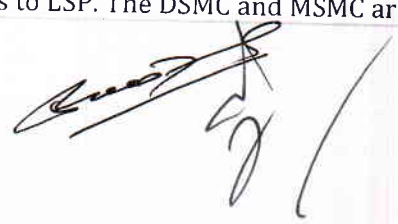
Remarks by Prakash Regmi SDC

Mr. Regmi made a query regarding the status of human resources for LGAF secretariat, as the CSO have been hired and they are conducting activities which need to be closely monitored.

Response on comments, suggestions and queries by Purusottam Nepal, NPM.

Mr. Nepal thanked all the participants for valuable suggestions and comments. With regard to VDC accounting software, where a roll- out plan is prepared and will cover additional 600 VDC, and it is planned to cover additional 850 VDCs by the end 2014/15. Regarding LSP procurement, it was delayed due to submission of inadequate number of EOIs and re-advertisement for Eois. It is expected to complete the hiring process before the next Sub-NAC meeting.

Regarding UCPA data, a circular has been sent to all the RCUs informing that UCPA data of all the VDCs and Municipalities should be updated before handing over of Social Mobilizers to LSP. The DSMC and MSMC are



given responsibility to update UCPA data.

With regards to IPT, 54 municipalities have adopted IPT, currently there is an issues if they need to collect IPT or house and land tax, without incorporating this in the act it cannot be enforced. The new municipality road map consulting team is on board and they will prepare new municipality capacity building development road map which will help to have planned intervention for the new municipalities.

Regarding low spending in SPMP, it is due current web based tracking system where it is difficult to segregate between SPMP and JFA pool funds, and trying to correct this, one it is done perhaps the SPMP spending may be higher.

Regarding the next year budget ceiling, it is estimated to be about 120 million USD, but depends on receiving the full committed amount from DPs. It was agreed to use all the available budget for the next financial year. With regards to PRF, the draft report will be available before the next sub NAC and the final recommendation will be presented to NAC.

Closing remarks by Reshmi Raj Pandey, NPD

Mr. Pandey thanked all the participants for active participation and mentioned that there are many valuable suggestions and comments which will be taken into account to improve the performance in the future. He mentioned that there were two important achievements viz. a) performance contract signed with all the LDOs and EOs across the country and b) NPC decided not to publish the part two of the Red Book.

It is realised that the VDC offices are very weak and VDC Secretaries are also burden with many things, in fact the government is spending about Rs.650 million in a year as the salary of the VDC Secretaries, but resources spent to monitor and oversight on these VDC Secretaries is almost 10 times higher than amount spent on the salary of VDC Secretaries, on a very conservative estimate it is about Rs. 10 Bn. He requested DPs to earmark some of the resources to facilitate the capacity development of VDC secretaries.

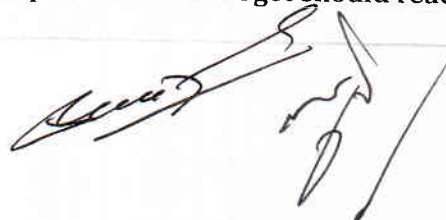
With regards to organizing the DIMC meeting Mr. Pandey mentioned that efforts are underway, but conducting the local election is key priority of the ministry at the moment.

Regarding the human resources for LGAF, it was assured to complete recruitment within the next two weeks' time

Regarding the justification to increase remuneration of Social Mobilizers from Rs.10, 000 to 12,000 per month, Mr. Pandey mentioned that SMs are the backbone of LGCDP and their role is crucial and critical, it is fair to increase their living allowance by Rs.2000.

Key recommendations and decisions.

1. **Endorsed the proposed action points against all the outputs to improve the overall AMEP rating in the third trimester.**
2. **Recommended to implement the FRRAP with no further delay and agreed to form a working group with chief of Finance Section and output 4 DP lead and DP cell.**
3. **Complete the hiring of remaining LSPs before the next Sub NAC.**
4. **MoFALD to continue with its efforts to conduct the DIMC meeting**
5. **Include timeline in the AMEP reporting where it is mentioned as "in progress".**
6. **MoFALD to ensure that VDC accounting software implementation target should reach 1000 as part of the tranche condition.**



7. Organize public campaign in new municipalities to orient citizens on the changes that new municipality will bring both in terms of services and obligations.
8. Review the DPMAS assessment study recommendations.
9. Review the Sub NAC and NAC presentation and DP Cell to come up with alternate presentation template.
10. Publish brief status on the final verdict announced against each of the corruption case by the anti-corruption agency in MoFALD web-site.
11. Provide update on the steps taken by MoFALD on ensuring the quality of the district periodic plans.
12. Provide UCPA data to development partner by 15th July 2015.
13. Agreed to utilize remaining expenditure (from the JFA DPs against current bilateral agreement) JFA as per the agreed plan in 2015/16 ASIP.
14. Delegated authority to TASC on the proposal to transfer the U/DGEs to new municipalities.
15. Approved to fix the allowance for community volunteer, at Rs.500 per session to a maximum limit of 52 sessions in a year.
16. Endorsed the proposal to increase the remuneration of Social Mobilizer from Rs.10, 000 to Rs. 12,000 per month.
17. Endorsed to increase the WCF meeting grant from Rs.3000 to Rs.6, 000 and increase the number of meetings from existing 6 meeting to 12 meeting in a year.
18. Endorsed the proposal to assign community nurse in Raute settlement in Surkhet and Dailekh districts with special remuneration package.

