

2017

PPSF ANNUAL PROGRESS REPORT



Empowered lives.
Resilient nations.

Local Governance and Community Development Programme II (Transition to Sub National Governance Programme)

Policy and Program Support Facility Annual Progress Report 2017



A group of elected Deputy Mayors and Vice Chairs during the Orientation Program of the newly elected Public officials of Province 3

PROJECT PROFILE

About the Project	Geographic coverage		
Project Title: Local Governance and Community Development Programme (LGCDP) II: Policy and Program Support Facility (PPSF) Award ID: 00078361 Web link: www.lgcdp.gov.np	National level coverage (Yes/No): Yes Number of provinces covered: 7 Number of Districts Covered: 77 Number of Municipalities Covered: 293 Number of Gaunpalikas Covered: 460		
Strategic Results			
UNDP Strategic Plan Outcome 3: Countries have strengthened institutions to progressively deliver universal access to basic services			
UNDP Strategic Plan Output 3.2: Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public			
UNDAF Outcome 5: Institutions, systems, and processes of democratic governance are more accountable and effective Project Outcomes: Outcome 1: Effective Implementation of LGCDP II at all levels of the Government Outcome 2: Improved Policy advice and capacity support for development for overall service delivery at the local level Outcome 3: Greater efficiency and effectiveness in programme coordination and oversight			
UNDAF/CPAP Output 5.2: Provincial and local bodies can plan, budget, monitor, report and deliver inclusive government services. Project Outputs: Output 1. Programme Coordination Unit (PCU) strengthened and fully operational Output 2: Regional Coordination Unit (RCU) established and operational Output 3: Technical support provided to Local Government Institutions (LGI) Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II Output 5: Strengthened overall capacity of MoFALD to manage TA (including Volunteers) Output 6: Capacity of national and sub-national institutions to manage and implement local service functions strengthened Output 7: Efficient and effective liaison and strategic guidance provided to DPs and the Government Output 8: Efficient and effective quality assurance, programme monitoring, documentation, and evaluation provided to ensure that LGCDP II delivered stated outcomes and outputs			
Project Duration (day/month/year)	Implementing Partner(s)		Implementation Modality
Start Date: 15 July 2013 End Date: 15 July 2018	1. Ministry of Federal Affairs and Local Development		NIM

Signature: _____

Name: Resham Lal Kandel

National Programme Manager

Signature: _____

Name: _____

Country Director



TABLE OF CONTENT

CONTENT	PAGE NO
Abbreviations	4
List of Tables	5
1. EXECUTIVE SUMMARY	6
2. BACKGROUND AND RATIONALE	9
3. PROJECT SUMMARY AND OBJECTIVES	9
4. PROGRAMMATIC REVISIONS	10
5. NARRATIVES ON KEY RESULTS ACHIEVED IN 2017	10
5.1 Progress toward the UNDAF /CPAP Outcomes	10
5.2 Progress on Project Outputs	13
6. BUDGET AND EXPENDITURE	22
7. CROSS CUTTING ISSUES	24
7.1 Targeting and Voice/Participation of Target Groups	24
7.2 Gender Equality, Women's Empowerment and Social Inclusion	24
7.3 National Capacity Development	25
7.4 Sustainability	25
7.5 South- South and Triangular Cooperation	25
7.6 Partnership	26
7.7 Promotion of Civic Education	26
7.8 Expanding Opportunities for Youth	27
7.9 Innovation	27
7.10 Knowledge Management and Products	27
8. LESSONS LEARNED	28
9. IMPLEMENTATION ISSUES AND CHALLENGES	28
10. PRIORITIES FOR 2018	28
11. A SPECIFIC STORY	29
12. ISSUES AND RISK LOGS	31
13. PROGRESS AGAINST ANNUAL WORK PLAN 2017	35


ABBREVIATIONS

AMEP	:	Annual Monitoring and Evaluation Programme
ASIP	:	Annual Strategic Implementation Plan
AWP	:	Annual Work Plan
CAC	:	Citizen Awareness Centre
CBO	:	Community Based Organization
CD	:	Capacity Development
CFLG	:	Child-Friendly Local Governance
CSO	:	Civil Society Organization
DCC	:	District Coordination Committee
DDC	:	District Development Committee
DFID	:	Department for International development
DOLIDAR	:	Department of Local Infrastructure Development and Agricultural Road
D/MSMCC	:	District/Municipality Monitoring Coordination Committee
DP	:	Development Partner
DRR	:	Disaster Risk Reduction
EFLG	:	Environment Friendly Local Governance
FAQ	:	Frequently Asked Questions
FCGO	:	Financial Comptroller General Office
FM	:	Frequency Modulation
GESI	:	Gender Equality and Social Inclusion
GIS	:	Geographical Information System
GoN	:	Government of Nepal
GRB	:	Gender Responsive Budget
ICT	:	Information & Communication Technology
IPFC	:	Integrated Plan Formulation Committee
IT	:	Information Technology
JFA	:	Joint Financial Agreement
LB	:	Local Bodies
LBFC	:	Local Body's Fiscal Commission
LDO	:	Local Development Officer
LDTA	:	Local Development Training Academy
LG	:	Local Government
LGCDP	:	Local Governance and Community Development Programme
LGI	:	Local Government Institutions
LIP	:	Livelihood Improvement Programme
LLFMIS	:	Local Level Financial Management Information System
LLRC	:	Local Level Restructuring Commission
MAR	:	Monthly Activity Report
MARS	:	Municipal Administration and Revenue System
MCPM	:	Minimum Conditions and Performance Measures
MoFALD	:	Ministry of Federal Affairs and Local Development
MTToT	:	Master Training of Trainers
NAC	:	National Advisory Committee
NFY	:	Nepali Fiscal Year
NUNV	:	National United Nations Volunteers
M&E	:	Monitoring and Evaluation

PCU	:	Programme Coordination Unit
PFM	:	Public Financial Management
PIS	:	Personal Information System
PPSF	:	Policy and Programme Support Facility
PRF	:	Program Recruitment Facility
PSU	:	Provincial Support Unit
RBM	:	Result-based Monitoring
RCU	:	Regional Coordination Unit
REFLECT	:	Regenerated Freirean Literacy through Empowering Community Techniques
SDC	:	Swiss Development Cooperation
SNGP	:	Sub-national Governance Programme
TA	:	Technical Assistance
TASC	:	Technical Assistance Sub Committee
TMP	:	Transitional Management Plan
ToR	:	Terms of Reference
TSNGP	:	Transition to Sun-national governance Programme
UCPA	:	Underlying Causes of poverty Analysis
UN	:	United Nations
UNDP	:	United Nations Development Fund
UNCDF	:	United Nations Capital Development Fund
UNFPA	:	United Nations Population Fund
UNICEF	:	United Nations Children's Fund
UNJP	:	United Nations Joint Financing
UNSCR	:	United Nations Security Council Resolutions
UNV	:	United Nations Volunteer
USD	:	United States Dollar
VDC	:	Village Development Committee
VERSS	:	Vital Event Registration and Social security
WCF	:	Ward Citizen Forum

LIST OF TABLES

TABLE NO.	TITLE	PAGE NO
Table 1	The numbers of newly established municipalities and rural municipalities	7
Table 2	Progress on Output Indicators	13
Table 3	Output wise annual budget and corresponding expenditure (LGCDP II)	22
Table 4	Sources of funds Budget and Utilization of the project period (LGCDP)	22
Table 5	Output wise annual budget and corresponding expenditure (LGCDP II - TSNGP)	22
Table 6	Sources of funds Budget and Utilization of the project period (LGCDP II - TSNGP)	23
Table 7	M&E Expenditure: In 2017, Project spend on M&E activities	23
Table 8	Risk Log Matrix	31
Table 9	Issue Log Matrix	32

1. EXECUTIVE SUMMARY

The Policy and Programme Support Facility (PPSF), under the UN Joint Programme (UNJP) comprising of UNDP, UNCDF and UNV is providing Technical Assistance (TA) to the Local Governance and Community Development Programme II (LGCDP II)-Transition to Sub-National Governance Programme (TSNGP), a national flagship programme of the Ministry of Federal Affairs and Local Development (MoFALD). The TA support focuses on policy research and capacity development for service delivery, coordination and oversight mechanisms. The Programme Coordination Unit (PCU) at the centre and seven Provincial Support Units (PCUs) are providing technical backstopping to MoFALD and local bodies (now local governments) for the program implementation, coordination, monitoring and reporting. The PPSF ensures timely implementation of main activities of the Program. This document reports the progress made by the PPSF in 2017 against the Annual Strategic Implementation Plan (ASIP) of the Program and Annual Work Plan of the PPSF.

As Nepal transitioned from unitary to federal governance configuration, it went through historic and unprecedented political changes which effectively changed its governance structures. When it was becoming clear that the elections for three spheres of government, namely federal, provincial and local, were to be organized in 2017, the programme realized that it needed to support MoFALD in the dynamic scenario. The Programme was quick to adapt to the evolving situation and made significant progress in response to the new situation. Accordingly, the PPSF helped achieve the programmatic objective and results.

Firstly, the PPSF provided technical assistance to MoFALD in drafting the Local Government Operation Bill 2074 and Bills on six Constitutional Commissions which were enacted in 2017. It also supported MoFALD in preparing more than 20 model local laws as required by the constitutional mandates which have been shared with local governments. Local governments are reported to have adopted many of them through their assemblies. Further, PPSF provided its assistance to develop various outreach and education materials such as LG resource book, book containing basic information on each LG, Frequently Ask Questions (FAQs) on local governance, etc. MoFALD prepared legislative framework on transitional operation and management of local government and service delivery dealing with staff management, financial management, project management, property management and continuity of the service delivery through newly established local governments for which the Project team provided their substantive inputs and facilitated the dissemination to the local governments.

Besides the policy support as detailed above, the programme realized policy supports needed to be supplemented by capacity development activities which enabled the duty bearers at the local governments to smoothly function as per the competencies given by the Constitution and related Acts. Therefore, the programme provided support to organize orientation programme to build capacities of 827 newly elected Mayors, Deputy Mayors, Chairs and Vice Chairs of local governments of the provinces no. 2, 3, 4 and 6. Similarly, capacity of 733 Chief Administrative Officers from seven provinces and 73 DCOs has been developed on local government operational issues through PPSF support. The PPSF also supported other capacity building initiatives such as experience sharing workshop on Fiscal Federalism, on Revenue improvement Action Plans of selected municipalities, sub-metropolitan cities, as well as rural municipalities, induction training to LGCDP II focal persons, Master Training of Trainers (MTOT) and Orientation Programme on Local Government Operation and Management, workshop for the development of Website for rural municipalities, and training on Appreciative Inquiry and Theory of Change to all LGCDP staff, regional consultative meeting, etc. These initiatives helped improve the capacity of the elected representatives, local level staff and LGCDP staff working at central and provincial levels which is one of the priority areas of LGCDP II-TSNGP.

PPSF significantly supported for the local level restructuring processes including the development of criteria/standards for local level restructuring aiming to transform the then prevailing local bodies to a viable size such that they are able to take up the assigned constitutional competencies. Previously, there were 3,374 local body units comprising of one metropolitan city, 12 sub-metropolitan cities, and 204 municipalities and 3,157 VDCs. There were 3,057 wards in municipalities in total, and 28,423 wards in the VDCs. Now, these units have been re-organized into a total of 753 local government governments as shown in below.

