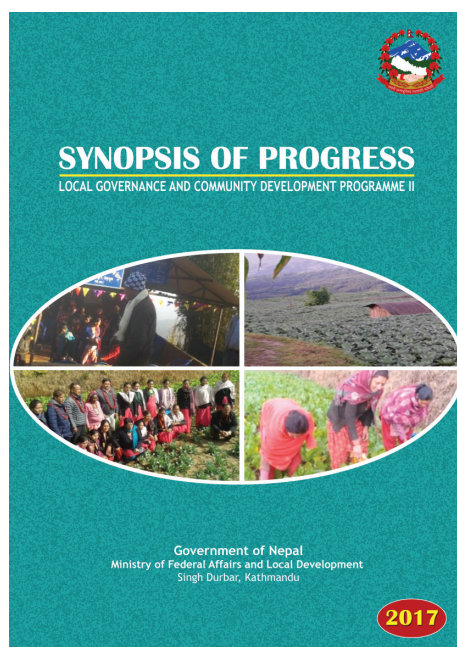# SYNOPSIS OF PROGRESS

LOCAL GOVERNANCE AND
COMMUNITY DEVELOPMENT PROGRAMME II

Government of Nepal
Ministry of Federal Affairs and Local Development
Singh Durbar, Kathmandu

Hon'ble. Bijaya Kumar Gachhadar
Deputy Prime Minister
Ministry of Federal Affairs and Local Development

Singhadurbar, Kathmandu

Foreword

A set of institutions, mechanisms and processes through which citizens can articulate their interests on one hand and mediate their differences while exercising their rights and obligations on the other at the local level can be understood as local governance. Hence, civil society organizations, non-government organizations, private sector, the international community with the governments at all levels play important roles in local governance. Operating within this framework the Government of Nepal is committed to improving people's standards of living through citizen-centric governance and effective service delivery which embody democratic values and rights-based development approaches.

Local Governance and Community Development Phase II (LGCDP II) was implemented from 2013/14 to 2016/17 with the aim of consolidating and continuing the success of LGCDP II such that accountable delivery of local services through established institutions and systems get established. It gives me pleasure to note that LGCDP II has been successful in achieving that goal, and this document stands as a testimony to it.

I, therefore, would like to congratulate Mr. Dinesh Thapaliya, Secretary (MoFALD), and his entire team at the ministry and project for their commitment towards making LGCDP II a success and in publishing this report which documents and highlights the major achievements made by the programme. I also take this opportunity to acknowledge the support provided by our Development Partners namely DFID, Norway, SDC, Denmark, UNDP, UNCDF, UNICEF, UNFPA, UN Women, ADB, USAID, GIZ and JICA without which LGCDP II would not have materialized in the first place. Since the federalization process in Nepal has already moved ahead, I believe that the development partners will continue their supports in upcoming federalization support programmes.

Bijaya Kumar Gachhadar
Deputy Prime Minister and Federal Affairs and Local Development Minister
Kathmandu

Preface

The Local Governance and Community Development Programme (LGCDP II) was designed to implement the commitment of the Government of Nepal towards ensuring quality and transparent services, strengthening downward accountability, and bringing economic and social transformation among marginalised groups. The programme was instrumental in strengthening the linkage between the local government and citizens through the social mobilisation process.

Ward Citizen Forums (WCFs) established in all wards of local bodies provided an opportunity for increased participation of women, children, elderly, disabled and disadvantaged groups at the Village Development Committee (VDC) and Municipality level plan formulation. The WCFs made a significant contribution in institutionalising participatory plan formulation and civil monitoring of ward level projects executed by the government and non-governmental organisations at the local level. Likewise, Citizen Awareness Centres (CACs) were established in the poorest settlements of VDCs and Municipalities in order to provide livelihood support to the women, poor, *Dalits*, indigenous people, *Madhesis*, Muslims and other marginalised community members. The centres constituted 88% women participation. The CACs were most influential in raising awareness against social evils, identifying underlying causes of poverty and its effects, empowering marginalised groups to speak for themselves, in developing leadership and capacity, empowering the society and building the economy, and increasing people's access to service delivery.

Likewise, the programme ensured downward accountability through the application of accountability tools, namely social audit, public hearing and public audit. The programme contributed to the increase of internal revenue of local bodies. Similarly, reducing fiduciary risks and public financial management were the main priorities of the programme. Efforts were made to build capacity of local bodies and improve service delivery. Substantial progress was made in orienting local bodies towards Child-Friendly and Environment-Friendly Local Governance. The programme also supported areas of policy reform for effective implementation of federalism. In this regard, I am confident that this cumulative progress report will provide a detailed overview of the achievements and contributions made in the area of local governance and community development.

Janak Raj Chaudhary
State Minister
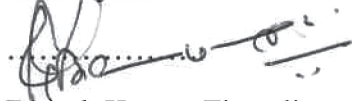Ministry of Federal Affairs and Local Development

Few Words

The Local Governance and Community Development Programme (LGCDP) Phase II was effective in promoting good governance practices, efficient and effective service delivery, enhanced transparency and accountability of local governments. The programme successfully bridged the gap between the government and citizens, especially at the local level, in the absence of elected local representatives.

The programme, through its social mobilisation component, mobilised nearly 1.26 million citizens. Community institutions such as the Ward Citizen Forums established in VDC and Municipality wards created an enabling environment for the poor, marginalised and vulnerable groups, as well as women and children to participate in the local process and improve their access to the resources. Similarly, Citizen Awareness Centres were established in the poorest communities to improve livelihood and socio-economic conditions of poor members. Through these centres,Regenerated Freirean Literacy Through Empowering Community Techniques (REFLECT) sessions were conducted. These sessions allowed locals to analyse poverty inducing factors while creating a platform for them to find solutions at the local level, thereby increasing access to services and building capacity in the process. In addition, these Citizen Awareness Centres also became champions in raising awareness against social malpractices, such as child marriage, early marriage, *Chhaupadi*, witchery and all kinds of domestic violence.

Moreover, the programme effectively promoted downward accountability at the local level. Participatory planning, capacity development and service delivery measures of local bodies were strengthened. Similarly, LGCDP has made significant contributions in reducing fiduciary risk, improve public financial management (PFM); and thereby strengthen good governance in local level. Various measures such as internal audit guideline, fiduciary risk reduction action plan (FRRAP), accounting software, municipal administration and revenue system (MARS) have been instrumental for improving local PFM. The programme also supported the ministry in creating an enabling policy environment for the the transition to federal system, more specifically, through technical support to local level restructuring, policy dialogues and contribution in drafting of various bills.

I would like to express my sincere thanks to all stakeholders, technical experts and development partners for their collaboration in helping achieve the programme results. This report shall serve as a documentation and institutional memory of the government's efforts in strengthening local governance and community development in absence of local representatives.
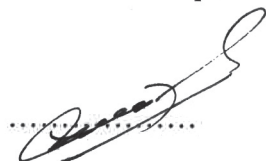
Thank you.

Dinesh Kumar Thapaliya

Secretary

Ministry of Federal Affairs and Local Development

Few Words

The overall goal of the LGCDP II was to contribute towards poverty reduction in Nepal through better local governance and community development. To achieve this goal, the programme had identified local governance as an essential element that is directly linked to people in their day-to-day lives. The programme aimed at achieving the goal by way of citizen's empowerment through demand side improvements, service delivery and capacity development through supply side improvements, socio-economic and infrastructure development for local development and governance reform through policy development and policy reform.

It is my pleasure that the Program Report for Local Governance and Community Development Programme Phase Two (LGCDP II) covering the work done from NFY 2013/14 through 2016/17 is finally published. I hope readers will find this report both informative and interesting and that it will give all concerned a greater understanding of the work undertaken by the Ministry of Federal Affairs and Local Development. More importantly, I hope that readers will be informed about major intervention areas and achievements made through the programme during the period.

Finally, I take this opportunity to thank all stakeholders, associated output managers, programme managers, the LGCDP II team and development partners for their unique collaborative approaches for making LGCDP II a success. I also thank all the LGCDP II staff members who particularly contributed to publishing this report.

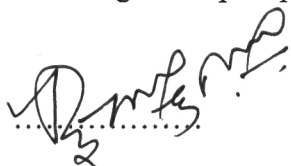Purusottam Nepal
(National Programme Director)
Joint Secretary, MoFALD

Few Words

The Local Governance and Community Development Programme (LGCDP II) has come to an end in July 2017. With the aim to establish an institutional memory, we decided to document major achievements of the programme in a report form. Thus, this report intends to summarise the achievements of LGCDP II in terms of successes against each set result area along with few representative success cases.

Significant changes can be attributed in the areas of improving local governance systems through the programme's support. The programme further helped enhance citizen engagement through social mobilisation, civic monitoring and oversight functions at the local level. It also supported the increase in resources of local bodies along with improvement in public financial management systems. Institutional and human capacity of communities and local bodies have significantly improved. As a result of improved capacity and ownership, MOFALD's core services were better mobilised at the local level accompanied with greater inclusion of cross cutting issues like Gender and Social Inclusion (GESI), Environment-Friendly Local Governance (EFLG), and Results-based Monitoring (RBM) systems. Further, the programme significantly contributed to the development and reform of the local governance in relation to policies and strategies at the ministry level.

These successes would not be attained without sincere efforts of all who directly/indirectly engaged in programme implementation. I also take this opportunity to sincerely thank all senior MoFALD officials for taking leadership and providing direction to the core team during programme implementation. Further, I would like to thank all stakeholders, development partners and the entire programme team for their valuable contributions in making this programme a success. Finally, I am thankful to those staff members who sincerely worked hard in having this report published.

Resham Lal Kandel

(National Programme Manager)

Under Secretary, MoFALD

ABBREVIATION

ADB	Asian Development Bank
ADDCN	Association of District Development Committee of Nepal
AMEP	Annual Monitoring and Evaluation Plan
AORTS	Audit Observation and Record Tracking System
ASIP	Annual Strategic Implementation Plan
AWP	Annual Work Plan
BB	Branchless Banking
CAC	Citizen Awareness Centre
CBO	Community Based Organisation
CD	Capacity Development
CDF	Community Development Fund
CDP	Community Development Programme
CFLG	Child-Friendly Local Governance
CIAA	Commission for Investigation of Abuse of Authority
CM	Community Mediation
CMC	Community Mediation Centre
CSO	Civil Society Organisation
D/MSMCC	District/Municipality Social Mobilisation Coordination Committee
D/MTMP	District/Municipality Transport Master Plan
DAG	Disadvantaged Group
DDC	District Development Committee
DFID	Department for International Development
DGE	District Governance Expert
DoLIDAR	Department of Local Infrastructure and Agriculture Road
DP	Donor Partners
DPMAS	District Planning Monitoring and Analysis System
DPP	District Periodic Plan
DRR	Disaster Risk Reduction
DSMCC	District Social Mobilisation Coordination Committee
DTMP	District Transport Master Plan
EFLG	Environment-Friendly Local Governance
EMS	Environment Management Section
EO	Executive Officer
EOI	Expression of Interest
ERS	Emergency Relief Support
FAD/S	Foreign Aid Division Section

FAMP	Financial Administration and Management Programme
FAS	Financial Administration Section
FCGO	Financial Comptroller General Office
FMR	Financial Management Report
FP	Focal Person
FRR	Fiduciary Risk Reduction
FRRAP	Fiduciary Risk Reduction Action Plan
GESI	Gender Equality and Social Inclusion
GGPS	Good Governance Promotion Section
GIDC	Government Integrated Data Centre
GIS	Geographic Information System
GIZ	German Technical Cooperation
GoN	Government of Nepal
GRB	Gender Responsive Budgeting
HH	Household
HRS	Human Resource Section
ICT	Information and Communication Technology
IDD	Infrastructure Development Division
IEC	Information and Electronic Communication
IEE	Initial Environment Examination
INGO	International Non-Government Organisation
IPFC	Integrated Plan Formulation Committee
IPT	Integrated Property Tax
IT	Information Technology
JFA	Joint Financial Arrangement
JFTA	Joint Fund for Technical Assistance
JICA	Japan International Cooperation Agency
LA	Line Agency
LB	Local Body
LBFC	Local Body Fiscal Commission
LBRMMG	Local Body Resource Mobilisation and Management Guidelines
LDF	Local Development Fund
LDO	Local Development Officer
LDTA	Local Development Training Academy
LED	Local Economic Development
LEDP	Local Economic Development Programme
LFA	Logical Framework Approach
LG	Local Governance
LGAF	Local Governance Accountability Facility

LGCDP	Local Governance and Community Development Programme	PPSF	Policy and Programme Support Facility
LGI	Local Governance Institution	PRF	Programme Recruitment Facility
LIP	Livelihood Improvement Plan	PRSP	Poverty Reduction Strategic Plan
LLRC	Local Level Restructuring Commission	PSA	Public Service Announcement
LOCAL	Local Climate Adaptive Living Facility	QWP	Quarterly Work Plan
LRS	Local Revenue Section	RAIP	Revenue Improvement Action Plan
LSGA	Local Self-governance Act	RBM	Result-based Monitoring
LSGR	Local Self-governance Regulation	RCU	Regional Coordination Unit
LSP	Local Service Provider	REFLECT	Regenerated Freirean Literacy Through Empowering Community Techniques
M&E	Monitoring and Evaluation		
MARS	Municipal Administration and Revenue System	RfP	Request for Proposal
		RTI	Right to Information
MCPM	Minimum Conditions and Performance Measurement	SALGP	Strengthening Accountability Local Governance Programme
MIS	Management Information System	SDC	Swiss Development Cooperation
MMS	Municipality Management Section	SDO	Social Development Officer
MoE	Ministry of Education	SIP	Small Infrastructure Project (SIP)
MoF	Ministry of Finance	SLA	Sectoral Line Agency
MoFALD	Ministry of Federal Affairs and Local Development	SM	Social Mobilisation
		SMG	Social Mobilisation Guidelines
MoGA	Ministry of General Administration	SNGP	Sub National Governance Programme
MSMCC	Municipality Social Mobilisation Coordination Committee	SPMP	Strengthening Public Management Programme
MTBF	Medium Term Budget Framework	Sub-NAC	Sub-National Advisory Committee
M-ToT	Master-Training of Trainers	TA	Technical Assistance
MuAN	Municipal Association of Nepal	TASC	Technical Assistance Sub-Committee
MuN	Municipality	TDF	Town Development Fund
NAC	National Advisory Committee	ToC	Theory of Change
NAVIN	National Association of Village Development Committee Nepal	TOR	Terms of Reference
		TOT	Training of Trainers
NC	National Committee	UCPA	Underlying Causes of Poverty Analysis
NGO	Non-Governmental Organisation		
NPC	National Planning Commission	UGE	Urban Governance Expert
NPD	National Programme Director	UNCDF	United Nations Capital Development Fund
NPM	National Programme Manager		
NPR	Nepalese Rupee	UNDP	United Nations Development Programme
NSP	National Service Provider		
NVC	National Vigilance Centre	UNFPA	United Nations Population Fund
OAG	Office of Auditor-General	UNICEF	United Nations International Children Emergency Fund
ODF	Open Defecation Free		
OPMCM	Office of the Prime Minister and Council of Ministers	UNJP	United Nations Joint Partner
		UNSCR	United Nations Security Council Resolution
PBMC	Performance-based Management Contract		
		UNV	United Nations Volunteers
PCC	Programme Coordination Committee	UNV FU	United Nations Volunteers Field Unit
PCU	Programme Coordination Unit	USAID	United States Agency for International Development
PEI	Poverty and Environment Initiative		
PFM	Public Financial Management	USD	US Dollar
PIS	Personal Information System	VDC	Village Development Committee
PMO	Prime Minister's Office	VERSS	Vital Event Registration and Social Security
PO	Programme Officer		
PPA	Public Procurement Act 2007	VSMC	Village Supervision and Monitoring Committee
PPMO	Public Procurement Monitoring Office		
		WBRS	Web-based Reporting System
PPR	Public Procurement Regulation 2007	WCF	Ward Citizen Forum

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EXECUTIVE SUMMARY

The Local Governance and Community Development Programme (LGCDP II), a national programme with an over-arching goal to contribute towards poverty reduction through inclusive, responsive and accountable local governance and participatory community-led development, was executed by the Ministry of Federal Affairs and Local Development (MoFALD) with technical and financial assistance from development partners. It provided an overall framework for decentralisation, devolution and improving the local governance system for the effective delivery of basic services and for the empowerment of citizens, especially women, children and Disadvantaged Groups (DAGs) and their institutions. The proposed budget for the LGCDP II was USD1,362 million, which included USD 1,126 million from GoN and USD 236 million from Development Partners (DPs).

Citizen engagement through social mobilisation

LGCDP II through social mobilization process has empowered citizens especially the poor, women, children and deprived communities to engage in decision-making process at the local level. For this to happen, the Programme has created more than forty-four thousand grassroots citizen institutions in the name of Ward Citizen Forums (WCFs) and Citizen Awareness Centers (CACs) by encompassing about 1.21 million citizens with 39 percent women and 6 percent children. WCFs/CACs have emerged as informal entities for promoting good governance and articulating demand side in delivery of services. As a result of meaningful participation of citizens in decision making process, local bodies have formulated annual plans to better reflect the needs of citizens especially the poor and disadvantaged groups. Prior to implementation of LGCDP II, LBs' approval rate of projects demanded by WCFs and CACs was 35 percent (2012/13) which increased to 78 percent at the end of the programme (2016/17). Moreover, LBs have also practiced in addressing children demand forwarded through 'Bal Bhela' (Children's Assembly). Bal Bhela is instrumental in ensuring children's voices and concerns in the local bodies' annual planning process.

The Ward Citizen Forums are playing pivotal role to strengthen the local democracy at grassroots level in the absence of elected representatives in LBs. Likewise, the Citizen Awareness Centers are also playing role in making local bodies more accountable and responsive. During the programme period, a total of 4,704 CACs received livelihood improvement grants benefitting 117,600 members to initiate livelihood improvement activities.

In addition to local level planning, civic oversight and social reformative activities, the role assumed by WCFs remained effective during the April 2015 earthquake. In absence of locally elected representatives, WCFs were highly recognised and widely mobilised by not only the LGCDP II but other organisations for relief operations in the 14 highly affected districts. WCFs were closely facilitated by 4,711 Social Mobilisers (65% women). The role of WCFs has been meaningful in conducting civic oversight function at the local level. Out of total 31,304 WCFs, 15,515 (50%) engaged in civic oversight activities.

The Programme has created 13,040 Citizens Awareness Centers (including 3825 CAC created by CDP, an aligned programme) against the target of 15,000 as a venue of disadvantaged citizens who are left from development mainstream to educate them about their rights, identify and address issues affecting their daily life and enhance their access to basic services in local bodies and development. CACs have empowered citizens and markedly increased vital registration, access to health services and social protection entitlements as well as improved primary school enrollment.

The programme has contributed in developing the capacity of WCF and CAC members to lead and engage in local governance process. Accordingly, in the recently concluded local level election about 38% elected representatives are either WCF or CAC members.

Civic monitoring and oversight functions

The Local Governance Accountability Facility (LGAF) has mobilized local civil society organizations (CSO) in 75 districts for monitoring compliances of local bodies, empowering citizens and their institutions to

carry out monitoring and oversight of delivery of goods and services in an effort to enhance downward accountability of the local bodies, social accountability tools such as public hearing, public audit and civic oversight were applied for compliance monitoring of local bodies in regard to legal and policy requirements. In FY 2073/74, about 40% VDCs, 91% Municipalities and 96% DDCs conducted public hearing. Moreover, public audit was conducted in 45,943 projects of VDCs, 20,526 projects of Municipalities and 14,289 projects of DDCs as per the guidelines. Similarly, social audit was conducted by 120 municipalities and 57 DDCs. In order to ensure fiscal transparency, 52% VDCs, 55% municipalities and 76% DDCs shared their annual audit reports with respective councils. Now, local bodies are more conscious to use properly local development grants in the manner prescribed in the government guidelines and legal provisions. The community people, especially the women and persons from Janajaties, Dalits, Mashesis and other deprived communities have more access inlocal resources and services and their engagements in local development activities is gradually increasing. The local people are now more informed about their rights and responsibilities.

Engagement of citizens in every decision making level and grievance redressal system has contributed to the decrease in fiduciary risks in local bodies. The use of citizen charters, grievance redressals, community information boards, gender responsive budgeting were other core mechanisms to be followedby the local bodies. LGAF is instrumental in the implementation of social accountability functions in the local governance system and it has advocated through LBs and CSOs.

Now, citizens are more aware about local level planning, monitoring, civic oversight activities, Child-Friendly Local Governance (CFLG), Environment-Friendly Local Governance (EFLG), gender and social inclusion (GESI). Following various orientations, WCF members were able to monitor and oversee development activities at the district level. This kind of work at the local level has helped deprived communities to understand their rights so as to raise issues and demand information that affected their day-to-day lives.

Access to resources

The District Development Committees (DDCs) and municipalities were capacitated to generate more internal revenue through revenue improvement action plans. Moreover, municipalities were supported to introduce Integrated Property Tax. The Executive Officers and Chief of Revenue Section of the 159 new municipalities were oriented on Integrated Property Tax (IPT). By the end of the programme period, 111 Municipalities had implemented the Integrated Property Tax (IPT). Internal revenue of LBs increased by 29 percent in 2071/72 as compared to 2070/71. The share of VDCs in internal revenue of LBs was about 8 percent while that of municipalities and DDCs were 50 percent and 42 percent respectively in 2071/72. Total internal revenue of LBs was Rs 11.15 billion in 2071/72 against Rs 8.60 billion in 2070/71.

With the goal of adjusting the house and land tax rate and average cost rate per square foot for building construction, the Government of Nepal amended the Local Self Governance (7th amendment) Regulation, 2015.

The Minimum Condition and Performance Measures (MCPM) introduced by the Government of Nepal through the Local Body Fiscal Commission to improve performance of local bodies is beginning to provide an important set of incentives which is encouraging LBs to carry out their mandated functions as required under the Local Self Governance Act and related regulations. In fact, MCPM is making a real impact on the behavior of local bodies. The Constitution of Nepal 2015, has structured an independent and constitutional National Natural Resources and Finance Commission to provide guidance and oversight needed on allocation of financial resources across the various spheres of government, advice on sub-national taxes and revenues and oversee and support the sub-national public financial management issues.

Public financial management

The public financial management, one of the key components of the LGCDP II emphasized on utilization of financial resources for intended results, ensuring value for money and enhancing financial accountability.

Based on the Public Expenditure and Financial Accountability (PEFA) review carried out during the LGCDP I, MoFALD prepared the Fiduciary Risk Reduction Action Plan (FRRAP) for the first time in March 2012 and continued until July 2017. Results of FRRAP assessment in 2015 suggested that out of 118 indicators, 48 indicators (41%) fully complied, 45 indicators (38%) partially complied and 25 indicators not complied.

Furthermore, the Public Expenditure Tracking System (PETS) study was conducted and it revealed the existing risks and weaknesses in financial management at subnational levels. The ADB funded Strengthening Public Management Programme (SPMP), which addressed many issues on PFM and management of fiduciary risks, remained an integral part of LGCDP-II.

Major achievements in public financial management includes, established and strengthened software-based accounting reporting systems in all municipalities and DDCs and selected VDCs, developed risk-based internal audit guidelines and trainings to local bodies and improved procurement management with a practice of preparing procurement plan and e-bidding. Key achievements related to PFM reform also include FRRAP implementation, strengthening of accounting systems at local levels, addressing of outstanding audit arrears, and gradual systematisation of central financial reporting systems and improvement in risk-based internal audits.

Implementation of VDC accounting software was another step in systematising accounting records and in moving from paper based and manual systems to software based recoding and reporting. A total of 240 VDCs implemented accounting software however, only 157 remained functional till the end of the programme period.

The Municipal Administration and Revenue System (MARS) was developed and piloted in some of the wards of Kathmandu Metropolitan City Office. Successful replication of MARS in other municipalities along with effective training and implementation of the system will be a cornerstone in systematising different aspects of municipalities. Outstanding audit arrears of MoFALD in 2072/73 was NPR 1.5 billion which was reduced by 51% during FY 2073/74.

Capacity development

The capacity development initiatives of LGCDP covered both the demand side and supply side of service delivery. Supply side training provided to local bodies were mainly related to MCPM, implementing the Local Self Governance Act and Regulation, revenue generation, web based reporting, computerised accounting as well as orientation on various crosscutting themes. These trainings worked to enhance capacity of LBs and contributed in institutional development, ultimately for effective service delivery. Accordingly, there was gradual improvement in mainstreaming of all crosscutting issues in the district level development process.

So far, around 300,000 people have been trained in local level planning, civic oversight, CFLG, EFLG, GESI, ICT and community mediation, among others. Moreover, a total of 562 elected representatives (mayor and deputy mayor) and 806 local level staff (EOs and LDOs) have been trained for their respective roles and responsibilities in the changed federal context.

Capacity development enables local government actors to design and execute various activities in an effective way. An apparent example of capacity

development of LBs was 97% VDCs and 100% municipalities conducted ward level planning workshops and 85% ward level planning workshops documented participation of women in 2073/074.

Service delivery

Vital event registration and social security payments are the major service delivery at the local level. MoFALD accelerated developing systems for vital event registration and social security payments in an effective and efficient manner with the support of LGCDP II. The MIS database system was developed and connected to the central server. Online vital registration systems were developed and introduced in municipalities and VDCs. The Government of Nepal has established the Department of Civil Registration (DoCR) under the MoFALD to give due attention on vital registrartion and social security payment. Prior to establishment of DoCR, vital event registration and social security payment responsibility was assigned to one of the sections of MoFALD.

MoFALD with the support of LGCDP tested in pilot scale a social security payment through banks in two districts. Based on the feedback from the pilot field test the GoN has decided to introduce social security payment through banks in all districts. It has helped to control misuse of social security fund.

LGCDP II promoted Community Mediation (CM) Centres to build cohesion and social ties among families, community groups and the local society aiming to settle local disputes at VDC levels. During the programme period, a total of 4,162 community members were trained in community mediation and 743 community centres were established. These community centres settled 4,132 out of 5,623 registered disputes in FY 2073/74. Similarly, a total of 6,148 disputes were settled in FY 2072/73 (out of a total 7,728 registered) and 5,583 were settled in FY 2071/72 (out of 5,326 registered). The Government of Nepal has recognized the important role palyed by the Community Mediation Centers in settling local disputes. In the Constitution of Nepal 2015, there is a provision of Judiciary Committee under the chair of Deputy Mayor/chair of LGs to to settle local disputes.

The programme provided support to implement building by-laws and building codes. A total of 113 municipalities adopted the national building code in building permit processes. Further, permanent full scale models of earthquake resistant buildings were constructed for public demonstrations through 150 trained masons.

Likewise, a total of 159 earthquake affected temporary VDC office buildings and 47 municipal temporary

ward office buildings were constructed. Moreover, the programme provided technical support in preparing sample designs for construction of temporary DDC office buildings.

Participatory planning and monitoring

The Participatory District Development Plan (PDDP) with emphasis on programming with equal distribution of development opportunity and benefits, people participation and ownership of development actors, efficient use of local resources, and sustainable development is prepared by 56 districts. The PDDP guideline was revised to ensure linkage of the formats between the Periodic District Development Plan and Annual Plan. The LBs have practiced to prepare annual district development plan based on PDDP.

M&E Section/MoFALD has adopted the Web-based Reporting System (WBRS) for the timely reporting of all development activities. With the adoption of Web-based reporting System, MoFALD is receiving progress reports from LBs on time, prior to implementation of web-based reporting system, hardly 25 % LBs reported on time.

In regard to improving monitoring and evaluation systems at the local level, LBs have prepared annual monitoring and evaluation plans. This has helped LBs to assess their performances in terms of milestones and to understand where they stand in terms of their performances.

After the completion of the first phase of local level elections, MoFALD developed an online information system to collect basic and socio-economic information of local levels and developed a list of model outcome indicators applicable at local levels.

ICT for local e-governance

MoFALD and United Nations Volunteers (UNV), in 2014, commenced an innovative ICT initiative called, "University Youth IT Volunteers" to digitise the working procedures of the Government of Nepal and strengthen and maintain the IT infrastructures in local bodies. It has delivered positive changes, particularly in improving ICT infrastructure, usage of ICT tools in service delivery and in enhancing skills of LGs, thereby increasing transparency and promoting good governance. LBs had established a standard website for information dissemination; 58% of them use official email. In total, 50% of LBs have social media

presence for information sharing as well as for grievance handling. The overall capacity of local level staff has also been strengthened substantially with more than 200 ICT trainings provided where almost 5,500 local body staff participated.

Media mobilisation, communication and documentation

Media promotion, publication, information disclosure and documentation remained crucial activities during the programme period, and also contributed in the promotion of transparency and downward accountability.

Audio-visual medium was utilised in bringing awareness about the programme. FM radio programmes were produced and disseminated nationwide through community FM networks. The radio programmes developed knowledge and disseminated information on local governance issues and catered to citizens' rights to information. Likewise, public service announcements (PSAs) and documentaries were developed and disseminated. More specifically, documentary on the programme support in earthquake affected districts provided an accurate coverage of LGCDP II and MoFALD's emergency relief support to the 14 earthquake affected districts. The documentary presented ground reality on distribution of relief materials and adherence to the emergency support guideline.

Immediate Relief Support in the Earthquake Affected Areas

Immediately after the earthquake of April 2015, MoFALD through LGCDP II, provided emergency grant relief for earthquake victims of the 14 impacted districts. Emergency grants of Rs 900,000 per VDC in highly affected districts, Rs 450,000 per VDC in affected districts and Rs 200,000 per ward in municipalities were provided. A total of Rs 504.8 million to 580 VDCs and 650 wards of 41 municipalities of those 14 affected districts were provided. In order to smoothly execute the relief fund, MoFALD developed the "Immediate Relief Support in the Earthquake Affected Areas: Operation Guideline 2015". Based on this guideline, local bodies managed the relief funds. An independent study commissioned by the MoFALD found that the mandatory involvement of WCFs in relief committees and management of emergency grants significantly increased the visibility of WCFs in communities and village, and increased high level of local ownership. The overall financial progress of emergency grant remained at 95%.

Environment-friendly local governance

During the programme period, five major environmental programmes were implemented, which included: i) Environment-friendly Local Governance Program (EFLG), ii) Local Climate Change Adaptive Living Facility (LoCAL), iii) Poverty Environment Initiatives (PEI) Program, iv) Initial Environment Examination Reports Reviewing, and v) Integrating Social and Environmental Safeguard (EMS).

A total of 37,034 households within 99 tole and 18 wards were declared as environment-friendly entities. Programme implementing local bodies have allocated 15.03% of their respective annual development budget, on environment, climate change and disaster related activities which were significantly higher than the non- programme implementing local bodies.

With Poverty and Environment Initiative (PEI) support, MoFALD produced various knowledge products that helped in institutionalising poverty and environment issues. Likewise, the MoFALD produced various guidelines to effectively manages gravel and stones aiming to establish them as sustainable sources of revenue for local bodies. Now, local bodies are authorised to prepare and approve IEE Reports of sand, gravel and stones.

During the programme period 239 MoFALD staff and 4,480 local government staff were trained in climate adaptive and disaster resilient EFLG initiatives.

Gender equality and social inclusion (GESI)

The Ministry of Federal Affairs and Local Development has developed GESI policy and GRB guideline to mainstream GESI/ GRB at local levels. For effective implementation of the GESI policy at the local levels, gender responsive budgeting and auditing tools are being used for the fulfillment of national and international commitments. MoFALD has also developed the Gender Responsive Budgeting Localisation Strategy, 2072.

In 2072/2073, 72 DDCs and 165 municipalities completed gender audits, however, only 25 DDCs and 73 municipalities completed audits in 2073/74 due to drawn out effects of the local level restructuring process.

In total, 10,553 people (4,348 female) in 75 districts were trained in GESI responsive budgeting and auditing at the local level. Gender Responsive Budget committees were formed in all 75 DDCs and made functional for the mainstreaming of GESI issues in

the planning processes of local governance systems. Gender responsive budgeting was piloted in 11 DDCs. Moreover, a provision of a minimum of 10% allocation of local bodies' resources for children, 10% for women and 15% of disadvantaged groups were made mandatory to the local bodies. In this regard, more than 80% of LBs allocated 35% of block grants for targeted groups in recent years.

Child-friendly local governance (CFLG)

MoFALD is taking a leading role in implementing the Child-friendly Local Governance (CFLG) programme at the local level. In this regard, the ministry developed a national strategy on Child-friendly Local Governance (CFLG).

All DDCs, 58 old municipalities and 1,436 VDCs initiated the CFLG adoption process. Till 2073/74, 10 VDCs and two municipalities had been declared as CFLG LBs. In 2073/74, 3,207 VDCs and 213 municipalities conducted Balbhela and incorporated child demands and concerns in their respective annual plans. More than 62,000 children are taking part in ward citizen forums annually. They have been actively engaging in early childhood development centres, libraries, street dramas, children's parks, sports, child-friendly sanitation and have been advocating for child-friendly local governance.

A total of 223 DDC officials from 75 districts were capacitated in the CFLG focused planning process. As its result, a total of 14 LBs have been declared CFLG. In order to provide support to replicate the CFLG declarations process nationally, the "CFLG Declaration Process" and "Balbhela Facilitation Handbook" were developed.

Decentralisation / Devolution Policy Support

LGCDP II aimed to strengthen policy, legal and institutional frameworks for devolution, sub-national governance and local service delivery. Toward this end, MoFALD drafted bills regarding the National Dalit Commission, National Inclusion Commission, Aadibasi Janajati Madheshi, Muslim and Tharu Commissions. MoFALD has detailed out the constitutionally scheduled functions of government, specific to local government. This contributed to the federalism and administration reform process.

Various model laws are developed and circulated to the local government to facilitate their law-making process. Such model laws include: Operation and Management of Local Assembly, Meeting Procedures,

Business Allocation and Performance Rules, laws relating to authentication of local level decisions, laws relating to taxation, laws relating to operation of consolidated fund and budget allocation, guidelines related to local level planning and budgeting, model code of conduct of LG officials, etc.

MoFALD/LGCDP II has extended full support in the local government restructuring process. Right shaping of local governments in a viable number (753) has become a historic moment in Nepal. Also prepared legislative framework on transitional operation and management of the local government dealing with staff management, financial management, project management, property management and continuity of service delivery through the newly established local government. The government issued an executive order to the local level for the continuation of service delivery .

