



Government of Nepal
Ministry of Federal Affairs and
Local Development



Local Governance and Community
Development Programme-II (LGCDP-II)

Program Co-ordination Unit
Singhadurbar, Kathmandu

Aide Memoire

7th NATIONAL ADVISORY COMMITTEE MEETING

8th June 2016

The Local Governance and Community Development Programme –II (LGCDP –II) is a national programme executed by the Ministry of Federal Affairs and Local Development (MoFALD) through local bodies (DDCs, Municipalities and VDCs). The goal of the programme is to contribute towards poverty reduction through better local governance and community development. LGCDP II is supported by wide range of multilateral and bilateral development partners (DPs) for 2013-2017 under programmatic approach signing a common Joint Financing Arrangement (JFA).

The 7th National Advisory Committee meeting was held under the chairpersonship of Mr. Mahendra Man Gurung, Secretary, MoFALD on 8th June 2016 at Annapurna Hotel, Kathmandu. The DP Chair of the meeting was 'H.E. Dr. Urs Herren, Ambassador, Embassy of Switzerland in Nepal who is nearly completing his tenure in Nepal while the DP Co-Chair was Ms. Gail Marzetti, Head of DFID in Nepal. Other Head of the Missions, Joint Secretaries, and representatives from line ministries and development partners, Under Secretaries and other staffs from the Ministry, and staffs from LGCDP were also present in the meeting.

This NAC meeting discussed on the status of action taken on 6th NAC decisions, annual strategic implementation plan (ASIP) 2016/17, Annual Monitoring and Evaluation Plan 2016/17 (AMEP), Audit Statement 2015/15, Programme Result Matrix followed by plenary discussions and endorsing of decisions. The meeting commenced with opening remarks by the Secretary, Mr. Mahendra Man Gurung followed with presentations by Mr. Reshmi Raj Pandey, Joint Secretary / National Programme Director and Mr. Chhabi Rijal, Under Secretary and National Programme Manager.



Opening remarks by Mr. Mahendra Man Gurung, Secretary MoFALD and Chair.

The Secretary welcomed distinguished delegates and all participants in the 7th NAC meeting. The Secretary noted that LGCDP is one of the largest reform programmes in the area of local governance and community development and envisages institutionalising initiatives like social mobilisation, downward accountability, Child Friendly Local Governance (CFLG), Environment Friendly Local Governance (EFLG), Public Financial Management (PFM), Results Based Planning and Monitoring (RBM), and performance based grants system.

Moreover, the Secretary underlined that Ward Citizen Forums (WCFs) and Citizen Awareness Centers (CACs) are grassroots level organizations that have been working as change agents. These organizations have been instrumental in bridging people's voices in local governance and planning process in the absence of elected officials at Local Bodies. Similarly, these organizations are engaged in eliminating social evils, enhancing social harmony, declaring open defecation free zone, full immunization, and vital events registration. Engagement of Civic Society Organizations in compliance monitoring, introduction of public audit, social audit, and public hearing has enhanced downward accountability at the local level. Remarkable progress has also been made in the area of Child Friendly Local Governance, Environment Friendly Local Governance, Gender Equality and Social Inclusion (GESI), performance based grants system, Public Financial Management, planning, and monitoring and local level service delivery.

Moving forward, the Chair stated that with the promulgation of Constitution of Nepal, the country is moving from unitary government to federal government. The Government is committed to the implementation of federalism and has formed the Local Level Restructuring Commission (LLRC). Moreover, High Level Political Committee has been formed under the chairpersonship of the Prime Minister and Technical Committee under the chairpersonship of Chief Secretary to facilitate in implementation of the Constitution. Also, The Government has drafted laws related to six inclusive Commissions and submitted to Council of Ministers for approval by the Legislative Parliament.

The Government has decided to double the VDC and Municipality grants and social security allowance in the coming fiscal year 2016/17. Similarly, the Government has significantly increased the budget for border area development programme.

