

**Assessment of the effectiveness and impact of the Poverty-
Environment-Climate indicators in Performance Evaluation
procedure in LBs of Nepal
(Final Report)**

Report

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Acronyms

CAC	Citizen Awareness Center
CBO	Community Based Organization
CFLG	Child Friendly Local Governance
DDC	District Development Committee
DPMAS	District Poverty Monitoring and Analysis System
DRR	Disaster Risk Reduction
DTMP	District Transport Management Plan
EFLG	Environmentally Friendly Local Governance
EIA	Environmental Impact Assessment
EPA	Environment Protection Act
EPR	Environment Protection Regulation
ENV	Environment
FY	Fiscal Year
GESI	Gender and Social Inclusion
GLOF	Glacier Lake Outburst Flood
GoN	Government of Nepal
GRB	Gender Responsive Budgeting
IEE	Initial Environmental Examination
IPC	Integrated Planning Committee
LGCDP	Local Government Community Development Programme
LSGA	Local Self Governance Act
LSGR	Local Self Governance Regulation
KII	Key Informants Interview
LAPA	Local Adaptation Plan for Action
LBs	Local Bodies
LBFC	Local Bodies Fiscal Commission
MCs	Minimum Conditions
MCPM	Minimum Conditions and Performance Measures
MP	Municipality
MoFALD	Ministry of Federal Affairs and Local Development
MoAD	Ministry of Agriculture Development
MoSTE	Ministry of Science Technology and Environment
MoFSC	Ministry of Forest and Soil Conservation
NGO	Non Governmental Organization
NPC	National Planning Commission
ODF	Open Defecation Free
PMs	Performance Measures
PEI	Poverty Environment Initiative
SNPMC-NPC	Strengthening National Planning and Monitoring Capacity of NPC
TYP	Three Year Interim Plans
UNDP	United Nations Development Program
UNEP	United Nations Environment Programme
VDC	Village Development Committee
WASH	Water Sanitation and Hygiene
WCF	Ward Citizen Forum

Executive summary

Minimum Condition and Performance Measures (MCPM) system has been operating as an integral part of the overall local governance reform process in Nepal. This system was initiated from FY2004/05 on pilot basis in District Development Committees (DDCs). Latter on this system was rolled out to all Local Bodies (LBs). The key objective of this system is to make LBs more transparent, accountable and effective in providing public services at the local level. Under this system, LBs are evaluated on the basis of two set of indicators the Minimum Conditions (MCs) and Performance Measures (PMs). Local Bodies Fiscal Commission annually carries out the assessment of LBs and submits recommendation to the government for the adjustment of additional capital grant. The additional capital grant is fully aligned on this system.

The objective of this study is to review effectiveness and impact of the poverty-environment-climate factors of the MCPM in terms of allocation of grants, local budget and local service delivery for pro-poor environment and climate change needs of poor women and men, and suggest related options for improving the current MCPM system. The study is done largely based on secondary information that limits the opinion of the LBs levels informants. Review of MCPM analysis reports of LBFC, MCPM manuals and discussion with concern officials in MoFALD, LBFC, NPC including Key Informant's Interview (KII) were the methodology used to conduct the study.

There are nine (9) MCs indicators in DDC, 10 in Municipality and seven (7) in VDCs while there are 46 PMs indicators with five category under performance measures include; i) Planning and budget management; ii) Resource mobilization and financial management; iii) Budget disbursement, expenditure and activity implementation; iv) Monitoring, evaluation, communication and transparency; v) Organization management and job description for DDC and municipality comprises the 40 PMs indicators in five sectoral areas i) Local governance; ii) Financial resource mobilization and management; iii) Planning and project management; iv) Organization and human resource development; and v) Town basic service management.

Environmental poverty related indicators in DDC, Municipality and VDC comprise 10, 12 and three (3) respectively. Out of 100 full marks of PM indicators, DDC carry 20, Municipality carry 30 and VDC carry 20 marks. DDC and Municipality PM indicators have five categories and to be eligible for getting almost all formula basis additional capital grant the LBs should get minimum pass marks in every categories.

Inclusive development by integrating pro-poor concerns on sustainable management of natural resources, environment and climate have been the key elements for the development planning and economic decision making process of the LBs. The Local Bodies Resource Mobilization and Management Procedures, guideline 2069 also reinforces the compliance of the GoN policy like IEE, EIA in local level governance including pro-poor and environment friendly development. LBFC has introduced poverty, climate change and environmental indicators in the MCPM Manuals. The aim was to enhance local service delivery in pro-poor environmental management and climate change by providing incentives through the MCPM system.

Local Self Governance Act (LSGA) and regulation (LSGR), duly acknowledge the environmental poverty issues/ environment and climate change dimension of poverty and put them in priority. The Environment Protection Act, 1997(EPA), the Environment Protection Rules, 1998(EPR) has identified and make inventory explaining what type of the projects needs Environmental Impact Assessment (EIA) and Initial Environmental Examination (IEE) provisioning (Rule 3, schedule 1) and EIA(Rule 3, schedule 2) and make mandatory processes of IEE and EIA. The LBs Resource Mobilization Guideline, The Poverty Environment Initiative (PEI) programme, National Adaptation Plan of Action (NAPA), Environmentally Friendly Local Governance (EFLG), MCPM guideline, Child Friendly Local Governance (CFLG) guideline, Gender and Social Inclusion (GESI) policy and guideline, DOLIDAR act/ or regulations, mining regulations, Agriculture and Forest acts has been the major initiatives that GoN has undertaken to address and integrate the environment and poverty issues in the development endeavor.

The average score obtained by DDCs from FY 2012/13 to 2014/15 is found in decreasing trend in most of the PMs indicators. Very consistent result is found in indicator expenditure of targeted group development program) which is 2.5, 2.4 and 2.3 respectively out of full marks 3 in FY 2012/13, 2013/14 and 2014/15. Budget for Agriculture and Livestock Development Program is significantly down fall as the average point obtained are 1.5, 0.9 and 0.9 out of 2 full marks in FY 2012/13, 2013/14 and 2014/15 respectively.

The percent marks obtained by DDCs for all 46 indicators in FY 2012/13, 2013/14 and 2014/15 is 64.5 percent, 58.0 percent and 55.5 percent while the marks obtained in environmental poverty indicators are 71.1, 58.3 and 60.3 percent. It is found that, the marks obtained trend is not consistent and fluctuate. Indicator 8 has better performance followed by indicator 6, indicator 21 and least is in indicator 34 impact evaluation of the Projects.

Trend of obtaining points in environmental poverty related indicators by Municipalities are slightly increasing in last three fiscal years. Budget allocation trend for the development of targeted group is 1.3, 1.7 and 1.8 respectively in fiscal year 2012/13, 2013/14 and 2014/15. Sanitation and waste management related indicators received average points 2.2, 1.8 and 2 out of 4 full marks in fiscal year 2012/13, 2013/14 and 2014/15 respectively. While on the other hand, environmental management indicator obtained 2.6, 0.8 and 1.1 marks out of 4 full marks in fiscal year 2012/13, 2013/14 and 2014/15 respectively. Thus the indicators related to environmental poverty has higher while the mark obtained is bit less trend by the municipalities.

Municipalities obtained 68.1 percent, 66.1 percent and 67.3 percent marks in FY 2012/13, 2013/14 and 2014/15 respectively while on the other hand the marks obtained in environmental poverty indicators is 67.9 percent, 59.4 percent and 62.5 percent respectively. Thus the total marks obtained in environmental poverty indicators is lesser compared to total. It indicates that, the Municipalities are to be working more seriously.

Out of total marks allocated PM indicators of DDC in environmental poverty related indicators, marks obtained is 71.1 percent, 58.3 percent and 60.3 percent respectively in FY 2012/13, 2013/14 and 2014/15 against other indicators obtained 62.9 percent, 57.9 percent and 54.7 percent in corresponding FY indicating slightly higher marks in environmental poverty related indicators. While, out of total allocated marks in PM indicators of Municipality, environmental

poverty related indicators obtained 67.9 percent, 59.4 percent and 62.5 percent respectively against other indicators that obtained 68.2 percent 68.9 percent and 69.3 percent respectively in FY 2012/13, 2013/14 and 2014/15.

The performance of the environmental poverty related indicators have been seen in decreasing trend and the marks obtained is less than the allocation showing no contribution in getting performance based grant in DDCs. Out of 20 percent marks allocated for environmental poverty related indicators, marks obtained is 12.2 percent, 11.7 percent and 12.1 percent respectively in FY 2012/13, 2013/14, 2014/15. Similarly out of total 30 percent allocation in environmental poverty related indicators in Municipality, marks obtained are 19.4 percent, 16.9 percent and 12.1 percent respectively in FY 2012/13, 2013/14 and 2014/15. It clearly shows that no significant contribution of environmental poverty related indicators in performance measurements of LBs. Further it is also found that the ratio of MCPM based grant to total grant is the lowest. Undoubtedly the overall impacts of environmental poverty indicators to the block grant distribution is negligible and insignificant.

Recommendations

Environment and poverty are interlinked with each other and imbalance in either part could bring negative effect in the overall livelihood of the people. Under these circumstances, high priority should be given for environment, ecology, climate change, mitigation, adaptation, and adoption and mitigation measures while implementing any development projects. Following recommendations have been made in this regards:

1. There is no specific environment and poverty related indicator in MCs while the LBs are more concern on meeting the MCs whatever the case in PMs shall be. In this situation, one indicator related to environment and poverty should be placed in MCs for LBs.
2. Despite guideline provided significant weightage for the environmental poverty indicators, implementation performance is below the average standard. This might be due to lack of appropriate manpower, technology, skill and knowledge in these issues. Hence it is recommended to undertake a survey on why the performance is below the average and take necessary action to improve the performance.
3. Although, it is mandatory for all the LBs for reporting in DPMAS framework, data production is not been observed compliance to it. Hence, it is recommended to make mandatory to report in DPMAS Framework like that of MCPM to all the LBs, so that they will perform better.
4. The Poverty Environment Initiative (PEI) programme, Local Adaptation Plan for Action-LAPA (Framework) and Environmental Friendly Local Governance (EFLG) are good initiatives to realize the LBs on the gravity of environmental poverty issues and make them actualize. LBFC shall coordinate with these entities and streamline the indicators accordingly.

1. Background

1.1 Introduction

Government of Nepal (GoN) has been implementing the Minimum Conditions and Performance Measures (MCPM) system for block grant allocation to Local Bodies (LBs) since FY 2004/5 in DDCs and since FY 2007/8 in VDCs and municipalities as an integral part of local governance reform process. This system evaluates the annual performance of LBs based on planning and budgeting, financial management, fiscal resource mobilization, communication and transparency, budget releases and programme execution, monitoring and evaluation, etc. The evaluation is done by the Local Bodies Fiscal Commission (LBFC)¹, which further recommends the government to increase or decrease additional grants.

The performance of local bodies is measured through two tools, called Minimum Conditions and Performance Measures. Minimum Conditions take the basic functions of LBs into account, which serve as threshold criteria, ie, if a local body fails to meet any of the conditions, it will not be eligible for additional grants. Performance indicators cover additional functions that determine how much more or less grants a local body will receive if it meets all minimum conditions.

There are seven (7) Minimum Condition indicators for Village Development Committees (VDCs), 10 for Municipalities, and nine for District Development Committees (DDCs). For instance, the annual programme and budget of the current fiscal year are to be approved by the VDC council, and the VDC must undertake annual progress review and complete the final financial audit for all income and expenditure. Similarly, there are 13 Performance Measure indicators for VDCs, 40 for Municipalities, and 46 for DDCs; a total score of 100 is provided according to their importance and nature.

If a local body fails in any one of the indicators under Minimum Conditions, 100 percent additional grant will be deducted. Further-more, 20 percent additional grant will be deducted if a local body fails to receive 40 Marks out of 100 in PMs score.

As per the section 236 of LSGA the government provides minimum and additional grant to the LBs². The grant shall be displayed in the red book either from the government owned or from the

¹As per the Local Self Governance Act, 1999 (LSGA) provision the LBFC is formed under the chairpersonship Minister for MoFALD along with other nine members represented from concerned stake holders. Major objectives of LBFC, “is to support for expedition on fiscal decentralization process in Nepal and mainly responsible for i) institutionalize four pillars of fiscal decentralization ii)to study and research to recommend GoN within its given scope of works iii) suggest related issues related expenditure management including the accounting and auditing systems of LBs iv) design allocation criteria for performance based conditional/ un conditional grant including formula for grant allocations iv) suggest tax and revenue sharing system and mechanisms from central level and among LBs.The new constitution of Nepal has provisioned National Natural resources and Fiscal Commission(NNRFC) as constitutional body. It is likely that the LBFC will be no more in the future. However, it is hoped that most of the LBFC functions will be shifted to the NNRFC.

² This section reads: “The Government of Nepal shall have to provide the Local Body each year with minimum grant prescribed and also with additional grants on such basis as population, level of development, possibility and capability of mobilizing resources, necessity of financial resources, regular record keeping of incomes and

basket of development partners. The advantage of additional capital grant system is that block grant is distributed transparently, based on expenditure need criteria such as population, geographical area.

The MCPM system has encouraged stakeholders to improve local self governance and as a result, people have become more aware and have started pressuring local bodies to deliver better services and improve overall governance with more accountability, consciousness, and efficiency.

