

**Government of Nepal**  
**Ministry of Federal Affairs and Local Development**  
**Local Governance and Community Development Programme**  
**Technical Assistance Steering Committee (TASC)**  
**18<sup>th</sup> TASC meeting**

**DATE:** 30 JANUARY 2017  
**LOCATION:** LGCDP MEETING HALL  
**TIME START:** 11:15 AM **END:** 1: 00 PM  
**COORDINATOR:** MR. RESHAM LAL KANDEL, UNDER SECRETARY/NPM

**INTRODUCTION:**

MR. RESHAM LAL KANDEL, National Programme Manager, MoFALD welcomed representatives from development partners, MoFALD officials and PCU experts in the 18<sup>th</sup> TASC meeting. He informed of the recently held consultative workshop where feedbacks were collected from the field on managing the transition phase and other key areas of the programme. Likewise, the preparatory workshop at the center also further provided input for the transition phase. A joint task force was organized which was chaired by the chief of Planning and Foreign Aid Coordination division that held discussion on design of the transition phase. He shared the agenda of the meeting that were mainly on the proposed work plan for the Jan to July 2017, follow up actions taken on previous decisions, presentation of the first quarter work plan for 2017, followed with open discussion.

Mr. Ramesh Sharma, Admin Officer, LGCDP made a detailed presentation of the agenda. The proceedings of the meeting were as follows:

AGENDA	DISCUSSIONS
<b>Main highlights of the presentation</b>	
<b>Status on action taken on the 17<sup>th</sup> TASC meeting</b>	<ul style="list-style-type: none"> <li>- Approved 3rd quarter expenditure and 4th quarter work plan of 2016</li> <li>- Approved the revised PPSF /UNJP AWP 2016</li> <li>- Reimbursement by Norway in process for the high-level Norway visit that was earlier funded from PPSF AWP under activity 6.0.1</li> <li>- Cancelled hiring of Accountability cum PFM experts for RCUs</li> <li>- Yet to initiate the hiring process for the short term consultant required for LBFC (NPPP 1)</li> <li>- Analysis of audit reports of DDCs on progress; PFM experts and Account Officer working together to address issues identified by OAG</li> </ul>



<b>Key Achievements under PPSF in 2016</b>	<p><u>Outcome 1:</u></p> <ul style="list-style-type: none"> <li>- Prepared concept note on new Governance Programme</li> <li>- 318 Executive officers and MCPM focal person, 142 experts oriented on MCPM assessment manual</li> <li>- 29 people trained as resource person on social audit and public hearing</li> <li>- 223 LB officials trained on result based planning</li> <li>- 40 DDC officials trained on DPMAS</li> </ul> <p><u>Outcome 2:</u></p> <ul style="list-style-type: none"> <li>- Strategy for delivering social security allowances through agent banking channels prepared</li> <li>- Study on Borrowing of LGs initiated</li> <li>- Amended the LSGR (7<sup>th</sup> amendment) with a view to consolidate revenue base of municipalities</li> <li>- GIS map of local units prepared for LLRC</li> <li>- Draft bills of six Constitutional Commissions prepared</li> <li>- 19 Members of Parliament and 30 senior government officials oriented on Fiscal Federalism in Nepal</li> <li>- Draft Bill on Local Level Governance prepared</li> <li>- Prepared draft conceptual framework for transitional operation of local level which includes; Organizational management, Plan/programme management, Service management, Fiscal management</li> </ul> <p><u>Outcome 3:</u></p> <ul style="list-style-type: none"> <li>- Facilitated to organize LGCDP DP's consultation chaired by the Minister of MoFALD</li> <li>- Organized regular DP meetings under the direction of the DP chair.</li> </ul>
<b>Major feedbacks from the regional consultative workshop for the transition phase</b>	<p>The feedback received from the regional consultative workshop for the transition phase, were noted as follows:</p> <ul style="list-style-type: none"> <li>- Convert existing Ward Citizen Forums as Community Forum (CF) into Gaunpalika.</li> <li>- Develop graduated CACs as cooperative or establish linkage with existing cooperatives/micro- financial institutions</li> <li>- Prepare Regulations, guidelines and directives</li> <li>- Strengthen system and procedures at provincial and local level</li> </ul>
<b>PPSF expenditure 2016 (USD)</b>	<p>The total TA expenditure is 80% for 2016 (Denmark-62%, DFID-95%, Norway-35%, UNCDF-69%, UNDP-92%, UNV-48%)</p>