Likewise, the government has decided to conduct local election in November 2016 for the interim period unless the elected officials of newly restructured local level are in place, as a first major step towards implementation of the Constitution. This will open new opportunities for real political reforms at the local level, open political space to resolve longstanding issues of service delivery and accountability. This is a historic opportunity to deliver better governance and poverty reduction. It is noteworthy to share that one of the presentations on the SAARC Chief Secretaries Conference to be



held in Kathmandu beginning 9th June 2016 will be on "Community Governance in Nepal: an Experience from LGCDP" as one of the best practices in Nepal.

The Chair noted that the ministry acknowledges suggestion of Mid Term Review (MTR) report on LGCDP II to extend the programme period as a transition between the current phase and new programme. The Ministry is confident that all the stakeholders will support in designing transitional arrangement as well as the third phase/new programme in order to build the capacity of elected representatives and officials at provincial and local level to functionalize sub-national governance and provide effective service delivery in addition to empowering marginalized community.

Finally, on behalf of the Government of Nepal, the Chair expressed gratitude to development partners for their continued support in the area of local governance and community development.

Opening remarks by H.E. Dr. Urs Herren, DP-Chair and Ambassador, Embassy of Switzerland in Nepal.

In his opening remarks, the DP chair thanked the Ministry for holding the 7th National Advisory Committee meeting of LGCDP II and acknowledged implementing this year's ASIP despite difficult working environment marked by mainly post-earthquake reconstruction needs and political unrest. Furthermore, the DP-Chair appreciated efforts made by MoFALD to prepare the Annual Strategic Implementation Plan (ASIP) for 2016/17, which broadly follows the recommendations by the Mid-term review (MTR); takes into account the changed working context; and which is based on a joint reprioritization of outputs (output 1, 4 and 9 with some adjustment on 2). Including the aligned partners, it has total budget planned of US\$410 million for the entire period. The DP Chair also acknowledged budget constraints but also underlined that activities critical to the reform process needs to be prioritized in order to secure the Strengthening Public Management Programme (SPMP) budget.

The chair also appreciated government's leadership in conducting Mid Term Review (MTR) of LGCDP II and remarked that MTR finding's of social mobilization as a "silent revolution" empowering people at local level is something all stakeholders should be proud of. MTR has also highlighted issues that need to be taken in consideration while implementing the programme in its remaining year along side incorporating practical recommendations of MTR in the future programming. Similarly, the challenge is to ensure sustainability in the changed context including during a transitional phase between the current and any future local governance support programme. For this, government and DPs need to work in close collaboration to work out an appropriate solution.

On the other hand, the chair also underlined concerns of DPs regarding audit arrears of the ministry which has been increasing every year as per the Office of the Auditor General (OAG) report; reiterated to act upon the outstanding concern. Likewise, the other concern highlighted was delay in the recruitment of programme officers at local bodies which will have serious implications for the programme implementation in days to come. Thus, requested to ensure recruitment at the earliest in order of smooth implementation of the last year.

Moreover, the DP Chair on behalf of DPs urged MoFALD to ensure a constructive collaboration between the Local Bodies, Sectoral agencies and the National Reconstruction Authority (NRA) for the effective implementation of reconstruction efforts, particularly in the areas of private housing support and infrastructure for basic services, i.e. education and health.

Moving ahead in the changed context, local governments will have a lot more responsibility in future, including a constitutional mandate for basic service delivery. In this regard, DPs have extensively discussed this agenda a few months ago in Dhulikhel, and have agreed on key principles to support local governance reform in Nepal in a more coherent and coordinated way in future. The "Dhulikel Agreement" will be shared officially with the government after its formal approval by DPs. It foresees that DP support will be based on a roadmap of the government to manage the transition towards federalism. Hence, Government of Nepal/MoFALD to elaborate a clear roadmap for transitional management and the implementation of federalism that DPs can support and align to. Thus, urged MoFALD's leadership to take lead in defining priorities for sub national governance reform and acknowledged that a transitional management is needed in the future between the current and any next programme to ensure the sustainability of our approaches in the changed context, mainly concerning social mobilization.