1.2. Rationale of the study

Inclusive development by integrating pro-poor concerns on sustainable management of natural resources, environment and climate have been the key elements for the development planning and economic decision making process of the LBs elsewhere. The Local Bodies Resource Mobilization and Management Procedures, 2069 also reinforces the compliance of the GoN policy like IEE, EIA in local level governance including pro-poor and environment friendly development. The infrastructure development projects, management of use of sand, stones, mud etc. needs to undertake Sustainability of the MCPM and the effectiveness of capital grants that receive by LBs are also largely depending upon their capacity to address the climate and environmental issues through economic decision-making process. The functional areas of MCPM as envisaged should have strong linkages with pro-poor concerns on climate and environment issues for the sustainability of the MCPM.

With the UNDP-UNEP PEI support, the government has also introduced poverty, climate change and environmental indicators in the Minimum Conditions and Performance Measures Manuals. The aim was to enhance local service delivery in pro-poor environmental management and climate change by providing incentives through the MCPM system.

1.3. Objective of the study

The overall objective of the study is to review effectiveness and impact of the poverty-environment-climate factors of the MCPM in terms of allocation of grants, local budget and local service delivery for pro-poor environment and climate change needs of poor women and men, and suggest related options for improving the current MCPM system. The specific objectives are;

- a) Analysis of the trends of the integration of pro-poor environment and climate change indicators in the MCPM manuals.

expenditures, situation of auditing and financial discipline of the concerned Local Body.” As per this section the government provides Rs 1.5 million, 3.0 million and 4.0 million minimum grant to VDCs, municipality and DDCs respectively. The additional capital grant including LGCDP capital grant is provided based on the assessment of MCPM system. At LGCDP-1 the LBs received a big chunk of additional grant. The additional grant is channelized through a formula system. Formula for Village Development Committees comprises the weightage as: population 60%, area 10 % and weighted cost 30%. Similarly, for Municipality ; population 60%, weighted poverty 25%, area 10% and weighted tax effort 15% and for District Development Committees ; population 40%, weighted poverty 25%, area 10% and weighted cost 25%.

- b) Assessment of impact of the pro-poor environment and climate change indicators that are included in the MCPM manuals ;
 - on the local budgets (budget formulation, execution, expenditure)
 - on the local service delivery for meeting the environment and climate change needs of poor women and men
 - on the allocation of additional grants
- c) Suggestion for improving the current MCPM system from the poverty-environment-climate nexus perspective (including options for a simpler, more transparent and coherent system between DDC, municipalities and VDCs) to Inform the inter-governmental fiscal transfer system in Nepal under a federalist system, considering political feasibility of the proposed options.

1.4 Limitation of the study

The limitation of study is as follows;

- a) The study is done largely based on secondary information that limits the opinion of the district and municipal level informants. However, concern official from Kathmandu DDC was interviewed.
- b) Relatively the nature of this study is complex which needs in depth and comprehensive data from local level to central level. Getting reliable data at local level and linking with central level is very difficult task.
- c) This study does not cover all the aspects of MCPM system . It is just an indicative from an environment perspective.
- d) The study was done very limited time frame. Due to timing and resource constraints it does not cover even the entire aspects of pro-poor environment and climate change issues.
- e) The LBFC has not published the MCPM analysis report of the FY 2014/15. This year's analysis is done based on the raw data provided by the LBFC officials. However, the raw data is subject to change based on the LBFC's official publication.

2.Methodology

The following methodology is followed to complete the study ;

2.1 Review of literatures/documents

Basically, this study is based on the secondary data and information collected from the various government and non-government levels publications.

a) Review MCPM manual

In this stage, review and understanding of relevant policy, laws procedures and guidelines were carried out. While carrying out the desk review, in-depth review and analysis of MCPM Guidelines/manuals and in the perspective of pro-poor environment, climate change and disaster risk reduction (DRR) were considered and analyzed. In reviewing the MCPM guidelines/manuals, the focus was done as following;

1. VDC Level:

- Target Group and Sector Development Budget Allocation and Expenditure and their criterion,
- Environment management and its measurement criterion and
- Other indicators affecting those indicators

2. Municipality Level:

- Planning and Programme Implementation (Target Group Development Programme, budget allocation and expenditure, Child Development, Protection and Participation etc.)
- Basic service Delivery: Sanitation and waste management, Environmental Management, Urban Transport management, Slaughter House and Meat Shop regulation and management, Promotion of public health, Emergency services and disaster management, Social security programme Implementation, Settlement development, urban planning and building construction etc.

3. DDC Level:

- Planning and Budgeting; District Transport Management Plan (DTMP) and its implementation, target Group development Programme, Gender Responsive Budgeting (GRB) etc.
- Plan and Programme Implementation; Expenditure on Target Group Development programme, Cross sectoral Responsibilities; plan and implementation- environment, DRR, CFLG etc.
- Cross-sectoral Services: Energy and Environment management, Drinking water and sanitation sector management, social security programme etc.
- Resource Mobilization and Financial Management: Allocation of Internal revenue etc.

b) Review of the MCPM indicators

As specified in the ToR, in considerations with the indicators, sub-indicators and measurement criterion, the annual analytical reports and unpublished raw data of the Local Bodies Fiscal Commission are analyzed vis-a vis the pro-poor, environment, climate change and DRR in sequence of updated MCPM manuals.

2.2 Discussion with concern Officials

Interaction was done with concern officials in Ministry of Federal Affairs and Local Development (MoFALD), Local Bodies Fiscal Commission (LBFC), Ministry of Finance (MOF) and National Planning Commission (NPC) to get views and perspectives on poverty-environment issues.

2.3 Key Informant's Interview

Senior Social Development officer and senior engineer of the environment section of DDC Kathmandu were interviewed to assess the information related to the provision of environmental poverty related indicators in MCPM guideline and their impact in the grant system.

3. Initiatives undertaken for Poverty Environmental Initiative

3.1 Local Self Governance Act (LSGA) and regulation (LSGR)

The LSGA and LSGR duly acknowledge the environmental poverty issues/ environment and climate change dimension of poverty and put them in priority. Following table 1 illustrate the provisions made in LSGA and LSGR.

Table 1 Key provisions in LSGA and LSGR Related to Pro-poor development and Environment Conservation

LBs	LSGA 1999	LSGR 2000
DDC	189 Function, responsibility and power of DDC sub-clause 7: Relating to Forest and Environment sub-clause 16 (b) disaster control	Rule 193: Formation of District council committee(b) Agriculture, Forests and Environment Committee
	195: Formulation of DPP Sub-clause 4 subject To include in plan (c) Development in area of backward communities and poor population (d) Income generating and skill development activities	Rule 198: Formulation of periodic plan, Rule 206 Conduct impact assessment of project (d) Environmental Impact:
	Clause 200: To conduct feasibility study of development programme/projects	
	Clause 201: priority setting (d) programme conserving environment	
	Clause 202: Basis for project selection: sub clause1(a) to conserve environment while selecting project	
VDCs	(clause 28) Function, responsibility and power of function, responsibility and power of VDC relating to Forest and Environment Miscellaneous Functions Relating to Development of Women and Disabled People and Natural Disaster	Rule 47 Formation of sectoral committees Village Council (b) Agriculture, Forests and Environment Committee
	VDC Planning (clause 43)- 3 (f) Environment Conservation Sub clause 5: Periodic Planning (c) Development in area of backward communities and poor population, (d) Income generating and skill development activities for women and children (f) Pollution control	
	clause 45: to conduct feasibility study of Project	
	clause 46 Basis for project selection (2) to conserve environment while selecting project	
	Clause 234: (1) GoN to provide Instruction on the matter whether LBs follow laws and functions, priority accorded to backward communities, welfare of women and children, environment conservation	

Source : Author's analysis based on LSGA, 1999 and LSGR 2000 .

3.2. Environment Protection Act, 1997 and Rules 1998

The Environment Protection Act, 1997(EPA) emphasized conserving environment in order to protect and preserve environment and ecology. This act duly acknowledged the minimization of the negative effect of development initiatives on environment due to over encroachment of environmental variables by human activities. It has focused on way of reducing degradation on environment and conserves the wildlife, vegetation, nature and physical objects; and management of wide range natural resources, taking into consideration of sustainable development maintaining balance between development and environment. The EPA has made explicit provision for the project proponents to carry out Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) of the project proposals as prescribed while implementing the development project of varied discipline.

The Environment Protection Rules, 1998(EPR) has identified and make inventory explaining what type of the projects needs Environmental Impact Assessment (EIA) and Initial Environmental Examination (IEE) provisioning (Rule 3, schedule 1) and EIA(Rule 3, schedule 2) and make mandatory processes of IEE and EIA.

According to these rules, some of the projects listed and related to LBs functioning are as follows;

IEE related:

- Collection of boulders, gravel and sand and extraction of other minerals from forest areas
- Construction of slaughter house with the investment above one million,
- Extraction of sand, gravel and soil from river surface (10-50 cu.m/day),
- Road construction: district road, urban road rural road and other minor roads,
- Construction of major bridges,
- Water supply schemes serving 2000 to 20000 population,
- Solid waste management,
- One to five km agriculture road,
- Agriculture wholesale market in urban areas.

EIA related:

- Extraction of sand, gravel and soil from river surface (above 50 cu.m/day)
- Agriculture roads above five km,
- Solid waste management serving more than 10,000 population
- Implementation of development proposal in historical, archeological and cultural sites.

With those schedules, LBs are responsible to enter into the process of IEE and EIA in some of these projects.

2.3 The LBs Block Grant Guideline

The LBs block grant guideline has duly prioritize the importance of poverty and environment as cross cutting agenda and taken as two faces of a single coin. It has duly address promotional activities that promolgulate environment, climate change, renewable energy, poverty reduction and livelihood promotion through development initiatives. The guideline made mandatory for the LBs to allocate 10 percent of the development budget for women focused, 10 percent for focused children focused and 15 % poor and excluded focused programmes. The budget is provisioned to address the poverty and social inclusion initiatives that empower the poor and disadvantaged, women and children in development mainstream and contribute in nation building campaign with due attention to environment friendly development.

Similarly, the guideline has duly considered the environment and climate change adaption, resilience and mitigation measures as follows:

- Negative list for capital investment includes programme or project that has adverse effect to environment and does not acknowledge to Environment protection Act and its regulations.
- Mitigation measures/adoption of climate change, development of rural energy technology in capital investment projects.
- In implementation and management,provides directives to follow Environment Protection Act/Regulation.
- Other Specific arrangements are given in matrix below:

Key area of environmental conservation and climate change Adaptation provisionedingin LBs Block Grant Guidelines is presented in table 2. The table 2 elaborates the the objective of environmental conservation and climate change provision for bith DDC and VDCs is to address the environment conservation, protection and climate change resilience and mitigation.

It also elaborates the scope of social mobilization is to address the poverty augmenting different awareness raising activities, informing the citizens on the role, right and responsibilities of the citizens, services provisioned by the government to different section of the society and make them able to demand the social, economic, environmental/natural resources, human resources, cultural and physical infrastructure. Capital grants are to be allocated for forests and environment conservation, climate change, renewable energy, disaster management and others in case of VDCs and one additional provision of livelihood in DDC. The LBs are to implement promotional investment (poverty mapping, inclusion, livelihood of poor etc.) to uplift the backward section citizen in all livelihood functions. 14 steps planning process has been executing in all LBs where the prioritization of the projects are done for the projects demanded by target group rooted up from REFLECT followed by CAC, WFC, IPC and through *poverty stricken pockets*. While conducting any development projects feasibility study ahs to be done considering social, economic, climate change, environment and sustainability that has to be included in prefeasibility study as well. For road construction project, special arrangement to duly consider EPA 2053 and EPR 2054 and 'social and environment safety Measures guide

including bio-engineering, management of environment, conservation and social inclusion are to be duly addressed.

Table 2 : Key area of environmental conservation and climate change provision

VDC	DDC
Objective of Grant- Environmental conservation and addressing climate change	Objective of Grant -Environmental conservation and addressing climate change
Scope of social mobilization(poverty reduction)	Scope of social mobilization(poverty reduction)
Scope of Capital grant(Forests and environment conservation, climate change, Renewable energy, disaster management	Scope of Capital grant(Forests and environment conservation, climate change, Renewable energy, disaster management , <i>livelihood</i>)
Scope of Promotional Investment (poverty mapping, inclusion, livelihood of poor etc.)	Scope of Promotional Investment (poverty mapping, inclusion, livelihood of poor, <i>environment and climate change</i> etc.)
Prioritization(project demanded by target group through SM)	Prioritization(project demanded by target group through SM, <i>poverty stricken pockets</i>)
Feasibility study(consideration of environment and sustainability). Using standard as specified by GoN	Feasibility study(consideration of environment and sustainability) – need to include in prefeasibility study as well using standard format as specified by GoN
Road construction- special arrangement(consideration of EPA 2053 and EPR 2054 and 'social and environment safety Measures –guide)	Road construction- special arrangement(consideration of EPA 2053 and EPR 2054 and 'social and environment safety Measures –guide)
ME (environment conservation and social inclusion)	ME (environment conservation and social inclusion included)

Source : Author's analysis.

3.4 The Poverty Environment Initiative (PEI) programme

The Poverty-Environment Initiative (PEI) is a UNEP/UNDP programme. PEI in Nepal supports poverty reduction and inclusive development by integrating pro-poor climate and environmental concerns into development planning and economic decision making. The PEI is not designed as a stand-alone project as such but rather it aims to provide a programmatic framework for targeted support to national and local level planning, budgetary and economic decision making processes

through ongoing UNDP supported programmes, in particular, Strengthening National Planning and Monitoring Capacity of NPC (SNPMC-NPC) and the Local Government Community Development Programme (LGCDP). At the national level, the PEI helps strengthen the NPC's capacity to integrate environmental concerns of poor women and men into planning, budgeting, and economic decision at national and local level. Similarly, at the local government level, it strengthens capacity of local governance actors and civil society to integrate environmental concerns of poor women and men into planning, budgeting, monitoring, and evaluation at local level by providing technical support to the Ministry of Federal Affairs and Local Development (MoFALD), and District Development Committees (DDCs) and Village Development Committees (VDCs). The PEI Programme Framework complements the existing project documents of the above two projects, which include the stipulated PEI activities in their respective Project Annual Work Plans (AWPs).