Participants List:

S.NO	NAME	DESIGNATION	ORGANIZATION
1.	Mr. Reshmi Raj Pandey	Joint Secretary	MoFALD
2.	Ms. Laura Leyser	Governance Adviser	DFID
3.	Mr. Jean Francois Cuenod	Head of Cooperation	SDC
4.	Yuka Kitamatsu	Resident Representative	JICA
5.	Mr. Vibeke sorun	First Secretary	Norwegian Embassy
6.	Mr. Sid Vikram	PFMSP	ADB
7.	Mr. Durga Pd Khatiwada	Programme Specialist	UN Women
8.	Ms Sita Pariyazar	Under Secretary	MoFALD
9.	Mr. Kalanidhi Devkota	Executive Secretary	MuAN
10.	Mr. Prem Sharma	Executive General Secretary	ADDCN
11.	Mr. Parshuram Upadhyay	Exe. Director	NAVIN
12.	Mr. Arun Regmi	Governance Advisor	LGCDP
13.	Ms. Resu Karki	CO	LGCDP
14.	Mr. Bijaya Thapa	Asst. Representative	UNFPA
15.	Mr. Yam Nath Sharma	Asst. Country Director	UNDP
16.	Mr. Bal Sagar Giri	Under Secretary (Law)	MoFALD

17.	Mr. Mahesh Aryal	SDE	MoFALD
18.	Mr. Narahari Bhandari	Under Secretary	MoFALD
19.	Mr. Shyam Shyam Raj Adhikari	Under Secretary	MoFALD
20.	Mr. Bishnu Pd Regmi	Under Secretary	MoFALD
21.	Mr. Ram Prasad Pandey	Under Secretary	MoFALD
22.	Mr. Ram Datta Pandey	Under Secretary	MoFALD
23.	Mr. Prakash Dahal	Under Secretary	MoFALD
24.	Mr. Suman Ghimire	Under Secretary	MoFALD
25.	Mr. Mahesh Raj Timsina	Under Secretary	MoFALD
26.	Mr. Paul Degenholbe	APM	GIZ
27.	Mr. Ramesh Neupane	Under Secretary	MoFALD
28.	Mr. Ishwar Raj Poudel	Under Secretary	MoFALD
29.	Mr. Anil Chandrika	Programme Specialist	DPCell
30.	Ms. Pragyan Joshi	Programme Officer	UNCDF
31.	Mr. Pragya Basyal	Program Analyst	UNDP
32.	Mr. Birendra Parajuli	Accountability & Civil Oversight Specialist	LGCDP
33.	Mr. Niyam Maharjan	LIBC Specialist	LGCDP
34.	Mr. Khim Bahadur Rayamajhi	Under Secretary	MoFALD
35.	Mr. Hem Raj Lamichhane	FDS	MoFALD
36.	Dr. Purushottam Poudel	RBM Specialist	LGCDP
37.	Mr. Ek Raj Sigdel	Environment Specialist	LGCDP
38.	Ms. Nirmala Thapa	GESI Specialist	LGCDP
39.	Mr. Khil Raj Rai	Section Officer	MoFALD/GESI
40.	Mr. Anil Poudel	Section Officer	MoFALD
41.	Mr. Mahesh Pokharel	Procurement Specialist	LGCDP
42.	Mr. Subas Shiwakoti	Under Secretary(Finance)	MoFALD
43.	Mr. Him Lal Adhikari	Account Officer	LGCDP
44.	Mr. Raghu Shrestha	CMS	LGCDP
45.	Ms. Kalpana Shrestha	Under Secretary	LBFC
46.	Mr. Santosh Sharma	SMLIP Specialist	LGCDP
47.	Mr. Chetan Kumar Khatri	Section Officer	MoFALD
48.	Mr. Tulsi Ram Marasini	Section Officer	MoFALD
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51.	Mr. Deepak Neupane	GIS Specialist	LGCDP
52.	Mr. Nagesh Badu	Program Coordinator	LGCDP
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54.	Mr. Prakash Regmi	P. O	SDC
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56.	Ms. Anjali Pradhan	CFLG Unit Chief	UNICEF
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