Furthermore, DP chair appreciated establishment of Local Level Restructuring Commission (LLRC) which is a very crucial step for defining the shape of future local governance. DPs are open to discuss any type of support that the LLRC may need to complete its responsibility.

In his concluding remarks, the DP Chair informed that he is completing his three years tenure in Nepal as the Ambassador of Switzerland. He thanked MoFALD for fruitful collaboration and assured of continuous support from Switzerland to strengthen decentralisation and local governance also in the days to come.

Presentation by Mr. Reshmi Raj Pandey, Joint Secretary/National Programme Director

Mr. Reshmi Raj Pandey highlighted the status of action taken on decisions of the last NAC meeting. Major decisions that have been complied included identifying the vulnerable population of urban core area through conduction of Local Economic Development (LED) study; strengthening the Local Governance Accountability Facility (LGAF) secretariat with adequate human resource via recruitment of PFM cum Accountability expert (six) which is in process; based on the constitution of Nepal, drafting of acts rules and regulations initiated by the LBFC and Revenue Section of MoFALD; VDC accounting software fully operational in 240 VDCs; Quality Lab functional in 10 DDCs. Similarly, the draft community guidelines developed and shared with relevant stakeholders in the presence of acting Chief Justice, Chief Secretary, Secretaries of MoFALD and Ministry of Law. The decision to establish a robust coordination mechanism between Ministry of Population and Health, Women and Children Social Welfare and Department of Vital Registration on strengthening birth registration and to have 100% recording of all vital events at the community level has been complied with. Likewise, LED related activities from ASIP output 1 is shifted in the sub-output related to the municipality while creation of Sub output group focusing on municipal development has been complied and is functional. The decision to revise the CFLG



declaration target for the districts and Municipalities/VDCs has been fully complied with. Similarly, Strategic Implementation Plan (SIP) target related to Environment Management Plan (EMP) and EFLG has been complied.

The position paper including roadmap of implementation in relation to Federalization/decentralization and the new constitution has been drafted. An update was provided on ensuring RBM is tracking targeted fund expenditures. Furthermore, MoFALD has endorsed the new FRRAP and Programme Officers recruitment is ongoing. In the end, it was notified that Government of Nepal has announced that local election to be held by November 2016.

Presentation by Mr. Chhabi Rijal, National Program Manager/Under Secretary

Mr. Chhabi Rijal highlighted on Annual Strategic Implementation Plan (ASIP) 2016/17, annual monitoring and Evaluation Plan 2016/17, Audit Statement financial status, issues & challenges, programme results matrix, recovery & reconstruction, midterm review and political unrest in Tarai region, which are given below.

The NPM highlighted various approaches adopted to prepare ASIP 2016/17, such as the Strategic Implementation Plan (SIP), Joint Financing Agreement (JFA), bilateral agreement, National Planning Commissions guidelines. Likewise, output 1, 4 and 9 were assigned as high priority areas while still prioritizing activities that are relevant in the changed context and those that are giving results from other output areas. On the strategic improvement, the NPM highlighted adaptation that has been made, the major adoption included discontinuing expansion of Community Awareness Centers (CACs), discontinue of the livelihood improvement plan (LIP) grant and small community infrastructure grant (SIG), less focus on District Development Committees (DDCs) and more focus on the new Municipalities.

Furthermore, the NPM presented budget and activities in each of the outcome areas:

Outcome 1: The total budget proposed as US\$ 18.89 million. Key expected results from this outcome include: 90% VDC and 100% in Municipalities conducted ward level planning workshop, targeted LBs identify children's need through Bal Bhela in annual plan.

