

LOCAL GOVERNANCE AND COMMUNITY DEVELOPMENT PROGRAMME-II

ANNUAL PROGRESS REPORT-NFY 2073/74

(16 July 2016 – 15 July 2017)



Government of Nepal
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ABBREVIATIONS

ADB	Asian Development Bank
ADDCN	Association of District Development Committee of Nepal
AMEP	Annual Monitoring and Evaluation Plan
AORTS	Audit Observation and Record Tracking System
ASIP	Annual Strategic Implementation Plan
AWP	Annual Work Plan
BB	Branchless Banking
CAC	Citizen Awareness Centre
CBO	Community Based Organization
CD	Capacity Development
CDF	Community Development Fund
CDP	Community Development Programme
CFLG	Child-Friendly Local Governance
CIAA	Commission for Investigation of Abuse of Authority
CM	Community Mediation
CMC	Community Mediation Centre
CSO	Civil Society organization
D/MSMCC	District/Municipality Social Mobilization Coordination Committee
D/MTMP	District/Municipality Transport Master Plan
DAG	Disadvantaged Group
DDC	District Development Committee
DFID	Department for International Development
DGE	District Governance Expert
DoLIDAR	Department of Local Infrastructure and Agriculture Road
DP	Donor Partners
DPMAS	District Planning Monitoring and Analysis System
DPP	District Periodic Plan
DRR	Disaster Risk Reduction
DSMCC	District Social Mobilization Coordination Committee
DTMP	District Transport Master Plan
EFLG	Environment-Friendly Local Governance
EMS	Environment Management Section
EO	Executive Officer
EOI	Expression of Interest
ERS	Emergency Relief Support
FAD/S	Foreign Aid Division Section
FAMP	Financial Administration and Management Programme
FAS	Financial Administration Section
FCGO	Financial Comptroller General Office
FMR	Financial Management Report
FP	Focal Person
FRR	Fiduciary Risk Reduction
FRRAP	Fiduciary Risk Reduction Action Plan
GESI	Gender Equality and Social Inclusion
GGPS	Good Governance Promotion Section
GIDC	Government Integrated Data Centre
GIS	Geographic Information System
GIZ	German Technical Cooperation

GoN	Government of Nepal
GRB	Gender Responsive Budgeting
HH	Household
HRS	Human Resource Section
ICT	Information and Communication Technology
IDD	Infrastructure Development Division
IEC	Information and Electronic Communication
IEE	Initial Environment Examination
INGO	International Non-Government Organization
IPFC	Integrated Plan Formulation Committee
IPT	Integrated Property Tax
IT	Information Technology
JFA	Joint Financial Arrangement
JFTA	Joint Fund for Technical Assistance
JICA	Japan International Cooperation Agency
LA	Line Agency
LB	Local Body
LBFC	Local Body Financial Commission
LBFC	Local Body Fiscal Commission
LBRMMG	Local Body Resource Mobilization and Management Guidelines
LDF	Local Development Fund
LDO	Local Development Officer
LDTA	Local Development Training Academy
LED	Local Economic Development
LEDP	Local Economic Development Programme
LFA	Logical Framework Approach
LG	Local Governance
LGAF	Local Governance Accountability Facility
LGCDP	Local Governance and Community Development Programme
LGI	Local Governance Institution
LIP	Livelihood Improvement Plan
LLRC	Local Level Restructuring Commission
LOCAL	Local Climate Adaptive Living Facility
LRS	Local Revenue Section
LSGA	Local Self-governance Act
LSGR	Local Self-governance Regulation
LSP	Local Service Provider
M&E	Monitoring and Evaluation
MARS	Municipal Administration and Revenue System
MCPM	Minimum Conditions and Performance Measurement
MIS	Management Information System
MMS	Municipality Management Section
MoE	Ministry of Education
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoGA	Ministry of General Administration
MSMCC	Municipality Social Mobilization Coordination Committee
MTBF	Medium Term Budget Framework
M-ToT	Master-Training of Trainers
MuAN	Municipal Association of Nepal
MuN	Municipality

NAC	National Advisory Committee
NAVIN	National Association of Village Development Committee Nepal
NC	National Committee
NGO	Non-Governmental Organization
NPC	National Planning Commission
NPD	National Program Director
NPM	National Programme Manager
NPR	Nepalese Rupee
NSP	National Service Provider
NVC	National Vigilance Centre
OAG	Office of Auditor-General
ODF	Open Defecation Free
OPMCM	Office of the Prime Minister and Council of Ministers
PBMC	Performance-based Management Contract
PCC	Programme Coordination Committee
PCU	Programme Coordination Unit
PEI	Poverty and Environment Initiative
PFM	Public Funding Matrix
PFM1	Public Financial Management
PIS	Personal Information System
PMO	Prime Minister's Office
PO	Programme Officer
PPA	Public Procurement Act 2007
PPMO	Public Procurement Monitoring Office
PPR	Public Procurement Regulation 2007
PPSF	Policy and Programme Support Facility
PRF	Programme Recruitment Facility
PRSP	Poverty Reduction Strategic Plan
PSA	Public Service Announcement
QWP	Quarterly Work Plan
RAIP	Revenue Improvement Action Plan
RBM	Result-based Monitoring
RCU	Regional Coordination Unit
REFLECT	Regenerated Freirean Literacy Through Empowering Community Techniques
RfP	Request for Proposal
RTI	Right to Information
SALGP	Strengthening Accountability Local Governance Programme
SDC	Swiss Development Cooperation
SDO	Social Development Officer
SIP	Small Infrastructure Project (SIP)
SLA	Sectoral Line Agency
SM	Social Mobilization
SM	Social Mobilizer
SMG	Social Mobilization Guidelines
SNGP	Sub National Governance Programme
SPMP	Strengthening Public Management Programme
Sub-NAC	Sub-National Advisory Committee
TA	Technical Assistance
TASC	Technical Assistance Sub-Committee
TDF	Town Development Fund
ToC	Theory of Change

TOR	Terms of Reference
TOT	Training of Trainers
UCPA	Underlying Causes of Poverty Analysis
UGE	Urban Governance Expert
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children Emergency Fund
UNJP	United Nations Joint Partner
UNSCR	United Nations Security Council Resolution
UNV	United Nations Volunteers
UNV FU	United Nations Volunteers Field Unit
USAID	United States Agency for International Development
USD	US Dollar
VDC	Village Development Committee
VERSS	Vital Event Registration and Social Security
VSMC	Village Supervision and Monitoring Committee
WBRS	Web-based Reporting System
WCF	Ward Citizen Forum

Contents

1	SUMMARY	1
2	PROGRAMME INTRODUCTION	5
2.1	BACKGROUND	5
2.2	PROGRAM RESULTS	5
2.2.1	Goal	5
2.2.2	Purpose	5
2.2.3	Program Components	5
2.2.4	Outcomes and Outputs	5
2.2.5	Cross-cutting issues	7
2.2.6	Program management	7
3	OVERALL ACHIEVEMENT AND ANNUAL PROGRESS	8
3.1	OUTCOME 1: CITIZENS AND COMMUNITIES HOLD THEIR LOCAL GOVERNANCE ACTORS ACCOUNTABLE	8
3.1.1	OUTPUT 1: Citizens and community organizations are empowered to actively participate and assert their rights in local governance	8
3.1.2	OUTPUT 2: Accountability mechanisms for local governance are in place	13
3.2	OUTCOME 2: LOCAL BODIES ARE MORE RESPONSIVE TO CITIZEN'S DEMANDS	18
3.2.1	OUTPUT 3: Local Bodies' access to resources increased	18
3.2.2	OUTPUT 4: Public Financial Management System Improved	22
3.2.3	OUTPUT 5: Institutional and human resource capacities of LBs and central level agencies involved in local governance strengthened	26
3.3	OUTCOME-3: ALL CITIZENS ARE PROVIDED WITH EFFICIENT AND EFFECTIVE LOCAL SERVICES:	34
3.3.1	OUTPUT 6: Access to and quality of local infrastructure and other socio-economic services administered by LBs are improved.	34
3.3.2	Output 7: Strengthened integrated planning, budgeting, monitoring, evaluation and coordination amongst local governance actors	36
3.4	OUTCOME-4: STRENGTHENED POLICY AND INSTITUTIONAL FRAMEWORK FOR DEVOLUTION, SUB-NATIONAL GOVERNANCE, AND LOCAL SERVICE DELIVERY	41
3.4.1	OUTPUT 8: Refined Policy on Local Governance and Improved Interagency Cooperation	42
3.4.2	OUTPUT 9: Policies Developed for Devolution and Federalism	42
4	FINANCIAL REPORT	47
4.1	YEAR WISE BUDGET ALLOCATION AND EXPENDITURE TRENDS	47
4.2	DP's COMMITMENT, DEPOSIT AND BALANCE AMOUNT	48
5	ISSUES AND CHALLENGES	49
5.1	OUTPUT WISE ISSUES AND CHALLENGES	49
5.2	POLICY AND MANAGEMENT RELATED ISSUES AND CHALLENGES	50
6	ANNEXES	52
6.1	OUTSTANDING AUDIT ARREARS AND PROGRESS DURING FY 2016-17 BY DCC	52
6.2	SUCCESS STORIES	54

PROGRAMME PROFILE

Programme Period:	16 July 2013 - 15 July 2017
Executing Agency:	Ministry of Federal Affairs and Local Development
Implementing Agencies:	Local Bodies, Local Offices of Sectoral Ministries
Supporting Agencies:	Sectoral Ministries, Non-Government Organizations, Civil Society Organizations, Private Sector Organizations
Geographic Coverage:	75 Districts, 217 Municipalities and 3,157 Village Development Committees (After Restructuring: 75 Districts, Metropolitan City-6, Sub- Metropolitan City-11, Nagarpalika-276, Gaunpalika-460)
Development Partners:	JFA partners: DFID, SDC, Norway, Denmark, UNDP, UNICEF, UNCDF, UNFPA, UN Women AA partners: ADB, GIZ, JICA, UNV, USAID
Financial Contribution (Program document):	Government of Nepal: US\$ 1126 million Development Partners: US\$ 236 million Total: US\$ 1362 million
Financing Modality:	Joint Financing Arrangement (JFA): US\$ 194.9 million Joint Funding for Technical Assistance (JFTA): US\$ 13.5 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) Environment-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

1 SUMMARY

This report covers the progress achieved by the LGCDP II during the period from mid-July 2016 to mid-July 2017 (NFY 2073/74). As the programme is in its 4th year of implementation, the report highlights the progress trends of key program targets, important accomplishments and key intervention areas during the reporting period. The report is based on the information generated by the Result Based Monitoring (RBM) system of LGCDP.

Output 1: The Social Mobilization process has created more than 40,000 citizen institutions, namely Ward Citizen Forum (WCF) and Citizen Awareness Center (CAC), of which 31,304 were WCFs and 13,040 were CACs. 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.

The LGCDP II has achieved significant progress against Annual Strategic Implementation Plan (ASIP) targets of the current fiscal year. As a show case, 92% D/MSMCC are found regularly holding D/MSCC meeting (Annual target: 72%). A total of 97% VDCs (3,056) conducted ward level planning (Annual target: 90 %). WCFs are found active in identifying and prioritizing the ward level projects. Out of total proposed projects (95,684), 78% have been approved by LBs against the target of 80%. A total of 12, 14,199 citizens participated in local level planning processes. Similarly, 96% of the VDCs under which the child friendly local governance program was initiated conducted *Bal-Bhela* (Annual target: 90%) and incorporated the children's demands in LB's annual plan. The roles of WCFs have been highly recognized in eliminating social evils. Out of total, 15,515 (50%) WCFs in place were actively involved in civic oversight functions of public goods and services at local level (target: 40%). Besides, to include as many local people as possible in these local bodies, 66% of WCFs replaced ¼ members (target: 75%). These efforts have contributed to increase accountability of local bodies' toward the citizen.

Output 2: LGCDP II has been helping to establish and strengthen accountability at the local level by mobilizing local Civil Society Organizations (CSOs). Local Governance Accountability Facility (LGAF) has been internalized within MoFALD for the monitoring of compliance with legislative and policy requirements of local bodies. Till the end of current fiscal year, 100% DDCs, 206 Municipalities and 1,809 VDCs have nominated one of the staff as Nodal Officer for grievance redressal. Similarly, 72 DDCs, 204 Municipalities and 2,715 VDCs have functional monitoring and supervision committees in place.

A compliance monitoring was conducted in 57 districts by CSOs (Annual target: 66); 100% DDCs established grievance handling mechanism (Annual target: 75%); more than 50% grievances reported during the public hearing were addressed by local bodies (Annual target: 50%). In current fiscal year, CSOs' carried out crucial accountability enhancing activities such as FM radio mobilization (1,270 episodes), public hearing facilitation (490 times), pulic audit conduction (294 times) and training for WCF (934 times). These efforts

have helped to increase the use of accountability tools, provisioning help desk and grievance responding culture in the bodies.

Output 3: The LGCDP II focuses on maximizing the grants and transfers from the central government to the local bodies and has been supporting to optimize own-source of local bodies. Cumulatively, 111 municipalities have been practicing integrated property and house-land tax systems till date. Similarly, 75 DDCs and 191 Municipalities have established revenue sections as there was never any assessment done on whether they are fully functioning as such-as MoFALD has disbursed grant for office set up of new revenue units. Data shows that own source revenue of old 58 municipalities and 133 new municipalities has increased by 16% and 34% respectively FY in 2072/73 that was assessed in the reporting fiscal year.

There are some noteworthy successes achieved against ASIP during the reporting period. They include: 95% budget has been disbursed by the end of second trimester (Annual target: 50%) and allocated, 4.85% allocation of block grant to LBs in FY 2073/74 (Annual target: 4%). Similarly, LBs' grant equalization formula developed, new MCPM assessment criteria developed, MoFALD conducted a number of training on Integrated Property Tax. Training on fiscal decentralization was conducted to parliamentarian members as well as high level government officials of the different ministries. Furthermore, a number of studies were conducted including a study on borrowing and on taxation in a federal context.

Output 4: There is significant contribution of LGCDP II activities to the PFM reform initiatives and endeavors related to fiduciary risk reduction by MoFALD. Major activities with evidences of intended results in PFM areas are: support to all DDCs on implementation of accounting software; training support on accounting software to all VDCs resulting to full operation in 157 VDCs; 65 DDCs and 106 Municipalities initiated e-bidding system for the procurement; support in establishing internal audit in 75 DDCs and 93 Municipalities; development of risk based internal audit guidelines for local level; completion of PEFA and PETS; piloting of MARS in KMC; monitoring and facilitation on settlement of LGCDP II audit arrears; extension and review of FRRAP etc. The FRAF assessment report 2017 revealed that the citizen involvement in planning and budgeting process helped reduce the fiduciary risk at local level. However, the report pointed out that there is only moderate level of progress on FRRAP implementation.

While comparing progress against AMEP of the current fiscal year, 68% of then VDCs, 100% of then DDC and 90% of then Municipality submitted financial report on time (Annual target: 80%); 143 Municipality and 72 DDCs prepared procurement plan (Annual target: All DDCs and Mun.); 29% LBs (of DDC & Municipality) adopted gender responsive budget (Annual Target: 10%) etc.

Output 5: LGCDP II aims to strengthen both institutional and human resource capabilities of MoFALD and its departments such as DoLIDAR, LBFC, LDTA and partner organizations, sectoral line agencies and other local governance actors. The capacity development initiatives cover both demand side and supply side of service delivery. So far around 300,000 (3 Lakhs) people have been trained on various themes including local level planning & civic oversight, CFLG, EFLG, GESI, ICT and community mediation etc. Moreover, a total of 562

elected representatives (Mayor and Deputy Mayor) and 806 local level staff (EOs and LDOs) have been trained in their respective roles and responsibilities in the changed context.

During the reporting period, LGCDP II mainly supported to prepare and implement LDITA institutional development plan; appointed and trained LGCDP II focal persons; conducted trainings for LGCDP II staff; organized regional and national consultative meetings; supported to MToT Training and Orientation Programme for Executive Officers and LDOs, etc. in the areas of capacity building. LGCDP II produced radio programme especially focusing on election support and restructuring process. Similarly, ICT UN Volunteers provided ICT related support to MoFALD mainly in the areas of ICT training to LBs; PIS software development; budget authorization; Local Level Restructuring Commission (LLRC) process supported; MARS adoption and roll out process, etc. The National UN Volunteers (NUNV) mobilized in MoFALD and local bodies delivered substantial changes in altering conventional to e-governance working practices at all levels.

