

**Government of Nepal**  
**Ministry of Federal Affairs and Local Development**  
**Local Governance and Community Development Programme-II**

**12<sup>th</sup> Sub-NAC**

**Meeting Minute**

Date: 2 October 2015

Location: MoFALD Meeting Hall

Start time: 2:00 pm. End time: 4:00pm

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

DP Focal Person: Ms. Laura Leyser, DFID

DP Co-Focal Person: Mr. Dipak Elmar, SDC

The 12<sup>th</sup> Sub NAC meeting was organized to discuss the status on previous Sub NAC decisions, responsibility matrix, T3 FMR, status on recovery and reconstruction and the impact on LGCDP II implementation with the ongoing political unrest in Tarai. A brief presentation was also held to update action plan prepared to initiate activities related to federalism in new constitution. Key highlights, discussion points and decisions are given below.

Welcome and Opening Remarks by the Chair

Mr. Reshmi Raj Pandey welcomed the participants and highlighted main agendas of the meeting. Mr. Pandey mentioned that responsibility matrix is prepared to give ownership to all the sections of MoFALD in implementation of LGCDP activities. He mentioned that efforts are underway to release budget to construct VDC temporary buildings in earthquake affected districts.



### Opening Remarks by DP Focal Person

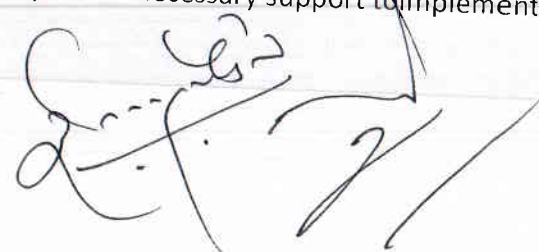
Ms. Laura Leyser, on behalf of all the development partners thanked MoFALD on holding the Sub NAC meeting in timely manner despite the challenging circumstances and welcomed the promulgation of new constitution. She noted that the new context will have likely implication for Nepal and local governance, and LGCDP as a programme. The effectiveness of the earthquake emergency relief fund was reiterated. However, concern was expressed on the lack of progress in building temporary VDCs buildings while winter is at doorstep. She also thanked MoFALD for the project proposal on recovery and reconstruction to restore local services. Mentioned that DPs are looking at detail programme design that includes earthquake resistance building design, quality assurance, and monitoring and implementation modality.

LGCDP's remarkable progress in social mobilization, accountability, result based monitoring, capacity building and other important areas were praised. Likewise, expenditure of 98% of JFA budget and 87% of LGCDP budget in 2014/15 was appreciated. Attention was drawn towards government's funding commitment to LGCDP. The programme document states over 1 billion USD commitment from GoN to LGCDP II and only one third support has been received till date. Therefore, it was requested to provide clarity on the funding from the GoN for the next one and half year.

Progress made in implementing NAC decisions was appreciated. Also, appreciated the preparation of ASIP 2015/16 and responsibility matrix which is an important step to ensure LGCDP is owned at the ministry. Acknowledged challenges of the ministry in implementing PRF. However, the next step should be to expedite recommendations made by the PRF task force and start hiring Programme Officers at the earliest.

Thanked the MoFALD and UNDP for the retreat with PCU and RCUs staffs on TA and the way forward. DPs are looking forward to supporting MOFALD in implementing the recommendations. The Mid Term Review (MTR) team is currently working on a draft to draw its modality. MTR is vital to assess progresses made so far, any alterations needed, potential on further local governance support after LGCDP II.

Finally, it was noted that the reconstruction need is very important and DPs are happy to provide necessary support to implement the programme.



Mr. Eshor Poudel, National Programme Manager highlighted the status of previous Sub NAC decisions, responsibility matrix, Status of previous Sub NAC Decisions, FMR, PRF, and restoration of services of local bodies which is given below.

It was reported that most of the decisions of the previous Sub NAC meeting have been complied with. Some of the key issues were:

- i) Final verdict announced against each of the corruption cases by the anti-corruption agency published in MoFALD website.
- ii) The Taskforce/technical team revised the ASIP and presented to NAC and endorsed.
- iii) PRF taskforce constituted and provided recommendation on way forward
- iv) Most of the AQAA recommendations have been complied and are under progress

#### Responsibility Matrix

Responsibility Matrix 2015/16 based on ASIP is prepared for smooth implementation of LGCDP II activities with full ownership of concern sections of MoFALD.