Outcome 2: The total budget proposed as US\$ 372.79. Key expected results include: LBs own source revenue increased by at least 10%, Programme Officers recruited in all DDCs and Municipalities, LBs' arrears reduced by 40% annually.

Outcome 3: The total budget proposed as US\$ 17.88 million. Key expected results include: at least 40% District Annual Plans 2016/17 aligned with District Periodic Plans (DPP), birth registration of 70% children under five by the end of 2016/17.

Outcome 4: The total budget proposed as \$ 0.35 million. This is priority outcome area. Key expected results include Local Level Restructuring Commission will be submitting the report as per the time frame mentioned in Constitution of Nepal with the preparation of the Road Map.

Overall, the budget under JFA for whole programme period is USD 78 Million and under SPMP is USD 25.1 million and PPSF is about USD 14.5 million totaling to USD 11.76 million. The total expenditure under JFA and SPMP is estimated to be about USD 80.36 million. The available fund under JFA, SPMP is estimated to be USD 22.64 million. The proposed budget for 2016/17 is USD 410.24 million of which Government of Nepal contribution is USD 36.17 million while JFA is USD 9.46 million, SPMP is USD 13.1 million, aligned programme USD 22.38 million and PPSF USD 4.02 million.

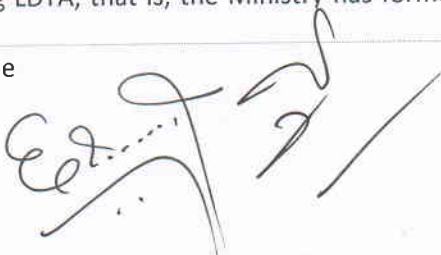
Moving forward, the NPM presented on the Annual Monitoring and Evaluation Plan (AMEP) that consist of three parts, the first part included about the projection on what LGCDP delivered, second included about providing a projection on periodic reviews and third part included on providing framework for tracking the policy and other issues of Result Matrix. NPM further provided the status of various parameters (transparency, Budget and monitoring, Staffing, implementation and management capacity, fiduciary risk control and timely trimester wise expenditure) of the Result matrix. Some of the key issues complied as of May 2016 include: MTBF is under preparation and will be submitted to Ministry of Finance (MoF), performance based sectoral grant to LBS-a concept note prepared and discussed with line ministries, special support programme will be initiated in difficult and remote areas with special modality.

Likewise, NPM made note of key audit observation for FY 2014/15. Total estimated donor contribution of USD 236 million is not fully committed while the delivery of LGCDP is low with the possibility of not meeting the target. Audit issues repeating from past years are either not settled or partially settled and TA supported by UN agencies is not audited. The audited report shows only 93% of the total has been the actual expenditure. The fund requirement for the first two trimesters is 12.71 million while 8.48 for the third trimester.

The recent Joint Field Visit that was organized in Mohattari, Dhanusa and Sindhuli districts focused on the VDC temporary office structure, DDC office, GESI and overview of LGCDP activities, Livelihood improvement schemes in CACs, interaction with WCF on their role in local level planning, activities related to EFLG, participation of children in local governance, capacity development initiatives in VDCs, Municipalities and DDCs. Some of the key observations from the field include: second and third tranche were yet to reach at VDCs and municipalities, temporary office building at VDCs' progress are at various stages. In addition, it was noted that RCU, Hetauda needs to be relocated at Mujelia in Dhanusa as it was not efficient in conducting the office from Hetauda. Some of the municipalities (Jaleswor) were facing serious challenges for not having full time executive. EFLG programme needs to bring the environmental governance aspect into the programme design and implementation. It is also suggested that a focused evaluation of the EFLG be conducted.

Discussion and Comments:

Chair: The Chair provided an update regarding compliance with the decision of 6th NAC meeting regarding LDTA, that is, the Ministry has formed a committee to get the overview of how LDTA can be





transformed into a viable and functional organization as per the constitution of Nepal. The chair of the LDTA council is headed by Honorable Deputy Minister, Mr. Kamal Thapa. Meeting has been held which decided to form the committee.