<b>Proposed budget for Jan-July 2017 (USD)</b>	<b>Total USD 1,967,765 has been proposed for the work plan for January to July 2017. The output wise budget allocation was shared as follows:</b> Output 1: USD 324,275; Output2: USD 528,160; Output 3: USD91,000; Output 4: USD 502,396; Output 6: USD 252,314; Output 7: USD 205,730; Output 8: USD 63,980
<b>Proposed budget for 1<sup>st</sup> quarter (Jan-Mar 2017) (USD)</b>	Following the presentation of the work plan covering January – July 2017, the first quarter work plan was presented, where the total proposed budget was reflected as USD 752,061.99
<b>Issues and Challenges</b>	<ul style="list-style-type: none"> <li>• LGCDP Focal Persons’ performance and their proper utilization as per programme need</li> <li>• Structure and role of PCU and RCU in transition phase</li> <li>• Linkage and coordination with Sectoral Ministries including NPC and MoF for effective implementation of Federalism</li> </ul>
<b>Key discussions and responses by the management</b>	
<p><b>Mr. Gareth Rannamets, DFID-:</b> acknowledged the prompt management response on incorporating feedbacks of some key issues prior to the meeting. Moving forward, he questioned the credibility of the budget plan of nearly 2 million USD proposed for the next 6 months and enquired on whether the programme would be able to spend the planned budget within July 2017. Given that PPSF only spent 3 million pounds during 2016 over the period of 12 months- which included DGEs/UGEs expenditure of 6 months, hence, he questioned whether the budget proposed was realistic. Mr. Rannamets suggested prioritizing activities based on what can be achieved within the next 6 months in order to be more practical.</p>	
<p>As per the analysis, the outputs 4, 6, and 8 were ones in which there was less expenditure than planned. These outputs mostly contain activities related to studies and trainings. With this background, Mr. Rannamets enquired whether additional studies can be conducted in the next 6 months. He also enquired on the Local Economic Development (LED) activity which includes i \$50,000 grants which may be ambitious and asked for more clarity on the approach. He requested to have further discussion on LED in order to approve the work plan.</p>	
<p>In addition to the financial report, he noted that having expenditures against activity within each output areas would be required for a proper review of the expenditures. Finally, he also noted that PPSF support in drafting Local Governance bill is noteworthy and looked forward to receiving an update on the same.</p>	
<p><b>Mr. Gopal Aryal, Under Secretary,</b> stated that with regards to federalism, it remains Ministry's high priority, in particular structuring of local governments. He shared that LLRC has submitted its report, which has been forwarded to the council of ministers. Once the cabinet makes a decision, it will be published in Nepal Gazette. Hopefully, it will be implemented thereafter. He further noted that a draft Local Governance bill</p>	



has been prepared and is in the process of consultation incorporating widest stakeholders. Likewise, the ministry prepared six different commissions bill. And, hopefully Local election will be announced soon.

**Ms. Vibeke Sorum, Norway:** mentioned that the report of Norway exposure visit from the delegation is yet to be received and enquired when it would be expected to be shared. If not, there really needs to be a discussion whether it is worthwhile to have that much resources, time and effort spent on an exposure visit.

**Mr. Raj Kumar Dhungana, Norway:** added whether the proposed programme is realistic considering the government's procurement process and internal procedure is lengthy. He opined that during this period, more focus will be in preparing for the transition phase. In this context, he questioned whether focusing on completing activities and investing in initiatives such as LED would be appropriate within a short period or invest more time and resources building into the transition phase would be more appropriate. There is lack of clarity on how the proposed activities links with the transition phase since we already are aware of the key focus areas of the transition phase.

In terms of TA support, he enquired how it is foreseen by the Ministry in the future, given that institutionalizing TA support within the Ministry was one of the key outcome of the programme that was agreed upon. He proposed that a dedicated discussion is required on how the TA modality should be for future programming which is critical to all partners moving forward.