Output 6: LGCDP II has delivered various local governance and capacity-building supports to improve efficiency in delivering core services like infrastructure, vital registration, social security and community mediation. A strategy was also prepared for the Department of Civil Registration, MoFALD in order to transition to electronic payments of social security allowances. A total of 67 DDCs have prepared DTMP and 117 Municipalities prepared MTMP so far. Similarly, a total of 4,232 disputes out of total 5,623 have been settled by community mediation centers. Social protection information has been updated by 68 VDCs, 103 Municipalities and 38 DDCs.

In the current fiscal year, 5 existing quality labs are made functional (Annual target: 5); 68 lab technicians trained (Annual target: 40); 41 new CMC established (Annual target: 100); 243 municipal and VDC technicians trained (Annual target: 200), etc. With these efforts, the local bodies are increasing becoming quality conscious in recent years.

Output 7: Significant changes have happened in the areas of integrated planning, M&E, budgeting and coordination areas contributing to improving efficiency and effectiveness of LB's local services through LGCDP II support. In total till date, 56 DDCs prepared their periodic plans and all the DDCs initiated CFLG adoption. Similarly, 23,027 HH and 14 Wards got declared as environment friendly and 14 LBs have been declared CFLG during the LGCDP program period.

In the current fiscal year alone, 2 municipalities declared as CFLG Municipality (annual target: 10); 12 VDCs declared as child friendly (Annual target: 10); GRB implemented in 30 DDCs and 15 Municipalities; 25 DDC and 73 Municipalities conducted Gender Budget Audit (Annual Target: 75 DDCs and 58 municipalities) of which 13 municipalities conducted audit activities using their own resources. The practice of gender audit exercise helped LBs to assess their program from gender perspective and identified gender related gaps to be addressed in the next planning cycle.

Output 8 & 9: In 2073/74, LGCDP II aimed to strengthen policy, legal and institutional framework for devolution, sub-national governance and local service delivery. Toward this end, MoFALD drafted bills regarding National *Dalit* Commission, National Inclusion

Commission, *Aadibasi Janajati Madheshi*, Muslim and *Tharu* Commissions and the bill submitted to the Legislature-Parliament. An organizational and management survey of the commissions has already been carried out. MoFALD has detailed out the constitutionally scheduled functions of levels of government, specific to local government. This contributed to the federalism and administration reform process.

Various model laws are developed and circulated to the local government to facilitate their law making process. Such model laws include: Operation and Management of Local Assembly, Meeting Procedures, Business Allocation and Performance Rules, law relating to authentication of local level decisions, law relating to taxation, law relating to operation of consolidated fund and budget allocation, guidelines related to local level planning and budgeting, model code of conduct of LG Officials, etc.

MoFALD/LGCDP II has extended full support in local government restructuring process. Right shaping of local governments in a viable number (753) has become a historic moment in Nepal and all 753 LG units are functional.

MoFALD has also prepared legislative framework on transitional operation and management of local government dealing with staff management, financial management, project management, property management and continuity of the service delivery through newly established local government. Government issued an Executive Order for continuation of service delivery through local level.

Budget Utilization: The total planned budget for the fiscal year 2016/17 was NRs. 40 billion. Out of which, an amount of NRs. 38 billion was spent. Overall, budget utilization rate of the current fiscal year stands at 94%. Budget utilization rate was 96% in FY year 2070/71, 93% in 2071/72 and 82% in 2072/73.

Looking Forward: Entire local governance context has now changed to a new order after the restructuring of the local levels. Some of the issues like institutionalization process of LGs, capacity building, policy support, public finance management and internalization of LGCDP's past achievements are some of the outstanding issues to be addressed by the government. The new Transition to Sub-national Program (TSNGP) of MoFALD has recognized these issues and incorporated various support activities in the plan toward addressing them gradually.

2 PROGRAMME INTRODUCTION

2.1 BACKGROUND

LGCDP II is a programme framework for local governance and community development. The Programme has brought all actors, institutions, and donors within a framework of network, collaboration and coordination mechanisms. The Programme envisaged to improve systems, procedures, structures, tools and capacities to improve local governance for effective service delivery and citizen empowerment. The program focuses on the social mobilization, service delivery and resource mobilization, local economic development and livelihood improvement aspects. LGCDP II has been laying on core development principles such as sector-wide approaches, equity, subsidiary, harmonization and alignment, participation and collaboration, sustainability and value for money.

2.2 PROGRAM RESULTS

2.2.1 Goal

The overall goal of the LGCDP II is *to contribute towards poverty reduction through better local governance and community development*. To achieve the goal, the Programme has identified local governance as an essential element which is directly linked to people in their day-to-day life. Accountable governance, quality infrastructure and efficient service delivery, public financial management, economic development and community development are identified as the major components of the Programme.

2.2.2 Purpose

The purpose of the programme is *to improve local governance for effective service delivery and citizen empowerment*. The programme has adopted a framework to strengthen decentralization, devolution and accountable local governance system which makes basic service delivery effective and efficient and empowers citizens mainly women, children and disadvantaged groups.

2.2.3 Program Components

LGCDP II comprises four key components of intervention that include: citizen's empowerment (demand side improvements); service delivery and capacity development (supply side improvements); Socio-economic and infrastructure development (local development) and governance reform (policy).

2.2.4 Outcomes and Outputs

LGCDP II has aimed to achieve four outcomes in the areas of downward accountability, LB responsiveness, effective local services and policy strengthening. In total, there are nine outputs within the four outcome areas.

Outcome 1: Citizens and Communities hold their local governance actors accountable: In this outcome, LGCDP aims to achieve results in the areas of women empowerment, children, disadvantaged groups and their institutions through social mobilization process. The outcome also intends to achieve results in the areas of local governance particularly holding LB accountable toward disadvantaged groups including women and children by engaging people in the planning process, monitoring and oversight activities. This outcome contains two outputs (outputs 1 & 2) in the results framework.

Output 1. Citizens and community organizations are empowered to participate actively and assert their rights in local governance

Output 2. Accountability mechanisms for local governance are in place

Outcome 2: Local Bodies are more responsible for citizen's demand: On this outcome, expected result areas include: LBs become more resourceful to provide local services to the citizens, LBs increase their own resources, capacity development, formula-based fund transfer to LBs by the adoption of equitable principles on their performance measured by MCPM. Weak LBs are given capacity strengthening supports based on identified capacity gaps and under-performances by MCPM. Supply-driven capacity development initiatives are also emphasized aiming of improved local Public Financial Management (PFM) and reduced fiduciary risks. There are three outputs (outputs 3, 4 & 5) under this outcome in the program result framework.

Output 3. LB's access to resources increased

Output 4. Public financial management system improved

Output 5. Institutional and human resource capacities of LBs and central level agencies involved in local governance strengthened

Outcome 3: All citizens are provided with efficient and effective local services: This outcome mainly aims to achieve results in the areas of improvement of services delivery of LBs for core services and improvement of development activities operating at the local level. The local services including social and infrastructure development are expected to deliver effectively and efficiently in a harmonious and integrated manner as per citizens' needs and preferences. There are two defined outputs (outputs 6 & 7) contributing to this outcome.

Output 6. Access to and quality of local infrastructure and other socio-economic services administered by LBs are improved

Output 7. Strengthening integrated planning, budgeting, monitoring and evaluation and coordination amongst local governance actors

Outcome 4: Strengthened policy and institutional framework for devolution, sub-national governance, and local service delivery: Policy and institutional frameworks for devolution, sub-national governance, and local service delivery are the expected results of this outcome that need to be updated and improved in the context of state restructuring process. The policy outcome mainly focuses on the political rights, administrative arrangement and devolution of responsibilities for improved local services including sectoral services. The institutional arrangements as per the constitutional provisions are other institutional

framework areas that cover mainly local and sub- national (provincial) arrangements. This outcome result is dependent on following two outputs (output 8 &9).

Output 8. Refined policy on local governance and improved inter-agency cooperation

Output 9. Policies developed for devolution and federalism

2.2.5 Cross-cutting issues

LGCDP II is being operated with thematic and cross-cutting areas of the development in relation to local governance and community development. Capacity Development (CD) has been recognized as a major cross- cutting area of the Programme as many activities of it is related to capacity development. Social mobilization, strengthening accountability, improvement in local service delivery all are associated with a capacity enhancement for better local governance through community empowerment, human resource development and strengthening institutional capacities. The program has considered Gender Equality and Social Inclusion (GESI), Child-Friendly Local Governance (CFLG), Environment-Friendly Local Governance (environment safeguards, climate change adaptation mitigation and disaster risk management as key cross-cutting areas. These cross-cutting themes are to be integrated into all aspect of the program implementation.

2.2.6 Program management

LGCDP II has various stakeholders at central and local levels. Sector ministries, oversight agencies and Development Partners are the key stakeholders at the central level. Similarly, at the local level, local bodies, line agencies, CSOs, NGOs, private sector, and citizens are the key stakeholders.

MoFALD is the GoN lead ministry for implementation of LGCDP II. To coordinate with other ministries and its development a partner, a National Advisory Committee (NAC) has been established which is chaired by the Secretary of MoFALD. NAC's key responsibilities are to act as a program review and policy making the body, to approve annual strategic plans and review overall progress periodically. A Sub National Advisory Committee chaired by Joint secretary of MoFALD has been formed to implement the policy decisions made by the NAC, to make operational level decision making, coordinating and managing for TA activities. To coordinate LGCDP II day to day operations and to ensure the internal coordination of policy matters by the Program Coordination Committee (PCC), a Program Coordination Unit has been established under the Joint Secretary of Local Governance Division, who serves as the National Program Director (NPD). A full-time Under Secretary has been serving as a National Program Manager responsible for the day to day management of the program. Each MoFALD division chiefs are responsible as Outcome Coordinators of the porogram. Also, separate Output Groups are also formed, led by undersecretaries, they are responsible for undertaking detailed progress and technical reviews periodically.

3 OVERALL ACHIEVEMENT AND ANNUAL PROGRESS

This report mainly covers progress achieved by the LGCDP II during mid-July 2016 to mid-July 2017 (NFY 2073/74). Since NFY 2073/74 is the final year of LGCDP II implementation, it also sheds lights on total/cumulative progress achieved on key target areas and other important accomplishments. This report is prepared based on both quantitative and qualitative information. The Result Based Monitoring (RBM) system of LGCDP II remains the main source of information which was prepared, compiled and updated by Provincial Support Units (PrSUs) and thematic sections of Ministry of Federal Affairs and Local Development (MoFALD). The qualitative and quantitative progresses have been presented in line with Annual Monitoring and Evaluation Plan (AMEP) indicators and output themes.

The Government of Nepal had endorsed Local Level Restructuring Commission's report on 10th of March 2017 (Falgun 27, 2073 BS) with this the then local bodies (DDC, Municipality and VDC) have been transformed as local levels government and 753 local levels have been formed. Despite these changes, LGCDP II largely supported the then DDCs, VDCs and Municipalities almost throughout the year. So, this progress report largely reveals the progress made by then DDCs, VDCs and Municipalities.

3.1 OUTCOME 1: CITIZENS AND COMMUNITIES HOLD THEIR LOCAL GOVERNANCE ACTORS ACCOUNTABLE

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

A. Progress trends of key targets

Social mobilization has been a key component of LGCDP II, which aims to ensure citizen participation in all kinds of decision making process that affects their way of life. Social mobilization has created more than forty four thousand citizen institution in the name of Ward Citizen Forum (WCF) and Citizen Awareness Center (CAC). These citizen institutions have been largely engaged in local planning, implementation, oversight and social transformational activities at the local level. 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 forty percent. Participation of women, children and disadvantaged communities in local level decision making process has significantly increased. Further, compliance rate of local bodies in allocating the designated portion of resources for target group has also improved than before.

In broad terms, Citizen Awareness Center (CACs) remained instrumental in creating awareness on civil rights and duties; informing people about government services and facilities; lessening social problems; engaged in income generating activities, community infrastructure, and environment protection; increasing social harmony, etc. Besides, these citizen institutions are helping to deepen local democracy, overcome outdated and harmful social customs, increasing local people's access to knowledge and information. Table 1

below gives an overview of progressive changes (in terms of number) on key program indicators over the years.

Table-1

Performance Indicators	Year wise progress			
	2070/71	2071/72	2072/73	2073/74
1 Ward Citizen Forum established (Cumulative Progress)	35,419	31,642	31,280	31,304
2 People engaged in WCFs (Annual Progress)	844,005	754,862	774,380	775,405
3 Number of CAC established (lgcdp) (Cumulative Progress)	4,289	4,504	9,204	13,040
4 Percentage of VDC conducted ward planning (Annual Progress)	82 %	83 %	98 %	96.8%
5 Citizen participation in local level planning (Annual Progress)	7,86,476	12,09,197	12,60,175	12,14,599
6 Approval rate of WCF's demanded project (Annual Progress)	46%	54%	80%	78%
7 Number of CAC received LIP grant (Cumulative Progress)	1,773	3,880	4,704	4,704
8 Number of CAC received Small Infrastructure grant (Cumulative Progress)	806	3,416	4,204	4,204
9 CAC Federated in Cooperatives (Annual Progress)	-	51	241	617

Note: Progress depicted under the column 2073/74 represent the cumulative progress of the program or, the progress of current fiscal year achieved till the end of second Trimester period. Total number of then Local bodies before restructuring: DDCs=75, Municipalities = 217 and VDC = 3,157. Total=3,449.

B. Review of annual progress

LGCDP II has given its emphasis in promoting community institutions- Citizen Awareness Centers (CAC) at settlement level and Ward Citizen Forums (WCF) at Ward level and mobilized them in local development and oversight activities. A total of 4,679 Social Mobilizers are facilitating social mobilization activities throughout the country. The table below gives the status of annual target vs. achievement of the FY 2073/74.

Table 2

SN	AMEP Annual Target	Progress	Remarks
1	90% of VDCs and 100 % Municipalities conducted ward level planning workshop	97 % VDCs (3,056) and 100 % Municipalities	Achievement is more than target
2	90% ward level planning workshops documented participation of women, children	2,880 (91 %) ward level planning documented the participation of	Achievement is more than target

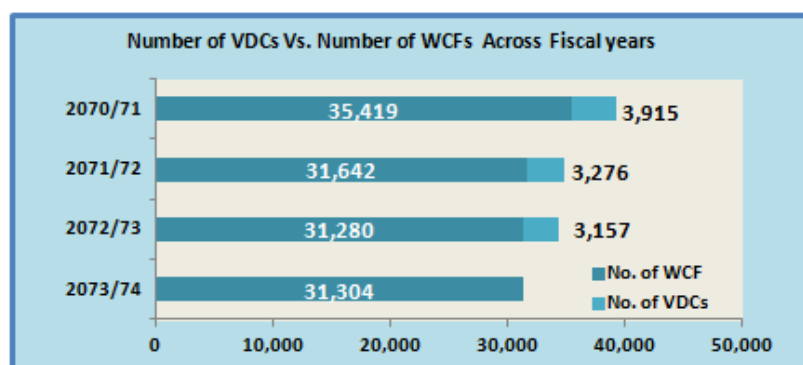
SN	AMEP Annual Target	Progress	Remarks
	and DAG Of the total projects included in annual plan of VDCs and Municipalities at least 80 % belongs to demand of WCFs/CACs	women, children and DAG. 78 % projects of WCFs have been approved	Near to target
3	All CACs graduated	All old CACs (5,169) established till mid 2015/16 have been graduated.	Graduation assessment of other new CAC is under process.
4	More than 75% of WCFs under category A or B	77 % (23,987) graduated	Achievement is more than target
5	At least 15 DDCs, 7 Municipalities and 500 VDC incorporated children's needs in annual plan through Bal Bhela	89 % VDCs (2,818) 95% DDCs (71) DDCs and 100% Municipalities (217) have incorporated children's demand thru Bal Bhela	Achievement is more than target
6	Public Hearing - VDCs: 80% - MUNs: 80% - DDCs: 80%	42 % VDC, 97 % Mun and 97 % DDC conducted Public Hearing	Due to absence of VDC secretary, moderate progress on VDC part.
7	At least 75 % D/MSMCs hold regular monthly meeting	92 % D/MSMCC are regularly holding D/MSCC meeting	Achievement is more than target
8	More than 75 % WCF that replaced ¼th of members in line with social mobilization guidelines	20,563 WCF (66 %) WCFs replaced ¼ members. 23,987 (77%) WCFs are meeting regularly.	Achievement is more than target Highly satisfactory
9	More than 40 % of WCFs engaged in monitoring and oversight functions	15,515 (50 %) WCFs are engaged in civic oversight functions	Achievement is more than target
10	All LSPs organized cluster level meeting of SM on trimester basis	No progress	No budget was available
11	At least 90% of local bodies meet or exceed the minimum provisions of 35 % targeted grants to women, children and DAGs in terms of expenditure LBs adopted mechanism to	96 % LBs complied the provisions Supervision and	Achievement is more than target

SN	AMEP Annual Target	Progress	Remarks
	monitor expenditure of at least 10 % incurred on women, 10% on children and 15% on DAG out of total budget	monitoring committee formed in all LBs.	
12	Bal Bhela organized in 3,157 VDCs and 217 Municipalities	95 % (3027) VDCs and 98% (213) Municipalities (except Api-Chainpur, Beltar Basaha and Lahan) organized Bal Bhela	Target exceeded for VDCs and nearly met for Municipalities
Source: Result Based Monitoring Report 2016 /17			

C. Key Highlights

C1. Ward Citizen Forums (WCFs)

As of July 2017, a total of 31,304 WCFs have been formed in all VDCs and Municipalities across the country with 7,75,405 citizens (46% female and 54% male) who are actively engaged in local level development planning and local governance activities. The figure reveals that the number of WCFs declined in FY 2071/72. This situation came out due to the merger of 639 VDCs in Municipalities and declaration of new Municipalities. However, the current trend shows that the number of WCFs and its members are again in an increasing trend.