Table 1: The numbers of newly established municipalities and rural municipalities

Province	Metropolitan City	Wards	Sub Metropolitan City	Wards	Municipality	Wards	Rural Municipality	Wards	Total LGs	Total Wards
1	1	19	2	40	46	496	88	602	137	1157
2	1	32	3	76	73	804	59	359	136	1271
3	3	90	1	19	41	470	74	542	119	1121
4	1	33	-	-	26	318	58	408	85	759
5	-	-	4	80	32	376	73	527	109	983
6	-	-	-	-	25	303	54	415	79	718
7	-	-	1	19	33	352	54	363	88	734
Total No.	6	174	11	234	276	3,119	460	3,216	753	6,743

The Programme provided substantial support for organisation of consultations with parliamentarians, political party members, experts and stakeholders at federal, provincial and local levels for the restructuring process. Furthermore, this support was extended. The Programme also supported in the areas of GIS mapping, report preparation and its publication in Nepal Gazette.

The PCU engaged to prepare MoFALD 3rd trimester financial management report and ASIP of FY 2016/17. Technical support was also provided to prepare an unaudited financial management report of FY 2016/17 for FCGO certification. In addition, PCU and PSUs heavily engaged to prepare audit follow up action plans to expedite the audit arrears settlement process. More than 51% audit arrears related to LGCDP have been settled in the year 2017. At the province level, PSUs engaged to collect detail audit reports of DCCs related to LGCDP II, analyze audit arrears of DCCs and supported to prepare district wise audit arrears action plans. PSUs also facilitated LGs to nurture better understanding on conditions associated with LGCDP/TSNGP budget.

IT based working culture of MoFALD and local governments have further been improved through PPSF support. Different ICT products such as MOFALD's Office Automation System, website for newly established LGs, interactive map with details of the local governments, mobile application for MOFALD, knowledge management blog with its mobile application, volunteer management system, TSNGP monitoring system, etc. have been developed.

For establishing e-governance infrastructure in all local governments, TSNGP has provisioned for recruitment of IT Officers at all 753 local units. Young computer and electronics engineers are serving in various local governments, as IT officers, where they are responsible for supporting the development and operationalization of websites, software and IT infrastructure.

For better coordination and harmonization among development partners and the Government of Nepal, the PPSF provided various technical supports mainly in regularly updating the DPs on LGCDP-TSNGP,

preparation of Annual Strategic Implementation Plan 2017/18, developing TSNGP and SNGP program documents and organizing various coordination meetings in MoFALD.

Five key results achieved in 2017

PPSF contributed to the achievement of the following key results:

1. Enactment of Local Government Operation Act-2074, and the acts related to six Constitutional Commissions and development of more than 20 model laws for local governments;
2. Reorganization of the local government units in the spirit of the roles and responsibilities given by the Constitution;
3. Settlement of more than 51% audit arrears related to LGCDP;
4. Improvement in e-governance systems with the development and operationalization of various IT products in MOFALD and local governments;
5. 827 local governments' officials enabled to take on their new roles through their orientation on their powers and responsibilities as per the Constitution and the legal framework.

2. BACKGROUND AND RATIONALE

In 2017, The Government of Nepal (GoN) created 753 local government units by streamlining more than 3,200 local bodies to enable them to internalize the constitutional roles given to them. The GoN conducted local elections through May to September 2017. Consequently, all local governments have assumed office and carried out their functions, despite challenges faced in the current transitional phase. The completion of federal and provincial level elections is another landmark towards implementation of the Constitution of Nepal.

The LGCDP II ended on 15 July 2017 and the new programme LGCDP II- Transition to Sub-National Governance Program (TSNGP) is in effect since 16 July 2017 for a year until 15 July 2018. It has been anticipated that there will be a new program *Sub National Governance Programme* from July 2018 onwards. The PPSF supported to LGCDP II and TSNGP programs in 2017 and this report covers progress achieved by both LGCDP II and LGCDP-TSNGP programs through PPSF support.

UNDP, UNCDF, and UNV, with funding from DfID, Norway, Denmark, provided technical support to the Program through the Policy and Programme Support Facility (PPSF). The main purpose of the PPSF is to support institutionalization process of sub-national governments as well as for smoother and efficient transition management. As such, PPSF has provided TA to the Program to achieve the programmatic objectives and targets as outlined in the LGCDP- II project document, TSNGP project document, Annual Strategic Implementation Plan (ASIP) and annual monitoring and evaluation plan (AMEP).

PPSF has been supporting in three outcomes areas that correspond to three pillars of support to LGCDP II. Pillar one is intended to support the effective implementation of LGCDP II at all levels of the Government; pillar two aims at improved policy advice and capacity development support for better overall service delivery at the local level; and pillar three deals with greater efficiency and effectiveness in programme coordination and oversight.

3. PROJECT SUMMARY AND OBJECTIVES

The primary objective of PPSF is to support effective implementation of the LGCDP II and TSNGP at all levels through the provision of technical assistance. The total budget of PPSF is USD 13.5 million, out of which USD 12.5 million is fully funded. The estimated budget for 2017/18 under the Policy and Programme Support Facility/UNJP is US\$ 2.735 million.

LGCDP II outputs:

- Programme Coordination Unit (PCU) strengthened and fully operational
- Regional Coordination Unit (RCU) established and operational
- Technical support provided to Local Government Institutions (LGI)
- Timely, targeted and flexible policy advice and research provided to LGCDP II
- Strengthened overall capacity of MoFALD to manage TA (including Volunteers)
- Capacity of national and sub-national institutions to manage and implement local service functions strengthened
- Efficient and effective liaison and strategic guidance provided to DPs and the Government
- Efficient and effective quality assurance, programme monitoring, documentation, and evaluation provided to ensure that LGCDP II delivered stated outcomes and outputs

TSNGP primary focus Outputs

- Timely, targeted and flexible policy advice and research provided to LGCDP II
- Capacity of national and sub-national institutions to manage and implement local service functions strengthened

- o Efficient and effective liaison and strategic guidance provided to DPs and the Government

4. PROGRAMMATIC REVISIONS

The program period of LGCDP II ended on 15 July 2017 and the new programme LGCDP- TSNGP came into effect since 16 July 2017 for one year until 15 July 2018. In the changed context, PPSF support discontinued outcome 1 and corresponding 3 outputs. Similarly, one output under outcome 2 and one output under outcome 3 also discontinued. The below table highlights the status (blue shade indicates the dropped outcome and outputs)

Outcomes	Outputs
Outcome 1: Effective implementation of LGCDP II at all levels of the Government	1. Programme Coordination Unit strengthened and fully operational 2. Regional Coordination Units (RCU) Established and operational 3. Technical support provided to local governments
Outcome 2: Improved policy advice and capacity support for development for better overall service delivery at the local level.	4. Timely, targeted and flexible policy advice, research, implementation support and innovations provided to TSNGP 5. Strengthen overall capacity of MoFALD to manage TA 6. Capacity of federal and sub-national institutions to manage transition into the federal form of governance
Outcome 3: Greater efficiency and effectiveness in programme coordination and quality assurance	7. Efficient and effective liaison and strategic guidance provided to the DPs and the Government 8. Efficient and effective quality assurance, programme monitoring, documentation, and evaluation are provided to ensure that LGCDP II stated outcomes and outputs

5. NARRATIVE ON KEY RESULTS ACHIEVED IN 2017

5.1 Progress towards Outcome One: Effective Implementation of LGCDP II at all levels of the Government

Prior to TSNGP being in place, the PPSF supported various activities under Outcome 1 for the effective implementation of LGCDP II at all levels of the government. The thematic specialists stationed at PCU and RCUs supported the effective implementation of LGCDP II at all levels of the government. Major achievements are highlighted below.

The Annual Strategic plan for the fiscal year 2074/75 was timely prepared and the PCU and RCUs provided effective coordination and technical support to MoFALD and LGs throughout the country. The institutional set up of LGCDP II transformed from Six RCUs to seven Provincial Support Units (PSUs). Formulation of policy directives and guideline for social mobilization; GESI audit and reporting; CSO peer review meeting, timely progress reporting to MoFALD and DPs are other achievements contributing to effective implementation of LGCDP II.

More than 51% Audit arrears related to LGCDP have been settled in 2017 for which PCUs and RSUs facilitated to collect detailed audit reports of DCCs.

IT based working culture of MoFALD further improved through PPSF support. Different ICT products developed which include- info-graphics, MOFALD's Office Automation System, GIS support for LLRC, local level details, MARS roll out strategy etc. and enhanced capacity of the concerned staff through training emphasizing on institutionalizing these IT products. With the aim to inform and create public awareness on local governance issues, PPSF also supported to develop and broadcast television programme.

The PPSF supported local governments through Provincial Support Units mainly in the area of local level coordination, workshop and training, mainstreaming cross cutting issues, ICT, planning, monitoring, reporting etc.

Progress towards Outcome Two: Improved policy advice and capacity support for development for overall service delivery at the local level

After July 16, 2017 when the TSNGP was put in place, PPSF Outcome-1 was merged into Outcome-2. Therefore, both technical contributions of TSNGP technical experts and achievements through PPSF technical supports are highlighted under this outcome area.

PPSF supported to carry out two study reports namely a) Projection and collection of taxes for provinces and local governments in the changed federal context and b) Designing a Framework for Sub-National Government Financing through Borrowing in the context of Fiscal Federalism in Nepal. The PPSF also supported to prepare Revenue Improvement Action Plans of local governments. MoFALD obtained policy advice and shared experience on Fiscal Federalism through workshops and national consultative meetings.

The GoN established 753 LG units by restructuring the earlier prevailing 3,374 local units. During this process, PPSF provided support particularly in the areas of GIS mapping, report preparation and its publication in Nepal Gazette. This support was extended in the processes of developing criteria/standards for local level restructuring.

Feedbacks on draft Bill on Local Government Operation were collected from local level stakeholders in provinces 3, 6 & 7 through PPSF's assistance. Similar consultation events were conducted with parliamentarians, political party members, experts and stakeholders at federal, provincial and local levels.

Promulgation of Local Government Operation Act, 2074 and Acts related to Six Constitutional Commissions are some of the major achievements of this year. MoFALD detailed out the constitutionally scheduled functions of levels of government, specific to local government. The unbundled functions are now internalized in the Local Government Operation Act. PPSF also supported the unofficial translation from Nepali to English of the important Acts and Bills through the DP Cells.

MoFALD prepared legislative framework on transitional operation and management of local government and service delivery dealing with staff management, financial management, project management, property management and continuity of the service delivery through newly established local government. PPSF provided support to MoFALD in preparation of more than 20 model laws in line with the Constitution- many of which have been adapted and adopted by the local governments. Also, PPSF supported to improve access to information through development of various outreach materials such as LG resource book, FAQs on local governance and LG details. Basic information of each LGs has been compiled in the form of a book and disseminated to all LGs and stakeholders.

Capacity building support was provided to 827 newly elected Mayors, Deputy Mayors, Chairs and Vice Chairs of local governments of Provinces no. 2, 3, 4 and 6 through a number of orientation programs. Similarly, capacity of 733 Chief Administrative Officers and 73 LDOs developed on local government operational issues through PPSF support. MoFALD is creating and maintaining a roster of various thematic experts, coaches and mentors to expedite capacity building process at all levels of government.

PPSF supported to develop Knowledge Management Blog with its mobile application, Volunteer management system, website of newly established LGs prototype of local governance portal and budgetary activities in LMBIS. These systems are now operational.

Technical support was provided to prepare an unaudited financial management report of FY 2016/17 for FCGO certification. In addition, PCU and PSUs engaged to prepare audit follow-up action plans to expedite the audit arrears settlement process.