Norway: Dr. Bhola Dahal, Governance Advisor congratulated the team on the progress. On the other hand, few concerns were also highlighted. First, the utilization of the block grant – an update was agreed upon to be provided and also, now the ministry has incorporated it in the Result Matrix, a summary of the data would be useful. Second, the formation of six draft Acts regarding the six Commissions that is forwarded to the Cabinet is noteworthy. However, it should have been formed via consultations with wider stakeholders as it involves local people needs and wants. Third, doubling the funding on social security as well as local bodies - as agreed in the past, administrative set up at local VDCs in the 14 highly earthquake affected district would be put into practice by this Fiscal Year (FY); thus request for an update from the ministry. Fourth, Norway would like to draw attention of the Ministry to make VDC secretaries stationed at their duty station and avoid them working from district headquarters. As seen from the recent Joint Field Visit, there were no VDC secretaries and Executive Officers in municipalities at the last trimester. Such issue further heightens financial irregularities. Finally, it was noted that FRAAP endorsement is an achievement. Finally, it was emphasized that setting priorities to reduce audit arrears should be MoFALD's focus.

Denmark: Ms. Marie Thrane, Counselor announced that Denmark will provide additional support of DKK 20 mio. to the programme which hopefully, would address some of the funding gaps in the coming year. In addition, it was informed that Denmark will not be able to participate in the possible extension of the programme or the upcoming third phase of the programme as the embassy is going to phase out by the end of December 2017. Finally, attention was drawn on the lack of human resources at LGAF and also, noted to look into the serious concerns raised by the Audit report.

JICA: Mr. Jun Sakuma, the Chief Representative informed that JICA has initiated development cooperation project which focuses on the strengthening the capacity of LDTA. The project will last until 2019. The objective is that LDTA will have enough capacity in future to conduct trainings. Also, JICA will continue its support for the programme.

ADB: Mr. Raju Tuladhar, PFM Specialist, ADB congratulated on the progress made by LGCDP-II. Similarly, the progress made on eight policy conditions to fulfill the 2nd tranche of USD 13.1 million fund release was also acknowledged. It was also emphasized that these policy conditions need to be fulfilled before the end of the programme, that is, December 2016. Similarly, it was also noted that there are important performance measures supporting the programme that would strengthen local governance, accountability, especially the PFM system -and reducing Fiduciary risk. These are preparation and introduction of Mid Term Budgetary Framework, piloting of Municipal Revenue collection system at Kathmandu Municipality, Electronic Government System and Sub National Accounting System at the VDC level. While recognizing the progress made thus far, it is important to continue the moment and thus, requested the Ministry to have special attention on these issues in order to have the SPMP fund released.

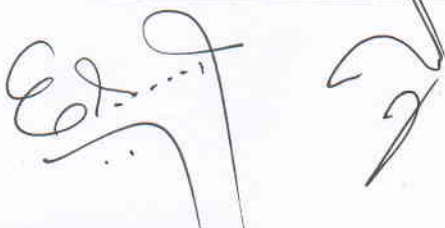
ADDCN: Mr. Krishna Prasad Jaisi, Speaker, ADDCN remarked on the formation of a committee to reform LDTA. It was stated that there are more than 23 reports in the past related to LDTA reformation with minimum or no progress at all. Therefore, requested the ministry to take a more practical approach and actions for the reform. In addition, a remark was made on the reporting of Gender Responsive Budget adopted by local bodies (DDC and Municipality) as 10%. It was mentioned that it might be more than 50% actually implying that the actual progresses made in the field is much more than what is reported; requires a more bottom up approach to collecting data.