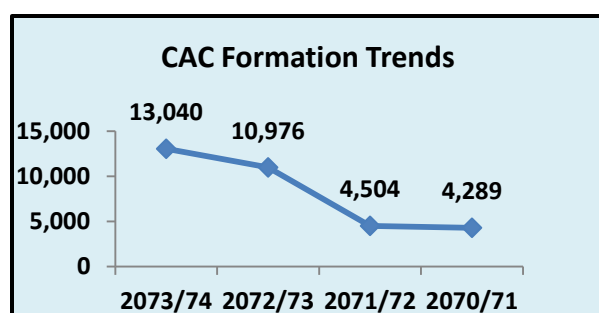
In line with social mobilization guidelines, this fiscal year, one-fourth of the members of 20,563 WCF (66%) have been replaced. This is a regular process round the year. Of the total number of WCF, 90% are conducting regular meetings and their main roles include: local level planning; civic oversight of public services; rooting out the social ill practices; breaking up of traditional superstitious customs and supporting local bodies for updating the list of social protection beneficiaries, vital event registration and organizing different campaigns. With the aim to find out the functional status of WCF, LGCDP-II had developed WCF performance assessment directives, and that was disseminated to all LBs thru RCUs. The result shows that out of total 31,304 WCF, 23,987 (76%) are found under A and B category which shows that majority of WCFs are functioning well.

Civic Oversight: Ward Citizen Forum (WCF) actively participated to organize and facilitate social accountability measures like public hearing and public auditing at local level. In reporting year, 42% VDCs and 97% municipalities have conducted public hearing in a timely manner. Prior to formation of WCFs, these practices were almost none.

Social Reform: In general, Ward Citizen Forum has four main key roles i) Planning & Prioritizing, ii) Civic oversight iii) Social transformation and iv) support to the national campaign. In this regard, more than 80 % Ward Citizen Forum are found functional. These citizen institutions are actively standing against social evils that prevailed in the society. This year, 18,339 WCFs engaged to settle at least one social issue and acted against social malpractices. Besides, 13,040 Citizen Awareness Center have been contributing significantly in eliminating traditional ill-practices and getting aware of social evils. This has highly contributed to increase the rate of immunization, school enrollment and declaring ODF at local level.

C2. Citizen Awareness Centers (CACs)

LGCDP's goal is to establish and mobilize 15,000 CACs in programme period for social and economic transformation of deprived people. So far 13,040 CACs (87%) have been formed including the CACs (3,825) formed by CDP an aligned programme of LGCDP-II working in 18 districts. A total of 1,960 numbers of CAC are yet to be established.



CAC members are regularly participating in the weekly ReFLECT session where, much useful information is disseminated to make them aware on their rights and responsibilities. Beside this, they are engaged to identify immediate, intermediary and underline causes of poverty and deprivation. In this way, weekly ReFLECT session creates conducive

environment to participate in local level decision making and act in an organized way for eliminating all sorts of discriminations and malpractices (child /early marriages, witchery, dowry, domestic violence) at the local level. The Result Based Monitoring System illustrates that out of 4,754 newer CACs, 2,588 (54%) CACs are found graduated and are supposed to put their voices and concerns and claim better services from duty barer. In the current fiscal year there could not be any LIP related activities. During the programme period a total of 4,704 CACs have received LIP grant that benefited 117,600 members throughout the country mainly poor women. However, a total of 4,511CACs are yet to receive this grant. A total of 909 have been federated in cooperatives so far of which 617 were federated in the current fiscal year alone. Main reason behind significant increase in number is due to increase level of cooperation education and availability of LIP grant.

District /Municipality Social Mobilization

Coordination Committee: The role of District /Municipality Social Mobilization Coordination Committee is to provide overall guidance, supervision, monitoring, facilitation, coordination, etc. for the effective implementation of social mobilization activities. Such committees have been formed in all 75 districts. As the number of municipalities increased last year, additional 61 MSMCC



have formed MSMCC in the current fiscal year. Ideally, this committee meets bi-monthly and reviews the progress and identifies priority activities. Last year, 56% of DSMCC held the bi-monthly meeting. This year this percent has increased to 92%. In case of municipality, 171 MSMCC hold bi-monthly meeting and reviewed the progress and provided feedback to SM stakeholders.

C3. Social Mobilizers

The programme has provisioned one Social Mobilizer for each VDC and one ward of old Municipalities. In the case of new Municipalities, the number of SM will be same as a number of merged VDCs. LGCDP-II has the provision of 4,758 Social Mobilizer. Currently, there are 4,679 Social Mobilizers working at local level with more than 65% female. As before, Social Mobilizers are facilitating the regular meeting of WCF, weekly ReFLECT session, supporting the local bodies for vital registration, updating the name list of social protection beneficiaries, conducting a different meeting at the local level, and mobilizing citizens for social transformation purposes. In addition to these, SMs are working as a contact person for line ministries and coordinating different programme at local level. However, monitoring aspects of SM activities has become a challenge for the LBs. In addition to this all, the role of SM in establishing the LGs at local level and delivering services to citizens have been well recognized especially after the establishment of new provisions of LGs.

C4. Underline Causes of Poverty Assessment (UCPA)

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 2,722 VDCs (86 %) and 653 wards of Municipalities. 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.

3.1.2 OUTPUT 2: Accountability mechanisms for local governance are in place

A. Progress trends of key targets

The Local Governance Accountability Facility (LGAF) within the Good Governance Promotion Section of MoFALD is engaged in monitoring of compliance with legislative and policy requirements of local bodies. LGAF has specific role to mobilize civil society organizations for LBs' that include: compliance monitoring, coordination, programme harmonization, downward accountability promotion, and citizen oversight over public entitlements as well as effectively functioning of grievance redressal system at local bodies.

LGCDP-II has provided support to establish and strengthen accountability at the local level by mobilizing CSOs. Now, LBs have institutionalized the basic operating systems like compliance monitoring; conduction of public audits; placing citizen charter, notice boards

and information desk; redressal of public grievances; keeping transparency of decisions and financial activities. Table below gives an overview of progressive changes (in terms of number) on key program indicators over the years.

Table 3

Performance Indicators		Year wise progress			
		2070/71	2071/72	2072/73	2073/74
1. Civil Society led compliance monitoring (in 75 districts)		-	LGAF=65 SALGP=9	LGAF=66 SALGP=9	LGAF= 57 -
2. LBs where compliance monitoring is conducted by CSOs		-	VDC=871 Mun=147 DDC=74	VDC=1,606 Mun=44 DDC=75	VDCs: 1268 Municipalities: 158 DDCs = 49
3. No. of DDCs and Municipalities that conducted Social Audit	Muni.	33	68	110	144
	DDCs	47	48	64	58
4. No. of Local Bodies that conducted Public Hearings	VDCs	2012	1887	2154	1325
	Muni.	55	152	213	211
	DDCs	75	74	75	74
5. No. of Public Audit conducted projects	VDCs	13,746	18,128	45,943	20,031
	Muni.	3,471	9,859	20,526	7,498
	DDCs	7,924	12,188	14,289	5,539
6. Number of DDCs where grievance mechanism are functional		62	68	67	75

Note: Total number of then local bodies before restructuring: DDCs=75, Municipalities = 217 and VDC = 3,157. Total=3,449.

LGAF with its implementing partner SALGP has covered 75 districts (including 9 SALG districts). Till the end of last fiscal year, 17 CSOs were discontinued due to lower performance. Due to termination of SALGP, CSOs are not engaged in compliance monitoring in 9 SALG implemented districts.

B. Review of annual progress:

In 2016/17, service contract of 49 CSOs of 49 districts have been renewed, MToT on social accountability organized where 29 resource persons trained and 3 days refresher training provided to 195 staff of CSO related to compliance monitoring. All DDCs have organized coordination meeting of CSO and LSPs of their respective districts and the municipalities on trimester basis. The table below gives the status of annual target vs. achievement of the FY 2073/74.

Table 4

SN	AMEP Annual Targets	Progress	Remarks/Reason for Deviation
1.	More than 80% WCFs are engaged in making public service delivery effective and efficient using social accountability tools.	69% WCFs are engaged	Moderate progress
2.	Civic Society Organizations conducted compliance monitoring in 66 districts and report prepared	compliance monitoring conducted by CSOs in 57 districts	EoI called but RfP calling is withheld due to local election
3.	Annual accountability report published	Report is under preparation	
4.	75% DDCs established grievance handling mechanism and prepared report on grievance handling	100% DDCs and 95% Municipalities have established such mechanism and report through WBRS (online)	
5.	LGAF- NC met at least once in every trimester.	LGAF NC met in First Trimester only	
6.	At least 50 % of the grievances reported during the public hearing addressed by local bodies (VDCs, Municipalities and DDCs on sample basis) At least 75% DDCs and Municipalities followed grievance redress guidelines 2015	Based on the CSOs' report, more than 50% grievances reported during the Public Hearing were addressed by local bodies immediately and 100% issues responded (sampled report).	

C. Key Highlights:

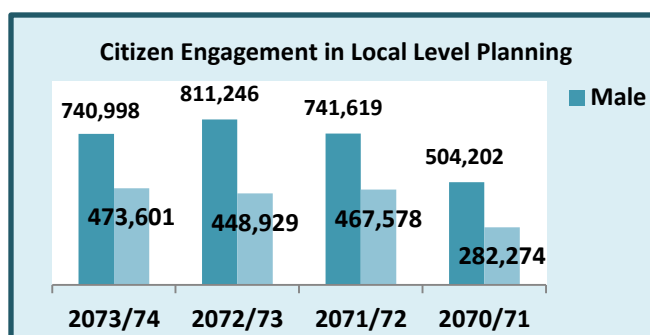
C1 Policy formulation:

For easier functioning of downward accountability in LBs, various guidelines and manual have been prepared during the program period namely- LGAF Operational Guidelines, 2014, Compliance Monitoring Guidelines, 2014, Local Bodies Management Audit Guidelines, 2015, Grievance Redressal Manual, 2015, CSOs' Staff Training Manual 2014, radio programme operational manual, 2014. Furthermore, LGCDP II provided support for amending Local Bodies Resource Mobilization and Management Guidelines, Local Bodies' public hearing, social and public audit guidelines. No specific policy was formed In the reporting year.

C2 Demand side promotion:

Citizen engagement in plan selection/ decision-making level: As per the provisions of LBRMMOG 2012, the projects prioritization process need to be started from WCF level and forward to the Integrated Plan Formulation Committees where participation of excluded

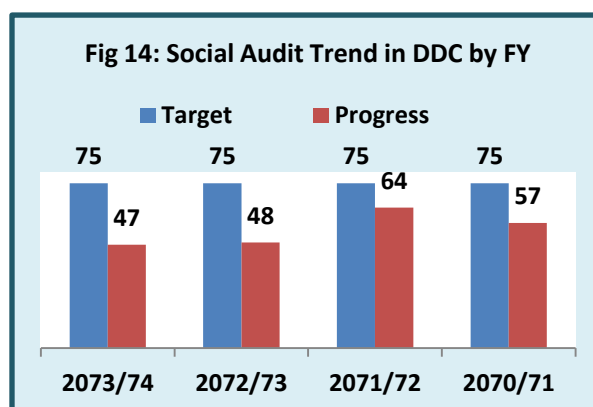
segments of the population is made compulsory. Further, local bodies have to approve the draft annual plans forwarded by the IPFC. The figure shows the increased participation of citizen including women in the planning process started at the ward level. However, women's participation are lower than the male in the planning avenues.



Civic oversight: As a citizenry organization, WCFs are provided the great role of community level oversight of public services. Empowerment of citizens could be seen through the increasing trends of using accountability tools and public engagement, share their grievances and provide feedbacks to local bodies. Civil Society Organizations have been capacitating WCF members through orientations and mentoring aiming to improve and increase their roles for oversight functions. WCFs are engaged in civic oversight activities mainly in public audit, social audit, public hearing and monitoring of local development activities, service delivery of health posts, primary schools, and I/NGOs. In the current fiscal year 12,826 WCFs facilitated public audit activities.

C3. Supply side promotion

Social audit: Accountability tools like Social Audit measures the social and economic liabilities to be fulfilled by the local bodies and the service delivery entities like line agencies, private sectors, I/NGOs and civil societies. Social Audit Guidelines-2067 has provided various procedural guidelines related to undertaking Social Audit once in each fiscal year and in the first quarter with following procedures of internal and external preparation information collection, reflections of the stakeholders and citizens, etc. The figure shows the increasing trends of conducting social audits in DDCs and Municipalities. As per the targets, the progress shows that each year more and more LBs are practicing social audit.



Public hearing: Public Hearing is instrumental in assessing the satisfaction level of citizens by their services in line with the commitments made in the citizens charter and their responsibilities; receive feedbacks and suggestions and be responsive towards public grievances. It is a great forum to a) test the perceptions on how their actions were accountable to the people and b) disclose their commitments, progress and results assess the improving points, actions and assure the public to be more responsible, responsive and accountable to them in future. In the current fiscal year, 211 Municipalities and 1,325 VDCs conducted public hearing.

Public audit: Public audit is mandatory in each project either implemented by contractor or Users' Committee to be completed by the end of the project implementation and submit its report for requesting final installment as per the provision of Local Body Financial Regulation 2064 and the LBRMMOG, 2069 and the Public Audit Guideline 2067. Public audits have been completed by DDC in 5,539 projects (of total 12,115), 7,498 by Municipalities (of total 18,459) and 20,031 by VDCs (of total 38,494) in the current fiscal year. Ward Citizen Forums are responsible for monitoring and facilitation of the project implementation and public audit.

Grievance redressal: Good Governance Promotion Section (GGPS) is the focal section of the MoFALD for the redressal of public grievances registered or referred to Ministry from Commission for Investigation of Abuse of Authority (CIAA), National Vigilance Center (NVC) and Office of the Prime Minister and Council of Ministers (OPMCM)-Hello Sarkar. In past 3 years, 79% of the cases were redressed by MoFALD. A total of 13 grievances registered in MoFALD and 9 of them have been addressed in this fiscal year. MoFALD addressed 25 cases out of 91 registered by CIAA and 10 cases out of 60 registered by NVC in total during the program period.

It is found that all DDCs have started grievance redressal reporting system. Likewise, 206 Municipalities and 1,809 VDCs have started registering and redressing the complaints. In the fiscal year 2073/74, out of 1,950 registered complaints in VDCs, 91% were redressed locally. Out of the 981 registered complaints in the Municipalities, 93% were settled. Further, DDCs redressed 92% cases out of the 933 registered complaints.