The joint UNDP-UNEP Poverty Environment Initiative (PEI) programme in Nepal was initiated in 2009 (scoping phase started in 2009). Land, forests, minerals and water remain the key natural resources in Nepal for human survival, livelihoods and climate change adaptation, with natural resources being the livelihood base of almost 90% of the population and representing almost 40% of GDP. Rural populations, especially the poor, landless, indigenous people and women rely heavily on forests and land resources for their livelihoods. More than 80% of people derive their livelihoods from forests. Around 86% of total energy for cooking and 40% of fodder comes from forests. 66% of the total gainfully employed population is engaged in the primary sector including agriculture, forestry, and fishery (2001 census). The share of the primary sector in the Mountain region is 81%, compared with 68% and 60% in the Hill and Terai regions, respectively. While Nepal is endowed with social, agriculture and biological diversity, it experiences chronic poverty which is more severe in rural areas than urban areas. Considerable progress has been made in poverty reduction, however unsustainable use of these natural resources has resulted in widespread environmental degradation now threatening especially poor people's livelihood and health.

To contribute addressing these issues and promoting sustainable development, the PEI Nepal programme supports central and local governments to integrate environmental, poverty and climate challenges in planning and budgeting processes to achieve a greener, more inclusive and more sustainable development path. Thereby the country programme is contributing to the achievement of national development goals and the overall PEI Programme outputs. PEI Nepal is led by the Ministry of Federal Affairs and Local Development (MoFALD), embedded in the larger, multi-donor Local Government and Community Development Programme- Phase II.

With the implementation of PEI following achievements have been made:

a) Strengthen integrated planning, budgeting, monitoring and evaluation and coordination amongst local governance actors

- Local Bodies (LBs) in Nepal are improving their capacity and integrating the environmental issues in the LB planning and budgeting. They are now allocating budget to poor and marginalized communities' to address the pertaining issues. "Planning and Decision-Making Guidelines" of local bodies were revised and approved incorporating

PEC issues. Fourteen steps planning process of MoFALD encourages the LBs mainstreaming of environmental issues into planning and infrastructure development.

- Monitoring of Initial Environmental Examination (IEE) reports of sand gravel and stones and rural roads have been completed in 10 districts in 2014. Different DDCs have been forwarded more than 50 IEE reports on sand, gravel and stones and Rural Roads and have been approved by MoFALD. PEI extended technical backstopping services in institutionalizing third party monitoring of IEE reports.
- Rupandehi District Development Council has sanctioned two policies related to environment friendly infrastructure development activities. Environmental issues should be considered even in implementing the small scale infrastructure by DDC and budget for environment should be build up in the project cycle as guided by Environment Protection Act and Regulation.
- Prefeasibility, Initial Environment Examination (IEE) and survey design should be done while implementing infrastructure projects as guided by Environment Protection Act, Regulation and DDC Block Grant Mobilization Guidelines. It is mandatory to allocated at least 10% budget of every road projects for maintenance fund and 4-5 percent for environment conservation and climate change and adaptation.
- The NPC updated its monitoring indicators to incorporate poverty-environment components and reviewed its project prioritization criteria to integrate PEC needs.

3.5 National Adaptation Plan of Action (NAPA)

Ministry of Environment has prepared the National Adaptation Plan of Action (NAPA-2010) and assess vulnerability mapping of district of Nepal and according to it 26 districts are very high, 28 are high, 16 are low and five are in very low vulnerability category. It identified poor people are vulnerable from all livelihood capitals including physical, infrastructure, human resource, social, natural and financial. The plan has segregated the impacts of climate change in 6 fundamental areas and one cross-cutting area. Those areas are:

1. Agriculture and Food security (declining crop/livestock production, loss of crops)
2. Water Resource and Energy (too much and too little water- agriculture, health and sanitation, human settlement, infrastructure, renewable energy, forest fire, solar power)
3. Disaster (landslides, flood, drought, Glacier Lake Outburst Flood- GLOF)
4. Forests and Bio-diversity (Agro-ecological shift, pest and diseases, fire, habitat loss, depletion of wetlands)
5. Public health (Vector borne diseases, water-borne diseases – malaria, kala-azar, encephalitis etc)
6. Urban Settlement (Infrastructure, road, bridges, buildings, migration)
7. Cross-cutting sector: - Gender relations, vulnerability of poor and women, and people based on natural resources for their livelihood.

The main mechanism it has proposed for NAPA implementation is as follow:

- National mechanism coordination and monitoring by Ministry of Environment and implementation coordination by line ministries,
- Regional mechanism (technical) to support local adaptation
- District level coordination committee by DDC

- Implementation at Local level: GoN line offices (Agriculture, forest, health, technical offices), NGO, CBO, Private, SPs
- Village coordination by VDC and implemented through LAs, CBO, NGOs and private sector
- Allow to utilize 80 % resources at local level project implementation.

The Local Adaptation Plan for Action- LAPA (Framework) have been designed and piloted initially in 13 districts of Far west and Mid western regions are selected for LAPA implementation with provision of extension to other regions and districts in accordance with vulnerability assessment report.

3.6 Three Year Plan (2013/14 -2015/16)

Three years Plan (TYP) 2013/14 – 2015/16 put its goal to reduce poverty level at 21 percent and achieving MDGs augmenting sustainable economic development approach. It had emphasized and anchored the development goal streamlining Environment and Climate Change as cross cutting with judicious use and management of natural resources and carbon trading. Two objectives of the three year plan (2013/14 – 2015/16) are implement the development projects by i) prioritizing green development concept with triangulating the human activities with environment friendly development and construction works and ii) adaptation and adapting negative environmental impact articulating the mitigation measures.

The key strategies include among others:

- 1) Internalization of environmental management in developmental works,
- 2) Continuation of disaster mitigation, poverty reduction and poverty-environment initiative, climate change adoption and sustained conservation and utilization of natural resource while implementing development programme/projects.

Likewise, it mentions working strategies among others as:

- 1) Ensure role and responsibilities of agencies in implementing national adaptation plan, 2) to collaborate with local bodies, development partners, NGOs and COs,
- 2) Emphasize the development of infrastructures that is environment friendly and support climate change adaptation,
- 3) Implement poverty environment initiative programme effectively to integrate environment and poverty reduction in implementing development projects,
- 4) Make necessary arrangement to invest certain percentage of income in natural resource conservation and research activities from the revenue generated from the natural resources utilization.

Moreover, Decentralization, Self-governance and Local Development Chapter pin marked pro-poor, inclusive and gender equitable development. It has stated participatory infrastructure development with the use of local resources and technology considering environment friendly and climate change adaptation among others.

The NPC updated its monitoring indicators to incorporate poverty-environment components and reviewed its project prioritization criteria to integrate PEC

3.7 Environmentally Friendly Local Governance

The Government has developed and institutionalized the “Environmentally Friendly Local Governance” framework that will benefit poor people particularly women and marginalized groups. A communication strategy to change behavior on environmental management has been developed targeted at all levels of stakeholders, from central government to households. MoFALD facilitated Environmentally Friendly Local Governance (EFLG) training with PEI support in early 2015. As a result of the training, participants implementing EFLG were asked to prepare a Project Funding Matrix that received implementation support of US\$4.71m from MoFALD under the Local Governance and Community Development Programme (LGCDP) Phase II, a national programme largely funded by DfID which PEI is aligned to. The activities identified are environmentally friendly activities. Some examples of the activities proposed include biogas installation, solar home development, and tourism management. One identified pond conservation as a key activity, with a view to benefitting the poor by providing resources for fishing.

NPC, 2013 Climate Change Budget Code, Application review recommended, it is required to develop detailed guidelines to suit each ministry defining details of the activities and areas for additional work for specific ministry. Like, MoFALD may require a section on the roles of DDC and VDC in planning climate activities and allocating funds from various sources including INGOs to be tracked while other ministry may simply need definition of climate activities in more detail than explained by the quick reference guide. Following are the highlights:

The budget categories Recurrent costs: Recurrent cost is the expenditure other than capital and financing and which are annually spent by the government organization. Such expenditure includes consumption expenditure, expenditure necessary for daily activities, the expenditure for the services for public welfare and the grants provided to the institutions responsible for such public welfare services. The interest expenses of the loan and refund expenditure also include under this heading.

Capital costs: The expenditure made for fixed assets like furniture and fixtures, vehicles, machinery parts and instruments etc. are known as capital costs. The capital expenditure adds fixed assets, which can be used for further production activities. Stock of assets for strategic importance and emergency use, land, buildings, roads, canals, electricity generation plant, forest plantation, mining, up gradation of projects, research study, consultation services for such capital nature of activities are also included under capital expenditure. Custom duty & tax and the compensation for the loss of capital are also included under capital expenditure.

Budget number: Budget for each programme is represented by 7 digits in the Redbook. The first 3 digits of the budget indicate Ministries or Constitutional bodies. The fourth, fifth and the sixth digit indicate department, office and project. The 7th digit indicates the type of budget, which are categorized under three sub-groups i.e. recurrent, capital, and financing. If the 7th digit

is 3, it indicates that the budget is allocated for recurrent costs, whereas number 4 indicates capital costs. If the 7th digit is 5 under the budget head it indicates financing costs. If the budget has financing component the budget head would appear as 329 1065, while for recurrent it will be represented by 329 1063. The budget number for annual budget of National Forest Development and Management Programme of the Ministry of Forest and Soil Conservation is always represented: i) Ministry of Forest and Soil Conservation- 329, ii) National Forest Development and Management Program- 106, iii) Recurrent cost- 3, iv) Capital cost- 4 and v) financing- 5.

3.8 The MCPM guideline

Local Bodies Fiscal Commission (LBFC) has amended its guideline in 2069 incorporating the poverty and environmental issues to be considered by the LBs in the project cycle. This guideline has been used for review of the MCPM for last three years (2014, 2015, 2016) in DDCs and Municipalities, while PM is not yet been used in VDC but it is piloted.

3.8.1 Provisions of the environmental issues in DDC MCPM

There are a total of 9 MC and 46 PM indicator for the measurement of Minimum Condition and Performance Measures of DDC. None of the MC indicators are directly related to environmental poverty areas. There are a total of 46 PM indicators out of which nine indicators are related to environmental poverty which are as follows: Details of the definition has been presented in **Annex: 1**

PM Indicator 6. Environment and Energy Management

According to the provision made in LSGA article 189 (1)(GA) and (GHA), district development plan must allocate the budget for water, electricity, forest and environment and expenditure done accordingly. The indicator further defined i) Environment Management Plan (EMP) provisioned in infrastructure development projects; ii) planning and implementation of water, electricity and energy sector done; iii) planned and implemented activities that minimize the effect of climate change. District level policy on heavy machinery and equipment approved and implemented. "Heavy equipment and machinery" means equipment that make hazard for environment (Bulldozer, Excavator, Roller, Loader etc) that displace the labor work. Two marks for positive response to all three sub indicator, 1 mark for positive response in two sub indicators and zero marks otherwise. Verification shall be done from district development plan, approved district level policy on heavy machinery and equipment in place.

PM Indicator: 7 Cross cutting sectors included in participatory plan implementation

Sectors like environment protection, disaster risk management and child friendly governance must be anchor with participatory planning process and take approval from the DDC council. The indicator has been defined, i) DDC has district level policy in place on environment protection, disaster risk management and child friendly governance, ii) District development plan having program and activities to implement the policy, allocate the budget and made expenditure accordingly. Positive answer for all sub indicators will get two and zero otherwise. Verification

can be done by measurement table of DDC containing policy for all mentioned sector, annual progress report

Indicator: 8 Targeted Group Development Program

Program and activity-wise budget as specified in the resource management plan must be allocated for the direct benefit of targeted groups. The indicator has been defined, i) Targeted group development criteria and prioritization for overall district in place and use it for the development of targeted group development program, ii) Projects selected based on the prioritization done by participatory planning process, iii) Minimum budget as specified in the resource mobilization operational manual allocated for the targeted groups in current FY. Positive answer in all sub indicators will get 2 in any two sub indicators including 1 will get 1 marks, and zero otherwise. Verification shall be done from district development plan, decision book of DDC board, details of selected program from the participatory planning process.

Indicator: 21 Expenditure of targeted group development program

According to resource mobilization operational manual, budget allocated for the targeted group development must be expended for same group. The indicator has been defined, i) Out of total allocated budget for targeted group development in last FY, 80 percent or more expenditure done for the same; ii) Out of total allocated budget for targeted group development in last FY, 60-80 percent expenditure done for the same. Affirmative answer in first sub indicator gets 3, in second sub indicator get 2 Marks and zero for otherwise. Verification shall be done by decision register/book of budget allocation, annual district development plan, financial details, details of work completion as per allocation.

