



**Aide Memoire**

**NATIONAL ADVISORY COMMITTEE MEETING**

**31 July 2014**

The 3<sup>rd</sup> National Advisory Committee (NAC) Meeting of Local Governance and Community Development Programme Phase II (LGCDP II) was held under the Chairpersonship of Mr. Shanta Bahadur Shrestha, Secretary, Ministry of Federal Affairs and Local Development (MoFALD) on 31<sup>st</sup> July 2014 at Hotel Summit, Kathmandu.

The National Programme Director (NPD) of LGCDP II Mr. Reshmi Raj Pandey, Joint Secretary, MoFALD delivered his welcome speech to the invitees, guests and participants. Similarly, Dr. Gail Marzetti, Development Partner (DP) Chair, Head of DFID Nepal also delivered welcome remarks, highlighting the following points:

- Satisfaction on increased Public and social audits in LBs,
- Appreciation of the progress on citizen voice on local accountability,
- Satisfaction with timely transfer of budget,
- Expectation on FRRAP revision plan and its implementation,
- Acknowledgement of the need for strengthening 72 new Municipalities,
- Urged MoFALD to push the agenda of holding local election as soon as possible as there is high demand for election,
- Need for better coordination among divisions and sections within MoFALD,
- Commitment to continue working with the government for LGCDP II implementation.

**Progress Presentation of last FY 2013/14 (upto second trimester)**

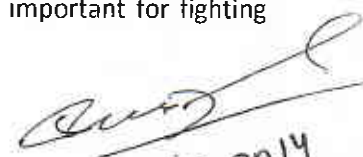
Mr. Reshmi Raj Pandey presented the progress of outcomes Outcome 1: Citizens and communities hold their local governance actors accountable, Outcome 2: Local Bodies are more responsive to citizen's demand, and Outcome 3: All citizens are provided with efficient and effective local service in the last FY 2013/2014, followed by Mr. Gopi Khanal, Member Secretary, MoFALD who presented the progress made on Outcome 4: Strengthened policy and institutional framework for devolution, sub-national governance and local service delivery. Mr. Purusottam Nepal, Under Secretary and National Programme Manager, LGCDP II, MoFALD, gave an update on the progress of previous NAC'S decisions, and on the Programme Result Matrix (PRM), Annual Strategic Implementation Plan (ASIP), Annual Monitoring

  
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& Evaluation Plan (AMEP), Annual Technical Assistance Plan (ATAP), annual procurement plan, financial progress, cash flow policy issues for 2014/15.

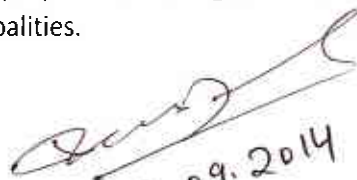
#### Proceedings and Discussions:

- Representative from Embassy of Denmark noted that one of the decisions of the previous NAC meeting (appointing Accounting staff in VDC) could not be implemented, which is very crucial to implement FRRAP and to improve the accounting management of the VDCs. He stressed the importance of ensuring that the position is in place and that MoFALD should push the agenda forward to obtain consent from respective GoN ministry. He further noted that resources to districts are ever increasing and as service delivery lies with the VDC, it is thus important.
- Country Director of Asian Development Bank expressed his disappointment on not having the Accounting staff position in the VDCs. He opined that establishing an Accountant in VDCs should be the first step. He raised the issue of the effectiveness of the alternative option proposed by MoFALD (providing training to Office Assistants of VDCs). He also suggested integrating SPMP PEFA Steering Committee with LGCDP II Steering Committee.
- The MoFALD Programme Manager clarified that there was a survey conducted of VDC employees. He remarked that as the proposed sub Accountant will have same academic qualification (SLC level/ grade 10) as that of the Office Assistants in VDCs, hence, they can be trained as Accountants. He proposed to provide the Office Assistants with 5 weeks training in the first phase, followed by training on accounting software system.
- Representative from FCGO noted that there is a misconception about PEFA, and explained that PEFA is a framework measuring public financial management in aggregate level and Public Management Reform (PMR) is at the sub-national level. PEFA SC is reconsidering the secretariat and suggested to MoFALD to provide a focal person as a PFM Coordinator in MoFALD. Regarding the fulfillment of an accountant in VDCs, he informed that FCGO already deputed Accountants in newly created Municipalities. With regards to creating post of accountant in VDCs he mentioned that transactions are increasing with assignments being transferred to local bodies, and with the post of VDC Secretaries upgraded, quality of accountant in VDC level has to be fulfilled in order to get professional reports from VDC. He suggested a phase wise approach where VDCs with high transactions could be prioritized first. He also extended the support from FCGO to MoFALD if required in VDC assessment.
- Mr. Hakon Arald Gulbrandsen, Head of Development from Royal Norwegian Embassy congratulated MoFALD for introducing new municipalities. He expressed his appreciation for the alignment for Child Friendly Local Government (CFLG), Environment Friendly Local Government (EFLG), Gender Responsive Budgeting (GRB), Capacity Development (CD) plan and highlighted Norway's also support for CFLG, which is being implemented well in districts. He appreciated the meaningful participation of children in the local level planning process and shared that CFLG has potential for roll out in other districts. He raised the issue on piloting of renewable energy by MoFALD in technical support from AEPC in 2-3 districts that is crucial for energy sector and added that Norway has disbursed energy fund to LGCDP II and enquired on its implementation status. Finally, he opined that the local election is very important for fighting