1

INTRODUCTION

Local Governance and Community Development Programme (LGCDP II) is a national flagship programme with an over-arching goal of contributing towards poverty reduction through inclusive, responsive and accountable local governance and participatory community-led development. The Ministry of Federal Affairs and Local Development executed the LGCDP II with technical and financial assistance of development partners. It provided an overall framework for strengthening decentralisation, devolution and an improved overall local governance system for the effective delivery of basic services and the empowerment of citizens, especially women, children and Disadvantaged Groups (DAGs) and its institutions.

LGCDP II aimed to strengthen both the demand and supply side of local governance. The programme envisaged the empowerment of citizens in order to engage them with local governments and to increase the capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner. This was besides the strengthening of the institutional framework for decentralisation, devolution and community development.

1.1 Key Features of LGCDP II

LGCDP II was instrumental in making further advances in building and extending the service delivery capacities of local bodies. It continued to offer a platform for managing Nepal's transition towards federalism with necessary technical expertise. Moreover, LGCDP II created a strong foundation for harmonising, coordinating and steering the development efforts of the government, nongovernment and private sectors at the local level, also by means of social mobilisation through community structures such as Community Awareness Centres (CACs) and Ward Citizen Forums (WCFs).

LGCDP II was based on the premise that strengthened local governance provides a vehicle to reduce poverty and enhance local development. To achieve this result, social mobilisation, enhancing citizen engagement through downward accountability structures, strengthening public finance management, effective service delivery, and individual and institutional capacity building were deemed to be necessary. Following are the key components of LGCDP II to achieve the goals of the programme.

Social mobilisation

Social mobilisation (SM) was acclaimed as the backbone of community development, which is an integral part of the programme. SM aimed at strengthening demand side activities of local governance through effective coordination among stakeholders and enhanced accountability by the participation of people in planning, monitoring and oversight activities. In this regard, community institutions such as Ward Citizen Forums (WCFs) and Citizen Awareness Centres (CACs)were established.

Accountability in local governance

LGCDP II established Local Governance Accountability Facility (LGAF) to monitor LBs' activities through civic mechanism and mobilisation of Civil Society Organisations (CSOs) for oversight, establishment of grievance redressal system within the LBs, strengthening of village and municipality supervision and monitoring

Box 1.1	**LGCDP-II Outcomes and Outputs**

Outcome 1: Citizen and communities actively hold their local governments' actors accountable

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

Output 2: Accountability mechanism for local governance is in place.

Outcome 2: Supply side improvements encompass three following outputs:

Output 3: LBs' access to resources increased

Output 4: Public financial management system improved

Output 5: Institutional and human resource capacityof LBs and central agencies involved in local governance strengthened

Outcome 3: Enhanced service delivery and integrated planning process encompasses two outputs

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

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

Outcome 4: Citizen centric policy development encompasses two outputs

Output 8: Refined policy on local governance and improved interagency cooperation

Output 9: Policies developed for devolution and federalism

committees, and the enhancement of capacity of WCFs to engage in downward accountability in order to ensure accountability in the local governance.

Service delivery and resource mobilisation

The main focus of LGCDP II was effective and efficient service delivery and improved access to basic services by the Nepalese peoples. Improved and efficient social security payments, vital registrations, community mediation, quality and disaster resilient infrastructure development remained some of the main focuses of the programme. Likewise, the programme supported various individual and institutional capacity development initiatives such as national and international exposure visits, trainings, workshops and symposiums, policy advice, preparations of guidelines and manuals to strengthen service delivery and effective resource mobilisation.

With regards to resource mobilisation, LGCDP II focused on performance-based fund transfer system. The fund transfer system is based on regularly updated MCPM assessment, which is modified, based on local revenue mobilisation, environment stewardship, fiduciary risk reduction initiatives and timely monitoring, evaluation and reporting.

Public financial and fiduciary risk management

LGCDP II recognised the Public Financial Management (PFM) and fiduciary risk reduction as critical elements to be addressed by the programme. In the context of fiscal decentralisation, PFM remained the core-programming area and was further identified as the key area for the future sub-national governance programme as well. The programme focused on strengthening the PFM system through civic engagement in managing fiduciary risks. For this, the ADB-funded Strengthening Public Management Programme (SPMP) contributed in strengthening key components of PFM. Updating Fiduciary Risk Reduction Action Plan (FRRAP) was a key focus.

Likewise, initiating the process of procurement plan in the local bodies was another major effort of the programme. In this regard, strengthening financial management information systems, use of ICT for timely and reliable financial reporting systems were of key focus. The programme made efforts to address audit issues by introducing IT based tracking systems. The programme also supported LBs to enhance their internal revenue.

1.2 Key Institutional Arrangements

There were a number of institutional arrangements made to facilitate programme coordination, to provide policy directions and facilitation of policy decisions,

manage programme thematic areas and review the progress as per the Annual Strategic Implementation Programme (ASIP) in line with the AMEP targets. Under-Secretaries of the ministry were output managers and each output was linked to one particular unit. The Joint Secretary for the Self-Governance Division was the National Programme Director (NPD) and an Under-Secretary who had the overall responsibility of managing the programme was appointed the National Programme Manager (NPM).

The National Advisory Committee (NAC), chaired by the Secretary of MoFALD, was the highest policy level donor coordination body. It met twice a year and was made up of senior officials from MoFALD, Ministry of Finance, National Planning Commission (NPC), related sectoral ministries, FCGO, and the heads of the contributing development partners. Over the course of the programme, this committee made some key decisions that were related to policy decisions, approved subsequent LGCDP II Annual Strategic Implementation Plans, and reviewed the overall progress against the expected programme results.

Likewise, the National Advisory Sub-Committee (SubNAC), which comprised senior representatives of the programme's development partners, Under-Secretaries/output managers and other officials from the ministry including programme staff, was chaired by the NPD. It also held meetings twice a year prior to NAC meetings. Over the years, Sub-NAC made key recommendations to NAC on LGCDP II operational issues such as human resource and technical assistance. It also formed various task forces in order to implement NAC decisions.

Also, the Fiduciary Risk Mitigation (FRM) meeting was held under the chairpersonship of the Secretary and was held twice a year. FRM meeting has been instrumental in strengthening MoFALD's PFM reform plan, agreeing on PEFA-FRRAP implementation, and mitigating audit arrears as well as in promoting quality assurance of local bodies' audit reports over the years. The Policy and Programme Support Facility (PPSF), a joint TA-funding arrangement under the UN joint programme, was LGCDP's main mechanism for technical assistance. The PPSF TA activities are included in the annual strategic implementation plan of LGCDP-II. The PPSF framework and its three stands of TA support provided the programme with a mechanism for national and international short term technical support for policy advice, exposure visits, capacity building, oversight and the testing of policy development initiatives.

Output group meetings, held on a quarterly basis led by output managers, were platforms for dialogue, for the undertaking of detailed progress and technical reviews of the quarter, activities planning for ASIP, and operational planning.

1.3 LGCDP Stakeholders

Central level stakeholders

LGCDP II engaged directly with relevant sectoral ministries as necessary, such as the Ministries of Agricultural Development, Education, Health and Population, Peace and Reconstruction, Urban Development, Women and Social Welfare, Cooperatives and Poverty Alleviation, Forest and Soil Conservation, Technology, Science and Environment, Land Reform within a framework of enhanced programme coordination.

Oversight agencies

In order to implement its local governance mandate, LGCDP II coordinated with a large number of national level facilitation and oversight agencies. It worked in partnership with the Office of the Auditor General (OAG) for internal and external local body audits and with the Office of the Auditor General (OAG) concerning the execution of technical audits. Likewise, LGCDP II liaised with the Public Procurement Monitoring Office to improve all aspects of local level procurement. Among other agencies, it primarily coordinated with Ministry of Finance (MOF) on local government financing; National Planning Commission (NPC) for promotion and facilitation of integrated participatory planning and monitoring processes through the timely release of budget ceilings to local bodies in order to ensure the predictability of resource allocation; Local Body Fiscal Commission to strengthen the MCPM process, improve audit standards, study revenue potentials and revise the fiscal decentralisation road map and its use; Office of the Prime Minister on general devolution matters across the government, now implementing the constitutional mandate regarding federalism; Ministry of General Administration regarding management audits and effective human resource management at local levels and within MoFALD itself; Ministry of Women Children and Social Welfare about gender equality and NGO affairs; and Ministry of Urban Development concerning municipal affairs.

Development partners

To facilitate further progress toward a SWAP approach to LGCDP II financing, the MoFALD had a joint financing arrangement with a number of development partners as the best method for promoting donor coordination. However, to allow flexibility in DP financing in LGCDP phase II, a number of financing mechanisms were used. This includes joint financing arrangement (JFA) and joint financing for technical assistance arrangement (JFTA) and a programme align approach (PAA).

Local level stakeholders

Local Bodies: LGCDP II supported local bodies in capacitating and improving the local governance system. The programme provided technical assistance to local bodies' entities such as DDCs and municipalities in planning, coordination and oversight functions. It also worked closely with local governance actors such as IPFCs, I/NGOs, WCFs and CACs.

Line Agencies: LGCDP II forged linkages with the agencies of other ministries that provide services at the local level. The programme has strengthened the integrated convergent planning processes at the DDC, municipal and VDC levels linked to the periodic planning processes of these bodies. Cooperation with local line agencies was enhanced through support of local economic development/livelihood improvement programming and encouragement of increased levels of interaction between WCFs and local bodies in order to make citizens better positioned to access the full range of local government services. Local line agencies were involved in the implementation of the sectorspecific activities of district, municipal and village councils.

Non-Governmental Organisations and the Private Sector: These institutions were key stakeholders of the programme at the local level. LGCDP II took a number of concrete steps to harmonise its social mobilisation activities with the community development and extension activities of local NGOs, many of which were operating with bilateral and multilateral donor support. In addition, LGCDP II established community organisations such as WCFs, and CACs promoted economic development for poor households by linking them to local line agency services, local markets, financial institutions and cooperatives.

Citizens: Citizens were the ultimate target group/ stakeholder of the programme. The programme ensured their participation in improving service delivery. LGCDP II established and supported WCFs and CACs in order to enhance the access of all citizens to local services. In this regard, WCFs were the key community partners for all DDC and VDC activities. CACs have provided greater opportunities for a larger number of marginalised people to become engaged in local governance processes.

1.4 Programme Financing

The total proposed budget as per the LGCDP II programme document was USD 1,362 million which includes USD 1,126 million from the Government of Nepal (GoN) and USD 236 million from Development Partners (DPs). The government constitutes 83% of the total budget and that mainly consists of block grants to LBs (i.e. grants to VDCs, DDCs and municipalities). The LGCDP II mechanism allowed for the creation of a pool of funds with Joint Financing Arrangement (JFA) whereby DPs' funds were effectively utilised for

reform activities and demand creation through successful social mobilisation processes. The supply side was ensured by government block grants to LBs and that was further supported by additional funding from DPs through technical assistance (UNJP TA through PPSF, other DPs' TA) and aligned programmes. ADB's support has two components- SPMP through cash grant to GoN through red book (commitment of USD 25 million) and SPMP TA (off treasury).

By FY 2016-17, the actual contribution (actual till FY commitment of DPs is USD 76.59 million through JFA and USD 24.3 million from ADB. UNJP (UNDP, UNCDF and UNV) contribution through PPSF is approximately USD 16 million. There is additional support from ADB supported PPSF, other DPs' TA and aligned programmes. Actual commitment of GoN through block grants to LBs is approximately USD 938 million. GoN contribution through grants to LBs is a significant part of LGCDP II. There is an increasing trend of total block grants of LGCDP II.

2

SOCIAL MOBILISATION
[Empowering Communities, Transforming Local Governance]

2.1 Social Mobilisation

Social mobilisation is the country wide intervention of Ministry of Federal Affairs and Local Development. This has been one of the key strategies to promote and strengthen community participation and critical engagement of citizens in the local governance process. Social mobilisation aims to enable citizens, especially marginalised and disadvantaged groups, to participate in local level decision making processes and public affairs that directly affect their lives. It fell under LGCDP's output 1 and had two main tasks: i) establishing institutional mechanisms ii) strengthening the capacity of people and community organisations through which communities and community organisations can participate in local level planning, implementation and oversight functions. The social mobilisation process created more than forty-four thousand citizen institutions in the name of Ward Citizen Forums (WCFs) and Citizen Awareness Centres (CACs).

LGCDP II has made a tremendous contribution to the improvement of relations between citizens and the state through its support for the WCF and CACs, in which around 4.5% of the population of the countydirectly engaged. Hence, social mobilisation had been very effective in linking citizens and the state, particularly in absence of local elected bodies.

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

2.2 Key Achievements

Social mobilisation has succeeded in creating a large number (44,341) of citizen institutions (WCFs and CAC) at the local level, wherein a total of 60% of members were females who were directly involved in

Box 2.1	Operational Strategies of Social Mobilisation in LGCDP-II

▶ As an umbrella framework, LGCDP-II will further reinforce transformational approach to social mobilisation by harmonising the process with other agencies engaged in social mobilisation. Ward Citizen Forum will be made entry point for all sorts of community-led development initiatives. WCFs will be empowered to engage in downward accountability.

▶ Development partners will align all their programmes related to local governance and community development with LGCDP using common framework on social mobilisation, monitoring and social accountability measures

▶ Social mobilisation will be the vehicle for bringing social mobilisation among the different strata of society with particular focus on supporting the people to fight against the anti-social behaviors such as dowry system, Chhaupadi, child marriage, domestic violence against women, gender and caste discrimination, among others, and the instrument of political, economic and social empowerment of citizens.

▶ The programme will continue to involve the NGOs/CSOs as the local service providers (LSPs) in social mobilisation, however, the role & responsibilities will be rationalised in order to implement social mobilisation effectively and efficiently.

▶ The Citizen Awareness Centre will be linked with local resources, I/NGOs poverty alleviation fund, local micro financial institutions in the market to engage CAC members in income generating and livelihood improvement activities.

identifying local needs, in prioritising the projects, undertaking the civic oversight functions of public goods and services and taking proactive roles for social transformation. These citizen institutions have largely contributed to the institutionalisation of participatory planning processes and implementation of citizen friendly development projects at the local level. The percentage of projects demanded by WCFs and its approval rate has also increased over the years. In the base year, 2013/14, local councils approved of 46% projects out of the total demanded by WCFs. This trend has increased notably and reached up to 78% in FY 2073/74. Social mobilisation of LGCDP IIsucceeded in organizing 352,418 peoplesuffering from poverty with 88% of women of backward communitiesthrough 13,040 Citizen Awareness Centres (CAC). Weekly REFLECT sessions followed by the empowerment through literacy technique regularly took place. A large number of women suffering from poverty were involved in identifying the immediate and intermediary causes of poverty and backwardness and

explored possible measures to overcome this poverty trap. Members of CACswere informed about citizen rights and responsibilities, which enabled them to help raise local voicesto the concerned agencies.

The Citizen Awareness Centres (CAC) succeeded to develop functional relationships with other agencies and to increase their access to resources. By the end of the programme, 617 Citizen Awareness Centres (CACs) federated successfully into cooperatives and also developed functional linkages with 1,678 local level development agencies and financial institutions. It served them to get informed about different income generating potentials at the local level.

With the increased level of knowledge and awareness, many social evils like early marriage, witchery, dowry, caste discrimination, domestic violence have been significantly reduced. Additionally, it largely contributed to improvement in sanitation, timely immunisation, school enrolment, timely registration of vital events, among others.

The social mobilisation campaigns have promoted social harmony, cooperation and mutual trust to a greater extent. Besides, the Ward Citizen Forums (WCFs) and Citizen Awareness Centres (CAC) have been succeeding in settling local level petty disputes thathave contributed in the making of abetter society. The roles of the WCFs were found to be very effective during the 2015 earthquake. It would not have been possible to serve over 3.5 million affected populations of 14 highly affected districts without the support of the Ward Citizen Forums. This all illustrates that social mobilisation has been successfulin bringinga nationwide silent revolution and in deepening democracy at the local level.

2.3 Ward Citizen Forum- Concept, Structure & Functions

The concept behind creating the Ward Citizen Forums was to develop a linkage between the state and the citizens especially in the absence of elected representatives.

Table 2.1	Year wise progress trends of social mobilisation				
		Year wise progress			
	Performance Indicators	**2070/71**	**2071/72**	**2072/73**	**2073/74**
1	Ward Citizen Forum Established (Cumulative Progress)	35,419	31,642	31,280	31,304
2	People engaged in WCFs (Cumulative Progress)	844,005	754,862	774,380	775,405
3	Number of CACs established (LGCDP II) (Cumulative Progress)	4,289	4,504	9,204	13,040
4	Percentage of VDCs conducted ward planning (Annual Progress)	82 %	83 %	98 %	96.8%
5	Citizen participation in local level planning (Annual Progress)	7,86,476	12,09,197	12,60,175	12,14,599
6	Approval rate of WCF's demanded project (Annual Progress)	46%	54%	80%	78%
7	Number of CACs received LIP grant (Cumulative Progress)	1,773	3,880	4,704	4,704
8	Number of CACs received Small Infrastructure grant (Cumulative Progress)	806	3,416	4,204	4,204
9	CAC Federated in Cooperatives (Cumulative Progress)	-	51	241	617

Source: LGCDP RBM 2016/17

Figure 2.1 Number of VDCs Vs. Number of WCFs Across Fiscal years
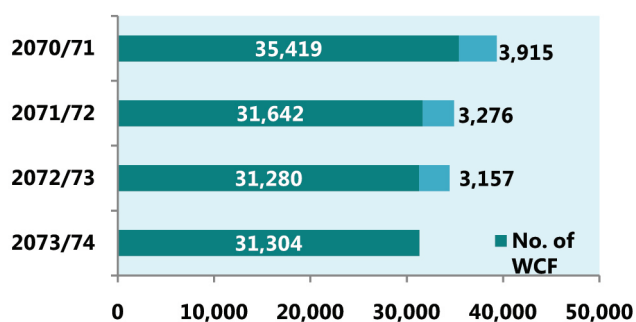
LGCDP II formed WCFs in all local body wards. However, due to geographical features and seasonal migration, WCFs could not be formed in a few wards in Mustang and Manang districts. As an effect of declaration of new municipalities and merging of VDCs with old municipalities, the number of WCFs seemed to be decreasing. The following figure presents the year-wise status of Ward Citizen Forums.

A Ward Citizen Forum was a highly inclusive citizen institution formed at the ward level. This had ensured 25-27 representatives from different sections of the society and included women, the economically disadvantaged, Dalit, Janajati, senior citizens, the physically challenged and CBOs. Out of a total of 7,75,405 members, 46.4% were female and 61% of the WCFs wereled by women. Each year, men and women of WCFs assumed rotational leadership. Similarly, each year 25% of members of the WCFs underwent replacement from the concerned sectors. This practice has been helpful in the development of a shared leadership culture at the local level.

2.3.1 WCF's Role in the Local Level Planning Process

One of the main objectives behind creating WCFs was to ensure people's participation in local level planning and decision-making processes. Because of greater participation of citizens in the local level planning processes, the supply side has been more responsive towards citizen's priorities. In absence of elected local representatives, WCFs have efficiently coordinated ward level gathering and planning workshops by ensuring the meaningful participation of women, disadvantaged communities and children. This has been reflected in the LBs' plan. In the year 2071/72,

Table 2.2	Citizen Participation in Local Level Planning		
Year	Total	Male	Female
2070/71	786,476	504,202	282,274
2071/72	1,209,197	741,619	467,578
2072/73	1,260,175	811,246	448,929
2073/74	1,214,599	740,998	473,601

VDCs and municipalities approved 46 % projects out of the total demanded. While in the year 2072/73, the approval rate reached up to 78 %. This illustrates that local bodies are becoming more responsive towards people's choices and priorities.

2.3.2 Civic Oversight Function of WCFs

WCFs took an active part in organising and facilitating social accountability measures like public hearing and public auditing at local levels. In the FY 2073/74, there were 69,068 projects implemented by local bodies. Out of these numbers, a total of 33,068 community level projects completed public audits. Similarly, 1,325 VDCs and 211 municipalities conducted public hearings. Prior to formation of WCFs, there were no such practices. The civic oversight findings are regularly discussed in WCF meetings promoting transparency and contributing to the minimization of fiduciary risks. In addition to these obligatory provisions, WCFs are also used to monitor development activities and service delivery at local levels.

2.3.3 Contribution of Ward Citizen Forums (WCFs) in Social Transformation

Ward Citizen Forums have been contributing significantly to the social transformation process. Many visible positive changes have happened, which include reduction of child marriage, witchery, caste discrimination, violence against women, open defecation, etc. Besides these, citizen institutions have largely contributed to the settlement of local disputes, reduction of alcoholism, control ofgambling and minimization ofsuperstitious rituals. The social norms set by these forums have been accepted by citizens. The programme also conducted an assessment based on the ten crore areas of WCF functionalities. The assessment suggests that out of a total of 31,304 WCFs, 24,977(80%) were found to be fully functional toward social transformation processes; the rest were moderately functional.

2.4 Citizen Awareness Centre

2.4.1 Organising the Underprivileged for Social Empowerment

Social mobilisation is defined as a process that engages and motivates a wide range of citizens and allies at local levels to become more aware and to demand particular development objectives through face-to-face dialogues. Citizen institutions therefore are a common platform to interact and build community networks. Social mobilisation seeks to facilitate change through a range of actors engaged in interrelated and complementary efforts. In this regard, LGCDP II adopted a targeted strategic approach to empower poor and marginalised communities in the form of CACs.

Till the end of programme period, the total number of CACs reached up to 13,040, out of which 9,215 were

established by LGCDP II and the rest 3,825 by CDP, an aligned programme of LGCDP-II. The total number of CAC members reached 352,418 where 88% were women.

CAC members are selected through various poverty and deprivation assessment tools at VDC and ward levels. Wards and settlements that are ranked as 'poor' in terms of food sufficiency, level of awareness, lack of basic social infrastructure and little yielding land are focused on while forming the CACs. The members of CACs are enrolled in weekly REFLECT sessions where a variety of participatory techniques are used to assess the root causes of poverty and backwardness. The REFLECT sessions have enabled them to identify immediate, intermediary and underlying causes of poverty and deprivation that have affected their daily lives. 'Community empowerment through literacy techniques' has been effective to empower people and get them organised to act against all kinds of social discrimination and malpractices (child marriages, witchery, dowry, domestic violence) at the local levels.

The programme has contributed in developing the capacity of WCF and CAC members to lead and engage in local governance process. Accordingly, in the recently concluded local level election about 38 % elected representatives are either WCF or CAC members.

2.4.2 Livelihood Grant-Token Support to Economic Empowerment

The main objective of citizen awareness centres is to empower citizens to find their voices, choices and priorities and enable them to claim equitable resources and services from all kinds of service providers. Hence,

LIP is a one-time grant. However, in the case of the 670 CACs of the 11 highly EQ affected districts (Kavre, Sindhupalchok, Dolakha, Ramechhap, Sindhuli, Okhaldhunga, Makwanpur, Dhading, Gorkha, Nuwakot & Rasuwa) have received this grant twice. The second time, the LIP grant was provided by the Government of Norway to support CAC members severely affected by the April 2015 earthquake.

the centres aim to (i) ensure meaningful participation of poor and marginalised groups in local level decision making processes, (ii) enable poor people to identify the underlying causes of poverty and deprivation, and (iii) provide small grants to the more impoverished members of CACs to help them initiate economic activities on their own once they have graduated. The graduation level of citizen awareness centres is assessed based on five broad areas: functional status, level of awareness, level of empowerment, degree of transformation and linkage and resource mobilisation. CACs that secure over 60% score are considered 'matured'; 40%, 'medium'; and below 40% poor CACs. By the end of the fiscal year 2073/74, a total of 5,169 out of 13,040 CACs had graduated.

Once the CACs graduated, they were awarded a token grant NPR 100,000 to initiate livelihood improvement activities like goat raising, cattle farming, establishment of small scale grocery shops, shoe making, purchasing of rickshaws, poultry farming, etc. During the programme period, a total of 4,704 CACs

Table 2.3	LIP Grants to CAC	*(in NRs lackh)*
2070/71	1773	
2071/72	2107	
2072/73	824	
Total	**4704**	

received LIP grants which have been benefitting 117,600 people, mainly poor women, throughout the country. However, a total of 4,511 CACs are yet to receive this grant.

2.4.3 Small Community Infrastructure Support to CACs

Generally, citizen awareness centres demand small infrastructure projects through the LB council where all demands cannot be addressed. Hence, the programme has provisioned a productive support grant for those CACs that are unable to access resources from local bodies. During the programme period, a total of 4,204 CACs received LIP grants, which benefitted 105,100 people through 9,774 schemes. These small grants are found well-mobilised and are significantly supported to improve livelihoods initiatives.

2.5 Analysis of Underlying Causes of Poverty (UCPA)

UCPA is a participatory tool that is applied to assess the poverty and vulnerability of community and resident families. LGCDP-II conducted UCPAs with the help of social mobilisers and the Local Service Providers (LSPs) at the local level. They were conducted in 2,818 VDCs and 166 municipalities. The diagram gives the region-wise details of the UCPA status.

Findings of UCPA have multiple uses such as identifying appropriate communities to expand CACs, designing development interventions, creating a judicious base for equitable resource allocation, etc. LGCDP II social mobilisation component has been considering UCPA as an essential tool for strengthening

Table 2.4	Small Infrastructure Grants to CAC
	(in NRs lakh)
2070/71	806
2071/72	2,610
2072/73	788
Total	**4,204**

Figure 2.2 Cluster wise UCPA Conduction Status (No.)
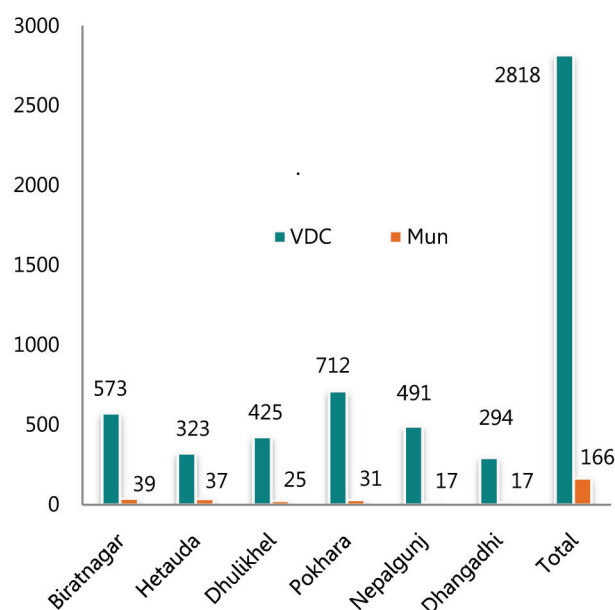
local governance processes. The recent use of UCPA findings have been used to extend new CACs to most vulnerable settlements.

2.6 Social Mobilisers

The programme has provisioned one social mobiliser for each VDC and one ward of old municipalities. During the programme period, a total of 4,711 social mobilisers (65% female) weremobilised to facilitate WCFs and CSCs at local levels. Social mobilisers facilitated regular meetings of WCFs, weekly REFLECT sessions. They were mobilised massively by local bodies for vital registration, earthquake response and voter education, and to update the name list of social protection beneficiaries, to meet with organisations at local levels, and to mobilise citizens for social transformation purposes. In addition, the SMs served as contact persons for line ministries and they coordinated the different programmes at local levels. Despite completion of the LGCDP II, the social mobilisers are still working with local governments and will continue to do so until LGs make necessary arrangements in the new federal context.

Table 2.5	Year-wise training on social mobilisation								
		2071 /72		2072/73		2073/74				
Types of Training	Target	Prog.	Target	Prog.	Target	Prog.	Male	Female	Total
Basic Social Mobilisation			5,326	4,761	1,032	980	2,355	3,386	5,741
REFLECT					1,462	1,415	316	1,099	1,415
CAC Facilitation					4,966	4,672	98	2,179	2,277
Master ToT on Social Mobilisation	207	203	210	203			149	54	203
Total			**5,536**	**4,964**	**7,460**	**7,067**	**2,918**	**6,718**	**9,636**
Percentage (%)				**90**		**95**	**30**	**70**	

2.6.1 Training and Capacity Development

Social mobilisation training was provided to all social mobilisers, programme coordinators of local service providers and concerned staff members of entire local bodies. A total of 9,636 people were trained in different aspects of social mobilisation during the LGCDP II period. The Local Development Training Academy (LDTA) was awarded to act as a National Service Provider (NSP) and was fully responsible to deliver social mobilisation related trainings through regional centres. The social mobilisation and NGO CC section developed different training modules based on local needs and capacity needs assessment with technical support from LGCDP II PCU and RCU experts. Table 2.5 gives a year-wise training status of different areas where the trainings were given.

2.7 Some success cases from the ground

Case 1: Women took leadership in road black-topping scheme

It is uncommon for women to get out of household chores and engage in community development work, especially in the Terai region. Despite various prowomen laws, women are still not comfortable to come out of their homes due to traditional beliefs and lack of opportunities. But the women of Rajbiraj Municipality of Saptari district have started engaging in local development works. Local women who were associated with the ward citizen forum of ward no. 4 became eager to lead a road black-topping project from Saptari Sewa Ashram to the house of Madhushudhan Singh. This section has been a poorly managed earthen road in the area. There are 65 inhabitants in the locality. Rajbiraj municipality provided the grant to make this road black-topped.

Initially, the women requested local residents to form a women's only users' committee. The villagers also

Completed road by Female Users' Committee

appreciated the idea and helped to form a women's users' committee to execute this small community level project. Ms Usha Devi took the role of chairperson with other 6 female members and led the management and quality assurance aspects of the roads. A monitoring committee was also formed by the male counterparts. Finally, the women's users' committee was successful in completing the scheme as per the technical specifications given by the municipality. Now, the road and its drainage system have become a showcase in the area. Local authorities and people have appreciated the work done. This success case validates that women can lead and manage local development activities on par with men. LGCDP's social mobilisation programme was instrumental behind the success story.

Case 2: Heading towards economic empowerment

Social mobilisation can change the status of disadvantaged communities through collective efforts of community members. Sabra Bhulke Citizen Awareness Centre has proved this statement to be true and and has brought about multiple changes in the community.

Road construction by Female UC, Rajbiraj

Sabra Bhulke is one of the settlements with a majority of deprived households situated in Laligurans municipality, ward no. 1 of Terhathum district. The Underlying Causes of Poverty Assessment ranks this settlement as poorest in terms of social awareness and economically. Hence, a citizen awareness centre was established here in March 2011. This settlement is composed of 26 HHs including 5 Dalit, 3 Janjaati households and 18 from other categories. They have been participating in the weekly REFLECT sessions and acquiring knowledge and information about public services and citizen rights. All members of the CAC are female. Previously, they all relied on subsistence level agriculture.

After the continuation of REFLECT classes, they obtained knowledge and information on issues that involved receiving services from local government offices, as well as on topics related to children schooling, sanitation, vital registration, vaccination, health care of pregnant women, removal of social evils, etc. They became more active in initiating social and economic activities in their locality. LGCDP II provided the revolving funds for livelihood activities and grants for community infrastructure. They utilised these grants to build vegetable collection centres to start collective vegetable farming on 15 ropanis ofleased land. They also coordinated with the Deurali Women Multipurpose Cooperative, Myanglung and borrowed NRs 200,000 for collective vegetable farming. They also obtained NRs 200,000 from the Women Development Office, Myanglung for the same purpose.

Looking at their efforts, the District Livestock Office, Tehrathum has provided NRs 300,000 for goat farming and the PAF provided NRs 900,000 to make a vegetable warehouse. "Now, we are heading towards economic empowerment and are organised for socio-economic transformation through collective efforts of women" says Ms. Renuka Khadka, CAC Coordinator. Their frequency of participation in the formal community development programmes is also increasing day by day as a result of socio-economic empowerment.

Case 3: CAC changed the face of Baghkhola Basti

Baghkholi- ward no 19 is a backward settlement with 52 households in Tulsipur municipality in Dang. This ward has a majority of Dalit and Janajatis households. The income of this ward was totally dependent on Indian remittance, and before the CAC was formed, women were unaware of basic hygiene, personal incidence registration, pregnancy related health issues and the importance of health check-ups and of schooling their children. These women hesitated to talk to outsiders. Even the governmental and nongovernmental organisations were unsure of how to support them, however, now, this settlement is setting an example and has been progressive in matters related to local governance, citizen awareness and development.

In 2068 BS, this settlement was chosen by the LGCDP II after the VDC agreed to form a CAC in one of the most backward settlements. With poverty categorisation, 27 out of 52 households were chosen and the CAC was formed. Later, through the REFLECT, the main issue of poverty and its solutions were identified. The use of local resource mobilisation and skills were identified and those households were encouraged to become agents of change. The CAC members started discussing their rights, identifying and prioritising their needs making necessary changes.

Now the settlement has been progressive in that there are good roads, everyone is engaged in entrepreneurship, children go to school, pregnant women go for regular health check-ups and awareness levels have increased. This has improved the access of the government and NGOs to this settlement. After the VDC office budgeted NRs 1 lakh to the CAC as a livelihood grant, the CAC members further added the costs of their incentives and established a mobile fund for income generation. They are now encouraged to work harder and they realise that one is rewarded if one tries.

After this, in FY 71/72, Tulsipur municipality further supported the CAC members with NRs 315,000. Additionally, consultations from social mobilisers were provided and one Bigaha land was also given up for rent to help with vegetable farming. An agreement was made with the owner of the land at the rate of NRs 35,000 annually for 10 years. The members formed a group and spent the funds on a power tiller, seeds and other infrastructure. As per the need, the power tiller was used by the entrepreneurs; otherwise it was rented by the municipality to help with income generation of the enterprise group. The power tiller has even generated a job for one woman, Tilak BK. Now the ward that was identified as the most backward is established as a resource centre and has been producing seasonal and non-seasonal vegetables. Now this CAC is more encouraged to secure local livelihoods. They have even signed a deal with SEED Nepal for technical support and since then, have gotten trainings on producing compost fertilisers.

CAC members claim that this resource centre has become an agent of change in their lives. In the last 3 years, members have learned about positive behavioural changes and have invested in social reforms; and they are dedicated to professional agricultural farming as an income generation source. Now the members are planning to register in a cooperative.