In terms of Individual and institutional capacity development initiatives, he enquired whether it is local or international capacity development trainings or visits that have been reflected as it is critical to know how that has contributed towards the effectiveness of the institutions or individual capacity development. It was noted that how these visits have had positive implications on the programme? It is not very clearly articulated in the report either. He noted that perhaps, an institutional discussion is also needed.

**Ms. Manju Lama, Denmark:** In relation to exposure visits, it was agreed upon on the last TASC meeting that there will be a clear follow up mechanism on what will happen after these study visits. With recent Tanzania visit, the participants were also in agreement of the same- how they will contribute to their own or institutional capacity development. It could have also been reflected in the presentation or the report - how some of the achievements highlighted could have been outcome of these visits. She highlighted that It is still a serious concern, especially for Denmark because it is not going to be part of the transition phase after July 2017. Therefore, whatever has been proposed until July 2017, she also noted that it appeared to be ambitious. Also, with regards to exposure visit, she also agreed that there needs to be another discussion before approval.

In terms of financial delivery Ms. Lama stated that there are serious concerns, especially looking at the financial report, in the last 3 years, only 60% of the Denmark funds have been utilized. She noted her concerns on spending the remaining 40% of Denmark funds within the next 6 months as an ambitious plan.

Furthermore, with reference a recent Monitoring Visit, Ms. Lama noted that she had shared the general observations from the monitoring visit to Makwanpur and Parsa last September in relation to there being a disconnect between RCUs and LBs staff. The field observations included



lack of coordination between the two, requiring a conducive environment to be in place, where both parties could ideally benefit from one another's expertise. She noted that there were serious issues raised by both parties but there seems to be no proactive planning reflected on how that coordination and understanding could be improved. Expectations were to have some kind of activities proposed in the plan to address this. She also noted that utilization of PPSF expertise for the remaining period of the programme to address this issue also seems to be missing.

**Ms. Sophie Kemkhadze, UNDP:** acknowledged the receipt of the TASC documents well in advance. She also underlined some concerns with regard to insufficient sharing on exposure visits, not enough sharing or discussion on some of the intellectual products is a major concern. There should be enough measures to prevent it from happening in the future. On international visit, it has to be back and forth all the time. It has to be well planned, has to have specific purpose and strong follow up.

With regard to the budget of almost USD 2 million planned for next 6 months, she noted that the actual planned budget is USD 1.9 mn. She noted that it is rather ambitious because looking at the financial delivery of last year, it was 80% albeit UNDP expenditure was 86%. Still, overall financial delivery was not successful. Also, there has not been a decision on the design of transition phase yet assuming it may have implication on the planning. Thus, careful consideration is needed on planning ahead. Therefore, request everyone involved to accelerate the process in order to have a better planning and for the future of the project.

She also acknowledged the preparation of concept note on the new sub national governance. Also, linking programme to SDGs goals is vital. In closing, she appreciated DPs for their contribution to LGCDP and reiterated that UNDP is committed to stand as a good partner in the future as well.

**Mr. Yam Nath Sharma, UNDP** noted that It is up to the project board to decide whether the planning is realistic or not. He noted that given that the context is very dynamic therefore some level of flexibility is required to respond to the changing context. Given the recent development and likely political scenarios, the proposed activities might need to be reviewed and therefore it demands some kind of flexibility in the programme planning. The proposed plan includes activities which are mostly carried forward from the last year, especially policy related work.

The second point is related to coordination with the line ministries which is vital in the implementation of the federalism. This has been well noted in the concept note for sub national governance. It has emphasized that the Ministry alone will not be able to drive the agenda - coordination with other key institutions such as MoF, MoGA and PMOs is important.

Many of the studies that has been carried out via LBFC can be utilized by the MoF. It needs to be linked. On fiscal finance, recently MoF has asked MoGA to support to carry out a study on inter government fiscal decentralization. Given the recent political decisions and LLRC report, functional unbundling, etc, MoF wanted to see the financial implication of the federalism. In this regard, MoF has asked MoGA to carry a field mission. It is going to be an important work. UNDP has been trying to coordinate and has approached MoFALD, LBs, NPD and the Secretary. Once there is an





agreement, this mission could be jointly funded by PPSF from this programme. It will show coordination and ownership of the institutions. Hence, some budget may be required from this project to support this in the future.