  
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with corruption that it also needs support of CIAA, NVC and other government institutions. He reminded MoFALD to comply with the JFA provisions in regard to various meeting structures and necessary reporting including the timely submission of OAG audit report and reimbursement of unspent fund of the LGCDP-I.

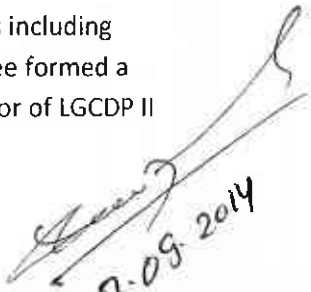
- The MoFALD National Programme Director(NPD), clarified on the piloting of energy integration into LGCDP II is being prepared, and that the MoU is being finalized and requires comments from MoECTCA following which the MOU would be signed.
- Representative from SDC expressed his satisfaction over considerable progress on Programme Result Matrix (RPM). He noted that the progress shown in the report indicated that 90% of VDC Secretaries are operating from district headquarters, which needs to be reviewed. He also remarked that further action should be taken to make Secretaries stay in VDCs. It was clarified that the Government has given instruction to the VDC Secretaries and CIAA and that political leaders are also committed to this issue.
- Representative from NAVIN stated that LGCDP II has achieved much even in the current transition period, and in the absence of elected representatives at local bodies. He questioned the 4% vacant positions of Secretaries in VDCs, stating that there are many VDC secretaries position yet to be fulfilled. He questioned who is responsible for the local elections not happening. For LGCDP II, he noted that the implementation process must be expedited in order to change the life of people. Need to speed up mission led development agenda and it is important that each local body get funding for implementation to engage people at local level. He reminded that Decentralization Implementation Monitoring Committee DIMC has fixed its procedure to hold quarterly meetings, but it is not happening. He told that LB Associations could be partners in effective implementation of LGCDP II.
- Representative from UNICEF thanked MoFALD for integrating and planning to extend CFLG in other districts. She requested the roll-out in all districts. She also highlighted UNICEF's support in capacity development for result based annual planning process and requested to consider further capacitating LBs and stakeholders in result based planning.
- Ambassador of Denmark congratulated MoFALD for taking LGCDP II forward and stated that it is a well-designed programme to address demand side and the supply side of local governance. Civil Society led monitoring of local government performance is crucial at current time when local governments have no elected representatives. Establishment of Good Governance Section to work as LGAF Secretariat in MoFALD is appreciable. Local ownership is required in addressing fiduciary risk. LGCDP covers almost all aspects of Ministry's responsibilities therefore institutionalization of the programme throughout is very important. She stressed that the technical assistance through UNDP and UNCDF is important and suggested MoFALD to make good use of it. She said that local election is crucial to establish democratic norms in Nepalese society, obtain development outcomes and improve accountability. She committed that the Danish Embassy will continue its support to GoN and LGCDP II.
- Ambassador of Switzerland thanked MoFALD for concise reports presented. He informed that the embassy is submitting its proposal to Swiss government for increasing the support to LGCDP II and also to the new municipalities.

