LOCAL GOVERNANCE AND COMMUNITY DEVELOPMENT PROGRAMME

ANNUAL PROGRESS REPORT
F Y 2013/14

LGCDP Regions

LGCDP Regions	Districts	VDCs	Municipalities	Population
Dhangadi	9	348	14	2552517
Nepalgunj	15	541	12	3546682
Pokhara	16	784	32	4926765
Dhulikhel	12	569	19	5233260
Mujheliya	10	727	18	4883907
Biratnagar	13	656	35	5351373
Total	75	3625	130	26494504
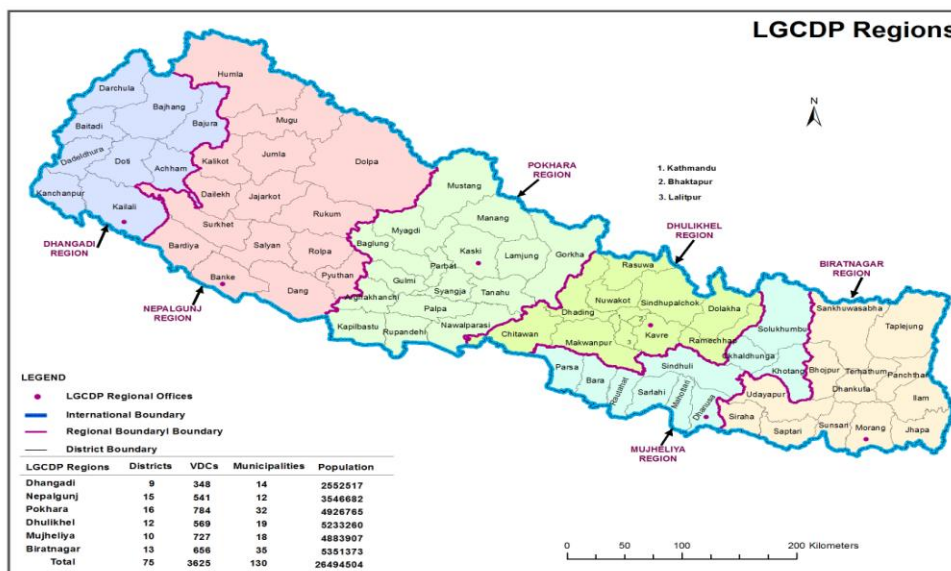
Government of Nepal

Ministry of Federal Affairs and Local Development

Local Governance and Community Development Programme

Singhadurbar, Kathmandu

November   2014

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Programme Summary

Programme Period	16 July 2013 - 15 July 2017
Executing Agency	Ministry of Federal Affairs and Local Development
Implementing Agencies	▪ Local Bodies ▪ Local Offices of Sectorial Ministries
Supporting Agencies	▪ Sectorial Ministries ▪ Non-Government Organizations ▪ Civil Society Organizations ▪ Private Sector Organizations
Geographic Coverage	75 Districts, 58 Municipalities and 3,915 Village Development Committees
Development Partners	▪ Multilateral Development Agencies: ADB,World Bank, European Union ▪ Bilateral Development Agencies: DFID, Government of Denmark, GIZ, JICA, Government of Norway, SDC, USAID, Government of Finland ▪ UN Agencies: UNCDF, UNICEF, UNDP, UNFPA, UN Women, UNV, UN AIDS, UNEP
Financial Contribution	▪ Government of Nepal : US$ 1061 million ▪ Development Partners: US$ 236 million ▪ Total : US$ 1297 million
Financing Modality	▪ Joint Financing Arrangement (JFA) : US$ 164.9 million ▪ Joint Funding for Technical Assistance (JFTA): US$ 45 million ▪ Programme Alignment Arrangement (PAA):US$ 26.1 million
Programme Components	▪ Policy: Governance Reform ▪ Supply: Service Delivery and Capacity Development ▪ Demand: Citizens Empowerment ▪ Local Development: Socio-Economic and Infrastructure Development
Sectors of Investment	(1) Local Government Restructuring (2) Federal Governance (3) Fiscal Decentralization (4) Fiduciary Risks Reduction (5) Results Based Management (6) Capacity Development (7) Social Mobilization (8) Child Friendly Local Governance (9) Gender Equality and Social Inclusion (10) Information, Education and Communication (11) Local Governance and Accountability Facility (12) Environmentally Friendly Local Governance (13) Vital Registration (14) Community Mediation (15) Social Security (16) Local Community Infrastructure Development (17) Social Development (18) Local Economic Development (19) Livelihood Improvement Schemes (20) Research and Development (21) Public Financial Management

Abbreviations

ADDCN	Association of District Development Committees of Nepal
CAC	Citizens' Awareness Centre
CD	Capacity Development
CIAA	Commission for the Investigation of Abuse of Authority
DADP	District Annual Development Plan
DDC	District Development Committee
DDF	District Development Fund
DP	Development Partners
DSMC	District Social Mobilization Committee
DTCO	District Treasury Controller's Office
DTMP	District Transportation Master Plan
EO	Executive Officer
FAS	Financial Administration Section
FCGO	Financial Comptroller General Office
FRRAP	Fiduciary Risk Reduction Action Plan
FRM	Fiduciary Risk Management
GoN	Government of Nepal
HRD	Human Resources Development
LB	Local Body (refers to all levels of local government)
LBFC	Local Bodies Fiscal Commission
LBSS	Local Bodies Support Section
LDO	Local Development Officer
LGAF	Local Governance Accountability Facility
LGCDP	Local Governance and Community Development Programme
LSGA	Local Self-Governance Act
MoFALD	Ministry of Federal Affairs and Local Development
NGO	Non-Governmental Organization
NPC	National Planning Commission
OAG	Office of the Auditor General
PFMA	Public Financial Management and Accountability
PFM	Public Financial Management
PPMO	Public Procurement Monitoring Office
SWAp	Sector Wide Approach
WCF	Ward Citizen Forum
VDC	Village Development Committee

Executive Summary

Local Governance and Community Development Programme (LGCDP) –II is a national flag-ship programme in the area of governance and development with an over-arching goal to contribute towards poverty reduction through inclusive, responsive and accountable local governance and participatory community-led development. LGCDP is executed by the Ministry of Federal Affairs and Local Development with major funding by the Government of Nepal and with technical assistance of development partners. This is a national programme framework for improvement in local governance system and community development.

LGCDP aims to strengthen both the demand and supply side of local governance. The Programme envisages to empowering citizens to engage actively with local governments and increasing the capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner besides strengthening institutional framework for decentralization, devolution and community development. Key results of the outcomes are given below:

Outcome-wise key achievements FY 2013/14

Outcome	Key results
Outcome 1: Citizens and communities hold their local governance actors accountable	• Capacitated Ward Citizen Forums mobilized effectively; altogether 844,005 members have been engaged in the WCFs in which 833,922 are in VDC level and 1083 in Municipalities. • 38 % of WCFs were actively engaged in monitoring and oversight functions led to improvement in maintaining transparency in LB's programs and project implementation. • A total of 4289 Citizen Awareness Centers are operational in which 117,737 members (71% women) are aware of their basic rights resulting in receiving benefits from government programme and services (e.g birth registration, citizenship certificates, social protection allowance etc) • 1,696 CACs have received LIP support providing opportunities for income generation. • Average percentage of targeted grants for child, women and DAG for DDCs remained as 9.5, 9.2 and 13 in women, children and DAG respectively; it remained 10.2, 8.4 and 10.7 percents in municipalities. It has resulted in more inclusive distribution of resources at the local level. • Balbhela is increasingly operational and 13 DDCs, 5 Municipalities and 540 VDCs have adopted it in their planning processes has led to CFLG.

Outcome	Key results
	• In VDC level, 64% VDCs conducted public audit and 54 % conducted public hearing and 37% WCFs engaged in monitoring and oversight functions. • In municipalities, social audit conducted by 57 %, Public Audit conducted by 84 % and Public Hearing conducted by 95 % led to improved participation, informed decision making and enhance local ownership in projects and programme. • In district level, DDCs conducted public audit by 67 %, public hearing by 100% and public audit completed in 56 % projects. Grievance handling desks have been established in DDCs. These have led to improved transparent functioning of the LBs
Outcome 2: Local Bodies are more responsive to citizen's demand	• Average annual growth of own source revenue compared to previous year increased by 10.9%. • Local Body Revenue Administration Regulations has been drafted for enhanced resource mobilization for LBs. • Performance measure manual for VDCs was piloted out in 50 VDCs which has provided inputs for improvement and national roll out. • 43 Municipalities and 55 DDCs have prepared procurement plan that has enhanced the capacity of LB's procurement activities and improved efficiency and transparency. , • 600 new VDC staffs trained on accounting and 250 VDCs have been installed accounting system resulting in improved record keeping and accounting. • Accrual accounting system is installed in 6 municipalities have shown improvement in fiduciary risk mitigation. • LB's Mid-term budget framework has been prepared and under review for implementation which will greatly improve financial predictability. • Out of total 3625 VDCs, 3225 VDCs have VDC Secretaries (88%) and 57% of VDC Secretaries regularly operating from VDC offices leading to increase in access of citizen in VDC services • Institutional development plan of LDTA prepared excepted to improve capacity development services to LBs.