C4. Compliance monitoring:

LGAF have been issuing multiyear contract to the CSOs. Therefore, each year LGAF conducts CSOs' performance quality assessment. In the year 2016/17, only 49 out of 66 CSOs are successful to be qualified and renewed the contract. As per the ToR provided, CSOs have been performing compliance monitoring of LBs. LGAF had provided four days capacity development training to the 195 CSOs staff (targeted 196) involved in compliance monitoring. Additionally, 29 Resource person provided MTOT on Social Accountability.

CSOs contracted with 59 FM radio and started airing civic education on social accountability. As of May 2017, a total of 1,270 events were aired against the annual targets 2,352. Kathmandu district has been broadcasting the accountability related message through the television on a monthly basis. CSOs facilitated 490 events of public hearings; organized 196 feedback sharing meetings with DDCs and Municipalities; facilitated local level Monitoring and Supervision Committees to monitor 196 projects of DDCs; facilitated 294 events of public audit and imparted 934 citizens on oversight of public services and feedback procedures.

3.2 OUTCOME 2: LOCAL BODIES ARE MORE RESPONSIVE TO CITIZEN'S DEMANDS

3.2.1 OUTPUT 3: Local Bodies' access to resources increased

This output seeks to ensure that LBs are able to secure adequate finances for providing mandated services and meeting the priority service needs of their citizens. This output focuses on maximizing the grants and transfers from the central government to the local bodies. Optimization of own-source revenue is also a focus of this output. During the programme period there is significant progress on supply side resource increments at local levels. One of the factors behind increase in supply side resource is due to improvement in demand side pressure from the increasingly empowered people.

A. Progress trends of key targets

Table 5

Performance Indicators		Year wise progress			
		2070/71	2071/72	2072/73	2073/74
1	No of municipality practicing integrated property and house-land tax (Cumulative).	46	48	-	111
2	Number of LBs increased annual revenue more than 10%. (Annual)				
	DDCs	48	29	42	23
	Municipalities	22	38	131	82
3	Number of LBs having fully functional revenue section (Cumulative)				
	DDCs	30	45	30	75
	Municipalities	28	30	159	191

Note: Total number of then Local bodies before restructuring: DDCs=75, Municipalities = 217 and VDC = 3,157. Total=3,449.

B. Review of annual progress:

The following table highlights the progress made in the FY 2073-74 against the annual target as per the AMEP.

Table 6

SN	Annual Target				Progress	Remarks/Reason for Deviation
1	LBs	own	source	revenue	Own source revenue of old 58 municipalities increased at 16%, 34% of new 133 municipalities and 6% of DDCs in 2072/73.	
2	Integrated	Property	Tax	Total	111 municipalities have	Satisfactory

SN	Annual Target	Progress	Remarks/Reason for Deviation
	operational in 129 Municipalities (58 old + 71 new).	implemented IPT	achievement
3	Annual allocation of block grants to LBs is at least 4% of total government budget	There is 4.85% allocation of block grant to LBs in FY 2073/74	The progress is more than target.
4	Less than 20% deviation between actual and budgeted amount of LBs	Data not available	-
5	50% of annual budget disbursed by the end of second trimester	About 95 percent budget disbursed by the end of second trimester	The progress is more than target.
6	30 % of potential revenue of LBs collected	More than 30% potential revenue of LBs has been collected in 2015/16.	The progress is more than target.
7	50% DDCs and 40% Municipalities established well equipped LB revenue administration unit	75 DCCs (100%) and 191 municipalities (88%) have established equipped revenue administration units.	The progress is more than target.
8	Less than 20% deviation between actual and budgeted amount - At least 80% budget authorized from center on time - At least 80% LBs received budget authorization on time - and at least 60 % budget spent within second trimester	-	
9	LBs' grant equalization formula developed	Study completed	
10	New MCPM assessment criteria developed	Study completed	
11	Reviewed and updated performance based conditional and unconditional grants to LBs	Activity completed	
12	Rs 39.6 billion grants disbursed to LBs : - DDC:Rs 4.00 bn - VDC: Rs 15.55 bn - MUN:Rs 13.09 bn - Nagar Chetra Purbadhar Bikas Karyakram: Rs 3.44 bn - LGCDP: Rs 3.52bn	Expenditure/disbursement till end of Falgun 2073 (total 20.5bn) : - DDC: Rs 2.44 bn(61%) - VDC: Rs 8.78 bn(56%) - MUN: Rs 7.09 bn(54%) Nagar Chetra Purbadhar Bikas Karyakram: Rs 1.15 bn (33%) -LGCDP: Rs 1.04bn (29%)	Overall Progress up to T2: 52%
13	MARS software piloted in	Partially implemented in	

SN	Annual Target	Progress	Remarks/Reason for Deviation
	Kathmandu Metropolitan City.	Kathmandu Metropolitan City whereas there is a plan of rolling out from the beginning of next FY. Orientation cum feedback session on MARS for 11 municipality staff organized by MoFALD during 30 April to 4 May 2017 as part of rolling out MARS at all Local Level.	

C. Key Highlights:

Study on Borrowing: A study on "Designing a Framework for Sub-National Government Financing through Borrowing in the context of Fiscal Federalism in Nepal" was carried out. The main objectives of the study were to review the current LG financing modalities, own finance sources, budgetary disciplines, current capacities and available finance in order to justify borrowing need for financing capital development expenditures and to review and analyze the current loan practice that have been adopted by the Town Development Fund (TDF) in terms of loan appraisal, process and procedures and the debt payment services. A revised draft report incorporating the feedbacks of regional workshop also shared in the national workshop in Kathmandu on 17 February 2017 with a view to seek inputs and suggestions from the key stakeholders from MoF, MoFALD, Nepal Rastra Bank, TDF, Office of Provident Fund and Citizen Investment Trust and so on. The updated report also shared in Ministry of Federal Affairs and Local Development in policy coordination committee on 22 February 2017. 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.

Training on Integrated Property Tax: With a technical support of Local Development Training Academy (LDTA), trainings on Integrated Property Tax (IPT) were conducted in different three regions. The Executive Officers and the Chief of the Revenue Section of new 26 municipalities participated in the training programme. Immediate objectives of the training were to understand the principal and practice of IPT, process of IPT implementation and the role of municipalities and other major stakeholders i.e. political parties, private sector (Federation of Nepal Chamber of Commerce and Industry), civil society and citizen (tax payers). Following table gives data, location and participating municipalities in the training.



Training of Fiscal Federalism: Experience sharing workshop on 'Fiscal Federalism' was conducted on 15-18 December 2016 in Godawari Lalitpur in two shifts. The honorable parliament members and senior level of government officers participated in the program,

which covered principle and international experiences on fundamentals of fiscal federalism, inter-governmental fiscal relations in the federal context, investment planning and capital financing, principles of taxations, other forms of revenue mobilization, and borrowing by sub-national governments. Total 19 Parliament members and 30 senior government officials were present in the experience sharing workshop.

Revision of MCPM Indicators: As a regular work and based on the demand from stakeholders, LBFC initiated to revise and update the current assessment indicators of MCPM with the objectives of making more result oriented indicator rather than process oriented. The review and updating the MCPM indicators primarily followed the LSGA, 1999, LSGR 2000 as well as different directives, policy and procedures issued for Local Bodies for the planning, management, M&E, as well as implementation etc. In this regards, the MCPM indicators need to be changed on periodically where capacity of LBs, policy of government and resources has been changing. Changes and updates on indicators proposed in this study are as follows. However due to the changed political context, this has not been taken forward.

Table 7

S.N.	Name of Local Bodies	Existing Indicators		Proposed Indicators	
		Main	Sub	Main	Sub
1	DDCs				
	Working Area (PM)	5	-	6	-
	Minimum Condition	9	42	7	25
	Performance Measures	46	130	37	116
2	Municipality				
	Working Area(PM)	5	-	5	-
	Minimum Condition	10	35	7	21
	Performance Measures	40	152	38	144
3	VDCs				
	Minimum Condition	7	24	7	24
	Performance Measures	13	39	13	42

MCPM Assessment: 75 DDCs and 191 municipalities were divided into 71 clustered to conduct MCPM assessment. The assessment team was comprised of one local governance expert and one local governance finance expert. A total 142 resource persons of 71 clusters were trained on MCPM assessment system, process, code of conduct of the resource persons and its linkage in the grant allocation system of local bodies to conduct MCPM assessment. DDCs were made responsible to carry out the MCPM assessment of VDCs. MCPM assessment of local bodies has been completed.

Study on taxation of sub-national governments: A study on projection and collection of taxes for Provinces and Local Government in Nepal in the federal context was carried out. The scope of the study was to undertake a desk review to identify the underlying gaps for the revenue assignment in the country context; review and analyze the current constitutional provisions on revenue assignment at all level of governments and to review and analyze the strengths and weakness of existing legal provisions of revenue assignment, tax projection and collecting system of local government in Nepal. Final version of the report

has been prepared. The report was used as reference book/material while preparing new Local Governance Bill and the Bill of National Natural Resources and Fiscal Commission. The report has also been translated into English.

3.2.2 OUTPUT 4: Public Financial Management System Improved

Public financial management is one of the key components under output 4 ('Public financial management improvement') under Outcome 2 ('Responsive local bodies'). This output emphasizes on the utilization of financial resources for intended results, ensuring value for money and enhancing financial accountability. Activities under this output are designed to strengthen the financial management capacity as well as mitigating fiduciary risks at sub national government level. Fiduciary risks and weakness in PFM are even more prevailed at the local levels. Therefore, effective public financial management is a key priority for MoFALD and LGCDP II.

Based on PEFA review carried out during LGCDP-I, MOFALD approved Fiduciary Risk Reduction Action Plan (FRRAP) first time in March 2012 which was extended for the period till July 2017. Sub-National PEFA is carried out to analyze the areas for improvement at sub national level. Furthermore Public Expenditure Tracking (PETS) study was conducted which has revealed the existing risks and weaknesses in financial management at sub-national level.

The ADB funded Strengthening Public Management Programme (SPMP) is an integral part of LGCDP-II which addresses many issues on PFM and management of fiduciary risks.

1) Progress Trends of Key Targets:

Table 8

SN	Indicators	Years progress			
		2070/71	2071/72	2072/73	2073/74
1	Number of LBs that received budget on time (Annual)	NA	NA	2,973	3,069
2	Number of VDCs' staff trained on accounting software (Annual progress)	NA	1,492	1,217	1,649
3	Number of VDCs where accounting software is functional (Annual Progress)	85	440	170	157
4	Number of LBs' staff who received training on e-bidding system (Annual progress)	NA	NA	134	-
5	Number of DDC/Municipalities initiated/practiced e-bidding for procurement (Cumulative Progress)	NA	55	138	171
6	Number of DDC/Municipalities staff who received training on public procurement (Cumulative progress)	NA	NA	118	301
7	Number of LBs (DDC & municipality) that prepared procurement plan (current fiscal year)	117	172	218	224

SN	Indicators	Years progress			
		2070/71	2071/72	2072/73	2073/74
8	Number of LBs (DDC & Mun.) in which Procurement Plan implemented (Cumulative progress)	NA	172	183	213
9	Number of LB internal auditors received training/orientation on internal audit guidelines (cumulative progress)	NA	NA	160	206
10	Number of DDCs and Municipalities that established internal audit section (Cumulative progress)	NA	NA	145	168
11	Number of LBs which submitted financial report on time (Annual Progress)	NA	NA	1,798	2414

B. Review of annual progress:

Table 9

SN	AMEP Annual Target	Progress	Remarks
1	70% of FRRAP target achieved.	73% of FRRAP target achieved	FRRAP Assessment is conducted by independent consultant
2	75 DDCs and 217 Municipalities prepared procurement plan At least 70% DDCs and Municipalities implemented annual procurement plan	72 DDCs and 152 Municipalities prepared procurement plan 141 Municipalities and 72 DDCs implemented annual procurement plan.	
3	200 additional VDCs installed VDC accounting software --LBs' arrears reduced by 40% annually --75 DDCs and 217 Municipalities, comply with financial reporting	VDC accounting software introduced in additional 87 VDCs MoFALD audit arrears reduced by 51% 75 DDCs and 198 Municipalities, comply with financial reporting	
4	10% LBs (DDC & Municipality) adopted gender responsive budget	26% LBs (16 DDC & 60 Municipality) adopted gender responsive budget	
5	Audit tracking system of 20 DDCs and 30 Municipalities adopted.	AORTS installed and trained in 75 DDCs	Audit Tracking system through AORTS in DCCs
6	FRRAP assessment conducted	FRRAP assessment completed	
7	FAMP updated	FAMP functional in 75	

SN	AMEP Annual Target	Progress	Remarks
		DCCs	
9	At least 5 DDCs and 5 municipalities adopted e-bidding system	E-bidding system is initiated by 65 DDCs and 106 Municipalities	
10	More than 80% LBs submitted financial report on time	2,141 VDCs (68%), 75 DDC (100%) and 198 Municipalities (91%) submitted financial report on time	

D. Key Highlights:

C1. Public financial management:

Audit arrears settlement: The LGCDP II significantly supported DCCs and MoFALD for the settlement of the *Beruju* (audit arrears) at central and local level in the reporting year. As a result, an amount of NRs 0.76 billion has been settled out of total NRs 1.5 billion *Beruju* amount. The settlement progress stands at 51% as of 15 July 2017. The PCU and PSU team visited more than 40 DCCs in all provinces to monitor and facilitate the *Beruju* settlement process by DCCs.

During FY 2073/74, PCU and PSUs (former RCUs) were involved in monitoring, facilitation resulting to better sensitization of DCCs on settlement of LGCDP audit arrears. However, the overall progress of DCCs in settlement is still not encouraging compared to FY 2072/73 (20% Vs 18%). There are many reasons for this slackness. Example include: complexity of audit issues, long pending issues to trace the evidences, issue of timely addressing issues by DCC officials, etc. The momentum of rigorous follow up and facilitation by PCU and PSUs need to be continued for better result in current year for better progress.

Table 10 below provided the overview of progress in settlement of audit arrears-

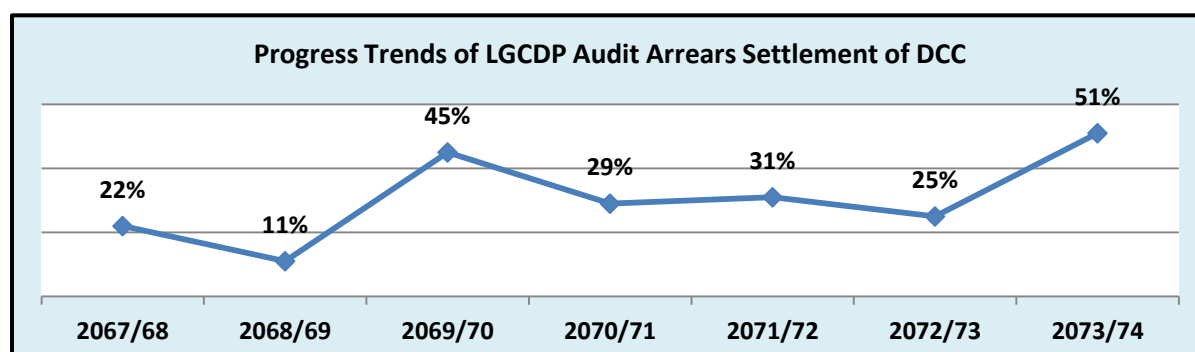
Table 10

Details	Amount in NPR Billion	
	MOFALD	LGCDP
Outstanding audit arrears as of 16.07.2016 (covered till FY 2071/72 Audits)	12.81	1.5
Settlement during the year 2072/73 (MoFALD 53% and LGCDP II 51%)	6.85	0.76
Outstanding audit arrears as of 15.07.2017	5.96	0.74
Add. Total Audit arrears from FY 2072/73 Audit	8.3	(PCU= 0.29 Billion) + DDC**
Total audit arrears to be settled in FY 2074/75	14.63	1 Bil+

*Figure keeps changing due to corrections needed in manual tracking sheet maintained by MOFALD

** MoFALD is working on compilation of 75 DCC's audit report and tracking of arrears for FY 2073/74 audit by OAG/N

After clearance of PPSF related audit issue by the OAG/N, overall progress of LGCDP is 51 % where progress of DCCs is 18% and PCU is 96%. There is a positive trend of settling LGCDP II audit issues by DCCs in recent years. Below graph shows that during FY 2072/73 and 2073/74, the settlement of pending audit issues of DCC is accelerated.