  
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- Country representative of UNFPA thanked MoFALD for its commitment to support its local bodies in the formulation of evidence-based and result-based District Development Periodic Plan. She thanked for giving an opportunity for UNFPA and UNICEF to support to this important process in our programme districts. She also urged all stakeholders to engage adolescent/youth in local development processes so that their voices/concerns are well reflected in the district plans such as DDPPs. Lastly, she appreciated MoFALD for accepting a new mandate for LGCDP-II to work towards addressing socio-cultural harmful practices against women and girls in local communities and recognizing special roles for men and boys and religious leaders to prevent and mitigate such social harmful practices.
- Representative from NPC thanked MoFALD for the clear presentation. He stated that LGCDP II has come up with a very clear expenditure framework. He commented that the biggest criticism coming from DPs is on the frequent transfer of civil servants, although there is provision of transferring only in two years – as per the Civil Service Regulations. He requested for this to be adhered to in line with the Regulations.
- Representative from GIZ appreciated concise plan presentation for next year. He stated that the new municipalities would be important to improve services at the local level but raised concerns for MoFALD to focus on actions required such as creation of clear structure of new municipalities, deployment of Executive Officers, and stressed on the need for quality services in municipalities.
- The MoFALD NPD noted that conducting the meeting of DIMC is important and required although it has not been organized as yet. On local government elections, he noted that it is a priority. Regarding the connection of LGCDP II with civic participatory and District Periodic Plan (DPP), it was noted that good use of TA is necessary for the success of the LGCDP II. It was noted that the expansion of CACs is getting generous support and that the expansion into marginalized areas of Terai is very important. Under social mobilization suggestions for using religious leaders was appreciated, where WCF and CAC can be a good vehicle where leaders can play facilitating roles. Regarding frequent transfer of staff, it was agreed that deputed staff must stay in field and frequent transfers to other areas need to be discouraged.


**The following decisions was approved by NAC**

1. The Committee reviewed the progress status of LGCDP II up to second trimester period and expressed satisfaction for good start of LGCDP II implementation by MoFALD.
2. The Committee approved the Annual Strategic Implementation Plan (ASIP), Annual Technical Assistance Plan (ATAP) and Annual Monitoring Plan (AMEP) as recommended by Sub-NAC.
3. The committee approved the revision of management structures at central level and other structural revision of Programme Coordination Unit, Regional Coordination Units and Development Partner cell. This revision replaces the structures and timing mentioned in the LGCDP II Programme Document and JFA for LGCDP II.
4. The Committee approved time table (Action Plan) of Social Mobilization priorities including selection of Local Service Providers and Civil Society Organizations. The Committee formed a three member task team with the chairpersonship of National Programme Director of LGCDP II

  
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and representatives from SDC and DANIDA to approve operational manual of Local Governance and Accountability Facility (LGAF) and endorsed the proposal of awarding multiyear contract to CSOs based on provision of an annual performance review.