Outcome	Key results
Outcome 3: All citizens are provided with efficient and effective local service.	36 quality testing labs are operational with trained staff in DDCs resulting in quality control of infrastructure projects - Technical training given to VDC technicians Dhanusa, Surkhet and Doti resulting in standardizing the technical training to be rolled out to other districts. 153 community mediation centers established with a total of 485 VDCs in 31 districts and 24 municipalities resulting in reduced cases of disputes and conflict in communities. - Vital Events Registration and Social Protection MIS established in 14 districts resulting in better monitoring of services. - Banking payments of Social security allowances piloted in 3 districts are fully operational and beneficiaries' data entry carried out in 12 districts, reducing the fiduciary risk and corruption - GESI policy reviewed and updated for implementation. - Child Friendly issues are mainstreaming all component of LGCDP II: 60 districts, 32 municipalities, 1421 VDCs have initiated CFLG adoption process. One VDC has been declared as child friendly VDC. - A total of 147,469 projects were forwarded to LBs by WCFs in which approximately 50 percent of projects with 33 % of LBs budget were approved by LBs (VDC/Municipality) councils. - District Periodic Plans (DPP) are in place for 18 districts and many others are in preparation process. - Percentage of LBs complying of IPFC participation is 64%, 95% and 85 % in VDC, Municipality and DDC level respectively leading to comply with policies of the GoN. - Supervision and monitoring committees are operational in 940 VDCs, 46 Municipalities and 58 DDCs strengthening effective implementation and quality control. 8 Municipalities and 23 DDCs adopt Gender responsive budgeting resulting in gender equitable financing. - Environment management plans for infrastructure projects are adopted by 47% DDCs and 31% Municipalities taking into account to minimize and mitigate negative environmental effects. - EFLG has been widely disseminated across the country creating awareness on conservation and adaptation. - LGCDPII baseline survey is ongoing and is expected to be completed by

Outcome	Key results
	February 2015. • WBRS of MoFALD updated and DDC and Municipality reporting regularly providing timely and quality information contributing to better planning and implementation. • Intensive training on DPMAS to stakeholders provided in 15 districts expected to improved use of this system for planning and monitoring.
Outcome 4: Strengthened policy and institutional framework for devolution, sub-national governance and local service delivery.	• GoN has declared 72 new municipalities (merging of 283 VDCs in new and merging 7 VDCs in 3 old ones). • LSGA amendment bill is tabled in parliament in order to make LBs more inclusive and auditing of VDCs by OAG. • Study on defining LBs categorization criteria initiated. • Federal Affairs Section in MoFALD established. • Federal Affairs Steering Committee chaired by MoFALD Minister has been established. • In order to stimulate policy dialogue, technical Committees and Focal Points are established in all ministries.

1. Introduction

1.1 Focus of the LGCDP II

Local Governance and Community Development Programme (LGCDP II) is the Government of Nepal's national flagship programme on governance and development with an over-arching goal to contribute towards poverty reduction through inclusive, responsive and accountable local governance and participatory community-led development. LGCDP I was executed by the Ministry of Federal Affairs and Local Development in July 2008 for four years and extended for one more year until June 2013. LGCDP II started in July 2013 for the period of four years. This is a national programme framework forimprovements in local governance system and community development leading towards the Sector Wide Approach (SWAp) for decentralization.LGCDP II aims to strengthen both the demand and supply side of local governance. The programme envisages to empowering citizens to engage actively with local governments and increasing the capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner besides strengthening institutional framework for decentralization, devolution and federalism.

Building on the experience of Phase I, LGCDP II has made a number of changes in focus and approach, such as:

- *Accountability in Local Governance (IPFC, restructured LGAF);*
- *Improved Social Mobilization;*
- *Focus on Service Delivery and Resource Mobilization;*
- *Emphasis on Local Economic Development and Livelihood Improvement Schemes;*
- *Increased Emphasis on PFM and Management of Fiduciary Risk;*
- *Preparing for a New System of Local Governance;and*
- *Introduction of Environment Friendly Local Governance (EFLG).*

1.2 Goal, Purpose and Outcomes of the Programme

Goal: The overall goal of the programme is to contribute towards poverty reduction through better local governance and community development. The goal of the programme is aligned with the national goals of the GoN's national plans and will contribute either directly or indirectly to their realization by empowering citizens and responding to their priority needs, while at the same time strengthening decentralized local governance systems, community development, infrastructure development, economic development and integrated service delivery.

Purpose: The purpose of the programme is to improve local governance for effective service delivery and citizen empowerment.LGCDP II provides an overall framework for strengthening decentralization, devolution and improved local governance system for the effective delivery of basic services and the empowerment of citizens, especially women, children and Disadvantaged Groups (DAGs) and their institutions.

The programme has been designed as a framework programme with four outcomes and nine output areas contributing to its purpose and overarching goal.

Outcome 1: Citizens and communities hold their local governance actors accountable

During the first phase of LGCDP, a strong institutional base and capacity was created through social mobilization and capacity development initiatives. In this second phase, the focus of the programme will be on empowering citizens, especially women, children and DAGs and their institutions,andengaging citizens – including youth as change agents – in local level planning, monitoring and oversight processes in order to make local governance actors accountable and to make the social mobilization programme more effective. In this phase, livelihood improvement programme is introduced in the CACs by establishing coordination with national level programme such as Poverty Alleviation Fund.

Outcome 2: Local Bodies are more responsive to citizen's demand

Through this outcome LGCDP will seek to expand the availability of local body fiscal resources, thus enabling them to provide their citizens with better public goods and services. This will be done through formula-based and equitable fiscal transfers allocated to local bodies on the basis of their performance (as measured through MCs/PMs), as well as through increases in own-source revenues. Performance assessments will provide a basis upon which to identify key capacity "gaps" at the local level and thus help target LGCDP's support for capacity development – in terms of identifying both under-performing local bodies and in the thematic areas within which local bodies face challenges. This outcome also places an emphasis on supply-driven capacity building aimed at strengthening local public finance management and reducing fiduciary risks.

Outcome 3: All citizens are provided with efficient and effective local service.

The third outcome covers improvement in delivery of MoFALD's core services and seeks to improve and integrate the delivery of services in devolved sectors and other development actors working at local level in response to community defined priorities and needs.

Outcome 4: Strengthened policy and institutional framework for devolution, sub-national governance and local service delivery.

Through this outcome, LGCDP II will improve and update the policy and institutional framework for devolution, sub-national governance and local service delivery – both to better reflect current contexts and to prepare and redefine sub-national arrangements in the context of federal structuring of the state. This policy-related outcome will be primarily focused on the political, administrative and fiscal dimensions of decentralization and devolution, as well as on overall arrangements for the improved delivery of sector services. The outcome will also pave the way for implementing forthcoming constitutional provisions insofar as they will have a bearing on sub-national arrangements.

1.3 Key Directions and Strategies of LGCDP II

Building on the experience of Phase I, LGCDP II has incorporated number of changes in focus and approach, andthose keyareas are:

Accountability in Local Governance (IPFC, restructured LGAF): LGCDP emphasized on integrated plan formulation committee of LBs provisioning for VDC level IPFC and more wider participation of cotozens and their representatives.

Improved Social Mobilization: The social mobilization has improved with incorporating new social issues and clarifying the roles of SM actors.

Focus on Service Delivery and Resource Mobilization: Quality control and assurance of infrastructure projects, community mediations for social harmony and dispute reduction have been incorporated. The programme has emphasized the revenue increment for more and quality services by LBs

Emphasis on Local Economic Development and Livelihood Improvement Schemes: In order to provide opportunity for income generating, the DAG (through CAC) are supported with LED and LIP for their economic upliftment.

Increased Emphasis on PFM and Management of Fiduciary Risk: In the absence of elected representatives in LBs and therby weakened downward accountability, the programme emphasizes in public financial management and fiduciary risks reduction.

Preparing for a New System of Local Governance:As the country is leading towards federalism, the programme supports GoN in preparation of appropriate system of local governance in coherence with the new constitution. For it preparatory works are proposed.

Introduction of Environment Friendly Local Governance (EFLG): MoFALD prepared the Environment Friendly Local Governance Framework with an aim to encourage and inspire people and local bodies for environment friendly practices and intervention. LGCDP supports to implement this sector with the participation and collaboration of stakeholders.

1.4 Programme Funding

LGCDP-II has the overall budget outlay of NRs. 115.7 Billion (USD 1.36 Billion) for a period of four years, of which NRs. 25.4 Billion is allocated for the first year. The programme is funded through various funding modalities and supported by many agencies – including Joint Financing Agreement (JFA), Policy and Programme Support Facility (PPSF), and following programme SPMP-ADB, ADB -TA, GIZ, JICA, IDA-HDSSP, UNCDF, UNICEF, PEI/UNDP, SBLL, SDC's SALGP, SBLLimplemented by partner agencies are aligned with LGCDP-II .

Outcomes	Outputs	Aligned Agencies
Outcome 1: Citizens and communities actively engage with local governance actors and hold them to account	Output 1: Citizens and community organizations are empowered to actively participate and assert their rights in local governance	GIZ/RNE
	Output 2: Accountability mechanisms for local governance are in place	SDC
Outcome 2: Local Bodies are more responsive to citizens' demand	Output 3: LBs' access to resources increased	UNCDF, ADB
	Output 4: Public financial management system improved	ADB/SPMP/TA
	Output 5: Institutional and human resource capacities of LBs and central level agencies involved in local governance strengthened	IDA/UNCDF, GIZ/PPSF, GIZ
Outcome 3: All citizens are provided with efficient and effective local services	Output 6: Access to and quality of local infrastructure and other socio-economic services administered by LBs are improved	JICA, IDA, IDA/UNCDF, UNCDF, DFID, SDC
	Output 7: Strengthened integrated planning, budgeting, monitoring and evaluation and coordination amongst local governance actors	UNICEF, UNWOMEN, UNFPA
Outcome 4: Strengthened policy and institutional framework for devolution, sub-national governance and local service delivery	Output 8: Refined policy on local governance and improved inter-agency cooperation	GIZ
	Output 9: Policies developed for devolution and federalism	

1.5 Context of Programme Implementation, Monitoring and Reporting in FY 2013/14

FY 2013/14 is the first year of LGCDP II implementation. Some of the following factors caused delay in implementation of the programme in this year.