Indicator: 23 Budget for Agriculture and Livestock Development Program

According to article 189 (1) (KA) of district policy on agriculture and livestock must be formulated and implement activities accordingly. Indicators has been defined as i) Policy related to agriculture and livestock development formulated and implemented; ii) Budget allocated from the DDF in agriculture and livestock related program in last FY; iii) At least 80 percent expenditure done out of allocation in last FY. Projects that fall under sectoral plan, area-wise plan or demanded project during participatory planning process should be addressed while allocating the budget. Two Marks provided if there is affirmative answer for all sub indicators, one Marks given if there is positive response for any two sub indicators and zero Marks for otherwise. Verification of the indicator shall be done by observation of district agriculture and livestock development policy, allocated budget in district development plan for agriculture and livestock and expenditure against allocation.

Indicator: 25 Management of drinking water and sanitation Sector

Under the article 189 of act, DDC must work in drinking water and sanitation sector. Since it is insisted by the millennium development goal, DDC must work for the development of this sector. Indicators has been defined as, i) Water Sanitation and Hygiene (WASH) plan prepared; ii) Allocated specified budget for drinking water hygiene and sanitation and additional allocation from other sources and expenditure done accordingly; iii) under the "Open Defecation Free"

campaign, at least 10 percent VDC declared as ODF and continue plan development to declared municipality and VDC ODF; iv) continuous program implemented in the ODF declared VDC and municipality for the sustainability of ODF program 5.

Positive answer for all sub indicators will get 2, in any three sub indicator get 1 Marks and zero for otherwise. Verification shall be done by Water Hygiene and Sanitation (WASH) plan in place, annual district development plan and annual progress review report.

Indicator: 31 Gender responsive budget

For the attainment of inclusive development in district development plan, DDC must prepare gender responsive and inclusive district development plan, implement it and gender responsive budget audit must be done in annual basis following the gender budget audit guideline 2007. Indicator has been defined as, i) Planned for gender responsive and inclusive activities done; ii) Activities and budget implemented as per planning; iii) Gender responsive budget audit done. Affirmative answer for all sub indicators will get 2, in two sub indicators will get 1 and zero marks for otherwise. Verification shall be done by observing district development plan, annual progress report and gender responsive and inclusive budget audit report.

Indicator: 34 Impact evaluations of projects and activities

Impact study of the project of cost estimate more than 20 million implemented by DDC must be done two years after the completion of the projects as provisioned in law 206 of regulation. The indicator has been defined, i) Impact evaluation of the specified project done in specified time frame; ii) Impact on poverty reduction, production, employment, ecology and environment covered in the impact evaluation. Impact evaluation means, change have been made in livelihood, employment, poverty reduction, access to services, social, environment, ecology and holistic development due to project implementation. Affirmative answer all sub indicators will get 2, in one sub indicator will get 1 Marks and zero for otherwise. Verification shall be done by impact evaluation report of previous FY of last FY that was completed at the cost more than Rs. 20 million.

Indicator: 35 Social security/protection Program

Detailed list of individual who are eligible to get social security/protection allowance in all VDCs and municipalities must be updated in forwarded to Ministry before Magh (Jan-Feb) of the current FY. Progress on distribution of social security/protection allowance must be forwarded on trimester and annual basis. The advance taken for social security/protection allowance must be settled in time as specified by the law. The indicator has been defined with sub indicators as i) Updated list of individuals who are eligible to get social security/protection allowance in the current FY prepared at the end of Magh (Jan-Feb) of last FY and forwarded to ministry.; ii) Detail updated list forwarded on trimester and annual basis after deleting the names; iii) Advance settled as specified by law and in time frame. Three Marks shall be given if there is affirmative answer for all three sub indicators, 2 Marks for affirmative answer in any two including first sub indicator and zero otherwise. Verification of the indicator meet shall be done up on the observation of updated list of individual who are eligible for getting social security/protection allowance of VDCs and municipalities, advance settlement and distribution

details of social security/protection allowance forwarded to ministry in trimester and annual basis.

3.8.2 Provisions of the environmental issues in Municipality

Indicator: 2 Budget Allocations for the Development of Targeted Groups

Except from the conditional grant of the municipality fund, after deducting the amount that must be spare for matching fund, as specified in the municipality grant guideline, footing on the gender equality and social inclusion policy, for promotion of disadvantaged section of the society, budget must be allocated on following program/ projects that will directly benefit to the targeted groups : a) Allocated minimum of 10 percent budget for those program/projects that will directly benefit to disadvantaged women of all sections; b) Allocate minimum of 10 percent budget for those program/projects that will directly benefit to disadvantaged children of all sections; c) Allocate minimum of 15 percent budget for those program/projects that will directly benefit to disadvantaged group (Elderly people, dalit, adibasi/janjati, persons having different capacity, Madhesi, Muslium and backward group) including the areas and targeted groups as specified by Government of Nepal issuing notice. The indicator has been defined as , i) Allocate minimum of 10 percent and approve the budget from the municipal council on the programs/projects that directly benefit to women from disadvantaged group; ii) Allocate minimum of 10 percent and approve the budget from the municipal council on the programs/projects that directly benefit to children from disadvantaged group; iii) Allocate minimum of 15 percent budget for those program/projects that will directly benefit to disadvantaged group (Elderly people, dalit, adibasi/janjati, persons having different capacity, Madhesi, Muslium and backward group) including the areas and targeted groups as specified by Government of Nepal issuing notice. Positive answer for all sub indicators will get 2 any two Marks 1 marks and zero otherwise. Verification shall be done by observing annual planning book of the municipality, total capital budget of the municipality, total budget allocation for the targeted groups in current FY.

Indicator: 3 Expenditure on the Targeted Groups Development

As specified in the municipality grant manual, expenditure must be done for the targeted groups that were allocated in last FY. Indicator has been defined as, i) More than 80 percent expenditure done against the allocation for all three targeted groups; ii) 60-80 percent expenditure done against the allocation for all three targeted groups. Affirmative answer for first sub indicator 2 and second sub indicator 1 marks, and zero otherwise. Verification shall be done by observing annual program book of last FY, annual progress report of last FY, record of allocation and expenditure in last FY.

Indicator: 4 Child development and protection

According to article 96 and different sun article of the Act, child development and protection activities must be done. Government of Nepal had been signed in different international charter related to child survival, protection and development and act, policy and laws have been endorsed. Service delivery and specified work must be done managing the resources acknowledging the mentioned act, law, policy, working calendar, operational manual, working structure. Indicator has been defined, i) Budget allocation and expenditure done on child

education/child development center; ii) Maintain record of disable, helpless and orphan; iii) Work related to abolition of child labor done; iv) Use of child friendly local governance system. Positive answer for all sub indicators will get 2, any three will get 1 and zero Marks otherwise marks. Verification shall be done by observing annual program, budget book, report on the organization development, and documents on manual and working calendar, job description to the staff.

Indicator: 6 Implementation of Social Security/protection Schemes

According to the social security/protection operational manual 2008, social protection program must be implemented in the municipality area. Detail list of the beneficiary group on the distribution of budget provided by the Government of Nepal and report must be forwarded to concern authority. Indicator has been defined as, i) Disseminate the information within the first trimester through bulletin/book with the list persons who receive social security/protection allowance as per list of targeted groups in the last FY; ii) Delete the name from the list who died of migrate who were receiving the allowance; iii) Following details of the persons who are eligible to get the allowance in current FY must be forwarded to DDC before the end of Poush (Dec-Jan) of last FY (a) Number of elderly people including dalits, excluding dalits, single women, partially disable and helpless, fully disable and helpless, extinct ethnicity people and iv) Settlement of advance before 35 days taken from the DDC against the social protection allowance. Positive answer in all sub indicators will get 2, in any three get 1 and zero marks otherwise. Verification shall be done by observing Book of the persons who received allowance, receipt of the distribution, citizen chartered, bulletin, records of public hearing, reports submitted to DDC

Indicator: 21 Feasibility study

As per the article 113 of the act, feasibility study of projects must be done determining the basis of selection of the projects. As per the municipality grant manual, the physical infrastructure projects that have more than 5 million cost estimates, feasibility study of such project must be done before the approval from the municipal council. Social, financial, environmental including technical, cost estimates, map, design, specification and sustainability of the project must be included in the feasibility study report. The indicator further explain as i) Feasibility study of all physical infrastructure related projects of cost estimate more than 5 million prepared before the approval from the municipal council; ii) Feasibility study of minimum of 50 percent of physical infrastructure projects that have cost estimate more than 5 million; iii) Social, financial, environmental including technical, cost estimates, map, design, specification and sustainability of the project included in the feasibility study report. Project cover, that project (s) completed within one year or carryover type of the projects in regards to this indicator. When the entire sub indicator has positive response obtain 2 marks, when positive in second and third sub-indicators has positive response obtain 1 mark and zero otherwise. Verification could be done project documents, feasibility study report, and annual planning book

Indicator: 33 Sanitation and waste management

As per sub section (6) and (7) of section (GA) of sub article (1) of the act, under the role, responsibility and authority of the municipality, it is mentioned to undertake sanitation activities and collection of waste/garbage, transportation and management. Sanitation and waste

management must be undertaken effectively and efficiently. Indicator has been defined, i) Included water management related activities in the annual program, ii) Differentiate the organic and inorganic waste at the source and implement such activities at least in 25 percent wards of the municipality; iii) Collect the differentiated waste differently; iv) Mobilize private/community sector for waste management; v) Manage the dumping site to dispose the waste; vi) Activity undertaken for reuse of the waste; vii) Awareness activities undertaken on the waste management. Affirmative answer for all sub indicators will get 4, any six get 3, any five get 2 and zero Marks for otherwise. Verification shall be done by observing annual program and network for waste management, contract with the private/community organization, data published by the municipality, onsite observation

Indicator: 34 Environment management

Municipality must manage entertainment spot, play ground, museum (*Sangrahalaya*), zoo, park despite of environment protection related activities as specified in the section (GA) of sub section (1) and section (JA) of sub section (2) of article 96 of act. Similarly sub section (1) of section (YAN) of sub article (1) of article 96 of the same act, plantation must be done in both side of the roads to promote the greenery and support for environment protection. As per the environment protection act, 1996 (2053 BS) and same regulation 1997 different provisions have been done for the management of environment and the environment management guideline 2004 (2061 BS) have been endorsed. In addition to this, the circulations done by the ministry on environmental social protection guideline must also be acknowledged. Indicator has been defined, i) Initial Environment Evaluation (IEE)/ Environmental Impact Assessment done wherever it is apply; ii) Greenery maintained in the municipality area with the tree plantation (trees must be planted in at least 10 percent of the total roads area and protect the environment); iii) Formulate and implement the environment protection plan; iv) Formulate the mitigation activities to reduce the climate change impact and implement it.; v) Establish separate environment section/unit, nominate the focal person and provide job description; vi) Establish environment protection special fund and disburse budget in it. Positive answer for all including first and second get 4, four sub indicators including first and second get 3, in three including second sub indicator get 2 Marks and zero for otherwise. Verification shall be done by observing annual program and budget, reports of Initial Environment Evaluation (IEE) and Environmental Impact Assessment (EIA), observation of the roads, environment management plan in infrastructure related projects, job description for the staff, details of the environment protection especial fund.

Indicator: 35 Vehicle parking management

In the section (CHA) of sub article (1) of article 96 of the act, role, responsibility and authority of the municipality and sub section (2) related to construction and transportation, bus park, rixhaw, *tanga* , truck parking management in the municipality area have been provisioned. Number of The vehicle in the municipal area has been increased tremendously. Parking management in the municipality area must be done. Indicator has been defined as i) Management of vehicle parking in the municipality area done; ii) Manage water, electricity and toilets in the bus park; iii) Bus parking done in the bus park. Affirmative answers in all sub indicators get 2, any two get 1 and zero for otherwise. Verification shall be done as decision on the management of vehicle parking/ Bus Park, onsite observation in the parking area.

Indicator: 36 Regulation of meat shop and management

Sub section 2 and 14 of section (YAN) of by-law (1) of article 96 of act, animal slaughter house establishment spot and management and sub section (5) and (6) of sub article (1) of article 96 of the act, sales of consumption goods and harmful substances that have negative effect in the public health of municipality area must be control or displace. Regulation and management of slaughter house must be done in coordination with concern livestock service office, consumer right protection forum, meat businessman and animal health related institutions, since these issues are directly related to public health and meat test act. Indicator is defined as i) Register the meat shop and maintain its record; ii) Fixed the minimum criteria on the operation of meat shop; iii) Regular monitoring of the meat shop done in close coordination with District Livestock Service Office, Federation of Nepalese Chamber of Commerce and Industry, consumer right protection forum; iv) Monitoring report submitted to municipality; v) Decisions done on the monitoring report in municipality board. Positive answer in all sub indicators get 2, in any three get 1 and zero get for otherwise. Verification shall be done by decision on the management on the meat shop/slaughter house, monitoring and supervision report and records of the action taken and observation of the meat shop.

Indicator: 37 Promotion of the public health

As mentioned in the section (CHA) of bylaw (1) of article 96 of the act, health services of the municipality have been made. In addition to national program municipality must implement sanitation and health related activities, control on sales and consumption of substances that will have negative impact in the public health and control of black market. Indicator is defined as, i) In addition to national program, program for the promotion of public health related activities approved by the municipal council and implement it; ii) Toilet promotion and open defecation free program conducted at least in 25 percent wards; iii) Monitoring of the shops that sale consumer goods in close coordination with concern government agencies, consumer right protection forum and federation of chamber of commerce and industry; iv) Discuss on the monitoring report in the regular municipality board meeting and action undertaken for those who do mal practice. Positive answer in all sub indicators gets 2, in any two receive 1 and zero for otherwise. Verification shall be done by observation of annual program and budget, annual progress report of last FY etc.