5. The Committee realizes the parallel Social Mobilization(SM) activities from other programme is creating confusion at local level and further re-enforces all DPs and other Ministries and stakeholders working on Social mobilization activities to harmonize with MoFALD/LGCDP II SM guidelines. MoFALD was requested to send a written request to all DPs and sector ministries to utilize the social mobilization structures of MoFALD in line with the local self-governance act 1999.
6. The Committee expresses happiness on introducing Local Self Governance Act, 1999 amendment Bill in the parliament to increase representation of women in the LBs from gross 20% to 40% and bring all the Local Bodies under the purview of Office of Auditor General's audit. The Committee encourages announcement of Local elections at the earliest which would facilitate the realization of the objectives of the amendment as well as proper accountability and oversight mechanism to the LBs.
7. The Committee welcomes the government's decision to form 72 new Municipalities and requests DPs to explore possibility of additional funding for these Municipalities through Ministry of Finance. For it, the Committee requested MoFALD to prepare a proposal for DPs support showing the government share of budget on it..
8. The Committee expresses concerns on revision of Fiduciary Risks reduction Action Plan document and appreciates the approval for the new timeline and activities, and requests MoFALD to make periodic review of FRRAP implementation and settlement of audit objections. The committee expresses need to harmonize the FRAAP at local level with the findings of PEFA assessment 2014.
9. The Committee expresses satisfaction on the budgetary and financial monitoring plan for coming fiscal year and request MoFALD for full implementation of budgetary provisions.
10. The Committee expresses deep concerns on having a very weak capacity of VDCs on financial management and drew immediate attention of MoFALD to mobilize additional staffs gradually in all VDCs and to prioritize the capacity building of local staff including on IT based accounting system.
11. The Committee expresses its concern on the inadequate co-ordination with Public Expenditure and Financial Accountability (PEFA) Secretariat. Therefore, the Committee requests MoFALD to coordinate with PEFA Secretariat and establish Project Monitoring Unit either in PEFA Secretariat or in MoFALD to provide technical guidance, review and coordination.
12. The Committee expresses its concern over delays in designing the Programme Recruitment Facility (PRF) and requests MoFALD in coordination with Ministry of Finance to initiate designing PRF as soon as possible.
13. The committee also raised concerns on the delay in capacitating and operationalizing Technical Division of MoFALD and establishment and operationalization of quality labs in all District Development Committees and requests MoFALD to take prompt action. MoFALD is requested to prepare action plans with a clear time line for improving quality labs of DDCs for quality assurance of infrastructure projects implemented by LBs.

  
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14. The committee requests MoFALD to hold Decentralization Implementation and Monitoring Committee meeting and revamp its working committee at the earliest possible.
15. The committee is aware of funding gap of LGCDP II and requests DPs to expedite the process of transferring additional funding for the programme through Ministry of Finance.

#### Closing Session with brief remarks

- Joint Secretary from MoFALD, Mr. Gopi Krishna Khanal added that the Programme Recruitment Facility is about managing staff other than civil servants and that it will guide the procurement of staff and salary that are operating beyond civil service. Within a month if all goes same, 60 more municipalities will be added. Building code, retrofitting system, fire brigade capacity is being strengthened, to establish fire department in the ministry. There will be no more VDCs in Kathmandu, Bhaktapur and Chitwan. He requested for special support for managing the new municipalities. Urban Development Department and MoHA are designing a sector wide approach modality, for which a concept note has been developed, where there will be a single program for disaster.
- Representative from DDC Associations, noted lack of local ownership in LGCDP II modality, e.g. WCF and CAC not being owned by local political parties and raised concern on lack of implementing of LGAF last year. He further stressed there is no alternative of local election for effective implementation of LGCDP II. It needs great pressure from all sides and the CDFund recently proposed in the parliament is not the good start for promotion of local governance.
- Representative from Ministry of Finance (MoF) hoped the programme will be implemented effectively in coming days and that JFA modality followed by the GoN for these activities. He appreciated DPs who entered in the JFA agreement process and invited to other DPs for the same and requested DPs to fulfill the transfer of committed fund in JFA (only USD 97.1m received out of USD 236m committed) fulfilling the funding gaps. MoFALD was requested for timely submission of Audit Reports, and requested LGCDP II to hold NAC meeting in November and May as per the agreed schedule. He assured that MoF will be ready to support in any intervention and coordination if needed.
- Representative from NPCS hoped for more progress will be achieved in the coming days to help graduate the country from developing to developed country by 2020. He stressed public service delivery part needs to be very sensitive. How to improve service delivery mechanism when the local bodies are not in place and to enforce punishment and reward system. Concerned on VDC Secretary Posts vacant and VDC secretaries staying in district headquarters. Urbanization primarily affected by remittances has to link with service delivery issues and to manage service delivery in urban areas need to be looked out.
- Country Director of UNDP speaking on behalf of the UN appreciated detailed presentation and progress, and expressed commitment on behalf of UN agencies for continuing the support to the Program. She congratulated MoFALD in institutionalizing of Gender Responsive Budgeting (GRB) at the local level through UN Women's support and informed UN agencies partnering in DPMAS. She also informed PPSF, with support from Norway, Denmark and DFID, has almost completed recruitment of 180 staff and thanked the staffs involved in hiring. She also noted that

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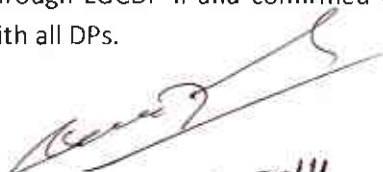
UNCDF and other agencies are supporting the Environment Friendly Local Government (EFLG) framework and UNDP is ready to continue support for local election through its Electoral Support Project.