Budget and fiscal management: Timeliness of planning, stakeholder's participation, prioritization of projects, appropriate appropriation of budget/resources and forecasting of block grants, etc. are key for improvement in planning and budgeting at the local level. At the beginning of LGCDP II, a guideline for allocation and disbursement of small community level grants was developed to integrate it with LB Resource Mobilization and Management Operation guidelines. MTBF modality is finalized and oriented MOFALD officials. MTBF for FY 2073/74 to 2075/76 has been approved by Ministry of Finance. This is one of the tranche conditions of ADB. MTBF helps to improve predictability of financial resources. The program is guiding DDCs, municipalities, and local line agencies on gender-responsive budgeting to roll out gender responsive budgeting. Allocation of budget and engagement in planning process considering inclusion is a meaningful approach to better fiscal governance.

Internal audit and risk-based internal audit of LBs: LGCDP II is supporting to strengthen internal audit section of DDCs and municipalities as crucial PFM interventions to ensure efficient accounting and reporting and proper use of resources. The program is focusing on developing skilled internal auditing staff, emphasis on an internal audit by the management, development, and update of internal audit guidelines and necessary logistics, etc. to improve the quality of the internal audit. For the effectiveness of internal audit function at local level, MoFALD has developed Risk Based Internal Audit Guideline and disseminate. As part of PFM reform initiatives, MoFALD has planned to disseminate and train concerned officials at local level.

External audit and coverage of OAG/N: Reliable audit provides assurance on use of resources. There is a need for quality audit and performance based audit at the local level. While OAG/N coverage limits to DDC only, professional development of private auditors for municipality and VDC is an important concern raised. However, the new constitution has ensured OAG/N coverage to all local government level from coming fiscal years. For the effectiveness of local level audit, LGCDP managed to involve AG/N officials in a study tour in July 2017 when officials visited OAG offices of other countries.

Fiduciary risk: FRRAP integrates PFM and related fiduciary risks into a comprehensive action plan. FRRAP charts out the activities aiming to achieve the outputs ultimately resulting in the

intended impact. The activities follow to address the identified risks as listed out in the risk matrix and the action plan includes priorities, timing, and responsibilities. The purpose of this action plan is to devise concrete and concerted measures for addressing the issues and concerns related to public financial management, including public expenditure and fiduciary risks in local governance in general and in local bodies in particular. With the increased civic involvement at local level through institutional set up like ward citizen forum, citizen awareness center etc., there is good progress on budget formulation ensuring bottom up approach and participatory planning. It is also Cross cutting issues for budget planning and implementation. Increased use of accounting software at local level has strengthened financial management and reporting system. Public audit, public hearing and increased use of other accountability tools have strengthened transparency and accountability contributing to better managing fiduciary risks.

Financial compliance monitoring: Credible monitoring is necessary to ensure efficient and effective recording and reporting to ensure proper use of resources. MOFALD has established a Financial Compliance Monitoring Unit led by chief of financial administration section and successfully conducted compliance monitoring in 7 DDCs, 15 Municipalities, and 3 VDCs. This kind of monitoring is an intensive review of accounting records following prevailing rules and regulations and internal control system. Monitoring checklist has been developed with important criteria, and PFM framework is covered with important thematic areas such as internal audit, procurement management, accounting and compliance, deposit management, revenue/income management and fiduciary risk reduction. Main achievements from the compliance monitoring by financial administration section is scrutiny of existing weaknesses in compliance with prevailing rules and regulation and discuss with officials on it for corrective actions. The presence of MoFALD officials in local level established an oversight role of MoFALD. In some cases compliance monitoring team has identified late deposits of revenue collected and corrected it. Monitoring team also alerted the officials for possible audit issues and corrective measures were taken. For example reconciling deposit accounts, budgetary provisions

Strengthen financial management reporting capacity in MoFALD: With technical support from PFMA (supported by DFID), LGCDP II has been preparing trimester FMRs which is an obligation as per JFA. PFMA provided technical support with a piloting of financial reporting system in Dailekh and Sindhupalchowk. The DDC FAMP software has been installed and applied in all DDCs and has been a useful tool for reporting aspect as the defined financial reports can be produced by it. Further, WBRS and increasing use of accounting software have helped LBs in producing timely and reliable financial reporting.

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

This output aims to strengthen both institutional and human resource capabilities of MoFALD and its departments such as DoLIDAR and LBFC, and LDTA; partner organizations such as associations of local bodies; and local bodies (DDCs, Municipalities, and VDCs), sectoral line agencies and other local governance actors. The capacity development initiatives cover both demand side and supply side of service delivery that include: institutional strengthening, human resource; program/project management; administrative

financial and operational systems; mainstreaming cross-cutting issues, associated within the scope of program. Capacity gap assessment and emerging requirements are two key basis for the design of capacity development initiatives that enforce to design various CD activities in relation to trainings and exposures. In LGCDP II, trainings and orientations were organized at sub national to LGI staff, communities and other stakeholders in various subjects to strengthen capacity in various themes and sectors. Such trainings and orientations were organized by National Service Providers (NSP-LDTA), respective sections of MoFALD, local body associations and PSUs of LGCDP II, and LSP at the local level. Also, LGCDP II provided training to community members, local body staff, sectoral line agencies partners and other stakeholders at different level on various thematic issues such as CFLG, EFLG, and GESI.

At the community level, the members of Ward Citizen Forum, Citizen Awareness Centre, Social Mobilizer, and other local resource persons were included in social mobilization process, public audit/public hearing, and community monitoring practices and activities. Such practices encouraged the communities to be a part of community governance system. Table 9 below gives an overview of progressive changes (in terms of number) on key program indicators over the years.

A. Progress trends of key targets:

Table 11

Performance Indicators		Year wise progress		
		2070/71	2071/72	2072/73
1	Number of people (including WCF members) who received training on CFLG (Cumulative)	-	14,075	25,565
2	Number of people who received training on EFLG (Cumulative)	-	6,800	28,589
3	Number of people who received training on GESI (Cumulative)	-	6,795	6,474
4	Number of people trained on ICT based training (Cumulative)	-	-	6,401
5	Number of Engineers/designers/masons who received training on building code and EQ resilient construction (Cumulative)	-	2,508	2,486
6	Number of community members trained on community mediation (Cumulative)	-	1,077	1,124
7	Number of LBs' staff trained in DPMAS (Cumulative)	-	-	513

B. Review of annual progress

Annual Monitoring and Evaluation Plan is one of the measuring tools of the progress and achievement. The following table indicates the progress status of fiscal year 2073/74.

Table 12

SN	AMEP Annual Target	Progress	Remarks/Reason for deviation
1	At least 75% of indicators in AMEP 2016/17 on track.	-	NA
2	Number of LBs scoring more than 60% in Performance Measures Performance Measures increased by 20% as compared to last year.	(FY 2071/072) 68 DDCs (Last year 70) and 48 Municipalities (Last year 58) got success	Unsatisfactory
3	LGCDP II Focal Person appointed in all DDCs and Municipalities	75 POs at DDCs and 217 POs at Municipalities were on board (52 Programme Officers were recruited at the LBs while remaining LBs appointed LGCDP II Focal Persons by their own arrangement)	Moderately satisfactory achievement
4	LDTA institutional development plan implemented.	Prepared and disseminated	Moderately Satisfactory achievement
7	Personnel Information System developed and operationalized	The guideline of the Personnel Information System developed and operationalized.	Satisfactory
8	Web-sites of 75 DDCs and 191 Municipalities updated	Website not updated of 45 Municipalities due to lack of training	Satisfactory
9	75 DDCs maintained digitize information system	Information at the central level can be browsed at www.lgcdp.gov.np/ictinfo	Moderately Unsatisfactory

C. Key Highlights

C1. Capacity development at Local Level:

Capacity building plays a key role to enhance local governance system. By 2016/017, LGCDP II has trained more than 300,000 people in different thematic areas including planning, monitoring, gender issues and social inclusion. In 2073/74, 14,548 WCF/CAC members trained in local level planning and civic oversight.

C2. Centrally managed key capacity development training:

Induction training to LGCDP II focal person: District Development Committees and Municipalities recruited 49 POs, 2 SDOs and 19 Engineers as LGCDP II focal person in the current fiscal year. A total of 292 focal persons were trained and they are supporting LBs mostly in IT, reporting, planning and monitoring activities.

Training for LGCDP staff: LGCDP II has conducted training on Appreciative Inquiry and Theory of Change to provide overall conceptual base and a common language of practical skills in building results strategies and action plans. Mostly LGCDP II staff took part in the training. The training was felt effective in terms of knowledge and skills on ToC, RBM and LFA considerations into annual programs, and activities.

Regional Consultative Meeting: The Programme Coordination Unit organized consultative meeting in all regions to collect feedback for LGCDP II transition phase and SNGP. As planned, various feedbacks were collected in 5 different themes namely- a)Village Palikas and Municipalities in transition period (After July 2017); Potential intervention areas and working areas of transformative social mobilization in the transition period (After July 2017) of the LGCDP-II; Possible focusing areas and interventions of the Local Governance Accountability in the transition period (After July 2017) of the LGCDP-II; Possible focusing areas and interventions of the Public Finance Management in the transition period (After July 2017) of the LGCDP-II; and Prospective focused areas of new governance programme".

National Consultation Meeting: The PCU coordinated to conduct 2-day national consultative workshop to discuss on local governance system functioning and operationalization soon after enactment of the LLRC report, review of current status of LGCDP II and its output, discussion on draft document of the forthcoming SNGP. in the workshop, LGCDP II presented concept of Sub-national Governance program (SNGP).

MTOT and Orientation Programme: MoFALD conducted MTOT of 4 days duration on Local Government Operation and Management. A total of 60 participants were trained as master trainer.

Orientation Programme for Executive Officers and LDOs: Immediately after the MTOT, all 60 MTOT recipients were mobilized in 7 provinces to conduct training for 744 Executive Officers of Rural Municipalities, Municipalities and 75 LDOs. A total of 15 training events were conducted in 7 provinces. Overall objective of the training was to orient the EOs and LDOs about the changing context of the local governance and sharing ideas and interact to each other.

Participants in Orientation Programme for Executive Officers and LDOs

Table 13

Province No.	R. Municipalities		Municipalities		DCCS		Total		%
	No.	Participants	No.	Participants	No.	Participants	Units	Participants	
1	95	93	57	56	15	15	167	164	98
2	73	71	39	38	7	7	119	116	98
3	74	72	46	46	13	9	133	127	96
4	77	53	31	25	10	13	118	91	77

Province No.	R. Municipalities No.	Participants	Municipalities No.	Participants	DCCS No.	Participants	Units	Total Participants	%
5	51	80	32	38	12	12	95	130	137
6	57	51	25	22	9	9	91	82	90
7	54	60	33	28	9	8	96	96	100
Total	481	480	263	253	75	73	819	806	98

Orientation programme for elected representatives of local government:

After completion of the first phase of local election, MoFALD organized orientation programme for elected Mayors, Deputy Mayors, Chairs and Vice-Chairs on 'Operation and Management of Local Government'. Various topics including institutional system, resources management, law and policies formulation, application of electronic governance, new dimensions of development, elaboration of roles and responsibilities and capacity development of local government were covered in orientation. Orientation programs were organized in province number 3, 4 and 6 as the first step of capacity development. A total of 562 elected representatives took part in orientation program. Out of total participants, 44% were female, 3% were *Dalit* and 37% were *Janajati*.

Table 14

Position	Participants			
	P.N. 3	P.N. 4	P.N. 6	Total
Mayor	44	27	25	96
Deputy Mayor	44	27	25	96
Chairperson	72	58	54	184
Vice Chairperson	74	58	54	186
Total	234	170	158	562

Issues raised by participants:

- Most of the elected Deputy Mayor/Vice chairperson are women and do not have experience. So, it is a challenge to build their capacity to deliver quality services.
- How to rise own source revenue (expand tax base and control leakages) of local government is the main concern of participants.
- How to implement constitutional provision regarding concurrent and exclusive power smoothly.
- Concerns regarding financial management of LGs are :
 - How to increase investment and capital of LGs
 - How to prioritize projects based on anticipated results
 - How to maintain fiscal discipline in LGs and minimize long term liability
 - How to bring efficiency and effectiveness in public service delivery
 - How to prepare LG profile with social and economic data
 - How to carry out feasibility study of revenues

- How to prepare periodic and annual plans
- How to coordinate with different stakeholders at different levels
- How to prepare financial guidelines (related to operation of consolidated funds, budget formulation, account keeping, audit, and reporting), etc.

C3. PIS Software and Information System

Human Resource Section of MoFALD has prepared a computer based Personnel Information System of LBs' staff. Concurrently, HR section has prepared property statement of all LBs' staff.

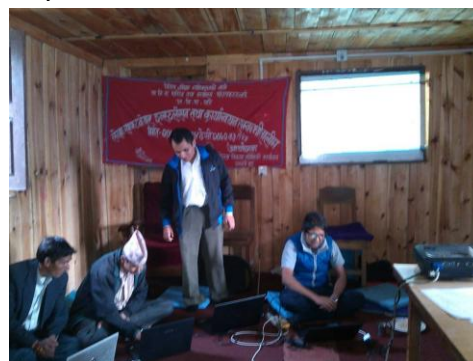
C4. ICT and GIS supports:

ICT UN Volunteers are providing ICT related support to MoFALD. For this, 2 UNVs are stationed at Programme Coordination Unit (PCU) and six other UN Volunteers at six Provincial Support Units (PSUs) of LGCDP. Newly established PSU in Surkhet does not have UNV ICT support yet. ICT Volunteers that are positioned in various offices of local level units (then local bodies). As of FY 2073/74, out of 136 volunteers, only 65 ICT Volunteers are serving. This ICT team is working to establish and support electronic governance initiations.

Support to programmatic areas: National UNVs and ICT Volunteers provided ICT support in induction training conducted for newly appointed/ recruited LGCDP II Program Officer/ Focal Person. They are providing support in data collection, compilation and analysis of Result Based Monitoring (RBM) report. Reporting and data management has become easy with the help of ICT team at central, regional and local level.

ICT support in federal restructure: As per government's directives on federal structure, all DDCs (now DCCs) proposed new structure of respective districts and sent a comprehensive report along with revised GIS maps. In local bodies where ICT Volunteers were positioned, ICTVs developed GIS based resource map for federal structure of local government, which would have been burdensome without support from ICT Volunteers.

Capacity development of local body staff in VERSS MIS: National UNVs provided capacity development training to VDC and MUN staffs on Vital Event Registration and Social Security Management Information System (VERSS MIS). As of July 2017, 932 local bodies have initiated online system for vital registration. 424 local units have initiated social security payment through banking system, and almost paper based data of 16,37,311 social security beneficiaries have already been updated into online system. ICT team has been crucial in providing training updating data and providing backstopping training at local bodies for VERSS MIS.



ICT Volunteers providing training to LB staff

Budget authorization dissemination system: The budget authorization dissemination system (Akhtiyari System) developed last year has received huge compliment from local bodies as it had help them receive budget authorization instantly through online system, without which it was

limited to postal service making it tedious and time consuming. Receiving feedback, this year the system was updated with provision to keep authorization letter and related conditions in respective budget head of each local body. a total of 292 local units have benefitted from this system.

ICT support to LBFC: After successfully deploying website of all local bodies, new website has been developed and email service has been initiated for Local Body Fiscal Commission. The commission had a traditional custom designed website, vendor dependent and uneasy to update. Now newly developed content management system based website is hosted in National IT Center, the Government's Integrated Data Center, with total ownership of control and data to the commission.

Information dissemination through digital display: ICT team at MOFALD has set up new digital display at ministry for promptly disseminate information. The digital display installed in ministry premises displays updated data on vital registration, social security beneficiaries and earthquake relief beneficiary. The display content is also available at mofald.gov.np/digital-display. This initiation will give a quick glance to public on ministry's crucial information.

ICTV's GIS support in LLRC: On the request of LLRC, 12 ICT Volunteers were assigned to provide ICT and GIS support to expedite finalizing proposal of new federal structure. This support of development of maps and design of local level details has been a substantial contribution to ministry.