Germany: Mr. Arun Regmi, Deputy Chief Technical Advisor informed that a bilateral Government Consultations between the Government of Nepal and the German Government for future cooperation successfully completed on 2nd and 3rd June. During the consultations, ongoing, as well as potential new commitments were discussed. An extension of the ongoing Support Measures to Strengthen Capacity Development of New Municipalities (CD-MuN) and the Recovery Project was proposed and supported by both sides. Any contributions here would be also aligned to LGCDP II. Likewise, it was also discussed that any cooperation in the area of state restructuring would require the existence of a high-level transition management mechanism to coordinate the effort.

MuAN: Mr. Kalanidhi Devkota, Executive Director drew the attention of the committee on the criteria developed in preparation of ASIP and prioritization of only Output 1, 4 and 9. It was underlined that overlooking other output areas such as the output 2- accountability mechanism for local governance is vital especially in absence of local bodies and in the transition phase. Also, following the earthquake, output 6 is crucial as it focuses on the quality of local infrastructure. Government has announced for local election to be held by November 2016. There should be activities in the ASIP supporting the government to hold the election or at least put pressure on the government to ensure that local election is held at the stipulated time. Similarly, activities supporting to build the capacity of Local bodies associations should also be incorporated in the ASIP so that the associations are better equipped to support the local government, especially in the changed context.

Mr. Bishnu Puri, Consultant UNCDF: The query was made in regards to the utilization of the performance based funding known as MCPM that is conducted by LBFC. In this regard, the assessment of performance measures highlights a lot of data in various functional areas to strengthen local bodies. Therefore, the question is how far the findings of those assessments are taken into consideration in the annual programme to strengthen the capacity of local bodies?

Response by NPD, Mr. Reshmi Raj Pandey: The NPD thanked all participants for their comments. Most of them are suggestions and feedbacks that are well taken. The Government acknowledges the issue of VDC secretaries not being regular at their duty stations. Discussions are ongoing with Ministry of General Administration to tackle the issue. Regarding the Fiduciary reduction, the FRRAP document which has been endorsed will be shared with concern stakeholders. The NPD extended gratitude to Norway and Denmark for additional support, and JICA for technical support. Similarly, it was expressed that suggestions provided by ADB is well taken in fulfilling the tranche conditions, is a core priority of the programme. On the remark made by ADDCN, NPD remarked that those are proposed activities to be achieved for the next year. In addition, NPD clarified on the comment made by MuAN





representative that prioritizing certain output groups does not mean other output areas will be completely ignored. Important activities of other output areas that have major impact on the field will continue.

Closing Remarks

Closing Remarks by Ms. Gail Marzetti, DP Co-Chair and Head of DFID in Nepal.

The DP Co-Chair thanked the Ministry of Federal Affairs and Local Development for holding the National Advisory Committee meeting while welcoming the new National Program Manager Mr. Chhabi Rijal. The leadership and support of the former NPM Mr. Eshwor Raj Poudel was also appreciated.

Moving forward, the DP Co-Chair appreciated the team's effort in preparing the ASIP 2016/17 while making necessary adjustments to meet the funding scenario and incorporating MTR's recommendations. She hoped that these adjustments and reprioritizations would lead to achieve the overall objectives of LGCDP. In addition, she expressed confidence in MoFALD's effort to make satisfactory fulfillment of the eight policy actions under the programme relating to PFM reforms and fiduciary risk reductions actions at the sub national level to meet the performance requirement and allow the release of USD 13.1 million from ADB and DFID by December 2016.

The DP Co-Chair also expressed concern on the lack of adequate progress of MoFALD to act on the Office of Auditor General Observations. It was particularly concerning because despite the efforts to improve oversight and transparency, the arrears of MoFALD remains as one of highest for entire government. In the end, the DP Co-Chair remarked that the changed context provides ample opportunities to shape the course of future local governance in Nepal. Thus, expressed happiness on forming a joint task force between the Ministry and Development partners to look into issue and begin to sketch out the contours for future engagement. Lastly, the DP Co-Chair assured that DFID would give high priority to achieve reforms in local governance in Nepal.