Indicator: 38 Emergency service and disaster risk management

Organization development study must be done or the organizational structure must be updated in In sub section 7 and 19 of miscellaneous of section (YAN) of sub article (1) of article 96 of the act, control of disaster and fire breeder operation has been mention. Disaster Risk Management and emergency activities must be conducted in the municipality area. The Disaster Risk Management Plan to reduce the losses due to disaster like earthquake, land slide, fold, fire and epidemics control and management, reduction in the loss and rescue during the disaster and resettlement activities and emergency service must be conducted in close coordination with concern stakeholder and community. INdicator has been defined as, i) Areas of disaster, status of the risk, risk reduction measures and institutional arrangement done and Disaster Risk Management Plan prepared and approved by the municipal council; ii) Disaster deduction

activities implemented based on the Periodic Disaster Risk Management Plan; iii) Operation of fire breeder; iv) Establish disaster risk management fund and disburse budget on it. Affirmative answer for all Marks get 4, affirmative answer in any three get 3, affirmative answer in any two 2 Marks and zero given otherwise while verification shall be done by observing disaster Reduction Management Plan and annual disaster management activities, record of disaster reduction fund and record of services provided in last FY.

Indicator: 40 Implementation of national building conduct (*Samhita*) and building construction

As per building act 1995, article 10, 11 and 12, the individual or an institution who wanted to construct building in municipality area must take approval of building design as per national building conduct and criteria. During getting the approval structural design must be submitted as per annex: 1 of building regulation 2009. On site supervision and monitoring must be done, if any mal practice done during monitoring, action must be taken. Based on the process mentioned in article 149 to 164 of chapter 9, building construction in the municipality area as provisioned in article 155 and 156 must be implemented. The building must be disabled friendly. Public awareness activities to reduce the earthquake risk reduction must be conducted. Indicator has been defined as; i) Collect application form as per structural design mentioned in annex: 1 of building regulation 2009 while taking license of building construction; ii) On site supervision and monitoring of the building construction done in the municipality area to assure that the building construction is done as per building conduct 2009 and action taken against any mal practice done.; iii) Management of approving the building design as per national building conduct; iv) Approval of the government/ public building assuring that it is disable friendly; v) Public awareness raising activities and orientation program undertaken on earthquake proof building in order to reduce the earthquake risk and preparedness. Affirmative answer in all Marks could get 2, affirmative answer in any three Marks receive 1 and zero given otherwise. Verification shall be done by observing approved building construction and building design approval criteria, national building conduct 2009 implementation manual.

3.8.3 Provisions of the environmental issues in VDC MCPM

There is three PM indicators related to environmental poverty.

Indicator: 3 Targeted group and area development program budget allocation and expenditure

Out of total available capital budget of last year, VDC must allocate budget for targeted group and area development program as specified by resource mobilization operational manual. The indicator further explain as i) Last year's VDC council allocate minimum of ten percent budget for current FY program that provide direct benefit to women and children of poor group; ii) Last year's VDC council allocate at least fifteen (15) percent budget for the activities that directly benefit to economically poor of all ethnic group, economically and socially deprived group and section as declared by Government of Nepal publishing notice as targeted group and community; iii) Project wise budget sanction as per allocation in marks 1 and 2 mentioned above; iv) Last year's council allocate budget for current year on agriculture sector as specified; v) Eighty (80) percent expenditure done out of allocation for mentioned group and area in 1,2 and 4 above. Full marks (10) shall be given where affirmative answer for all Marks, five (5) marks when

affirmative answer in one Marks and zero otherwise. Verification shall be done by observing approved annual program and budget, decision book of VDC and allocated budget for targeted group and area, contract of the approved project, project completion report, project-wise expenditure and monitoring and decision on the completion of project.

Indicator: 5 Social security/protection program

Based on the social security/protection operational manual, updated list adding and removing the name of people who are eligible to receive social security/protection allowance, distribution of social security/protection allowance, settlement of advance must be publicized. Indicator further defined as i) updated list after removing the name of persons who died and migrated but getting social security/protection allowance in last FY and ii) Publicized name list of the people who received social security/protection allowance in last FY before the end of Shrawan (July-Aug) of current FY on notice board of VDC, health institution and other public places. When affirmative answer for both the Marks 2 marks and zero otherwise shall be given. Verification of the indicator meet shall be done by locating list of persons who received social security/protection allowance, list of people after deleting dead and migration and notice with signature of witness.

Indicator: 7 Village Profile

VDC must collect the basic information from the VDC area and prepare detail showing overall picture of VDC. Information must be collected using the format developed by Ministry and forwarded to DDC. Such profile must be updated in every five (5) years. Indicator further defined as i) Village profile prepared in accordance to the format developed by the ministry; ii) Village profile approved by VDC council; iii) The updated profile forwarded to DDC. Full marks (2) shall be given when all the Marks have positive response and zero otherwise. Verification of the indicator meet shall be done by locating village profile, decision of VDC council, dispatched register and disused covering letter of forwarding profile to DDC

3.8.4 Grant distribution based on MCPM result

The additional grant to the DDC and Municipality is distributed based on the MCPM result using following criteria:

1. If the DDC/Municipality fail to perform minimum condition, no any additional capital grant is provided despite the specified minimum capital grant.
2. If the minimum condition is fulfilled but minimum score/Marks in performance measure will not be met, 20 percent additional grant isbe deducted from the provisional capital budget.
3. Among the MCPM passed DDCs/Municipalities three each best performing is provided additional 20 percent capital grant .

Distribution of the additional capital grant for the remaining DDCs/Municipality will be done as follows:

1. From among the list of higher score 25 percent receive 15 percent additional capital grant
2. Next 25 percent from the list receive 10 percent additional capital grant

3. The capital grant is deducted by 10 percent from among the next 25 percent from the list
4. Remaining 25 percent DDCS/municipality who are at the bottom of the list get additional capital grant deducting 15 percent from the allocation.

3.8.5 Process of grant distribution in VDCs

If the VDC fail to perform minimum condition, no any additional capital grant is provided . Additional capital grant is distributed as follows³:

- If the minimum condition is performed and minimum score/Marks in performance measure will not be meeting, 20 percent grant is deducted
- Among the MCPM passed VDCs in the district one from each best performing VDC is provided 20 percent additional grant.

Distribution of the grant for the remaining VDCs is done as follows:

1. From among the list of higher score VDCs 25 percent VDC receive 15 percent additional grant
2. Next 25 percent VDCs from the list receive 10 percent additional grant
3. The grant is deducted by 10 percent from among the next 25 percent VDCs from the list
4. Remaining 25 percent VDCS who are at the bottom of the list get grant deducting 15 percent from the allocation.

3.8.6 New and old MCPM guideline with respect to environmental poverty indicators

At the beginning of 2016, the LBFC has revised MCPM guidelines. These guidelines have not been implemented yet. In the VDC guideline one PMs Indicator (indicator no 13-environment management) directly related to environment has been placed. The scoring of this indicator includes five out of 100. However, in case of DDC and Municipality there are no any changes in the provisions of environmental poverty indicators so far.

4 Implementation status of environmental poverty indicators of DDC

4.1 Trend of Marks obtained by DDCs in environmental poverty indicators

Table 3 below explains on the trend of score obtained by the DDCs for environmental poverty related indicators. There are nine PMs indicators in environmental poverty and 20 Marks are provisioned out of 100. The average Marks obtained from FY 2012/13 to 2014/15 is found in decreasing trend in most of the indicators. Very consistent result is found in indicator 21 expenditure of targeted group development program which is 2.5, 2.4 and 2.3 respectively out of full marks 3 in FY 2012/13, 2013/14 and 2014/15.

³To date this system is not applied in VDC. However, in FY 2016/17 government distributed Rs 1.5 billion on MCs procedure. Those VDCs not complying in MCs lose additional grant(Rs 1.5 billion). .

Table: 3 Trend of Marks obtained by DDCs in environmental poverty indicators

Indicator No	Indicator definition	Total Marks Allocated	Avg Marks obtained		
			012/13	013/14	014/15
6	Management of environment and energy	2	1.4	1.2	1.5
7	Participatory planning and cross cutting sectors	2	1.3	1.2	1.1
8	Targeted group development program	2	1.9	1.7	1.8
21	Expenditure of targeted group development program	3	2.5	2.4	2.3
23	Budget for Agriculture and Livestock Development Program	2	1.5	0.9	0.9
25	Management of drinking water and sanitation Sector	2	1.9	1.6	1.5
31	Gender Responsive Budget	2	1.5	1	1.3
34	Impact Evaluation of the Projects	2	0.3	0.2	0.3
35	Social Protection Program	3	2	1.5	1.6
	Total	20			

Source : Author's analysis based on MCPM results of LBFC.

Budget for Agriculture and Livestock Development Program was significantly down fall as the average marks obtained were 1.5, 0.9 and 0.9 out of 2 full marks in FY 2012/13, 2013/14 and 2014/15 respectively.

4.2 Situation of Marks obtained and environmental poverty indicator of DDC

Table 4 entails that, full marks for PM is 100 and cumulative for 75 districts is 7500. The percent marks obtained for all 46 indicators in FY 2012/13, 2013/14 and 2014/15 is 64.5 percent, 58.0 percent and 55.5 percent while the marks obtained in environmental poverty indicators are 71.1, 58.3 and 60.3 percent. Thus the marks obtained environmental poverty indicators are more compared to total indicators. It is found that, the marks obtained trend is not consistent and fluctuate.

Table: 4 Situation of Marks obtained and environmental poverty indicator by DDC

Fiscal year	Total Marks			Total for Environmental Poverty		
	Allocated	Obtained	Percent	Allocated	Obtained	Percent
2012/13	7500	4838	64.5	1500	1066.0	71.1
2013/14	7500	4350	58.0	1500	874.0	58.3
2014/15	7500	4185	55.8	1500	905	60.3

Source : Author's analysis based on MCPM results of LBFC.

4.3 Situation of Marks obtained in other indicators and environmental poverty indicator

Table 5 explains on the total Marks obtained in indicators other than environmental poverty is 62.9 percent, 57.9 percent and 54.7 percent respectively in fiscal years 2012/13, 2013/14 and

2014/15, which is 71.1 percent, 58.3 percent and 60.3 percent in environmental poverty indicators. It entails that, the performance of DDCs in environmental poverty related indicator is better than the other indicators.

Table: 5 Situation of Marks obtained in other indicators and environmental poverty indicator by DDC

Fiscal year	Total Marks for other indicator			Total for Environmental Poverty		
	Allocated	Obtained	Percent	Allocated	Obtained	Percent
2012/13	6000	3772	62.9	1500	1066.0	71.1
2013/14	6000	3476	57.9	1500	874.0	58.3
2014/15	6000	3280	54.7	1500	905	60.3

Source : Author's analysis based on MCPM results of LBFC.

4.4 Total Marks allocated and obtained in environmental poverty indicator vs total obtained fiscal year

Table 6 clarifies the indicator-wise Marks obtained by the DDCs in last three fiscal years. It is found that the marks obtained in FY 2012/13 are 71.1 percent followed by 60.3 percent in FY 2014/15 and 58.3 percent in FY 2013/14. Indicator 8 has better performance followed by indicator 6, indicator 21 and least is in indicator 34 impact evaluation of the Projects.

Table: 6 Total Marks allocated and obtained in environmental poverty indicator vs total obtained fiscal year

Indicator #	Alloca ted marks	Total allocated Marks for 75 DDCs	Total marks obtained by 75 DDCs					
			2012/13	Percent	2013/14	Percent	2014/15	Perce nt
6	2	150	106	70.7	93	62.0	111	74.0
7	2	150	100	66.7	88	58.7	86	57.3
8	2	150	143	95.3	127	84.7	134	89.3
21	3	225	189	84.0	177	78.7	174	77.3
23	2	150	110	73.3	69	46.0	65	43.3
25	2	150	140	93.3	117	78.0	115	76.7
31	2	150	110	73.3	72	48.0	76	50.7
34	2	150	21	14.0	17	11.3	24	16.0
35	3	225	147	65.3	114	50.7	120	53.3
Total	20	1500	1066	71.1	874	58.3	905	60.3

Source : Author's analysis based on MCPM results of LBFC.

4.5 Trend of Marks obtained by MPs in environmental poverty indicators

Table: 7 explain on the trend of Marks obtained by MPs in environmental poverty indicators. There are 12 indicators in environmental poverty related indicators of Municipality MCPM and these indicators value of 30 out of 100. Trend of obtaining Marks in environmental poverty related indicators are slightly increasing trend in last three fiscal years. Budget allocation trend for the development of targeted group is 1.3, 1.7 and 1.8 respectively in fiscal year 2012/13, 2013/14, 2014/15. Sanitation and waste management related indicators received average Marks 2.2, 1.8 and 2 out of 4 full marks in fiscal year 2012/13, 2013/14 and 2014/15 respectively.

Table 7: Trend of marks obtained by MPs in environmental poverty indicators

Indicator	Indicator definition	Total Marks allocated	Avg Marks obtained		
			012/13	013/14	014/15
2	Budget Allocation for the Development of Targeted Groups	2	1.3	1.7	1.8
3	Expenditure on the Development of Targeted Groups	2	1.2	1.4	1.3
4	Child development and protection	2	1.1	1.1	1.3
6	Implementation of Social Security Schemes	2	1.9	1.4	1.5
21	Feasibility study	2	1	0.9	0.8
33	Sanitation and Waste Management	4	2.2	1.8	2
34	Environment management	4	2.6	0.8	1.1
35	Vehicle Parking Management	2	1.7	1.8	1.9
36	Regularization and management of meat shops	2	1.7	1.5	1.6
37	Promotion of public health	2	1	1.3	1.4
38	Disaster Risk management and emergency services	4	3	2.6	2.6
40	Implementation of national building conduct and building construction	2	1.7	1.6	1.4
		30			

Source: Author's analysis based on MCPM results of LBFC.