ICT support to M&E: The ICT need assessment of MOFALD conducted last year, showed overload of ICT team considering the system/software they are responsible for. This detailed assessment conducted in various section of ministry proposed that at least 2 more ICT personnel were required in MOFALD to handle software/system. In support of UNV, 2 national UNV System Analyst were recruited to support ICT at ministry. This has helped in smooth operation of Web Based Reporting System (WBRS) and District Planning Monitoring and Analysis system (DPMAS).

Capacity Development of ICT Team: A seven-day Capacity Development Training to National UNVs was conducted on "Database and automation for development of monitoring and evaluation tools". This training was focused on system development tools (PHP, MySQL database, and Google Script), so that UNVs are capable of designing and supporting monitoring and reporting tools. Also, 5 days capacity building training was conducted for 65 ICT Volunteers of various local bodies on important ICT tools and techniques.

Promotional booklet developed: Info graphics is designed for output wise achievements of LGCDP-II. Achievement of ICT has been designed and printed. They are distributed to NUNVs and ICT national wide.

Office Automation System: Office Automation System including letter registration, forwarding and file tracking is developed for ministry.

Survey of ICT status: Detailed survey of ICT status and way forward was conducted in local bodies of Nepal. 67% of local bodies responded to the survey. The detail of survey can be

found at: bit.ly/lbictsurvey2017. This survey results are expected to be useful in development of ICT plan and strategies.

ICT support for MARS: ICT support in Municipal Administration and Revenue System (MARS) has been crucial to Information and E-governance Section, MOFALD. ICT team has been vital in providing necessary consultation in MARS adoption and roll out. Three ICT consultants have been hired to support and roll out of MARS.

Website of new municipalities and rural municipalities: Website template has been developed for all new municipalities and rural municipalities. These websites are fully accessible by the visually-impaired-friendly. Process of domain registration and hosting of all these websites in National IT Center has been initiated. Standard domain name as “MunicipalityNamemun.gov.np” has been proposed and processed accordingly. With this, all 744 local level units will have a standard CMS based website for information and service dissemination.

Innovative ICT product: An innovative ICT product was planned to collect product idea from team of ICT Volunteer and grant them award to realize them into working product. Four different products namely: Interactive map with local level details, mobile application (android and IOS) for MOFALD, Knowledge Management Blog with its android based mobile application, and volunteer management system have been developed. These products will be soon authorized by MOFALD for public use.

C3. Publication and Communication:

The programme supports MoFALD and local bodies to advocate for good governance practices. In this regard, media promotion, publication, information disclosure and documentation are key activities of the programme. These activities have contributed to promote transparency and downward accountability. The technical expertise was provided in planning, designing and implementation of following key activities in the reporting year.

Publication and Media Promotion: LGCDP II supported municipalities for publication, documentation, and media promotion activities {development of radio public service announcements (PSAs), TV PSAs and radio programme}. A guideline was sent alongside the authorization detailing on particular activities to be undertaken. Similarly, LGCDP II produced radio programme focusing on the activities of MoFALD, especially on election support and ongoing restructuring process. The radio programme developed knowledge and skills on local governance issues, improving transparency and accountability. Likewise, LGCDP II produced a national TV programme that informed and created public awareness on local governance issues and catered to citizen’s right to information. The programmes also supported in organizing regular press meet at the Ministry. These activities contributed in enhancing programme’s transparency, increasing accountability of local bodies.

3.3 OUTCOME-3: ALL CITIZENS ARE PROVIDED WITH EFFICIENT AND EFFECTIVE LOCAL SERVICES:

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

The programme emphasized on service delivery, and improved citizens' access to basic services including quality local infrastructure projects identified and prioritized through the integrated planning including vital registration, social security payment and community mediation. Necessary technical supports were provided to ensure effective and efficient delivery of MoFALD's core services related to local infrastructure development. The Building Bylaws and Building Code implemented in 113 Municipalities. During the program period, integrated training manual on urban planning, building bylaws and building code was prepared and 56 Engineers/sub-engineers were trained on these standards. A total of 159 temporary office buildings of VDCs and 47 municipal ward office buildings constructed for restoration of local level services in earthquake affected districts. Also, prepared Training manual on Local Infrastructure Development Works for Sub Engineers/Assistant Sub-Engineer and 113 Engineers/sub-engineers of DDCs/Municipalities trained on the manual. Technical Audit Guideline for local infrastructure development works at local bodies was also prepared during the period.

A. Progress Trends of Key Targets:

LGCDP II has delivered various local governance and capacity-building supports to improve delivery core services at the local level. The efficiency in delivering core services like infrastructure, vital registration, social security and community mediation have been improved than before. On the other hand, community-defined priorities and needs are increasingly responded to by LBs or through alternative channels.

Table 15

Performance Indicators		Year wise progress			
		2070/71	2071/72	2072/73	2073/74
1	Number of quality test passed infrastructures (annual progress)	NA	NA	1,117	915
2	Number of LBs prepared DTMP (Cumulative) progress)	NA	16	62	67
3	Number of LBs Prepared MTMP(Cumulative progress)	NA	8	NA	117
6.	Number of LB updated social protection information [Annual progress]	NA	NA	110	209 (68VDC, 103 Mun., 38DDC)

Note: Total number of then Local bodies before restructuring: DDCs=75, Municipalities = 217 and VDC = 3,157. Total=3,449.

B. Review of annual progress:

Table 16

SN	AMEP Annual Targets	Progress	Remarks
1	- 5 Existing quality Labs -functionalized - 40 quality lab technicians trained	-5 Existing quality Labs - functionalized - 68 Lab Technician trained on Quality Assurance of Local Infrastructure	
2	100 new CMCs established in 15 districts Database established on number of disputes settled by CMC	-41 (8 numbers through JICA) new CMC established - 4,132 number of disputes settled by CMC	
3	- 200 municipal and VDC technicians trained on local infrastructure development work. - Training provided to 200 sub-overseers/engineers	Technical Training provided to 243 municipal and VDC technicians on Local Infrastructure Development works	
4	- Technical Audit Guideline for Local Infrastructure Development Works at local Bodies prepared. - Technical Auditing of Local Infrastructures carried in 5 DDCs and 5 municipalities based on the Technical Audit Guideline	Developed simplified technical audit techniques at Local Level - RFP issued (Morang, Biratnagar, Parsa, Birganj)	
5	- 24 districts adopted social protection MIS - Payment through banking system introduced in 5 districts - Roll out integrated vital event registration and social protection MIS in 24 districts - Rolling out of vital event registration and social protection training in all DDCs	-Social Protection beneficiary of 28 districts entered successfully in computerized system and training manual of MIS prepared -Training for LBs' staff on VERSP-MIS conducted through more than 15 events in different districts	

C. Key Highlights:

LGCDP II is providing support to improve quality infrastructures with durability and sustainability. This sub-section presents establishment and operational quality labs, capacity development and technical backstopping, capacity development for enforcement of building code and support for procurement of total stations (survey equipment) as follows.

Vital Event Registration and Social Security System: Vital Events Registration and Social Security Management Information System have been effectively implemented at the local level. In this regard, data base of Social Protection beneficiary of 28 districts entered successfully in computerized system and training manual of MIS prepared and trained local authorities who are responsible for operating and updating the systems. For effective implementation of social and vital event registration at local level, 256 staff of DDCs and

Municipalities have been trained. Social Protection Operational Manual is published. IEC materials for VER & SP prepared (One for VER and One for SP) and disseminated through e-media and print media to increase awareness at local level. In addition, User Manual for VERSP MIS has been printed, conducted training for LBs' staff on VERSP-MIS

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

Significant changes have happened in the areas of integrated planning, M&E, budgeting and coordination areas contributing to improving efficiency and effectiveness of LB's local services. District periodic plan is considered as an important basis for converging all sectoral plans into one.

A. Progress Trends of key targets:

Table 17

Performance Indicators		Year wise progress			
		2070/71	2071/72	2072/73	2073/74
1	Number of LBs that prepared District Periodic Plan (Cumulative Progress)	19	35	55	56
2	Number of EFLG adopted LBs (Cumulative progress)	72	NA	262	326 (35DDC, 101 Mun. and 190 VDC)
3	Number of physical development projects conducted IEE/EIA as per rules (Annual progress)	NA	758	185	117
4.	Number of Community Mediation Centre established (Cumulative progress)	NA	NA	722	743
5.	No. of community disputes registered in CM Centres (Annual progress)	NA	5,328	7,728	5,623
6.	No. of disputes settled by CM Centres (Annual Progress)	NA	5583	6,148	4,132
8.	Number of LBs that conducted Gender Budget Audit (Mun + DDC) (Annual Progress)	NA	64	237	98 (Mun-73, DDC- 25)
9.	Number of LBs that adopted CFLG (Annual progress)	NA	1102	774	743

Performance Indicators		Year wise progress			
		2070/71	2071/72	2072/73	2073/74
10	Number of LBs which declared CFLG (Cumulative progress)	1	3	4	14 (120 VDCs and 2 Municipalities)

B. Review of annual progress:

Table 18

SN	AMEP Annual Targets	Progress	Remarks
1	All DDCs have periodic plan 25 municipalities have Comprehensive Urban Development Plan	-56 DDC have periodic plan. -19 Municipalities have Comprehensive Urban Development Plan.	
2	All DDCs, 90% of Municipalities (including new), and 80% of VDCs follow the provision of local committees as per LBs' Resource Mobilization guidelines.	<ul style="list-style-type: none"> Integrated Plan Formulation Committee in 77% VDC, 89% Mun. 100% DDC Supervision & Monitoring Committee in 70% VDC, 90% Mun. 100% DDC 	
3	<ul style="list-style-type: none"> - 60% of VDC's plan in line with article 19 of LBRMG - CFLG adoption initiated by 75 DDCs -10 municipalities declared as CFLG municipality - 10 VDCs declared child friendly - GRB implemented in 30 DDCs and 15 Municipalities -GESI audit of 75 DDCs and 58 municipalities conducted - 100,000 HHs and 200 Wards declared as EFLG -80% DDCs and 75 % Municipalities adopted Environment Management Plan 	<ul style="list-style-type: none"> CFLG adoption initiated by 75 DDCs 2 municipalities declared as CFLG municipality 12 VDCs declared child friendly GRB implemented in 30 DDCs and 15 Municipalities Implementing GRB localization Strategy 2072 to all Local bodies and backstopping to form the GRB committee at Municipality level to localize GRB at local level. 23, 027 HH and 14 Wards got declared as Environment Friendly -Number of DDCs that conducted Gender Budget Audit – 25 and Municipalities - 73 	
4	District Periodic Plans incorporated GESI, CFLG and EFLG aspects	50 DDCs	

Note: Total number of then Local bodies before restructuring: DDCs=75, Municipalities = 217 and VDC = 3,157. Total=3,449.

C. Key Highlights:

C1. Planning, monitoring, and coordination: The Programme is supporting to improve local level planning and monitoring by developing the result-based system and considering cross-cutting areas. These are presented in this sub-section based on activities and achievement of the reporting period as follows.

Review and update periodic plan of LBs: A total of 56 DDCs have prepared respective District Periodic Plan (DPP) and reviewed quality so far. “District Periodic Plan Guideline, 2072” is approved by the ministry to make DPP more result oriented and realistic. Toward establishing linkage between periodic plan and annual plan, Annual Development plan were reviewed and necessary formats developed. Overall qualities of DPP of 10 districts were reviewed. As instructed by the ministry, supported to prepare MTEF, detailing 14th plan, and budget and program preparation for next fiscal year and reviewed planning related documents. In addition, manual is being prepared for result based planning including other package of content for newly elected members of local level after election.

Monitoring: Toward improving monitoring and evaluation system at the local level, LBs have prepared Annual Monitoring and Evaluation Plans. Moreover, local Supervision and Monitoring Committees are functional in 1,372 VDCs (43%), 191 Muns (91%) and 75 DDCs (100%). Monitoring and Evaluation (M&E) Section developed new LB's monitoring format that has to be used while visiting the field by senior MoFALD officials. After the completion of the first phase of local level election, MoFALD developed an online information system to collect basic and socio-economic information of local levels. The system is now instrumental to obtain information from local level quickly. The list of success indicators (model) applicable at local levels is another achievement of MoFALD.

C2. Child-friendly governance at local level:

The LGCDP II has provided an excellent platform to operationalize CFLG nationally. Some of the key policy achievements include the mandatory allocation of 10% to 15% (CFLG VDC) of the total budget that has to be made available to every LBs, mandatory policy provision of ensuring children participation in local governance structures and children participation in planning processes. MoFALD is facilitating to implement GESI program at local bodies (DDCs, Municipalities, and VDCs). Child Friendly Local Governance Inter-Ministerial committee is functional with regular trimester meeting.

Joint verification: Joint visits conducted to assess the declaration process of child friendly local bodies in 14 districts (Likhu-Dolpa, Biratnagar- Morang, Bhingri-Pyuthan, Siddheshor- Baitadi, Niglihawa- Kapilvastu, Piprapaschim- Saptari, Sarangdnada – Panchthar, Bargaon-Humla, Titihiriya- Banke, Dharna and Saudiyar- Dang) and monitoring visits in Bandipokhara-Palpa, Phakel-Hetauda, Devchuli- Nawalparasi, Chapakot- Kaski,).



*Consultation for CFLG
Rollout plan*

CFLG declaration: A total of 14 LBs have been declared CFLG during the LGCDP program period. Pragatinagar VDC of Nawalparasi district was the first LB declared CFLG in Nepal in 2070 BS. Sunawal was declared the first Child Friendly Municipality in 2072 BS. Similarly, Teteriya VDC of was declared CFLG the same year. A total of 10 LBs including 9 VDCs and one municipality declared CFLG in 2073. In 2074, Chaudandigadhi Municipality ward No. 5 of Udayapur district also declared CFLG after the local level restructuring. Likewise, significant numbers of local levels are in the process toward declaring CFLG status.

Name of LB declared CFLG	District	Declaration Date
1. Pragatinagar VDC	Nawalparasi	9 Poush 2070
2. Sunawal Municipality	Nawalparasi	32 Jestha 2072
3. Tetariya VDC	Morang	13 Chaitra 2072
4. Biratnagar Municipality	Morang	31 Baisakh 2073
5. Vingri VDC	Pyuthan	23 Bhadra 2073
6. Diddeshwor VDC	Baitadi	01 Poush 2073
7. Bargaun VDC	Humla	18 Magh 2073
8. Niklihawa VDC	Kapilbastu	19 Magh 2073
9. Sarantudanda VDC	Panchthar	27 Magh 2073
10. Titihirya VDC	Banke	29 Magh 2073
11. Piprapashim VDC	Saptari	07 Falgun 2073
12. Dharna VDC	Dang	25 Falgun 2073
13. Saudiyar VDC	Dang	25 Falgun 2073
14. Chaudandigadhi Mun.-5, Sundarpur	Udayapur	29 Baisakh 2074

Source:MOFALD/UNICEF

National CFLG Roll-out Strategy: Series of consultation were held with more than 200 officials from MoFALD, line ministries, CCWB, local body association, child clubs, child club graduates, media personnel, INGOs, NGOs and received inputs from all the sectors. Creative and innovative inputs received from 44 child club members and 22 social mobilisers from 22 districts. As a result, four year roll-out plan was finalized by MOFALD and sent to the line Ministries for the final comments.

Child Club/Network Formation and Mobilisation Guideline: MOFALD has developed and approved the final child club/network formation and mobilization guideline that aligns with the function of new federal structures. This guideline was developed through a series of consultative processes with child clubs. One MTOT conducted for Child Club Graduates on CFLG/CYP and the first ever GESI training also conducted for child club members.

Experience Sharing on CFLG Declaration: National workshop on sharing of experience on CFLG declaration process was held during 8-9 January 2017 in Kathmandu in order to exchange views and idea on declaration process among the local bodies who have already declared and heading towards declaration. More than 100 participants from 24 districts, 4 municipalities and 21 VDCs participated



MOFALD Minister, Secretary and MOWCSW Secretary, Unicef in the National declaration workshop

and shared their experiences and provided inputs on the CFLG learning resource centers. Discussion was focused on how CFLG can be mainstreamed in the legislation, policies, guideline in the new federal structure sustainability. This workshop was considered as a milestone in CFLG that helped to move ahead in CFLG through experience sharing from grassroots to central level (Child Club to the GoN Minister and Parliament).