Case 4: Increased income leads to confidence

Gayatri Mandal of Jankapur Municipality-1 falls under the poor category member as per the poverty assessment at the CAC level. After joining the CAC sessions, her confidence level increased and she wished

to run a small business with the LIP Grant of Rs 25,000. She started an egg frying business close to the main road. Now she is able to earn Rs 300 to 500 per day. This has eased her daily life. This earning has built her confidence level and she expects to make more. She says her confidence has increased and is planning to enroll her two daughters in school

Case 5: Small things bring happiness

Ladima Pariyar is an inhabitant of Sarkidew VDC 1, Humla. She lives in joint family of six members. Their basis of livelihood is traditional agriculture, which hardly covers two-time meals. The inhabitants of this village have to walk for more than 30 minutes to fetch a pot of water. This means that most of their time goes in the collection of water. Humla itself is a highly remote village but her challenge lies in the fact that her village lies in a remote area where untouchability is still prevalent. Due to this system, those considered 'untouchables' like her have to wait for hours to collect water from the communal pond. This is because the 'high caste people' collect the water before anyone else is allowed to. This has been a decade-long tradition of the village.

Last year, the CAC meeting discussed some of these problems and identified a long list of development requirements. Later, they ranked them and placed drinking water as their first priority. They forwarded a proposal with this issue to DDC Humla VDC. The DDC granted them Rs 400,000 for a small scale drinking water scheme. Even this was a small amount,

however, the CAC members contributed their time and efforts and succeeded in constructing a small tap water project in the village. Ladima recalls it as the happiest moment of her life. This small effort brought the local villagers dignity. The time invested earlier in fetching water has now been used in the development of vegetable gardens. The children wash their hands before meals when earlier, they did not have the water to clean their hands. More importantly, their confidence level has increased and this was the main objective behind establishing the CACs and enrolling local members in REFLECT sessions.

Case 6: Small Support brings bigger change

Chameli Sarki (32) is a member of a CAC in Kamalamai Municipality Ward no. 15 of Sindhuli. Her husband Bhakta Bahadur Sarki was separated from his extended family and received only a piece of 1.5 Katta land as his share. This dry and barren land was not sufficient to keep the family alive. Hence, her husband used to go to the nearby market to dolabor work. He hardly earned enough to feed a four-member family. Later in the year 2068, her village Kulokhola was selected as a site for the establishment of acitizen awareness centre. Sarki readily joined the CAC and enrolled in regular REFLECT sessions.

After enrolling in the CAC sessions her confidence level unexpectedly increased. She says, "Earlier, I was not even able to introduce myself due to my shy nature. Now, I do hesitate to talk in front of a mass to put forth my views. Most of the participants of CACs are now aware about women rights, issues related to vital

registration, social evils and basic processes to receive services from VDCs and other service providers. Earlier, we were considered untouchables and the members of the higher castes did not wish to sit and talk to us. They didn't invite us to public gatherings or consultation meetings. Now things have changed. We are invited to most of the social gatherings that are relevant to us."

In 2070 BS, LGCDP granted a revolving fund of Rs 100,000 to help locals of Kulokhola village to take part in potential IG activities. "This was indeed a big support for us," says a beneficiary. She further adds, "Beli Miss (social mobiliser) held a discussion and encouraged us to identify the local potentialities for making a living. We sat together and had an in-depth discussion. Finally, some members were interested in vegetable farming, some were in favor of goat rearing and I chose poultry farming along with a pig rearing."

"I started poultry farming with Rs 25,000 and purchased 150 chickens and a pair of pigs. Till now, I have sold two lots of chickens and earned Rs 45,000. I am also able to repay my CAC loans. I have constructed a pig shed with the help of my husband who helps me. Very soon, we will be able to sell our pigs and make an income of tentatively Rs 40-50,000. Life has now become easier," says Chameli BK, another resident of the village who is known to be very helpful and hard working. She has supported other members in every way she can. She says, "the CAC and weekly REFLECT sessions have been an eye opener for us. We are really grateful to the Nagarpalika and LGCDP for this great help."

3

ACCOUNTABILITY TOWARDS CITIZENS
[Strengthening Accountability, Enhancing Good Governance]

LGCDP-II has been facilitating the establishment of accountable governance systems at the local level by mobilising local Civil Society Organisations (CSOs) in all 75 districts. These CSOs are being engaged in compliance monitoring of local bodies, strengthening of supervision and monitoring committees, which have been formed at local levels, support of LBs in grievance redressal and mentoring of ward citizen forums, which are also engaged in oversight activities. The LGCDP II conducts all downward accountability related activities adhering to the Local Governance Accountability Facility (LGAF) operational guideline 2014.

The LGAF is an integral part of LGCDP II, and is internalised within the Good Governance Promotion Section, with its secretariat for the monitoring of compliance with legislative and policy requirements of local bodies. LGAF's specific roles are the mobilisation of civil society organisations for LBs' compliance monitoring, coordination, and harmonisation of national accountability programmes, downward accountability promotion and citizen oversight over public entitlements as well as the supervision of effective functioning of the grievance redressal system at local bodies.

Civil society organisations are mobilised so as to monitor compliance of local bodies regarding legislative and policy requirements of both the demand and supply sides to enhance locals' capacities to demand

rights, choices and voices. Simultaneously, the CSOs also work towards the improvement of quality, effectiveness, efficiency, regularity, equitable access and sustainability of the service delivery. As its results, LBs have institutionalised the systems like compliance monitoring; conduct of public audits; placement of citizen charters, notice boards, information desks; redressal of public grievances; transparency of decisions, plan vs. results, income and expenditure, etc.

3.1 LGAF Developed as a National Accountability Forum

LGAF has been developed as a National Accountability Forum within and outside of the MoFALD. National level programmes like Strengthening the Accountability

Table 3.1	Progress trends of key accountability targets				
Performance Indicators		**Year wise progress**			
		2070/71	**2071/72**	**2072/73**	**2073/74**
1. Civil society led compliance monitoring in 75 districts		-	LGAF=65	LGAF=66 SALGP=9	LGAF= 49 Sajhedari Bikaas= 11
2. LBs where compliance monitoring is conducted by CSOs		-	VDC=871 Mun=147 DDC=74	VDC=1,606 Mun=44 DDC=75	VDCs: 1268 Municipalities: 158
3. Nos of DDCs and Municipalities that conducted Social Audit	Muni.	33	68	110	120
	DDCs	47	48	64	57
4. Nos of Local Bodies that conducted	VDCs	2012	188715215215	2154	1269
	Muni.	55	152	213	198
	DDCs	75	74	75	72
5. Nos of Public Audit conducted projects	VDCs	13,746	18,128	45,943	5645
	Muni.	3,471	9,859	20,526	2506
	DDCs	7,924	12,188	14,289	927
6. Number of DDCs where grievance mechanism are functional		62	68	67	75

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

of Local Governance Programme (SALGP) by SDC and Sajhedari Bikaas by USAID have signed in the memorandum of understanding.

LGAF produces accountability reports each year which are disseminated to stakeholders to report the status of accountability. This is also practiced by CSOs at local levels to cover district level achievements.

3.2 Local Accountability Mechanism to Reduce Fiduciary Risks

LGAF focuses on minimising three risks areas, namely decision level risk, investment risk and result risk. Engagement of citizens in every decision making level and grievance redressal system has contributed to the decrease in fiduciary risks in local bodies. Mainly, they focused on obligatory use of public audits, public hearings, social audits, participatory planning and budgeting, monitoring & evaluation, review and feedback at the local bodies' level. The use of citizen charters, grievance redressals, community information boards, gender responsive budgeting were other core mechanisms to be followed by the local bodies. LGAF is instrumental in the implementation of social accountability functions in the local governance

system and it has advocated through LBs and CSOs that these tools will help to hold governance actors accountable for their citizens and that every penny will be used to achieve results. Local bodies coordinated with line agencies especially Education, Health, WaSH sectors, I/NGOs for the use of these tools for citizen engagement in planning, budgeting and decision making, transparency in decisions and actions, and in improving their internal accountability.

3.2.1 Strengthened Institutional Capacity of LBs and CSOs

LGAF secretariat, with the active management of 6 Regional Coordination Units, carried out capacity development activities for local bodies and CSOs. Orientation programmes for LDOs and executive officers on compliance monitoring, downward accountability and LGAF were carried out during the programme period.

LBs officers and experts get information on the procedures of compliance monitoring

Orientations on promotion of downward accountability and grievance redressal and procedures of compliance monitoring by CSOs were provided to planning, monitoring and administrative officers, social development officers, district and urban governance experts whose roles were crucial for the promotion of downward activities and compliance monitoring at local levels. CSOs also have the responsibility of capacitatingcivil society groups like WCFs, CACs, Mothers' Group, micro credit groups, farmers' groups, etc. A total of 38 planning, monitoring and administrative Officers, 66 social development officers, 47 district governance experts and 38 urban governance experts (in total 189 persons) participated in the orientations.

Likewise, CSOs oriented DDC staff members and political representatives on accountability and compliance monitoring procedures. A total of 1200 staff members of 66 districts and 188 municipalities benefitted from these orientations. They were oriented on the concept of downward accountability and grievance redressal, compliance monitoring, public auditing, public hearing and social auditing and these sessions were followed by interaction sessions.

Figure 3.1 Orientation to PMAO, SDO, DGE and UGE on Downward Accountability by Region, 2016
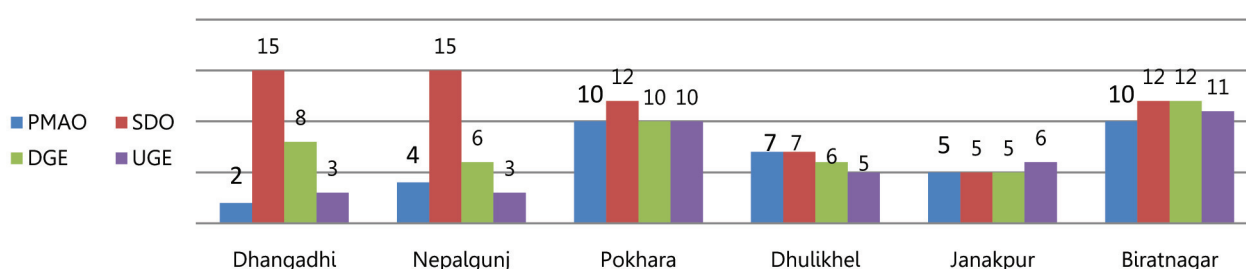
Citizen engagement in planning/ decision-making level

As a result of citizen engagement, domination by elites over public resources has decreased and the access by and voices of deprived and minority groups in the planning process have increased. As per the provisions of LBRMMOG 2012, the project's prioritisation process says that it is mandatory to start from the WCF level ensuring greater participation of the integrated plan formulation committees where participation of excluded segments of the population is made compulsory. Further, local bodies have to approve the draft annual plans forwarded by the IPFC. The figure shows the increased participation of citizens including that of women in startingat the ward level. However, women's participation seems lower than men's in the planning avenues.

3.2.2 Civic Oversight

As a citizenry organisation, WCF is provided with the role of community level oversight of public service entitlements. Main roles of the WCFs are to monitor the access, quality and effectiveness of the programme on a regular basis to ensure public satisfaction. They are the sole representatives of the people and provide feedback and persuade duty bearers or the service provider institutions to improve their services through result-based governance systems and effective service delivery. Empowerment of citizens could be seen tools and public engagement, sharing grievances and providing feedbacks to local bodies. Civil society organisations have been capacitating WCF members through orientations and mentorings aiming to improve and increase their roles for oversight functions. WCFs are engaged in civic oversight

Figure 3.2 Citizen Engagement in Local Level Planning
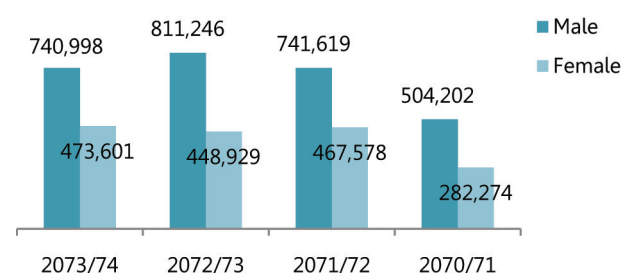
Figure 3.3 NOs. of Public Audits Facilitated by WCF by FY
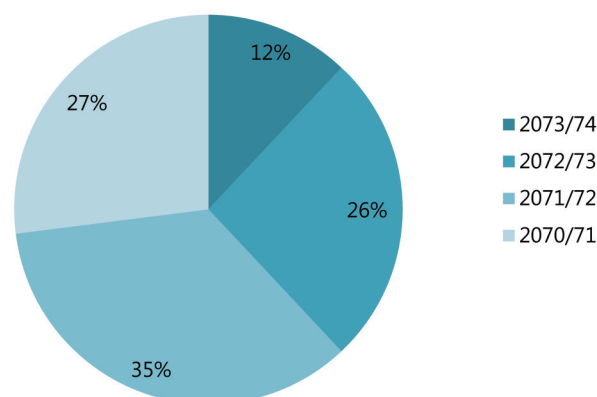
activities mainly in public auditing, social auditing, public hearing and monitoring of local development activities, service delivery of health posts, primary schools and I/NGOs.

The above chart shows that the public-audit-completed projects were 12% in FY 2013/14 which was 26% in 2014/15 and 35% in 2015/16. Till the end of the FY 2016/17, it was around 27% on average. Public audits are mandatory for each project; this could not happen as expected. However, the percentage of public audited projects are increasing.

3.3 Use of Accountability Tools in the Local Bodies

Basically, public audits are done at the community level and project based public hearing at the institutional level to measure local level satisfaction of the provided services and facilities. Social audits are done to assess that the organisations' plans, policies and budget have been executed and that changes to earlier strategies are made keeping in mind stakeholders' feedbacks. Other tools used at the local levels are mainly the citizen's report cards, exit polls before public hearings and small research like PETS. Facilitation and monitoring of project implementation, public auditing and oversight of public service entitlements are being carried out by CSOs at the local level.

Social audit

Accountability tools like social audits measure the social and economic liabilities to be fulfilled by the local bodies and the service delivery entities like line agencies, private sectors, I/NGOs and civil societies.

Social Audit Guidelines-2067 has provided various procedural guidelines related to undertaking social audits once in each fiscal year and in the first quarter with following procedures of internal and external preparation, information collection, and reflections of the stakeholders and citizens. Local bodies have to be

Figure 3.4 Social Audit Trend in DDC by FY
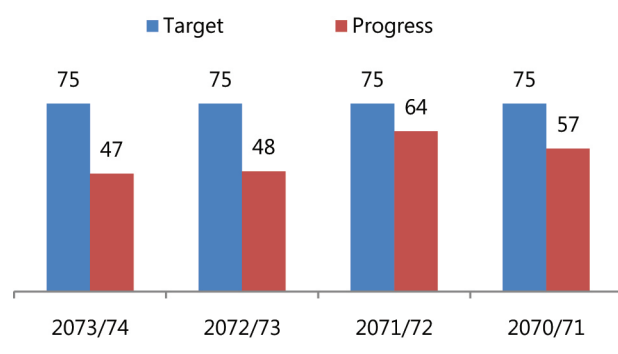
Figure 3.5 Target vs. Progress of Social Audit in Municipality by FY

Figure 3.6 Public Hearing Conducted by VDCs (No.)
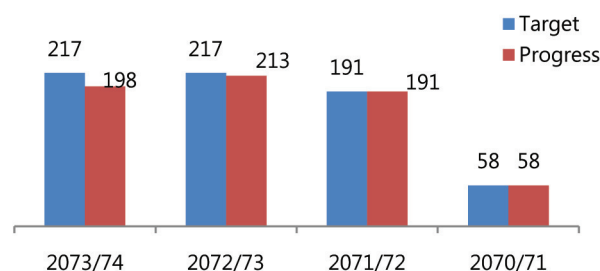
mandated the two times public hearing in the local bodies. It is instrumental in assessing the satisfaction level of citizens with services in line with the commitments made in the citizens' charters; in turn, the host receives feedbacks and suggestions, and becomes responsive towards public grievances. It is a great forum to: a) test perceptions on their actions being accountable, and, b) disclose commitments, progress and results; and to assess the improving points and actions, and to assure the public to be more responsible, responsive and accountable in the future. Moreover, this should be a crucial forum to seek public engagement and contribution. The trend shows that the public hearing figures are in increasing trends.

answerable to the people for the results and resources used and should incorporate the concerns, feedbacks and suggestions as reflected in social audit reports in the areas of their planning, implementation, monitoring and supervision. On the other hand, it is the sole responsibility of organisations to know about the right holders' (beneficiaries) perceptions and to accommodate themselves to meet their obligations. The figure shows the increasing trends of conducting social audits in DDCs and municipalities. As per the targets, the progress shows that each year more and more LBs are conducting social audits.

The Public Hearing Guideline, 2067, is in operation in local bodies. The Good Governance Act, 2064 has provisioned the trimester-based conduction of public hearings. Local Bodies Resource Mobilisation and Management Operation Guidelines, 2069, has also

Public audit

Public audits are mandatory in each project and are either implemented by contractors or users' committee to be conducted by the end of the project's implementation. Audit reports requesting final installments are to be submitted as per the provision of the Local Body Financial Regulation, 2064, the LBRMMOG, 2069, and the Public Audit Guideline, 2067. The diagram shows four years of public audits trends of local bodies. In all local bodies, public auditing has been an increasing trend from the initial years of LGCDP i.e. 2013/14. However, the figures are low in 2016/17 due to focus on restricting the process by LBs.

3.3.1 Grievance redressal

Good Governance Promotion Section (GGPS) is the focal section of the MoFALD for the redressal of public

Figure 3.7 No. of public Audit Completed Projects by LBs
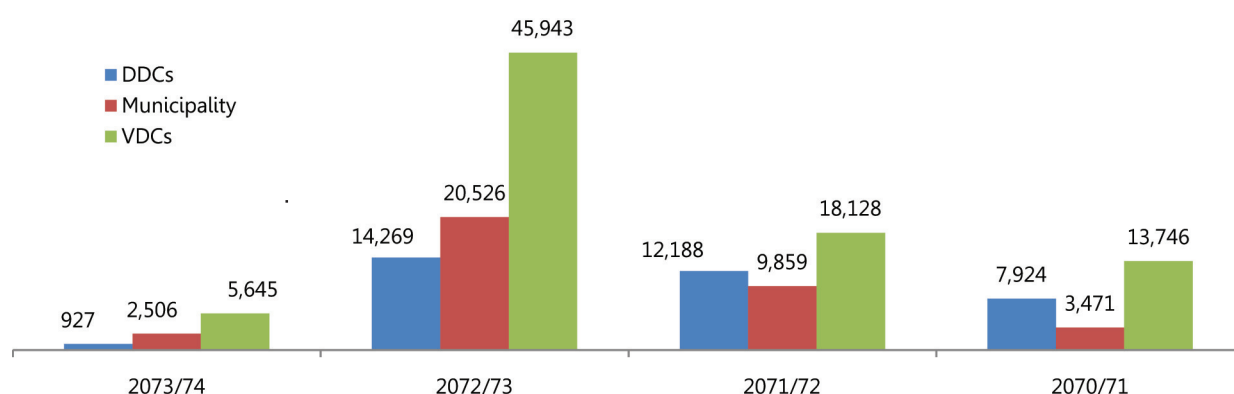
grievances registered or referred to by the Ministry of Commission for Investigation of Abuse of Authority (CIAA), National Vigilance Centre (NVC) and Office of the Prime Minister and Council of Ministers (OPMCM)-Hello Sarkar. In the past 4 years, the National Vigilance Centre referred the cases to the ministry, and on an average, 89% of the cases were redressed by MoFALD. Cases related to in subordination, mismanagement, bribery were referred by the NVC for probing, and MoFALD has taken actions after the investigations. Cases are mostly related to budget request, budget mismanagement in the projects, users' committee formation disputes, social security allowance mismanagement and demand of disciplinary action to the LBs staff membersfrequently absent in office.

On average, grievances referred by CIAA and NVC are in increasing trends. Upto the fourth year, 89.5% of cases from CIAA and 71% of cases from NVC have simultaneouslybeen referred to MoFALD for probing. Similarly, 98% cases referred from Hello Sarkar and 82% cases registered in MoFALD have been redressed. These cases are related to fake certificates, embezzlement of social security allowance distributions, public land encroachment, disputes in project operation, track openings for local roads, user's committee formulation, advance clearance, disciplinary actions demanded against contractors and particular staff members, staff recruitment, citizenship recommendation, building design and drawings and briberies.

3.3.2 Coordination and Harmonisation

LGAF is coordinating with central level actors and agencies for the promotion of accountability, which includes the National Planning Commission, National Vigilance Centre, Strengthening Accountability of Local Government Programme (SALGP), and Sajhedari Bikaas Programme (PACT-USAID). It has helped to bring uniformity, better coordination and sharing of ideas and experiences among the partners.

3.4 Compliance Monitoring

LGAF has issued multiyear contracts to the CSOs. Therefore, each year LGAF conducts CSOs' performance quality assessments by assigning the role to local bodies associations. LGAF has renewed the contract of 66 CSOs for 2071/72 based on previous

Table 3.2	Grievance redressal status			
Agencies	FY 2013/14 (%)	FY 2014/15 (%)	FY 2015/16 (%)	FY 2016/17 (%)
CIAA	75	100	83	100
NVC	79	86	74	43
Hello Sarkar	89	94	99	100
MoFALD	68	100	84	75

assessment reports. In the year 2073/74, only 49 out of 66 CSOs qualified. As a result, LGAF National Committee decided to renew the contracts of those 49 CSOs only and call an EoI for the fresh bidding of the vacant 17 districts; the bidding process started through EoI but was withheld later. As per the ToR provided to the CSOs, they have been performing compliance monitoring of LBs with policy and legislative requirements of 1,268 VDCs (some VDCs merged into municipalities) and 188 municipalities within 49 districts of Nepal.

In the year 2071/72, 66 CSOs had carried out compliance monitoring of 1,174 VDCs and 53 municipalities. Around 30 government officers received a 3-day grievance redressal ToT. All local development officers and executive officers including planning officers of every district, and district and municipality base governance experts as well as the focal persons (employed last year), have also received orientations on downward accountability and its procedures. Every year, in the third trimester, peer review meetings were organised between CSOs in an RCU basis where CSOs presented their progress achievements of compliance monitoring, and the results were verified by the planning and monitoring officers/district governance experts of the respective districts.

CSOs oriented local bodies on compliance monitoring procedures, the importance of accountability, and grievance redressals in the respective local bodies, and completed the baseline surveys. The immediate results of CSOs' compliance monitoring areplacement of'Citizen Charter' in front ofoffices, regularisation of public hearings and redressal of grievances, conduct of social audits and public hearings in the local bodies. CSOs signed contracts withFM radio stations, at least one, except in Manang, (68 FM radios had contracts with CSOs) have conducted the civic education on social accountability and encouragedcitizensto activelyparticipate in the respective forums. FM radios transmitted such messages for 30 minutesweekly. CSOs of Kathmandu district have been broadcasting the accountability related messages through television on a monthly basis. CSOs facilitated public hearings, organised feedback sharing meetings with DDCs and municipalities, facilitated local level monitoring and supervision committees to monitor 10 big projects on the recommendation of DDCs, facilitated public audits to mentor the WCF members, imparted skills with information on oversight of public services and feedback procedures in each year.

CSOs' peer review meetings

There are provisions of peer reviewing before the end of the programme to review the status of output achievement by CSOs. It is the best learning/ capacitating forum for CSOs to observe the procedures and ideas from others. Further, this forum

provided them the opportunity to build horizontal knowledge sharing networks among CSOs. Additionally, it is taken as a common forum to promote downward accountability in a coordinated way. LGAF has taken this opportunity to assess the performance of CSOs and activities completed in the year.

Peer review meetings were organised in six RCUs in 2015 and 2016. The CSOs, based on the feedback and paired learnings, prepared final reports and submitted them to LGAF. In the first year, three persons from each district (66*3), the programme coordinators and focal persons of CSOs and planning, monitoring and administrative officers or social development officers of respective districts had participated. A total 396 persons had participated in peer review meetings in each year.

Grievances redressal at local level
It is found that all DDCs have started grievance redressal and reporting systems. Likewise, 50 municipalities and 1768 VDCs have started registering and redressing the complaints. In the fiscal year 2073/74, out of 1,777 registered complaints in VDCs, 92% were redressed locally. Out of the 915 registered complaints in the municipalities, 93% were settled. Further, DDCs redressed 95% of cases out of the 741 registered complaints.

3.5 Other Activities

Information and communication
In the course of compliance monitoring, CSOs have mobilised local FM radios, at least one in each district, except in Manang, and those FM radios broadcasted radio programmes to educate people weekly (in total 4,704 events), 528 times (in aggregate) briefing papers, publishing and sharing. IEC materials were developed to communicate information among people. A total of six video documentaries of different regions including the Karnali zone were transmitted through Nepal Television.

Grievance handling
The grievance redressal system is managed by the Good Governance Promotion Section(GGPS) and the

complaints and grievances can be registered with the MoFALD in its toll-free number, 1618014200309; Hello Facebook;info@mofald.gov.np or forwarded by Commission for Investigation of Abuse of Authority, Office of the Prime Minister and Council of Ministers (OPMCM)-Hello Sarkar, National Vigilance Centre. After investigation, different actions have been taken against offenders. In support of the GGPS, MoFALD has started to display its information on LED TVs and has managed the citizen chamber for the public.

Policy formulation
For the systematic operation of downward accountability, different guidelines have been formulated and necessary amendments in the existing ones have been carried out. Amendments have been made to the Social Mobilisation Guidelines and Local Body Resource Mobilisation, Management and Operation guideline, 2069. During a three-year period, MoFALD formulated the guideline and implemented it.
➤ LGAF Operational Guidelines, 2014;
➤ Compliance Monitoring Guidelines, 2014;
➤ Grievance Redressal Guidelines, 2015;
➤ Local Body Management Audit Guideline, 2015;
➤ CSO Training Manual, 2015;
➤ Compliance monitoring and radio programme operation manual, 2015;
➤ JAWAFDEHITA (Accountability) Bulletin Trimester (4 issues).

Training and orientation
The CSO staff members were provided a 4-day capacity development training on participatory planning, monitoring and evaluation. Further, they were oriented on acts, regulations and guidelines concerned with local bodies' roles and responsibilities, compliance monitoring and reporting. A total of 789 people including the programme coordinators, focal persons of CSOs, accountability officers and sub-engineers were trained on various topics of accountability. The training content includes: downward accountability, social accountability tools, compliance monitoring, facilitation skills, radio programmes, participatory planning, financial accountability, fiduciary risk, budget allocation, social security, citizen entitlements, oversight procedures, among others.

Table 3.3	Grievances reported to higher authority by Local bodies		
Year	VDC	Municipality	DDC
2070/71	18	4	85
2071/72	0	397	1746
2072/73	112	177	36
2073/74	15	153	314

3.6 Some Exemplary Success Cases from the Ground

Case 1: Digital display is practiced in DDCs and municipalities

DDCs and municipalities have used people-friendly information technology to maintain accountability. Hetauda and Bardibas municipalities are some places that have developed the apps of citizen charter. Likewise, Inarwa, Gulariya, Dharan, Butwal municipalities and Kathmandu, Palpa, Bardiya DDCs have placed digital notice boards. They disclose their programme and budget, policies and procedures, activities on the board. They use local FM radios to talk about their activities, citizenry rights and duties. Most of the local bodies have printed and distributed annual budget and programmes with council decisions, disclosed decisions of regular meetings and periodic plans and thematic plans. Moreover, these digital display boards are used as citizen charters, are used to disclose staff names, office room location maps, financial information and official notices. Hence, local bodies are becoming transparent through the use of information technology.

Case 2: A step towards good governance

Aapasi Sahayog Kendra, a Syanja based CSO, works for the compliance monitoring of local bodies with legislative and policy requirements in 31 local bodies of Syanja district. Although compliance monitoring programmes are crucial, itisequally challenging for an NGO to monitor local bodies' activities in the context of absent elected representatives.

Orientation on public entitlement

The compliance monitoring reports of the CSOs reveals that there were procedural irregularities in four VDCs out of the five that were surveyed. The list of social security related information was not updated, and neither were the names of the 12 dead in Nibuwakharka VDC removed.

The CSOs have collected all the valid evidences of irregularities that were found during the survey. That case was forwarded to the local development officer. Later, this issue was discussed at the DDC level and the VDCs' secretaries were instructed strongly to update the records on a regular basis.

Following this event, other VDCs also became aware ofthe gravity of issues that areconsidered to make an impact on compliance monitoring. Two VDCs, namely Bangephadke and Chatrebhanjyang, have now started to distribute the entitlements at ward levelsand that has helped to ensure transparency in distributing social security allowances.

4

ACCESS TO RESOURCES
[Optimising the Use of Resources, Better Development Outcomes]

The main objective of 'access to resources' has been to ensure that the local bodies are able to secure adequate finances in order to provide mandated services. The optimisation of source revenues of local bodies is also a very crucial task of this result area. It also seeks to maximise grants to be transferred from the central government to local bodies in Nepal.

4.1 Key Achievements

In order to achieve the objective, various activities were implemented. Specifically, DDCs and municipalities were supported to prepare revenue improvement action plans (RIAPs). The LBFC has prepared some important studies, i.e. study of Proposed Institutional Arrangement for Intergovernmental Transfer in Nepal; designing a Framework for Sub-National Government Financing through Borrowing in the Context of Fiscal Federalism in Nepal; Grant Equalisation Formula for Local Bodies of Nepal; the study on projection and collection of taxes of provinces and the local level, etc. Moreover, the LBFC published and disseminated financial analysis reports incorporating internal revenues and grants (conditional, unconditional and others) provided by the Government of Nepal. Similarly, the procedures of Minimum Condition Performance Measure (MCPM) assessment systems of DDCs, VDCs and municipalities were updated and revised.

Out of the total 159 new municipalities, orientations on MCPM indicators for 73 municipalities were completed. The executive officers and chief of the Revenue Section of the 159 new municipalities were oriented on Integrated Property Tax (IPT). The content of the IPT training included theories, importance of IPT, the processes of IPT implementation, identification and interaction with major and key stakeholders, arrangement of required budget, and internal capacities needed for effective implementation of IPT. Till now, 111 municipalities have implemented Integrated Property Tax (IPT) and house land tax that resulted in increasing internal revenue. Local bodies were able to increase more than 10 % of their internal revenues in 2014/15 compared to 2013/14. But the internal revenue of municipalities has substantially increased (22 %) in 2015/16 compared to 2014/15. In order to adjust the house and land tax rate and average cost rate per square foot for building construction, the Government of Nepal amended the Local Self Governance (7th amendment) Regulation, 2015.

Likewise, the Revenue Improvement Action Plan of Dhanusa and Surkhet DDCs, and Itahari, Tansen and Dhankuta municipalities was prepared. Exposure visits were carried out to learn fiscal decentralisation and the role of the fiscal commission in grant allocation and capacity development of various levels of government units in Australia and India. The LBFC also prepared annual financial analysis reports and analytical reports of the MCPM results of local bodies.

4.2 Minimum Condition and Performance Measures (MCPM)

Implementation of the MCPM system has produced notable improvements in performance and other managerial aspects of local bodies. Implementation of this process has helped local bodies to be more responsible and to ensure transparency in activities, to abide by legal provisions, to maintain financial discipline and to reduce fiduciary risks of local bodies.

4.2.1 Performance Based Grant System in Nepal

MCPM was initiated in the fiscal year of 2006/07 by LBFC. Thereafter, MCPM has been a regular activity of the MoFALD. In the year 2014/15, seven DDCs, ten municipalities and 1,275 VDCs could not meet the MC. Of the total failed VDCs, 808 VDCs did not participate in MCPM assessment. All MC-failed VDCs (1275) received minimum grants in the next fiscal year 2016/17 and did not receive performance based grants. The Minimum Condition and Performance Measures

Box 4.1	Objectives of MCPM

▶ To prepare criteria for allocation of unconditional capital grant based on the result of MCPM assessment for local bodies;

▶ To identify local bodies' strength and weaknesses; to analyse them and provide feedback for capacity building; and

▶ To explore realities by analysing local bodies' policy, plan and program management and various elements those put impact on overall performance in detail.

(MCPM) introduced by the Government of Nepal through the Local Body Fiscal Commission to improve performance of local bodies is beginning to provide an important set of incentives which is encouraging LBs to carry out their mandated functions as required under the Local Self Governance Act and related regulations. In fact MCPM is making a real impact on the behavior of local bodies. The Constitution of Nepal 2015, has structured an independent and constitutional National Natural Resources and Finance Commission to provide guidance and oversight needed on allocation of financial resources across the various spheres of government, advice on sub-national taxes and revenues and oversee and support the sub-national public financial management issues.

4.2.2 Assessment of DDCs' MCPM

The table below shows the results of MCPM assessments of the past threeyears. It depicts the summary description of the assessed DDCs' numbers, failed DDCs' numbers and percentages, including average marks secured by DDCs in performance measures from 2012/13 to 2014/15. The trend of failed

| Box 4.3 | Major causes of MC failure of Municipalities in 2014/15 |

▸ Despite regular feedback and orientation on MCPM indicators to the municipalities, Kathmandu Metropolitan City, Dhulikhel, Tulsipur and Narayan municipalities failed the MC due to lack of compliance in only one indicator related to personnel management. Under this, the limit of recurrent expenditure crossed as per provision. Personnel hired without considering the limit of the ceiling of recurrent expenditure.

▸ Likewise, Ilam did not report the status of audit and clearance of irregularities.

▸ Lekhnath municipality did not hold annual process review.

▸ Malangawa did not prepare the income and expenditure details.

▸ Jaleshwor did not meet 50 per cent of the MC indicators and thus did not receive performance based grant for 2016/17.

DDCs portrays that there is a fluctuation in the result of minimum condition. About 10.67% DDCs failed MC assessment in 2012/13. This was gradually reduced and recorded as 9.33%in 2014/15. This could be due to rigorous trainings, reviews and orientations regarding MCPM by the programme since its inception in 2013.

2.2.3 Assessment of Municipalities' MCPM

The below table below shows the summary description of assessed municipalities' numbers, failed municipalities' numbers and percentages, including

| Box 4.2 | Common reasons attributed to the failure of MC assessment of few DDCs in 2014/15 |

▸ The Sunsari DDC did not meet the indicator 'annual progress review and asset management'.

▸ Sarlahi DDC did not submit report of annual and quarterly progress to MoFALD on time. It also did not conduct internal audit and audit of VDCs. It also ranked poor in personnel management (high recurrent expenditure) performance.

▸ Rautahat DDC did not conduct internal audit and audit of VDCs on time.

