



Aide Memoire

NATIONAL ADVISORY COMMITTEE MEETING

18 February 2014

I. Introduction

The Local Governance and Community Development Programme- II (LGCDP-II) is a national programme executed by the Ministry of Federal Affairs and Local Development and implemented by local bodies (DDCs, Municipalities and VDCs). The goal of the Programme is to contribute towards poverty reduction through better local governance and community development. LGCDP-II is supported by a wide range of multilateral and bi-lateral development partners (DPs).

The eleventh National Advisory Committee meeting of LGCDP was held under the chairpersonship of Mr. Shanta Bahadur Shrestha, Secretary, Ministry of Federal Affairs and Local Development (MLD) to review annual progress and to discuss priority policy issues. The Head of the Missions, Joint Secretaries and representatives from different agencies attended the meeting.

Mr. Reshmi Raj Pandey, Joint Secretary/National Programme Director welcomed the participants and highlighted the agenda of the meeting.

The progress status and issues under different outcomes of LGCDP-II were highlighted by respective Joint Secretaries/Outcome Coordinators. Accordingly, Mr. Gopi Khanal, Joint Secretary/Outcome Coordinator highlighted the status of progress and issues under output 1 & 2. He mentioned that social mobilization guidelines which in under review will be finalized by March 2014 which will incorporate monitoring and oversight role of Ward Citizen Forums which will be their main role after election for local bodies are held. He also mentioned that National Service Provider and Local Service Providers will be mobilized after the approval of social mobilization guidelines. Regarding the progress status under downward accountability he mentioned that design of compliance monitoring and new Local Governance and Accountability Facility modality are underway and expected to complete by March 2014. In this context,

Express of Interest (EoI) to procure Civil Society Organization for multi-year contract is already published.

Mr. Shyam Raj Khanal, Joint Secretary / Outcome Coordinator highlighted the progress status and issues under outputs 3, 4 and 5 respectively. He mentioned that several initiatives are underway to strengthen local body public financial management (PFM) which includes: (1) rollout of VDC accounting system; (2) piloting Accrual Accounting Software in 6 Municipalities; (3) design of MARS for Kathmandu Municipality and (4) audit tracking system. Regarding capacity development activities, he mentioned that capacity development strategy is targeted to complete by April 2014. He also mentioned that recruitment of professional staff for PCU, RCUs, DDCs and Municipalities will be completed by March/April 2014. The concept note for capacity development strategy was shared in the meeting.

Mr. Reshmi Raj Pandey explained in brief the progress status and issues under outputs 6,7,8 and 9. He mentioned that 97 % VDCs conducted council on time this fiscal year and also mentioned that only 181 VDC secretary posts are vacant. In case of Periodic District Development Plan (PDDP), he mentioned that discussion is underway to prepare PDDP in 40 districts. He also informed that task force has been formed to revise local body resource mobilization and management guidelines to incorporate cross-cutting issues. Moreover, MoFALD has established a NGO facility in Foreign Aid Coordination Section.

Regarding newly established technical division in MoFALD he mentioned that discussions are underway to activate technical division to take a lead role in ensuring quality control and disaster resilient community infrastructure implementation in local bodies. Mr. Pandey mentioned that MoFALD is committed to arrange Decentralization Implementation Monitoring Committee meeting as early as possible to update Decentralization Implementation Plan. He also highlighted management issues and programme results matrix of LGCDP-II.

Mr. Purusottam Nepal, National Programme Manager / Under Secretary highlighted on key findings of joint field visit carried out in Makwanpur, Bara and Parsa districts.

Representatives of aligned partners explained in brief the status of their respective programme which are follows:

Community Support Programme implemented with the support of DFID is fully aligned with LGCDP II and includes earmarked funding at GBP 20 million for NGO led initiatives in 9 troubled terai districts and 9 remote districts.

The SUNAG programme implemented by GiZ in Nepal is due to end this fiscal year (e.g. Accrual Accounting system in six Municipalities) with the exception of their SCDLB (LDTA) programme, which will continue to the end of the calendar year.

The SPLL and SALG programme under Swiss Development Cooperation are fully aligned with LGCDP-II. SPLL supports three districts in strengthening their capacity and includes grants of around NRP 15-25m annually based on performance. SALG is complementary to LGAF and will include CSO compliance monitoring in 9 districts.

Denmark has signed agreement for economic growth initiative, known as Unnati which will be implemented in 7 eastern districts. The total budget of Unnati is USD 70m. Major activities under Unnati include economic agriculture development, infrastructure implementations and support for favourable policy environment.

DFID has selected Crown Agent to provide PFM support in their programming areas, including local governance. Their priority areas are (1) to provide technical support to MoFALD on programme financial reporting, e.g. FMRs and audits; (2) value for money assessment of project implementations; and (3) study on rural infrastructure.

Norway support to CFLG (UNICEF) and SCDLB (GIZ) have contributed in significant progress on key priorities, such as result-based Periodic District Development Plan.