CFLG inter-ministerial committee: With the support and advocacy from UNICEF, MoFALD has established the inter-ministerial CFLG technical committee under the leadership of Joint

Secretary. The team comprise of Ministry of Women, Children and Social Welfare (MoWCSW), Ministry of Education (MOE), Ministry of Health and Population (MoHP), UNICEF, Central Child welfare Board, which has been instrumental in strengthening platform for sectoral convergence to achieve results of CFLG national strategy and operational guideline. From mid July 2016, 5 technical committee meetings have been organized and discussed mainly agenda related to joint verification visit, approval of declaration of VDCs and Municipalities, providing inputs on the declaration handbook, roll-out plan, child club, *bal bhela* guidelines.

To ensure and promote sustained learning of CFLG, MOFALD has supported three CFLG learning labs in three municipalities (Biratnagar, Dang and Sunol) and one VDC (Baitadi) with the technical support from UNICEF.

Gender Equality and Social Inclusion: Ministry of Federal Affairs and Local Development has been doing a lot of efforts to obtain inclusive development by bringing women, children and backward communities and mainstreaming them in development. The Ministry of Federal Affairs and Local Development 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 list gives key achievements.

- 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, Shivasatashi, 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.
- Prepared draft GESI Audit indicators of MoFALD to execute GESI Audit in the Ministry.
- Supported to prepare three year action plan of MoFALD on UNSCRs 1325 and 1820 into MoFALD plans and programmes.
- Organized GESI joint monitoring visit to Morang, Dhankuta and Terathum districts aiming to assess the GESI mainstreaming in development process of Local Bodies.

C3. Environment-friendly local governance:

LGCDP II has been promoting Environment-Friendly Local Governance (EFLG) as a cross-cutting area of local governance and community development. Environment Management Section (EMS) of MoFALD is implementing various environment and climate change related activities. The following sections highlights on the various activities accomplished in 2016/17.

Field Visits: In total, 12 field visits were organized in 2073/74. During the field visit, immediate suggestion and feedback were provided to the concerned authorities for immediate correction. Almost all field reports have been shared duly with wider LGCDP II stakeholders through electronic media. Best practices and lesson learned are documented in the form of books and case studies. Regular monitoring and follow up actions have helped to speed up activities implementation process at local level.

Overall Annual Progress: The accompanying figure shows that there are 1,400 total programs as per the Project Funding Matrix (PFM) of 66 EFLGP implementing local government units. Out of this number, User Committees have already been formed in 711 (51%), design estimates work completed in 527 (38 %), agreement made in 249 (18 %) and program have already been implemented at the field in 211(15 %).

Environment Friendly Declaration: In total 8,048 Households, 42 *Toles* (settlements) and 4 Wards have been declared as Environment Friendly Entities by fulfilling the basic indicators for respective household, *Toles* and ward level declaration as per the Environment Friendly Local Governance- Framework, 2013. Below table gives Environment Friendly Entities declared in 2073/74.

Table 19

S.N.	Declaration Events	Date	Local Body	HHs	Toles	Wards
1	Ward Declaration	15 Sept. 2016	Narayani Municipality	2,658	-	3
2	Tole Declaration	24 Dec. 2016	Devchuli Municipality	707	17	-
3	Ward Declaration	11 Feb. 2017	Pokhara Sub Metro	4,500	23	1
4	Tole Declaration	28 Feb. 2017	Dapacha Kashikhanda	183	2	-
Total				8,048	42	4

Training and Workshop: In total three workshops were conducted during the last eight months. Two workshops were related to progress status of EFLGP and another was on Water Source Conservation in Nepal. Similarly, orientation training was conducted for EFLGP - Monitoring and Evaluation Officers. Please refer to

3.4 OUTCOME-4: STRENGTHENED POLICY AND INSTITUTIONAL FRAMEWORK FOR DEVOLUTION, SUB-NATIONAL GOVERNANCE, AND LOCAL SERVICE DELIVERY

LGCDP II under outcome four aimed to strengthen policy and institutional framework for devolution, sub-national governance and local service delivery that to be contributed by outputs 8 and 9. Output 8 expected refined policy on local governance and improved inter-agency cooperation in further looking perspectives of federalization. And, output 9 focuses to develop policies for devolution and federalism. LGCDP II has provided support to the MoFALD's analytical and policy activities in relation to effective execution of federalization and sub-national governance processes.

LGCDP II has supported MoFALD in two-fold approaches to achieve the stated outcome and outputs. Firstly, it supported to strengthen local governance system and structure for effective service delivery and focused on effective implementation of ongoing devolution processes. Secondly, it contributed at preparing the ground work for local governance

arrangements in the context of constitutional framework, state restructuring, introducing transitional operation system and mechanism of local government and ensuring multi stakeholder engagement in policy dialogue about various issues of sub-national governance. LGCDP II continued its support to MoFALD in those very initiatives and supported in constitution implementation, federalization and sub-national governance rolling out process at post constitution phase.

3.4.1 OUTPUT 8: Refined Policy on Local Governance and Improved Interagency Cooperation

2) Review of annual progress:

Following table gives an overview of progress status against AMEP annual targets.

Table 20

SN	AMEP Annual Targets	Progress	Remarks/Reason for Deviation
1	Interim revisions to LSGA submitted and approved by Legislative Parliament	Local Self Governance Act (amendment Bill) was drafted and was submitted to the Legislature Parliament.	Approval of the Bill is under consideration of the parliament, due to its' relevancy in the changed constitutional context
2	Local Level Restructuring Commission submitted report.	The GoN has established 753 Gaunpalika and Nagarpalika throughout the country by restructuring the then 217 municipalities and 3,157 VDCs. The newly established 753 <i>Gaunpalika</i> and <i>Nagarpalika</i> are full-fledged functional	Prior to this process the GoN also downsized the number of VDCs from 3,915 to 3,157 and increased the number of municipalities from 58 to 217.
3	E-copy of legal provision for VDC Secretary and Municipality Ward Secretary available	E-copy prepared codifying the prevailing legislations regarding local governance from different legislative instrument	Publication of the e-copy was not carried out due to its relevance in changed constitutional context

3.4.2 OUTPUT 9: Policies Developed for Devolution and Federalism

A. Review of Annual Progress

Following table gives an overview of progress status against AMEP annual targets of the current fiscal year.

Table 21

SN	AMEP Annual Targets	Progress	Remarks
1	Federal	MoFALD prepared various policies, laws, guidelines	

SN	AMEP Annual Targets	Progress	Remarks
	legislation related to sub-national government prepared	<p>related to sub-national governance such as;</p> <ul style="list-style-type: none"> ○ Bill related to 'Ward' of Gaunpalika and Nagarpalika (Now promulgated) ○ Bills related to six Constitutional Commissions namely: National Dalit Commission; National Inclusion Commission; Aadibashi Janajati Commission; Tharu commission; Muslim commission and Madhesi Commission. These bills are under consideration of Legislature-Parliament and its organization and management study carried out. ○ Bill Regarding to Operation and Management of Local Governance is under consideration of Legislature-Parliament. ○ Bill related to Facilities of the LG elected official is under consideration of MoFALD for further process. ○ Executive Order related to service delivery through local level, operation and management of LGs in transitional period circulated. This is effective until the new law is promulgated. ○ Model of various local laws prepared. These laws are mainly related to local government taxation, authentication of decision; business allocation and performance; operation and Management of Local Assembly; Meeting Procedures; law relating to operation of consolidated fund and budget allocation; guidelines related to local level planning and budgeting; model code of conduct of LG Officials etc. 	
2	Local Level Restructuring Commission formed and report submitted to GoN by mid Nov 2016	<p>The GoN formed constitutional commission for determination of number and boundaries of Gaunpalika and Nagarpalika and submitted its report to the GoN in March 2017. Based on the report, the GoN has established 744 new LG units effective from 10 March 2017. The LGCDP II supported in the areas of</p> <ul style="list-style-type: none"> ○ GIS mapping process ○ Data analysis and report preparation regarding special, protected or autonomous areas, ○ Review of the LLRC report ○ Preparation and dissemination of IEC materials (information sheet and booklet) of the newly established local governments. 	
3	Approach paper for functional federal system	<ul style="list-style-type: none"> ○ MoFALD constituted different committees to prepare policies and transitional plan for smooth operation of local government. Major scope of the 	

SN	AMEP Annual Targets	Progress	Remarks
	developed -Functional assignment of selected sectors prepared	committees were to draft policy on continuation of service delivery through local government; planning and budgeting process of local levels; local service and staffs management; property management; fiscal management and development of thematic policies. The recommendations functionalized through an executive Order of the GoN.	
4	A functional Federal Policy Resource Centre equipped with necessary logistics	<ul style="list-style-type: none"> ○ The centre is equipped with books, stationeries and furniture. ○ Details of newly established 753 LG units including maps, facts and figures have been published. ○ LG Handbook and ToT Manual preparation processes are in final stage. 	
5	Framework for Natural and National Fiscal Commission drafted	<ul style="list-style-type: none"> ○ MoFALD/LBFC participated in the process of drafting a bill regarding Natural Resource and Fiscal Commission as envisioned by the Constitution of Nepal as the bill drafting process was led by the Ministry of Finance. The bill is under consideration of Legislature Parliament. 	
6	<p>Institutional framework for constitution implementation in place</p> <p>Criteria and standard laws making process for sub-national government prepared</p>	<ul style="list-style-type: none"> ○ Structural reform in number and boundaries of LGs has been placed by GoN ○ Minimum required human resources managed by the GoN in newly established LGs including Executive Officers, Engineers, IT staff, Accountants etc. ○ Basic legal framework to operate LGs in transition has been issued through an Executive Order, some legislation enacted and some laws drafting process is in progress. ○ Phase wise election date for LGs declared as of 14 May 2017, 23 June 2017 and 18 September 2017 of which first and second phase of election successfully completed in above stated date. (is it necessary) ○ Necessary organizational management and capacity support process initiated, O & M study carried out of six constitutional commissions. (Repeated) 	
7	<p>Inter-governmental fiscal relation legislation drafted</p> <p>Local and provincial tax code developed</p>	<ul style="list-style-type: none"> ○ Evidence based Inputs provided to MoF to draft inter-governmental Fiscal Transfer Bill. The bill is under consideration of legislature Parliament. ○ LG borrowing study competed and its findings incorporated in the draft local governance bill ○ Is there any progress under tax code 	

B. Key Highlights:

Following are the key achievements regarding sub-national governance roll-out processes in which LGCDP II's contribution remained noteworthy through human resource support in the areas of technical advice, information analysis, drawing policy related learning, sharing and engaging in the processes.

Bills for establishment of constitutional commissions: Implementation of the constitution entails establishment of various constitutional commissions at federal level. As a major milestone, MoFALD drafted bills regarding National Dalit Commission, National Inclusion Commission, Aadibasi Janajati Madheshi, Muslim and Tharu Commissions and the bill submitted to the Legislature-Parliament. An organizational and management survey of the commissions carried out and LGCDP II provided technical support to the Federal Affairs Section in the processes.

Functional unbundling process across level of government: MoFALD has detailed out the constitutionally scheduled functions of levels of government, specific to local government as one of the major achievements of the year. This contributed to the Federalism and Administration Reform process. Furthermore, the unbundled functions are internalized in the draft local governance bill. The Programme has provided support through technical inputs, reviews and articulation of the ongoing local government power and functions work out.

Local Level Restructuring and Institutional Strengthening: As per the constitutional provision (Article 395-3), GoN constituted Local Level Restructuring Commission so as to transform existing local bodies to a viable size and to make them able to take up the assigned constitutional competencies. The GoN has established the 753 LG units effective from 10 March 2017. Following table gives number of newly established Rural Municipality and Municipality and its wards.

Province Wise Local Government Structure

Table 22

Province No.	Metropolitan City (No.)	No. of Wards	Sub Metropolitan City	No. of Wards	Municipalities	No. of Wards	Rural Municipalities	No. of Wards	Total LGs (No.)	Total No. of 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	6	174	11	234	276	3,119	460	3,216	753	6,743

LGCDP II provided technical support in analysis and mapping of newly created Rural Municipality and Municipality into geographical information system (GIS). LGCDP II supported to the processes in developing criteria/standards for local level restructuring including research and study work in shaping out the special, protected or autonomous area.

LGCDP II supported to organize consultations with parliamentarians, political party members, experts and stakeholders at federal, provincial and local level.

Legal framework for transitional management of LGs: MoFALD prepared legislative framework on transitional operation and management of local government dealing with staff management, financial management, project management, property management and continuity of the service delivery through newly established local government.

Model local laws: LGCDP II provided support to MoFALD in preparation of series of model local laws as required by the constitutional mandates. As per the constitutional requirement, model local laws were developed and circulated to the local government to facilitate their law making business

- LG Business Allocation Regulation
- LG Business Performance Regulation
- Local law related to taxation and financial administration
- Local law related to expenditure allocation from local consolidated fund
- Local law regarding authentication of decision and orders of LGs
- Law relating to operation and management of local assembly business and its meeting procedures
- Law relating to meeting procedures of LG executives
- Guidelines on plan formulation and budgeting
- Model code of conduct of LG officials

4 FINANCIAL REPORT

4.1 YEAR WISE BUDGET ALLOCATION AND EXPENDITURE TRENDS

Overall budget utilization of all LGCDP II budget heads (GoN block grant and DPs funded LGCDP II budget line) is always above 90% (except in the year 2015-16) due to better financial delivery of grants to the local level (i.e DDC grants, VDC grants and Municipality grants). There is 75% financial delivery of DPs funded LGCDP II budget head in FY 2070/71 and FY 2071/72, 61% in FY 2072/73 and 53% in FY 2073/74. Low delivery in recent years is due to high budgetary provision in Red Book whereas actual contribution by DPs is lesser (i.e. ASIP budget). Based on audited financial statements of FY 2070/71 (2013-14), 2071/72 (2014-15), 2072/73 (2015-16) and LGCDP II FMR for 2073/74 (2016-17), here is an overview of financial progress in LGCDP II.

Year 1 and Year 2 (in NPR Billion)

Table 23

Budget Heads	FY 2013-14 (NFY 2070-71)			FY 2014-15 (NFY 2071-72)		
	Budget	Expenses (Audited)	Progress	Budget	Expenses (Audited)	Progress
DDC Grant (GoN funded)	4.58	4.41	96%	4.90	4.64	95%
VDC Grant (GoN funded)	8.21	8.13	99%	7.36	7.30	99%
Municipality Grant (GoN funded)	1.44	1.44	100%	4.50	4.39	98%
Local Dev Fee Fund (GoN funded)	2.60	2.60	100%	2.67	2.57	96%
LGCDP (JFA DPs, ADB funded)	1.81	1.36	75%	4.38	3.27	75%
Yearly Total	19	18	96%	24	22	93%

Year 3 and Year 4 (in NPR Billion)

Table 24

Budget Heads	FY 2015-16 (NFY 2072-73)			FY 2016-17 (NFY 2073-74)		
	Budget	Expenses (Audited)	Progress	Budget	Expenses (Audited)	Progress
DDC Grant (GoN funded)	4.99	3.87	78%	4.71	4.51	96%
VDC Grant (GoN funded)	8.05	8.02	100%	15.55	15.46	99%
Municipality Grant (GoN funded)	9.14	7.01	77%	13.26	13.22	99.7%
Local Dev Fee Fund (GoN funded)	3.43	3.16	92%	3.44	3.12	91%
LGCDP (JFA DPs, ADB funded)	4.72	2.89	61%	3.52	1.87	53%
Yearly Total	30	25	82%	40.48	38	94%

Overall (in NPR Billion)

Table 25

Budget Heads	Cumulative for four years		
	Budget	Expenses (Audited)	Progress
DDC Grant (GoN funded)	19.18	17.42	91%
VDC Grant (GoN funded)	39.91	38.91	99%
Municipality Grant (GoN funded)	28.34	26.05	92%

Local Dev Fee Fund (GoN funded)	12.14	11.45	94%
LGCDP (JFA DPs, ADB funded)	14.43	9.39	65%
LGCDP II Total	113.27	103.22	91%

4.2 DP's COMMITMENT, DEPOSIT AND BALANCE AMOUNT

The following table gives a position statement of donor commitment and balance as of 15 July 2017. All JFA DPs and ADB have deposited their committed funds except a pending disbursement of last tranche by Norway. This table covers all DPs under JFA whereas there are supports from other DPs as well which are aligned to LGCDP II (PAA – Programme Alignment Arrangement). Those DPs include USAID, GIZ, DFID, UNICEF, JICA etc.