▸ Bara DDC did not submit report on 'review of annual and quarterly progress' on time.

▸ Mugu DDC maintained very poor performance in information documentation and management.

▸ Achham DDC did not conduct internal audit and audit of VDCs in time, had poor performance of asset management, etc.

| Table 4.3 | Trend analysis of VDCs' minimum condition assessment |

Assessment Fiscal Years	Number of assessed VDCs	Number of Passed VDCs	Percentage of Passed VDCs in MC Assessment
2069/70	3,915	3,079	79
2070/71	3,625	2,547	70
2071/72	3,157	1,882	59

Source: VDCs' MCPM results prepared by Local Bodies Fiscal Commission of various years

| Table 4.1 | Result of DDCs' MCPM assessment |

Fiscal Years of Performance Assessment	Assessed Fiscal Years	Number of Assessed DDCs	Number of Failed DDCs	Failed Percentage	Average Marks Secured
2069/70	2070/71	75	8	10.67	64
2070/71	2071/72	75	5	6.66	57
2071/72	2072/73	75	7	9.33	58

Source: DDCs' MCPM results prepared by Local Bodies Fiscal Commission of various years

| Table 4.2 | Result of municipalities' MCPM assessment |

Fiscal Years of Performance Assessment	Assessed Fiscal Years	Number of Assessed Municipalities	Number of Failed DDCs	Failed Percentage	Average Marks Secured
2069/70	2070/71	58	1	2	68
2070/71	2071/72	58	0	0	66
2071/72	2072/73	58	10	17	67

Source: Municipalities' MCPM results prepared by LBFC over the years

average marks secured by municipalities in performance measures from 2069/70 to 2071/72. There is a variation in the result of performance measures of municipalities. A total of 100% municipalities had passed in 2070/71. Ten municipalities out of 58 municipalities failed in 2071/72.

4.2.4 Assessment of VDCs' Minimum Condition

The table below shows the trend of the results of minimum condition assessment of VDCs from 2069/70 to 2071/72. A total of 79% VDCs passed MC assessment in 2069/70 that gradually decreased to 59% in 2071/72. The reason behind the poor performance of the MC result is the ignorance of the assessment process among VDC secretaries. One major argument of a VDC secretary was that they were overburdened and had less capacity to comply with the whole process of the MCPM assessment.

4.3 Performance Measures (PMs)

The system of performance measurement of VDCs was piloted in 2069/70 in selected districts and VDCs. From 2070/71 onwards, the system has been implemented in all VDCs across the country. According to the MCPM procedure, 2066, there are 13 indicators of performance measures in VDCs. DDCsare responsible for carrying out the assessment of performance measures of VDCs which it does by hiring consultants locally. In the fiscal year 2071/72, of the total 2,287 VDCs of 54 districts, 1,930 VDCs passed performance measures.

4.4 Earmarked Budget

Indicator no 3 of performance measures of VDCs is related to mandatory requirement of 35% budget allocation for GESI. This is an earmarked funding for disadvantaged groups (15%), women (10%) and children (10%). VDCs receiving marks of 40 and above in performance measures passed.

4.4.1 Status of VDCs' Earmarked Budget in GESI

Of the total 2,287 VDCs of 54 districts, 60%VDCs allocated their budget as per the procedure and had expenditures of more than 80%; 29% of VDCs allocated their budget as per procedures but their expenditures

Box 4.4	GESI Sub-indicators

Indicator 2.1: Allocation of at least 10 percent budget for the direct benefit of marginalised women from all caste and approval by the council

Indicator 2.2: Allocation of at least 10 percent budget for the direct benefit of marginalised children from all caste

Indicator 2.3: Allocation of at least 15 percent budget for the direct benefit of DAG from all caste and approval by the council approval by the councill

were only 60-80%; 11% of VDCs neither allocated nor made any expenditures. In some cases, VDCs met this requirement despite failing the PM. For example, Subhang VDC of Panchthar district failed in the PM but complied 100% with theGESI indicator. Likewise, in Bara districts, Dharmanagar, Raghunathpur, Pheta, Purainiya, Maheshpur and Sisahaniya VDCs failed in the PM but complied with the GESI indicator fully. It reflects the commitment of LBs to comply with the provision meeting GESI indicator.

4.4.2 Status of Earmarked Budget in Municipalities in GESI

Indicator 2 of performance measure of municipality gives the status of allocation of budget for Target Group Development Programme.

Out of 58 municipalities, 49 municipalities complied with all 3 sub indicators in FY 2070/71. This further

Box 4.5	GESI Sub-indicators

Indicator 8.1: Determination of bases of prioritisation of target group development programme

Indicator 8.2: Projects approved by district council which are prepared with the participatory process based on the bases of priority

Indicator 8.3: Budget allocation to the target group development programme in line with the provision of Local Body Resource Mobilisation Procedure, 2069

Table 4.5	Budget allocation for target group development program by DDCs	
Indicator no. 8	**2070/71**	**2071/72**
All 3 sub-indicators	58	62
At least 2 sub-indicators including 2.3	11	10
Poor compliance	6	3
Total	75	75

Source: LBFC, result of MCPM assessment of 2013/14 and 2014/15

Table 4.4	Status of VDCs' earmarked budget in GESI (Indicator 3)				
	Number of VDCs				
Districts (No.)	**PM Assessed**	**PM Passed**	**Achieved 100 % marks**	**Achieved more than 50% marks**	**Poor performance**
54	2,287	1,930	1,393	671	223

Source: LBFC (2016), Result of performance measure of VDCs on 2014/15.

increased in 52 municipalities in the FY 2071/72. These encouraging resultsREFLECTed that respective councils of the municipalities allocated budget for disadvantaged groups, women and children as per the mandated provisions.

4.4.3 Status of Earmarked Budget of DDCs

The result of the performance measure assessments of DDCs under indicator number eight and 21 provides the status of allocation and actual expenditure of DDCs in target group development programme.

In 2070/71, 58 DDCs fully complied with all three subindicators and 62 DDCs complied fully in 2071/72. However, 11 DDCs fulfilled only two sub-indicators including 8.3 sub-indicators in 2070/71. Likewise, only ten DDCs complied in any two sub-indicators including of 8.3 in 2071/72. This result indicated that there was improvement in the allocation of budget for target group development programmes of DDCs in 2071/72 compared to 2070/71.

Similarly, indicator 21 of the performance measure of DDCs explains actual expendituresof DDCs for target group development programmes. The table below shows that 51 DDCs spent more than 80% of their allocated budget on the direct benefit of target groups, namely children and women from deprived communities and DGs in 2070/71, whereas only 50 DDCs were able to spend more than 80% of their allocated budget in 2071/72.

4.5 Internal Revenue Mobilisation of Local Bodies

The Local Self Governance Act, 1999, has made explicit the financial provision for local bodies viz. VDCs, DDCs and municipalities to generate internal revenue from various sources of local taxes such as land revenue, land and house rent, integrated property tax, natural resource utilisation tax, vehicle tax, entertainment tax, rent, advertisement tax, business tax service fee, charges, sales and others. There is also both a vertical and horizontal revenue sharing between VDCs/ municipalities and DDCs, and between the central government and local bodies.

The internal revenue including revenue sharing of VDCs substantially reduced in 2071/72 because 758 VDCs were merged into old and new municipalities over the years. However, the financial data of internal revenue of VDCs could not be collected in 2072/73.

Table 4.6	Actual expenditure for target group development programme of DDCs		
Indicator no. 21		**2070/71**	**2071/72**
21.1 More than 80% expenditure		51	50
21.2 Between 60-80% expenditure		12	12
21.3 Below 60% expenditure (poor compliance)		12	13
Total		**75**	**75**

Table 4.7	Internal revenue of the local bodies (Amount in Rs. '000)				
Local Bodies	**Income Head**	**FY 2070/71**	**FY 2071/72**	**FY 2072/73**	**Increment Rate (%)**
VDC	Internal Revenue (including revenue sharing)	1,302,241	8,96,522	NA	NA
Municipalities (58 Old)	Internal Revenue (including revenue sharing)	3,782,550	4,165,067	4,811,071	15.5
Municipalities (133 New)	Internal Revenue (including revenue sharing)	NA	1,513,905	2,026,810	34.0
Municipalities (26 New)	Internal Revenue (including revenue sharing)	NA	NA	126,568	100
DDC	Internal Revenue	1,850,807	2,096,431	2,220,215	13.27
	Revenue Sharing	1,666,724	2,481,627	1,882,732	(24.0)
Total	**8,602,322**	**11,153,552**	**11,067,396**	**(0.8)**	

Source: LBFC, 2015 and 2016

Table 4.8	Trend of internal income of local bodies of the last 5 fiscal years (amount in billions)				
	VDCs	**DDCs**		**Municipalities**	
Fiscal Year	**Internal income including revenue sharing**	**Internal income**	**Revenue Sharing**	**Internal income including revenue sharing**	**Total internal income of local bodies**
2070/71	1.30	1.85	1.66	3.78	8.59
2071/72	0.89	2.09	2.48	5.67	11.15

Source: LBFC Reports of various fiscal years related with the analysis of fiscal situation of local bodies

The revenue of municipalities was increased by 10.11% in 2071/72 compared to 2070/2071.It is increased by 22.6% in 2072/73 as compared 2071/72. Similarly, the internal revenue (local tax and non-tax revenue) of DDCs increased by 13.27% compared to 2070/71. Likewise, there was a substantial increment (48.89%) of revenue sharing of DDCs in 2071/72 compared to 2070/71. In total, about 29.53% internal income increased in 2014/15 at nominal price. Moreover, the internal revenue of DDCs increased by 13.27% in 2015/16 compared to 2071/72 but the amount of revenue sharing is decreased by about 24% in the same fiscal year. This is because most of the DDCs received significantly low portions of amount from water resources in 2072/73 compared to 2071/72. The amount of internal revenue of VDCs has not been presented here because of the unavailability of the financial data from the respective DDCs. Excluding VDCs internal revenue, there is 0.8 % decline in internal revenue of local bodies in 2072/73 compared to 2071/ 2072.

The table below shows that total internal income of local bodies has gradually increased from 2070/71 to 2071/72. The aggregate internal income of local bodies reached Rs11.13 billion in 2071/72. It is, on an average, an 18.05% annual increment. The main reason for stable increase of internal revenue of local bodies is the implementation of IPT by new municipalities.

4.6 Integrated Property Tax (IPT)

Out of the total 58 old municipalities, ten municipalities: Biratnagar, Siraha, Janakpur, Jaleshor, Gaur, Kathmadu, Kirtipur, Lalitpur Bhaktapur, Madhyapur Thimi have not yet implemented IPT.

These municipalities have been collecting revenue from house and land tax instead of the IPT. Till now, 111 municipalities have implemented the IPT and house land tax.

4.7 Trend Analysis of Local Bodies' Grants

The table below shows the grant allocation to local bodies viz DDCs, VDCs and municipalities. This figure includes both capital and recurrent grants to local bodies.

The chart below explains the slight fluctuation but overall increase in the overall LBs' grants. The government proposed 3.62% of the total national estimate as local bodies' grant in 2069/70 which reduced to 2.88% in 2071/72. However, the local bodies' grant went up in 2072/73 at the rate of 3.07% of the total national budget. It continued to increase in 2072/73 at the rate of 4.85%.

Figure 4.1 Ratio of LBs' Grant
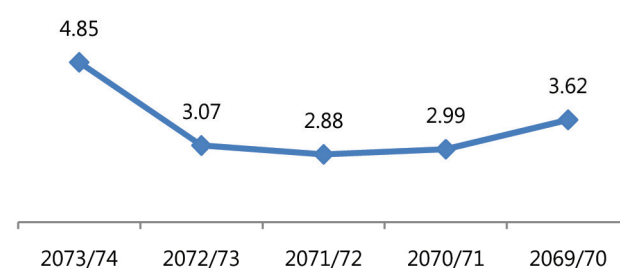
Source: Ministry of Finance (2016), Economic Survey 2072/73 and Public Statement on Income and Expenditure for 2074/75

Table 4.9	Ratio of LBs' grant in total national budget estimate (NRs in ten million)				
Grant of various level of governments	**2069/70**	**2070/71**	**2071/72**	**2072/73**	**2073/74**
DDCs' grant	443	332	334	367	400
VDCs' grant	669	821	736	805	1555
Municipalities' grant	105	115	414	629	1309
Total grant	1217	1268	1484	1801	3264
National budget estimate	33659	42403	51482	58594	67279
Ratio of LBs' grant	3.62	2.99	2.88	3.07	4.85

Source: Ministry of Finance (2016), Economic Survey 2015/16 and Public Statement on Income and Expenditure for 2016/17.

5

PUBLIC FINANCIAL MANAGEMENT
[Ensuring Value for Money, Minimising Fiduciary Risks]

5.1 Public Financial Management (PFM)

Public financial management is a governance process of resource mobilisation and expenditure management of public funds. Effective PFM systems maximise financial efficiency, and improves transparency and accountability. Strong PFM is necessary for effective public service delivery ensuring best use of public funds. Strengthening PFM systems helps to minimise opportunities for corruption and contributes to poverty reduction through maximum utilisation of available resources ensuring best value for money. PFM is an important component of LGCDP II with a stand-alone output envisioned in the programme document.

Fiduciary risks and issues in PFM are more prevalent at the local level and those risks were escalated in the absence of elected representatives. Therefore, effective public financial management has remained a key priority for LGCDP. There were various initiatives undertaken for PFM reform at the national level and in the sub-national levels. The ADB-funded SPMP contributed substantially throughout the programme to address issues related to PFM and management of fiduciary risks. Financial Administration Section (FAS) of MoFALD is the key actor responsible for initiation,

Box 5.1	Key Achievements of MoFALD in PFM

▶ Established and strengthened software-based accounting reporting systems in all municipalities and DDCs, and selected VDCs

▶ Sub-National level PEFA (Public Expenditure and Financial Accountability) finalised

▶ Developed risk-based internal audit guidelines

▶ Introduced AORTS software at DDCs to track audit observations

▶ Prepared follow-up action plans to address outstanding audit arrears

▶ Financial compliance monitoring

▶ Initiatives for improving central financial reporting

▶ Public Expenditure Tracking System (PETS)

▶ Improved procurement management with a practice of preparing procurement plan and e-bidding

implementation and oversight of PFM reform activities at the local level. With support from LGCDP II, key achievements related to PFM reform are: FRRAP implementation, strengthening of accounting systems at local levels, addressing of outstanding audit arrears, gradual systematisation of central financial reporting systems, and improvement in risk-based internal audits and finalisation of PEFA and PETS at sub-national levels.

Progress Trends of Key Targets

SN	Indicators	Years progress			
		2070/71	**2071/72**	**2072/73**	**2073/74**
1	Number of LBs that received budget on time (Annual)	NA	NA	2,973	3,069
2	Number of VDCs' staff trained on accounting software (Annual progress)	NA	1,492	1,217	1,649
3	Number of VDCs where accounting software is functional (Annual Progress)	85	440	170	157
4	Number of LBs' staff who received training on e-bidding system (Annual progress)	NA	NA	134	-
5	Number of DDC/Municipalities initiated/practiced e-bidding for procurement (Cumulative Progress)	NA	55	138	1 7 1
6	Number of DDC/Municipalities staff who received training on public procurement (Cumulative progress)	NA	NA	118	3 0 1
7	Number of LBs (DDC & municipality) that prepared procurement plan (current fiscal year)	117	172	218	2 2 4
8	Number of LBs (DDC & Mun.) in which Procurement Plan implemented (Cumulative progress)	NA	172	183	2 1 3
9	Number of LB internal auditors received training/orientation on internal audit guidelines (cumulative progress)	NA	NA	160	2 0 6
10	Number of DDCs and Municipalities that established internal audit section (Cumulative progress)	NA	NA	145	1 6 8
11	Number of LBs which submitted financial report on time (Annual Progress)	NA	NA	1,798	2,414

Table 5.1 Progress trends of PFM key targets

5.2 Improvement in Planning, Budgeting and Fiscal Management

Timelines for planning, stakeholders' participation, prioritisation of projects, appropriation of budget/resources and forecasting of block grants, etc. are key characters required for improvement in planning and budgeting at local levels. At the beginning of LGDCP II, guidelines for allocation and disbursement of small community level grants were developed in order to integrate them with the Local Body Resource Mobilisation and Management Operation Guidelines.

Use of revenue software in Hetauda municipality

Furthermore, financial transparency and planning at the local level was strengthened with the efforts of social mobilisation especially by formation of WCFs and CACs. WCF and CAC members were heavily involved during the local level planning process whereby they discussed and collectively finalised budgets and recommended projects for council approval. Not only this, WCF members were supportive in ensuring that approved projects have better financial delivery. This helped in achieving financial transparency, thereby moving towards better fiscal governance.

Local Body Resource Mobilisation and Management Guidelines (LBRMMG), 2069, applied during LGCDP II made explicit provisions for earmarking funds for women, children and disadvantaged groups. It is mandatory for all local bodies to allocate 35% of the total annual budget for disadvantaged groups (15%), women (10%) and children (10%). Likewise, guidance was provided to DDCs, municipalities and local line agencies regarding gender responsive budgeting. Backstopping support was also provided to DDCs, municipalities and local line agencies in drawing up gender responsive budgets. MTBF for fiscal years 2073/74 to 2076/77 has been approved by the Ministry of Finance.

5.3 Strengthening internal and external audit systems

Effective internal audit and risk-based internal audit of LBs

Strengthening ofthe internal audit sections of DDCs and municipalities is considered a crucial component to ensure efficient accounting and reporting and proper use of resources at local levels. Further, important elements to improve quality of internal audits include skilled internal auditing staff, adequate emphasis on internal auditing, development and update of internal audit guidelines and necessary logistics for the internal audit sections. In this regard, the programme focused onthe introductionof riskbased internal audit systems. With SPMP'stechnical assistance, risk-based internal audit guidelines were drafted.

Effective external audit and coverage of OAG/N

Reliable audits provide assurance of the use of resources. There is a need of quality audits and performance-based audits at the local level. While OAG/N coverage was limited to DDCs only till FY 2072/73, professional development of private auditors for municipalities and VDCs was an important concern during LGCDP II. However, the new constitution has ensured OAG/N coverage to all local government levels (i.e. municipality and gaunpalika). Adhering to standard auditing practices, tracking of audit observations and effective audit follow-up action plans are considered as key elements for the reliability and success of audits and settlements of pending audit issues. For the effectiveness of local level audits, LGCDP II managed to support AG/N officials in a study tour in July 2017 when officials visited OAG offices of other countries.

Table 5.5	Decreasing trend of LGCDP audit arrears		
FY	**2070/71**	**2071/72**	**2072/73**
Expenditure for the year	NPR 1.35 billion	NPR 3.27 billion	NPR 2.89 billion
	NPR 0.44 billion	NPR 0.76 billion	NPR 0.48 billion
Total audit arrear	32%	23%	17%

Outstanding audit arrears at MoFALD and LGCDP and mitigation measures

Outstanding amount of audit arrears as of 32/04/2073 was approximately NPR 1.5 billion; this amount is reduced by 51% during FY 2073/74 (reduced to NPR 0.74 billion). With addition of NPR 0.48 billion arrears from OAG/N audits of FY 2072/73, the total outstanding audit arrears as of 32/04/2074 reached NPR 1.22 billion. This is a target for settlement during the FY 2074/75.

The analysis below shows the audit arrears of LGCDP by type, offices (DCC and central offices), and by year. LGCDP I-related audit arrears cover 30% of total outstanding amount, and the DCC-related total is 68% of the total arrears. Please refer to Annex 10.2 for district-wise outstanding audit arrears.

Audit Arrears Mitigation Efforts

Progress was made in addressing audit issues with an annual action plan and follow-up with DDCs on the settlement of long-pending audit arrears. MoFALD

Table 5.2	An overview of LGCDP audit arrears
Total arrears as of 32/04/2073	NPR 1.50 billion [LGCDP I and II]
Settled during FY 2073/74	NPR 0.76 billion [51%]
Unsettled balance as of 32/04/2074	NPR 0.74 billion
Addition of arrears from FY 2072/73	NPR 0.48 billion audits by OAG/N
Total outstanding arrears as of 32/04/2074	NPR 1.22 billion

Table 5.3	Outstanding LGCDP audit arrears as of 32/04/2074–DCCs and PCU							*NPR -Billion*
		Advance		**Recoverable**		**Other**		**Total arrears**
DCC related		0.27	98%	0.04	93%	0.52	58%	0.83	68%
Central offices (PCU & LGAF) Related		0.0044	0.2%	0.003	7%	0.38	42%	0.39	32%
Total arrears		0.274		0.043		0.90		1.22
		22% of total arrears	4% of total Arrears	74% of total arrears				

Table 5.4	Outstanding LGCDP audit arrears as of 32/04/2074							*NPR -Billion*
Year of audit	**Advance**		**Recoverable**		**Other**		**Total arrears**	
FY 2008-09 [2065-66]	0.04	13%	0.002	5%	0.03	3%	0.07	6%	
FY 2009-10 [2066-67]	0.03	12%	0.01	19%	0.04	5%	0.08	7%	LGCDP I30%
FY 2010-11 [2067-68]	0.05	17%	0.01	16%	0.06	6%	0.11	9%	
FY 2011-12 [2068-69]	0.01	4%	0.01	27%	0.02	2%	0.04	3%	
FY 2012-13 [2069-70]	0.04	14%	0.003	8%	0.02	2%	0.06	5%	
FY 2013-14 [2070-71]	0.04	16%	0.001	3%	0.10	11%	0.14	12%	LGCDP II70%
FY 2014-15 [2071-72]	0.04	15%	0.005	11%	0.19	21%	0.24	20%	
FY 2015-16 [2072-73]	0.03	10%	0.004	10%	0.45	50%	0.48	39%	
Total arrears [in NPR billion]	**0.27**		**0.04**		**0.90**		**1.22**		

Figure 5.1 Trends of Audit Arrears Settlement of MoFALD

53.51%
43.29%   42.74%
40.56%

2073/74   2072/73   2071/72   2070/71
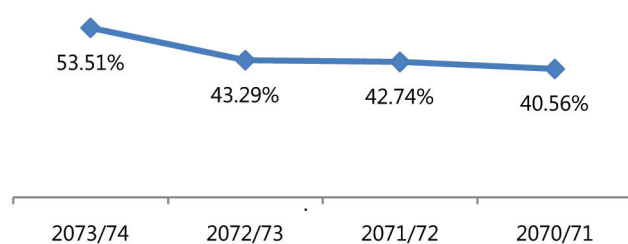
took the lead in monitoring and following up for the Figure 5.1 Trends of Audit Arrears Settlement of MoFALD implementation of audit action plans at the local body level. In addition, MoFALD conducted regional level workshops each year to closely monitor and follow-up with respective districts. MoFALD also introduced audit observation records and tracking systems (AORTS) in an attempt to develop IT-based audit tracking systems in DDCs. There is an increasing trend of audit settlement as well. The progress in settlements of total outstanding cumulative audit arrears increased form 40.56% in FY 2070/71 to 42.77%, 43.29% and 53.51% in 2070/71, 2071/72 and 2073/74 respectively.

MoFALD circulated audit action plans in FY 2072/73 with a clear target and deadline for DDCs. Regional workshops were conducted for relevant officials of local bodies from all 75 DDCs. They were sensitised and guided on settling outstanding audit arrears as well as on minimising future audit issues. The chief of the financial administration section led the workshop and interactions with concerned officials were organised. The workshop also included preparation of local level action plans to reduce outstanding arrears. In some regional workshops, MoFALD Secretary himself provided instructions.

During FY 2073/74, PCU and PSUs (then RCUs) were involved in monitoring and facilitation that resulted in increased sensitisation of DCCs towards settlements of LGCDP audit arrears. Based on analysis of audit issues of DCCs, it was found that there were many reasons behind the slow pace of progress on settlement

of audit arrears. Some of the key reasons included complexity of audit issues, long pending issues, etc. LGCDP I-related audit arrears are mostly related to infrastructure that demand more evidence and trace of supporting documents. Rigorous follow-up and facilitation by MoFALD and LGCDP II PCU and PSUs need to be continued for better results inthe future.

Audit Observation and Tracking System (AORTS)

MoFALD also initiated AORTS to replace manual systems of audit observation recordings, tracking and monitoring. This is a computer application introduced to DCCs for better tracking. PFM experts and IT experts helped in the orientation and installation of AORTS software in all DDCs. Regular support was provided to DDC officials on troubleshooting and technical issues. Gulmi, Bajhang and Rautahat districts started implementation of AORTS while other DCCs are yet to complete their records.

5.4 FRRAP implementation

Reducing fiduciary risks remained the main priority of the programme. To achieve this, MoFALD prepared comprehensive action plans that amalgamated public financial management and related fiduciary risk management programming into a single action plan. This is formally documented as the Fiduciary Risk Reduction Action Plan (FRRAP). FRRAP was approved in March 2012 with an implementation period that lasted till July 2015. Later, this was extended until July 2017. FRRAP was prepared keeping in mind identified risk areas and outcomes, outputs and activities to mitigate each risk. High priority activities for implementation are outlined in the action plan with corresponding mitigation action plans, timelines and responsible sections. Output 4 of LGCDP II covered FRRAP implementation through sensitisation of FRRAP at the local level, alignment of activities with the annual plan of MoFALD and local bodies with periodic tracking of progress.

The LGCDP PCU team monitoring and facilitating the settlement of DCC audit arrears

Figure 5.2 FRRAP at a glance

FRRAP at a glance

Fiduciary Risk Reduction Action Plan (FRRAP)	one of the major guiding document for mitigating fiduciary risk
Earlier FRRAP: period	March 2012 to July 2015
Revised FRRAP: period	July 2015 to July 2017
Outcome, Output and Activities in revised FRRAP	5 outcomes, 23 outputs, 110 activities
Responsibility for implementation	MoFALD at central level and all LBs (DDC, Municipality and VDC) at local level

Moreover, activities of Output 2 contributed significantly towards increasing accountability. Activities like public auditing, public hearing, grievance handling, citizen charter, creation of notice boards and publication of financial reports for public access were introduced at local levels. Continuity of Web Based Reporting Systems (WBRS) was another cornerstone for increasing transparency while contributing to fiduciary risk reduction. Addressing audit issues and clearance of pending audit arrears remained to be a pressing issue that was also addressed by FRRAP.

Result of FRRAP assessment in 2015 suggested that out of a total of 118 indicators, 48 indicators (41%) fully complied, 45 indicators (38%) partially complied and 25 indicators did not comply. The revised FRRAP included those incomplete activities. Another assessment of FRRAP in June 2017 concluded that there was moderate progress in implementation of FRRAP. The assessment emphasised that there was significant contribution on reduction of fiduciary risks by increased involvement of citizensin planning and budgeting and increased use of accountability tools like public audits, public hearings, etc.

5.5 Financial Compliance Monitoring

Credible financial monitoring is necessary to ensure efficient and effective recording and reporting and compliance with prevailing rules and regulations. MoFALD established a financial compliance monitoring unit led by the Chief of the Financial Administration Section. The team made anumber of monitoring visits and facilitated local level offices in resolving issues. The monitoring entails intensive review of financial transactions to ensure whether or not they were according to prevailing rules and regulations and standard internal control systems. Monitoring checklists were made, which covered major thematic areas like internal and statutory audit systems, procurement management, accounting systems, fiscal discipline and fiduciary risk reduction

Table 5.6	FRRAP result areas	
SN	**Outcomes**	**No of Outputs**
1	Outcome 1: Improved planning and budgeting	3
2	Outcome 2: Improved programme implementation	9
3	Outcome 3: Improved transparency and downward accountability of LBs	7
4	Outcome 4: Improved accounting and auditing system	3
5	Outcome 5: Improved Revenue Management	1
	Total	**23**

related activities, revenue management, etc. During LGCDP II programme period, seven DCCs, 20 municipalities and three VDCs were covered by the compliance monitoring team. Local bodies were facilitated and instructed to:

➤ Deposit NPR 4.73 million collected through internal revenue from four municipalities out of five visited in the 1st Trimester of FY 2073/74 (after spot monitoring revealed that collected revenues were not deposited in the stipulated time);
➤ Follow prescribed audit formats for final audits (by private auditors) of municipalities;
➤ Update inventory registers;
➤ Follow prescribed norms/standards for expenses;
➤ Follow LBFAR instead of the Public Procurement Act and regulations for procurement of goods and services;
➤ Standardise record-keeping procedures;
➤ Update audit irregularities, detail and tracking systems according to the prescribed form with suggestions and orientations provided to LBs for strengthening internal control through internal audits.

5.6 Improved Accounting System of Local Bodies

There was substantial progress in the process of strengthening the accounting system inthe local level and in improving the central financial reporting system. The numbers of trainings and orientations conducted for local level offices on accounting software increased as well. MoFALD achieved its target to establish accounting software in all DDCs. All 75 DCCs are now using DCC FAMP for accounting and reporting.

Implementation of VDC accounting software was another step in systematising accounting records and in moving from paper based and manual systems to software based recoding and reporting. Despite various issues at the VDC level, which included workload of VDC secretaries, lack of qualified human resources, issues of effectiveness of trainings and turnover of

Box 5.2	Facilitation by VDC Accounting Software in Chaumala VDC

Six VDCs in Kailali district were using VDC accounting software to produce financial reports followed by a 3-day training to all 28 VDCs in the district. One of the VDCs is Chaumala VDC, situated 40 km from the East-West highway. Mr Khem Raj Bhatta, VDC Secretary, stated- "the software has become instrumental in maintaining scientific records of accounts and in producing timely financial reports." In the past, several issues were prevalent, such as manual record keeping, which resulted in errors thereby creating difficulty in producing accurate financial reports. Furthermore, the software has control mechanisms that does not allow to raise vouchers when there is no fund in the accounts resulting in higher budgetary control.

VDC staff, a total of 240 VDCs implemented accounting software; however, only 157 remained functional till the end of the programme period. Moreover, the sensitisation at the VDCs then will have a positive impact on use of software in village municipalities in the new structure.

Most of the municipalities are already using accounting software. Initiatives were taken up by the aligned DPs (i.e. GIZ) in upgrading the recording systems to accrual systems and piloting themin a few municipalities. The ADB (SPMP) supported the development of an integrated system called the Municipal Administration and Revenue System (MARS) after piloting it in the Kathmandu Metropolitan City (KMC) Office. Successful replication of MARS to other municipalities along with effective training and implementation of the system will be a cornerstone in promoting ERP as well as in systematising different aspects of municipalities.

5.7 Strengthening the Financial Management Information System of MoFALD

MoFALD is consolidating expenditure reports from local level offices to produce central financial statements. Link with accounting software at the local level is necessary to create a shift from manual to ICTbased systems. After successful implementation of DCC/FAMP in all districts, there is a possibility of consolidation of reports through the central database system linked through a web-based system. The Danish Embassy supported the UNNATI programme that initiated the piloting of consolidation of DDC/ FAMP data. With technical support from PFMA (supported by DFID) there was a piloting of the financial reporting systems in Dailekh and Sindhupalchowk aimed to strengthen financial reporting at the local level. This will support MoFALD to replicate the system in other LBs as well.

With the effective implementation of MARS in the future, all municipalities and rural municipalities will have better ICT infrastructures for revenue

PFM monitoring team from Danish Embassy interacting at ChorneeVDC of Parsa District

management, budget, expenditure, property tax along with citizen services through different modules of MARS. The main objective of MARS is to provide efficient governance, transparency, accountability and inclusiveness, increased revenues, effective management of public finances at the city level. It is believed that a fully integrated MARS provides better level of services to the citizens and improves municipal decision making processes.

5.8 Procurement Management

Public procurement reform is one of the key components under Output 4 of LGCDP II. Reforms in the public procurement system is significant in contributing to optimal utilisation of resources along with building trust in the government through improved service delivery and creation of business environment.

Local level governments should ensure better procurement management with implementation of annual procurement plans and adoption of e-procurement ande-bidding systems. Procurement plans pave the path towards the undertaking of procurement related activities in a timely manner. This has been emphasised by the Public Procurement Act (PPA), 2007, and Public Procurement Regulation (PPR), 2007. LGCDP intervention in the procurement reform can be recognised under two major points- preparation and compliance with the procurement plans, and adoptions of e-bidding in line with the government policy/ies. Major achievements as well as challenges are presented below.

Procurement plan by municipalities
There is an increasing trend in use of procurement plans at the local level. A total of 172 offices prepared and implemented procurement plans in 2070/71; that increased to 218 and 224 in the years 2071/72 and 2072/73 respectively.

Establishment and functionalizsng of e-bidding systems
E-bidding contributes in ensuring transparency and fair practices along with averting malpractice of collusion in procurement, which is eventually beneficial to both the procuring parties and businesses. The government has made it mandatory to follow ebidding when goods or works above Rs 60 lakhs (Rs 6 million) are procured. LGCDP II promoted and supported in adopting e-bidding practices at local levels. A total of 65 out of 75 DCCs (92%) practiced ebidding whereas in case of municipalities, 106 out of 217 municipalities, only 49% (of municipalities) practiced e-bidding in FY 2073/74.

6

CAPACITY BUILDING
[Enhanced Individual and Institutional Capacities]

6.1 Key Achievements

Capacity Development (CD) is broad based and it encompasses many cross-cutting issues. It is vital that local government actors are empowered and informed in relation to institutional frameworks, policy frameworks and roles and responsibilities of respective local governance actors in downward accountability. In this regard, community members were educated about their right to access information related to budget and programme, funds allocation and spending of development funds at the local level. Capacity development enables local government actors to design, execute and benefit from relevant actions taken. An apparent example of capacity development was 97% VDCs and 100% municipalities conducted ward level planning workshops in 2073/074 and 85% ward level planning workshops documented participation of women. Similarly, other achievements of the programme in terms of capacity development were provided to local bodies to develop Capacity Development Plan (CDP) to improve their institutional and human resource capacities. Likewise, trainings of stakeholders, policy support, and knowledge management were some areas where the programme supported MoFALD. Specific activities and achievements are as follows:

6.1.1 Capacity Development Strategy

In 2014, MoFALD/LGCDP prepared a Capacity Development Strategy to streamline the capacity of MoFALD including DoLIDAR, LBFC and RCUs; Local Development Training Academy (LTDA)/Rural Development Training Centres (RDTC); Local Bodies' Associations (LBAs), Local Bodies (LBs); Social Mobilisers (as an entity); and Service Providers (SPs)-National Service Providers and Local Service Providers (NSP/LSP). These are known as entry points of capacity development, which LGCDP II aimed to empower, and build accountable institutions for quality service delivery to the people.