Progress towards Outcome Three: Greater efficiency and effectiveness in programme coordination and oversight

For better coordination and harmonization among development partners and between development partners and Government of Nepal, the PPSF has provided updated status in the implementation of LGCDP II-TSNGP activities to development partners and provided technical feedback to MoFALD on a regular basis.

The Annual Strategic Implementation Plan 2017/18 was prepared with technical support of DP Cell. Moreover, it has provided support to prepare narrative summary of ASIP 2017/18 along with milestones for each output. The DP Cell has helped to track progress on audit irregularities through regular contact with the Finance Section of MoFALD, PCU and PSUs, which helped to reduce the outstanding audit arrears.

The DP Cell provided support to prepare the Addendum to the Joint Financing Arrangement for the LGCDP II-TSNGP. The Addendum to the JFA has been signed between the GoN and DfID, SDC, Norway, UNICEF, UN Women and UNFPA.

The PPSF provided support to prepare the Terms of Reference for formulation of SNGP along the contours of the SNGP concept note endorsed by the NAC and the GoN. It has facilitated the Joint Task Force formed under the chair of Joint Secretary, Planning and Foreign Coordination Division, MoFALD to organize series of meetings to design TSNGP and anticipated SNGP. The SNGP design team has submitted final report to MoFALD which is under review by the Ministry.

5.2 Progress on Project Outputs

Table 2: Progress on Output Indicators

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2016	2017 Milestone	2017 Progress	Cumulative progress up to 2017	Means of verification
Output 1: Programme Coordination Unit (PCU) strengthened and fully operational	Full PCU established in MoFALD, % of planned experts are recruited for PCU	PCU in existence as established under LGCDP I with weak capacity. Need to continue support	Thematic staff, supporting staff to be recruited and PCU fully operational	13 thematic experts and supporting staff have been recruited and PCU operational in full capacity	Thematic experts and supporting staff have been recruited and PCU operational in full capacity	All positions of thematic experts fulfilled	All positions of thematic experts fulfilled	Staff attendance
Output 2: Regional Coordination Unit (RCU) Established	Improved trimer progress reporting against planned activities in ASIP Timely and effective output group meetings	Irregular progress reporting Output Group meeting takes place on ad-hoc basis	Improved trimer reporting against the planned activities in ASIP Quarterly output group meetings take place.	Trimer progress reports prepared by RCUs and PCU and shared in Sub-NAC meeting All output group meeting held on time i.e. 3 times in a Year 2015/16 as per plan	Improved trimer reporting against the planned activities in ASIP Quarterly output group meetings take place.	Trimer progress reports prepared on time by RCUs and PSUs. Output group meeting held as planned	Trimer progress reports prepared on time by RCUs and PSUs. Output group meeting held as planned	Trimer progress reports Meeting Minutes
	6 Planned RCUs established by end 2013/14	5 RCUs in existence estad under LGCDP I with limited capacity	6 RCU providing TA in 6 thematic areas across the country.	6 RCUs operational	Strengthened 7 provincial units	7 provincial units functional	7 provincial units functional	Monitoring visit by PCU

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2016	2017 Milestone	2017 Progress	Cumulative progress up to 2017	Means of verification
and operational	% of planned experts actually recruited for RCU as per TASC TA plan	5 RCUs in existence as established under LGCDP I with limited capacity	RCUs fully operational with 36 technical experts in three thematic areas providing necessary technical assistance to S.	100% planned experts stationed in RCU. Six RCUs in existence	Conduct M&E activities in 7 PSUs existence	Conducted M&E activities regularly	Conducted M&E activities regularly by RCUs/PSUs	
Output 3: Technical support provided to LBs	% of trimester and annual progress reports submitted by RCU on time % of planned experts actually recruited as per TASC TA plan % of targeted failing or low performing supported	Limited practice of formula based grants	Local bodies receive performance based formulaic grant based	100% of trimester and annual progress reports submitted by RCU on time 100% planned experts have been recruited	% of planned experts actually recruited as per TASC TA plan NA	100% planned experts have been recruited NA	100% planned experts have been recruited MCPM exercise stopped due to restructuring.	MCPM result. LBFC website, www.lbfc.gov.np

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2016	2017 Milestone	2017 Progress	Cumulative progress up to 2017	Means of verification
Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II	based on MCPM assessments % of DDC and % of MuNs have well equipped organizational setup and guidelines for revenue administration and collection Government Grants allocated and transferred based on updated allocation formula and MCPM system	No local revenue guidance in place	on Minimum Conditions Performance Measures (MCPM) LB's own source revenue increases by 10%.	NA	LBs own source revenue increased by at least 10%	Own source revenue of 58 municipalities increased at 16%, 34% of new 133 municipalities and 6% of DDCs in 2072/73.	Own source revenue of 58 municipalities increased at 16%, 34% of new 133 municipalities and 6% of DDCs in 2072/73.	LGCDP Annual progress report
			Effective MCPM system in place.	Some of the Government Grant allocations have been based on the MCPM assessments.	Given the changed context MCPM is no longer applicable.	Given the changed context MCPM is no longer applicable.	Given the changed context MCPM is no longer applicable. The Natural Resource and Fiscal Commission has been mandated to recommend the grant allocation	LBFC reports

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2016	2017 Milestone	2017 Progress	Cumulative progress up to 2017	Means of verification
	% districts using social protection MIS developed under HDSPP	Social protection MIS system in-existent	NA	NA	100% districts using social protection MIS developed under HDSPP	With the restructuring of local governments, the MIS system has to be updated to be in line with the new structures.	formula to the Government	
Output 5: Strengthen overall capacity of MoFALD to	PRF operational and PRF regulatory	No TA procurement system in place.	Conduct a PRF study and operationalize a PRF for	PRF partly operational, 292 LGCDP focal person on board.	NA	NA	MIS system was developed and institutionalized in the Department of Civil Registration under MoFALD. A strategy to roll out the use of the MIS system with phased agent banking for transfer of social protection payments has been drafted.	

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2016	2017 Milestone	2017 Progress	Cumulative progress up to 2017	Means of verification
manage TA (including Volunteers)	framework in place		procuring and maintaining TA.					
Output 6: Capacity of national and subnational institutions to manage and implement local service functions is strengthened	National CD Strategy approved and operationalized % reduction of failed MC	No National CD strategy	A national CD strategy endorsed and implemented	The task force formed to operationalize the strategy at the work.	NA	NA	70 DDC, 58 Municipalities and 1837 VDCs passed MCPM in NFY 2070/71.	
	% of information system updated and digitized			75 DDC and 217 Municipalities have their official website	Developed official website of all LGs	100%- MoFALD developed new Websites of all LGs.	100%- MoFALD developed new Websites of all LGs.	LB's webpage
Output 7: Efficient and effective liaison and strategic guidance provided to the DPs and the Government	One door service for LGCDP II coordination	DP coordination requiring integration.	A functional DP coordination cell coordinating LGCDP DPs	Effective Coordination provided through the DP Cell to all DPs supporting the programme. All National Advisory	One door service for LGCDP II coordination	DP cell is functional and providing one door service for LGCDP II coordination	DP cell is functional and providing one door service for LGCDP II coordination among DPs and	Meeting Minute

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2016	2017 Milestone	2017 Progress	Cumulative progress up to 2017	Means of verification
Output 8: Efficient and effective quality assurance, programme monitoring, documentation and evaluation is provided to ensure the LGCDP II deliver stated outcomes and outputs	Annual technical review conducted			Committee meetings held. 3 Meeting of TASC conducted till third quarter	Conduct TASC meeting	3 TASC meeting held till November 2017	Quarterly TASC meeting held	Meeting Minutes
	Mid-term review conducted			Mid Term Review conducted and completed	NA	NA	Mid Term Review conducted	
	Monitoring and review/evaluation system streamlined			AMEP introduced at local level	AMEP 2017/18 developed	Prepared AMEP 2017/18	AMEP of each fiscal year prepared	AMEP Report
	Information available in time for annual planning			RBM report received on time	Update LGCDP RBM	LGCDP RBM regularly updated.	Update LGCDP RBM	RBM Online Reporting (RBM)

Progress on Output One: Programme Coordination Unit strengthened and fully operational

Prior to LGCDP II-TSNGP coming into effect, the PCU remained fully functional with 13 professional staff who provided various technical support to MoFALD and local levels. The PCU technical team supported MOFALD in preparing working modalities for social mobilization in the changed context as well as the social mobilization exit strategy, the Medium-Term Expenditure Framework, along with various knowledge products and reports including LGCDP-II annual, trimester and four-year achievement report.

During the reporting period, the PCU worked to build rapport with the Tribhuban University to recognize 'Social Accountability' as a research topic, and also supported in designing LGCDP's output wise infographics; MOFALD's Office Automation System, file tracking system and initiated design of Local level websites. Furthermore, the PCU supported the programme in various cross cutting issues including conducting the GESI audit and its reporting, providing support for smooth implementation of EFLG Program in 54 municipalities and 60 VDCs of 14 DDCs, as well as supporting the conduct CSO peer review meeting etc.

The PCU also provided support to settle Beruju (audit arrears) of local bodies, whereby more than 51% Audit arrears related to LGCDP have been settled in 2017 for which PSUs facilitated to collect detailed audit reports of DCCs.

Progress on Output Two: Regional Coordination Unit (RCU) Established and operational

Prior to TSNGP coming into effect, all six Regional coordination units remained fully functional. The RCU technical teams provided various support to local bodies and assisted MoFALD/LGCDP II in mainstreaming CFLG, EFLG and GESI in the local level as well as supported the PCU with reporting. Key activities performed by RCUs included providing effective coordination and managerial support in organizing key consultative meetings and facilitating the trainings and capacity development initiatives at the local level.

Among the important capacity development initiatives supported by the RCU include training to Engineers and Sub-engineers on building by laws and building code- which has been an important initiative following the recent earthquake. Similarly, RCUs have also supported in facilitating and coordinating orientation programs to Mayor and Deputy Mayor, Chairperson and Vice Chairperson of local governments in Provinces No. 2, 3, 4 and 6 immediately following the local elections.

Furthermore, the RCUs have been instrumental in supporting to conduct VERSP-MIS Training to Local Bodies' Social Security Focal Persons. More recently they have been providing ICT support to newly establish local level offices particularly in the areas of creating email IDs, website update, software installation, MIS, MARS, etc. as well as in areas related to supporting the settlement of *Beruju* (audit arrears).

Progress on Output Three: Technical Support provided to Local Bodies

A five -day capacity building training to 65 ICT Volunteers of various local bodies (now local governments) was conducted on ICT tools and techniques. For their institutional development websites of all the LGs were constructed. Templates for LGs were prepared to support the local bodies which would provide a platform for short-term and long-term planning of the LGs. Before and just after formation of the local governments, the Social Mobilizers financially supported by the Programme, had aided the LGs for civic education, voter education, listing of beneficiaries of the social security allowances and most importantly supported the operation and functioning of the ward in the absence of civil servants during the transition phase. Arrangements were made for recruitment of IT Officers to serve all of the 753 local bodies (now governments). More than 20 model laws were drafted which formed the basis for the LGs to make their own laws.



Output Four: Timely, targeted and flexible policy advice and research provided to LGCDP II

The PPSF supported in accomplishing a number of key activities related to policy advice and capacity support in 2017 as planned. This included the preparation of Revenue Improvement Action Plan of selected six municipalities followed by 13 local government units of Sunsari comprising of sub metropolitan cities, municipalities and rural municipalities. Furthermore, completion of two important studies on a) Projection and Collection of Taxes for Provinces and Local Governments in the changed federal context and b) Designing a framework for sub-National government financing through borrowing in the context of fiscal federalism in Nepal also took place during the reporting period. The studies have been useful in providing policy inputs.