- The Joint Financing Agreement (JFA) between GoN and Development Partners (DPs) was completed in December 2013 only. Many of the activities planned to finance from JFA could not be implemented due to delay in authorization for budget spending.

- The positions of District Facilitators (DFs) and Municipality Facilitators (MFs) remained vacant after September 2013.

- Some of the positions in Regional Coordination Units were also remained vacant after mid 2013.

- The term of LSPs for Social Mobilization was over and the responsibility was handed over to DDCs and Municipalities.

- The Constituent Assembly Election II was held in November engaging local bodies' staff in election process.

2. Progress Review: Outcome 1

2.1 OUTPUT 1: Citizens and community organizations are empowered to actively participate and assert their rights in local governance

LGCDP II has given utmost focus to the empowerment of citizens and their organizations for meaningful participation of them in order to raise voices in local governance process. As a demand side of the governance, the programme has basically emphasizes in Ward Citizen Forum (WCF) and Citizen Awareness Centre (CAC) mechanisms to organize them.

2.1.1 Social Mobilization

One of the processes of empowering citizens and communities is helping them to understand their social, economic and political situation by undertaking an analysis of underlying causes of poverty.

The Programme has intensified the grassroots institutions such as Ward Citizen Forum and Citizen Awareness Centre to engage citizens and communities in local governance process as major component of the programme.

Ward Citizen Forum

Ward Citizen Forums (WCFs) are the grassroots level institutions to discuss issues related to socio-economic development at the village level, identify the needs and priorities of local people, especially poor and excluded groups, facilitate the ward and settlement level planning process and forward them to the prioritised projects to VDC/Municipality and coordinate with government and NGO programme at local level. WCF is a forum to create a stronger and more regular interaction between citizens and local government.

Until FY 2013/14, a total of 35,419 WCFs are formed. Altogether 844,005 members have been engaged in the WCFs in which 833,922 are in VDC level and 1083 in Municipalities. The percentage of male andfemale in WCF member is 56 and 44 respectively.

WCFs are being increasingly successful in coordination and accountability functions   related to planning, prioritization, monitoring and oversight and to facilitate the building of linkages with service providers at local level. They are also engaged in addressing social problems such as the dowry system, untouchability, illiteracy, Chhaupadi, witchery, child marriage, domestic violence and caste-based discrimination etc.WCFs are playing an active role in ward level planning, integrated planning committee, VDC council, and oversight functions such as public audit and public hearing. WCFs have also been successful in getting the project approved from the Village Council and Municipality Council.

In FY 2013/14, 78 percent of LBs (VDCs and Municipalities) conducted the ward level planning meetings and 786,476 citizens (36 % women) participated. Similarly, a total of 282,142 citizens participated in LBs council where the percentage of women is 31.7. A total of 147,469 projects were forwarded to LBs by WCFs in which approximately 50 percent of projects with 33 % of LBs budget was approved by LBs (VDC/Municipality) councils.

 As a result of meaningful participation of citizens in decision making process, many local bodies have formulated annual plans to better reflect the needs of citizens especially the poor and disadvantaged groups. This has encouraged local people to be part of the local government decision making process and is also building confidence among WCF members.

With the active participation of WCFs the targeted budget LBs for women, children and disadvantaged group is in increasing trend. For the FY 2013/14, it was 9.5, 9.2 and 13.0 percentages for the DDCs respectively. Likewise, the percentage was 10.2, 8.4 and 10.7 for municipalities.

Citizen Awareness Centre

Citizen Awareness Centres (CACs) are venue for disadvantaged citizens who are left from development mainstream to educate them about their rights, identify & address issues affecting their own life and to enhance their access to basic services in local bodies and development agencies in local governance. CACs are the primary vehicle through which Livelihood Improvement Projects are implemented. A total of 4289 CACs are operational, in which 117,737 members (71% women) are engaged.

CAC Meeting- Bheemdutta muni. Ward

The late completion of the revised social mobilisation guidelines has led to delays in implementation of agreed priorities such as hiring local service providers (LSPs), graduation of CACs and an effective coordination mechanism for local bodies (e.g. D/MSMCs).. Implementation of Livelihood Improvement Plans (LIP) have exceeded targets and been implemented in 1,696 CACs, providing at least 17,000 households with means to get out of poverty. Mainstreaming children's needs in annual plan have exceeded targets and implemented in 13 DDCs, 5 Municipalities and 540 VDCs through BalBhela.

Citizens' Participation in IPFC
250,000 citizens (31% women) influenced LBs budget allocations
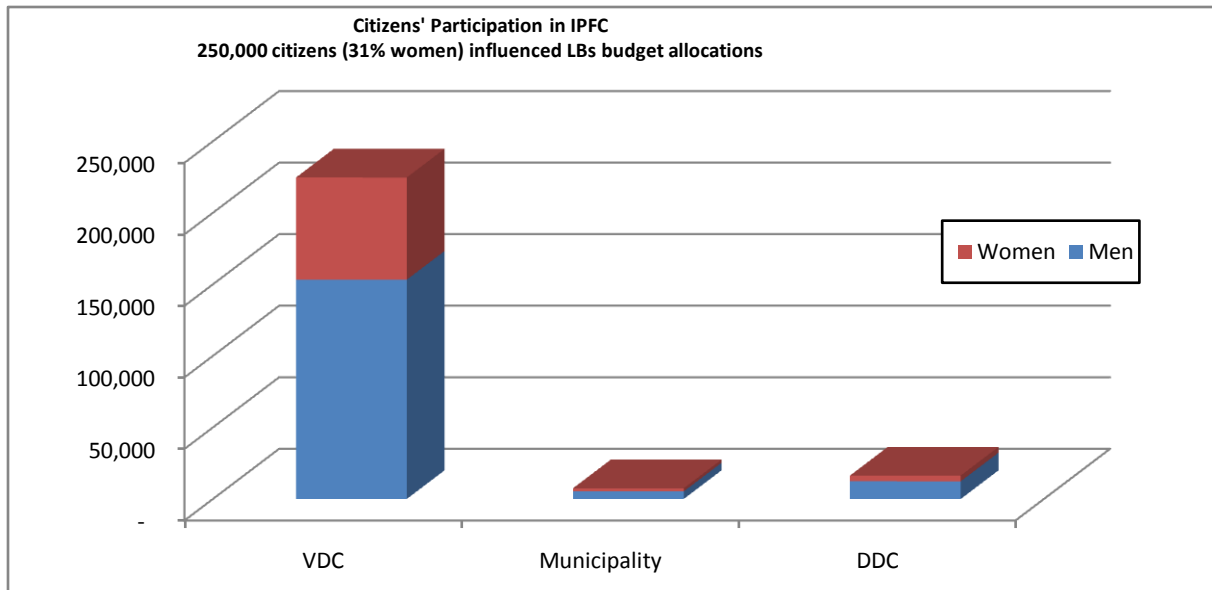
The temporary arrangement of Social Mobilisers being employed directly by local bodies have worked satisfactory and social mobilisations institutions such as WCFs and CACs are reported to be mostly functioning well after LSPs contracts were terminated at the end of the first phase of LGCDP. Social Development Officers are taking a more active role in monitoring and MoFALD has instructed LBs to re-establish D/MSMCs. Selections of LSPs for all districts are underway and 44 districts have sufficient applications from the first round and re-advertisement is underway in other districts.

An institutional development plan has been proposed for LDTA including setting up a National Service Provider (NSP) unit staffed with social mobilisation experts that would enable them to function as the NSP on LGCDP II. The principle arrangement has been agreed, but the MoU/contract is not signed.

The revised social mobilisation guideline clarify the mandate of WCFs, including expanded role in monitoring and civil oversight, which will be their main role after local elections are held, and the membership and selection/election provisions. The new membership criteria will target inactive members, e.g. replace those that do not longer live in community.

CAC graduation modality is outlined in the revised social mobilisation guidelines, but due to the delay in finalising these it has not yet been implemented. Graduation of CACs is expected to commence from early next fiscal year, including 4,323 CACs that have received LIP support (695 in FY 12/13; 1,696 in FY13/14; and 1,932 planned for FY14/15). LIP activities have been expanded beyond the target, but as noted earlier without the graduation provisions. A focused evaluation is planned to capture results and lesson learned from CACs and will help design strategy for further interventions.

MoFALD has signed MoU with MoHP and is expected to finalise a MoU with Alternative Energy Promotion Centre soon. During the reporting period i.e. November 2014, Renewable Energy piloting districts and municipalities have been identified and implementation process initiated. The temporary discontinuation of the DSMC prevented limited progress on harmonisation with NGOs last fiscal year. Regular local level social mobilisation coordination is expected to be improvedfollowing the memo to re-establish D/MSMC as reported earlier.

Result-based reporting from RCUs shows targeted groups in DDCs and Municipalities receive block grant allocations, but it falls short of the combined 35% targets. Monitoring and tracking is targeted to be improved with the introduction of U/DGE and ICT volunteers in 75 DDCs and 58 Municipalities. One day capacity building events organised in 13 UNICEF targeted districts for e-tracking of block grant allocation and expenditure for 35% targeted grants.

Meaningful participation of children in the planning process through the 'balbhela' process is being mandated in the LB resource mobilisation and management operation guideline and already operational in 13 DDCs, 5 Municipalities and 540 VDCs. Balbhela integration will be addressed in revised LB's Resource Mobilization and Management Operation Guideline. BalBhela capacity building enhanced for 16 Municipalities representatives in Central and Western regions and 14 districts in Eastern regions (two representatives for each local bodies).Master trainers on BalBhela developed (45 master trainers) and BalBhela manual for trainers and social mobilizers developed and pre-tested, this is in final stage of Ministry's approval.