- Representative from SDC appreciated MoFALD's commitment and amendment of LSGA that advocate restructuring of local government with the provision of enlarging women participation, and DPs aspires that GoN hold local election required for service delivery and decentralization reform at earliest possible. It was also expressed that downward accountability, social mobilization, PFM at center third party monitoring is also crucial in LGCDP II. LGCDP II is well designed program, focus on effective implementation of plan and reporting procedures and special focus on ASIP and PRF. It was urged for ministry's – interdepartmental coordination, improve PFM and improve FRAAP, VDC secretaries, Constituency Development Fund be used in line with DPP and local bodies' council's decisions.

Mr. Shanta Bahadur Shrestha, Secretary, concluded the meeting by thanking the participants and acknowledging MoFALD's commitment to LGCDP II in bringing about spectacular change in the area local governance and community development, in accordance with the aspiration of people, especially of those living in hardship. He remarked that MoFALD also has a role in supporting in the state restructuring process and creating a robust system in considerations with the power divisions among different level of governance in the federal context. He informed that MoFALD is embarking on the information and communication technology with high priority with various initiatives such as web-based reporting system, deployed qualified ICT volunteers in LBs to capacitate and making them technology friendly. He shared that the social mobilization strategy would substantially contribute in maintaining social harmony in the society, creating conducive environment for right based development and promoting accountability at local level.

He reaffirmed Government of Nepal's full commitment to hold the local elections in order to promote decentralized development, downward accountability and expediting devolution processes. For which preparatory works such as amendment in LSGA, 1999, declaration of new municipalities are in progress among others. He also noted that the support of CSOs is also equally important in creating conducive environment in these processes.

Mr. Shrestha closed the meeting by thanking development partners for the continued support to Government of Nepal through LGCDP II and confirmed that MoFALD would follow up with necessary actions in cooperation with all DPs.

  
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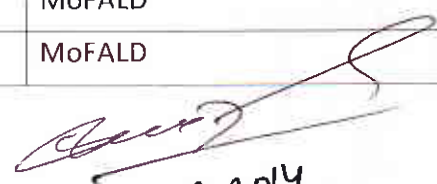
**List of participants**

SN	Name of Participant	Designation	Office/Organization
1.	Shanta Bahadur Shrestha	Secretary	MoFALD
2.	Reshmi Raj pandey	Joint Secretary	MoFALD
3.	Gopi K Khanal	Joint Secretary	MoFALD
4.	Jeevan K Shrestha	Director General	DOLIDAR
5.	Puspa Lal Shakya	Joint Secretary	NPC
6.	Jagannath Adhikari	Under secretary	NPC
7.	Hari P Lamsal	Joint Secretary	Ministry of Education
8.	Shyam P Khanal	Joint Secretary	MoFALD
9.	Lila Adhikari	Under Secretary	MoFALD
10.	Chakra Pani Sharma	Under Secretary	MoFALD
11.	Indu Ghimire	Under Secretary	MoFALD
12.	Narahari Bhandari	Under Secretary	MoFALD
13.	Eshwor Raj Poudel	Under Secretary	MoFALD
14.	Rajesh Gautam	Under Secretary	LBFC
15.	Lal Bahadur Khatri	Under Secretary	Ministry of Finance
16.	Bhupal Baral	Joint Secretary	Ministry of Urban Development
17.	Chirinjibi Timilsina	Under Secretary	
18.	Purusottam Nepal	Under Secretary	NPM, LGCDP
19.	Saroj Nepal	Sr. Program Officer	Danish Embassy
20.	Prakash Regmi	Sr. Program Officer	SDC
21.	Bhola P Dahal	Governance adviser	Norway
22.	Yam Nath Sharma	ACD	UNDP
23.	Nama Raj Adhikari	Sr. Program Officer	JICA
24.	Rafeeqe A. Siddhiqi	Program Officer	UNDP
25.	Bijay Thapa	AR	UNFPA
26.	Durga Khatiwada	Program Specialist	UN WOMEN
27.	Bishnu Adhikari	Governance Adviser	DFID
28.	Maria Barron	Democracy and Governance	USAID