**Mr. Prakash Regmi, SDC:** drew attention on following issues:

- In view of supporting devolution as perceived by the constitution as a whole and not just the programme, activities should be directed towards this and not on continuity.
- he enquired on the implication of the programme if local election is declared in few days, not just TA but the whole LGCDP programme? Programming should be done on the basis of contingency planning.
- he enquired on the type of TA support required in future or the transition phase, given that it has been agreed upon to downsize activities substantially. He questioned what would be the TA like and how it will be provided?
- On the LSGA bill, he noted that it is crucial work for DPs as well - what kind of process will be initiated in the future to have widest stakeholder consultation. He opined that it is vital because it is a bill targeted towards future devolution. As much possible, this has to be discussed at the lowest tier and incorporate feedbacks. There is even opportunity to influence the parliamentarians before the Bill is actually approved in the parliament as it is a time taking process. Thus, activities should be planned accordingly. There is not any limitation of resources but extra support may be provided if required.
- It will also be a sectoral devolution at the local level. Some kind of direction is also required for sectoral ministries to realize rights of local governments provided by the constitution. As discussed with DPs, it is at the level of OPMC. If a platform can be initiated at a higher level, some kind of coordination mechanism among MoF, MOGA, MoFALD, it would be useful. This kind of proposal should be made to the PMO.
- It is necessary to have enough flexibility to review activities in order to adopt depending on political decisions.
- Utilization of study reports in the changed context is vital. There have been more than hundreds report during the period of LGCDP. However, except for few, most will be irrelevant in the changed context. Thus, it is vital to look in to studies and draw relevancy so that future activities can be initiated based on those reports.

**Mr. Sharma, UNDP** shared two recent political decisions, LLRC report and likelihood of local election announcement, which would have an implication on the programme. He noted that If the election is announced, there will be many activities that will have to be accelerated. Hence, programme and projects have to be responsive to support those emerging needs. Although Ministry of Home and Election Commission will be at the forefront during the local elections, MoFALD being the custodian of local government will also have substantial role. Even in the last election, local bodies were mobilized from supporting logistics to voter education and others. Social Mobilisers were mobilized nationwide in preparation of the election. It is therefore necessary to foresee how to mobilize institutions at the local level, considering their usefulness in previous election.



NAC meeting already approved the one year phase and the new programme. Programmatic components are being worked out. In this regard, building on the three components, potential budget and activities need to be discussed. Likewise, TA modality has not been discussed. Depending on the 3 output areas, it needs to be built on.

**Ms. Vibeke Sorum, Norway** reiterated that it is important to take account of all the lessons learnt and experience of whole TA support provided, especially with regards to securing future funding. Since there is no evaluation of the programme, a discussion is required on at least making sure that key lessons of the programme is documented as much as possible. Regarding audit arrears, she enquired whether this 6 month's plan has assessed the need for additional capacity or support to settle the audit arrears as decided by the NAC?

**Ms. Pragyan Joshi, UNCDF** shared that UNCDF has planned most of the expenditure under DANIDA funds. It was also shared that the recent transfer of DFID funds was received in December 2016 and additional funds are yet to be transferred (as reflected in the financial report) which will in the current work plan. It was noted that there will be some funds left for the transition phase depending.

It was also noted that many of the activities are ongoing from 2016 such as the borrowing study which is anticipated to be completed by March 2017. The draft report is due soon for which internal consultations would be held. It was noted that for a number of activities indicated in the work plan, either they are at the stage of brainstorming or inception itself including for the LED which is ongoing from the previous year.

With regard to the questions posed on LED, it was shared that the consultants involved in the LED are currently in visiting the selected municipalities. Following the queries and concerns raised by DPs, it was noted that there would be more thorough consultations on this initiative to be led by the Municipal division. It was shared that an interaction meeting was held whereby all municipalities met to identify potential areas in which the Town Development Fund also attended. It was noted that the Municipal Division would steer the LED discussion.