Remarks by Mr. Rajendra Prasad Nepal, Joint Secretary, Financial Comptroller General Office (FCGO)

FCGO congratulated LGCDP team for preparing the ASIP and highlighted that prioritization of activities and outcome areas are vital. The representative noted that the programme would give much focus on the value for money and its effective utilization, and the key to programme effectiveness is transparency and accountability. Similarly, monitoring of the programme is equally essential that should have competitive indicators to measure against the outcomes. Lastly, the representative assured that FCGO and DTCO supports the programme fully and forwarded best wishes for successful year ahead.



Felicitation of H.E. Dr. Urs Herren, DP Chair, Ambassador of Switzerland to Nepal.

Mr. Reshmi Raj Pandey thanked Dr. Urs Herren for his continuous support to LGCDP as DP Chair for past one year and his relentless efforts in contributing to local governance reforms in Nepal. On behalf of the government, MoFALD, LGCDP, and all other participants, Mr. Mahendra Man Gurung, Secretary of MoFALD expressed vote of thanks and presented the Swiss ambassador with a token of love.

Closing Remarks by Mr. Mahendra Man Gurung, Secretary MoFALD, and the Chair of the Committee.

The Secretary expressed gratitude and thanked his Excellency, distinguished guests and the participants for their valuable time and deliberations. The Secretary highlighted that the meeting presented 17 decisions for the approval of NAC that has been consensually agreed upon. The chair emphasized that decisions will be implemented under favorable conditions and situations. Annual Strategic Implementation Plan (ASIP) 2016/17 has been prepared after discussions at various levels with wider stakeholders and thus is inclusive. The Chair expressed gratitude towards the Ambassador of Switzerland, Dr. Urs Herren for his contribution in the improvement of local governance in Nepal and wished success for his new assignment in Romania.

In the same line, the Chair thanked representatives from line Ministries and other government stakeholders for supporting the programme, and expressed that it will continue in the future as well. Lastly, the Secretary acknowledged the irregularities and issues raised by the OAG report. The Chair assured all DPs, FGCO, line Ministries, and stakeholders that comments and suggestions provided by the report would be given high priority in the fiscal year 2016/17. The Chair thanked the Government of Norway and Denmark for additional support that would be crucial in fulfilling some of the funding gap. The Chair expressed confidence that the Dhulikhel agreement made by DPs would be constructive towards LGCDP and its future programming.

Finally, the Chair thanked everyone for their valuable inputs and suggestions, including local bodies associations that have been fundamental to capacity building of local bodies while being instrumental to ensuring accountability and transparency at the local level. In the end, the Chair expressed that the support provided by all stakeholders will continue in the future and closed the meeting.

Decisions

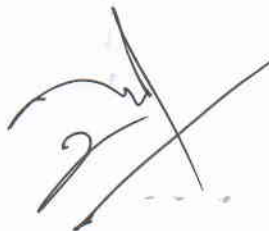
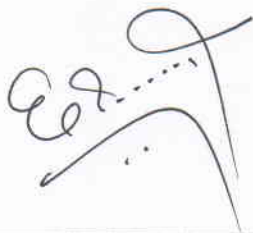
The National Advisory Committee made following decisions based on the recommendations of Sub-NAC to prepare necessary acts, rules, regulations, strategy, guidelines and procedures to implement the LGCDP II smoothly, effectively and efficiently.