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SN	Name of Participant	Designation	Office/Organization
		Director	
29	Hem Raj Lamichhane	Executive Secretary General	ADDCN
30	Parshuram Upadhyay	Executive Director	NAVIN
31	Govinda P Guragain	Executive Director	LDTA
32	Jaya Krishna Shrestha	Director	LDTA
33	Babu Ram Subedi	Dy. Fin. C. General	FCGO
34	Horst Mathaeus	Program Manager	GIZ
35	Anjali Sherchan Pradhan	Chief, CFLG Unit	UNICEF
36	Saba Mebrathu	Dy. Representative	UNICEF
37	Siddhanta Vikram	Sr. PFM Specialist	ADB
38	Beth Dunford	Director	USAID
39	Zlid Shoika	Representative	UN WOMEN
40	Giulia Vallese	Representative	UNFPA
41	Gail Marzetti	Director	DFID
42	Shimizu Tsutomu	Chief	JICA
43	Shoko Noda	Country Director	UNDPUNDP
44	Kenichi Yokoyama	Country Director	ADB
45	Hakon Arald Gulbrandsen	Head of Development	Norway
46	Kirsten Geelan	Ambassador	Denmark
47	Urs Herren	Ambassador	Switzerland
48	Pragyan Joshi	Program Officer	UNCDF
49	Mim Hamal	PM	EU
50	Mahesh Maharjan	MIS Specialist	MoFALD
51	Bishnu P Regmi	Under Secretary	MoFALD
52	Narayan P Pandey	Under Secretary	MoFALD
53	Suman Ghimire	Under Secretary	MoFALD
54	Vishwa R Dotel	Under Secretary	MoFALD
55	Shankar Nepal	Under Secretary	MoFALD
56	Ramesh K Adhikari	Under Secretary	MoFALD

  
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SN	Name of Participant	Designation	Office/Organization
57	Shaligram Rijal	Under Secretary	MoFALD
58	Tilak Poudel	Under Secretary	MoFALD
59	Babu Ram Shrestha	Under Secretary	MoFALD
60	Khim B Rayamajhi	Under Secretary	LBFC
61	PrakashbDahal	Under Secretary	MoFALD
62	Rudra Sapkota	RBM Specialist	LGCDP
63	Ek Raj Sigdel	Env. Specialist	LGCDP
64	Mark O Donnell	Team Leader	PFMA
65	KK Bista	Dy. Team Leader	PFMAP
66	Krishna B Katwal	SDE	MoFALD/TD
67	Bodh Raj Niroula		
68	Kalpana Shrestha	Under Secretary	LBFC
69	Prakash Tiwari	Accountability Officer	LGCDP
70	Birendra Parajuli	Accountability and Oversight Specialist	LGCDP
71	Nirmala Thapa	GESI Specialist	LGCDP
72	Mahesh Pokhrel	Procurement specialist	LGCDP
73	Deepak Neupane	GIS Specialist	LGCDP
74	Niraj Bir S. Tamrakar	Account officer	MoFALD/LGCDP
75	Himlal Adhikari	Account officer	MoFALD
76	Surendra Bhandari	AFO	LGCDP
77	Sugritam Raj Shrestha	ICT Volunteer	LGCDP
78	Nagesh Badu	UNV Program Co-ordinator	LGCDP
79	Sangita Bhattarai	Training Co-ordinator	LGCDP
80	Ramkrishna Lamichhane	Admin Officer	MoFALD/LGCDP
81	Laxmi Pandey	Under Secretary	MoFALD
82	S P Shrestha	Soc. Mob. Specialist	LGCDP
83	Ranju Shukla	Office secretary	LGCDP
84	Radhika Shrestha	Office secretary	LGCDP

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