#### T3 Financial Monitoring Report (FMR)

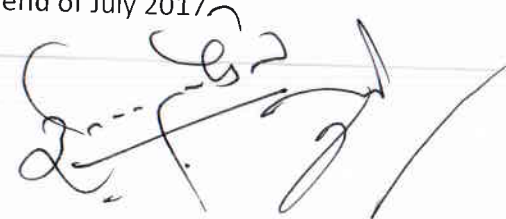
It was highlighted that despite the devastating earthquake FMR was very good. The overall budget expenditure at the end of the FY stands at 97.2%. On the other hand, the closing balance for the statement of Cash Flow and balances at FCGO as of 6 July 2015 is in deficit; almost US dollar 28.5 million – to be reimbursed to GoN. Thereby, it was requested to DPs to have the stakes accordingly.

Similarly, in terms of status of DP commitment, disbursement and outstanding as of 16 July 2015 stands at 51.2%. The Crown Agent was also acknowledged for deriving the status.

#### PRF status

The PRF taskforce met on 6<sup>th</sup> August 2015 and made some decisions. Some of the key decisions are as follows:

- I) Replace D/UGE by Programme Officers by the end of 16 July 2015. LBs will recruit Programme Officers through their existing recruitment process. Vacant D/UGEs position will not be fulfilled and their tenure shall last until July 2016. Programme Officers shall be on board by March 2016.
- II) Revisit the post of PCU and RCU specialists; organize a national consultation meeting to assess the TA effectiveness and way forward. The existing system in PCU and RCUs will continue until the end of July 2017.



#### Update on Recovery and Reconstruction

MoFALD has prepared proposal to restore local bodies services in earthquake affected districts and DPs agreed to provide technical support to prepare detailed project document which is ongoing. Authorization worth USD 670 thousand has been sent to 670s CACs as unconditional grants in the earthquake affected areas to implement livelihood improvement plan. VDC temporary buildings design prepared by considering geographical condition of VDCs.

#### Update on Mid-Term Review (MTR) of LGCDP II

MTR task team has been formed under the chairperson of Mr. Eshor Poudel, National Programme Manager with representatives from MoFALD, DFID, SDC, and DP Cell. The team is responsible to finalize the TOR and recommend procurement modality.

#### Political unrest and Terai situation

The protracted bandh in the Terai region has affected smooth operation of activities in local bodies and line agencies in some of the districts. Staff advised to observe the situation and avoid unwanted situations. Regular field visits was not possible in those districts. WCFs and CACs meetings in the bandh affected areas of the districts are not regular. Due to limited activities in the first trimester, the situation has not adversely affected LGCDP activities. However, if the situation persists, it cannot be said the same about the future.

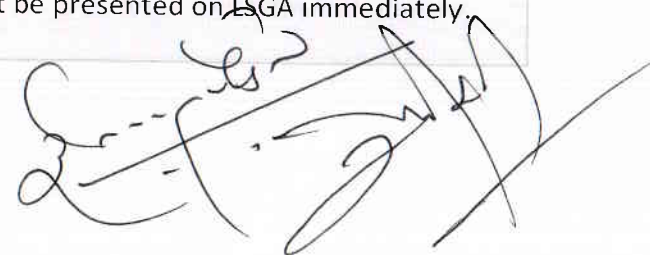
#### Action Plan to support in implementation of Constitution of Nepal 2072

Action Plan to support in implementation of Constitution of Nepal 2072, related to federalism includes study on local body restructuring in federalism, study on formation of provincial and local service commission, study of existing of HR in LBs and readjustment in federal structure. It was noteworthy that preparation to conduct local body election as per the provision of LSGA 2055 is projected within 3 months.

#### Feedbacks and Comments

##### **VDC Association:**

Representative from VDC Association Nepal mentioned that ample discussions with relevant stakeholders are required in restructuring of local bodies in line with new provinces, urban and rural municipalities as envisioned by the new constitution. Also, the constitution envisions holding of local election within next 6 months, thus the proposal/presentation on the new constitution must align priorities and activities accordingly. Also, the amendment bill must be presented on LSGA immediately.



**ADDCN :**

Representative from ADDCNN mentioned that the new constitution will not affect the LGCDP II programme implantation period. Hypothetically, it will take 3-4 years to carve out local bodies and fully implement the provisions of new constitution. Also, the first parliament session held on 02 October 2015 states that for next year, same laws will be continued. Following enactment of new acts/laws, the previous laws will be annulled. Political parties are keen on holding local elections.

**UNDP:**

UNDP representative noted that if the local election is to be held on the existing structure, there may not be potential effect on the programme. However, in case of output 9 which focus on federalism, it is pertinent to start discussion on how existing activities and indicators can be incorporated in line with new constitution.

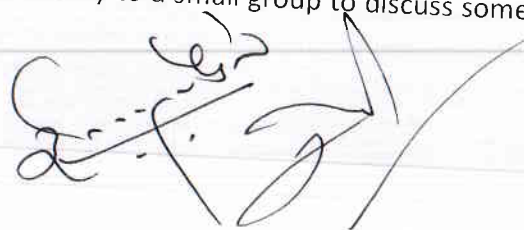
It was also reported that more focus is required in terms of how programmatic framework can be designed in federal structure? How it can be linked and sequenced? If local bodies are to start practicing the power entitled by the new constitution, the current VDC structure is not able to support it. Hence, VDC restructuring is vital.