The Government of Nepal commitment to children through the 10% earmarking of block grants was said to be visionary and CFLG activities are now fully aligned with LGCDP II.

The programme was praised by government and DP representatives, especially related to the clear articulation of programme priorities and challenges in programme progress reporting.

Most of the representatives from development partners highlighted the importance of holding local elections and that LGCDP II cannot achieve its objectives before elected representatives are in charge of local bodies. However, it was emphasised political parties agreement is outside the control of LGCDP II and to include sufficient flexibility/scenario planning of programming activities.

Representative from the Ministry of Urban Development requested MoFALD for closer coordination and their willingness to provide technical support to this programme. Likewise, representatives from LB Associations stressed they can also take a more active role in implementation, especially related to local election readiness.

It was suggested that MoFALD should implement a communication strategy for LGCDP II as there is currently confusion at the local level on the priorities and scope of this programme, e.g. blending of top-up grants with government block grant.

A stronger role of civic oversight was recommended in LGCDP II and the institutionalisation of LGAF under the chairpersonship of the MoFALD Secretary was appreciated. The planned study to design the new compliance monitoring of CSOs in all districts was highlighted as an urgent priority. The (sub-NAC) decision to issue multi-year contracts with annual performance review was appreciated.

The plan to strengthening of internal grievance system was appreciated as a mechanism for local bodies to be more responsive to citizens' and it was recommended to consider innovative new technologies in this approach.

An integration of local PFM reform actions pursued under SPMP and wider FRRAP actions were recommended to be coordinated in national level PFM reform actions supervised and guided by the PFM steering committee, which is yet to be held. Deployment of competent

accountants at the VDC level or its clusters such as ilaka and strengthening of internal audit system managed at the DDC level were highlighted as other PFM priorities. Successful implementation of the PEFA-FRRAP is another priority; it was clarified this will be discussed in the financial reporting review meeting with technical stakeholders.

The support to improved capacity of local bodies to deliver their mandated services is crucial for overall development to continue to take place. The capacity development strategy was emphasised as an important initiative to maximise value from long-term TA and this initiative should be linked with improvements in MCPM systems and emphasis on results. It was also emphasised that successful implementation of LGCDP II largely depends on local level institutions and capacity of local body's staff.

Achievements in preparing and updating result-oriented district periodic plans were highlighted. Central leadership by NPC and improved coordination with line agencies were highlighted as essential to support momentum and successful completion of this initiative.

External quality assurance as specified in LGCDP II programmes documents was recommended to be put in place in time for the next NAC meeting. UNJP requested a mandate from NAC to develop a concept paper for discussion that, once agreed, can form the basis for detailed guidelines and allow a quality assurance assessment of the programme in time for the next NAC meeting.

Denmark, UNDP and UNCDF confirmed they are ready to sign the JFA document for LGCDP II. It was underlined that while the financial contribution is minor from these UN agencies, it signals a commitment in to align their implementation approach with government systems.

Development Partners appreciated the commitment of MoFALD to refund unspent balance at the end of the first phase of LGCDP once the OAG submit final audit report in April 2014.

The meeting concluded with closing remarks by Mr. Shanta Bahadur Shrestha, Secretary, MoFALD. Mr. Shrestha mentioned that MoFALD is fully committed in implementing LGCDP-II effectively and efficiently in bringing about tangible changes in the local governance and community development process. He also mentioned that vision of MoFALD regarding local governance and community development is to bring improvement in the living standard of the people through participatory process, value-based and inclusive development efforts subsequent to the restructuring of the state including the sub-national levels, with a federal character where local level development initiatives are under the leadership of devolved autonomous local government. Mr. Shrestha thanked the distinguished participants for commendable remarks.

The National Advisory Committee decided to endorse following aspects:

1. Authorize NAC Sub -Committee to approve revised social mobilization guidelines which is expected to complete in March 2014

2. Authorize NAC Sub-Committee to approve revised operational manual of Local Governance and Accountability Facility. Operational manual will include the provision of selection of one Civil Society Organization per district for compliance monitoring on multi-year contract.
3. The Committee reviewed public financial management system of local bodies and Committee realized the necessity of provision of accounting staff in VDCs and decided to request MoFALD for creating the position for accounting staff in VDCs.
4. The Committee decided to authorize NAC Sub-Committee to set the remuneration scale of Public Financial Management expert under SPMP and also the remuneration of ITC volunteer.
5. The Committee reviewed the progress status of LGCDP-II during the period July 2013 – January 2014 and expressed satisfaction on achievements. It also authorized NACSub-Committee to review the progress status of LGCDP-II from the perspective of financial aspect.
6. The Committee expressed happiness on the commitment of the present government to conduct local body's election as one of the priorities.
7. It decided to request aligned partners of LGCDP-II to provide progress report to Programme Coordination Unit/LGCDP.
8. It also decided to provide community grants to graduated Citizen Awareness Centers