A number of key resources and technical inputs were provided under this output area in order to develop the Business allocation rules (*Namuna karya bivajan niyamawali*) of Gaunpalika and Nagarpalika, the draft version of LG resource book, GIS maps for the Local Level Restructuring Commission (LLRC) and LLRC report, hand book on frequently asked questions (FAQs) and local level profile template as well as the draft bill regarding facilities of the LG Officials and MoFALD. The information books on of 753 LG was prepared and disseminated in 2017 as well.

Similarly, notable support was also provided to develop model local laws- including local level financial procedure act, community mediation rules, FM radio operation and management rules and cooperative operation and management rules, the Business Allocation Rules, Business Performance Rules, Taxation of Gaunpalika and Nagarpalika, Revenue and Expenditure projection, Model Code of Conduct of LG Officials, Meeting procedures of local government, Determining changing roles and responsibilities of District Coordination Committee, Designing framework legislation regarding local service (Operation and management) law/Act and Planning and Budgeting Guidelines for LG.

Furthermore, the Programme also prepared a concept note on 3 Fs and shared with senior officials of MoFALD, supported to prepare executive order regarding operation and management of local government during transition period, as well as a document for enactment of the bill regarding six constitutional commissions. In order to build on the knowledge sharing on federalism, an international learning/exposure visit to Australia and Indonesia of MoFALD officials and newly elected LG representatives was conducted.

Finally, during the reporting period, support was also provided to MoFALD to prepare 3rd trimester financial management report of FY 2016/17, the unaudited financial management report of FY 2016/17 for FCGO certification and audit follow up action plans to expedite the audit arrears settlement process.

Progress on Output Five: Strengthen Overall Capacity of MoFALD to Manage TA (including volunteers)

No specific activities planned under output 5 in the year 2017.

Progress on Output 6: Capacity of national and sub-national institutions to manage and implement local service functions is strengthened

The Programme has immensely contributed to smooth transitioning of the state from unitary to federal governance through policy advice and research. These supports include policy advices such as developing criteria and standards for local government restructuring as well as developing transitional management plan. To achieve this, the PPSF provided technical support to accomplish key events towards improving capacity of national and sub-national institutions- including the organization of induction training to LGCDP II focal persons at DDC and Municipalities comprising of a total of 292 participants.

Several other strategic trainings and consultative meetings were also organized such as training on Appreciative Inquiry and Theory of Change to all LGCDP II staff, as well as seven Regional Consultative Meeting to collect feedback for LGCDP II- Transition phase and SNGP, along with a National Consultation Meeting to discuss on various contemporary issues including way forward to proposed TSNGP and SNGP.

Similarly, a MToT and Orientation Programme on Local Government Operation and Management was also organized to a total of 60 participants followed by a series of orientation programmes for Executive Officers and LDOs in all provinces comprising of 806 participants in total.

As noted, a series of orientation and trainings were provided to 827 newly elected Mayors, Deputy Mayors, Chairs and Vice Chairs of local governments of Provinces no. 2, 3, 4 and 6 along with an interaction programme to obtain feedback from elected representatives in order to improve course contents of training programmes for Mayor, Deputy Mayor, Chair and Vice Chair of LGs. For future support, to the local governments, the preparation of a roster of resource persons at national and province levels was also initiated.

The Programme also supported the preparation as well as the operationalization of websites for newly established LGs, LG profile templates, ICT guidelines, interactive maps with local level details, mobile application for MOFALD, knowledge management blogs with its mobile application and volunteer management system etc. through the support of the ICT volunteers.

Progress on Output Seven: Efficient and Effective Liaison and Strategic guidance provided to the DPs and the Government

In order to make efficient and effective liaison, various strategic guidance was provided to the DPs and the Government. Key achievements of the year under this output include the development of the Project document of LGCDP II- TSNGP and its operationalization, and the draft project document for Sub National Governance Programme (SNGP).

Through the DP Cell, the development partners were well informed about updated status, issues and challenges in the implementation of LGCDP II activities through monthly progress report, as well as through the monthly meeting of JFA-DPs organized by the DP Cell. Furthermore, during the reporting period, the DP Cell helped to track progress on audit irregularities through regular contact with the Finance Section of MoFALD, PCU and PSUs, as well as provided technical guidance to specialists and experts working in PCU and PSUs in order to assure smooth operation of LGCDP II-TSNGP activities.

Progress on Output Eight: Efficient and effective quality assurance, programme monitoring, documentation, and evaluation are provided to ensure that LGCDP II stated outcomes and outputs

Prior to LGCDP II-TSNGP, the LGCDP II accomplished various activities contributing to ensure that LGCDP II stated outcomes. After TSNGP, this particular output was merged under output 7.

Nonetheless some of the activities accomplished under this output area earlier included, facilitation of the Joint Task Force and inputs being provided to prepare framework for transition phase between LGCDP II and SNGP, as well as TA support in organizing NAC and TASC meetings, review various reports and studies conducted in line with ASIP 2016/17, as well as support in preparation of handbook on local governance.

6. BUDGET AND EXPENDITURE

The following table shows the output wise indicative budget and expenditure for 2017 and the sources of funds budgeted and utilization.

Table 3: Output wise annual budget and corresponding expenditure (LGCDP II)

Amounts in US\$

Output	Annual Budget	Annual Expenditure through project	Annual Expenditure through UNDP	Total Expenditure	Budget Utilization%
Output 1	295596.00	202,963.77	43,913.14	246,876.91	83.52
Output 2	469152.00	347,870.27	27,829.61	375699.88	80.08
Output 3	54000.00	0.00	0.00	0.00	0.00
Output 4	206056.00	45,284.74	49,028.21	94312.95	45.77
Output 5	0.00	0.00	0.00	0.00	0.00
Output 6	174744.00	149,497.46	16,496.18	165993.64	94.99
Output 7	75330.00	0.00	55,979.89	55979.89	74.31
Output 8	0.00	0.00	0.00	0.00	0.00
Total	1274878.00	745616.24	193247.03	938863.27	73.64

Table 4: Sources of funds Budget and Utilization of the project period (LGCDP II)

Amounts in US\$

Source of Fund	Funding period (Start-End)	Total Project Budget	Expenditure up to 2016	Expenditure in 2017	Total expenditure till 2017	Total Budget utilization %	Budget Balance US\$
UNDP	2014-2017	11,174,821.21	8,974,760.87	938,863.27	9,913,624.14	88.71	1,261,197.07
UNCDF	2014-2017	2,201,429.80	1,250,208.25	373,896.85	1,624,105.10	73.78	577,324.70
UNV	2014-2017	540,548.00	147,919.00	94,500.00	242,419.00	44.85	298,129.00
Total		13,916,799.01	10,372,888.12	1,407,260.12	11,780,148.24	84.65	2,136,650.77

Table 5: Output wise annual budget and corresponding expenditure (LGCDP II - TSNGP)

Amounts in US\$

Output	Annual Budget	Annual Expenditure through project	Annual Expenditure through UNDP	Total Expenditure	Budget Utilization%
Output 1	0.00	0.00	0.00	0.00	0.00
Output 2	0.00	0.00	0.00	0.00	0.00
Output 3	0.00	0.00	0.00	0.00	0.00
Output 4	57186.00	25,347.65	9,458.32	34805.97	60.86
Output 5	0.00	0.00	0.00	0.00	0.00
Output 6	609183.72	395,652.92	31,652.23	427305.15	70.14
Output 7	189374.00	2,839.66	170,402.52	173242.18	91.48
Output 8	0.00	0.00	0.00	0.00	0.00
Total	855743.72	423840.23	211513.07	635353.30	74.25

Table 6: Sources of funds Budget and Utilization of the project period (LGCDP II - TSNGP)

Amounts in US\$

Source of Fund	Funding period (Start - End)	Total Project Budget	Total Project Budget 2017	Expenditure in 2017	Total Budget utilization %	Budget Balance US\$
UNDP	2014-2017	2,016,026.92	855,743.72	635,353.30	74.25	1,160,283.20
UNCDF	2014-2017	672,963.00	436,800.00	306,447.77	70.16	236,163.00
UNV	2014-2017	185,403.60	98,452.80	78,240.00	79.47	86,950.80
Total		2,874,393.52	1,390,996.52	1,020,041.07	223.87	1,483,397.00

Table 7: M&E Expenditure: In 2017, Project spend on M&E activities

Total spent on Monitoring:	[Total US\$ 206,898.00]
<input type="checkbox"/> Costs associated with UNDP/project staff, consultants, project partners, supporting national statistical systems in designing project specific data collection methodologies (qualitative and quantitative), monitoring methods including stakeholder surveys and other qualitative methods, collection of data, analysis and dissemination of the findings to inform a project, either with project partners or to fulfill specific UNDP/project requirements (preferably the former).	
Total spent on Decentralized Evaluations	[total spent on commissioning evaluations + total spent on proportional staff]
<input type="checkbox"/> Costs associated in designing, implementing and disseminating evaluations for specific projects	
Combined total spent on M&E	[Total US\$: 206,898.00]

7. CROSS CUTTING ISSUES

7.1 Targeting and voice/Participation of Target groups

The overall aim of the LGCDP- TSNGP II is to contribute to the alleviation of poverty in Nepal. LGCDP II – TSNGP covers entire 77 District Coordination Committees (DCCs), 293 *Nagarpalika* and 460 *Gaunpalika* (rural municipalities) that follows new country restructuring. Social Mobilization (SM) implementation approach has been adopted as a mainstay for community development part of the programme till the end of 2017.

The Social Mobilization process has created more than 40,000 citizen institutions, namely 31,304 Ward Citizen Forum (WCF) and 13,040 Citizen Awareness Center (CAC). These citizen institutions are largely engaged in local planning, implementation, oversight and social transformational activities at the local level. A total of 1.12 million people are directly affiliated with these institutions.

As a result of nationwide social mobilization movement, service providers are becoming more responsive towards citizen demands that can be realized through increased project approval rates (initially 46% and now 78%). Similarly, the participation of women in initial stage of LGCDP II was recorded below 20 percent, while this has now reached to 40 percent.

The Underlying Causes of Poverty Assessment (UCPA) is a tool through which deprived settlement and HHs are identified. It also supports communities to assess their social and economic status and take the measures accordingly. LGCDP-II had started to conduct UCPA through Social Mobilizers and the LSP at the local level. The UCPA has been completed in 86 % of VDCs (then) and 653 wards of Municipalities (then). The findings of UCPA have been used for extending 5,517 CACs in most vulnerable settlements. Since the political boundaries have been changed due to LG restructuring, the Gaunpalika and Municipalities are requested to put these data safely for their further uses.