Table 26

S. No.	Development partners	Commitments		Received in USD	Balance
1	DFID	GBP 25 mil	38%	38,478,600	0
2	Norway	NOK 82 mil	10%	8,249,803	NOK 15 mil.
3	SDC	CHF 17.5 mil	18%	18,071,380	0
4	Denmark	DKK 49.5 mil	8%	7,993,876	0
5	UNDP	USD 0.2 mil	0.2%	200,000	0
6	UNCDF	USD 0.1 mil	0.1%	100,000	0
7	UNICEF	USD 1.2 mil	1%	1,200,000	0
8	UNFPA	USD 0.4 mil	0.4%	399,440	0
9	UN Women	USD 0.1 mil	0.1%	99,960	0
Total JFA			76%	74,793,059	
10	ADB (SPMP)	USD 25 mil	24%	USD 24,343,764	USD 1.8 mil. (approx.)

5 ISSUES AND CHALLENGES

5.1 OUTPUT WISE ISSUES AND CHALLENGES

Following table provides output wise operational issues and challenges faced by the program during program implementation as well as measures to address issues & challenges.

Table 27

Outputs	Issues and Challenges	How to address them
Output- 1	<ul style="list-style-type: none"> Continuation of large number of Citizen Institutions (43,658) in the changed context Exit Strategy for Graduated CACs Livelihood grants to remaining 4,700 CACs 	<ul style="list-style-type: none"> Speed up to implement exit strategies for graduated CACs (Linking with other agencies, federating in CACs, functional group, etc.) Re-define the role and responsibilities of WCF in changed context Develop need based social mobilization instead of current blanket approach Explore appropriate harmonization strategies based on the state re-structured context Serve livelihood support to remaining CACs
Output-2	<ul style="list-style-type: none"> Inadequate human resources in LGAF Secretariat Coordination and harmonization between LGAF and other accountability related programmes in LGAF framework. Accountability measures to carry out in Sub- national governments in the state restructuring 	<ul style="list-style-type: none"> MoFALD may deploy required staffs with responsibility to LGAF Secretariat LGAF to be provided strong roles to coordinate, oversight and monitoring compliance beyond local bodies Provisions of Accountability measures to be put strongly in the drafting acts and regulations for Federal and Local Governments mechanism
Output-4	<ul style="list-style-type: none"> Proactive lead of MoFALD Finance on sub national level PFM reform package felt insufficient Scattered project activities by DPs (ADB supported SPMP and PATA, DFID supported PFMA, Danish supported PFM support under UNNATI etc.) Slackness in addressing long pending audit issues by DCCs while DCCs targeting recent issues to meet annual target 	<ul style="list-style-type: none"> MoFALD needs to coordinate with MOF to have active role on sub national PFM reform activities in line with national level PFM strategy, address the findings from PEFA and PETS Finance section and LGCDP II PCU need to have an annual plan and strategy which should be referred to by DP MoFALD and MoFA need to have a policy decision in line with Public Account Committee of parliament decisions to make the concerned officials responsible for settling audit issues

Outputs	Issues and Challenges	How to address them
	<ul style="list-style-type: none"> Rolling out of MARS in local government is deferred due to delay in finalizing its implementation strategy. 	<ul style="list-style-type: none"> ADB supported piloting and roll out strategy to be seriously reviewed and move ahead with clear plan for massive implementation of MARS
Output-6	<ul style="list-style-type: none"> Sustainability of Community Mediation Program Mainstreaming MTMP into annual program of municipalities. Awareness and culture for quality assurance among the suppliers/manufacturers and contractors. 	<ul style="list-style-type: none"> Harmonizing various models of community meditations practiced by MOFALD, USAID, DFID, JICA and others. Need of dedicated and trained lab technicians for smooth functioning of the program
Output-7	<u>GESI/CFLG</u> <ul style="list-style-type: none"> Slow CFLG Roll out plan preparation process and its effective implementation. Slow CFLG declaration process and issues of its sustainable development. No timely release of Bal Bhela Fund to Local Bodies The inadequate orientation of GESI policy/strategies to LBs. Less functional GESI institutional mechanisms. Institutionalization of GESI budgeting and auditing system at Local level 	<u>GESI/CFLG</u> <ul style="list-style-type: none"> Support capacity building on CFLG, bal bhela to local Governance and sectoral line agency officials Capacity building of rural municipalities and Municipalities personnel and representatives on <u>CFLG</u> <ul style="list-style-type: none"> Organize GRB, GESI Audit trainings to Local personnel and elected representatives and development stakeholders in regular basis and disseminate this knowledge at all Local personnel even at ward level for effective implementation of GESI activities at all level Localization of Gender Responsive and Social Inclusive Budgeting process in local level planning process and mainstreaming GESI at all level of local governance system

5.2 POLICY AND MANAGEMENT RELATED ISSUES AND CHALLENGES

Major Operational Challenges

Following are some emerging challenges to be addressed in the near future which are summarized as below:

- Internalization of LGCDP's major achievements by LGs in the changed context.
- Difficulties in receiving information/reports from LLs after the discontinuation of LGCDP II Programme Officers/Engineers/ICTVs.

- It is challenge to make ICT friendly LLs right from the beginning due to lack of human resources and requires ambiances.
- Slow progress of LL audit arrear settlement due to time taken to collect various documents like: bills, receipts, project completion report from user's committees for the audit arrears that are outstanding since NFY 2065/66 (2009/10).
- Difficulties to establish two way communications with many rural municipalities and new municipalities due to lack of internet facilities.

Way forward

- Establish appropriate mechanisms to address above operational challenges;
- Support to enhance capacity of elected officials of the sub-national governments, staff and central level agencies;
- Support in the areas of policy evolvement process and knowledge management for smooth federalization at the national and sub-national level;
- Support to strengthen planning, budgeting, office management, and reporting system of sub-national governments.

6 ANNEXES

6.1 OUTSTANDING AUDIT ARREARS AND PROGRESS DURING FY 2016-17 BY DCC

District	Outstanding Audit arrears as of 32 Shrawan 2073	Settled during FY 2073/74	Balance [includes arrears till OAG/N audit till FY 2071/72]	Progress
Achham	13,639,697	50,000	13,589,697	0%
Arghakhanchi	1,077,888	-	1,077,888	0%
Ilam	8,973,639	3,268,800	5,704,839	36%
Udayapur	3,263,051	2,615,400	647,651	80%
Okhaldhunga	21,010,884	300,000	20,710,884	1%
Kanchnpur	2,101,630	256,116	1,845,514	12%
Kapilbastu	18,376,374	-	18,376,374	0%
Kathmandu	6,142,020	5,112,785	1,029,235	83%
Kabhrepalanchok	5,066,379	828,050	4,238,329	16%
Kalikot	461,755	-	461,755	0%
Kaski	10,190,391	8,345,802	1,844,589	82%
Kailali	10,295,461	258,000	10,037,461	3%
Kotang	9,204,479	3,547,112	5,657,367	39%
Gulmi	914,128	-	914,128	0%
Gorakha	3,632,596	215,000	3,417,596	6%
Chitwan	17,426,571	8,101,535	9,325,036	46%
Jajarkot	389,809	10,020	379,789	3%
Jumla	15,884,645	70,000	15,814,645	0%
Jhapa	6,102,777	9,475,710	(3,372,933)	155%
Dadeldhura	9,677,595	6,816,400	2,861,195	70%
Doti	5,770,855	140,000	5,630,855	2%
Dolpa	2,946,719	-	2,946,719	0%
Tanahu	5,964,899	-	5,964,899	0%
Taplejung	16,146,245	4,913,300	11,232,945	30%
Tehrathum	358,871	-	358,871	0%
Dang	15,075,127	3,331,600	11,743,527	22%
Darchula	10,768,117	1,137,647	9,630,470	11%
Dailekh	8,210,544	7,130,000	1,080,544	87%
Dolakha	33,856,942	25,290,000	8,566,942	75%
Dhankuta	1,671,361	945,000	726,361	57%
Dhanusha	44,827,673	143,000	44,684,673	0%
Dhading	5,123,968	1,784,287	3,339,681	35%
Nawalparasi	12,098,882	875,970	11,222,912	7%
Nuwakot	419,988	-	419,988	0%
Parbat	12,191,029	7,371,090	4,819,939	60%
Parsa	33,531,645	6,653,000	26,878,645	20%
Panchthar	-	-	-	100%

District	Outstanding Audit arrears as of 32 Shrawan 2073	Settled during FY 2073/74	Balance [includes arrears till OAG/N audit till FY 2071/72]	Progress
Palpa	4,690,117	600,000	4,090,117	13%
Pyuthan	272,306	88,375	183,931	32%
Bajhang	3,135,949	-	3,135,949	0%
Bardiya	2,076,954	-	2,076,954	0%
Banke	2,921,676	-	2,921,676	0%
Bajura	13,077,229	29,250	13,047,979	0%
Bhaktapur	77,520	-	77,520	0%
Bhojpur	4,246,800	-	4,246,800	0%
Makawanpur	7,950,695	5,399,400	2,551,295	68%
Manang	4,879,555	-	4,879,555	0%
Mahottari	28,035,133	-	28,035,133	0%
Mugu	7,138,557	280,909	6,857,648	4%
Mustang	939,575	138,000	801,575	15%
Morang	9,617,707	187,720	9,429,987	2%
Myagdi	693,400	220,000	473,400	32%
Rasuwa	3,151,361	240,000	2,911,361	8%
Ramechhap	4,578,757	505,125	4,073,632	11%
Rukum	9,125,821	-	9,125,821	0%
Rupandehi	20,939,112	13,983,700	6,955,412	67%
Rolpa	12,424,759	750,730	11,674,029	6%
Rautahat	41,578,449	3,466,000	38,112,449	8%
Lamjung	2,332,965	1,749,208	583,757	75%
Lalitpur	3,742,004	-	3,742,004	0%
Baglung	220,392	2,000	218,392	1%
Bara	56,484,329	236,100	56,248,229	0%
Baitadi	20,277,378	-	20,277,378	0%
Sankhubhasabha	2,768,000	871,000	1,897,000	31%
Saptari	36,712,899	11,339,836	25,373,063	31%
Sarlahi	33,512,362	4,525,200	28,987,162	14%
Salyan	13,020,000	-	13,020,000	0%
Sindhupalchok	82,789,489	-	82,789,489	0%
Sindhuli	558,872	-	558,872	0%
Siraha	19,939,034	2,299,094	17,639,940	12%
Sunsari	3,801,272	315,000	3,486,272	8%
Surkhet	34,093,597	-	34,093,597	0%
Solukhumbu	3,425,493	161,000	3,264,493	5%
Syanja	411,503	145,000	266,503	35%
Humla	4,183,803	20,000	4,163,803	0%
Total of 75 DCCs	872,619,458	156,538,271	716,081,187	18%
PCU related	627,770,436	604,313,255	23,457,181	96%
Total arrears	1,500,389,894	760,851,526	739,538,368	51%

6.2 SUCCESS STORIES

Women took leadership in road black-topping scheme

It is quite uncommon for women, especially in Terai, to get out of household chores and engage in community development works. However, women of Rajbiraj Municipality of Saptari district have started engaging in development work. Local women who were associated with Ward Citizen Forum of ward no. 4 became eager to lead to road black-topping project from Saptari Sewa Ashram to the house of Madhushudhan Singh. This section was of poorly managed earthen road in the area. There are 65 inhabitants in the locality. Rajbiraj municipality provided the grant to make this road black-topped.



Road construction by Female UC, Rajbiraj

Initially organized women requested the local residents to form women only users committee. The villagers also appreciated the idea and helped to form women users committee to execute this small community level project. Ms Usha Devi took the role of Chairperson and with six other female members led the management and quality assurance aspects of the road. The monitoring committee was also formed from the male counterpart. Finally, women users committee was successful in completing the scheme as per the technical specifications given by the municipality. Now the road and its drainage system have become a show case in the area. Local authority and people appreciate the work performed under the women leadership.



Completed road by Female Users' Committee

Despite various pro-women laws, women generally do not come out from their home due to traditional belief and lack of opportunity. This success case validates that women can lead and manage local development activities as well as men do. LGCDP's social mobilization programme was instrumental behind the success story.

Effective Public Land Management

Public land management has evolved as a viable strategy towards safeguarding revenue source of local government and addressing anticipated issues of climate induced flood, drought and landslide hazards in EFLGP implementation areas. In this regard, over 50 hectare encroached public land for settlement development and agricultural expansion has been reclaimed by Katari Municipality alone.

The reclaimed lands are being used productively by local government. For instance, two memorial parks - one each in Triyuga and Katari Municipalities has been



Memorial Park in Katari

constructed. In name of their beloved one, people are planting various tree species in the memorial park. Species planted in the Memorial Park include mango, juniper, and varieties of flowers. Over 300 tree saplings have been planted so far in the memorial parks of Triyuga Municipality and Katari Municipality respectively. As most of the parks are constructed in river banks, the choice of tree species like juniper were not found matched with the site. Further, it was said that there was an irrigation pump that functioned well until it was stolen a couple of months ago in Katari. Katari Municipality has a plan to bring a generator and motor pump soon.



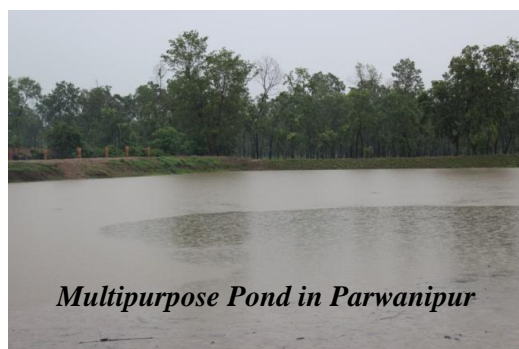
It was recommended to replace the dead and dying tree saplings with locally available tree species. Moreover, sustainability of the Parks after termination of EFLGP support was in question. Municipalities have been requested to allocate part of their own revenue resources for sustainable management of the parks.

Katari Municipality has made an inventory of encroached and reclaimed public land, which can be considered as one of the innovative works of Katari Municipality that demands upscaling all across the country. Further, the documentation of public land is prerequisite to be eligible for Environment Friendly declaration. Katari Municipality reclaimed over 50 hectare of encroached public land worth around NRs.70 crore (US\$7 million) from land mafia in the last two years.

Multipurpose Pond at Parwanipur of Sarlahi District

There are a total of 305 households in ward no. 4 of Parwanipur VDC of Sarlahi District. The settlement was established in 1972 when malaria was eradicated in the Terai. With an objective of accessing drinking water and creating wallowing facilities for buffaloes, local communities constructed a pond in public land in 1979 when the settlement was in crisis of water. To uphold multiple use value of the pond, the local communities got Environment Friendly Local Governance Program (EFLGP) support to increase volume, heightened boundary wall, maintain inlet & outlet and plant fruit tree species all along the periphery of the pond. With this the economic and environmental value of the pond has increased greatly.

The ponds have multiple use value. It is a source of drinking and wallowing water for cattle. Having regular source of water in the village, people are opting improved milking buffalos these days. Every day they sell about 600 liter buffalo milk in local market. Similarly, the pond has been contracted annually with Rs.100,000 for fish. According to local people, due to the pond, water has been recharged below at the southern part of the pond and it has resulted in greenery and more biomass production. Moreover, the pond is providing habitat for wildlife species like duck, deer, wild boar, blue bull, etc.



Poorest of the poor segments of the village were yet to reap the pond benefit as they do not have capacity to rear improved buffalo and own adequate agricultural land for irrigation. People put forth demand for various programs such as river control, temple renovation, among others. It was reported that with the support of President Chure Program, river protection work was implemented at the bank of Kalinjor River, adjacent to the village. However, these activities were carried out without coordination with local government and local communities, said local.

EFLGP support was instrumental to address the real demand of local people, said Mr. Bharat Dahal a local resident. Further, Mr. Dahal said as the EFLG Program is just initiation in this village; it should be continued for showing visible impact.

----- The End -----