Regarding PRF it was pointed out that ministry calls the meeting of the taskforce to discuss way forward so that Programme Officers are in place before the tenure of D/UGEs so that there is enough time to overlap and handover.

**Norway:**

Representative from Norway highlighted that there are many issues that PRF taskforce needs to address many issues including institutional guideline on local recruitment. For that, the task team needs to agree on a deadline. Thereby, there is immediate need for the task team meeting. It was also pointed out that PPSF support is only up to Dec 2015 except for Pillar III. Thus, the meeting needs to be called urgently. ProDoc needs to be revisited so that the changes can be brought to the next Sub NAC for discussion and decisions. Moreover, the plan and activities addressed by the ASIP needs to be revisited after the promulgation of the new constitution. Thus, it was urged that the Sub NAC meeting gives authority to a small group to discuss some of the annual targets and activities in line with new constitution.

Likewise, it was suggested to organize output 9 group immediately.



#### **UNWOMEN:**

Representative from UN Women noted that proper representation of women has to be made in all commissions (e.g Dalit, Tharus, Muslims) formed by the ministry under the new constitution.

#### **GIZ:**

Representative from GIZ underlined that along with other structures, roadmap for new municipalities under the new constitutional settings needs to be revisited as well and thus, requires more discussions.

#### **USAID:**

Representative from USAID acknowledged that under the circumstances, there is lack of clarity on reconstruction in earthquake affected districts. Sajdheri, a USAID project while working on number of districts have observed a lot of angst at the local level, DDC and VDC level.

#### **NPD**

Mr. Reshmi Raj Pandey, welcomed all feedbacks and suggestions. Mr. Pandey, acknowledged that recruitment of Programme Officers is very urgent and will be initiated soon. Likewise, extending or incorporating programme support for building temporary building for LBs, permanent VDCs building including reconstruction of public houses are important issues that needs to be discussed. It may have some impact on ASIP and output area. Likewise, 42% of the population has come to organized constitution. The number of VDCs has come down to 3157. Thus, roadmap and functionalizing new municipalities is also a core activity.

#### **Decisions**

- 1.) Existing system in PCU and RCUs will continue until the end of July 2017.
- 2.) Vacant DGE/UGEs positions will not be fulfilled. Their tenure shall be extended until the end of July 2016.
- 3.) Tentative dates for the next NAC is 30<sup>th</sup> Nov, 23<sup>rd</sup> Nov for Sub NAC and 6<sup>th</sup> Nov-FRR meeting unless otherwise. Any changes shall be immediately discussed.
- 4.) Output 9 meeting to be held soon



- 5.) PRF TaskTeam also need to revisit PPSF (TA) support ProDoc so that the changes can be brought to the next Sub NAC to discussion and decide upon
- 6.) Next meeting of the PRF task team to be organized soon by MoFALD

Closing remarks by DPCo Focal Person- Dipak Elmar

Mr. Dipak mentioned that overall activities of LGCDP II are very much in track. Broadly, it is satisfactory. In particular, there has been encouraging results in demand side strengthening. The overall expenditure is rather impressive. Having said that, Ministry needs to further comply with audit observation. Similarly, reimbursement of fund is necessary. Forward looking, governance support is steering towards huge opportunities with the promulgation of federal constitution. Thus, a comprehensive roadmap for the restructuring of state and LBs is needed to coordinate and transition the process which could also lay a foundation for programmatic basis. Technical roadmap is essential to understand the political implication. On the reconstruction- 5 months has passed since the earthquake. LGCDP/MOFALD has a role to play in the process and DPs are committed to support MoFALD on it.

Looking forward, Mid Term Review is a very important learning exercise to look back on the progress, lesson learnt and how to achieve we could have achieved more. It is also a forward looking exercise for a potential to support governance programme in the future. Finally, the representative made note of couple of suggestions-

- UCPA data: urged to make those data available as soon as possible for the targeted programmes.
- Local PEFA and PETs exercise- to be made available before the MTR. The results will be extremely helpful to guide the MTR