7.2 Gender Equality, Women's Empowerment, and Social Inclusion

MoFALD has been putting efforts to obtain inclusive development by bringing women, children and backward communities and mainstreaming them in development process. The ministry had developed GESI policy and GRB guideline to mainstream GESI/ GRB at local level. MoFALD's GESI section coordinates with other sections of Ministry, and development partners to make local governance program more GESI friendly. For effective implementation of GESI Policy at local level, Gender Responsive Budgeting and Auditing tools are being used for the fulfillment of national and international commitments. Following are some of achievements where LGCDP II provided technical inputs:

- 25 DDCs and 73 Municipalities conducted GESI Audit as per the Guideline, assessed their development program from gender perspective and identified gaps.
- Out of 73 Municipalities, 13 Municipalities (Phidim, Shivsatahi, Sadananda, Manthali, Dapcha, Melanchi, Karyabinayak, Mahalaxmi, Atalingshor, Chadragiri, Kagshori, Nagarkot, and Panchkhal) conducted GESI Audit using their own resource and implemented the action plan to improve the indicator status of GESI based on GESI audit.
- LBs organized different gender awareness raising activities on the occasion of International Women's Day celebration at 8 March and collaboratively worked on 16 days GBV campaign at local level.
- MoFALD prepared draft GESI Audit indicators to execute GESI Audit in the Ministry.
- Prepared three-year action plan of MoFALD on UNSCRs 1325 and 1820'Conducted GESI joint monitoring visit to Morang, Dhankuta and Terathum districts aiming to assess the GESI mainstreaming in development process of LBs.

- Among the commendable results achieved by the project, include the fact that 30% of the total elected members in the local level elections included women and persons from disadvantaged communities who have been actively involved in the LGCDPP II and TSNGP programme having been elected. Out of 28,594 elected members at the local level, 8,415 members had been affiliated with the LGCDP created platforms including social mobilizers, members of WCF and CACs.

7.3 National Capacity Development

LGCDP II aims to strengthen both institutional and human resource capabilities of MoFALD and its departments such as Department of Local Infrastructure Development and Agricultural Road (DoLIDAR), Local Body's Fiscal Commission (LBFC), Local Development Training Academy (LDTA) and partner organizations, sectoral line agencies and other local governance actors. In the year 2017 various national level capacity development programs were carried out by LGCDP-II that is listed under the section 'Progress on Output 6' of this report in detail. A major achievement of the year under capacity development is series of orientation programme on 'Operation and Management of Local Government' to Mayors, Deputy Mayors, Chairs and Vice-Chairs of province No. 2,3,4 and 6 benefiting 827 people in total. Similarly, Chief Administrative Officers and LDOs of all provinces were also oriented on local government operational and administrative procedures benefiting additional 806 people in total. These initiatives largely contributed to strengthen institutional capacity of local governments in the changed federal context.

The National UN Volunteers (NUNV) are mobilized in MoFALD and local bodies. They have delivered substantial changes in altering conventional to e-governance working practices at all levels. Major milestones include- ICT training to LGs; PIS software development; development of GIS maps for Local Level Restructuring Commission (LLRC); development of Website for newly established LGs; Interactive map with local level details; Mobile application for MOFALD; Knowledge Management Blog with its mobile application; Volunteer management system etc.

7.4 Sustainability

The social capital created by the community groups created by the Program and transformative awareness among the group members will have productive influence in future development works. So far, around 300,000 people have been capacitated at local level on various themes including local level planning & civic oversight, CFLG, EFLG, GESI, ICT, community mediation etc. The enhanced knowledge and skills are still relevant and will certainly help improve the local governance systems in the changed federal context as well. Similarly, early achievements and policy reforms should also be very useful to the new LGs and provincial/federal agencies to steer, support and facilitate the LGs. The previous achievements in PFM and IT are being further consolidated and good practices are likely to be continued in future.

7.5 South-South and Triangular Cooperation

LGCDP II supported the capacity development of MoFALD staff and central agencies. Officials participated in various training, workshops and exposure visits. These visits, participation in workshops and trainings have contributed to better understanding among the policy makers in relation to the multiple dimensions of federalizing the state and local governance post federalization.

A high-level team of 10 members (comprising a Joint secretary, two Undersecretaries, two section officers, four Mayor and a Computer officer) visited Australia and Indonesia during 24 July to 4 August 2017. Main objective of the exposure was to foster a deeper understanding of functional federal/devolved system and structure of sub-national governance in Australia and Indonesia. These are some learning points extracted from the visit report. These learning points are helpful insights that can be applied in the Nepalese context.

- *Local government in Australia have strong partnership with private sector,*
- *Office lay out of the municipalities in Australia is client friendly in terms of gender, disability, children, etc.,*
- *The municipalities in Australia have wonderfully applied the clean & green city concept,*
- *Local governments in Australia receive only 40% fund of their annual budget through intergovernmental fund transfers,*
- *Most of the services are online in Australia which has saved the time & money for both service seekers & service providers,*
- *There are so many local governance issues in Indonesian context. They include- overlapping authority between levels of governments, differential human resource capacity, big responsibility with small fiscal capacity, difficulties in integrating natural resource management between regions, most of the major functions of local government had been recaptured by the central government etc.*

7.6 Partnerships

Prior to LGCDP-TSNGP, the programme brought together fourteen development partners, government agencies as well as the UN agencies together to contribute to the local governance and community development in Nepal. While the UN support to the LGCDP as a whole, hinged on the partnership among UNDP, UNCDF, and UNV. These agencies bound together under the Joint Framework for Technical Assistance. Other agencies including bilateral and multilateral development partners and their aligned programs contributed to the local development priorities under the Joint Funding Agreement. On the other hand, LGCDP II engaged with various sector ministries and government agencies at the central level. At the local level, LGCDP II coordinated with all local bodies-District Development Committees, Municipalities, and Village Development Committees. Similarly, the collaboration was further extended to district level line agencies, civil society organizations, non-governmental organizations, the private sectors, and citizen's organizations like WCF, CAC, IPFC, and CSOs. With the onset of the transition phase, the importance of inter-ministerial coordination was underlined by the programme. There were some initiatives through which such partnerships were enhanced such as the programme supporting the technical assistance in coordination with the Ministry of General Administration to support the Ministry of Finance in preparing the Intergovernmental Fiscal Transfer Bill. Similarly, in order to prepare the SNGP programme document, different ministries, agencies and stakeholders were brought together to discuss and brainstorm on the design of the SNGP based on the federal context.

7.7 Promotion of civic engagement

The LGCDP II helped to establish and strengthen accountability at the local level by mobilizing local Civil Society Organizations (CSOs). It helped to establish and strengthen accountability at the local level by mobilizing local Civil Society Organizations (CSOs) and accomplished substantial progress. Some of the achievements attained through promotion of civic engagement are: conduction of compliance monitoring by 57 districts out of 75, establishment of grievance handling mechanism by 100% DDCs and response by local bodies to more than 50% grievances that were reported during the public hearing. Further, CSOs' carried out crucial accountability enhancing activities such as FM radio mobilization (1,270 episodes), public hearing facilitation (490 times), public audit conduction (294 times) and training for WCF (934 times). These efforts helped increase the use of accountability tools, provisioning help desk and grievance responding culture in the bodies.

7.8 Expanding opportunities for youth

For strengthening e-governance at local units, MoFALD also initiated recruitment of IT Officers at all 753 local units. A group of young computer and electronics engineers are serving in various local units as IT officers, where they are responsible for supporting in the development and operationalizing websites and software. Role of these youths are praiseworthy in creating innovation in information dissemination and service delivery through information and communication tools. Their backstopping and capacity development support to staffs at local offices is substantial in day to day operation and service delivery.

7.9 Innovation

Strengthened E-governance in MoFALD: Support of the group of young computer and electronics engineers, who have been serving in various local units, as IT officer, has been crucial in bringing innovation through information and communication technology tools. Innovative ideas have been implemented in improving service delivery and information dissemination. With the same objective, ICT team in MoFALD including ICT Officers (then ICT Volunteers) have developed following four ICT products and the systems are at the initial stage of implementation. It is expected that this innovation will help alter the traditional ways of communication to the modern systems.

- Websites for all local units has been developed (list available at www.mofald.gov.np/website) based on Content Management System (CMS) which has improved information dissemination and document and report archival in various categories. Website are also platform for grievance handing as public can anonymously report their grievances online.
- Interactive map with local level details has been designed (available at www.mofald.gov.np/gis) which serves as an interactive one stop for local level details such as geographic description and GIS maps of new structure.
- Android based Mobile application for local governance (available at play store as "local governance Nepal" app) helps informing citizen with all details and updates of local government, their elected representatives, and administrative officers among other details.
- Knowledge Management Blog with its android based mobile application (www.ict4lb.org.np) is a knowledge repository where staffs can share their learning and experiences for others.
- Volunteer management system has been developed (<http://volunteer.ddns.net/>) to make a roster of volunteers that may be assets for local governance.

7.10 Knowledge Management and Products

The technical assistance under PPSF provides expert support to Information and e-governance Section at MoFALD and overall of the LGCDP programme to promote good governance practices. In this regard, media promotion, publication, information disclosure and documentation form key part of knowledge management and products. LG website, mobile application, knowledge management blog, researches on revenue generation and management, maintenance and dissemination of TSNGP programme document are also some of the activities performed for managing knowledges. These products have contributed in promotion of transparency and downward accountability. Documentation of all policy level and government meetings are both physically and electronically archived. Similarly, social media (Face book and Twitter) is effectively utilized to share program's activities regularly. Key knowledge products of the year 2017 are:

1. Frequently asked question (FAQ) on Local Governance System and Process (book at finalization stage)
2. Introductory book on details of *Gaunpalika* and *Nagarpalika* (Book Published)

8. LESSONS LEARNED

In addition to the issues listed below, the programme realized that the support it provided through TSNGP was helpful but not adequate to aid the local governments are fully functional and operational. The LGs further were in need of capacity development supports in areas of revenue generation, programme planning and budgeting, procurement, e-governance and the like. This realization further justifies the requirement of a sub-national governance programme.

- Lack of intergovernmental coordination and Implementation,
- Insufficient local government systems and procedures,
- Weak local government institutional capacity,
- Local government elected officials not sufficiently empowered,
- Local participation and accountability yet to be established.

9. IMPLEMENTATION ISSUES AND CHALLENGES

LGCDP-TSNGP faced various operational challenges in 2017 as summarized below, with remedial measures taken.

- Institutionalizing Social Mobilization in the newly formed LG remained a challenge. The
- There was slow progress in the settlement process of outstanding audit arrears related to LGCDP. Toward addressing this issue, action plans are prepared at all levels and being implemented.
- LGCDP faced challenge in forming new structure and defining role of PCU and RCU in transition phase. This issue had been solved by establishing seven provincial support units and recruiting staff as planned.

10. PRIORITIES FOR 2018

The LGCDP- TSNGP project document is the guiding document for the period from 16 July 2017 to 15 July 2018. Annual strategic plan 2017/18 has been prepared based on the project document and is being implemented. It is envisioned that the anticipated SNGP will be executed from July 2018 onwards. At the moment TSNGP will be used as a bridging programme between LGCDP II and upcoming SNGP.

The prioritized areas of intervention for 2018 up to July 2018 include the following:

- Support continuity of best practices and lessons learnt from earlier programmes including those on GESI, EFLG, CFLG, DRR, community mediation;
- Support policy evolution process and knowledge management needed for smooth federalization at the national and sub-national level;
- Support capacity building of elected officials of the SNGs and their staff/also support capacity building of central level agencies for managing devolution and federalization;
- Support in area of planning, budgeting, office management, reporting through development of tools/formats/templates and training/coaching;
- Early focus on use of ICT in newly created SNGs for e-governance and better/efficient monitoring of service delivery and governance indicators;
- Support information management, education of the stakeholders and advocacy in the areas of devolution and federalism;
- Ensure continuity of achievements of various outcome and output areas of LGCDP II in the restructured bridging programme TSNGP which will later transition into new programme "SNGP".