2.2 OUTPUT 2: Accountability mechanisms for local governance in place

2.2.1 Introduction

One of the operational strategies of LGCDP II is to strengthen Local Governance and Accountability Facility (LGAF) in the areas of social accountability (SA) such as public hearing, public audit, social audit and civic oversight. LGAF modality has changed from the semi-autonomous modality of the first phase to become fully integrated with LGCDP II and MoFALD operation through the Good Governance Section, and the LGAF National Committee is now chaired by the MoFALD Secretary. Revised operational guidelines for compliance monitoring have been completed to reflect the changes in modality. It aims to enhance downward accountability of LBs, local service providers (LSPs) and make the LBs and LSPs responsive towards citizens through mobilizing local civil society organizations (CSOs) with provision of grants for compliance monitoring. Accordingly, it is responsible for carrying out citizen-centered independent third party monitoring of compliance of LBs with legislative and policy requirements.

Compliance Monitoring

In the absence of elected representatives in LBs, DAGs do not have fair and equitable access to and use of LBs' resources and public services. Diversion of the target group development program budget in other infrastructure development such as school building, health post, road construction, and drinking water facilities is still to be improved..

There are different fiduciary risks at LBs. One of the main risks associated with local body performance is that there are many instances where local bodies bypassed the due process of laws. Compliance with due process of law is crucial, not only for ensuring compliance with legal provisions but also for institutionalising justice and fairness. Therefore the purpose of LGAF grants to CSOs is to support citizens and communities to hold their local governance actors accountable through monitoring compliance and ultimately enhancing compliance, improving transparency, accountability, participation, delivery of public services and local governance.

Public hearing in Jagannath VDC, Dailekh

2.2.2 Achievement

Design of compliance monitoring for CSOs is completed and has been used as a base for the RfP for CSOs. SDC's accountability programme, SALG, has been closely aligned with LGAF and will cover 9 of the 75 districts to avoid overlap of activities. Consultations have also been held with PRAN to align activities and knowledge sharing and representatives from SALG and PRAN attends LGCDP II accountability consultations, e.g. output 2 and LGAF NC meetings.

VDCs:

- 64% VDCs conducted public audit and 54 % conducted public hearing,
- Public audit completed in 37% of projects

- 37% WCFs engaged in monitoring and oversight functions.

Municipalities,

- Social audit conducted by 57 percent, Public Audit conducted by 84 percent and Public Hearing conducted by 95 percent,
- Public audit completed in 40% projects and
- 83% of WCFs engaged in monitoring and oversight functions.

DDCs:

- Public audit conducted by 67 %, public hearing conducted by100%,
- Public audit completed in 56 % projects
- 28 percent WCF of VDCs' and 50 percent of Municipalities have at least one member of them oriented on monitoring and oversight function
- Civil Society led compliance monitoring introduced in 13 percent of VDCs and in all Municipalities
- Establish district linkage to Good Governance Section in MoFALD for complaints that cannot be resolved in the districts:

Discussions underway to establish system in LBs and procedures for appeal and refer of unsolved appeal and grievance cases in the district to Good Governance Section MoFALD

The WCFs have been capacitated and participated in oversight functions at local level through SM process. Around 10,300 (29%) WCFs in which at least one received orientation on monitoring and oversight function. Similarly, 13,487 (38%)

Compliance with LB's Resource Mobilization Guidelines
VDC complience reported to be lagging behind
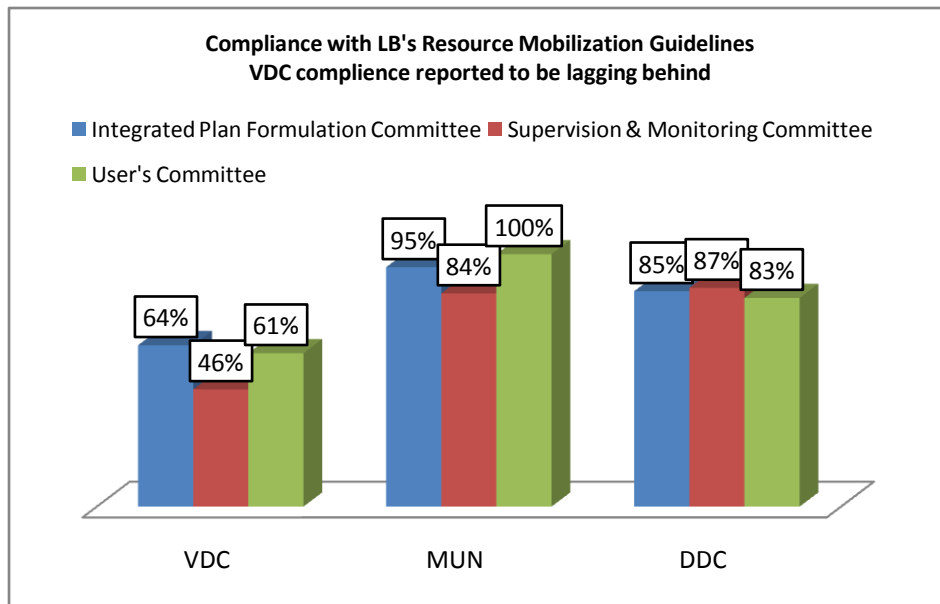
WCFsengage in monitoring and oversight functions. The compliance of public audit was 64% in VDCs, 84% in Municipalities and 67% in DDCs leading to more effective expenditure and transparency in project management.

Compliance with appeal and referral procedures in GGS MoFALD: In FY 2013/14, a total of 949 appeals were received from various organizations (CIAA, Hello Sarkar-OPMCM, CBI and MoFALD) and out of them 715 (75%) were finalized.

Mainstreaming accountability activities through WCFs and training on accountability tools is contingent on hiring of local service providers (LSPs). Hiring of LSPs is underway, but is not expected to complete until the end of the calendar year.

Hence WCF training and implementation of accountability tools will only start to take effect toward the end of next calendar year. Some WCFs currently engage in monitoring and oversight activities, but these initiatives are led by local bodies in the absence of local service provides and CSOs.

3. Progress Review: Outcome 2

3.1 Introduction

Outcome 2 focuses basically on expanding fiscal resources for increased service delivery and supply driven capacity development of LBs. Equitable and performance based fiscal transfer applied through MCPM assessment. Also emphasis is given to strengthen public finance management and reducing fiduciary risks. The supply driven capacity development is provided in the area where there is gap in the performance.

SPMP support -Irrigation canal at Dattu VDC, Darchula district

3.2 OUTPUT 3: Local bodies' access to resources increased

A new revenue section has been established in MoFALD to support growth of LB own source revenue (OSR). Revenue sharing study completed and recommends changes in revenue sharing rules and modalities, which are planned to be implemented next fiscal year. The new revenue section in MoFALD has consolidated own source revenue data for DDCs, Municipalities and VDCs and verified base data and estimates with NPC. Local Bodies' Revenue Administration Regulations (new) with the aim of enhancing revenue coverage has been drafted and circulated for comment and suggestions.The MCPM impact study has been complete and is being translated into English and a dissemination session will be organised with stakeholders to discuss recommendations and agree next steps. The agreed revisions to MCPM indicators are targeted to be implemented in next year's MCPM assessments. Pilot Performance measurement of 50 VDCs carried out to upscale nationally.

The unconditional block grant allocated to local bodies was NRP 15.28 billion (DDC 3.2, VDC 8.21, Municipality 1.15 and LDF 2.6) this fiscal year. The percentage of unconditional grant to total national budget was 2.95. However, the actual amount disbursed was NRP 16.5 billion. LB grants were transferred on time with more than 50% disbursed by end of 2nd trimester and in line with the budget provisions.

3.2.1 Key Achievement

An average LB OSR growth last fiscal year has been calculated to 10.9% with the total of 9.5 billion (DDC NRP 3.6 billion, Municipalities 4.9 billion and VDCs 1.0 billion). One new Municipality implemented Integrated Property Tax (IPT). Bringing the total number of Municipalities under IPT to 46.

3.3 OUTPUT 4: Public Financial Management System Improved

 Implementation progress of the PEFA-FRRAP is being reviewedThe majority of DDCs and Municipalities have prepared procurement plans, well ahead of target, but the Ministry wants to improve the quality of these plans. Implementation of VDC accounting system and accrual accounting in Municipalities are on schedule. Timely and reliable financial reporting from VDCs

is a major challenge and tracking at only 10-15%; expansion of VDC accounting systems is expected to improve this in next fiscal year. DDCs and Municipalities comply with financialreporting requirements. The draft MTBF report has been disseminated leading to predictability of financial resources.

3.3.1 Output and activity based progress

In FY 2013/14, 600 new VDC staffs trained and 250 VDCs have been installed accounting

Capacity Development Training in Kailali district

system contributing to improved book and account keeping. Accrual accounting system is installed in 6 municipalities and it is under assessment for roll out. 43 (74%) Municipalities and 55 (73%) DDCs have prepared procurement plans committing for reducing fiduciary risk reduction. 75 DDCs and 130 municipalities have carried financial reporting on time.

All but two DDCs currently comply fully on reporting. The existing Oracle system will be targeted for short-term system interface enhancements this fiscal year and longer term plan is to develop a web-based reporting system integrated with FCGO. MoFALD has decided to establish a new compliance unit in the Financial Administration Section in November.

3.4 OUTPUT 5: Institutional and human resource capacities of LBs and central level agencies involved in local governance strengthened

Management support for local bodies has improved compared to recent years, especially assignment of VDC Secretaries which has been helped by the transition of 283 VDCs into 72 new Municipalities. Preparation for the Programme Recruitment Facility (PRF) has started and a taskforce has been set up to expedite this preparation.