Closing remarks by NPD/Chair

Mr. Reshmi Raj Pandey welcomed the discussions and feedbacks. Acknowledged that the feedbacks will be well incorporated. Agendas were duly discussed. Guided by the new constitution, LBs restructuring process will further strengthen it. He also noted that MoFALD's role has greatly increased with the promulgation of the new constitution. The federal affairs part has been active under the new settings. Local level restructuring commission and others needs to be achieved within a year. DPs have been very supportive and expected continued commitment. Danish government has curtailed its global aid. There will be consequences to support given to Nepal also. However, LGCDP II support as promised should be continued. Mr. Pandey thanked all the



participants for active participation in the meeting

**Participants List:**

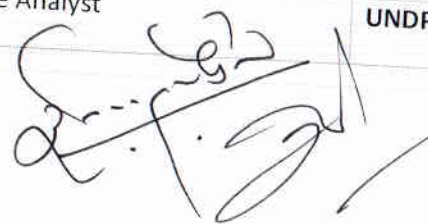
<i>S.NO</i>	<i>NAME</i>	<i>DESIGNATION</i>	<i>ORGANIZATION</i>
1.	Mr. Reshmi Raj Pandey	JS	MoFALD
2.	Dr. Hari Poudel	JS	MoFALD
3.	Mr. Ram Dutta Pandey	US	MoFALD
4.	Mr. Rishi Raj Acharya	US	MoFALD
5.	Mr. Bijaya Raj Subedi	US	MoFALD
6.	Mr. Gopal Adhikari	US	MoFALD
7.	Mr. Narahari Bhandari	JS	MoFALD
8.	Mr. Chakrapani Sharma	Us	MoFALD
9.	Maki Tsumagari	Governance Advisor	JICA
10.	Mr. Parshuram Upadhyay	ED	NAVIN
11.	Ms. Pragyan Joshi	PO	UNCDF
12.	Ms. Indira Koirala	PPO	UNICEF
13.	Mr. Narayan Pd Pandey	US	MoFALD





14.	Mr. Raghu Shrestha	CM Specialist	DP Cell
15.	Mr. Suman Ghimire	US	MoFALD
16.	Mr. Prem Sharma	ESG	ADDCN
17.	Mr. Purushottam Poudel	RBM Specialist	LGCDP
18.	Mr. Bandhu Pd Bastola	Under Secretary	MoFALD
19.	Mr. Ramesh Sharma	Section Officer	MoFALD
20.	Mr. Bishnu Adhikari	Governance Advisor	DFID
21.	Ms. Sangita Yadav	Programme Officer	SDC
22.	Ms. Sailee Manandhar	Programme Manager	DFID
23.	Mr. Ram Prasad Dahal	Programme Officer (Governance)	UN Women
24.	Mr. Tritha Man Tamang	Programme Officer	UNFPA
25.	Ms. Kristine	Deputy Representative	UNFPA
26.	Mr. Yam Nath Sharma	ACD	UNDP
27.	Mr. Bholu Pd Dahal	Governance Advisor	Norwegian Embassy
28.	Ms. Edh Hamn	Deputy Head of Mission	Norway
29.	Mr. Eshor Raj Poudel	Programme Manager	LGCDP
30.	Mr. Meghan Nalbo	USAID/ Democracy	
31.	Mr. Anil Chandrika	DP Cell	DP Cell

32.	Mr. Purusottam Nepal	Under Secretary	MoFALD
33.	Mr. Prakash Regmi	SPO	SDC
34.	Mr. Diepak Elmer	Deputy Head of Mission	SDC
35.	Ms. Laure Leyser	Gov. Advisor DP Focal person	DFID
36.	Mr. Subash Siwakoti	Under Secretary (Account)	MoFALD
37.	Mr. Himlal Adhikari	Account Officer	MoFALD
38.	Dr. Raghu Shrestha	CM Specialist	DP Cell
39.	Mr. Nama Raj Adhikari	SPO	JICA
40.	Mr. Krishna Chandra Dhakal	Deputy Director	LDTA
41.	Mr. Mahesh Maharjan	MIS Specialist	LGCDP
42.	Mr. Niyam Maharjan	LIBC Specialist	LGCDP
43.	Ms. Nirmala Thapa	GESI Specialist	LGCDP
44.	Mr. C.P. Sigdel	SM LIP Specialist	LGCDP
45.	Mr. Ek Raj Sigdel	LES	LGCDP
46.	Mr. Hem Raj Lamichhane	FDS	LGCDP
47.	Mr. Birendra Parajuli	A& OS	LGCDP
48.	Mr. Jagannath Adhikari	PS	LGCDP
49.	Ms. Sachchi Karki	Programme Analyst	UNDP



50.	Mr. Mahesh Pokharel	Procurement Specialist	LGCDP
51.	Mr. Apurwa Singh	ICT Coordinator	LGCDP
52.	Ms. Reshu Karki	Communication Officer	LGCDP
53.	Mr. Rachana Shrestha	Sr. Officer	ADB
54.	Ms. Laxmi Pandey	US	MoFALD
55.	Mr. Arun Regmi	DCTA	GiZ
56.	Mr. Paul Degenholbe	APM	GiZ

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