The overall goal of the CD strategy was to make the delivery of public goods and services more accountable, inclusive, efficient and effective. This ensured that: (i) legal and regulatory frameworks were in place; (ii) staffing structures were fulfilled; (iii) user-friendly operational guidelines were issued; (iv) basic office facilities were established; and (v) targeted learning took place at the right time and right locations.

6.1.2 Capacity Development Plan of Local Bodies

Likewise, based on the capacity development strategy, the programme supported local bodies to prepare Capacity Development Plan (CDP) to improve their institutional development and human resource development plan. Capacity development plan assesses, integrates and creates framework for empowerment whereby people, organisations and the society as a whole unleash, strengthen, create, adapt and maintain capacity over time.

In order to enhance the capacity of local bodies, LGCDP II/MoFALD attempted to formulate the participatory capacity development (CD) plan of all DDCs and municipalities, so that all DDCs and municipalities identified their own capacity gap, resources availability and coordination mechanism among the stakeholders. A total of 71 DDCs out of 75 formulated their CD plans whereas Dhanusha, Parbat, Manang, and Syangjadistricts have yet to formulate them.Lahan Municipality conducted mid-term evaluations of the existing CD plan.

The objective of the capacity development plan is to identify and improve performance and program needs;to recognise specific context; enhance local bodies for effective and result-based Monitoring and Evaluation (M&E) systems; coach and mentor local bodies'staff to provide technical skills so that the local bodies are able to bring change in planning, implementation and monitoring systems;improve existing working processes and systems, organisation structure and setup, human resource management, financial management and resource mobilisation, information and management activities, coordination and interrelationship, and governance and accountability.

6.2 Capacity Development at Local Level

The programme worked to enhance knowledge and skills through training, orientation, exposure visits, sharing and cross learning, development of handbooks

and curriculum, and android applications of LDOs'/ EOs' handbooks. Trainings and orientations were organised at local, RCU and central levels for local bodies staff and relevant stakeholders in various thematic areas such as CFLG, EFLG, GESI, GRB, community mediation, periodic/master plan, results based planning, monitoring & evaluation, participatory planning, DPMAS, web-based reporting and MIS, MCPM, cost effective housing, disaster risk reduction, building codes and earthquake resistant construction, orientation on local election, gender audits, quality testing of infrastructures, vital event registration, social protection management audits, procurement bidding document the local bodies' staff to capacitate the knowledge, skills and working culture. Such trainings and orientations were organisedwith the support of National Service Providers (NSP) that is the Local Development Training Academy (LDTA) on many occasions, respective sections of MoFALD, local body associations, RCUs and LSPs. The table below shows the number of beneficiaries of various trainingsover the programme period.

6.2.1 Institutional capacity building

Supply side training provided to local bodies were mainly related to MCPM, implementing the Local Self Governance Act and Regulation, revenue generation, web based reporting, RTI, computerised accounting as well as orientation on various crosscutting themes. These trainings worked to enhance capacity of LBs and contributed in institutional development, ultimately for effective service delivery. Accordingly, there was gradual improvement in mainstreaming of all crosscutting issues in the district level development process along with practice of web-based reporting and adoption of e-governance (updating of website, accounting software, etc.) practices. These trainings were provided through LDTA regional centres.

Capacity enhancement of the technical staff The programme organised consultative meetings at different levelsto assess the progress ofthe plans, to identify issues, challenges and ways forward.

Concurrently, a retreat programme was organised in 2015 that identified main issues and challenges regarding technical assistance support to the programme implementation. It also helped to reshape technical assistance support and its effectiveness. One of the outcomes of the retreat programme was to reshape the programme activities and to develop new strategies in the changed context. As its effect, a training programme on appreciative inquiry and theory of change was conducted for professional staff that ultimately helped to enhance programme implementation skills and knowledge.

Glimpse of participation in international forums

A team of MoFALD officials led by the secretary of MoFALD participated in the "External Support for Decentralisation Reforms and Local Governance Systems in Asia-pacific: Better Performance, Higher Impact" workshop in Manila. There were representatives from the DPs who also took part in the forum on their own. The workshop provided an opportunity for relevant officials to learn about from the region about decentralisation. This resulted in the broadening of perspectives of the key officials who participated in the DeLOG event to look into the key objectives behind the federalisation of Nepal.

Two senior officials of MoFALD participated in a "Leadership Development" training in London organised by the London School of Business and Finance. A team of MoFALD and LGCDP II officials participated in an "International Evaluators' Conclave Workshop 2015" in Kathmandu. Both these led to enhanced professional capability within the ministry, and most of the knowledge and skills acquired by these official will be utilised in discharging their duty as civil servants and in improving the systems and operations of their respective units and divisions.

Table 6.1	Total number of participants benefitted by key training programmes				
CB indicators			**Year-wise progress**		
		2070/71	2071/72	2072/73	2073/74
1	Number of people (including WCF members) who received training on CFLG (cumulative)	-	14,075	25,565	49,182
2	Number of people who received training on EFLG (cumulative)	-	6,800	28,589	46,168
3	Number of people who received training on GESI (cumulative)	-	6,795	6,474	13,511
4	Number of people trained on ICT based training (cumulative)	-	-	6,401	7,112
5	Number of engineers/designers/masons who received training on building code and EQ resilent construction (cumulative)	-	2,508	2,486	4,718
6	Number of community members trained in community mediation (Cumulative)	-	1,077	1,124	4,162
7	Number of LBs' staff trained in DPMAS (cumulative)	-	-	513	1,073
8	Local level planning and civic oversight training for WCF, CAC, IPFC members (annual progress)	-	16,673	81,573	14,548

Section officer of LGCDP II participated in a "Federalism, Multi-Nationalism and the Future of Europe" training organised by the summer school of Canterbury Christ Church University, the United Kingdom from 7 to 16 August, 2015.

A team of MoFALD and LGCDP II officials participated in an "International Evaluators' Conclave Workshop 2015" in Kathmandu. Both these led to enhancement of professional capability within the ministry, and most of the knowledge and skills acquired by these officials improved systems and operations of their respective units and divisions. Likewise, various international exposure visits to Norway, Tanzania, and Ethiopia were organised for senior officials of MoFALD that contributed to better policy setting in a federalised state and in local governance.

Strengthening the capacity of MoFALD
Strengthening the capacity of MoFALD entails institutional capacity development that defines the process of enhancing skills, abilities, and knowledge of individuals; and creating enabling environment including policies and organisational development activities of institutions. To develop the capacity of MoFALD, LGCDP II provided necessary logistics to strengthen thematic sections and divisions on institutional development initiatives. Furthermore, the programme assisted in identifying gaps and constraints of individual actions and the institutional working environment of MoFALD. Based on the findings of the capacity needs assessment report, the numbers of trainings supported included trainings in Computer, the English Language, Proposal Writing, Office Management, Record Keeping, File Management, MIS, etc.

Advocacy through local body associations (ADDCN, MuAN, and NAVIN) play key roles in advocating decentralisation, devolution and local autonomy for decision-making. In this regard, LGCDP II provided significant space to local bodies' associations to represent them at central level coordination, policy discussions and participation. Similarly, the programme provided funding to LBs association to support devolution-related advocacy and to ensure quality assurance of CSOs appointed for compliance monitoring and oversight activities at local levels. In this regard, LBs associations organised various advocacy and coordination related programmes at the central level that supported a campaign for devolved local governance and its incorporation in the newly promulgated constitution. Likewise, quality assurance assessments of CSOs were conducted in 17 DDCs by ADDCN, 16 DDCs by MuAN, 16 DDC by NAVIN. Based on these quality assurance reports, LGAF prepared CSO performance rankings.

Induction training to LGCDP focal person District development committees and municipalities recruited

Table 6.2	Induction trainings to LGCDP focal persons				
	Total Number of LBs		**Total Number of Participants**	**Male**	**Female**
Clusters	**DDCs**	**Municipalities**			
Dhangadhi	9	25	34	30	4
Nepalganj	15	24	39	36	3
Hetauda	9	37	46	44	2
Biratnagar	13	49	62	55	7
Pokhara	16	44	60	48	12
Dhulikhel	13	38	51	33	18
	75	**217**	**292**	**246**	**46**

49 POs, two SDOs and 19 engineers as LGCDP II focal persons to assist the LBs for the effective implementation of LGCDP II support activities. In this regard, a total of 292 focal persons were trained and they supported LBs mostly in IT, reporting, planning and monitoring activities.

Regional consultative meeting
The Programme Coordination Unit organised consultative meetings in all six regions to collect feedback for LGCDP II transition phase and SNGP. As planned, various feedbacks were collected in five different themes namely: a) rural municipalities and municipalities in transition periods (after July 2017); b) potential intervention areas and working areas of transformative social mobilisation in the transition period (after July 2017); c) possible focus areas and interventions of local governance accountability in transition; d) possible focus areas and interventions of public finance management in transition, and; e) prospective focus areas of the new governance programme.

Orientation programme for executive officers and LDOs
MoFALD conducted a MTOT programme of four days on Local Government Operation and Management. A total of 60 participants were trained as master trainers. The master trainers were mobilised in seven provinces to conduct trainings for 744 executive officers of rural municipalities, municipalities and 75 LDOs. A total of 15 training events were conducted in seven provinces. The overall objective of the trainings was to orient the EOs and LDOs about the changing context of local governance and to share ideas and have interaction with one another.

Orientation programme for elected representatives of local government
After completion of the first phase of local elections, MoFALD organised orientation programmes for elected mayors, deputy mayors, chairs and vice-chairs on 'Operation and Management of Local Government'.

Table 6.3	Participants in orientation programme for executive officers and LDOs								
Province No.	R. Municipalities		Municipalities		DCCS		Total		
	No.	Participants	No.	Participants	No.	Participants	Units	Participants	%
1	95	93	57	56	15	15	167	164	98
2	73	71	39	38	7	7	119	116	98
3	74	72	46	46	13	9	133	127	96
4	77	53	31	25	10	13	118	91	77
5	51	80	32	38	12	12	95	130	137
6	57	51	25	22	9	9	91	82	90
7	54	60	33	28	9	8	96	96	100
Total	**481**	**480**	**263**	**253**	**75**	**73**	**819**	**806**	**98**

Various topics, which included topics on institutional system, resources management, law and policies formulation, application of electronic governance, new dimensions of development, elaboration of roles and responsibilities and capacity development of local government were covered in the orientations. Orientation programmes were organised in province number 3, 4 and 6 as the first step of capacity development. A total of 562 elected representatives took part in the orientation programmes. Out of total participants, 44% were female, 3% were Dalit and 37% were Janajati.

Issues raised by participants
➤ Most of the elected deputy mayor/vice chairpersons are women and do not have experience. So, it is a challenge to build their capacity to deliver quality services.
➤ Participants are concerned about ways to raise source revenue (expand tax base and control leakages) of their local government.
➤ Participants are concerned about ways to implement constitutional provisions regarding concurrent and exclusive power smoothly.
➤ Concerns regarding financial management of LGs are:
  • How to increase investment and capital of LGs;
  • How to prioritise projects based on anticipated results;

• How to maintain fiscal discipline in LGs and minimise long term liability;
• How to bring efficiency and effectiveness in public service delivery;
• How to prepare LG profiles with social and economic data;
• How to carry out feasibility study of revenues;
• How to prepare periodic and annual plans;
• How to coordinate with different stakeholders at different levels;
• How to prepare financial guidelines (related to operation of consolidated funds, budget formulation, account keeping, audit, and reporting), etc.

6.3 Performance-Based Management Contract (PBMC)

The objective of the performance-based management contract was tied with governance reform policy. The contract included performance based indicators to measure the performance of Local Development Officers (LDOs), Executive Officers (EOs), and VDC secretaries and other officials of the local bodies. In February 2015, MoFALD prepared PBMC in order to enhance performance results of local bodies in coordination with the Ministry of General Administration (MoGA). The secretary of MoFALD, LDO and executive officers of respective DDCs and municipalities signed the contracts across the country. The PBMC consisted of 62 indicators related to their roles and responsibilities and compliance of the policy frameworks. The total marks for these indicators are 250 points. PBMC was initiated as a self-evaluating document for the performance of LDOs and EOs. The objective was to establish a system of reward and punishment based on their performances annually. This was followed by LDOs signing similar contracts with DDC staff and VDC secretaries in order to create motivation for better service delivery. A total of 138 VDC secretaries, 19 municipalities and 20 DDCs signed the PBMC and adopted the system in their working culture.

Table 6.4	Orientation programmes for elected representatives of local government			
	Position Participants			
	P.N. 3	P.N. 4	P.N. 6	Total
Mayor	44	27	25	96
Deputy Mayor	44	27	25	96
Chairperson	72	58	54	184
Vice Chairperson	74	58	54	186
Total	**234**	**170**	**158**	**562**

Addressing vacant VDC secretary positions

A large number of VDC secretaries are responsible for more than one VDC. VDC secretaries had been important government entities at the local level in the absence of elected local representatives. Thus, reducing their absenteeism was vital for the regular implementation of programme activities and effective service delivery. The target of the Annual Monitoring Evaluation Plan (AMEP) was to fulfill more than 90% of VDC secretaries' posts. The Human Resource Section (HRS) of MoFALD has been monitoring the absences of VDC secretaries from their duty stations. Thus, in coordination with MoGA, HRS facilitated the timely fulfillment of VDC secretaries. In this regard, the following table indicates the progress of VDC level human resources arrangements and compares the existing results from previous years.

To address indicators against actions, 89.77% VDC secretary posts were fulfilled out of the 3,157 VDCs. Similarly, 72.57% VDC secretaries had taken responsibility of more than one VDC, which remained 66.71% in the fiscal year 2015/16. Figures further indicate that 57.84% VDC secretaries used to stay in their respective offices for less than 6 months in the beginning of the fiscal year 2072/73but this substantially reduced by the end of the year; 21.25% VDC secretaries stayed in their respective offices for less than 6 months during this period.

6.4 Preparation of Guidelines, Training Manuals and Curriculum

Significant technical support of LGCDP II was provided to prepare the 14th national development planning documents. Additionally, the LGCDP II team supported the review of various documents ranging from the National Strategy, Tourism Strategic Plan, Roadmap of Vital Registration, Integrated District Recovery and Periodic Planning Guidelines, among others. Additionally, the LGCDP II supported MoFALD in developing guidelines, training manuals, policy documents and curriculums to support the ministry including the social mobilisation guideline, downward accountability, gender responsive budgeting strategy, urban development, training manual for elected representatives and many more. Concurrently, a handbook was developed to support the LDOs and

VDC secretaries and to ensure compliance with different acts, regulations of relevance to local governance.

Moreover, Training Need Assessment (TNA) based training curriculum for basic social mobilisation was developed to impart skills and knowledge of transformative social mobilisation to social mobilisers, local service providers and LB staff. Besides, an NGO mobilisation directive was prepared for effective coordination and collaboration in service delivery.

6.5 ICT for Local E-Governance

Electronic governance or simply e-governance is the use of ICT to improve services provided by government agencies. It is a transformation of the government through employment of ICT, especially in delivering government information and services. The essence of e-governance is bringing the government closer to citizens through possible ICT tools and techniques. Egovernance helps to provide better services to citizens, improve transparency (open government), and work towards a knowledge-based society.

Building on the experience from the UNV component of Phase-I, MoFALD and the United Nations Volunteers (UNV), in 2014, commenced an innovative ICT initiative called, "University Youth IT Volunteers" for LGCDP II. This component aimed to digitise the working procedure of the Government of Nepal and to strengthen and maintain the IT Infrastructure at local bodies (then).

In this regard, an MOU was signed between MoFALD and Tribhuvan University, Institute of Engineering (TU/ IOE), to hire newly graduated engineers and mobilise them in all local government institutions nationwide to strengthen e-governance. The main notion of conducting MOU was to provide career opportunities to these graduates while utilising their ICT expertise in local governance, and also to promote volunteerism. Thus, a total of 136 ICT volunteers were placed in the 75 DDCs and 58 old municipalities. UNV recruited eight UNVs and positioned them in LGCDP II units (two in the program coordination units, and six in the regional coordination units), to supervise these ICT volunteers (ICTVs) and coordinate all ICT works.

Table 6.5	VDC secretaries' fulfillment status					
			2071/072		2072/073	
Indicators		Number of VDCs	Number	%	Number	%
Number of VDC secretary posts that were not fulfilled		3157	395	12.51	323	10.23
Number of VDC secretaries taking responsibility of more than one VDC		3157	2291	72.57	2106	66.71
Number of VDCs where VDC's secretary that were in office for less 6 months		3157	1826	57.84	671	21.25

Source: RBM 2014/15 and RBM 2015/16

Through the United Nations Joint Program (UNJP), UNV supported capacity enhancement of volunteers and promoted volunteerism at the local level. UNV's contribution areas included positioning long-term eightnational UNVs to strengthen PCU and RCU, build capacity of those UNVs and 133 ICT volunteers working at LGs, and promote volunteerism at the community level.

With the ICT initiation of MoFALD, substantial improvements were observed in e-governance at local levels. ICT volunteers made significant contributions in bridging the gap between citizens and governments trengthened capacity of local governments and their staff, enhanced service delivery through increased use of software systems, improved information dissemination and reporting mechanisms.

6.5.1 Effects of ICT initiation

Through the ICT initiation, ICT volunteers made significant contributions in strengthening the capacity of local governments and their staff, enhancing service delivery through increased use of software systems, improving information dissemination and reporting mechanisms.

In November 2014, an ICT survey was conducted by the ICT team at MOFALD to understand the status of ICT inthe local governments of Nepal. The survey was conducted in 111 LGs (47 municipalities and 54 DDCs), where ICT volunteers were positioned. The result showed poor situation of e-governance at local governments before ICT volunteers were deployed. After two years of ICT implementation by MoFALD, in August 2016, a detailed survey was conducted[1] where 177 local governments were included; this showed great improvements in the situation of egovernance in local governments.

Detailed figures of ICT achievements and interventions can be found in lgcdp.gov.np/ictdata[2].

Improved information dissemination

Information communication technology helped local governments substantially improve their information dissemination mechanisms. Local governments easily and quickly disseminated information, notices, activities and publications through new websites and social media platforms.

Website of all local governments: Referring to the survey, in 2014, almost 4% of local governments did not have their official websites. Among those who had, almost 23% did not have content management system, and almost 85% did not have access to the control panel

(cPanel) of their website. In total, 19% of the websites were updated by external vendors who charged high prices for simple changes in websites. However, now, all local governments have official website with uniform designs and standard domain names, hosted at National IT Centre, the Government's Integrated Data Centre. Respective local units have complete ownership of control and data to respective LGs and they are updated by LG staff respectively.

In addition, new content management based websites were developed for all local units, for MoFALD, Department of Civic Registration, Local Governance Accountability Facility, and Local Body Fiscal Commission.

Social media as a tool: Similarly, the social media platform has been an excellent tool for information dissemination and improved grievance handling thereby helping in the promotion of good governance. In 2014, 58% of LGs didn't utilise social networking platforms at all. The 2016 survey shows that 116 LGs used Facebook for disseminating information, among which 84 LGs used separate pages for grievance handling as guided by "Hello Sarkar". Out of them, 31 used Twitteraccounts and 23 LGs also had official Youtube accounts. Youtube accounts are widely also used for telecasting district/municipal committee meetings, 'live'.

Efficient and quicker access of government information and services

With the implementation of ICT tools in the local governments, information and services provided by local governments has been quickly and efficiently delivered to service beneficiaries. This is particularly due to the regularly updated website and social media and due to implementation of ICT tools which were handy and always available to citizens. Following are a few such tools and techniques implemented in local governments.

Digital boards: Traditional paper based notice boards are gradually being replaced by Digital Notice Boards (58 LGs) and Digital Display (48 LGs) to help citizens to access all information in a single spot digitally replacing traditional faded citizen charters and notice boards with outdated information. Digital display setup at ministries is an excellent example that shows updated information of beneficiaries of social security and earthquake relief funds.

Text and audio based: Important messages and notices are delivered through Group SMS (76 LGs) and through Audio Notice Boards (74 LGs) instantly and to a large number of people.

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[1] *Two years later, in August 2016, a gain a detailed survey was conducted in local bodies for a comparative analysis. It can be accessed from bit.ly/lbictsurvey 2017*

[2] *Infographics of ICT achievement can also be found at: bit.ly/achievement 2014-17*

Wi-Fi zones: LGs have also implemented 'free Wi-Fi zones' in their office premises (80 LGs), and also in public places (14 LGs) such as in parks, schools, etc., which helps beneficiaries access required information using free Wi-Fi facilities.

Mobile applications: With increasing mobile penetration in daily lives, mobile apps have been popular these days among local units to dissimilate information. Apart from MoFALD, DCC Dolakha, DCC Myagdi, DCC Chitwan are a few unitesthat have developed mobile applications.

Enhanced ICT capacity

One of the main objectives of deploying ICT teams in local governments was to enhance the ICT capacity of local government staff, because only efficient workers are able to deliver prompt and efficient services to beneficiaries. Depending upon the nature of participants and their needs, training content was delivered ranging from basic computer knowledge to web management, using ICT for personal, professional and educational purposes. MoFALD also provided adequate funds in FY 2071/72 for conducting ICT trainings, which turned to be highly useful in delivering trainings.

ICT tools and techniques training:

After the ICT team was mobilised, all together 521 various ICT based trainings of 186 LGs were conducted. Of the total 8,232 participants, 65% were local governance staff members, 34% were female and the rest 35% belonged to social mobilisers, CAC/WFC members, disadvantaged groups, local club/schools and other government agencies.

Website usage training:

Information officers from 58 older municipalities, and all 75 DCCs received this kind of training due to which officials update their websites on their own.

Enhanced service delivery through software/ systems

Service delivery has become more effective through efficient working procedures, which was possible through the use of ICT tools. Different software was implemented and supported by the ICT team at LGs, which has improved reporting and day-to-day operations.

Usage of software/systems made service delivery more efficient, and aided in local governments reporting, monitoring, and documentation. LGs use software/ system mostly for social security data management and distribution (in 103 LGs), and then for accounting purposes (100 LGs). Other software/system that the ICT team supports are Vital Registration (in 90 LGs), Revenue/Tax collection (69LGs), Social Mobilisation (65 LGs), e-Procurement (45 LGs), Personnel/ staff

Figure 6.1 No. of LBs having different software

SOFTWARE BEING SUPPORTED BY ICT TEAM AT LOCAL BODIES

103 Social Security
42 Personnel / Staff Information
100 DDC and Municipality Accounting
31 Assets Management/ Store
90 Vital Registration
30 Accrual Accounting
69 Revenue/ Tax Collection
23 Planning
65 Social Mobilization
17 Office Automation
55 VDC/ Ward level Accounting
8 NGO Management
45 e-Procurement system
3 Disaster Related

Management (42 LGs), Assets/ Store Management (31 LGs), Planning (23 LGs), Office Automation (17 LGs), NGO management (8LGs), and disaster related (3 LGs).

The budget authorisation dissemination system (Online Akhtiyari System), developed in 2015, also received huge compliments from LGs as it had helped them receive budget authorisation instantly through online systems. It was limited to postal service making it tedious and time consuming.

Efficient Working Environment

Efficient working environment in the local governments is ensured by optimisation of ICT resources, implementation of new ICT tools and means, which helped staff utilise their time and resources more effectively.

Referring to the survey, prior to ICT initiation of MoFALD, not all LGs had internet access, which hampered day to day work. Average internet bandwidth was 685 kbps. Also, 85% of LGs outsourced for ICT support (maintenance, backstopping), and not all LGs had established computer networks, which was time and resource consuming. However, after ICT initiations of MoFALD in 2014, all LGs had internet connection; the average internet bandwidth of 1,219 kbps. Data shows that 85% of LGs were dependent on outside vendors for basic maintenance of electronic devices, minor updates, and un/installation of applications. However, after ICT intervention, this significantly reduced. Furthermore, increase in implementation of computer serversin local governments indicated optimisation of ICT resources. For example, implementing print servers prevented the establishment of printers for each computer.

Furthermore, biometric attendance implemented at 36 LGs improved attendance and timeliness of staff at work. A total of 36 local governments implemented CCTV cameras, which were believed to have improved accountability and security. Also, seven local governments implemented 'Queue Management System', which not only managed beneficiaries' numbers during office hours, but also reduced unwanted interventions by brokers.

Improved geographic information system
ICT volunteers supported geographic information systems at local governments, developing various resource maps that were used by public and local government staff for planning and reporting purposes.

As per the government's directives on federal structure, all DDCs proposed new structure of respective districts and sent a comprehensive report along with revised GIS maps. In LGs where ICT volunteers were positioned, ICTVs developed GIS based resource map for federal structure of local government, which would have been burdensome without support from ICT volunteers. On request of the LLRC, 12 ICT volunteers were assigned to provide ICT and GIS support. This accelerated in the finalization of the proposal of a new federal structure to be presented by the commission to the Government of Nepal. Later, 13 ICT volunteers provided GIS support to MoFALD. This support has been a substantial contribution to the ministry.

Strengthened knowledge management
Management and retention of knowledge has always been a challenge in government agencies. Therefore, this remained high priority of the ICT team. Frequent

transfers of staff, reluctance in sharing knowledge/information were main issues that complicated working environment and smooth operation. Archiving and documentation were negligible when the staff left or retired. Therefore, there was a lack of institutional memory.

However, this situation improved after mobilisation of ICT volunteers. The Knowledge Management Blog was created (available at www.ict4lb.org.np) which ICT volunteers regularly updated. It had information on various ICT usages and information relevant for public, more specifically local government staff. As a result, 68 ICTVs provided almost 112 articles in the blog. The staff of 68 LGs reported to have used this blog for their personal and professional benefits. This not only helped retain and transfer knowledge but has also helped to build a knowledgebased society.

Moreover, the ICT team made adequate efforts to make comprehensive and easy-to-understand manuals. Manuals for website/software were developed in the Nepali language. These were made available as written documents and video tutorials. Additionally, support forums were created to support various software and websites. This saved a substantial amount of funds that would otherwise be expended on support. This enhanced knowledge sharing and its retention in the long run.

Similarly, file and backup servers were used for document archiving. This helped in repository of important documents and knowledge products, retaining files/document/information despite turnover of employees or their retirement.

Figure 6.2 Local bodies using different resource maps

42 ■ CAPACITY BUILDING
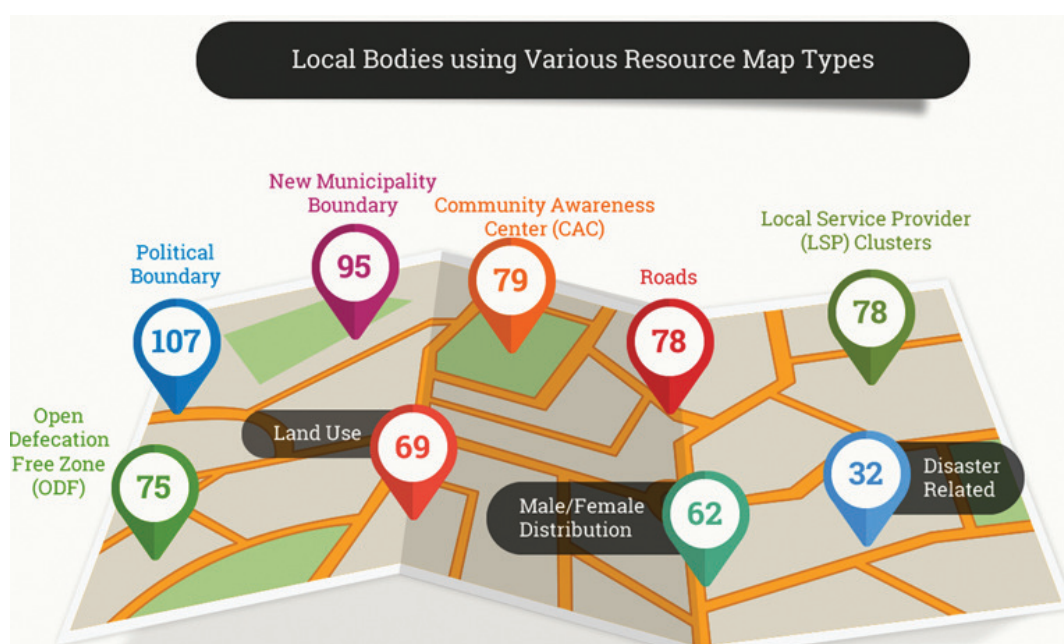
6.5.2 Media Mobilisation, Communication and Documentation

The programmr supported MoFALD and local governments to promote good governance practices. In this regard, media promotion, publication, information disclosure and documentation were key activities of the programme. These activities contributed in the promotion of transparency and downward accountability. The programme provided technical expertise on media mobilisation and IEC activities to the information and e-governance section of the ministry, and overall, to the programme. Following are some key achievements:

Reviewed and updated IEC strategy

LGCDP II IEC strategy was reviewed and finalised after consultation with sections of the ministry to support local governments and other local governance actors to adopt good governance practices (citizen charters, public audits, social audits, public hearings, information disclosure, etc.) in order to promote responsive, responsible, transparent and accountable governance at the local level. The strategy provided IEC dissemination modalities from the national to local level and identified gaps and needs of LGCDP-II/ MoFALD IEC activities. In this regard, activities of the Information and E-Governance section were planned and executed in line with the strategy in order to enhance beneficiaries' rights to information and in promoting transparency. Following are some noteworthy activities:

➢ In 2014, a total of NPR 7,000,000/- was authorized to 70 districts to provide training on Right To Information (RTI) at DDCs to sensitise ward secretaries and municipality staff on the spirit of RTI and to make them aware of the overall activities of LGCDP II. Similarly, a total of NPR135, 000,000 (75,000 each) was authorised to 191 municipalities for the same.

➢ Likewise, in 2015, a total of NPR 7,500,000 (1 lakh each) was authorised to support districts for publication, documentation and media promotion activities {development of radio public service announcements (PSAs), TV PSAs and radio programme}. Similarly, a total of NPR 7, 5 00,000 (1 lakh each) was authorised to support districts in strengthening information sectionsin each district. Specific guidelines were prepared for both grants.

Mobilizse local media for public awareness
Radio programme produced and disseminated: Two sets of 25 minutes' radio programmes were produced and disseminated nationwide through community FM networks. The radio programmes aimed to develop knowledge and skills about local governance issues and cater to citizen's right to information.

Produced documentary on LGCDP II emergency relief support in earthquake affected 14 districts: The objective for the documentary production was to provide an accurate coverage of LGCDP II and MoFALD's emergency relief support to the 14 earthquake affected districts. The documentary presented ground reality on distribution of the relief materials and adherence of the emergency support guideline. Likewise, it documented comments from the earthquake victims in respective VDCs and municipalities on how the relief materials were distributed and its reach of the intended groups. In this regard, efforts of CACs and WCFs, VDCs and DDCs in coordinating the relief support were highlighted.

Third party monitoring: A monitoring field visit of journalists was conducted in specific districts. The objective was to provide accurate coverage of LGCDP II activities from the field while at the same time highlight any programmatic shortcomings. Journalists documented best practices, field level activities, programmatic gaps and challenges, and published and disseminated through various forms of mass media (national dailies, radio and television).

Television PSAs: Five different types of television PSAs were produced including gender, vital registration, and good governance areas of LGCDP II. The intended television PSAs aimed to develop knowledge and skills about local governance issues to motivate behavioral changes. The development objective for this initiative was to improve attitudes and practices known to improve local governance and community development. Similarly, a television PSA on WCFs was produced. The PSA highlighted WCFs as a community forum whereby people could be active participants to contribute in community development.

6.4 Institutional Memory

Technical expertise provided documentation supports toall policy level meetings including TASC, FRR, output groups, Sub-NAC and NAC meeting. This documentation was both physically and electronically archived and serves as institutional memory. Programme information is regularly communicated and shared with the government and development partners as per the regular programme updates. Further, LGCDP II newsletters were prepared in both English and Nepali catering to both demand and supply side audiences. These newsletters provided update on programme activities in each output areas. Also, the newsletter included major events, trainings and activities conducted by the programme alongside the highlighted best practices.

6.5 Mid-Term Review of LGCDP II

The mid-term review of the Local Governance and Community Development Programme II was conducted in April-May 2016. The review assessed the

relevance, effectiveness, efficiency and sustainability of LGCDP II against its results framework and objectives. It also provided recommendations for necessary adjustments in order to adapt to the rapidly changing context, and to provide design options for a follow-up on or new local governance reform programme in the new political context.

The review provided a relatively comprehensive overview of LGCDP's achievements and challenges along with general recommendations on possible future focus in which the Government of Nepal and development partners could engage in order to strengthen local governance over the coming years. The review showed that LGCDP II made tremendous contributions in improving the relations between citizens and the state through the WCFs and CACs, and hailed the social mobilisation component as a 'silent revolution'. Moreover, LGCDP II strengthened the local level planning process, awareness creation and community engagement which are integral parts of local governance, participatory and inclusive development through meaningful participation of citizens and communities.

The review indicated that the political context is changing rapidly, and that future support will inevitably require the prioritisation of enormous demands of transition to the new constitutional arrangement. It was also indicated that most attention had gone to aspects of social mobilisation, which are highly relevant and important, but work needs to be done on local government structures to be able to sustainably institutionalise the impact of social mobilisation.

The main recommendations of the review were: i) that community development and local government reform deserves to be treated separately, ii) that support for social mobilisation needs to find its natural niche, iii) that next phase/new programme needs to focus on establishment of local government structures, iv) to use joint financing arrangement as indicator-based financing mechanisms, and v) relatively small dynamic technical assistance set up. The review suggested to extend the programme by one more year to facilitate the transition to the new system.

6.6 National Advisory Committee Meeting

The 9th National Advisory Committee (NAC) of LGCDP II was held on May 25, 2017, under the chairpersonship of Mr Dinesh Kumar Thapaliya, Secretary, Ministry of Federal Affairs Local Development (MoFALD), and NAC chair. It was the last meeting held for LGCDP II. H.E Mr Jorg Frieden, Ambassador, Embassy of Switzerland; DP chair, Ms.

Gail Marzetti; Head of DFID Nepal; DP Co-chair; Head of the mission, UN agencies, Joint Secretaries and representatives from line ministries and development partners were present in the meeting. Similarly, Undersecretaries and other staff from the ministry and LGCDP II were also present in the meeting. The meeting discussed the extension of LGCDP-II-Transition to Sub-National Governance Programme, Annual Strategic Implementation Plan (ASIP) 2017/18, components and activities of transition to Sub-National Governance Programme, which were followed by plenary discussions and endorsement of decisions.