3.4.1 Achievement

Most programme support roles for LGCDP have been hired, but the Fiscal Decentralisation Specialist and PFM Specialist are outstanding in the PCU and there are some gaps, including FPM & fiduciary risk officers in all RCUs.ICT experts for RCU and PCU are fulfilled. Most of the positions of DGE, UGE and ICT volunteers are fulfilled.

It is reported that out of 3625 VDC Secretaries, 3225 are fulfilled with the gap of 410 positions. About 1850 Secretaries provide services from VDC offices regularly.A Capacity Development Strategy framework has been developed by external experts.

The institutional development plan for LDTA was completed in January 2014 and has been under consultations for implementation to be aligned with the capacity development strategy. Preparation of capacity development plan of LBFC with the view to upgrade it as a National Commission is being discussed.

Cross cutting themes (including CFLG, GRB, and EFLG) have been incorporated in the revised LB Resource Mobilisation and Management Operation guideline, but this needs a further round of consultations before approved.

Stock take of LB information systems is underway following the arrival of ICT Volunteers in 75 DDCs and 58 Municipalities.

Trainings based capacity development activities:

In this fiscal year, a total 118,078 persons are trained of which 112,636 were trained at the VDC level training inviting participants from WCF, CAC and VDC offices whereas 5442 were trained at the district level trainings in which various stakeholders from LBs and others were attended. The major training conducted was on social mobilisation, local level planning, civic oversight, CFLG, EFLG, and GESIREFLECT, Revenue generation, DPMAS, monitoring and evaluation

VDC Secretaries
440 VDCs with no Secretary and attendance in office is frequently poor

- 89% — Number of VDC's secretary filled
- 57% — Number of VDC's secretary regular in office
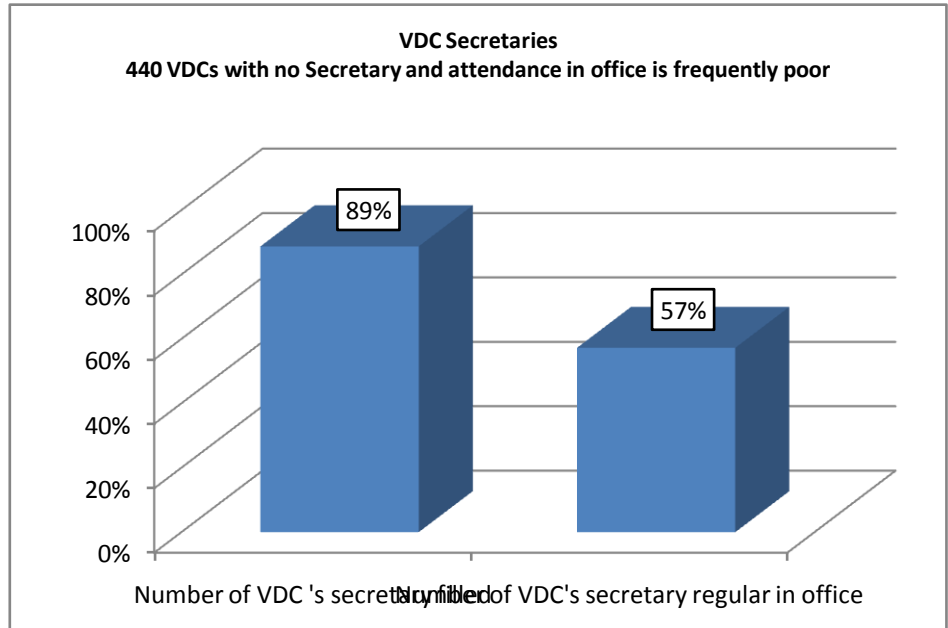
4. Progress Review: Outcome 3

4.1 OUTPUT 6: Access to and quality of local infrastructure and other socio-economic services administered by LBs are improved

The Infrastructure Development Division (IDD) is now fully staffed and operational. Preparation of capacity development plan of DOLIDAR is underway as per the CD strategy 2071. Mapping of quality labs in districts initiated.Technical training given to sub-overseers and other local engineering staff in Dhanusa, Surkhet and Doti through SCDLB.Vital registration awareness campaign implemented in 4 districts.CD activities were provided to CSOs, LBs and political representatives on the cross-cutting areas like CFLG, GRB,GESI,DRR resulting in more inclusive, child and environment friendly service delivery and resilient infrastructures.

4.2 Achievements:

153 new community Mediation Centres (CMCs) have been established contributing in reduced number of dispute and conflict cases covering a total of 485 VDCs in 31 districts and 24 Municipalities.

Vital Registration of under 5 children in 5 Karnali districts is 90%.

New banking and MIS systems are being piloted to strengthen vital registration and social security payments. Banking payments pilot in 3 districts fully operational with timely and hassle free

Discussion on LIP with CAC Members at Masuriya VDC

payment of social security payment in those districts. Social Security Beneficiaries data are entered with updates in 12 district contributing reduction of fake beneficiaries and ensuring payment for genuine beneficiaries. Ilaka service centre modality is initiated in some cluster of VDCs on cost sharing modality providing timely technical services in project design and implementation.Grievance officer designated in DDCs/Municipalities to hear the voices of citizen leading to better service delivery.

Gender Equality and Social Inclusion issues are mainstreaming all component of LGCDP II contributing in women empowerment, effective participation in decision making and benefit sharing in local governance and also increased budget allocation of LBs for them. Likewise, In CFLG, birth registration, child protection, development and participation in local governance is in increasing trend. 61 districts, 32 municipalities, and 1421 VDCs have initiated CFLG adoption process across country. Of the 61 districts, 51 district councils have endorsed CFLG adoption leading to ensure child rights in local governance. 19 Municipalities adopted building code that ensuring disaster resilient buildings.

Beneficiaries
15 million beneficiaries reaching the target groups

	Women	DAG
	7,520,787	6,840,514

4.2 Output 7: Strengthened integrated planning, budgeting, monitoring and evaluation, and coordination amongst local governance actors

4.2.1 Achievement

A total 48,901 children participated in IPFCs, CFLG Committees and local council meetings across the country.Balbhelas were conducted in 13 districts, five municipalities and 522 VDCs. An average of more than 50% of the Balbhela demands has been addressed by local bodies' annual plans.

"Balbhelas" have been formalized through its incorporation in LGCDP Phase 2.

District periodic plans (DPP) have been completed in 18 districts and are currently being prepared in additional 21 districts, ahead of target of 15 districts. Participatory planning guidelines on IPFC participation is followed by 2,504 (64%) of VDCs, 55 (95%) of Municipalities and 64 (85%) of DDCs. 56 municipalities prepared Municipal periodic plan. These have resulted in increased participation of stake-hoders, coordinated and targeted annual planning, integration of cross-sectoral themes for improved service delivery.

Web based reporting is being implemented to strengthen regular reporting mechanism and it has been agreed to strengthen the functionality to incorporate RCU programme reporting this fiscal year. DPMAS has been established in almost all DDCs andLBs staff and line agencies staff of 15 districts were trained in UNICEF districts. Nielsen has been selected as the data survey contractor for the citizens' perception survey and the results are expected to be published in February2015.

IPFC provision of LBRRG was coplied by 64% of VDCs, 95% of Municipalities and 85% of DDCs ensuring participation of all stakeholders in decision making process. Monitoring and supervision committees are functional 24% of VDCs, 79% of municipalities and 77% of
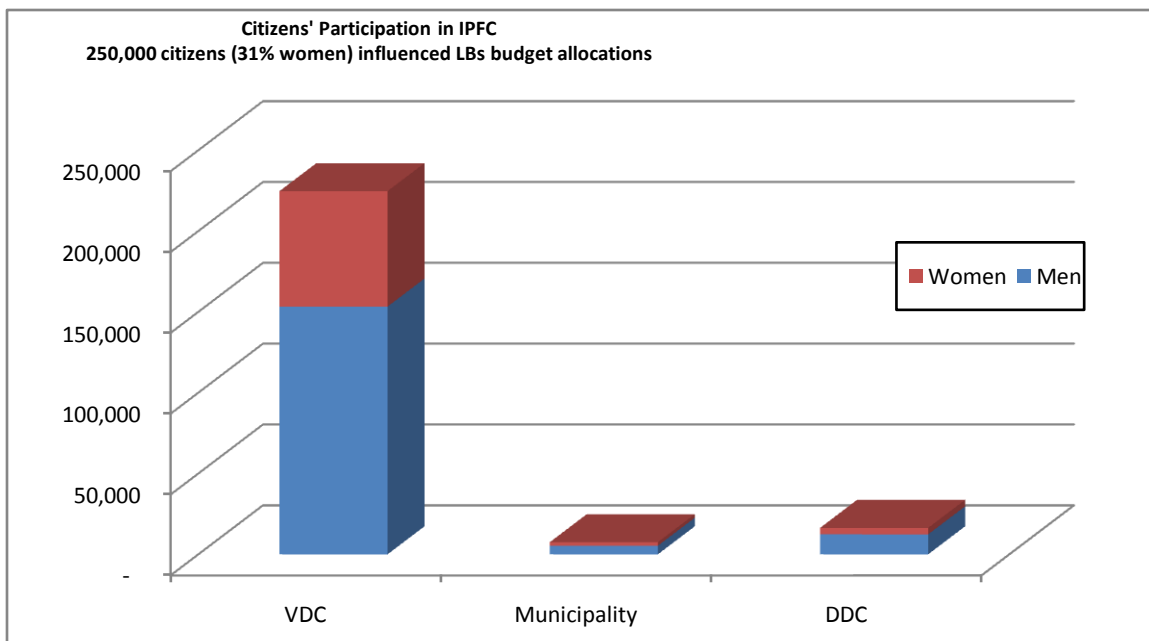
DDCsenhancing the quality and efficiency of projects.- 8 Municipalities and 23 DDCs use GRB ensuring targeted budget allocation for women. Likewise, 47% DDCs and 31% Municipalities have adopted EMP in consideration with conservation and adaptation.