11. A SPECIFIC STORY

Case Story 1: Journey from a Farmer to a Ward Member

[Story by: Province no. 5, Nepalgunj]

Jhutuwa Tharu, a resident of ward no 5 Duduwa Rural Municipality, Banke says his life has changed for the better after becoming a member of the Citizen Awareness Center established by LGCDP. For a person who has studied till grade 8, it was a challenge for Jhutuwa with a meager monthly income of NRs 8,000 per month to support his family of eight. Before he became a CAC member he earned his living by farming and doing manual labor.



Jhutuwa Tharu working in his vegetable farm

Opportunities opened for Jhutuwa after becoming member of the CAC. He was able to participate in information sharing workshops on various matters such as planning process at the local level, importance of vital registration, gender based violence and domestic violence. This opportunity increased his capacity to articulate his problems, press his demands during ward level meetings and motivated him to conduct awareness about the importance of vital events registration in his ward. The CAC also coordinated and facilitated to send Jhutuwa on various trainings such as planning, monitoring, water, sanitation and hygiene, entrepreneurs training on pig rearing and vegetable farming etc. from government line agencies such as the District Water Supply Office, District Health Office and District Office of Cottage and Small Industries.

The CAC of Duduwa, ward no 5 received a LIP grant from LGCDP. It was invested as a revolving fund by its members at a nominal interest rate of six percent per annum. Jhutuwa took a loan of NRs 16,000 and bought 4 piglets for NRs 4,000 each. After a period of 10-12 months the pigs were sold for NRs 16,000 each. With the profit, he was able to repay the loan with interest. This encouraged him to take another loan of NRs 16,000 again to invest more on the pig farming. This change of occupation led to positive changes in his family. For example- he was able to send his children to a boarding school and also manage his day to day expenses without any constraints. Further, he received vegetable farming training from District Cottage and Small Scale Industries and started a small scale vegetable farming. His monthly income has increased to NRs 15,000 per month.

A key learning for him has been that a small investment can make big difference in the living standard, even for the people having less education and occupational skills. He proudly says that it was because of the trainings and information received from CAC, he became confident to contest and get elected in the position of ward member of ward no. 5 of Duduwa Rural Municipality in the recently held local level elections.

Case Story 2: Multipurpose Digital Display helps Disseminate Information Efficiently

[Story by: Team ICT, Province No.4]

Until they came up with a digital notice board idea, Waling Municipality was using analog notice board. They bought smart Television and utilized it as a Notice Board and a digital citizen charter-in fact a combo. It is also switchable to Television channels. The presentation on the notices being displayed can be changed dynamically from anywhere by the ICT personnel of the office using Internet. Previously only concerned service seekers used to look at the analog notice and the Citizen Charter Board.

However, things have recently changed with this digitization. Now at the first sight after entering the office premises, citizen notice a new Television displaying various information. Thanks to the on-the-fly editing capability provided by Google docs. Our digital notice board reflects notices, news and updates simultaneously apart from the citizen charter.

Elected Mayor and their team also wanted to make Waling municipal office as a paperless office. This has become one of the ways to realize their dream.


Advantage of digital notice board over analog is that back dated publication has been totally avoided which has always been unpleasant to visitors. Notices are now published in real time.

This practice has also helped to organize the published notices electronically. Notices can now be searched chronologically depending upon the categories or tags. The Municipality is going to replicate this live digital notice board contents to official web portals. The smart TV can thus be used as announcement platform of any new information to the public via internet.



Digital display in Waling Municipality used for multiple purposes.

12. RISK AND ISSUE LOGS



 Ministry of Local Government, Urban Planning and Construction
 Government of the Republic of Uganda
 Table 8: Risk Log Matrix

S. N	Description	Category (financial, political, operational, organizational, environmental, regulatory, security, strategic, other)	Likelihood of risk (scale of 1 to 5 with 5 being the most likely) A	Impact (scale of 1 to 5 with 5 being the highest impact) B	Risk factor (A x B)	Mitigation measures if risk occurs	Date risk is Identified	Last Updated	Status
1	Planning and Programming	Others	P=3	P=3	9	Review and revise local level planning guidelines to incorporate results-based planning tools	November 2016	December 2017	Drafted new planning framework applicable for local government in the changed context
2	Budget release	Financial	P=3	P=3	9	Ensure timely budget release from FCCGO and from DTCO to implement activities as per the action plan/work plan	November 2016	December 2017	Provincial Support units (PSUs) regularly followed to assure timely release of fund to Local Governments
3	Establishment and transition of programme recruitment Facility (PRF)	Operational	P=3	P=3	9	Design PRF	November 2016	December 2017	Programme recruitment Facility (PRF) does not exist in LGCDP-TSNGP
4	Local Election	Political	P=3	P=3	9	Programme document will	November 2016	December 2017	Local election, provincial election



						be reviewed and revised if local election takes place as per the government plan				and federal election held.
5	Frequent change in management	Organizational	P=3	P=3	9	Civil Service Act will be followed	November 2016	December 2017	Employee adjustment act promulgated to address changed federal context	
6.	State restructuring	Political	P=3	P=3	9	Prepare transition Plan	November 2016	December 2017	The Government of Nepal (GoN) has recently established 753 local government units with 6 Metropolitan cities, 11 Sub metropolitan cities, 276 Municipalities and 460 rural municipalities.	

Table 9: Issue Log Matrix

S.N	Type	Date Identified	Description and Comments	Resolution measures recommended	Status of the issue	Status Change Date
1	Financial	November 2016	Poor financial record keeping in VDCs,	Operationalize VDC accounting software. It is planned to implement in 1000 VDCs.	Then VDCs converted into either municipality or rural municipality after the country restructuring. Therefore, VDC accounting package are not functional. Instead, MoFALD has introduced	December 2017

			Delay in release of fund to LGS	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>
2	Operation	December 2016	Monitoring and reporting system is weak in local bodies	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>
3	Implementation	December 2016	Ward Citizen Forums are involved in local level planning. WFCs role needs to expand to cover oversight activities.	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>
4	Implementation	December 2016	Livelihood Improvement Plan introduced in Citizen Awareness Centers formed in DAG 4-VDCs. It is require introducing in the entire citizen Awareness Centers.	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>	<p>Government of Nepal Ministry of Federal Affairs and Local Development Local Government and Community Development Program Co-ordinating Unit Kathmandu, Nepal</p>

5	Implementation	December r 2016	District and Municipality Social Mobilization committee are not effective	Composition of District/Municipality Social Mobilization Committee changed by including WCF and CAC members	92% District /Municipality Social Mobilization Committee (D/MSMCC) are found regularly holding meeting against annual target 72% before country structuring.	December 2017
---	----------------	--------------------	---	--	---	------------------



13 PROGRESS AGAINST ANNUAL WORK PLAN 2017

Output Wise Quarterly Plan vs. Progress

Output One: Programme Coordination Unit strengthened and fully operational

1st Quarter

Staff Salary head

2nd Quarter

Staff Salary head

3rd Quarter

No specific activities planned under Output- 1

4th Quarter

No specific activities planned under Output- 1

Output Two: Regional Coordination Units (RCU) established and operational

1st quarter

Salary

2nd quarter

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Conduct M&E activities 	<ul style="list-style-type: none"> Conducted monitoring visits by PSU in 9 districts out of 10 districts in (PN4). Conducted CAC monitoring visits in 3 districts (PN3) Conducted monitoring visits in 6 DCCs and 4 municipalities (PN1)
<ul style="list-style-type: none"> Induction/TOT for 6 NUNVs 	<ul style="list-style-type: none"> 5 days capacity building training to 65 ICT Volunteers of various local bodies conducted, on important ICT tools and techniques.
<ul style="list-style-type: none"> Half yearly youth led events on "Volunteering for ICT4D at community level" focusing on youth volunteering in local governance held 	<ul style="list-style-type: none"> Activities planned, but not yet initiated

3rd Quarter

No specific activities planned under Output- 2

Output Three: Technical Support provided to Local Bodies

1st Quarter

First quarter Planned activities	Progress Status
<ul style="list-style-type: none"> • Induction/TOT for 8 NUNVs • Conduct cluster-wise trainings for ICT Volunteers 	5 days Capacity building training to 65 ICT Volunteers of various local bodies was conducted, on important ICT tools and techniques.
<ul style="list-style-type: none"> • Half yearly youth led events on "Volunteering for ICT4D at community level" focusing on youth volunteering in local governance held 	Activities planned, but not yet initiated

2nd Quarter

No specific activities planned in the second quarter.

3rd Quarter

No specific activities planned under Output- 1

Output Four: Timely, targeted and flexible policy advice and research provided to LGCDP II

1st Quarter

First quarter Planned activities	Progress Status
<ul style="list-style-type: none"> • Provide technical assistance to LGAF Secretariat 	<ul style="list-style-type: none"> • Provided second tranche (40%) to CSOs as per the agreement • EoI final list published • Communication and correspondence with RCUs and CSOs including Local Bodies • Policy support and feed back to LGAF on implementation of Compliance Monitoring and Downward Accountability promotion
<ul style="list-style-type: none"> • Institutionalize Revenue Improvement Action Plans of LBs (municipalities) 	<ul style="list-style-type: none"> • Field visits were undertaken by the consulting firm and Municipal division on preparing the RIAP of selected municipalities.
<ul style="list-style-type: none"> • Disseminate findings through a consultative workshop and publish study on national tax-base system, local tax-base system and establish linkage between local tax and national tax 	<ul style="list-style-type: none"> • Finalized the report 'Projection and collection of taxes for provinces and local governments in the changed federal context'
<ul style="list-style-type: none"> • Review current borrowing system and practice and recommend potentiality of borrowing systems in LBs 	<ul style="list-style-type: none"> • Prepared first draft report of the study on 'Designing a Framework for Sub-National Government Financing through Borrowing in the context of Fiscal Federalism in Nepal' • A regional was held with municipal officials and a national consultation meeting was held with key line agencies and development partners of LGCDP to seek feedback on the report
<ul style="list-style-type: none"> • Designing revenue forecasting and revenue potential study manual in context of restructure local level 	<ul style="list-style-type: none"> • Study on preparation of Revenue Improvement Action Plan of selected six municipalities going on.
<ul style="list-style-type: none"> • Update MCPM System and Institutional Framework and hold a consultative 	<ul style="list-style-type: none"> • It was decided during the Output 3 meeting that this would be on hold.