It was also noted that although there has not been any formal sharing of the exposure visit, the experiences obtained from the various visits such as from Norway, Ethiopia and Tanzania have been shared by the Secretary and other officials of MoFALD in various forums such as during the training and interaction session held in December for parliamentarians on fiscal decentralization. Nonetheless, it was acknowledged that there should be a sharing session highlighting the outcomes.

**Mr. Resham Khandel, NPM**, provided clarification on some of the major concerns raised. He noted that the frequently raised questions were on the proper utilization of study reports, lack of sharing on exposure visits and size of the budget.

With regards to exposure visit, he acknowledged that there is limited institutionalization of learnings from exposure visits. Participants may be able to make use of their learnings within their organization and field of work. Although, there are sharing but the continuation of the learnings is the problem. In coming days, he confirmed that the programme will organize sharing events after its completion.

Regarding study reports, it was noted that some studies were completed last year. Perhaps, part of the issue is lack of programming framework. In the changed context, he noted that this needs to be reevaluated for proper utilization of reports and channelize the report within the system.



With regard to the work plan he noted that 50% of the proposed budget is for PCU and RCU. Substantial budget remains for the new programme and for training of elected officials. There is always uncertainty in the planning process; currently, in view of future political decisions, such as local election and implementation of LLRC report. With that in mind, some budget has been proposed for capacity development, trainings of elected officials, and office setups of local governments and hiring of staff. It is therefore the size of the budget is little more than expected. If there is no local election, some part of the budget might not be expended.

He also shared that focal persons of DDCs and Municipalities were oriented to support the implementation of FRRAP and settlement of audit arrears during the regional consultation workshops. He shared that progress is collected on a monthly basis such that maximum audit arrears are settled by the end of the year. Regarding, TA audit arrears, he mentioned that talks are ongoing with the FCGO auditors and that the Secretary has keen interest on this issue and is coordinating with MoF.

**Mr. Gopal Aryal: Under Secretary, MoFALD,** also added that with regard to sharing learnings from exposure visits, participants have utilized their knowledge and skills by providing feedbacks on the draft LSGA bill from within their thematic groups. He also agreed that a report should be shared for a concrete outcome.

He also stated that MoFALD has focused on the process of coordination with various ministries in view of federal context. There was a high level functional management committee headed by the Chief Secretary. MoFALD secretary was the member of that committee and Federal Affairs Section chief was also involved in various coordination process related to various ministries. He noted that in the coming days, there will be further strengthening of the coordination.

Regarding consultation on the draft bills, he shared that the ministry is preparing to go to provincial level if the time allows. It depends on government decisions. It is therefore hard to categorically provide a timeline of events. Nevertheless, consultation is a high priority of the Ministry.

Mr. Sharma, UNDP: shared that with regards to the PPSF audit arrears, NAC had decided to have it coordinated by the MoF and MoFALD to have dialogue with OAG. He updated that the Secretary has already briefed OAG on audit provisions as per the LGCDP programme. The understanding is that there is confusion about JFA provisions in the PPSF audit. The provision no. 47 states that all LGCDP will be audited by OAG. Provision six defines six budget heads within the LGCDP- VDC block grant, municipal block grant, and others. Since, PPSF does not fall under any of the budget heads, the understanding was that OAG auditing is not required for PPSF. This was explained to the Secretary. He has asked to write a letter informing and requesting the OAG of the same. Hopefully, the issue will be resolved soon. However, when it comes to large audit arrears, the issue was of major discussion during the NAC meeting. It is therefore a serious concern if it is not settled within the project period. PCU/RCU staff should also be mobilized to further accelerate the process at the local level



Mr. Hem Raj Lamichhane, Fiscal Decentralization Specialist provided clarification with regards to a few ongoing studies. He mentioned that LBFC is currently conducting two big reports- tax based and borrowing system. Based on the recommendation of tax based studies, LBFC has given a lot of suggestion on LSGA. The borrowing study is not yet completed but key recommendation provided by the consultant has been incorporated in the bill and reports would add value to build on to the laws/acts to be drafted. Thus he noted that there has been and would be utilization of these studies.