The table below details the DPP status:

Supporting Agencies	Target	Completed	Ongoing	Remarks
GoN/DDC	9	9 - Kaski, Manang, Banke, Makwanpur, Solukhumbu, Taplejung, Khotang, Okhaldhunga and Ramechhap		Reported in previous meeting
UNICEF	15	4 – Jumla, Parsha, Baglung and Rautahat	11 - Baitadi, Bajura, Doti, Achham, Humla, Mugu, Dolpa, Kalikot, Dhanusha, Saptari and Mahottari	
UNFPA	11	3 - Rukum, Pyuthan and Dang	8 - Dadeldhura, Rolpa, Arghakhachi, Kapilvastu, Sindhuli, Sarlahi, Sunsari and Udaypur	
SDC	2		2 - Jajarkot and Dailekh	
LGCDP / JFA	38	2- Lamjung and Dhankuta		36 – Under EOI Process
Total	75	18	21	

Participatory annual planning guidelines have been developed for local level. The participatory planning process is working well in most local bodies and 76% of VDCs and Municipalities conducted ward level planning workshop to prepare annual plan reflecting the needs of people. This has contributed towards more inclusive planning at the VDC and Ward levels.

Social Mobilization and local planning

Indicators	BASELINE			VDC		Municipality		DDC		TOTAL	
	VDC	MUN	DDC	No.	%	No.	%	No.	%	No.	%
Number of ward level planning workshop organized by LBs	35,235	808		26,757	76%	749	93%			27,506	76%
Number of participants in ward level planning workshop				747,684		38,792				786,476	
Men				480,075	64%	24,127	62%				
Women				267,609	36%	14,665	38%				
Number of citizens who participated in LB's Council				224,673		7,469		16,347		248,489	
Men				153,265	68%	5,308	71%	12,360	76%	170,933	69%
Women				71,408	32%	2,161	29%	3,987	24%	77,556	31%
Number of projects forwarded by WCFs to LBs				137,721		9,748				147,469	
Number of projects forwarded by WCFs to LBs (VDC & municipality) that included in annual plan				68,358	50%	5,123	53%			73,481	50%
Total cost of the projects forwarded by WCF to LBs				9,929,087		1,747,765				11,676,851	
Total cost of projects forwarded by WCFs that included in annual plan of LBs (VDC & Municipality)				3,225,193	32%	676,450	39%			3,901,643	33%
Total annual block and other grants by LBs (ASIP)				7,360,000	44%	4,148,000	16%	3,347,000			

5. Progress Review: Outcome 4

5.1 OUTPUT 8: Refined policy on local governance and improved inter-agency cooperation

5.1.1 Achievement

The Government has introduced 72 new Municipalities to the existing 58 (i.e. 130 total) and transition of 290 VDCs to the Municipalities, decreasing the numbers VDCs to 3,625 across the country.LSGA amendment Bill recommending amendments for local elections including better gender balance and expanding the mandate for OAG to undertake audits in VDCs and Municipalities have been endorsed by Cabinet and has been tabled in legislative parliament.

Amendments to LSGA are currently being discussed with the development committee in parliament. Organisational changes in MoFALD have been approved by Cabinet, including establishing new Federal Division, Monitoring and Evaluation Division, and a Vital Registration Department. The draft report on territorial reform of local government has been shared with stakeholders.

5.2 OUTPUT 9: Policies developed for devolution and federalism

5.2.1 Achievement:

The Federal Affair Section in MoFALD established. For restructuring of LBs, technical committee established led by Joint Secretary of MoFALD. For LBs administrative structuring, status paper on local governance prepared. Proposal for functional assignment being prepared by PREPARE project for Education, Health, Agriculture, Water Supply and Inclusive Social Security Sectors. Institutional development plan to restructure LBFC to a fiscal commission with responsibility for fiscal federalism.is being discussed in MoFALD.

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6. Project Finance and project funding matrix (FY 2013/14)

SN	Budget Head	DDC		Municipality		Total	
		Planned	Expenditure	Planned	Expenditure	Planned	Expenditure
1	LGCDP (365819)						
	Salary	8084	7511	6461	6259	14545	13770
	SM Salary and TA/DA	470354	443139	46145	292804	516499	735943
	CAC Operation Cost	122891	117918	10982	10829	133873	128747
	WCF Operation Cost	72492	66889	974	736	73466	67625
	LIP Grant	151900	151399	27500	27400	179400	178799
	CAC Infrastructure	418905	323628			418905	323628
	EFLG Grant	15400	14421	4600	4120	20000	18541
	DPP	10900	183206			10900	183206
	Monitoring	14760	12309	145		14905	12309
	Revenue			800	800	800	800
	Total	1285687	1320420	97607	342948	1383293	1663368 *
2	VDC Grant Total (3658023)	8210000	8131098	0	0	8210000	8131098
	Recurrent	1566000	1565271				
	Capital	6644000	6565827				
3	DDC Grant Total (3658013)	3320000	4394441	0	0	3320000	4394441
	Recurrent	1950000	2090770				
	Capital	1370000	1291132				
4	Municipality Total Grant (3658033)	0	0	1150000	1439426	1150000	1439426
	Recurrent			10800	10800		
	Capital			1150000	1147838		
5	Local Development Fee Total (3658173)	0	0	2600000	2597181	2600000	2597181
	Recurrent			643200	643147		
	Capital			1956800	1954033		
	Grand Total	11530000	12525539	3750000	4036607	15280000	16562146

The total LGCDP budget (allocation and expenditures) is given in table below. The total expenditure for DDC and Municipalities is Rs. 1.66 billion as against the plan amount of Rs. 1.38 billion. This amount also includes PPSF and SPMP expenses. In GoN grant, VDC grant expenditure is Rs. 8.13 billion as against the Rs. 8.21 billion allocation. In DDC grant, the allocation amount was Rs. 3.32 billion where as the expenditure was Rs. 4.3 billion. The increment was due to additional fund release from MoF towards the end of fiscal year that goes to DDCs. In Municipality the expenditure was Rs.1.4 billion as against the Rs. 1.15 billion originally allocated. The LDF grant allocation was Rs. 2.6 billion where as the expenditure was Rs. 2.59 billion.

6.1 Total Budget and Expenditure under LGCDP II: FY 2013/14:

6.1.2 Project Funding Matrix

The project funding matrix of DDC and Municipalities shows the sectoral allocation of LB's fund and beneficiaries (by gender, children, and social groups). The PFM sector's are classified as physical infrastructures (road bridge and culverts, WASH and irrigation), economic, environment, social (education and health), agriculture and promotional activities.

The following table shows the summery of project funding matrix of Municipalities. According to table, municipalities have 8,732 projects with Rs. 4.36 billion budget. The percentage of beneficiary in terms of gender is   49 and 51 for male and female. Similarly, in terms of social groups the percentage is 10, 23, 19 and 49 for Dalit, Adibashi/Janjaati, other disadvantaged groups and non DAGs respectively.

6.1.3 Project Funding Matrix of Municipalities

S.N.	Sector	No. of targeted projects	Annual Budget (Rs. in '000)	Approx. benefited population							
				Male	Female	Children	DAG			N-DAG (Others)	Total
							Dalit	Adibasi/ Janajati	Other Disadvan		
1	Road, Bridge & Culverts	2,103	1927544	430,198	463,409	148,664	90,725	250,566	193,420	507,560	1,042,271
2	WASH	1,043	148455	108,576	112,742	48,421	29,145	64,281	64,734	111,579	269,739
3	Irrigation	195	29156	24,243	26,963	5,566	7,622	8,943	6,446	33,761	56,772
4	Economic	359	13432	38,101	40,404	13,662	7,408	12,730	28,744	43,285	92,167
5	Environment	340	61045	50,953	53,281	19,194	18,743	26,449	19,993	58,243	123,428
6	Education	438	443098	39,658	48,924	60,694	16,126	40,228	28,710	64,212	149,276
7	Social	962	406712	88,886	94,819	31,666	20,963	53,109	42,512	98,787	215,371
8	Health	169	12877	34,305	40,871	5,367	7,973	12,432	17,556	42,582	80,543
9	Agriculture	104	5472	24,729	26,770	10,263	5,429	8,722	9,827	37,784	61,762
10	Promotional	3,019	1309911	168,873	178,036	60,745	38,564	86,688	66,060	216,342	407,654
	Total	8,732	4357702	1,008,522	1,086,219	404,242	242,698	564,148	478,002	1,214,135	2,498,983

The following table summarises the project funding matrix of DDCs. The total number of beneficiary population is 6.3 million. According to the table, below the percentage of male and female beneficiaries is 49 and 51 respectively, where the total percentage of children beneficiary is 18. In terms of social group, the percentages of Dalit, Adibashi/Janjaati, other disadvantage group and non DAG is 10, 24, 16, and 50 respectively.