While on the other hand, environmental management indicator obtained 2.6, 0.8 and 1.1 marks out of 4 full marks in fiscal year 2012/13, 2013/14 and 2014/15 respectively. Thus the indicators related to environmental poverty has higher more weight while the marks obtain is bit less trend by the municipalities.

4.6 Total Marks obtained by Municipalities environmental poverty indicator

Table 8 elaborates on the total Marks obtained by Municipalities in environmental poverty indicator by fiscal year. Out of 100 full marks in PM indicators, Municipalities obtain 68.1

percent, 66.1 percent and 67.3 percent in FY 2012/13, 2013/14 and 2014/15 respectively while on the other hand the marks obtained in environmental poverty indicators is 67.9 percent, 59.4 percent and 62.5 percent respectively. Thus the total Marks obtained in environmental poverty indicators is lesser compared to total. It indicates that, the Municipalities should be worked more seriously.

Table 8: Total marks obtained by Municipalities in environmental poverty indicator

Fiscal year	Total Marks			Total for Environmental Poverty		
	Allocated	Obtained	Percent	Allocated	Obtained	Percent
2012/13	5800	3950	68.1	1740	1182.0	67.9
2013/14	5800	3831	66.1	1740	1033.0	59.4
2014/15	5800	3901	67.3	1740	1087	62.5

Source: Author's analysis based on MCPM results of LBFC.

4.7 Total Marks obtained by Municipalities environmental poverty Vs. other indicator

Table 9 entails that, Municipalities obtain 68.2 percent, 68.9 percent and 69.3 percent marks in fiscal year 2012/13, 2013/14 and 2014/15 respectively in contrast 67.9 percent, 59.4 percent and 62.5 percent respectively. Thus the total Marks obtained in environmental poverty is less than other indicators explaining that the Municipalities need work hard rigorously to increase the performance in environmental poverty indicators.

Table: 9 Total Marks obtained by environmental poverty vs other indicator by municipality and FY

Fiscal year	Total Marks			Total for Environmental Poverty		
	Allocated	Obtained	Percent	Allocated	Obtained	Percent
2012/13	4060	2768	68.2	1740	1182.0	67.9
2013/14	4060	2798	68.9	1740	1033.0	59.4
2014/15	4060	2814	69.3	1740	1087	62.5

Source: Author's analysis based on MCPM results of LBFC.

4.8 Indicator-wise marks allocated and obtained in environmental poverty by municipality

Table 10 indicates on the marks allocated by indicators and the marks obtained by the Municipalities. Highest marks obtained is against indicator 35, Vehicle Parking Management which was 82.8 percent, 91.4 percent and 97.4 percent respectively in fiscal year 2012/13, 2013/14 and 2014/15 respectively. Marks obtained for indicator 2 Budget Allocation for the Development of Targeted Groups was 65.5 percent, 85.3 percent and 89.7 percent respectively in fiscal year 2012/13, 2013/14 and 2014/15 indicting increasing trend in marks obtained.

Table: 10 Indicator-wise marks allocated and obtained in environmental poverty by municipality

Indicator #	Allocated marks	Total of 58 municipality	Total Obtained by FY					
			2012/13	Percent	2013/14	Percent	2014/15	Percent
2	2	116	76	65.5	99	85.3	104	89.7
3	2	116	71	61.2	80	69.0	78	67.2
4	2	116	63	54.3	64	55.2	76	65.5
6	2	116	108	93.1	82	70.7	85	73.3
21	2	116	56	48.3	52	44.8	47	40.5
33	4	232	130	56.0	102	44.0	115	49.6
34	4	232	148	63.8	45	19.4	64	27.6
35	2	116	96	82.8	106	91.4	113	97.4
36	2	116	100	86.2	85	73.3	92	79.3
37	2	116	57	49.1	77	66.4	82	70.7
38	4	232	176	75.9	148	63.8	148	63.8
40	2	116	101	87.1	93	80.2	83	71.6
Total	30	1740	1182	67.9	1033	59.4	1087	62.5

Source: Author's analysis based on MCPM results of LBFC.

While on the other hand indicator 34, environment management has very poor performance of the Municipalities which is 63.8 percent, 14.4 percent and 27.6 percent respectively in fiscal year 2012/13, 2013/14 and 2014/15 respectively.

4.9 Implementation status of environmental poverty indicators of VDCs

The Performance measures of VDC have not yet been implemented to date hence, no analysis is done.

5 Impact of the environmental poverty related indicators in MCPM

Minimum Condition and Performance Measure (MCPM) system has been considered as an integral part of the overall local governance reform system in Nepal. According to this system, the Government of Nepal annually adjusts the additional grants to be provided to local bodies based on their performance. LBs that met the MCs are only provided an additional capital grant and vice versa. With an objective of improving LB performance through an incentive and penalty mechanism, adjusting the size of the grants to the expenditure and performance capacity in key functional areas of LBs and identifying the capacity gaps of LBs in different functional areas, the government of Nepal has adopted this system. Local Self Governance Regulation (LSGR) 1999 insisted to assess the performance of LBs and permits additional grant to them to be expanded or reduced after having obtained recommendations from the Local Bodies Fiscal Commission.

MCPM Guideline for DDCs 2008 (with revision and amendment) introduced a few new environments friendly performance measure criteria such as climate change, local adaptation

program, disaster risk management and policy for use of heavy equipment. Similarly, Municipality MCPM Guidelines 2009 (with revision and amendment) introduced disaster management plan, environment awareness program, climate change adaptation activities, environment unit/section establishment and deputation of environmental focal marks with terms and reference in energy and environment unit, establishment of environment management fund and budget mobilization criteria in performance measures.

5.1 Marks allocated and obtained by indicators related to environmental poverty in DDC

The marks allocated for the environmental poverty related indicators is 20 percent while the marks obtained is 14.2 percent, 11.7 percent and 12.1 percent respectively in FY 2012/13, 2013/14 and 2014/15 (table 11). Hence the contribution to the total performance based additional capital grant is negligible. This might be because, the indicators are newly adjusted in the MCPM manual and DDCs have less experience in handling the environmental poverty related development initiatives.

Table: 11 Average marks allocated and obtained by indicators of environmental poverty in DDC

Groups	Environment		2012/13		2013/14		2014/15	
	Total	Percent	ENV	Percent	ENV	Percent	ENV	Percent
Group 1	16	37.5	5	29.1	4	25.7	4	27.6
Group 2	25	0.0	0	0.0	0	0.0	0	0.0
Group 3	16	43.8	6	36.6	5	30.3	5	29.5
Group 4	26	26.9	4	14.3	3	10.4	3	11.3
Group 5	17	0.0	0	0.0	0	0.0	0	0.0
Total	100	20.0	14	14.2	12	11.7	12	12.1

Source: Author's analysis based on MCPM results of LBFC.

5.2 Marks allocated and obtained by indicators related to environmental poverty in MP

Table 12 elaborates on the total marks allocated and obtained by the municipality in performance measure indicators. It is found that the total marks allocated for the environmental poverty related indicators are 20 percent. In contrast to the allocation, marks obtained are 19.4 percent, 16.9 percent and 12.1 percent respectively in FY 2012/13, 2013/14 and 2014/15. The performance of the environmental poverty related indicators are in decreasing trend and the marks obtained is less than the allocation showing no contribution in getting additional performance based grant.

Table: 12 Average marks allocated and obtained by indicators of environmental poverty in municipality

Group	Total	Environment		2012/13		2013/14		2014/15	
		Total	Percent	ENV	Percent	ENV	Percent	ENV	Percent
Group 1	20	8	40.0	5	27.4	6	28.0	6	29.6
Group 2	28	0	0.0	0	0.0	0	0.0	0	0.0

Group	Total	Environment		2012/13		2013/14		2014/15	
		Total	Percent	ENV	Percent	ENV	Percent	ENV	Percent
Group 3	20	2	10.0	0	0.0	0	0.0	0	0.0
Group 4	10	0	0.0	0	0.0	0	0.0	0	0.0
Group 5	22	20	90.9	14	63.3	11	51.4	12	54.6
Total	100	30	30.0	19	19.4	17	16.9	12	12.1

Source: Author's analysis based on MCPM results of LBFC.

5.3 Marks allocated, pass marks and contribution of environmental poverty related indicators to get pass marks in DDCs

Table 13 explains on the total pass marks and contribution of environmental poverty related indicators to get pass marks. Out of 20 percent allocated for environmental poverty indicators contribution to get pass marks are 35.5, 29.1 and 30.2 percent respectively in FY 2012/13, 2013/14 and 2014/15. The performance based grant does not make any sense of getting pass marks rather out of 75 DDCs top score obtaining will get 20 percent additional, next high scoring 25 percent will get additional 15 percent and next higher score obtaining 25 percent DDCs will get additional 10 percent. Considering this condition, there is no any contribution of the environmental poverty related indicators in getting performance based grant

Table: 13 Marks allocated, pass marks and contribution of environmental poverty indicators to get pass marks in DDC (average marks obtained)

Group	Total	Pass marks		2012/13		2013/14		2014/15	
		Marks	Percent	ENV	Percent	ENV	Percent	ENV	Percent
Group 1	16	7	43.8	5	66.5	4	58.7	4	63.0
Group 2	25	10	40.0	0	0.0	0	0.0	0	0.0
Group 3	16	6	37.5	6	97.6	5	80.7	5	78.7
Group 4	26	10	38.5	4	37.1	3	27.1	3	29.3
Group 5	17	7	41.2	0	0.0	0	0.0	0	0.0
Total	100	40	40.0	14	35.5	12	29.1	12	30.2

Source: Author's analysis based on MCPM results of LBFC.

5.4 Marks allocated, pass marks and contribution of environmental poverty related indicators to get pass marks in MP

Table 14 elaborates on the total pass marks and contribution of environmental poverty related indicators to get pass marks. Out of 30 percent allocated for environmental poverty indicators contribution for getting pass marks are 48.5, 42.3 and 44.8 percent respectively in FY 2012/13, 2013/14 and 2014/15. The performance based grant does not make any sense of getting pass marks rather out of 25 percent top score obtaining will get 20 percent additional, next high scoring 25 percent will get additional 15 percent and next higher score obtaining 25 percent will get additional 10 percent. Considering this condition there is no any contribution of environmental poverty related indicators in getting performance based grant to municipality.

Table: 14 Marks allocated, pass marks and contribution of environmental poverty indicators to get pass marks in municipality (average marks obtained)

Group	Total marks	Pass marks		2012/13		2013/14		2014/15	
		Marks	Percent	ENV	Percent	ENV	Percent	ENV	Percent
Group 1	20	8	40.0	5	68.5	6	70.0	6	73.9
Group 2	28	11	39.3	0	0.0	0	0.0	0	0.0
Group 3	20	8	40.0	0	0.0	0	0.0	0	0.0
Group 4	10	4	40.0	0	0.0	0	0.0	0	0.0
Group 5	22	9	40.9	14	154.8	11	125.7	12	133.5
Total	100	40	40.0	19	48.5	17	42.3	18	44.8

Source: Author's analysis based on MCPM results of LBFC.

5.5 Performance based grant disbursement

Table 15 elaborates on the performance based grant allocation. Percent of performance grant to block grant is 40.83 percent in FY 2016/17 followed by 24.75 percent, 24.63 percent, 20.46 percent and 20.14 percent respectively in preceding years. As mentioned above, there is no any contribution of environmental poverty related indicators both in DDC and Municipality for performance based grant.

Table: 15 Performance based grant disbursement of past 5 years (Rs,000) .

Fiscal Year	VDC grant		DDCs grant		Municipality grant		Total Grant	% of Performance grant to block grant
	Total	MC based	Total	MCPM based	Total including Local Development Fund	MCPM based		
2012/13	6692500	820000	2460000	760000	2031708	673000	11184208	20.14
2013/14	8210000	0	3200000	770000	3750000	1150000	15160000	12.66
2014/15	7360000	579510	3347000	739625	4142610	976000	14849610	15.46
2015/16	8051827	0	3674606	823760	9729524	3565707	21455957	20.46
2016/17	13832058	1500000	4000000	758106	13090000	3860737	30922058	19.79

Source: Author's analysis based on MoFALD's grant distribution sheets.

For overall block grant disbursement a smaller portion of capital grant is linked in MCPM system. The result of MCPMs of the previous two years directly affects the additional grant in the current fiscal year. In other words, in assessment year, the LBs will be evaluated for previous fiscal year and its link in the additional grant will be effective for the forthcoming fiscal year. For example, in year 2016/17 the performance of LBs is evaluated for 2015/16 and its result in the grant allocation will be linked in 2017/18.

The average scoring of environmental poverty indicators in overall Performance indicators for DDCs is 20 and Municipality 30 percent. To receive the greater amount of additional grant the LBs should obtain the largest scoring and vice versa. Further, the additional grant is allocated on expenditure need variables such as population, areas, etc. (formula). How much the additional

grant is received by a LBs is based on results and need based variables. If a LBs comprises the largest expenditure need variables and secured the highest performance score receive the greater additional grant and vice versa. If these LBs secured the lowest performance score will receive relatively lowest additional grant.

The ratio of performance of grant to total grant is lower. Further the average scoring of environmental poverty indicators is the lowest. Undoubtedly the overall impacts of these indicators to the total performance based grant are insignificant⁴.