1. The NAC took note of LGCDP-II Transition to the Sub-National Governance Programme document and concurred with the recommendation of the Joint Task Force and the Government of Nepal decision in endorsing the programme document and recommended LGCDP-II management to formalise the necessary arrangements for LGCDPII TSNG.

2. The NAC thanked the Joint Task Force, DPs effort and MoFALD for its efforts made towards financing the LGCDP-II transition to the Sub-National Governance Programme. NAC formally endorsed the TSNGP programme document.

3. The NAC appreciated DP and LGCDP-II management for preparing the LGCDP-II Transition to the Sub-National Governance Programme, The Annual Strategic Implementation Plan (ASIP) 2017/18 was recommended for implementation.

4. The NAC recommended broadening the Joint Task Force membership with two additional members, one from OPMCM and one from MoGA as the Sub-National Governance Programme will take the whole government approach.

5. The NAC recommended the extension of the current Joint Task Force until December 2017 with additional mandate to oversee the preparation of the Sub-National Governance Programme to be presented in November 2017's NAC meeting.

6. The NAC recommended MoFALD to establish a mechanism to coordinate with all DPs who were interested in supporting various capacity development activities planned for newly elected representatives and officials of LGs in a coherent and concerted manner.

7. The NAC placed on record its sincere appreciation of DPs who have made a financial contribution toward supporting the TSNGP.

8. NAC recommended MoFALD to resolve all the audit arrears/issues and prepare detailed audit reports addressing all the audit issues raised by OAGN audit reports until this fiscal year and settle the issues with all DPs by the end of the next fiscal year (2074/75).

9. The NAC expressed its deep appreciation to Dr Gail Marzetti, Head of DFID Nepal, for her impeccable commitment and support toward strengthening

local government through LGCDP-II, the committee expressed its best wishes for her futureendeavors as she is successfully completing hertenure and leaving Nepal.

Case 1: Digitization: a boon for elderly to receive social security allowance

Uttara Kumari Shakya, 66, resident of Dharan Sub-Metropolitan City Ward-15, now receives her widow allowance in her personal bank account in Kathmandu, which she collects at her convenience. Earlier she had to travel to Dharan thrice a year just to collect her allowance. This change became possible due to the banking system that allowed the deposit of social security allowances of beneficiaries to their personal banking accounts. Like Uttara Kumari, more than 7,500 beneficiaries directly benefited from this system. Now, Uttara visits her hometown to renew her social security allowance membership. For the rest of the year, she lives with her sons in Kathmandu.

Dharan Sub-Metropolitan City has fully implemented the software-based MIS for social security allowance distribution since F.Y. 2072/73, where all the personal details of the beneficiariesare stored. MoFALD urged the use of software-based MIS for social security allowance distribution. ICT volunteers supported the local social development officer to plan allowance distribution using digitised data and banking systems. Details were sent to five banks in order to reduce congestion.

This saved a lot of time and energy resulting in more accurate and updated records of the beneficiaries with

Agreement of Dharan Sub-Meropolitan City Office with Bank Managers for Social Security Allowance Distribution

An elderly beneficiary of Social Security Allowance, resident of Dharan-10 opening bank account at Siddartha Bank, Dharan Branch

the use of the software-based system. Ward secretaries of four wards were also able to use the software-based system for data entry and update. ICT provided them with computers, internet connection, and trainings for the use of the software.

This is a perfect example of how using simple software changed the service delivery scenario in a government office, and how people can benefitby the use of ICT. Such change in a short period of time was possible with ICT introduction at the local bodies by LGCDP II.

Raj Kumar Dangol, Social Security Allowance Focal Person of Dharan Sub-Metropolitan City, said, "Distribution of allowances was always marred with pressure, anxiety and a tensed situation for both parties." Thousands of beneficiaries would line up in the days announced for the allowance distribution. Dambar Bahadur Limbu, resident of Dharan-19, mentioned that he has fainted while standing in the scorching heat of Jestha for more than five hours. He landed in BPKIHS hospital in Dharan. After the merging of BishnupadukaVDC into Dharan SMC, Badri Kumari Rai, resident of Dharan-26, remembered, "Once I stayed in queue for more than four hours. The venue was two hours from my resident. But I returned home empty handed right hours because I had missed my beneficiary's identity card at home."

7

SERVICE DELIVERY
[Putting Citizens into Focus]

7.1 Improving Service Delivery-Quality Infrastructure, Building Codes and Building Bylaws

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

The programme emphasised on service delivery, and improved citizens' access to basic services including quality of local infrastructure projects identified and prioritised through the integrated planning including vital registration, social security payment and community mediation. Necessary technical support was provided to ensure effective and efficient delivery of MoFALD's core services related to local infrastructure development. Major focus included improving the quality of local infrastructure by strengthening the capacity of the technical human resources involved in the design and supervision of infrastructure projects. LGCDP II supported to build the technical capacity of district offices and municipal technical units. In this regard, specific achievements were as follows:

7.1.1 Strengthened Quality of Local

Infrastructure at DDCs and Municipalities
Physical infrastructure work accounts for almost 70% of the total yearly allocation to the local bodies. The paradigm for new construction shifted towards maintaining quality works, and accordingly, various policies, guidelines, standards, norms and specifications were put in place for maintenance of quality of infrastructure. However, quality of local infrastructures was always a high concern of the ministry, department and local bodies. In this regard, quality testing laboratories were established in some of the offices of DDCs in line with set standards and specifications.

The Infrastructure Development Division (IDD) was established as a technical wing of MoFALD in the year 2013. The Division is now fully operationalised with full staffing. The division focuses on improving the

quality of local infrastructure by strengthening the capacity of the technical human resources parallel to establishment of material testing laboratories in the DDCs/District Technical Offices (DTOs). Likewise, LGCDP worked insupporting the materialisation of the concept for improvement of quality of physical infrastructure development at the local level.

7.1.2 Building Code and Building Bylaws Implemented in Municipalities
The Nepal National Building Code (NNBC) was enforced in 2003 after the government's approval. The Building Act 1998, which was amended in 2007

Box 7.1	Major Achievements Under Service delivery

- Implemented building bylaws and building code in 113 Municipalities
- Prepared integrated training manual on urban planning, building bylaws and building code
- 56 engineers/sub-engineers trained on building bylaws and building code based on the Integrated Training Manual on building bylaws/building code
- 18 engineers received TOT training on building bylaws/building code
- 495 municipal stakeholders/officials and 313 local technicians/contractors/masons oriented on building bylaws and national building code in new municipalities
- 159 temporary office buildings of VDCs and 47 municipal ward office buildings constructed for restoration of local level services in earthquake affected districts
- 54 fire fighters of 22 municipalities trained on basic firefighting and rescue
- 150 masons trained on earthquake resistant construction of buildings
- Full functioning of Infrastructure Development Division in MoFALD
- Prepared Training manual on Local Infrastructure Development Works for Sub Engineers/Assistant Sub-Engineers
- 113 engineers/sub- engineers of DDCs/municipalities trained nn local infrastructure development works based on training manual
- Prepared Approach Manual on Water Supply, Sanitation and Hygiene (WASH) for local bodies
- Prepared Technical Audit Guideline for local infrastructure development works at local bodies
- 19 new quality labs established and 36 quality labs are functional in districts including old ones
- 15 lab technicians trained on quality control for local infrastructure works

enforced the National Building Code in all municipalities and urban centric VDCs of Nepal. MoFALD circulated "Basic Directives 2072 for housing development, urban planning and building construction" which prioritised strict enforcement of building code and bylaws in all municipalities in August 2015 following the huge devastation of life and property caused by the earthquake of April 12, 2015 and subsequent powerful aftershocks. Likewise, "Basic Building Bylaws on Housing Development, Urban Planning and Building Construction, 2072" formulated by the Ministry of Urban Development (MOUD)and approved by the Cabinet of Ministers incorporated provisions of the building code as integral part of the bylaws. In this regard, the programme supported the implementation of building bylaws and building code in all municipalities for better planning and safer urban expansion. As a result, 113 municipalities officially incorporated the national building code in building the permit process.

Moreover, the programme emphasised on building capacity in order to implement the National Building Code in municipalities. The programme extended support in capacity building of municipal engineers/ sub-engineers, designers, contractors and local masons on the National Building Code and Earthquake Resistant Construction of buildings. The programme also played an important role in sensitising local level

Orientation on Building Bylaws/Building Code in Baglung Municipality

stakeholders including representative from political parties on the importance of the National Building Code and Building by-laws. Likewise, technical support was provided to municipalities for formulating building by-laws and preparation of integrated training manuals on building bylaws and building code for engineers and sub-engineers. LGCDP II, in coordination with RCUs (Biratnagar, Pokhara and Nepalgunj), conducted an orientation programme on National Building Code in the fiscal year 2014/15 in new municipalities, namely Phidim, Koshi Haraicha, Besishahar and Kohalpur. Altogether, 255 officials and the general public, and 313 local technicians/ contractors/masons were oriented in building code and bylaws. The orientation programme was effective to sensitise municipal stakeholders to take initiation for building code implementation.

Similarly, a two-day orientation programme on building by-laws and National Building Code was conducted in Panchkhal, Baglung, Beni and Kushma municipalities in FY 2072/73with the initiation of Municipality Planning and Management Section 'Kha' and Infrastructure Development Division of MoFALD. Representatives from political parties, wards citizen forums, social mobilisers, municipal technicians/staff, ward secretaries, designers (total 240) participated in the orientation programme. The orientation programme was successful in delivering key information about provisions of building code and building bylaws to municipality stakeholders. The floor discussions were effective in addressing and clarifying major issues/problems faced by the stakeholders.

7.1.3 Integrated Training Manual on Urban Planning, Building Bylaws and National Building Code

A draft of the integrated training manual was prepared on building bylaws and building code for engineers/ sub-engineers in Nepali with technical input of LGCDP II. Technical support provided for training on building bylaws and building code at Kohalpur and Chandrapur for municipal engineers/sub-engineers of new

Box 7.2	Salient Features of National Building Code

▶ Nepal National Building Code (NNBC) was prepared with assistance of UNDP and UNCHS (Habitat) by Department of UrbanDevelopment and Building Construction (DUDBC) in 1993;

▶ Formally approved by the Government of Nepal in the year 2003;

▶ Implemented as "Building Act: 1998" in all public and private buildings throughout the country after it was activated by the cabinet decision.

▶ NBC provides both regulations and guidelines for the construction of buildings in all areas of Nepal;

▶ Earthquake safe construction technology has direct relations with building code and it is a precautionary measure to reduce the damages due to earthquake.

▶ Level of NBC: The four different levels of sophistication of design and construction that are being addressed in the National Building Code are:
 ◆ International state-of-art;
 ◆ Professionally engineered structures;
 ◆ Buildings of restricted size designed to simple rules ofthumb;
 ◆ Remote rural buildings where control is impractical.;
 ◆ Nepal National Building Code consists of23 volumes (codes);
 ◆ Responsibility of enforcement of NBC in municipal area and monitoring of field compliancy of NBC lies on municipalities;
 ◆ Implementation of NBC in VDC areas are monitored and supervised by respective division offices of the Department of Urban Development and Building Construction (DUDBC);
 ◆ Government buildings are supervised by DUDBC.

Full-scale model of earthquake resistant building constructed in Manthali Municipality

municipalities of the western, mid and far western regions based on the integrated training manual on building bylaws/building code. Fifty-six engineers/subengineers of new municipalities were trained. Similarly, technical support of ToTs on integrated training manual of planning/ building bylaws and building code at LDTA, Lalitpur, wasgiven to municipal engineers and designers of six regions. A total of 18 engineers of six regions (three from each region) participated in the ToTs. In addition, building by-laws was drafted for six new municipalities namely Ghodaghodi, Chandrapur, Kashikhanda, Bheriganga, Bansgadhi and Jaya Prithvi with technical input and coordination of MoFALD/LGCDP. Preparation of city renovation plans of Karyabinayak, Dapcha-Kashikhanda and Tokha municipalities were initiated with support from LGCDP II. The plan focused on the preservation of cultural heritages, economic development, and social changes that created a framework for collaboration between local governments, private sector and the public at large.

Support for mason training programme for new municipalities

LGCDP II provided support for conducting mason training programmes on earthquake resistant construction of buildings in Koshi Hariacha and

Phidim municipalities in FY 2071/72 and in Manthali, Melamchi and Surdayo municipalities in FY 2072/73. Altogether 150 local masons were trained on earthquake resistant construction of buildings. Likewise, permanent full-scale models of earthquake resistant buildings were constructed for public demonstration. The trained masons played pivotal rolesin field level compliance of the National Building Code. The trained masons incorporated earthquake resistant components in building construction as per structural designs and in accordance with the National Building Code, which included components related to construction of foundation ties, ductile detailing of beam column joints, lapping details, spacing and details of lateral ties and construction of sill/lintel bands.

7.2 Disaster Risk Reduction Support Post April 2015 Earthquake

Disaster risk reduction is an important component under service delivery. Post 2015 earthquake, this gained further momentum. The Fire Control and Disaster Management Section led and coordinated disaster risk reduction activities. LGCDP II provided support for key activities led by this section. In particular, technical assistance was provided in promoting safer and cost effective housing construction activities in municipalities and VDCs.

Support for restoration of local level services in earthquake affected districts A total of 159 VDC temporary office buildings and 47 municipal temporary ward office buildings were constructed with the support of LGCDP II. The programme provided technical and financial support in the restoration of local level services in earthquake affected districts through construction of temporary office buildings of VDCs and municipal ward office buildings. LGCDP IIalso provided technical support in preparing sample designs for construction of temporary DDC office

Table 7.1	District-wise Construction of VDC Temporary Office Buildings	
S. N.	Name of Districts	Nos.
1	Okhaldhunga	11
2	Kavrepalanchok	11
3	Sindhupalchok	27
4	Nuwakot	8
5	Ramechhap	19
6	Gorkha	19
7	Rasuwa	7
8	Lalitpur	9
9	Sindhuli	22
10	Dolakha	16
11	Dhading	10
	Total Nos. of VDCs	**159**

An aerial view of damaged houses in Gorkha

buildings for the continuation of local level services to citizens. Sample design and drawings with guidelines were provided to DDCs for uniformity of VDC building construction. The temporary offices were made of steel trusses with CGI sheet roofing and most of it equipped with office furniture and solar panels.

Likewise, LGCDP provided technical support for the finalisation of design/drawing of permanent VDC office buildings in earthquake affected districts constructed with the support of JICA Nepal and GIZ Recovery Programme for Nepal. Additionally, technical support was also provided in preparation of design, drawings and specification for construction of prefab buildings of DDC and VDC office buildings in earthquake affected districts.

Support for community based Disaster Risk Reduction (DRR) in local bodies

LGCDP II provided technical support to prepare the Local Level Disaster Risk Management Plan for districts and municipalities. Likewise, support was provided for open space mapping of municipalities from disaster preparedness perspectives. Ward level and community level Disaster Management Committees (DMCs) were formed in all municipalities and VDCs. Community Based Disaster Management (CBRDM) plans and Local Level Disaster Management plans were formulated in municipal wards and local level communities. Likewise, focal persons of DRR were nominated in all local bodies. Moreover, all DDCs/ municipalities/VDCs allocated budget for DRR activities. Disaster Risk Management (DRM) funds were established in many District/ municipalities/VDCs. The programme supported capacity building trainings for community volunteers and task force members of disaster management committees. Likewise, LGCDP II supported in the

coordination of temporary shelters and in the distribution of winter materials (Rs 15000 + Rs 10,000) in earthquake affected areas.

Immediate Relief Support in the Earthquake Affected Areas

Immediately after the earthquake of April 2015, MoFALD, through the programme, provided emergency grant relief for earthquake victims of 14 highly impacted districts. LGCDP II provided emergency grants of Rs 900,000 per VDC in highly affected districts, Rs 450,000 per VDC in affected districts and Rs 200,000 per ward of municipalities in affected districts. In total, LGCDP II released Rs 504.8 million to 580 VDCs and 650 wards of 41 municipalities of those 14 districts. In order to smoothly execute the relief funds, MoFALD developed the "Immediate Relief Support in the Earthquake Affected Areas: Operation Guideline 2015". Based on the guidelines, local bodies managed relief funds.

The provision of emergency grant was widely disseminated through local radio and every citizen was aware of the funds. The emergency funds were utilised to purchase and distribute ZI sheets, tarpaulins, and food items.

Laxmi Ratna Tuladhar, Chairperson of Ward Citizen Forum, Ward Number-16 at Kathmandu Metropolitan City, said, "Although the amount received from MoFALD was very small, it was instrumental in coordinating other support from the Red Cross, private sectors and civil society organisations." He further said, "The support was vital in building confidence of people towards LBs and government response."

An independent study commissioned by the MoFALD found that mandatory involvement of WCFs in relief committees and management of emergency grants significantly increased the status of WCFs in communities and villages, and increased levels of local ownership. The overall financial progress of emergency grant was 95%.

Capacity building training on fire control and rescue for municipal firefighters Fire Fighting Training in Birtamod Municipality Altogether, 54 municipal fire fighters of 20 municipalities were trained on basic firefighting and rescue operation skills. The training covered theory and practical sessions on fire control and rescue as well as demo/drill exercise on using various firefighting equipment such as fire extinguishers, personal protective equipment, breathing apparatus, turntable ladder, light portable pump, hose, nozzle and others. The five-day training was conducted in Biratmod Municipality, Hetauda and Nepalgunj submetropolitan cities with the initiation of the Fire Control and Disaster Management Section of MoFALD and with technical support from Juddha Barun Yantra Office of Kathmandu Metropolitan City.

7.3 Establishment and Operationalisation of District Quality Labs

Technical assistance was provided to 11 districts for the establishment of new quality labs in the FY 2071/72. These took place in Lamjung, Dailekh, Baglung, Myagdi, Bajhang, Bhojpur, Rautahat, Banke, Dhading,

Kavrepalanchok and Rukum. The funds were disbursed for procurement of lab equipment, construction of lab buildings, and recruitment of lab technicians and lab assistants.

Similarly, support was provided to 11 districts for operationalisation of non-functional quality labs in the FY 2071/72. These districts were Salyan, Bardiya, Sarlahi, Sindhuli, Gulmi, Rolpa, Jhapa, Kathmandu, Dolakha, Chitawan and Dadeldhura. Funds were disbursed for improvement/maintenance/upgrade of lab buildings and recruitment of lab technicians/lab assistants. In the FY 2072/73, support was provided to 20 districts for operationalisation of the 14 existing quality labs and establishment of six new quality labs. Most of the established quality labs are functional and are providing services at the local level. However, there is a lack of skilled technicians and proper equipment at the moment, and there is enough room for improvement for the full fledged operation of quality labs.

7.4 Technical Backstopping to Municipalities and VDCs

LGCDP II provided specific technical backstopping to DDCs, municipalities and VDCs. LGCDP II provided funding support to develop training manuals on Local Infrastructure Development Works for sub-engineers/assistants. Likewise, IDD drafted the Approach Manual on Water Supply, Sanitation and Hygiene (WASH) for local bodies. Based on this manual, IDD with funding support from LGCDP II conducted trainings on Local Infrastructure Development Works for sub-engineers and assistant sub-engineers of far western regions in FY 2072/73. Eleven sub-engineers/assistant subengineers participated in the first event of training on local infrastructure development works. IDD targeted to train 200 sub-engineers/assistant sub-

engineers of DDCs and municipalities in the FY year 2073/74. Accordingly, 2nd and 3rd events of training were conducted in Pokhara for engineers and sub-engineers of DDCs/municipalities of the western regions. Altogether, 102 engineers and sub-engineers participated in the training programme.

Similarly, capacity building trainings were conducted for 15 lab technicians of district quality labs based on "Manual of Quality Control for Local Infrastructure Works" developed by DoLIDAR. The target was to train 60 quality lab staff following into FY 2073/74. LGCDP II provided support for developing the Technical Audit Guideline for local infrastructure development works at local bodies.

Likewise, LGCDP II provided support for preparation of "Status update of District Quality Labs", "Study on implementation status of Environment Management Plan (EMP) of Road Projects and Sand Aggregate Collection Project", "Study and analysis of 72 Municipal Transportation Plans and Preparation of Project Bank of Municipal Roads for ten municipalities".

Total stations set to new municipalities

LGCDP IIprovided support for procurement of 'Total Station' in new municipalities. Total station is basically set of Digital Theodolite Machine that is used to carry out surveys of roads, drainages, buildings and open spaces in municipalities. Support was provided to 62 new municipalities for procurement of total station sets, which contains digital Theodolite machines, aluminum tripods, single tilt prisms and other accessories for surveying. Most of the municipalities procured the survey equipment. LGCDP II allocated budget for procurement of total station in 26 new municipalities (latest declared) in FY 2073/74.

Transportation master plans (MTMPs)

The newly established municipalities are identified as potential growth centres. For proper and planned development of all potential sectors, development of road infrastructure is necessary and the preparation of the MTMP of municipalities is the first step towards achieving the goal. The MTMP provides information on the existing status and proposes necessary interventions for the comprehensive accessibility and mobility within the municipality and with the adjoining areas.

IDD provided technical support for the preparation of Municipal Transportation Master Plans (MTMPs) of 182 municipalities. A total of 99 municipalities submitted drafted MTMPs, and among them, 67 municipalities gave presentations in review committees that consisted of representatives from MoFALD/MMD/IDD/DOLIDAR, representatives from Department of Roads, MOUD, TDF for feedback and

suggestions. MTMPs of 36 municipalities are already finalised and no objection letters have been issued to ten municipalities.

7.5 Vital Event Registration and Social Security

Vital event registration and social security payment has been a major service delivery component at the local level. MoFALD accelerated developing systems for vital event registration and social security payment effectively and efficiently with the support of LGCDP II. MIS database systems were developed and connected to the central servers. Up to the fiscal year 2073/74, a total of 1,131 municipality wards and VDCs were connected to online vital registration systems. The Government of Nepal has established the Department of Civil Registration (DoCR) under the MoFALD to give due attention on vital registrartion and social security payment. Prior to establishment of DoCR, vital event registration and social security payment responsibility was assigned to one of the section of MoFALD. MoFALD with the support of LGCDP tested in pilot scale a social security payment through bank in two districts. Based on the feedback from the pilot field test the GoN has decided to introduce social security payment through bank in all districts. It has helped to control misuse of social security fund.

The picture shows two Mothers, Rani Sada and Kashi Sada of Bardibas Municipality Ward No 2, Mahottari, receiving Rs1,000 each as promotional allowance from Bardibas Municipality, for registering the birth of their children within 35 days. The Government of Nepal is providing such allowances to the children from the Dalit communities of Karnali as well.

Community Mediation

LGCDP II promoted Community Mediation (CM) Centres to build cohesion and social ties among families, community groups and local society settling

Table 7.2	Building Permission Record of Koshi Haraicha Municipality			
S. No.	Fiscal Year	No. of Building Permit Application	No. of Building Permission Issued	No. of Building Completion issued
1	FY 2070/71	1006	62	300
2	FY 2071/72	539	128	646
3	FY 2072/73	685	205	743
	Total	3312	423	2291

local disputes in non-served VDCs. During the programme period, a total of 4,162 community members were trained in community mediation and743 community centres were established. These community centres settled 4,132 out of 5,623 registered disputes in the FY 2073/74. Similarly, a total of 6,148 disputes were settled in FY 2072/73 (out of total 7,728 disputes registered) and 5,583 settled in FY 2071/72 (out of 5,326 registered).

The Government of Nepal has recognized the important role palyed by the Community Mediation Centers in settling local disputes. In the Constitution of Nepal 2015, there is a provision of Judiciary Committee under the chair of Deputy Mayor/chair of LGs to to settle local disputes.

7.6 An Exemplary Success Case from the Ground

Case 1: Enforcement of national building code at Koshi Haraicha municipality

LGCDP II supported the implementation of the National Building Code in Koshi Hariacha municipality of Morang district. From FY 2072/73, the municipality started mandatory provision of submission of structural design/drawings along with architectural drawings and other supporting documents to issue building permits. The municipality initiated three levels of field monitoring/verification systems. A total of 743 building completion certificates were issued in FY 2072/73 after implementation of the National Building Code. Moreover, a technical committee was formed to solve the issues related to building bylaws and building code. Additionally, the municipality made a provision that the professional contractors and masons should be registered in the municipality and should have construction licenses. Only those masons that completed five days of mason training and passed the skill test conducted by the municipality were eligible for the construction license. The construction license was to be renewed annually upon payment of renewal fees of NRs 3000. This was a very innovative system that Koshi Haraicha municipality introduced and the system may be followed and replicated by other new municipalities.

Earthquake Resistant Building Construction in Koshi Haraicha Municipality

This was followed by a two-day training on the implementation of building code in the fiscal year 2071/72 supported by the programme.

Mr Ganesh Karki, Executive Officer, and other local political leaders noted that the orientation proved fruitful in motivating participants to opt for safe building construction practices. A total of 74 local masons were trained in earthquake resistant construction of buildings. Municipalities issued license ID cards along with license certificates to trained masons. These actors played key roles in the municipality to apply for the National Building Code.

Similarly, two engineers (one from LGCDP II) also received the National Building Code training.

Following this, they were actively involved in ensuring compliance checking of building designs and field monitoring/supervision of building construction as per the National Building Code. LGCDP II allocated a budget of NRs 800,000.00 to Koshi Haraicha Municipality for mason training programme in the revised ASIP for FY 2071/72.

Dharan Sub-Metropolitan City, leading municipality in the eastern region for implementing building code, provided technical support for conducting the training programme. Following building code implementation, demand for mason trainings increased tremendously. The municipality in coordination with local contractors' associations continued the training for masons with their own resources.

8

INTEGRATED PLANNING, BUDGETING, MONITORING AND EVALUATION
[Orchestrating Needs, Avoiding Duplication and Sustaining Development]

8.1 Integrated Planning

Pursuant to the provision of the Local Self Government Act (LSGA), it is mandatory for the districts to prepare a periodic plan. The LSGA clearly outlines that "each district shall formulate periodic and annual development plans for the development of the district" known as the Periodic District Development Plan (PDDP). LSGA 1999 and the Local Self Government Regulation 1999, among others, is a major departure in decentralised planning system in Nepal. Based on that, PDDP emphasises on programming with equal distribution of development opportunity and benefits, people participation and ownership of development actors, efficient use of local resources, sustainable development, etc. It further stresses the mainstreaming of marginalised groups, community and inaccessible areas. In this regard, LGCDP II supportedthe ministry to develop PDDP. UNICEF, UNFPA, USAID, SDC, through LGCDP, also supported MoFALD in this process with major financial and technical support in different districts. Below is the region-wise status of PDDP development.

8.2 Capacity Building

Trainings were provided on integrated planning for LDOs, planning and administrative officers, and programme officers of all 75 DDCs. The total number of participants was 223 out of which 22 were from far

| Box 8.1 | PDDP formulation process |

The PDDP is prepared in two parts. The first part is district profile and the second is planning. The first part includes data collection from primary and secondary sources, its analysis, and focus group discussions with various groups- Dalit, youth, women, and disabled, Madhesi, Janajati and other marginalised groups, followed by a situation analysis. The second part includes plan preparation workshops, which is usually organised for 5-7 days. The workshop is conducted with participation of a wide range of stakeholders including all political parties, government and semi/ non govt. organisations, I/NGOs, bank/financial institutions and cooperatives, civil society organisations, local bodies organisations, FNCCI and other professional organisations. Finally, the integrated plan is formulated compiling all the sectoral plans. The expert group facilitates the process of preparation of integrated PDDP. MoFALD monitors the process and helps in quality appraisal of the plan.

The final draft is sent to MoFALD by DDC for quality assessment. Then DDC incorporates the suggestions and the District Council finally approves the plan.

western regions, 44 from midwestern, 42 from western, 50 from central and 65 from the eastern development region.

The participants worked on result-based planning, logical framework, and theory of change. The training also sensitised participants on the concept of equality versus equity and consequences of inequality and exclusion, and challenges in formulating equity base programmes. Likewise, the training focused on mainstreaming of cross cutting issues in local level planning such as GESI, CFLG, EFLG, population management, poverty, environment, disaster risk management, climate change, waste management, etc. It also provided general concepts on policies and strategies of MoFALD, structure of local bodies and their legal base, legal bases for local level planning, guidelines of PDDP II and annual plans, problems faced in formulating local level planning, guidelines, and directives of NPCand MoFALD. The training further emphasised result-based monitoring and evaluation, its different aspects, present practices, developing indicators and its uses. The outcome of the training was to increase practical understanding of participants on causality analysis, logical framework,

Table 8.1	The region-wise status of PDDP preparation		
S.N	Dev. region	Completed Districts	Under process	Not initiated
1	Eastern	12	4	
2	Central	13	5	2
3	Western	9	6	
4	Midwestern	15		
5	Far western	7	2	
	Total	**56**	**17**	**2**

access to resources, and to link the PDDP and annual plan.

Moreover, LGCDP II provided technical backstopping in planning related issues such as document reviews, MTEF preparation of MoFALD, the Earthquake Recovery Plan preparation, mid-term review of 13th plan and preparation of the 14th plan of MoFALD section and others as per the demand.

8.3 Monitoring and Evaluation

The programme supported the M&E Section/MoFALD on further strengthening the Web-Based Reporting System (WBRS) to receive report of all development activities within the stipulated time. Likewise, support was provided in piloting District Planning Monitoring and Analysis System (DPMAS) in five districts namely Sindhupalchok, Dolakha, Ramechhap, Sindhuli, and Kavrepalanchok. In addition, DPMAS training was provided in 50 districts. LGCDP also introduced a management-monitoring tool to monitor management performance of RCUs.

In order to improve monitoring and evaluation systems at the local level, LBs have prepared annual monitoring and evaluation plans. Moreover, local supervision and monitoring committees are functional in 1,372 VDCs (43%), 191 municipalities (91%) and 75 DDCs (100%). The M&E section developed new LBs' monitoring format that has to be used by senior MoFALD officialswhile visiting the field. After the completion of the first phase of the local level elections, MoFALD developed an online information system to collect basic and socio-economic information of local levels. The system is now instrumental to obtain information from the local level quickly. The list of success indicators (model) applicable at local levels is another achievement of MoFALD. LGCDP II supported MoFALD to prepare monthly, quarterly, trimesterly and annual reports on time and provide them to stakeholders. Further, key reports were shared through LGCDP II website. LGCDP carried out the monitoring of programme activities regularly and took corrective actions on time.

8.4 Environment-friendly Local Governance (EFLG)

MoFALD implemented three major environmental programmes including i) Environment-friendly Local Governance Programme (EFLGP), ii) Integrating Social and Environmental Safeguard (EMS) in infrastructure development programmess and iii) Poverty Environment Initiatives (PEI) & Local Climate Change Adaptive Living Facility (LoCAL) Programme during the programme period.

8.4.1 Environment-friendly Local Governance Program (EFLGP)

Background

On October 9, 2013, the Government of Nepal endorsed the EFLGF. The long term goal of environmentally friendly local governance was to contribute towards overall poverty reduction, sustainable environment management and inclusive community development. The Government of Nepal's Local Governance and Community Development Programme (LGCDP-II) has rolled out the EFLG framework by incorporating the principles of sustainable development, climate change adaptation and disaster risk management into the local development plans. Moreover, with the financial support of DFID, MoFALD has implemented EFLGP in 54 municipalities and 60 VDCs of 14 districts of Nepal since December 2014.

Implementation approach

The programme has been implemented following the existing governance system: policies, institutions and procedures. The budget releasing process had followed as an "on budget on treasury" system. The programme at the field is implemented in three major streams: i) integration of climate change and environmental issues into local bodies annual development plan and budgets, ii) declaration of household, tole and wards, and iii) construction of environment-friendly and climate resilient infrastructures.

Major achievements under EFLG

By fulfilling basic indicators as stipulated in EFLGF, 37,034 households, 18 wards and 99 settlements were declared as environment-friendly entities. Chitwan DDC Office became anenvironment-friendly public office. Public schools in Devchuli, and Gaidakot municipalities were declared as environment-friendly schools in the Nawalparasi district. Though EFLGP had gained momentum at the field level, the EFLG declaration status was not found satisfactory. This was due to the restructuring of the local government that had extended the boundary of the EFLGP implementing unit, merging of some municipalities into the metropolitan city. For example, former Chitrawan and Narayani municipalities have merged into Bharatpur Metropolitan City; similarly, Lekhnath municipality has turned into Pokhara Metropolitan City.

➤ 239 MoFALD staff members and 4,480 local government staff members trained in climate adaptive and disaster resilient EFLG activities.

➤ Altogether 183,663 community members participated in various awareness campaigns and 5,253 community members benefitted from various development activities such as roof top farming, improved cooking stoves (ICS) training, solar installation /maintenance training, EF bag making

training and organic farming training. A total of 306 Environment-friendly Local Governance Coordination Committee (EFLGCC) meetings were held during the programme period, and a total of 1,428 Tole Lane Organisations (TLOs) have been formed and mobilised.

➤ Altogether, 604 ponds, 496 public garden and parks, 110 public toilets, 5,908 HH toilets have been constructed.

➤ 238 climate/disaster resilient programmes like bioengineering works including plantation of bamboo, broom grass, etc. for soil conservation and protection of river banks (embankment) were implemented. These initiatives contributed to protect 36,962 vulnerable people from likely disasters such as landslides, floods, etc.

➤ In total 483,094 plant saplings have been planted in road sides, public lands, memorial parks, botanical gardens, etc. Altogether, 10,065 flower pots have been placed along the road side in front of every house. Similarly, 16 EFLG memorial parks were constructed in different local units. Aside from this, 168 nurseries have been developed. In total, 276 hectares of public land were protected throughout the program period.

➤ A total of 29,596 Improved Cooking System (ICS) have been installed in rural areas. A total of 2,162 households have installed 20 watt peak solar with support from the EFLG programme. A total of 2,981 solar street lightshave been installed at local EFLG units. Beside this, 28,247 dustbins/containers have been distributed in different local units. Altogether, 3,112 cattle-sheds have been managed in rural households in coordination with the District Agriculture Office.

➤ With an aim to raise awareness on EFLG through sharing of knowledge among wider audiences, Information Education and Communication (IEC) materials such as EFLG- framework books in Nepali (1,000 copies), school information notebooks (6,000), EFLGP diaries (4,000 copies), posters (3,000 copies), and stickers with environmental slogans (3,000 copies), calendars (2,000 copies), brochures (3,000 copies) and best practices books (1,000 copies) have been published and disseminated.