1. The Committee expressed satisfaction on the status of action taken on decisions of the 6th NAC meeting.

2. The Committee expressed satisfaction on progress made by LGCDP- II up to 2nd trimester, 2015/16 and acknowledges the receipt of relevant documents as defined in the JFA for its discussions and deliberations including: ASIP 2016-17, cash forecast for FY 2016-17, LGCDP-II progress report, T2 FMR for 2015-16, procurement plan 2016-17, AMEP 2016-17, program result matrix status update, audit report of 2014-15, FRAAP 2015-2017 and joint field visit report of May 2016.
3. The NAC appreciates the GoN for doubling the block grants to VDCs and Municipalities and efforts made by MoFALD to prepare ASIP 2016/17 with total budget of USD 410.24 million of which the contribution of GoN is USD 361.17 million, JFA is USD 9.46 million, SPMP is USD 13.1 million, aligned programme USD 22.38 million and PPSF USD 4.02 million. ASIP 2016/17 presented for approval.
4. The Committee discussed the Procurement Monitoring Plan, Programme Results Matrix, cash forecast for 2016/17 and received the Audited Project Statement of 2014/15 and recommends the Sub-NAC to look into addressing issues and challenges raised in the OAG report.
5. NAC recommends MoFALD to take adequate steps to implement the FRRAP 2015-17
6. The Committee notes that new working environment created after the promulgation of the Constitution, formation of LLRC and upgrading the LBs' status as a local government with executive, judiciary and legislative roles. Hence, the Committee realizes the need of a transitional phase that requires a continuity of demand and supply side of governance at local level till elected representatives are in place.
7. The Committee acknowledges the MTR report as final and recommends to MoFALD and DP Chair to constitute a Joint task force under the leadership of MoFALD to work out on the contours of a possible next phase/new programme based on the areas identified in the MTR report and the priorities of the GoN and to come up with a roadmap on the formulation of next phase/ programme in the changed context. The task force shall also look at the transitional arrangement as mentioned in decision no 6 above with additional funding between the current and next phase/new programme.
8. The Committee upholding the spirit of Joint Financing Agreement, which bring all the development partners working in the area of local governance and community development under the umbrella of MoFALD and to move towards governance SWAp. The Committee recommends MoFALD and DPs to encourage those DPs who are not formally part of the JFA mechanism and contribute in the JFA.-
9. Based on the MTR observation on the remuneration package between LGCDP Social Mobilisers and that of aligned partner supported Social Mobilizers the Committee recommends GoN and the other entire stakeholder to explore the possibility of harmonizing responsibilities and benefits of Social Mobilizers in the context of budgetary constraint of LGCDP II.



10. The Committee thanks both the Governments of Denmark and Norway for providing additional DKK 20 million (USD 4.0 million) and NOK 25 million (USD 3.0 million) respectively to meet part of funding gap to implement LGCDP-II and expresses its sincere appreciation for their generous support at the very crucial stage of the programme.
11. NAC notes the slow progress made in the recruitment of the POs, hence recommends MoFALD to speed up the recruitment and directs the PRF task team to review at end of the current fiscal year.
12. NAC recommends the Local Governance and Accountability Facility (LGAF) to analyze all the district good governance reports and provide policy guidance to improve the governance system at the sub-national level.
13. NAC recommends MoFALD to address the issue of frequent transfer of LDOs, DTOs, and Executive Officers and fulfil the vacant positions of VDC secretaries.
14. NAC appreciates the DPs efforts to establish a common platform through Dhulikhel Agreement that shall promote a coherent effort to support GoN to strengthen local governance reform in Nepal in a collective manner.
15. The Committee conveys its sincere appreciation to H.E. Dr. Urs Herren, Ambassador of Switzerland to Nepal for his impeccable commitment and support toward strengthening local governance during his nearly completing tenure in Nepal.
16. The Committee thanks ex- National Programme Manager Mr. Eshor Raj Paudel, promoted as Joint Secretary, for his efforts and contribution to implement LGCDP II smoothly and successfully.
17. The Committee expresses its appreciation to Dr. Bhola Prasad Dahal of the Royal Norwegian embassy in Nepal, who is completing his assignment from 1st July 2016 for his active and valuable contribution.



ATTENDANCE LOG

S.No	Name of the Participants	Designation	Organization	Email Address
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