Regarding MCPM indicator revision study, he noted that these have been revised and shared at various levels within the Government. It is based on LSGR but due to the changed context, it is not the appropriate time to implement these indicators.

**AoB:**

Mr. Sharma, UNDP shared that UNDP HQ recently assessed LGCDP PPSF as satisfactory among 5 categories as part of its internal quality assurance mechanism.

**Mr. Khandel, NPM** shared that a Joint Task force meeting under the chairpersonship of the Planning and Foreign aid coordination division was recently organized. The programme is hoping that DPs will come up with a proposal for the transition as agreed upon. Linking to that, TA part is to be discussed as well including the size and modality of TA arrangement and accordingly propose for a budget with NPC and MoF.

Additionally, the programme is supporting implementation of MARS in Kathmandu. It is already piloted in 5 wards. KMC will roll out in all wards of municipality. For this, Ministry requires Technical support to coordinate and facilitate. TA expert is required for the implementation of MARS at the Ministry. Therefore, budget is proposed to have few short term service contracts of 2-3 IT experts to be funded from PPSF.

**Mr. Rannamets, DFID** stated that ADB is already providing technical assistance to MoFALD with regards to MARS implementation. Therefore, it would be appropriate that MoFALD to discuss with ADB to ensure that there is no conflict or duplication on this. He also highlighted that discussion among DPs are ongoing with regards to transition phase and that more detailed meetings will take place this week within each of the thematic areas, and with regards to external funding. He informed that the DPs will respond soon to the Ministry.



### Decisions

- Approve the work plan from January-July 2017 along with the corresponding HR plan and procurement plan 2017.
- Approve first quarter work plan
- Approve PPSF Annual Progress Report 2016
- Maintain flexibility to revise work plan in the changed context
- Municipal Division to organize a session on LED with key stakeholders for their feedbacks before initiating the pilot
- Organize sharing meeting on the learning of the international exposure visit
- MoFALD discusses with ADB to ensure that there is no conflict or duplication with regards to hiring short term IT experts for MARS implementation.

### ATTENDANCE LOG

S.N	Name	Designation	Organization
	Mr. Resham Lal Kandel	National Programme Manager	LGCDP
	Mr. Ramesh Sharma	Admin. Officer	LGCDP
	Mr. Gareth Rannamets	Governance Advisor	DFID
	Ms. Sophie Kemkhadze	DCD	UNDP
	Mr. Yam Nath Sharma	ACD	UNDP
	Ms. Vibeke Sorum	First Secretary	Royal Norwegian Embassy
	Mr. Raj Kumar Dhungana	Governance Advisor	Royal Norwegian Embassy
	Mr. Prakash Regmi	SPO	SDC
	Ms. Archana Aryal	Programme Analyst	UNDP



Ms. Puspa Tuladhar	PA	UNDP
Ms. Pragyan Joshi	Programme Officer	UNCDF
Mr. Surendra Bhandari	AFO	LGCDP
Ms. Martina Voss	PO	UNV
Ms. Manju Lama	Resident Advisor	DANIDA
Mr. Yam Nath Sharma	PFM Specialist	LGCDP
Mr. Shiv Raj Pokharel	Governance Specialist	LGCDP
Mr. Raghu Shrestha	CM Specialist	DP Cell
Mr. CP Sigdel	SM Specialist	LGCDP
Mr. Parsuram Upadhaya	FG Specialist	LGCDP
Ms. Reshu Karki	Communication and Documentation Officer	LGCDP
Mr. Keshav K Acharaya	CD Specialist	LGCDP
Mr. Mohan P Dhakal	PFM Specialist	LGCDP/DP Cell
Mr. Birendra Parajuli	A & O Specialist	LGCDP
Mr. Barun K. Adhikari	RBM Specialist	LGCDP
Mr. Nagesh Badu	ICT Coordinator	LGCDP
Ms. Nirmala Thapa	GeSI Specialist	LGCDP
Mr. Dhruva Nepal	Procurement Specialist	LGCDP

*D. M. Singh*