60,000 projects implemented last fiscal year

Roads, Bridges & Culverts: 13,617; WASH: 7,374; Irrigation: 2,401; Economic Infrastructures: 3,818; Environment: 1,901; Education: 5,703; Social Infrastructures: 4,989; Health: 2,199; Agriculture: 3,492; Promotional Activities: 14,052
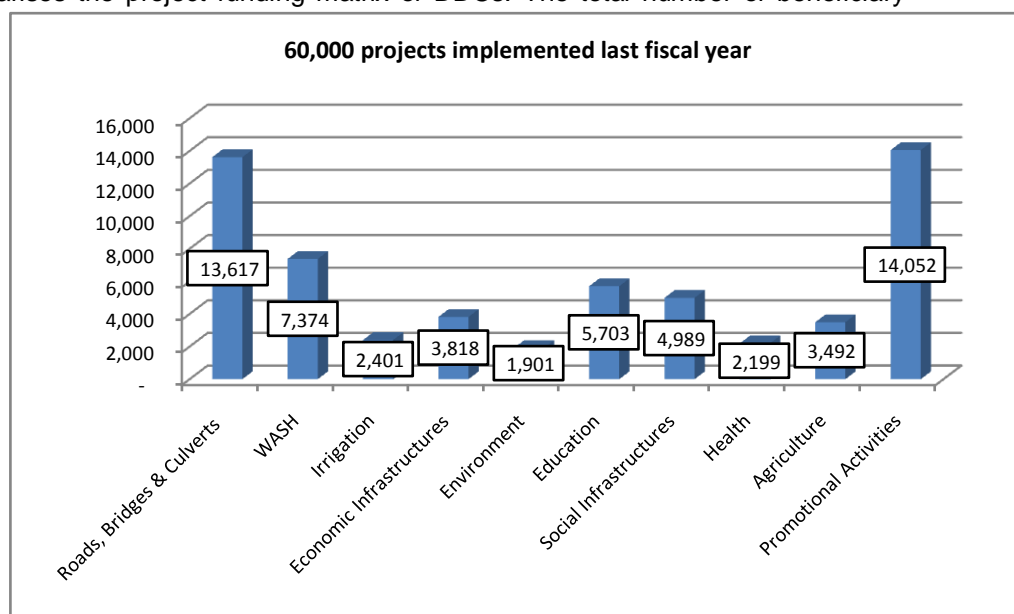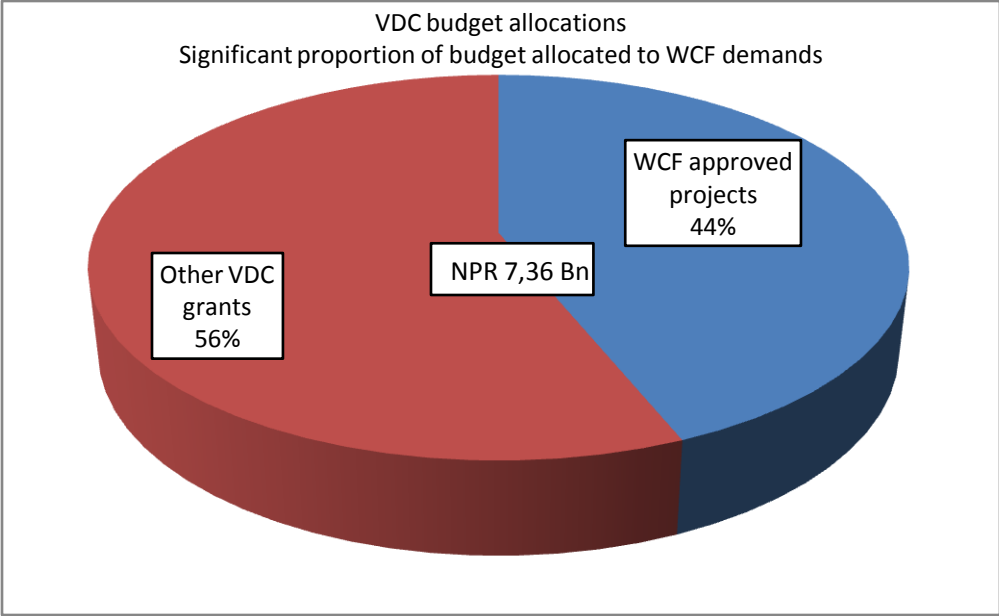
6.1.4 Project Funding Matrix of DDCs

| S. N.	Target Groups	No. of targeted projects	Annual Budget (Rs. in '000)	Approx. benefited population							
				Male	Female	Children	DAG			N-DAG (Others)	Total
							Dalit	Adibasi/ Janajati	Disadv		
1	Road, Bridge & Culverts	4,792	8637589	945,923	996,537	443,625	220,677	470,029	479,219	1,216,160	2,386,085
2	WASH	1,497	441406	257,629	230,167	114,350	57,286	109,384	112,505	322,971	602,146
3	Irrigation	498	456012	92,881	82,563	46,783	31,418	35,222	34,843	120,744	222,227
4	Economic	706	160446	133,360	151,067	44,793	27,938	83,390	32,718	185,174	329,220
5	Environment	290	81,295	62,233	73,986	22,433	10,170	24,487	19,785	104,210	158,652
6	Education	875	412531	53,258	66,902	90,601	17,211	52,397	23,519	117,634	210,761
7	Social	1,364	1743855	198,317	262,189	75,861	44,256	150,762	95,349	246,000	536,367
8	Health	376	892455	114,655	159,794	51,790	33,374	62,910	52,153	177,802	326,239
9	Agriculture	309	165953	36,077	39,109	11,428	10,122	20,980	14,356	41,156	86,614
10	Promotional	4,023	5166169	599,895	608,115	243,157	157,594	491,960	159,717	641,896	1,451,167
	Total	14,730	18,157,711	2,494,228	2,670,429	1,144,821	610,046	1,501,521	1,024,164	3,173,747	6,309,478

The SPMP-ADB supported community infrastructure projects in all districts. It covered 35% of VDCs (893) and equal number of CACs. The total amount disbursed was 428.5 million in which 340 million was expended by CACs.

VDC budget allocations
Significant proportion of budget allocated to WCF demands

WCF approved projects 44%

NPR 7,36 Bn

Other VDC grants 56%

7. Case Studies

Third Party Monitoring

Central Department of Environmental Science, Tribhuvan University, (CDES-TU), and the then Ministry of Local Development- Environment Management Section (present MoFALD) signed Memorandum of Understanding (MoU) on April 18, 2011 and officially initiated the third-party environmental monitoring of IEE approved SGS projects from MoFALD. Similarly, the Ministry inked MoU with Department of Environmental Science and Engineering, Kathmandu University (KU) in 2012 for the same. The main purposes of MoU were to carry out independent and unbiased third-party monitoring to enhance coordination between academia and government, to ensure the quality of the monitoring reports, and to strengthen the capacity of academic institutions. Table 1 gives synopsis of IEE monitoring by TU and KU over the last three years. For the local level monitoring and management of SGS extraction activities, there is district level Monitoring and Coordination Committee coordinated by the Chief District Officer (CDO) along with Local Development Officer (LDO) as a member secretary. This committee monitors the SGS projects.

Fig 1 Participation in IEE Monitoring
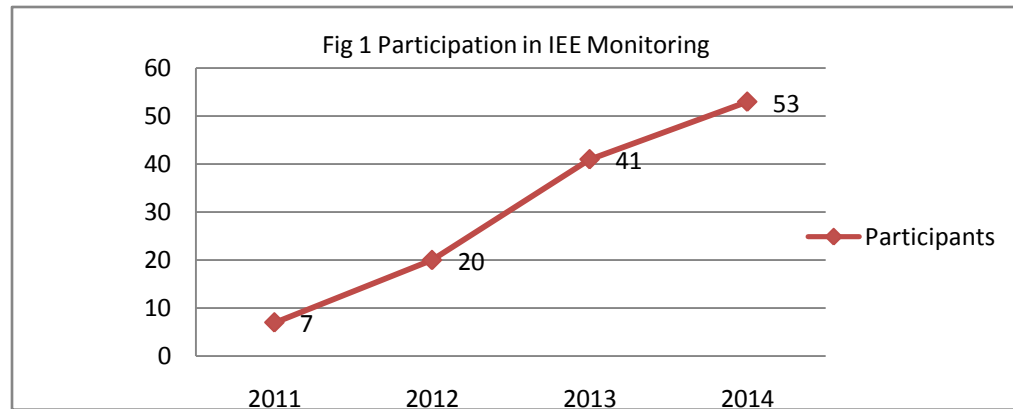
Monitoring by Tribhuvan University

The third-party monitoring of IEE approved SGS projects started from 2011 with the involvement of TU-CDES with monitoring SGS extraction of 10 rivers of Kavreplanchok District and 9 rivers of Dhading District of Central Development Region. During 2012, monitoring was carried out in 58 rivers of the Eastern and Central Development Regions. From the Eastern Development Region four districts- Udayapur, Jhapa, Morang and Sunsari with 26 rivers and from the Central Development Region three districts- Chitwan, Makawanpur and Nuwakot with 32 rivers were monitored. In 2013, the TU-CDES monitored 11 rivers of Eastern and Central Development Regions. Among them, 6 rivers were from Ilam and Jhapa districts of the Eastern Development Region, and 5 rivers were from Kavreplanchok and Sindhupalchok districts of the

Initial idea of Third Party Monitoring was to just to providing internship to student, now it is in credit work of two as independent studies, said SabitaAryal, Associate Professor in Kathmandu University. She further said there are three clear impacts of the Third Party Monitoring. First, the Contractors are more aware than ever before with MoFALD being actively involved in monitoring activities. Second, THE Capacity of

Faculty members and students in Universities are enhanced. Third, a good Reference Materials in the form of Reports/Theses available for future references, any deviation from this, when compared in future, will indicate the magnitude of the impacts for policy decision making.

Central Development Region. In 2014, Tribhuvan University monitored IEE reports in three districts Arghakhanchi, Kapilvastu and Nawalparasi.