6. Conclusion and recommendations

6.1 Conclusion

Different initiatives have been taken by Government of Nepal (GoN), Ministry of Science Technology and Environment (MoSTE), Ministry of Federal Affair and Local Development (MoFALD), Ministry of Agriculture Development (MoAD), Ministry of Forest and Soil Conservation (MoFSC) and they are working together . The National Planning Commission (NPC) is acting as facilitating agency. Environment and poverty are the globally raised issues which are two faces of a single coin and are taken important issues for achieving the Millennium Development Goal. With high priority of poverty reduction through environment friendly development initiative of Government of Nepal (GoN), MoFALD has taken different initiatives to streamline the environmental and poverty issues in development juncture of undertaken by Local Bodies . LBs are guided and make mandatory to incorporate the issues in LBs planning process by MoFALD through promulgating different bylaw followed by regulation, guideline, manual and directives. It has made mandatory to raise the issues in all 14 steps planning process of the LBs.

Environment protection act 1997, rules 1998, indicated the Initial Environment Assessment (IEE) and Environment Impact Assessment (EIA) before implementing sizable projects and MoFALD is one of the line ministry that undertake such big projects of infrastructure and economic development nature. Local resource planning and management is mandated to the LBs under their geographical boundaries where regulations in excavating, use and management of natural resources like sand, gravel, soil, stones and others and MoFALD enacted the LBs Block Grant Guideline to regularize this aspect.

The Poverty Environment Initiative (PEI) programme in Nepal was initiated in 2010. Land, forests, minerals and water remain the key natural resources in Nepal for human survival, livelihoods and climate change adaptation, with natural resources being the livelihood base of almost 90% of the population and representing almost 40% of GDP. Further Ministry of Science Technology and Environment has prepared the National Adaptation Plan of Action (NAPA-

⁴A simple regression was also followed to verify whether the poverty based indicators ' impact is significant. Other things being constant, the additional grant was taken a dependent variable over the scoring of poverty based variables. Each and every environment poverty related variables were regressed to additional grant. It was found that none of the variables were found positive and statistically significant.

2010) followed by the Local Adaptation Plan for Action- LAPA (Framework) and Environmental Friendly Local Governance (EFLG).

Monitoring of Initial Environmental Examination (IEE) reports of sand gravel and stones and rural roads have been completed in 10 districts in 2014. Different DDCs have been forwarded more than 50 IEE reports on sand, gravel and stones and Rural Roads and have been approved by MoFALD. PEI extended technical backstopping services in institutionalizing third party monitoring of IEE reports.

In these background, Local Bodies Fiscal Commission (LBFC) is operating MCPM system for the Local Bodies on the basis of LSGA/R provisions that must be fulfilled to be eligible to get an additional grant . The MCPM guideline has been taken as process monitoring device to monitor the Minimum Conditions and Performance Measures environmental poverty related indicators are provisioned and rollout in all LBs. There are no direct indicator in MCs of all type LBs related to environmental poverty; however, it is mandatory to include environment and poverty in planning process of the LBs. There are 9, 12 and 3 environmental poverty related indicators with full marks 20, 30 and 14 marks for DDC, municipality and VDCs respectively out of 100 full marks in PM.

The implementation of the environmental poverty related indicators are below the average in all the LBs. DDC and Municipalities needs to be serious in this issue more specifically and has no contribution for securing the performance based capital grant . Environmental poverty issues are more serious in municipal areas as there is more human encroachment followed by extensive needs of development infrastructures. The MCPM guidelines has provided higher weightage for these indicators in Municipality but the Municipalities are overlooking as performance of these indicators are comparatively low. However, DDCs are taking all the indicators equally and performance is bit similar. The performance of these indicators are not as anticipation may be due to lack of human resources, technology, skill and knowledge, but one cannot predict it unless survey on implementation of environmental poverty indicators in-situ.

6.2 Recommendations

MoFALD is one of the major development line ministry of Government of Nepal (GoN) until now, entire LBs are fostering by this ministry. Infrastructure and social development projects have been implementing by LBs at local level. Environment and poverty are interlinked with each other and imbalance in either part could bring negative effect in the overall livelihood of the people. Under these circumstances, high priority should be given for environment, ecology, climate change, mitigation, adaptation, and adoption and mitigation measures while implementing any development projects. Following recommendations have been made in this regards:

1. There is no specific environment and poverty related indicator in MC while the LBs are more concern on meeting the MC whatever the case in PM shall be. In this situation, one indicator related to environment and poverty should be placed in MC of all type of LBs.

2. Despite guideline provided significant weightage for the environmental poverty indicators, implementation performance is below the average standard. This might be due to lack of appropriate manpower, technology, skill and knowledge in these issues. Hence it is recommended to undertake a survey on why the performance is below the average and take necessary action to improve the performance.
3. Although, it is mandatory for all the LBs for reporting in DPMAS framework, data production is not been observed compliance to it. Hence, it is recommended to make mandatory to report in DPMAS Framework like that of MCPM to all the LBs, so that they will perform better.
4. The Poverty Environment Initiative (PEI) programme, Local Adaptation Plan for Action-LAPA (Framework) and Environmental Friendly Local Governance (EFLG) are good initiatives to realize the LBs on the gravity of environmental poverty issues and make them actualize. LBFC shall coordinate with these entities and streamline the indicators accordingly.

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Annex: 1 Details of environmental poverty indicators

A) District Development Committee

Indicator: 6 Environments and Energy Management

6.1 Explanation of the indicator and basement of its law/policy

According to the provision made in article 189 (1) (GA) and (GHA), district development plan must allocate the budget for water, electricity, forest and environment and expenditure done accordingly.

6.2 Table for measurement

SN	Status on electricity and environment management	Yes	No
1	Environment Management Plan (EMP) provisioned in infrastructure development projects.		
2	Planning and implementation of water, electricity and energy sector done		
3	Planned and implemented activities that minimize the effect of climate change		
4	District level policy on heavy machinery and equipment approved and implemented		

Note: "Heavy equipment and machinery" means equipment that make hazard for environment (Bulldozer, Excavator, Roller, Loader etc) that displace the labor work.

6.3 Method of providing points: If there will be (√) in any three of "Yes", 2 points, if there is (√) in any two box of "Yes" one point, and zero otherwise.

6.4 Sources for verification

- District development plan, approved district level policy on heavy machinery and equipment in place

Indicator: 7 Cross cutting sectors included in participatory plan implementation

7.1 Explanation of the indicator and basement of its law/policy

Sectors like environment protection, disaster risk management and child friendly governance must be anchor with participatory planning process and take approval from the DDC council.

7.2 Table for measurement

SN	Status on village profile	Yes	No
1	DDC has district level policy in place on environment protection, disaster risk management and child friendly		

SN	Status on village profile	Yes	No
	governance		
2	District development plan having program and activities to implement the policy, allocate the budget and made expenditure accordingly.		

7.3 Method of providing points: If there will be (√) in boxes of "Yes", two points, and zero otherwise.

7.4 Sources for verification

- Measurement table of DDC containing policy for all mentioned sector, annual progress report

Indicator: 8 Targeted Group Development Program

8.1 Explanation of the indicator and basement of its law/policy

Program and activity-wise budget as specified in the resource management plan must be allocated for the direct benefit of targeted groups.

8.2 Table for measurement

SN	Status on targeted group development	Yes	No
1	Targeted group development criteria and prioritization for overall district in place and use it for the development of targeted group development program.		
2	Projects selected based on the prioritization done by participatory planning process		
3	Minimum budget as specified in the resource mobilization operational manual allocated for the targeted groups in current FY		

8.3 Method of providing points: If there will be (√) in all boxes of "Yes", two points, if there is (√) in any two box including 3 of "Yes" one point, and zero otherwise.

8.4 Sources for verification

- District development plan, decision book of DDC board, details of selected program from the participatory planning process.

Indicator: 21 Expenditure of targeted group development program

21.1 Explanation of the indicator and basement of its law/policy

According to resource mobilization operational manual, budget allocated for the targeted group development must be expended for same group.

21.2 Table for measurement

SN	Status on allocation and expenditure to targeted groups	Yes	No
1	Out of total allocated budget for targeted group development in last FY, 80 percent or more expenditure done for the same		
2	Out of total allocated budget for targeted group development in last FY, 60-80 percent expenditure done for the same		

21.3 Method of providing points: If there will be (√) in first box of "Yes", three (3) points, if there will be (√) in second box of "Yes", two (2) points and zero for otherwise.

21.4 Sources for verification

- Decision register/book of budget allocation, annual district development plan, financial details, details of work completion as per allocation.

Indicator: 23 Budget for Agriculture and Livestock Development Program

23.1 Explanation of the indicator and basement of its law/policy

According to article 189 (1) (KA), district policy on agriculture and livestock must be formulated and implement activities accordingly.

23.2 Table for measurement

SN	Status on program, budget for agriculture and livestock	Yes	No
1	Policy related to agriculture and livestock development formulated and implemented		
2	Budget allocated from the DDF in agriculture and livestock related program in last FY		
3	At least 80 percent expenditure done out of allocation in last FY		

Note: Projects that fall under sectoral plan, area-wise plan or demanded project during participatory planning process should be addressed while allocating the budget.

23.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, if there will be (√) in two boxes including one of "Yes", one (1) points and zero for otherwise.

23.4 Sources for verification

- District agriculture and livestock development policy, allocated budget in district development plan for agriculture and livestock and expenditure against allocation.

Indicator: 25 Management of drinking water and sanitation Sector

25.1 Explanation of the indicator and basement of its law/policy

Under the article 189 of act, DDC must work in drinking water and sanitation sector. Since it is insisted by the millennium development goal, DDC must work for the development of this sector.

25.2 Table for measurement

SN	Status on drinking water and sanitation sector management	Yes	No
1	Water Sanitation and Hygiene (WASH) plan prepared		
2	Allocated specified budget for drinking water hygiene and sanitation and additional allocation from other sources and expenditure done accordingly		
3	Under the "Open Defecation Free" campaign, at least 10 percent VDC declared as ODF and continue plan development to declared municipality and VDC ODF		
4	Continuous program implemented in the ODF declared VDC and municipality for the sustainability of ODF program ⁵		

25.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, if there will be (√) in any three boxes of "Yes", one (1) points and zero for otherwise.

25.4 Sources for verification

- Water Hygiene and Sanitation (WASH) plan in place, annual district development plan and annual progress review report.

Indicator: 31 Gender responsive budget

31.1 Explanation of the indicator and basement of its law/policy

For the attainment of inclusive development in district development plan, DDC must prepare gender responsive and inclusive district development plan, implement it and gender responsive budget audit must be done in annual basis following the gender budget audit guideline 2007.

31.2 Table for measurement

SN	Status on planning and implementation of gender budget audit	Yes	No
1	Planned for gender responsive and inclusive activities done		
2	Activities and budget implemented as per planning		
3	Gender responsive budget audit done		

31.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, if there will be (√) in two boxes of "Yes", one (1) points and zero for otherwise.

31.4 Sources for verification

- District development plan, annual progress report and gender responsive and inclusive budget audit report.

Indicator: 34 Impact evaluations of projects and activities

34.1 Explanation of the indicator and basement of its law/policy

Impact study of the project of cost estimate more than 20 million implemented by DDC must be done two years after the completion of the projects as provisioned in law 206 of regulation.

34.2 Table for measurement

SN	Status on impact evaluation of projects	Yes	No
1	Impact evaluation of the specified project done in specified time frame		
2	Impact on poverty reduction, production, employment, ecology and environment covered in the impact evaluation		

Note: Impact evaluation means, change have been made in livelihood, employment, poverty reduction, access to services, social, environment, ecology and holistic development due to project implementation.

34.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, if there will be (√) in one box of "Yes", one (1) points and zero for otherwise.

34.4 Sources for verification

- Impact evaluation report of previous FY of last FY that was completed at the cost more than Rs. 20 million.

Indicator: 35 Social security/protection Program

35.1 Explanation of the indicator and basement of its law/policy

Detailed list of individual who are eligible to get social security/protection allowance in all VDCs and municipalities must be updated in forwarded to Ministry before Magh (Jan-Feb) of the current FY. Progress on distribution of social security/protection allowance must be forwarded on trimester and annual basis. The advance taken for social security/protection allowance must be settled in time as specified by the law

35.2 Table for measurement

SN	Status on social protection program	Yes	No
1	Updated list of individuals who are eligible to get social security/protection allowance in the current FY prepared at the end of Magh (Jan-Feb) of last FY and forwarded to ministry.		
2	Detail updated list forwarded on trimester and annual basis after deleting the names		
3	Advance settled as specified by law and in time frame		

35.3 Method of providing points: If there will be (√) in all boxes of "Yes", three (3) points, if there will be (√) in two including one boxes of "Yes", two (2) points and zero for otherwise.

35.4 Sources for verification

- Updated list of individual who are eligible for getting social security/protection allowance of VDCs and municipalities, advance settlement and distribution details of social security/protection allowance forwarded to ministry in trimester and annual basis.

B) Municipality Indicators

Indicator: 2 Budget Allocations for the Development of Targeted Groups

2.1 Explanation of the indicator and basement of its law/policy

Except from the conditional grant of the municipality fund, after deducting the amount that must be spare for matching fund, as specified in the municipality grant guideline, footing on the gender equality and social inclusion policy, for promotion of disadvantaged section of the society, budget must be allocated on following program/ projects that will directly benefit to the targeted groups :

- a) Allocated minimum of 10 percent budget for those program/projects that will directly benefit to disadvantaged women of all sections
- b) Allocate minimum of 10 percent budget for those program/projects that will directly benefit to disadvantaged children of all sections
- c) Allocate minimum of 15 percent budget for those program/projects that will directly benefit to disadvantaged group (Elderly people, dalit, adibasi/janjati, persons having different capacity, Madhesi, Muslium and backward group) including the areas and targeted groups as specified by Government of Nepal issuing notice.