First quarter Planned activities	Progress Status
workshop to finalize indicators to implement a new framework	
<ul style="list-style-type: none"> • Provide technical support in the field of GIS for the Local Level Restructuring Commission (LLRC) and report writing 	<ul style="list-style-type: none"> • GIS mapping process of the LLRC supported through technical expertise. • Technical support provided to LLRC for the analysis and report preparation regarding special, protected or autonomous areas. • Technical support provided to the high level Committee formed to review the LLRC report. • Supported to publish LLRC report in Nepal Gazette.
<ul style="list-style-type: none"> • Support to thematic team under MoFALD to carry on transitional plan for sub-national governance 	<ul style="list-style-type: none"> • Transitional operation Plan of LG prepared. • Executive Officers appointed in all 744 LG units. • Orientation provided to all Executive Officers and LDOs
<ul style="list-style-type: none"> • Organise interaction seminar in 7 provinces related to departmental action procedures 	<ul style="list-style-type: none"> • Carried out Consultation on draft bill of the LGs in province number 3, 6 & 7. • <i>(Participants: LDOs, EOs, selected VDC secretaries, Line Agency Heads, political party leaders, CSO representatives)</i> • Shared draft LG bill with Development Committee of Parliament.
<ul style="list-style-type: none"> • Develop an approach paper with road map for functional federal system; sharing and learning on comparative knowledge and expertise. 	<ul style="list-style-type: none"> • A preliminary draft has been prepared that covers mainly the transitional management of LG.
<ul style="list-style-type: none"> • Prepare and disseminate IEC materials on newly established Gaunpalika and Municipality and other contemporary issue of local governance 	<ul style="list-style-type: none"> • Prepared details of the local government units including GIS map, name, center, boundaries (area), number of wards and its areas
<ul style="list-style-type: none"> • Prepare model work division rules (KARYA BIVAJAN NIYAMAWALI) for the provinces 	<ul style="list-style-type: none"> • A working team has been constituted under Chief of the FAD and Preliminary draft of KARYA BIVAJAN NIYAMAWALI prepared.
<ul style="list-style-type: none"> • prepare model laws for sub-national functioning in coordination with FAS 	<ul style="list-style-type: none"> • Two committees have been constituted and working on preparation of Model laws relating to: Authentication of decision and orders of LGs; expenditure from Local Consolidated Fund; Revenue and Expenditure projection; law relating to taxation; Local Government Services.
<ul style="list-style-type: none"> • Support in preparation of federal legislations related to sub-national governance; sharing and learning on comparative knowledge and expertise 	<ul style="list-style-type: none"> • Bill on Village and Municipal Ward drafted and Passed by Legislature Parliament (effective from 24 March 2017) • Bills of six Constitutional Commissions introduced at Legislature Parliament. • LG Bill drafted and submitted to the Cabinet Secretariat, GoN • Prepared draft of the provincial regarding LGs management.

First quarter Planned activities	Progress Status
<ul style="list-style-type: none"> Strengthen vital event registration and social security wing of LBs and initiate the implementation of the strategy and operational plan for rolling out SP payments through agent banking. 	<ul style="list-style-type: none"> ToR had been prepared for DoCR's review and finalization.
<ul style="list-style-type: none"> Contract consultants to design and implement LED/PPP approach in LGCDP II in alignment with similar initiatives and train stakeholders in order to pilot LED activities in selected municipalities 	<ul style="list-style-type: none"> Consultations were held with LGCDP Focal Persons and Municipal Executive Officers of the 10 municipalities. The draft business development approach manual and the operational strategy has been prepared by the consultants and field visits completed in all 10 municipalities.
<ul style="list-style-type: none"> Enhance capacity / training on LED 	<ul style="list-style-type: none"> An orientation program organized to capacitate municipality stakeholders.

2nd Quarter

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Provide technical assistance to LGAF Secretariat 	<ul style="list-style-type: none"> Provided regular backstopping support to LGAF Secretariat for the implementation of ASIP 2016/17 activities. Drawn the attention of LGAF about the volume of audit arrears and its settlement Reporting formats to CSOs updated and circulated 3 Peer Review meetings organized in Dhulikhel, Pokhara and Dhangadhi. MoFALD secretary and high level officials participated in the meeting.
<ul style="list-style-type: none"> Institutionalize Revenue Improvement Action Plans of LBs (Municipalities) 	<ul style="list-style-type: none"> The consultants have submitted the draft report to UNCDF about the preparation of the Revenue Improvement Action Plan of selected municipalities for comments.
<ul style="list-style-type: none"> Disseminate findings through a consultative workshop and publish study on national tax-base system, local tax-base system and establish linkage between local tax and national tax 	<ul style="list-style-type: none"> The consultants have submitted final report in Nepali language on the 'Projection and Collection of Taxes for Provinces and Local Governments in the Changed Federal Context'. The report has also been translated in English language and submitted to UNCDF for comments.
<ul style="list-style-type: none"> Review current borrowing system and practice and recommend potentiality of borrowing systems in LBs 	<ul style="list-style-type: none"> The final report of the study on 'Designing a Framework for Sub-National Government Financing through Borrowing in the context of Fiscal Federalism in Nepal' has been submitted to UNCDF and LGCDP.
<ul style="list-style-type: none"> Provide technical support in the field of GIS for the Local Level Restructuring Commission (LLRC) and report writing 	<ul style="list-style-type: none"> Supported to prepare details of the newly established Gaunpalika and Nagarpalika that need to be published in Nepal Gazette. Supported to review of number and boundaries of Gaunpalika and Nagarpalika, specific to province number 2 and 5.

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Support to thematic team under MoFALD to carry on transitional plan for sub-national governance 	<ul style="list-style-type: none"> Provided technical assistance to thematic working team of MoFALD to prepare the revised Executive Order for operation and management of LGs. Provided inputs in preparation of different model local laws, policies and guidelines.
<ul style="list-style-type: none"> Organise interaction seminar in 7 provinces related to departmental action procedures 	<ul style="list-style-type: none"> Prepared orientation materials to newly elected representatives and LG staffs. Facilitated the provincial level training/orientation program in province no.3 and 4.
<ul style="list-style-type: none"> Develop an approach paper with road map for functional federal system; sharing and learning on comparative knowledge and expertise. 	<ul style="list-style-type: none"> Prepared a concept note for aboard learning/exposure visit of MoFALD Officials and newly elected LG representatives. The visit is successfully completed.
<ul style="list-style-type: none"> Prepare and disseminate IEC materials on newly established Gaunpalika and Municipality and other contemporary issue of local governance 	<ul style="list-style-type: none"> Prepared an information book on newly established Gaunpalika and Nagarpalika including details of merger, boundaries, population, ward number, map (ready for printing) Drafted a leaflet focusing on local governance system, structure, process in federal context (under publication)
<ul style="list-style-type: none"> Develop Resource person and materials namely LG handbook and LG ToT manual 	<ul style="list-style-type: none"> Draft LG handbook prepared (under consideration of MoFALD for printing) and ToT materials prepared.
<ul style="list-style-type: none"> Prepare model work division rules (KARYA BIVAJAN NIYAMAWALI) for the provinces 	<ul style="list-style-type: none"> Business allocation rules (Namuna KARYA BIVAJAN NIYAMAWALI) of Gaunpalika and Nagarpalika has been prepared.
<ul style="list-style-type: none"> Prepare model laws for sub-national functioning in coordination with FAS 	<ul style="list-style-type: none"> Provided technical support to MoFALD in drafting/reviewing and finalization of model local laws. Model laws were introduced/issued by MoFALD for facilitation of LG business in following major themes: <ul style="list-style-type: none"> - Authentication of decision and orders of LGs - Business allocation rules - Business performance rules - Taxation of Gaunpalika and Nagarpalika - Revenue and Expenditure projection - Model Code of Conduct of LG Officials - Meeting procedures of local government - Determining changing roles and responsibilities of District Coordination Committee - Designing framework legislation regarding local service (Operation and management) law/Act - Planning and Budgeting Guidelines for LG
<ul style="list-style-type: none"> Support in preparation of federal legislations related to sub-national 	<ul style="list-style-type: none"> Supported MoFALD for presentation of draft LG Bill in Cabinet Secretariat. The GoN, introduced LG Bill

Second quarter planned activities	Progress Status
governance; sharing and learning on comparative knowledge and expertise ▪	to legislature-Parliament (Under consideration of the House) <ul style="list-style-type: none"> Supported MoFALD in drafting the bill regarding facilities of the LG Officials and MoFALD submitted the bill to Ministry of Law Justice and Parliamentary Affairs for legal review and inputs Supported MoFALD in preparation of executive order regarding operation and management of local government. MoFALD issued new Executive Order.
<ul style="list-style-type: none"> Strengthen vital event registration and social security wing of LBs and initiate the implementation of the strategy and operational plan for rolling out SP payments through agent banking. 	
<ul style="list-style-type: none"> Contract consultants to design and implement LED/PPP approach in LGCDP II in alignment with similar initiatives and train stakeholders in order to pilot LED activities in selected municipalities 	<ul style="list-style-type: none"> The draft business development approach manual and the operational strategy has been prepared by the consultants and field visits completed in all 10 municipalities.

3rd quarter

Third quarter planned activities	Progress
<ul style="list-style-type: none"> Carry out stocks taking and prepare a white paper on the transfer of 3 Fs (Funds, Functions and Functionaries) 	<ul style="list-style-type: none"> A concept note prepared and shared with senior level management of MoFALD regarding formation of federalism facilitation committee and deputation of federalism focal point.
<ul style="list-style-type: none"> Develop transition management plan with focus on sectoral devolution plan, process of Functions, funds and functionaries (3Fs) 	<ul style="list-style-type: none"> No significant progress made.
<ul style="list-style-type: none"> Preparatory works on legal aspects, organizational restructuring, human resources requirements, work –process clarities, other logistic requirements and institutionalization 	<ul style="list-style-type: none"> No significant progress made.
<ul style="list-style-type: none"> Develop training manual, modules and handbooks 	<ul style="list-style-type: none"> LG resource book is prepared and discussion is underway to finalize the draft. A high level committee has been formed to prepare a handbook on frequently asked questions (FAQs) and work is in progress.

Third quarter planned activities	Progress
<ul style="list-style-type: none"> Support for communication and dissemination of LG and other related bills/Acts 	<ul style="list-style-type: none"> Information book on of 753 LG is prepared and printing is in progress
<ul style="list-style-type: none"> Draft model laws/regulations/guidelines/ model framework 	<ul style="list-style-type: none"> Support provided to respective parliamentary committee of the Legislature-Parliament to organize to finalize Local Government Operation bill (Acts promulgated). Provided support to prepare document for enactment of the bill regarding six constitutional commissions. Drafted a bill regarding 'Facilities of local level officials. Drafted a bill on local service. Prepared and disseminated model local laws namely local level financial procedure act, community mediation rules, FM radio operation and management rules and cooperative operation and management rules.
<ul style="list-style-type: none"> Support OPMCM, MOF, and other agencies at the federal level to develop policies, laws and plans on sectoral devolution. 	<ul style="list-style-type: none"> No significant progress made.
<ul style="list-style-type: none"> Carry out studies, research and exposure visits on federalization 	<ul style="list-style-type: none"> A report on learning visit to Australia is prepared.
<ul style="list-style-type: none"> Develop model LG profile formats and guidelines 	<ul style="list-style-type: none"> A local level profile template is prepared (draft). Discussion is underway to finalize the template.

Output Five: Strengthen Overall Capacity of MoFALD to Manage TA (including volunteers)

1st Quarter

No Specific activities were planned in first quarter.

2nd Quarter

No specific activities planned in second quarter.

3rd Quarter

No specific activities planned under Output 5

Output Six: Capacity of National and Sub national Institutions to manage and implement local service functions is strengthened

1st Quarter:

First quarter Planned activities	Progress Status
<ul style="list-style-type: none"> Organize capacity building activities for MoFALD and central level agencies staff 	<ul style="list-style-type: none"> A two-day orientation/training on 'Mind Power' organized and 60 MoFALD staff took part.

First quarter Planned activities (trainings, south-south and triangular cooperation etc.)	Progress Status
<ul style="list-style-type: none"> Conduct training on fiscal federalism for government officials and other stake holder 	<ul style="list-style-type: none"> Experience sharing workshop on Fiscal Federalism was conducted in Nepal on 15-18 December 2016 in Godawari Lalitpur in two shifts. The honorable parliament members and senior level of government officers were participated in the program.
<ul style="list-style-type: none"> Provide technical assistance to Planning Unit to enhance the quality of periodic plans 	<ul style="list-style-type: none"> Support has been provided to MoFALD as per need.
<ul style="list-style-type: none"> Organize consultative meeting at regional and national level to review progress, lessons learned, share best practices and plan future priorities and interventions 	<ul style="list-style-type: none"> A National Consultation meeting was completed on 6th and 7th January, 2017
<ul style="list-style-type: none"> Documentary and dissemination of best practices 	<ul style="list-style-type: none"> LGCDP-II achievement report under preparation.
<ul style="list-style-type: none"> Organize training for PCU professional and support staff 	<ul style="list-style-type: none"> PCU's professional and support staff orientated on 'Mind Power'.