➤ EFLGP has hosted the website to reach to wider audiences. Important news updates, information among others are uploaded in the website. A 15 minute documentary on EFLGP has also be made and uploaded to the EFLGP website.

The programme at the field level is directly supporting local communities to cope with climate change and natural disasters, and is promoting livelihood improvement like water source conservation, parks and ponds conservation/construction, introduction of bioengineering structures to control landslide/ erosion and river flood protection, massive plantation, promotion of renewable energy, etc.

It has been perceived that there is a strong ownership of local bodies on EFLG and environmental concerns. Environment-friendly declaration events are found to be very instrumental in raising awareness on the importance of integrating environment, climate change and disaster management issues in the local development planning and budgeting process. Moreover, EFLGP implementing local bodies are strongly advocating for its continuation even after the end of 2017.

The outcome of environment projects is actually difficult to be perceived in short time. So to sustain the midway successes and best practices of EFLGP, the programme should be up-scaled and replicated for which proactive engagement of stakeholders is needed.

8.4.2 Social and Environmental Safeguard

LGCDP II emphasized on environmental consideration while designing infrastructure development projects at the local level. To guide local bodies in integrating environment into the local development planning process, MoFALD introduced the Social and Environmental Safeguards Framework (SESF) in August 2008. In this regard, operational manuals on environmental enhancement and implementation of social and environmental safeguard measures at the local level were also prepared and made operational. Samples of Environmental Management Plan (EMP) and monitoring checklists for infrastructure projects were developed and provided to local bodies. LGCDP II aimed to cover 80% DDCs and 75 % municipalities adopting EMP by 2017. To take stock on the compliance, the Environment Management Section reviewed LB compliance with EMPs with support from district and urban government experts in September 2014. It was found that 35 districts (47%) and 18 municipalities (31%) adopted EMPs.

LGCDP comparative data of 2068/69 and 2072/73 reveals that use of environment checklists as well as EMPs initiatives increased twofold from 2068/69 to 2072/73. There were 25,253 infrastructure projects run by local bodies in 2072/73. Furthermore, LGCDP II prepared a handbook for Frequently Asked Questions (FAQs) on use of environment management plans and made them available to local bodies in 2015.

Table 8.2	Social and Environmental safeguard status		
Year	Total Projects	Environment Projects	Environment Checklists	Environment Management Plan
2068/69	14,498	471 (3.2%)	177 (1.2%)	79 (0.5%)
2072/73	25253	785 (3.1%)	559 (2.2%)	277 (1%)

8.4.3 Poverty Environment Initiatives

The PEI Nepal Country Programme for the first phase was signed in February 2010 and ran up to December 2012. The period January to December 2013 represents a transition period for the programme leading to the second phase running from January 2014 to December 2017. The intervention is not a stand-alone project, but is being implemented through the Local Governance and LGCDP II of the Ministry of Federal Affairs and Local Development (MoFALD) to promote ownership and sustainability.

PEI programme's overall objective was to strengthen capacity of government and other stakeholders to integrate environmental concerns of the poor women and men into planning, budgeting and economic decision making processes at national and local levels. During the programme period, the PEI achieved the following:

Sub-national and local level integrated planning

In total, 18 Wards and 37,034 households were declared as environmentally friendly during the programme period. As an impact of EFLGP implementation, annual development plans of most of the local governments are more pro-poor, pro-climate change adaptive and pro-environment. While reviewing annual development plans of all EFLGP implemented in 54 municipalities of 14 districts, it was revealed that an average 15.03% of the total local bodies' budget was allocated for environment, climate change and disaster related activities, which is three times higher than that of the other non-EFLGP implemented areas.

Inter-governmental fiscal transfer mechanism in local governments

The PEI programme incorporated pro-poor environment and climate change criteria in the 'intergovernmental fiscal transfer mechanism' through minimum conditions performance measures as an incentive for improving local service delivery by local bodies. To this end, with PEI support, existing MCPM guidelines had been reviewed and PEI indicators were included in 2012. As impact assessment of the poverty, environment, and climate indicators have indicated that local bodies are increasingly sincere towards environment-friendly indicators.

Revenues from natural resources

A study on effective management of sand, gravel and stones was carried out with the support of PEI. It was found that the PEI helped increase local government revenue generation from the extraction of sand, gravel and stones. Further, the report recommended pragmatic ways out for optimal revenue generation of local bodies through natural resources.

Capacity development

PEI supported to institutionalise the 'environmental mainstreaming' function by strengthening and expanding the role and capacity of the Environment Management Section of the MoFALD. The section's role now includes integration of environmental issues into the local planning process, implementation of the Environment-friendly Local Governance framework and reviewing/approving of Initial Environmental Examination (IEE).

Green recovery and rehabilitation plans

PEI supported pro-poor green recovery and rehabilitation plans of Patlekhet of Myagdi (affected by land slide) and Chandenimandan village Kavrepalanchowk (affected by the earthquake) districts. The plan helped in the uplifting of socio-economic conditions of local people and in the maintainence of ecological services through implementation of various activities such as water source conservation, bioengineering, pond maintenance and awareness activities.

District periodic plan

PEI and LoCAL have provided partial financial support to prepareDistrict Periodic Plan (DPP) of Rupandehi and Dhading districts. After soliciting feedback from village, district and central level stakeholders, the report got approved from the respective District Development Councils. The district periodical plans include environment and climate changes issues.

8.5 Gender Equality and Social Inclusion (GESI)

MoFALD has been involved in several efforts to obtain inclusive development by bringing women, children and backward communities and by mainstreaming them in development. The Ministry of Federal Affairs and Local Development had developed the GESI policy and GRB guideline to mainstream GESI/ GRB at local levels. MoFALD's GESI section coordinates with other sections of the ministry and development partners to

make local governance programmes more GESI friendly. For effective implementation of GESI policy at the local level, Gender Responsive Budgeting and Auditing tools are being used for the fulfillment of national and international commitments.

For this, the programme has been extending technical support to carry out different GESI-related activities like conducting training programmes, revision of policies and guidelines, reporting, monitoring, communicating and assuring quality of GESI programme activities at local levels. At local levels, LGCDP II social mobilisers assisted local bodies ingender responsive budgeting, conducting gender budget auditing as well as implementing target group focused programmes at the local level. In addition to this, the programme has given prime focus on capacity building of local bodies and other stakeholders and mainstreaming of GESI in all sorts of programme activities.

GESI sensitisation trainings were conducted in 64 DDCs and 11 Municipalitiesin which 245 members participated. The main contents of the trainings included gender based violence issues and its action plan; UN Security Council Resolution 1325 & 1820 and its national action plan; issues of women's economic empowerment and foreign employment and women's political leadership and participation at local levels.

GESI Policy 2066 was reviewed incorporating GESI working policy and instituted with provision of GESI committees from centralto local levels for effective implementation of GESI policy. GESI issues integrated in the revised Local Body Resource Mobilisation and Management Guideline, 2069 and Social Mobilisation Guideline, 2071. Similarly, MCPM manual of DDC, municipality, and VDC incorporated GESI related indicators. MoFALD developed and approved the Gender Responsive Budgeting Localisation Strategy, 2072. This strategy supported in the mainstreaming of gender issues in all development processes of local governance. Additionally, a national level coordination meeting was organised on GESI to build mutual coordination, collaboration and harmonisation between sectoral ministries.

In 2072/2073, 72 DDCs and 165 municipalities completed gender audits, however, only 25 DDC and 73 municipalities completed gender auditsin 2073/74due to effects of local level restructuring process. Following auditing, DDCs and municipalities assessed their programme and prepared action plans for further improvement of their policies and programmes with GESI perspective.

In total, 10,553 participants (4,348 female participants) in 75 districts were trained on GESI responsive

budgeting and auditing. In the fiscal year 2071/72, 49 DDCs and eightmunicipalities conducted GESI audits. Gender responsive budgeting was piloted in 11 DDCs (Bhajang, Doti, Kanchanpur, Kailali, Banke, Bardiya, Kavrepalanchock, Ramechap, Sindhuli, Bara and Parsa). MToTs were organised in Kathmandu and 16-resource persons were trained on the GRB localisation process for local level development process of LBs. GRB committees were formed in 75 DDCs and made functional for mainstreaming of GESI issues in the planning process of local governance. Please refer to Annex 10.3 for detailed findings of GESI audits of local bodies.

8.6 Child-friendly Local Governance (CFLG)

MoFALD is the leading government agency to implement CFLG at the local level. In this regard, the ministry developed the National Strategy on Childfriendly Local Governance (CFLG), which was endorsed by the cabinet on July 5, 2011. It is reflected in the 13th National Plan for fiscal year 2070/71 to 2072/73 under the Federalism,

Decentralisation and Local Governance Strategy. Major achievements are detailed below.

Policy
LGCDP II provided the platform to operationalise CFLG nationally. Some of the key policy achievements include the mandatory allocation of 10%-15% (CFLG VDC) that allowed resources for children to be allocated to every VDC/municipality and DDCs of Nepal. The mandatory policy provision of ensuring children participation in local governance structures (ward citizen forums, integrated planning committees, CFLG VDC municipal and district committees, school management committees, health management committees, andlocal councils) and key planning processes (periodic and annual through Bal Bhela) ensured children participation and allowed their voices to be heard at all levels of local governance. Technical assistance support of the LGCDP II was mainly to prepare the CFLG plan and to integrate it in the Annual Strategic Implementation Plan, provide technical backstopping at the policy level to prepare training manuals, guidelines andprovidetechnical advice in the respective thematic areas that include resources management, planning and programming, policy formulation, capacity development (individual, institutions and networks), establish linkages and networks. Furthermore, in line with the decision of the CFLG National Steering Committee, 2015, and the LGCDP NAC, 2015, decision, MoFALD in 2016 endorsed a conceptual framework to roll out CFLG nationally. A roll out plan is being developed.

CFLG Implementation

Data shows that all DDCs, 58 old municipalities, and 1,436 VDCs initiated the CFLG adoption process. Pragatinagar VDC of Nawalparasi district was declared the first child-friendly VDC in 2014 and Sunawal of Nawalparasi district was declared the first child-friendly municipality in 2015. In 2016, Tetariya VDC and Biratnagar Sub-Metropolis were also declared as child-friendly. Till 2073/74, ten VDCs and two municipalities have been declared CFLG LBs. Annual consultations with children and adolescents (through Balbhelas) across 3,157 VDCs and 217 municipalities wereconducted before the councils endorsed local plans. In 2073/74, a total of 3,207 VDCs and 213 municipalities conducted Balbhela and incorporated child demands and concerns in their respective annual plans. Children were also consulted during the 14 earthquake affected districts and their recommendations informed and influenced the PDNA, the local planning process and the "SAARC Regional Strategy on Child Centered Disaster Risk Reduction". In addition, to hold LDOs and executive officers accountable for children, a number of child rightsrelated indicators were REFLECTed in the performance contract which was signed between concerned authorities and MoFALD secretary for the first time.

Children initiatives

The LGCDP II has ensured active participation of children in programme activities. Web-based reporting of Ministry of Federal Affairs and Local Development reports that 62,806 children are participating in WCFs. Similarly, 3,374 children participated in IPCs and 1,203 children were members of local level CFLG committees. In addition to this, children have been actively engaging and advocating for early childhood development centres, libraries, street drama, children's parks, sports, child-friendly sanitation, etc.

Capacity building

As recommended by the LGCDP II National Advisory Committee, MoFALD organised a Training of Trainers workshop on Result-Based Planning in August 2015. The pool of 32 trainers created by the workshop supported the ministry in rolling-out these workshops in the districts. As a follow-up to these trainings, 223 DDC officials including LDOs, district technical officers, planning officers, programme officers from 75 districts were capacitated in six development regions. These human resource pools were mobilised to review District Period Plans to ensure that they were more result-based, aligning period plans to annual plans. In order to provide support to replicate the CFLG declaration process nationally, a "simplified handbook on CFLG Declaration Process" and "Balbhela Facilitation Handbook" were developed and approved by the MoFALD. The LDTA, a National Service Provider of LGCDP II, supported to build the capacity of local bodies personnel and other stakeholders on CFLG and other training programmes of local bodies. Programmes supported to build human resource pools of CFLG for effective implementation of Child-friendly Local Governance Programmes at local levels. MoFALD/LGCDP II, with the support of UNICEF, developed, printed and disseminated CFLG national strategy books, brochures, flex, etc.

Monitoring and reporting

For effective implementation of the programme, MoFALD, local bodies, LGCDP II anddevelopment partners monitored the programmeon a regular basis. CFLG was integrated into MoFALD's reporting systems, helping to create ownership and accountability in DDCs and municipalities. In addition, CFLG features prominently in the ministry's monitoring checklist and in the LGCDP's annual monitoring and evaluation plan. Joint monitoring exercises at the national and district levelhas led to a better understanding of CFLG, and better technical support and guidance for DDCs, municipalities and VDCs.Moreover, data from MoFALD's web-based reporting system was used for the CFLG review. The web-based reporting system made it much easier to monitor countrywide CFLG adoption rates and to identify problems and bottlenecks.

8.7 An exemplary Success Case from the Ground

Case 1: Not only in name but also in fame, motivating children from the first CFLG declared municipality

A strong earthquake hit Nepal on Baisakh 12, 2072, and caused thousands of deaths and injuries, extensive damages of buildings and infrastructure. Fourteen districts were highly affected and thousands still remain homeless. Nepalis from all over the world have tried their best to support the earthquake victims however they could. Meanwhile, children of Sunawal Municipality were also eager to support the earthquake victims but they did not know exactly what to do.

Sunawal Municipality was the first to be declared childfriendly (CFLG) among all municipalities in Nepal. At the same time, the social campaigner and national level artists, Mr Sitaram Kattel (Dhurmus) and Ms Kunjana Ghimire (Suntali), arrived in Sunawal

Municipality to make a child-friendly film 'Jyoti' based on the child-friendly activities incorporated by the municipality. Children met these celebrities and expressed their desire to support the earthquake victims.

After hearing the children's desires, the duo celebrities said that if they got the opportunity to help earthquake victims, they would work together. A few days later, news arrived in various media that Dhurmus and Suntali had appealed to the people to support them to construct 65 child-friendly, environmentally friendly and disability friendly houses for earthquake victims in Giranchaur, Sindhupalchok. After this news, the children were excited. Bipana Sharma, President of the Municipal Child Network, visited Kathmandu to meet them and expressed intentions to support them. Dhurmus and Suntali told the children that they were too young to help with goods and money, and that collecting donations was not a good option for the children. However, the children insisted that they were from the first CFLG declared municipality and had ideas to support the victims."We are proud of you, and your enthusiasm. You are not only helping earthquake victims, but you are morally supporting us too," said the duo supporting the children's points. After Bipana's visit to Kathmandu, she organised a child network

meeting with the CFLG focal persons, Mr. Resham Sharma and Om Bahadur Thapa, in Sunawal and proposed to support Dhurmus, Santali's project to support Giranchaur's earthquake victims. Both CFLG focal persons denied the proposal at first because it was submitted by children, but had to agree after seeing their confidence and enthusiasm.

Bipana took the responsibility of informing the CDO, and Barsha Gaire was responsible for the press conference and security. The children formed committees and selected coordinators for every ward~ they informed all members of CFLG committee and child protection committees about donation collection for earthquake victims.

The children group reached every ward showing the banner and collected donations from Rs 5 to Rs 2,000. In three days, they collected Rs 115,000. On the fourth day, they organised a child network's meeting and calculated how much money they had successfully collected. Some of the children also wanted to donate and amount of Rs 20,000, which they had received from winning the photography competition organised by the Municipal Association of Nepal. They deposited the money in the account of the child-friendly committee. On Jestha31, 2073, the children travelled to Giranchaur under the leadership of Om Bahadur Thapa, Secretary of CFLG committee, and the municipality managed the vehicle for their transportation. They reached Giranchaur and handed over a cheque of the total collected amount to Dhurmus and Suntali foundation to support the earthquake victims. This became the limelight in various media and news channels. This event boosted their selfesteem. Political leaders and the municipality praised the children for their hard work and courage. Nowadays, these children are confident in themselves and are showing interest in several activitieswithinthe society and municipality~ they are also becoming more sensitive towards social issues.

This story tells us that if we invest in children today, identify their talents on time, and give them a childfriendly environment, they are able to, from a young age, lead the nation towards the right path.

9

LOCAL GOVERNANCE POLICY REFORM
[Building Institutions for Federalism and Local Governance]

9.1 Local Governance Policy Reform

LGCDP II (2013-2017) was designed in the midst of the constitution-building process during which the political transition was evident in the country. Constitutional discourse in the country was about ways in which to adopt the new federal structure as stipulated by the Interim Constitution of Nepal, 2007. In this background, crafting and transforming the system and structure of local governance in coherence to the federal set up in the post constitution phase was predictable.

LGCDP II, under outcome four, aimed to strengthen policy and institutional framework for devolution, subnational governance and local service delivery that were to be contributed by outputs 8 and 9. Output 8 expected refined policy on local governance and improved inter-agency cooperation in further looking at perspectives of federalism. And output 9 focused on developing policies for devolution and federalism.

Results expected under output 8
➤ LSGA, reviewed and amended, to be in conformity with the constitution and sectoral laws.
➤ Local governments categorised, and restructuring plan developed
➤ LBFC, MoFALD, LGAF and LDTA restructured to assume responsibility in the devolved context. Guidelines/manuals/policies updated.

Results expected under outputs 9
➤ Devolution policy refined in the context of federal governance
➤ LBFC restructured to assume responsibility for fiscal federalism
➤ Local Government Restructuring Commission established and LGs restructured.

LGCDP II has supported MoFALD in two-fold approaches to achieve results. Firstly, it supported the ministry in strengthening the local governance system and structure for effective service delivery and focused on effective implementation of ongoing devolution processes. Secondly, it contributed in preparing the ground work for local governance arrangements in the context of the constitutional framework, state restructuring, introducing transitional operation systems and mechanism of local government and ensuring multi-stakeholder engagement in policy dialogue about various issues of sub-national governance. The programme contributed in designing democratic local self-governance systems and institutions, and crafting appropriate legal and policy frameworks. A smooth transitioning process from unitary to federal set up was supported for ensuring effective implementation of decentralised policies for public services.

During the programme period, major historical developments took place in connection to local governance. Promulgation of the Constitution of Nepal on the September 20, 2015, cemented a greater degree of local autonomy by providing explicit recognition to the local government as a main structure of the state. Restructuring of the local government in the federal structure was carried out. Phase-wise elections were successfully completed on May 14, June 23 and September 18, 2017, in all seven provinces.

9.2 Key Achievements

9.2.1 Refined Policy on Local Governance and Improved Interagency Cooperation (Output 8)
Table 9.1 gives an overview of the major achievements under the Strategic Implementation Plan.

LSGA amendment bill introduced in legislature parliament
The GoN introduced the LSGA (First Amendment Bill) to the parliament prior to promulgation of the Constitution of Nepal (2015). The bill has remained under consideration of the parliament due to needed adjustment and potential changes in coherence with the new constitution. The main objectives of the amendmentsof the LSGA were:
➤ to provide adequate legislative framework for holding elections of local bodies in the interim period;
➤ to increase the representation of women from 20% to at least 40% in the village and municipal councils in line with the national debates and spirit of thematic draft of the first CA;

Table 9.1	SIP targets vs. achievement under Refined Policy on local governance	
SN	**SIP Targets**	**Achievements**
1	Local Self Governance Act (LSGA), 1999, reviewed and amended, to be in conformity with the constitution and sectoral laws.	Local Self Governance Act, 1999 (First Amendment Bill), was drafted and was tabled to the Legislature Parliament prior to the promulgation of the Constitution of Nepal (2015). Key amendment proposals were to ensure inclusive local governance focusing to increase representation of women in the local bodies from 20 to 40% considering upcoming local elections. The Bill remained under consideration of the parliament due to its relevancy in the changed constitutional context.
2	Local governments categorised, and restructuring plan developed.	The GoN downsized the number of VDCs from 3,915 to 3,157 and increased the number of municipalities from 58 to 217 in a phase-wise manner. The Constitutional Commission was constituted to further restructure the local government numbers and boundaries in federal structure as envisioned by the Constitution of Nepal (2015).The GoN has now established 753gaunpalika and nagarpalika throughout the country and they have been made functional.
3	LBFC, MoFALD, LGAF and LDTA restructured to assume responsibility in the devolved context.	LBFC carried out quality and timely Minimum Condition and Performance Measures (MCPM) assessment of local bodies and updated the grant formula to local bodies.The institution building and restructuring processesare continued in line with the changed constitutional mandate.
4	Laws, policies, guidelines, manuals updated	Various laws, policies, guidelines, procedures, manuals were updated and implemented. ▶ The Local Self Governance Regulation (Seventh Amendment 2072) was amended with a view to increase tax base of the local government; ▶ Policies, strategies, guidelines, procedures regarding local governance such asthe Local Bodies Resource Mobilisation Procedure, MCPM procedures, CFLG national strategy and procedures, EFLG procedures, GESI policies, etc.,were developed and implemented; ▶ E-copy prepared the codifying of prevailing legislations regarding local governance from different legislative instruments.

➤ to legalise the needed changes in the number of municipalities, VDCs and their wards. All this was carried out within the election year.

The LSGA, 1999, remained the landmark legislation in the devolution of power and resources to the local level. It has established an important foundation for the provision of socially inclusive services to the citizenry through grassroots democracy. The Act provides legitimate space to citizens and civil society institutions to be involved in local democratic processes, which include integrated planning processes and public service delivery. Despite many democratic principles of the LSGA, it was required to be amended as per the changed constitutional context. Therefore, the new Act, the Local Government Operation Bill's drafting process was initiated to repeal the prevailing Local Self Governance Act, 1999. LGCDP II extended its continued technical support to the MoFALD and provided support to local government associations to bring forth local government voices in the process.

Local Self Governance Regulation (LSGR)
To REFLECT past learnings and changed contexts in order to strengthen the local governance system through devolution and needed improvements in financial management, the GoN amended the Local Self Governance Regulation in 2072 BS as the Seventh Amendment. Among others, the amendment in the Local Self Governance Regulation aimed to increase the revenue base of the local bodies, specific to municipalities, and thus has changed the rate of house and land tax, and the base of property valuation.

LGCDP II contributed to the processes by providing inputs from field level experience-sharing and interactions with local authorities.

Policy instruments
LGCDP II provided support to respective departments/ sections of MoFALD in designing, reforming and implementing various policy, guidelines, working procedures and good governance tools. They include the Local Bodies Resource Mobilisation Procedure, MCPM procedures, CFLG national strategy and procedures, EFLG procedures, GESI policies, etc. These instrumentsare institutionalised into regular local government system and structure.

9.2.2 Policies Developed for Devolution and Federalism (Output 9)
The following table gives an overview of major achievements under the Strategic Implementation Plan.

Promotion of democratic local governance
The LGCDP II assisted MoFALD in preparing draft proposals on democratic local governance in the constitution. Knowledge and practices of other countries were reviewed and inputs were provided to senior MoFALD officials regarding democratic local governance. Evidence-based constitutional discourses were further strategised by MoFALD and expert opinions were provided by senior MoFALD officials to different committees of the CA on local governance arrangement in the federal context. MoFALD/LGCDP II provided discussion forums to multi-stakeholders,

Table 9.2	SIP targets vs. achievement under Devolution and Federalism	

SN	SIP Targets	Key achievements
1	Federal legislation related to sub-national government prepared.	Laws and policy reform processes were supported by LGCDP II. These ranged from supporting participatory constitution building discours and drafting of various bills regarding democratic governance and various policies, plans, guidelines, working procedures and good governance tools. Policies, laws, guidelines related to sub-national governance as prepared by MoFALD are; ▸ Bill related to 'ward' of gaunpalika and nagarpalika drafted (Act enacted); ▸ Bills related to six constitutional commissions drafted. They were: National Dalit Commission; National Inclusion Commission; Aadibashi Janajati Commission; TharuCommission; Muslim Commission and Madhesi Commission. These bills are under consideration of the Legislature Parliament and their organisation and management study carried out. ▸ The bill for the Operation and Management of Local Government drafted and under consideration of Legislature Parliament; ▸ Bill related to Facilities of the LG elected officials drafted and circulated to sectoral ministries for comments and suggestions' ▸ Executive order related to service delivery through local level, operation and management of LGs in transitional period circulated. This will be effective until the local government act is promulgated; ▸ Models of various local laws prepared. These laws are mainly related to local government taxation; authentication of decision; business allocation and performance; operation and management of local assembly; meeting procedures; laws relating to operation of consolidated funds and budget allocation; laws related to financial procedures of local level; regulation related to operation and management of FM radio; guidelines related to local level planning and budgeting; model code of conduct of LG officials, etc. ▸ Criteria and standard law-making processes for sub-national government prepared and incorporated in draft bill of Local Government Operation.
2	Local Level Restructuring Commission formed and report submitted to GoN by mid-November, 2016.	The GoN formed constitutional commission for determination of number and boundaries of gaunpalika and nagarpalika, and submitted its report to the GoN in March, 2017. Based on the report, the GoN has established 753 new LG units effective from March 10,2017. The LGCDP II supported: ▸ GIS mapping process; ▸ Data analysis and report preparation regarding special, protected or autonomous areas; ▸ Review of the LLRC report; ▸ Preparation and dissemination of IEC materials (information sheet and detailed book) of the newly established local governments; ▸ Prepared a book containing details of 753 newly established LG units as well as maps, facts and figures.
3	Approach paper for functional federal system developed: functional assignment of selected sectors prepared.	MoFALD constituted different committees to prepare policies and transitional plan for smooth operation of the local government upon establishment of new local government units. The recommendations functionalised through issuing of executive orders by the GoN.
4	A functional Federal Policy Resource Centre equipped with necessary logistics.	The centre is now equipped with books, stationery and furniture.Some IEC materials, namely, frequently asked questions related to federalism and sub-national/local governance prepared for wider dissemination. The LG Handbook and ToT Manual preparation processes are in the final stages.
5	Framework for Natural and National Fiscal Commission drafted.	MoFALD/LBFC participated in the process of drafting a bill regarding Natural Resource and Fiscal Commission as envisioned by the Constitution of Nepal. The bill drafting process was led by the Ministry of Finance that is now under consideration of Legislature Parliament.
6	Institutional framework for constitution implementation in place.	The structural reform in number and boundaries of LGs has been in place. Minimum required human resources is largely managed by the GoN in newly established LGs. This includes executive officers, engineers, IT staff, accountants, etc. Further, basic legal framework to operate LGs in transition has been issued through an executive order, some legislation has been enacted and some law drafting processesare in progress.
7	Inter-governmental fiscal relation legislation drafted. Local and provincial tax code developed.	Evidence based inputs has been provided to MoF to draft the inter-governmental Fiscal Transfer Bill. The bill is under consideration of the Legislature Parliament. In addition, a LG borrowing study has been completed and its findings incorporated in the draft local governance bill.

SN	SIP Targets	Key achievements

namely, constituent assembly members, representatives of political parties, government officials, local bodies associations, experts at national and sub-national levels on the issues of democratic local governance provisions in the constitution. As a synergy, explicit constitutional provisions of local democratic government were incorporated in the constitution.

Constitution implementation and confidencebuilding process

Nepal promulgated the Constitution of Nepal (2015) through majority (near about 90%) of the Constituent Assembly (CA). However, dissenting opinions and agitations were quite overwhelming during the initial period. Mainly, the Terai-based political parties expressed dissatisfaction with the constitution. Informed citizenry engagement in the constitutional content was lagging behind. This required wider dissemination of the constitution and building confidence of different sections of the society. Therefore, the GoN launched the constitution dissemination campaign called the People's Constitution in front of the People: (Janatako Sambidhan Janatakai Majhma). MoFALD provided leadership roles to roll out the constitution dissemination campaign throughout the country. Community institutions, namely, WCFs, CACs and their members, including SMs, were mobilised to disseminate the provisions of the constitution regarding key contentious issues of concern. Thus, there was support of the informed participation of people and that has contributed in the confidence building processes at grassroots levels. Main features of the constitution were translated in different local languages and disseminated to respective communities.

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

Functional unbundling process across level of government

MoFALD has detailed out the constitutionally scheduled functions of levels of government, specific to the local government as one of the major achievements of the year. This contributed to the Federalism and Administration Reform process. Furthermore, the unbundled functions are internalised in the Draft Local Governance Bill. The programme has provided support through technical inputs, reviews and articulation of the ongoing local government power and functions.

Local level restructuring and institutional strengthening

As per the constitutional provision (Article 395-3), GoN constituted the Local Level Restructuring Commission so as to transform existing local bodies to a viable size to help them to be able to take up the assigned constitutional competencies. Previously, there were 3,374 local body units comprising of one metropolitan city, 12 sub-metropolitan cities, and 204 municipalities and 3,157 VDCs. There were 3,057 wards in municipalities in total, and 28,413 wards in the VDCs. The following table gives the numbers of newly established municipalities and rural municipalities, and their respective ward numbers in total.

LGCDP II provided technical support in analysis and mapping of newly created rural municipalities and municipalities into the GIS. LGCDP II supported the processes of developing criteria/standards for local level restructuring, including research and study work in shaping out the special, protected or autonomous areas. LGCDP IIalso helped in theorganisation of

Table 9.3	The numbers of newly established municipalities and rural municipalities									
Province	Metropolitan City	Wards	Sub Metropolitan City	Wards	Municipality	Wards	Rural Municipality	Wards	Total LGs	Total Wards
1	1	19	2	40	46	496	88	602	137	1157
2	1	32	3	76	73	804	59	359	136	1271
3	3	90	1	19	41	470	74	542	119	1121
4	1	33	-	-	26	318	58	408	85	759
5	-	-	4	80	32	376	73	527	109	983
6	-	-	-	-	25	303	54	415	79	718
7	-	-	1	19	33	352	54	363	88	734
Total No.	6	174	11	234	276	3,119	460	3,216	753	6,743

consultations with parliamentarians, political party members, experts and stakeholders at federal, provincial and local levels.

Transitional management of LGs

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

Local government operation bill

MoFALD drafted the Local Government Operation Bill in line with the spirit and provision of the Constitution of Nepal. LGCDP II supported the federal legislation drafting process by providing technical inputs, learning exposure opportunities of federal processes and promoting participatory processes by providing joint forums for stakeholders and experts in the process.

The Local Government Operation Bill will be a basic legal foundation for setting basic governing principles and values of the local government in coherence with the federal design of the country. This law aims to create the necessary legal foundation for smooth operation of the local level governance in the postelection period. The existing Local Self Governance Act, 1999, including the prevailing executive order regarding service delivery at the local level will be repealed by the Bill and local level government system and structures will be institutionalised. The proposed bill deals with the various aspects of local governance, comprehensively such as, system and process of establishment of local

government, alteration of number, boundaries, naming and centre of local government, functions and competencies of local government including ward level and elected local government officials. It defines the judicial competencies and process of local government, planning and budgeting framework, legislation process and general standard of meeting procedures. It further includes the system and process regarding fiscal federalism and financial procedures, staff management, inter-governmental relationships and coordination.

Model local laws

LGCDP provided support to MoFALD in preparation of a series of model local laws that were required to be enacted by the local government through the constitutional mandates. As per the constitutional requirement, model local laws were developed and circulated to the local government to facilitate their law-making business.