2.2 Table for measurement

SN	Total allocation from the capital budget by the municipality in current FY	Yes	No
1	Allocate minimum of 10 percent and approve the budget from the municipal council on the programs/projects that directly benefit to women from disadvantaged group		
2	Allocate minimum of 10 percent and approve the budget from the municipal council on the programs/projects that directly benefit to children from disadvantaged group		
3	Allocate minimum of 15 percent budget for those program/projects that will directly benefit to disadvantaged group (Elderly people, dalit, adibasi/janjati, persons having different capacity, Madhesi, Muslium and backward group) including the areas and targeted groups as specified by Government of Nepal issuing notice		

2.3 Method of providing points: If there will be (√) in all boxes of "Yes", two points, if there is (√) in any two box of "Yes" one point, and zero otherwise.

2.4 Sources for verification

Annual planning book of the municipality, total capital budget of the municipality, total budget allocation for the targeted groups in current FY

Indicator: 3 Expenditure on the Targeted Groups Development

3.1 Explanation of the indicator and basement of its law/policy

As specified in the municipality grant manual, expenditure must be done for the targeted groups that were allocated in last FY.

3.2 Table for measurement

SN	Expenditure on all the targeted group in last FY	Yes	No
1	More than 80 percent expenditure done against the allocation for all three targeted groups		
2	60-80 percent expenditure done against the allocation for all three targeted groups		

3.3 Method of providing points: If there will be (√) in first boxes of "Yes", two points, if there is (√) in second box of "Yes" one point, and zero otherwise.

3.4 Sources for verification

Annual program book of last FY, annual progress report of last FY, record of allocation and expenditure in last FY

Indicator: 4 Child development and protection

4.1 Explanation of the indicator and basement of its law/policy

According to article 96 and different sun article of the Act, child development and protection activities must be done. Government of Nepal had been signed in different international charter related to child survival, protection and development and act, policy and laws have been endorsed. Service delivery and specified work must be done managing the resources acknowledging the mentioned act, law, policy, working calendar, operational manual, working structure.

4.2 Table for measurement

SN	Status on the Periodic District Development Plan	Yes	No
1	Budget allocation and expenditure done on child education/child development center		
2	Maintain record of disable, helpless and orphan		
3	Work related to abolition of child labor done		
4	Use of child friendly local governance system		

4.3 Method of providing points: If there will be (√) in all boxes of "Yes", 2 point, If there will be (√) in any three boxes of "Yes", 1 point, and zero otherwise.

4.4 Sources for verification

Annual program, budget book, report on the organization development, documents on manual and working calendar, job description to the staff.

Indicator: 6 Implementation of Social Security/protection Schemes

6.1 Explanation of the indicator and basement of its law/policy

According to the social security/protection operational manual 2008, social protection program must be implemented in the municipality area. Detail list of the beneficiary group on the distribution of budget provided by the Government of Nepal and report must be forwarded to concern authority.

6.2 Table for measurement

SN	Status on implementation of social security protection program	Yes	No
1	Disseminate the information within the first trimester through bulletin/book with the list persons who receive social security/protection allowance as per list of targeted groups in the last FY		
2	Delete the name from the list who died of migrate who were receiving the allowance		
3	Following details of the persons who are eligible to get the allowance in current FY must be forwarded to DDC before the end of Poush (Dec-Jan) of last FY a) Number of elderly people: <ul style="list-style-type: none">• Including dalits• Excluding dalits b) No. of single women c) No. of partially disable and helpless d) No. of fully disable and helpless e) No. of extinct ethnicity people		
4	Settlement of advance before 35 days taken from the DDC against the social protection allowance		

6.3 Method of providing points: If there will be (√) in all boxes of "Yes", 2 points, if there is (√) in any three box of "Yes" one point, and zero otherwise.

6.4 Sources for verification

Book of the persons who received allowance, receipt of the distribution, citizen chartered, bulletin, records of public hearing, reports submitted to DDC

Indicator: 21 Feasibility study

21.1 Explanation of the indicator and basement of its law/policy

As per the article 113 of the act, feasibility study of projects must be done determining the basis of selection of the projects. As per the municipality grant manual, the physical infrastructure projects that have more than 5 million cost estimates, feasibility study of such project must be done before the approval from the municipal council. Social, financial, environmental including technical, cost estimates, map, design, specification and sustainability of the project must be included in the feasibility study report.

21.2 Table for measurement

SN	Status on the feasibility study of physical infrastructure projects	Yes	No
1	Feasibility study of all physical infrastructure related projects of cost estimate more than 5 million prepared before the approval from the municipal council		
2	Feasibility study of minimum of 50 percent of physical infrastructure projects that have cost estimate more than 5 million		
3	Social, financial, environmental including technical, cost estimates, map, design, specification and sustainability of the project included in the feasibility study report.		

Note: Project cover, that project (s) completed within one year or carryover type of the projects in regards to this indicator.

21.3 Method of providing points: If there will be (√) in first and third box of "Yes", two (2) points, if there will be (√) in second and third box of "Yes", one (1) points and zero if in case there is no project having cost estimate 5 million or for otherwise.

21.4 Sources for verification

Project documents, feasibility study report, annual planning book

Indicator: 33 Sanitation and waste management

33.1 Explanation of the indicator and basement of its law/policy

As per sub section (6) and (7) of section (GA) of sub article (1) of the act, under the role, responsibility and authority of the municipality, it is mentioned to undertake sanitation activities and collection of waste/garbage, transportation and management. Sanitation and waste management must be undertaken effectively and efficiently.

33.2 Table for measurement

SN	Status on sanitation and water management	Yes	No
1	Included water management related activities in the annual program		
2	Differentiate the organic and inorganic waste at the source and implement such activities at least in 25 percent wards of		

SN	Status on sanitation and water management	Yes	No
	the municipality		
3	Collect the differentiated waste differently		
4	Mobilize private/community sector for waste management		
5	Manage the dumping site to dispose the waste		
7	Activity undertaken for reuse of the waste		
8	Awareness activities undertaken on the waste management		

33.3 Method of providing points: If there will be (√) in all boxes of "Yes", four (4) points, if there will be (√) in any six boxes of "Yes", three (3) points, if there will be (√) in any five boxes of "Yes", two (2) points and zero for otherwise.

33.4 Sources for verification

Annual program and network for waste management, contract with the private/community organization, data published by the municipality, onsite observation

Indicator: 34 Environment management

34.1 Explanation of the indicator and basement of its law/policy

Municipality must manage entertainment spot, play ground, museum (*Sangrahalaya*), zoo, park despite of environment protection related activities as specified in the section (GA) of sub section (1) and section (JA) of sub section (2) of article 96 of act. Similarly sub section (1) of section (YAN) of sub article (1) of article 96 of the same act, plantation must be done in both side of the roads to promote the greenery and support for environment protection.

As per the environment protection act, 1996 (2053 BS) and same regulation 1997 different provisions have been done for the management of environment and the environment management guideline 2004 (2061 BS) have been endorsed. In addition to this, the circulations done by the ministry on environmental social protection guideline must also be acknowledged.

34.2 Table for measurement

SN	Status on environment management	Yes	No
1	Initial Environment Evaluation (IEE)/ Environmental Impact Assessment done wherever it is apply		
2	Greenery maintained in the municipality area with the tree plantation (trees must be planted in at least 10 percent of the total roads area and protect the environment)		
3	Formulate and implement the environment protection plan		
4	Formulate the mitigation activities to reduce the climate change impact and implement it.		
5	Establish separate environment section/unit, nominate the focal person and provide job description		
6	Establish environment protection special fund and disburse budget in it.		

34.3 Method of providing points: If there will be (√) in five boxes including first and second of "Yes", four (4) points, if there will be (√) in four including first and second box of "Yes", three (3) points, if there will be (√) in three including second box of "Yes", two (2) points and zero for otherwise.

34.4 Sources for verification

Annual program and budget, reports of Initial Environment Evaluation (IEE) and Environmental Impact Assessment (EIA), observation of the roads, environment management plan in infrastructure related projects, job description for the staff, details of the environment protection especial fund.

Indicator: 35 Vehicle parking management

35.1 Explanation of the indicator and basement of its law/policy

In the section (CHA) of sub article (1) of article 96 of the act, role, responsibility and authority of the municipality and sub section (2) related to construction and transportation, bus park, rixhaw, *tanga* , truck parking management in the municipality area have been provisioned. Number of The vehicle in the municipal area has been increased tremendously. Parking management in the municipality area must be done.

35.2 Table for measurement

SN	Status on vehicle parking management in the municipality area	Yes	No
1	Management of vehicle parking in the municipality area done		
2	Manage water, electricity and toilets in the bus park		
3	Bus parking done in the bus park		

35.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, if there will be (√) in any two boxes of "Yes", one (1) points and zero for otherwise.

35.4 Sources for verification

Decision on the management of vehicle parking/ Bus Park, onsite observation in the parking area

Indicator: 36 Regulation of meat shop and management

36.1 Explanation of the indicator and basement of its law/policy

Sub section 2 and 14 of section (YAN) of by-law (1) of article 96 of act, animal slaughter house establishment spot and management and sub section (5) and (6) of sub article (1) of article 96 of the act, sales of consumption goods and harmful substances that have negative effect in the public health of municipality area must be control or displace.

Regulation and management of slaughter house must be done in coordination with concern livestock service office, consumer right protection forum, meat businessman and animal health related institutions, since these issues are directly related to public health and meat test act.

36.2 Table for measurement

SN	Status on the meat shop regulation and management	Yes	No
1	Register the meat shop and maintain its record		
2	Fixed the minimum criteria on the operation of meat shop		
3	Regular monitoring of the meat shop done in close coordination with District Livestock Service Office, Federation of Nepalese Chamber of Commerce and Industry, consumer right protection forum		
4	Monitoring report submitted to municipality		
5	Decisions done on the monitoring report in municipality board		

36.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, if there will be (√) in any three boxes of "Yes", one (1) points and zero for otherwise.

36.4 Sources for verification

Decision on the management on the meat shop/slaughter house, monitoring and supervision report and records of the action taken and observation of the meat shop.

Indicator: 37 Promotion of the public health

37.1 Explanation of the indicator and basement of its law/policy

As mentioned in the section (CHA) of bylaw (1) of article 96 of the act, health services of the municipality have been made. In addition to national program municipality must implement sanitation and health related activities, control on sales and consumption of substances that will have negative impact in the public health and control of black market.

37.2 Table for measurement

SN	Status of public health promotion activities	Yes	No
1	In addition to national program, program for the promotion of public health related activities approved by the municipal council and implement it		
2	Toilet promotion and open defecation free program conducted at least in 25 percent wards		
3	Monitoring of the shops that sale consumer goods in close coordination with concern government agencies, consumer right protection forum and federation of chamber of commerce and industry		
4	Discuss on the monitoring report in the regular municipality board meeting and action undertaken for those who do mal practice		

37.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, If there will be (√) in any two boxes of "Yes", one (1) points and zero for otherwise.

37.4 Sources for verification

Annual program and budget, annual progress report of last FY etc

Indicator: 38 Emergency service and disaster risk management

38.1 Explanation of the indicator and basement of its law/policy

Organization development study must be done or the organizational structure must be updated in In sub section 7 and 19 of miscellaneous of section (YAN) of sub article (1) of article 96 of the act, control of disaster and fire breeder operation has been mention. Disaster Risk Management and emergency activities must be conducted in the municipality area. The Disaster Risk Management Plan to reduce the losses due to disaster like earthquake, land slide, fold, fire and epidemics control and management, reduction in the loss and rescue during the disaster and resettlement activities and emergency service must be conducted in close coordination with concern stakeholder and community.

38.2 Table for measurement

SN	status on the emergency services and disaster management	Yes	No
1	Areas of disaster, status of the risk, risk reduction measures and institutional arrangement done and Disaster Risk Management Plan prepared and approved by the municipal council		
2	Disaster deduction activities implemented based on the Periodic Disaster Risk Management Plan		
3	Operation of fire breeder		
4	Establish disaster risk management fund and disburse budget on it		

38.3 Method of providing points: If there will be (√) in all boxes of "Yes", four (4) points, if there will be (√) in any three boxes of "Yes", three (3) points, if there will be (√) in any two boxes of "Yes", two (2) points and zero for otherwise.

38.4 Sources for verification

Disaster Reduction Management Plan and annual disaster management activities, record of disaster reduction fund and record of services provided in last FY

40.2 Table for measurement

SN	Status on national conduct implementation	Yes	No
1	Collect application form as per structural design mentioned in annex: 1 of building regulation 2009 while taking license of building construction		
2	On site supervision and monitoring of the building		

SN	Status on national conduct implementation	Yes	No
	construction done in the municipality area to assure that the building construction is done as per building conduct 2009 and action taken against any mal practice done.		
3	Management of approving the building design as per national building conduct		
4	Approval of the government/ public building assuring that it is disable friendly		
5	Public awareness raising activities and orientation program undertaken on earthquake proof building in order to reduce the earthquake risk and preparedness		

40.3 Method of providing points: If there will be (√) in all boxes of "Yes", two (2) points, If there will be (√) in any three boxes of "Yes", one (1) points and zero for otherwise.

40.4 Sources for verification

Approved building construction and building design approval criteria, national building conduct 2009 implementation manual