2nd Quarter

Second quarter Planned activities	Progress Status
<ul style="list-style-type: none"> Organize capacity building activities for MoFALD and central level agencies staff (trainings, south-south and triangular cooperation etc.) 	<ul style="list-style-type: none"> A two-day orientation/training on 'Mind Power' organized and 60 MoFALD staff took part.
<ul style="list-style-type: none"> Organize trainings\workshops and exchange programme for LB's staff for knowledge sharing and in strengthening its capacity to achieve performance indicators 	<ul style="list-style-type: none"> Completed 3-day Operation and Management training to newly elected Mayor, Deputy Mayor, Chair and Vice chair in three provinces (3, 4, 6). Detail as below.
<ul style="list-style-type: none"> Undertake study on fiscal decentralization to establish a national fiscal commission. Consult on options with stakeholders and agree on recommendations 	<ul style="list-style-type: none"> The consultants have submitted the study report on fiscal decentralization to establish a national fiscal commission. Consult on options with stakeholders and agree on recommendations to UNCDF and LGCDP.
<ul style="list-style-type: none"> Provide technical assistance to Planning Unit to enhance the quality of periodic plans 	<ul style="list-style-type: none"> Support has been provided to MoFALD as per need.
<ul style="list-style-type: none"> Organize training for PCU professional and support staff 	<ul style="list-style-type: none"> Not yet organized

3rd Quarter

Third quarter planned activities	Progress
<ul style="list-style-type: none"> Organize trainings\workshops for Mayor, Deputy Mayor, Chair, Vice- chair and EOs of LGs for strengthening its capacity 	<ul style="list-style-type: none"> Interaction programme was organized to take feedback from elected representatives of LGs who had participated in training programme organized

Third quarter planned activities	Progress
	by MoFALD in order to improve course contents of training programme for Mayor, Deputy Mayor, Chair and Vice Chair of LGs
<ul style="list-style-type: none"> Organize consultative meeting at regional and national level to review progress, lessons learned, share best practices and plan future priorities and interventions 	<ul style="list-style-type: none"> No significant progress made.
<ul style="list-style-type: none"> Develop roster of Coaching and Monitoring team for planning, budgeting, financial management and reporting etc. 	<ul style="list-style-type: none"> TOR prepared to develop a roster of resource persons at national and province level to organize training as well as for coaching and mentoring purpose.
<ul style="list-style-type: none"> Undertake monitoring and review NUNVs activities 	<ul style="list-style-type: none"> Regular distance monitoring of NUNVs is taking place from PCU. Day to day performance of ICT Expert have been monitored at PSU level
<ul style="list-style-type: none"> Capacity of NUNV strengthened 	<ul style="list-style-type: none"> Three days' workshop conducted on development of Website for rural municipalities in support of Information and e-Governance section in Pokhara, where UNVs developed new website template for all newly established municipalities and rural municipalities. These website are also accessible by visually-impaired. Process of domain registration and hosting all these websites in National IT Center is coming to end.
<ul style="list-style-type: none"> Procure operational equipment and other operational cost for day-to- ay operations of PSU 	<ul style="list-style-type: none"> No procurement made

4th Quarter

Fourth quarter planned activities	Progress
<ul style="list-style-type: none"> Prepare a white-paper to take stocks on constitution implementation especially in regards to state restructuring both at local and provincial levels 	<ul style="list-style-type: none"> A concept note prepared and shared with senior level management of MoFALD regarding formation of federalism facilitation committee and deputation of federalism focal point.
<ul style="list-style-type: none"> Develop and Initiate Implementing Transition Management Plan 	<ul style="list-style-type: none"> No significant progress made.
<ul style="list-style-type: none"> Develop training manuals/modules and handbooks as per the Training Needs Assessment (TNA) 	<ul style="list-style-type: none"> Drafted LG Resource book and hand book on FAQs.
<ul style="list-style-type: none"> Support drafting and preparation of Laws, regulations, guidelines, manuals, model frameworks of operation 	<ul style="list-style-type: none"> 1. Information book on of 753 LG is prepared and disseminated 2. Support provided to respective parliamentary committee of the Legislature-Parliament to organize to finalize Local Government Operation bill (Acts promulgated). 3. Provided support to prepare document for enactment of the bill regarding six constitutional commissions.

Fourth quarter planned activities	Progress
	4. Drafted a bill regarding 'Facilities of local level officials. 5. Drafted a bill on local service. Prepared and disseminated model local laws namely local level financial procedure act, community mediation rules, FM radio operation and management rules and cooperative operation and management rules.
<ul style="list-style-type: none"> Support OPMCM, MOF and line ministries at central level and (later) provincial level to define the transition, manage devolution and operationalize sectoral devolution in a planned way 	<ul style="list-style-type: none"> No significant progress made.
<ul style="list-style-type: none"> Studies on federalization, exposure visit and research on practical actions needed for institutionalization, preparation of blue-prints and detailed plans 	<ul style="list-style-type: none"> A report on learning visit to Australia is prepared.
<ul style="list-style-type: none"> Initiate preparation of LGs' profile of available natural and physical resources, demography and cultural heritage 	<ul style="list-style-type: none"> A local level profile template is prepared (draft). Discussion is underway to finalize the template.
<ul style="list-style-type: none"> Train mayors, deputy mayors, chairs, vice chairs and executive officers of the LGs 	<ul style="list-style-type: none"> Trained Mayor, Deputy mayor, Chairman, Vice chairman and executive officers.
<ul style="list-style-type: none"> Carry out studies, research and exposure visits on federalization 	<ul style="list-style-type: none"> No specific progress made
<ul style="list-style-type: none"> Develop model LG profile formats and guidelines. 	<ul style="list-style-type: none"> Draft LG profile prepared
<ul style="list-style-type: none"> Develop policy and institutional set up of sub national training centers 	<ul style="list-style-type: none"> Policy for national training centers is being prepared
<ul style="list-style-type: none"> Capacity Building of NUNV 	<ul style="list-style-type: none"> Three days' workshop conducted on development of Website for rural municipalities in support of Information and e-Governance section in Pokhara, where UNVs developed new website template for all newly established municipalities and rural municipalities. These website are also accessible by visually-impaired. Process of domain registration and hosting all these websites in National IT Center is coming to end.
<ul style="list-style-type: none"> Experience sharing in central and regional consultative meetings 	<ul style="list-style-type: none"> No specific progress made
<ul style="list-style-type: none"> Develop resource persons roster at provincial level 	<ul style="list-style-type: none"> Province level roster being prepared resource per
<ul style="list-style-type: none"> Training need assessments for LGs 	<ul style="list-style-type: none"> Not initiated

Output Seven: Efficient and effective liaison and strategic guidance provided to the DPs and the Government

Quarter 1

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Better Coordination and harmonization among DPs and between DPs and the Government 	<ul style="list-style-type: none"> JFADPs organized meetings to discuss the progress status of LGCDP II as well as issues and challenges faced in implementation of programme
<ul style="list-style-type: none"> Provide operational support to the DP Cell 	<ul style="list-style-type: none"> DP Cell received regular operational support
<ul style="list-style-type: none"> Provide logistic support to the DP Cell 	<ul style="list-style-type: none"> DP Cell received logistic support as per need

Quarter 2

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Better Coordination and harmonization among DPs and between DPs and the Government 	<ul style="list-style-type: none"> JFADPs organized meetings to discuss the progress status of LGCDP II as well as issues and challenges faced in implementation of programme
<ul style="list-style-type: none"> Provide operational support to the DP Cell 	<ul style="list-style-type: none"> DP Cell received regular operational support
<ul style="list-style-type: none"> Provide logistic support to the DP Cell 	<ul style="list-style-type: none"> DP Cell received logistic support as per need

3rd Quarter

Third quarter planned activities	Progress
<ul style="list-style-type: none"> LGCDP II completion report prepared 	<ul style="list-style-type: none"> Planned for next quarter
<ul style="list-style-type: none"> Organize various events 	<ul style="list-style-type: none"> The Joint Task Force approved the ToR for formulation of Sub National Governance Programme.
<ul style="list-style-type: none"> Develop Promotional materials for local level and develop two innovative ICT products 	<ul style="list-style-type: none"> With the objective of collecting innovative product idea from team of ICT Volunteer and realizing them into working product; following four ICT products were developed:- <ul style="list-style-type: none"> - Interactive map with local level details - Mobile application (android and IOS) for MOFALD - Knowledge Management Blog with its android based mobile application, - Volunteer management systems.
<ul style="list-style-type: none"> Develop SNGP programme document 	<ul style="list-style-type: none"> A team of five consultants is recruited to formulate SNGP programme document. The team has submitted inception report in the 2nd week of September 2017. MoFALD and DPs have provided comments and suggestions on inception report. The design team is in the process of preparing a draft SNGP programme document by incorporating the comments and suggestions of GoN and DPs.

4th Quarter

Fourth quarter planned activities	Progress
<ul style="list-style-type: none"> Event management 	<ul style="list-style-type: none"> Various Joint Task Force meeting organized to prepare SNG programme

<ul style="list-style-type: none"> Promote volunteerism and develop knowledge products 	<ul style="list-style-type: none"> The MOFALD officially launched 4 different innovative ICT products developed by ICT volunteers
<ul style="list-style-type: none"> Develop SNGP for future years 	<ul style="list-style-type: none"> SNGP programme document prepared and discussion is under way for the finalization
<ul style="list-style-type: none"> LGCDP II completion report prepared 	<ul style="list-style-type: none"> Draft ToR developed to prepare LGCDP II Completion report.
<ul style="list-style-type: none"> Annual and half year reviews (for NEC) 	<ul style="list-style-type: none"> Preparation is under way to organize Half yearly review

Output Eight: Efficient and effective quality assurance, programme monitoring, documentation, and evaluation are provided to ensure that LGCDP II stated outcomes and outputs

Quarter 1

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Organize various events 	<ul style="list-style-type: none"> Organize 5 meetings with stakeholders for consultant engaged in designing TSNGP document
<ul style="list-style-type: none"> Conduct bi-annual program review 	<ul style="list-style-type: none"> Provided technical inputs to assure the quality of progress reports
<ul style="list-style-type: none"> Conduct annual program review 	<ul style="list-style-type: none"> Provided technical support to organize NAC and TASC meetings
<ul style="list-style-type: none"> Develop Promotional materials for local level and develop two innovative ICT products 	<ul style="list-style-type: none"> Facilitated to prepare handbook on local governance

Quarter 2

Second quarter planned activities	Progress Status
<ul style="list-style-type: none"> Organize various events 	<ul style="list-style-type: none"> Organize 5 meetings with stakeholders for consultant engaged in designing TSNGP document
<ul style="list-style-type: none"> Conduct bi-annual program review 	<ul style="list-style-type: none"> Provided technical inputs to assure the quality of progress reports
<ul style="list-style-type: none"> Conduct annual program review 	<ul style="list-style-type: none"> Provided technical support to organize NAC and TASC meetings
<ul style="list-style-type: none"> Develop Promotional materials for local level and develop two innovative ICT products 	<ul style="list-style-type: none"> Facilitated to prepare handbook on local governance

Quarter 3

No specific activities planned under Output 8