Monitoring by Kathmandu University

KU monitoring of rivers in 8 districts (Kailali, Kanchanpur, Dang, Banke, Kaski, Tanahun, Kapilbastu and Nawalparasi). Kathandu University monitored 53 rivers of Western, Mid Western and Far Western Development Regions in 2012. In 2013, KU accomplished the monitoring of SGS projects in 10 rivers of Sindhuli, Sarlahi, Kapilvastu and Arghakhanchi districts. Similarly, KU monitored IEE of 14 rivers of six districts including Bardia, Kailali, Kanchanpur, Dang, Banke and Kapilvastu in 2014. Until 2014, in total 121 students from Tribhuvan University and Kathmandu University were involved in monitoring IEE reports in various parts of the country. Similarly, a total of 21 faculties engaged in supervising the monitoring activities.

Impact of the Monitoring

The study reports were instrumental for raising awareness to policy makers. Based on the study findings, the Government of Nepal has made various policy decisions such as i) attached monetary value for sand gravel and stones through provisioning the scheme of bundling extracted/collected sand gravel and stones at source before transporting it to market place, ii) formed and strengthened district based monitoring and coordination committees, iii) prohibited collecting sand, gravel and stones from Chure Range, one of the fragile ecosystems in Nepal, iv) Discouraged allowing heavy equipment to collect/extract sand, gravel and stones from Chure Areas, V) Enforced code of conduct for sand gravel and stones crusher industries, and v) Collection and extraction activities are not allowed during rainy seasons. As the extraction and collection activities are primarily being done by poor people, the policy has made positive implication on the livelihood of poor and marginalized communities.

CAC reinstates Child Development Centre

Ganapur VDC lies 12 kilometers away from Nepalgunj Municipality near Rajha Airport. Though this VDC witnesses few developmental infrastructures, however since it links to Surkhet Road, some key industries exist in this VDC.

Dalits, Chamaar, Khatik, Dhobi, Pashi, Yadav, Loniya, Gadariya, Kurmi, Teli, Kahar, Muslim are the dominant caste and ethnic groups living in this VDC. In addition, Brahmin, Kathayat, Pun, which are supposed to have migrated from the hills, also live scantly in this VDC.

The level of education in this VDC is very low. It has 2 (two) Primary and 1 (One) Lower Secondary schools. Small village called Beshapur in Ward no 5, which consists of 43 households (Dalit and Khatik caste) situated there. In 2068 B.S, when LGCDP program was first time

carried out, it has only 3% literacy. Plan Nepal had established Child Development Centre (CDC) in 1995 A.D. Later, it was shut down. In the Fiscal Year 068/069, with economic aid of LGCDP, Civil Awareness Centre (CAC) was formed. By creating the importance and need of education in the locality, the members of Civil Awareness Center (CAC) reinstated the Child Development Center (CDC). With the financial assistance of NRS. 20,000 from VDC and NRS. 50,000 from Plan Nepal, now CAC has been able to construct its own building including a tap and a toilet.

Moreover, by appointing a teacher, UshaKathayat, children in the center are given mental, physical, social nurture 3 to 4 hours a day. They have also been taught letters and behavior changing activities.

Members of CAC, SiyaramKhatik and GuttaKhatik say-"Since its inception, many changes have taken place in this village. We got opportunity to make inter-district visits in Surkhet, Palpa and Kapilbastu. Child Development Center (CDC) has been reinstated. We made a building and a toilet. Access to VDC programs for us enhanced. We started to get services from local agencies. We started to get medicines from sub health post and health checkup. We got information from agriculture and livestock service center. Women participation has increased. Now they can express their concerns from the stage. All the CAC members have got citizenship certificate. Now people in the village prepare their children to send to CDC. Children spend 3 to 4 hours a day in learning activities in CDC. We have been benefited by all these programs directly and indirectly. In this sense, CAC has become a boon for us."

WCFs Formulating Water use Master Plan (WUMP)

"Toli' is one of the VDC near to district headquarter of Dailekh district. Even being near from the DHQ, it is suffered from the affects of minimal approach to DHQ for presently existing development trend of contact approach. Water resource development is main potentiality in different sectors utilization in the VDC but due to non approached eye of development planners/workers and haphazard development activities, the benefits to citizens from the water resource potentialities is non countable and development gap are enlarging in the VDC. The elite groups only make approach to the benefit and the deprived groups have no access to common serviced water consumption in the VDC.

In this situation, Toli VDC has initiated to develop a Water Use Master Plan (WUMP). District

Development Committee is facilitating and supporting to the VDC to prepare WUMP with the support of Rural Village Water Resource Management Project II (RVWRMP II). VDC has also allocated budget for WUMP preparation. Ward Citizen Forum is playing the main role to make effective planning from ward level and VDC level WUMP planning decision.

- WCF has been capacitated on different stages of WUMP process (that can help

on other sectors master plan also).

- WCF is playing as main decision role on ward level planning workshop: Social mapping and other PRA tools.
- WCF has provided main forum for social economical assessment.
- Ward level planning is handled by WCF, which is significant on ward level water resource scheme planning.
- WCF and CAC active sharing and input to V WASH CC on VDC level planning of WUMP.
- WCF is the mandatory unit for ward level planning and mandatory representative for V WASH CC and one of the main decision agencies for VDC level agency. CAC is made mandatory unit for VDC level plan approval along with V WASH CC.

SM Intervention turned 'Thehe' a superstition free settlement"

Thehe VDC of Humla District lies just 8 KM far from Humla District head quarter. The three settlements of Humla District, Thehe, Baijuwada, and Dojam. Among these Thehe is ward no.1 populated with 340 persons comprised of male 167 and female 173 resides in 62 households of Dalits. The settlement was very back in respect of every facilities and development opportunities to be provided by the VDC and even remained back socially, culturally and religion in the past.

A CAC (community awareness centre) was established at first when Local Governance and Community development program is initiated in this District targeting the Dalit settlement.Different types of programs such as awareness generation, vital events registration, avoidance of untouchability in the society , Rights to information, Social inclusion, leadership opportunity ,income generation, skill development program etc developed and organized from different agencies by using different tools and media made them capable and meaning full participation helped them a lot to increase the knowledge and capacity .

Beside of it, the budget allocated for the target group is based on their participatory planning, local level project implementation process, prioritized scheduling for implementation the program in a participatorymanner etc is widely adapted and intensively followed by the target group while implementing the program. Because of possessing this capacity, the entire CAC member of ward no1 has easy access to the facility rendered by VDC. Women Discrimination, child labour exploitation, domestic conflict, untouchability have been completely wiped-out and in spite of this allocation of budget targeting to Dalits against eradication of bad customs from the society and for leadership development among the people is increased by 50 %

Alcohol Addiction is a Master of Domestic Violence

Mrs. Hira Adhikari and her husband Mr. NavarajAdikari are grateful to their CAC upon opening eyes against the negative impacts of alcoholism and dispute among the family members. CAC has saved their family from fraction. Both of them are wishing CAC to move forward to eliminate deep rooted social evils and alcoholism in their society.

This is a case of Mrs. Hira Adhikari's family who is a member of AtmaNirvar CAC at Triuga municipality ward No 1. Her husband alcohols addict and used to beat and abuse his children, wife and mother every evening. Mrs Adhikari was fade up from his behaviour including conflict in the family. She decided to leave the home and to live at her parent's home to save herself and children from his torture. She has put the application to District Administration Office at Gaighat requesting for divorce with Navaraj Adhikari. Police arrested him and kept in the prison for his deeds.

As she was attending the ReFLECT sessions regularly and knew that CAC can handle the cases of domestic violence and disputes. She shared her case among the members asking for support for divorce. CAC organized series of meeting considering her case and put priority to stop going for the divorce. All the members have suggested her to not take action towards the divorce

because her children are small; mother in law is old enough to take care for herself. They suggested bringing her husband back from prison and attending in the discussion at CAC. Hira Devi and her mother in law brought him in the meeting and discussed about the real causes of the situations. CAC members discussed about the divorce and its impact in family members. After long debate and discourse, Navaraj Adhikari has committed his all the guilty and said in the meeting,*" I don't accept divorce and commit to give up the path of alcoholism. I realized that alcoholism have dismantled my family relationship and created disturbance among the members. I commit to not repeat the mistakes in future"*. After the meeting, they started to live as a normal family life and withdraw the application from the District Administration Office, Udaipur.

Towards Successful Businessman

Market demand for mushroom produced by DhanBahadur Rai is unmet every day at Dharan Bazaar. He says "If I could expand this business, I can have full time job and have good return as well". Mr. Rai do not have enough space to expend his mushroom business and he is renting small land to construct shade for mushroom house and also mushroom spawn (seeds) is not easily available at Dharan and he have to go Urlabari or Manglabare of Morang to buy it.

Mr. DhanBahadur Rai is a carpenter from Dharan municipality ward number 17 and a coordinator of CAC as well. His wife looks after small children and also works as a labour to meet day to day her family basic need. Based on the well-being ranking among the CAC

members, Mr. Rai including other six members received loan from CAC revolving fund supported by LGCDP program for livelihood improvement of the CAC members. At first his investment was 20,000 out of this his share was five thousands.

For mushroom house construction, he requested one of his relative's lands for lease. He said that he was encouraged to take this business after taking short training organized by Dharan municipality for CAC members. After a month of establishing this scheme, he started to fetch the income and revolved some amount in the business continually. He was able to repay entire loan with interest amount to CAC within five months and had made net profit of Rs 25000 in the first cycle. Mr. Rai has also invested this profit amount on pig and poultry farming at small scale. He is now planning to lease big land so that he can have regular production throughout the year and also expand poultry and pig farming.

He says, "Through attending CAC regular meetings, we have learned many useful things and received skill development training as well. Now all the members started income generating business at small scale and committed that this will successfully grow enough to change our economic condition very soon".