Box 9.1	List of Model Laws Developed

1. LG Business Allocation Regulation
2. LG Business Performance Regulation
3. Local law related to taxation and financial administration
4. Local law related to expenditure allocation from local consolidated fund
5. Local law regarding authentication of decision and orders of LGs
6. Law related to operation and management of local assembly business and its meeting procedures
7. Law related to meeting procedures of LG executives
8. Law related to operation and management of FM Radio
9. Guidelines on plan formulation and budgeting
10. Model code of conduct of LG officials

Annexes

Annex 1	SIP targets vs. achievement under Refined Policy on local governance
Programme Period:	**16 July 2013 - 15 July 2017**
Executing Agency:	Ministry of Federal Affairs and Local Development
Implementing Agencies:	Local Bodies, Local Offices of Sectoral Ministries
Supporting Agencies:	Sectoral Ministries, Non-Government Organisations, Civil Society Organisations, Private Sector Organisations
Geographic Coverage:	75 Districts, 217 Municipalities and 3,157 Village Development Committees (After Restructuring: 75 Districts, Metropolitan City-6, Sub-Metropolitan City-11, Nagarpalika- 276, Gaunpalika-460)
Development Partners:	JFA partners: DFID, SDC, Norway, Denmark, UNDP, UNICEF, UNCDF, UNFPA, UN Women AA partners: ADB, GIZ, JICA, UNV, USAID
Financial Contribution (Program document):	Government of Nepal: US$ 1126 million Development Partners: US$ 236 million Total: US$ 1362 million
Financing Modality:	Joint Financing Arrangement (JFA): US$ 194.9 million Joint Funding for Technical Assistance (JFTA): US$ 13.5 million Programme Alignment Arrangement (PAA): US$ 26.1 million Prgramme Alignment Arrangement (PAA):US$ 26.1 million
Programme Components:	Policy: Governance Reform Supply: Service Delivery and Capacity Development Demand: Citizens Empowerment Local Development: Socio-Economic and Infrastructure Development
Sectors of Investment:	(1) Local Government Restructuring (2) Federal Governance (3) Fiscal Decentralisation (4) Fiduciary Risks Reduction (5) Results Based Management (6) Capacity Development (7) Social Mobilisation (8) Child-Friendly Local Governance (9) Gender Equality and Social Inclusion (10) Information, Education and Communication (11) Local Governance and Accountability Facility (12) Environment-Friendly Local Governance (13) Vital Registration (14) Community Mediation (15) Social Security (16) Local Community Infrastructure Development (17) Social Development (18) Local Economic Development (19) Livelihood Improvement Schemes (20) Research and Development (21) Public Financial Management

Annex 2	Outstanding audit arrears and progress during FY 2016-17 by DCC			
District	**Outstanding Audit arrears as of 32 Shrawan 2073**	**Settled during FY 2073/74**	**Balance [includes arrears till OAG/N audit till FY 2071/72**	**Progress**
Achham	13,639,697	50,000	13,589,697	0%
Arghakhanchi	1,077,888	-	1,077,888	0%
Ilam	8,973,639	3,268,800	5,704,839	36%
Udayapur	3,263,051	2,615,400	647,651	80%
Okhaldhunga	21,010,884	300,000	20,710,884	1%
Kanchnpur	2,101,630	256,116	1,845,514	12%
Kapilbastu	18,376,374	-	18,376,374	0%
Kathmandu	6,142,020	5,112,785	1,029,235	83%
Kabhrepalanchok	5,066,379	828,050	4,238,329	16%
Kalikot	461,755	-	461,755	0%
Kaski	10,190,391	8,345,802	1,844,589	82%
Kailali	10,295,461	258,000	10,037,461	3%
Kotang	9,204,479	3,547,112	5,657,367	39%
Gulmi	914,128	-	914,128	0%
Gorakha	3,632,596	215,000	3,417,596	6%
Chitwan	17,426,571	8,101,535	9,325,036	46%
Jajarkot	389,809	10,020	379,789	3%
Jumla	15,884,645	70,000	15,814,645	0%

District	Outstanding Audit arrears as of 32 Shrawan 2073	Settled during FY 2073/74	Balance [includes arrears till OAG/N audit till FY 2071/72	Progress
Jhapa	6,102,777	9,475,710	(3,372,933)	155%
Dadeldhura	9,677,595	6,816,400	2,861,195	70%
Doti	5,770,855	140,000	5,630,855	2%
Dolpa	2,946,719	-	2,946,719	0%
Tanahu	5,964,899	-	5,964,899	0%
Taplejung	16,146,245	4,913,300	11,232,945	30%
Tehrathum	358,871	-	358,871	0%
Dang	15,075,127	3,331,600	11,743,527	22%
Darchula	10,768,117	1,137,647	9,630,470	11%
Dailekh	8,210,544	7,130,000	1,080,544	87%
Dolakha	33,856,942	25,290,000	8,566,942	75%
Dhankuta	1,671,361	945,000	726,361	57%
Dhanusha	44,827,673	143,000	44,684,673	0%
Dhading	5,123,968	1,784,287	3,339,681	35%
Nawalparasi	12,098,882	875,970	11,222,912	7%
Nuwakot	419,988	-	419,988	0%
Parbat	12,191,029	7,371,090	4,819,939	60%
Parsa	33,531,645	6,653,000	26,878,645	20%
Panchthar	-	-	-	100%
Palpa	4,690,117	600,000	4,090,117	13%
Pyuthan	272,306	88,375	183,931	32%
Bajhang	3,135,949	-	3,135,949	0%
Bardiya	2,076,954	-	2,076,954	0%
Banke	2,921,676	-	2,921,676	0%
Bajura	13,077,229	29,250	13,047,979	0%
Bhaktapur	77,520	-	77,520	0%
Bhojpur	4,246,800	-	4,246,800	0%
Makawanpur	7,950,695	5,399,400	2,551,295	68%
Manang	4,879,555	-	4,879,555	0%
Mahottari	28,035,133	-	28,035,133	0%
Mugu	7,138,557	280,909	6,857,648	4%
Mustang	939,575	138,000	801,575	15%
Morang	9,617,707	187,720	9,429,987	2%
Myagdi	693,400	220,000	473,400	32%
Rasuwa	3,151,361	240,000	2,911,361	8%
Ramechhap	4,578,757	505,125	4,073,632	11%
Rukum	9,125,821	-	9,125,821	0%
Rupandehi	20,939,112	13,983,700	6,955,412	67%
Rolpa	12,424,759	750,730	11,674,029	6%
Rautahat	41,578,449	3,466,000	38,112,449	8%
Lamjung	2,332,965	1,749,208	583,757	75%
Lalitpur	3,742,004	-	3,742,004	0%
Baglung	220,392	2,000	218,392	1%

District	Outstanding Audit arrears as of 32 Shrawan 2073	Settled during FY 2073/74	Balance [includes arrears till OAG/N audit till FY 2071/72	Progress
Bara	56,484,329	236,100	56,248,229	0%
Baitadi	20,277,378	-	20,277,378	0%
Sankhubhasabha	2,768,000	871,000	1,897,000	31%
Saptari	36,712,899	11,339,836	25,373,063	31%
Sarlahi	33,512,362	4,525,200	28,987,162	14%
Salyan	13,020,000	-	13,020,000	0%
Sindhupalchok	82,789,489	-	82,789,489	0%
Sindhuli	558,872	-	558,872	0%
Siraha	19,939,034	2,299,094	17,639,940	12%
Sunsari	3,801,272	315,000	3,486,272	8%
Surkhet	34,093,597	-	34,093,597	0%
Solukhombu	3,425,493	161,000	3,264,493	5%
Syanja	411,503	145,000	266,503	35%
Humla	4,183,803	20,000	4,163,803	0%
Total of 75 DCCs	**872,619,458**	**156,538,271**	**716,081,187**	**18%**
PCU related	**627,770,436**	**604,313,255**	**23,457,181**	**96%**
Total arrears	**1,500,389,894**	**760,851,526**	**739,538,368**	**51%**

Annex 3	Major findings of gesi audit of local bodies

PStrength	Area for Improvements
1. Local Bodies Policy/Guideline/Manual on GESI	
▶ GESI development activities in the policy and plan of LBs.	GESI indicator to be followed during the local level planning process by all LBs.
▶ GESI units established in DDCs.	Priority to be given gender and social inclusive infrastructures. GESI units to be establishedat municipality level. GESI/GRB committee to be formed in municipality level and function in all LBs.
▶ Programme organised against gender-based violence at DDC level.	Need to build code of conduct to reduce gender-based violence at all LB levels. LBs strategy to be prepared based on GESI policy.
2. Mainstreaming GESI programme in the capacity development plan of LB	
▶ LBs council approved GESI programme and policy.	GESI strategy to be developed at all LBs .
▶ 33% women participation in user committees	Equal participation at all level of LBs still needed.
▶ Capacity Development action plan is developed (mostly in DDC level)	GESI component to be included in LBs CD plan. CD plan should be developed or updated with GESI issue in Municipality level with the budget.
▶ Increasing participation of women in capacity development activities.	Provision of capacity development for the women of user committee and members of targeted group needed.
▶ LBs allocated budget for the GESI training; also incorporates GRB and GESI audits in its capacity development plan.	Need to allocate enough budget for GESI audit and GRB planning analysis and recommendation during the local level planning. Need allocation of budget for GESI audit at VDC level too.
3. Targeted programme	
▶ Participation of targeted groups is increasing.	Disaggregated data of targeted group need to be collected and updated regularly.
▶ LBs allocated the target budget as per resource mobilisation guideline.	Need to monitor target budget implementation. Livelihood and empowermentrelated plans to be approved of as self-employment, income generation and skill-based related, which directly benefited from targeting group.
▶ Women, children, and DAG related project prioritisation by WCFs, CACs.	Need involvement of target groups to implement the project.
▶ Special programmes for target groups;	Need for target budget allocation of infrastructure development;sonstruction of school buildings, roads, community buildings, etc.
▶ Capacity building, income generation, skill-based trainings;	
▶ Activities related to: cultural preservation,	Active participation of targeted groups needs to be guaranteed while formulating the LB plan.

PStrength	Area for Improvements
elder citizen, legal education programme/ orientation on legal rights, single child trafficking.	

4. Planning, implementation, monitoring, and evaluation

PStrength	Area for Improvements
▶ Ensuring the participation of target groups during the planning process and its implementation.	Still need to use disaggregates data before planning and budgeting. Need to increase the participation of targeted groups, especially DAG community, in all programme cycles.
▶ Regular monitoring is being initiated. The major position is held by women in user committees.	Need to ensure targeted group representatives effectively lead monitoring and evaluations.
▶ Disaggregated data and information regarding the GESI is being frequently updated at LBs.	LBs should conduct situation analysis and need identification, separately of women, men and targeted groups, while planning. LBs need to apply the GRB process in its planning process for the identification and prioritisation of project.
▶ 33% women participation of women in DSMC and also targeted community representation in the various committees according to the guidelines.	Need impact study and analysis of the GESI programme and targeted budget, incorporationof feedback and recommendation to the plan. To be effective: monitoring and evaluation committee with 33% women representatives.

5. Internal Structure

PStrength	Area for Improvements
▶ DDCs formed different committeesfor women, DalitandJanajati, as per guideline and this is well-functioning.	Need to build capacity on all GESI committee members. There should be the provisionfor 50% participation of women in committees. GESI structure needs to develop in municipalities. Need to form different committees as per guidelines in the majority of municipalities.
▶ Computerised accounting system implemented at DDCs and old municipalities.	The budget should allocate gender desk and separate human resources for GESI initiatives towards sustainability and gender development. New municipalities need to implement computerised accounting system.
▶ Women development fund established at DDC level andDhulikhel, Makwanpur, Thimi, Ratnanagar, Bharatpurmunicipality.	The allocation and implementation of the targeted budget should be within the given criteria, and frequent monitoring/ feedback mechanism needs to be in place. The majority of municipalities need to establish GESI fund.
▶ Active participation of women, children and disadvantaged communities in the various committees at the local level as VDC, IPFC, MIPFC, WCFs.	The participation of the GESI committee members in the LB programme is needed to be ensure by LBs.

6. Governance

PStrength	Area for Improvements
▶ All LBs have regularly conductedpublic hearings and social audits.	Need to analyseprogrammebenefit to target group and follow the time frame to conduct a public hearing as LBs guideline, especially in municipalities. Disaggregated data needs to be computerised.
▶ The targeted budget and programmeare published/disseminated through meeting, FM radio and mass media by LBs.	Need to increase the participation of targeted group in the review meeting of LBs Municipalities need to publish and disseminate the target group budget using different communication media.
▶ Updated information and documentation in DDC level. Planning formulation is based on the information taken from the information and documentation centre. Vital event registration data and information being updatedin LBs.	Municipalities need to manage updated information/data for planning formulation. Strong monitoring and feedback mechanism needed. Systematic and updated record and documentation yet to be well-managed in all LBs.
▶ Information flows through various media as publication, FM/ radio, mass media are managed in DDC level. And Dhulikhel, Hetuda, Bharatpur, Thimi, Chautara, Lalitpurmunicipalities used information sharing through various media.	New municipalities need information flow based on available media in the municipal area. The information needs to be localised addressing inclusive participation of the target group in the planning, monitoring phase.

7. Human Resource Development and Coordination Relationship Expansion

PStrength	Area for Improvements
▶ All DDC have established Human Resource Development Sections/Units (exceptKavre and Rasuwa DDCs) at LBs,and Human Resource Development activities are being undertaken.	Majority of municipalities and DDCs need to establish HRD units with a separate position in section. Most of the municipalities have HRD sections, and they need to be functional.
▶ Resource Persons (RPs) regarding Gender and Social Inclusion is developed at DDC level.	Need to manage a roster of resource person in all DDCs and municipality level. Need to mobilise LRPs in GESI and document them in all LBs on the GESI capacity building programme.
▶ Annual and periodic plansare prepared to mainstream gender and development.	To be followed the periodic and annual plan to allocate and expenditure budget to target group at all LBs.
▶ Coordination with other line agencies on the issues of GESI.	Need capacity building of GESI/GRB committee members from all line agencies. Need regular and effective analytical study on GESI impact.

PStrength	Area for Improvements
▶ Conducting preparation class on Public Service Commission for women in most DDCs and Mmunicipalities.	LBs need to focus on rural women and DAG groups for the public services commission preparation class.
▶ Discussion on Practical Gender need and Strategic Gender. Need during the plan formulation at LBs.	Need to produce rural women technicians (livestock service, agriculture, health and infrastructure services).

8. Implementation of GESI and Social Development Policies and Commitments of Government

▶ LBs have conducted programmes against gender violence based on the nationaland international convention in coordination with other organisation. (16-day celebration against gender-based violence,etc.)	Gender-related international conventions such as BPFA, CEDAW, MDGs, UNRs 1325 and 1820 and its provisions, need to be regularly organised to LB staff and members and to expand to the community level. Zero-level knowledge about the international convention among new municipalities. So, need to organise training and orientation. LBs need to allocate and implement programme and budget on the issues and provision revealed in various international conventions and national legal acts. Need to organise various programmes every year during the 16-day celebration to eradicate of all forms of discrimination against women.
▶ Started implementation of policies and international commitments as of BPFA, CEDAW, SDGs.	Orientation on various relevant treaty, convention and policies to the stakeholders and community. Need to allocate budget for the implementation of National Plan of Action under CEDAW and United Nation Resolutions1325 and 1820.

Annex 4 | Overview of constitutional guarantee of local democratic government in nepal

Nepal has promulgated the Constitution of Nepal (2015) at the row of Seventh Constitution through the 'best' democratic process ever witnessed in contemporary democracy. Explicit provisions of democratic local governance system and structure have been enshrined in the constitution, and for the first time, in Nepali constitutional history. Enactment of the constitution through the CA as had been manifested during the political power sharing deal in 1950 (2007 BS) has been successfully achieved after 65 years. Following the People's movement in 2006 (2062/63 BS), the CA elected, first time in April 2008 (2064 Chaitra 28), could not deliver A constitution within THE stipulated four years of its' extended tenure (2008-2012). Following the dissolution of the first CA, election for CA was held a second time in November 2013, which promulgated the Constitution of Nepal on September 20, 2015, embodying democratic federal republican characteristics of the state. Local self-governance and decentralisation has been embraced as the major political objectives of the state to enjoy benefits of democracy, consolidate federal democratic republic system of government and maximize inclusive participation of people in the governance (Constitution, Art. 50). Among others, the constitution has guaranteed the periodic election of local government within six months of expiry of their regular five-year tenure (Constitution, Art. 225). Following are the main characteristics of local governance in the Constitution of Nepal,

▶ The constitution has devised three spheres of main state structure as the federal, provincial and local level. (Constitution, Art. 56-1). It has devolved greater power and responsibilities to the doorstep local governments, unlike in the past.

▶ Embodied various principles and policies of democratic local governance such as periodical local election, separation of power and check and balance between executive and legislative branches.

▶ *Gaunpalika*, municipality and district dssembly have been recognised as constituent units of the Federal Democratic Republic of Nepal. (Constitution 2015, Art. 300-Ta, Dha). Moreover, the local level has been treated as equal spheres of the federation, not as subordinates of either the federation or the provinces.

▶ The exercise of sovereignty and state power vested to each order of government including local government as prescribed in and stipulated by the Article 56-2 of the constitution.

▶ The constitution limits the role of the district assembly to inter-agency coordination and monitoring matters, unlike to the

competencies of existing District Development Committees (Art. 220). Most of the services rendered from the district level at present are envisioned to be devolved to and exercised by the *gaunpalika* and municipality. (Schedule 8 & 9 of the constitution)

▶ The ward number in each village and municipal government varies according to law as against to the provision of fixed nine wards in each village bodies at present (Art. 56 -4).

▶ The constitution envisions restructuring of the numbers and boundaries of local level government including provisioning of special, protected or autonomous areas as provided by federal legislation (Article 295-3).

▶ Based on the values of shared rule, electoral colleagues including of provincial legislatures and chiefs and deputy chiefs of *gaunpalika* and municipalities have been constituted to elect the members of Upper House of Federal Legislature (Article 86).

▶ Local government provisions are enshrined in separate three chapters of the constitution (Chapter 17-19) dealing with Local Executive, Local Legislature and Local Financial Work Procedure. It has annexed the exclusive and concurrent list of competencies of local government as schedule 8 and 9, respectively.

▶ At least two women out of five in each village and municipal wards and at least 40 in village and municipality assembly, at least four women members and two *Dalit* or minority group members in each Village Executive and at least five women members and three *Dalit* or minority group members at Municipal Executive are ensured to be elected. (Constitution, Article 215, 216, 222, 223). This has provided room for maximum participation and representation of people in formal process of exercising sovereignty and state power. A bigger number of women, *Dalits*, people with disabilities will have bigger opportunities to be in leadership positions. Indigenous communities, community people from themountains, hills and Madhesh/Terai and marginalised and minority communities will have higher stakes and participation to practice self-rule and shared rule.

▶ Rights to autonomy and self-rule of the people have been embraced by the preamble of the constitution.

▶ Law making powers of LGs entrusted on the matters of their competencies (exclusive and concurrent), provided that not contradicting with the constitution, federal and provincial legislation (Article 57, 226).

- Local government executives shall be independently functioning on matters of their competency. LG executives are authorised to design and define their own organisational structures as per their need by enacting Work Division and Work Performance Regulations (Article 218). It defines and ensures executive, legislative, judicial, administrative, fiscal and political powers and autonomy of local government.
- *Gaunpalika* and municipalities shall enjoy judicial power as specified by the law. A judicial committee shall be constituted under convenorship of deputy head of *gaunpalika* and municipality including two other members elected from respective councils (Constitution, Art. 217).
- Local governments are entrusted to continue fiscal powers as has been practiced now and enlisted in the taxation base for local government in schedule 8. The constitution has guaranteed the rights to receive grants from federal and provincial governments based on their expenditure need and revenue capacity (Art. 60). LGs shall receive share of revenues. LGs will have the authority to develop plan and budget of their own. The constitution has set guidelines that each tier of the government, including local government, must distribute the benefits and share of the revenue/budget equitably to the local community of project affected area (Constitution, Art. 59).
- A Natural Resource and Fiscal Commission will be established to recommend basis and formula for equalisation grant, revenue sharing, and expenditure assignment among spheres of the government (Art 250, 251).

- The constitution stipulates separate local service (local government staff) answerable to the respective local government, as provisioned by law (Constitution, Art 285). The GoN by law can adjust civil service staff members at local and provincial levels, as necessary. (Constitution, Art 302).

The Constitution of Nepal has enshrined fundamental rights of the people, progressively unlike the previous constitution. It has expanded rights to liberty and equality companionable to universal human rights values. This has created room for inclusive participation of the people in the governance by devolving a much more centralised state power at provincial and local levels. Despite the various democratic systems and structures for local level government embedded in the constitution, room for improvement cannot be denied in building better democratic values and to address the changing needs and aspirations of the people during course of time. There is no perfect constitution to stand unchanged in history. Any living constitution must have embraced the changed societal aspirations in it. A good constitutional statement is not sufficient to produce desirable results; it must be practiced wisely. Success of any constitution highly depends on commitment and orientation of incumbent leadership. In modern democracy, thus,the success of the constitution depends on the performance of periodically elected leadership at different levels of government. The constitution has expanded opportunities to advancement of local democracy through the elected representatives at local levels: a prerequisite for making the constitution work, and continue to work.

Annex 5 | Financial status

DP's financial contribution (Actual)

DPs	Total Contribution in USD	Total Contribution in USD mil	Share of DPs
DFID	38,478,600	38.48	38.12%
Norway*	10,048,957	10.05	9.96%
SDC	18,071,380	18.07	17.90%
Denmark	7,993,876	7.99	7.92%
UNDP	200,000	0.20	0.20%
UNCDF	100,000	0.10	0.10%
UNICEF	1,200,000	1.20	1.19%
UNFPA	399,440	0.40	0.40%
UN Women	99,960	0.10	0.10%
Sub Total JFA	76,592,213	76.59	75.88%
ADB (SPMP)	24,343,764	24.34	24.12%
Total	**100,935,977**	**100.94**	

* USD 1.8 million is yet to be received

Output wise budget across fiscal years
Amount in NPR billion

Outcomes	2013-14	2014-15	2015-16	2016-17	Total
OUTCOME 1: Citizens and communities actively engage with local governance actors and hold them to account	1.37	1.89	2.59	1.94	7.79
OUTCOME 2: Local Bodies are more responsive to citizens' demand	16.92	20.79	22.63	37.36	97.70
OUTCOME 3: All citizens are provided with efficient and effective local services	0.12	0.88	2.68	1.94	5.62
OUTCOME 4: Strengthened policy and institutional framework for devolution, sub-national governance and local service delivery	0.01	0.03	0.07	0.04	0.14
	18.41	**23.59**	**27.97**	**41.28**	**111.25**

GoN block grants to local level						*Amount in NPR billion*
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
Total of MoFALD	35.04	33.74	38.65	47.55	62.59	108
LGCDP Grants (includes GoN and DPs contribution)	16.66	13.46	17.84	21.84	22.50	36.24

Year wise program budget and Expenditure						*Year 1 and Year 2 (in NPR Billion)*
	FY 2013-14 (NFY 2070-71)			**FY 2014-15 (NFY 2071-72)**		
Budget Heads	**Budget**	**Expenses (Audited)**	**Progress**	**Budget**	**Expenses (Audited)**	**Progress**
DDC Grant (GoN funded)	4.58	4.41	96%	4.90	4.64	95%
VDC Grant (GoN funded)	8.21	8.13	99%	7.36	7.30	99%
Municipality Grant (GoN funded)	1.44	1.44	100%	4.50	4.39	98%
Local Dev Fee Fund (GoN funded)	2.60	2.60	100%	2.67	2.57	96%
LGCDP (JFA DPs, ADB funded)	1.81	1.36	75%	4.38	3.27	75%
Yearly Total	**19**	**18**	**96%**	**24**	**22**	**93%**

						Year 3 and Year 4 (in NPR Billion)
	FY 2015-16 (NFY 2072-73)			**FY 2016-17 (NFY 2073-74)**		
Budget Heads	**Budget**	**Expenses (Audited)**	**Progress**	**Budget**	**Expenses (Audited)**	**Progress**
DDC Grant (GoN funded)	4.99	3.87	78%	4.71	4.51	96%
VDC Grant (GoN funded)	8.05	8.02	100%	15.55	15.46	99%
Municipality Grant (GoN funded)	9.14	7.01	77%	13.26	13.22	99.7%
Local Dev Fee Fund (GoN funded)	3.43	3.16	92%	3.44	3.12	91%
LGCDP (JFA DPs, ADB funded)	4.72	2.89	61%	3.52	1.87	53%
Yearly Total	**30**	**25**	**82%**	**40.48**	**38**	**94%**

			Overall(in NPR Billion)
	Cumulative for four years		
Budget Heads	**Budget**	**Expenses (Audited)**	**Progress**
DDC Grant (GoN funded)	19.18	17.42	91%
VDC Grant (GoN funded)	39.91	38.91	99%
Municipality Grant (GoN funded)	28.34	26.05	92%
Local Dev Fee Fund (GoN funded)	12.14	11.45	94%
LGCDP (JFA DPs, ADB funded)	14.43	9.39	65%
LGCDP II Total	**113.27**	**103.22**	**91%**

Annex 6	**List of boxes**

1.1 LGCDP-II Outcomes and Outputs
2.1 Operational Strategies of Social Mobilisation in LGCDP-II
3.1 Best Practices to Establish Good Governance
4.1 Objectives of MCPM
4.2 Common reasons attributed to the failure of MC assessment of few DDCs in 2014/15
4.3 Major causes of MC fail of Municipalities in 2014/15
4.4 GESI Sub- indicators

4.5 GESI Sub-indicators
5.1 Key Achievements of MoFALD in PFM
5.2 Facilitation by VDC Accounting Software in Chaumala VDC
7.1 Major Achievements Under Service delivery
7.2 Salient Features of National Building Code
8.1 PDDP formulation process
8.2 Lesson Learned under PEI

Annex 9 | LGCDP II team

A. Programme Coordination Unit

#	Name	Role
	Purusottam Nepal	**National Programme Manager**
	Ishor Poudel	**National Programme Manager**
	Chhabi Rijal	**National Programme Manager**
	Resham Lal Kandel	**National Programme Manager**
1	Shiv Raj Pokhrel	Local Governance Specialist/ Deputy NPM
2	Mandip Rai	Deputy NPM cum Capacity Development Specialist
3	Yam Nath Nuepane	PFM Specialist
4	Parshuram Upadhyay	Federal Governance Specialist
5	Rudra Sapkota	M&E Specialist
6	Purusottam Paudel	M&E Specialist
7	Barun Kanta Adhikari	M&E Specialist
8	Mahesh Pokhrel	Procurement Specialist
9	Dhruba Nepal	Procurement Specialist
10	Jeevan Dhital	CD specialist
11	Raj Kumar Dhungana	CD specialist
12	Keshab Kumar Acharya	CD specialist
13	S.P Shrestha	SM Specialist
14	Chandra P. Sigdel	SM cum GESI Specialist
15	Deepak Neupane	GIS specialist
16	Hem Raj Lamichhane	Fiscal Decentralization Specialist
17	Nirmala Thapa	GESI specialist
18	Ek Raj Sigdel	Environment specialist
19	Niyam Maharjan	Building code Specialist
20	Jagannath Adhikari	Planning Expert
21	Reshu Karki	Communication Officer
22	Surendra B Bhandari	Admin and Finance Officer
23	Sangita Bhattarai	Training coordinator
24	Ranju Sukla	Secretary
25	Radhika Shrestha	Secretary
26	Rameswore Sthapith	Driver
27	Chet Narayan Shrestha	Driver
28	Prem Bajracharya	Driver
29	Diiip Kumar Budhathoki	Messenger
30	Pushpa Maharjan	Messenger

B.	**Provincial Support Unit**	
31	Mahesh Nepal	Regional G&CD Expert
32	Tika Ram Panthi	Provincial Support Coordinator cum CD Specialist
33	Saroj Shrestha	Provincial Support Coordinator cum CD Specialist
34	Purushottam Adhikari	Regional G&CD Expert
35	Pushpa Basnet	Provincial Support Coordinator cum CD Specialist
36	Prakash Ghimire	Provincial Support Coordinator cum CD Specialist
37	Birendra Prasad Parajuli	Provincial Support Coordinator cum CD Specialist
38	Pranay Sharma	Provincial Support Coordinator cum CD Specialist
39	Narendra Singh Bista	Provincial Support Coordinator cum CD Specialist
40	Binseh Roy	Regional Monitoring and Reporting expert
41	Ajay Raj Paudyal	Regional Monitoring and Reporting expert
42	Madan Mani Acharya	Regional Monitoring and Reporting expert
43	Najabullah Ansari	Regional Monitoring and Reporting expert
44	Ganga Datta Nepal	Regional Monitoring and Reporting expert
45	Shushil Neupane	Regional Monitoring and Reporting expert
46	Parbati Kumari Vandari	Regional Monitoring and Reporting expert
47	Shree Bhagavan Thakur	Regional L&LED Expert
48	Bandana Aryal	Regional L&LED Expert
49	Arjun Subedi	Regional L&LED Expert
50	Buddhi Ram Chaudhary Tharu	Regional L&LED Expert
51	Bijaya Rajbaidhya	Regional SM&CM Expert
52	Madhav Prasad Shrestha	Regional SM&CM Expert
53	Chandra Regmi	Regional SM&CM Expert
54	Ranju Kumari Yadav	Regional SM&CM Expert
55	Bhagirath Bhatta	Regional SM&CM Expert
56	Rishi Ram Pandey	Regional SM&CM Expert
57	Dinesh Bista	Regional SP&VR Officer
58	Pratima Nepal	Regional SP&VR Officer
59	Gaurishankar Sah	Regional SP&VR Officer
60	Naresh Budhathoki	Regional SP&VR Officer
61	Govinda Bhatta	Regional SP&VR Officer
62	Khem Raj Bhatta	Regional SP&VR Officer
63	Apsara Karki	Regional G&SI Expert
64	Gita Shrestha	Regional G&SI Expert
65	Binna Kumari Pant	Regional G&SI Expert

66	Gopal Biraji Nepali	Regional G&SI Expert
67	Nirmala Subba	Regional G&SI Expert
68	Ananda Kumari Pokhrel Shahi	Regional G&SI Expert
69	Prakash Tiwari	Accountability and Oversight Expert
70	Sujan Dahal	Office Assistant
71	Bidhya Swar	Office Assistant
72	Suvarna adhikari	Office Assistant
73	Basu Dev Rayamajhi	Office Assistant
74	Manisha Lamichhane	Office Assistant
75	Krishna Dangol	Office Assistant
76	Uddhab Sing Mahara	Office Assistant
77	Pawan Bhandari	Office Assistant
78	Kamala Chhantyal	Office Assistant
79	Sandeep Dev Bhatta	Office Assistant
80	Surendra Saru	Driver
81	Raj Kumar Shahi	Driver
82	Dilip Shretha	Driver
83	Rabbal Kishor Chaudhari	Driver
84	Kedar Adhikari	Driver
85	Rajendra Shrestha	Driver
86	Ramesh Dangi	Driver
87	Dharma Chandra Thapa	Driver
88	Jeet Bahadur Maharjan	Driver
89	Gokarna Paudel	Driver
90	Krishna Deshar	Driver
91	Gyan Bikram Rana	Driver
92	Nil Bahadur Shrestha	Driver
93	Manoj Rokaya	Driver
94	Basant Kumar Subarnkar	Driver
95	Raj Kumar Tharu	Driver
96	Ram Krishna Ghimire	Driver
97	Birendra Kumar Yonjan	Driver
C.	**DGE and UGE**	
98	Arjun Kumar Ale	Arghakhanchi DGE I
99	Bishnu Prasad Pathak	Baglung DGE I
100	Jay Singh Bohora	Baitadi DGE I
101	Sunil Kumar Singh	Bajhang DGE I
102	Dinesh Koirala	Bajura DGE I
103	Pankaj Adhikari	Bhaktapur DGE I
104	Raju Shiwakoti	Bhojpur DGE I
105	Kuber Singh	Dadeldhura DGE I
106	Love raj Pant	Darchula DGE I
107	Milan Bhattarai	Dhankuta DGE I

108	Chandramaya Uprety	Dolkha DGE I	153	Paramanand Bhatta	Bharatpur UGE I
109	Rana Bahadur Karki	Dolpa DGE I	154	Satish Bahadur Shahi	BhimduttaUGE I
110	Krishna Bahadur Shahi	Humla DGE I	155	Suchitra Adhikaree	Bhimeshwor UGE I
111	Ganga Bahadur Shahi	Jajarkot DGE I	156	Harihar Bhandari	Bidur UGE I
112	Kamal Mahat	Jumla DGE I	157	Noshan Bhattarai	Butwal UGE I
113	Narayan Lama	Kalikot DGE I	158	Dipendra Karki	Damak UGE I
114	Lomash Adhikari	Lamjung DGE I	159	Nabin Chandra Joshi	Dhangadi UGE I
115	Rajendra Man Shrestha	Manang DGE I	160	Purna Kala Rai	Dharan UGE I
116	Bibek Thakali	Mustang DGE I	161	Amit Shrestha	Dhulikhel UGE I
117	Santosh Raj Panthee	Myagdi DGE I	162	Nabin Khanal	Gaur UGE I
118	Ramkrishna Rajbhandari	Nuwakot DGE I	163	Basanta Kumar Dulal	Ghorali UGE I
119	Mohan Raj Niraula	Okhaldhunga DGE I	164	Nibesh Kumar Sharma	Gulariya UGE I
120	Chandra Narayan Chaudhary	Panchthar DGE I	165	Bhimsen shrestha	Ilam UGE I
121	Bipana Regmi	Pyuthan DGE I	166	Umeshwar Mehta	Inaruwa UGE I
122	Ram Hari Devkota	Ramechap DGE I	167	Ranjana pajiyar	Itahari UGE I
123	Kabi Raj Lamsal	Rasuwa DGE I	168	Muskan Shrestha	Jaleshwor UGE I
124	Kedar Bahadur Rana Magar	Rolpa DGE I	169	Manoj Baniya	Janakpur UGE I
125	Mahendra Ghimire	Rukum DGE I	170	Bharat Prasad K.C.	Kalaiya UGE I
126	Om Bahadur Pun	Salyan DGE I	171	Hari Krishna Acharya	Kamalamai UGE I
127	Chandramani Mandar Tharu	Sankhuwasabha DGE I	172	Shiv Raj Joshi	Kapilvastu UGE I
128	Vijay Prasad Gupta	Sindhuli DGE I	173	Durga Prasad Nepal	Khandbari UGE I
129	Rajendra Maharjan	Slukhumbu DGE I	174	Hem Raj Shahi	KirtipurUGE I
130	Ravindra Nath Srivastav	Taplejung DGE I	175	Baleshwar Khadka	Madhyapur Thimi UGE I
131	Prabin Joshi	Terhathum DGE I	176	Pramila Bajgain	Malangawa UGE I
132	Min Bahadur Malla	Banke DGE II	177	Anita Guragain	Mechinagar UGE I
133	Narayan Prasad Dhungana	Chitwan DGE II	178	Amar Shrestha	Naratyan UGE I
134	Siddhartha Bishwakarma	Dang DGE II	179	Gita GC	Nepalgunj UGE I
135	Deepak Budhathoki	Dhanusha DGE II	180	Indira Adhikari	Putalibazar UGE I
136	Phanindra B. Khadka	Jhapa DGE II	181	Kum Gurung	Rajbiraj UGE I
137	Bishan Dev Joshi	Kancanpur DGE II	182	Pabitra Sapkota	Ramgram UGE I
138	Krishna Prasad Awasthi	Kaski DGE II	183	Bharat Prasad Banjara	Ratnanagar UGE I
139	Krishna Bahadur Rai	Kavrepalanchowk DGE II	184	Vivek Raj Bashyal	Tansen UGE I
140	Madan Kumar Kharel	Lalitpur DGE II	185	Ramsingh Thagunna	Tikapur UGE I
141	Lila Raj Limbu	Morang DGE II	186	Fadindra Karkee	Triyuga UGE I
142	Bikash Panthi	Nawalparasi DGE II	187	Govinda Bahadur Basnet	Tulsipur UGE I
143	Lok Poudel	Palpa DGE II	188	Roshan K.C.	Waling UGE I
144	Bhagawati Bhandari	Syangja DGE II	189	Satish Aryal	Hetauda UGE I
145	Sanjib Dhungel	Tanahun DGE II	190	Har Gobind Pandey	SidhrthanagarUGE I
146	Satyanarayan Chaudhary	Sunsari DGE II	191	Ajay Kumar Patel	Biratnagar UGE II
147	Subash Shiwakoti	Sindhupanchowk DGE II	192	Tek Nath Sapkota	Pokhara UGE II
148	Dillee Ram Dangi	Amargadi UGE I	193	Janak Bhattarai	Dailekh DGE I
149	Nirmal Paudel	Baglung UGE I	194	Sawar Basnet Thapa	Kathmandu DGE II
150	Ishwor Pudasaini	Banepa UGE I	195	Sunil Kumar Mishra	Siraha DGE II
151	Leena Koirala	Bhadrapur UGE I	196	Sujit Man Rajbhandari	Panauti UGE I
152	Moti Bhakta Shrestha	Bhaktapur UGE I	197	Rudra Bahadur Neupane	Dhankuta UGE I

198	Bandana Bhattarai (Sharma)	Kathmandu UGE III
199	Drona Koirala	Lalitpur UGE II
200	Govinda Raj Rokaya	Parvat DGE II
201	Katak Bahadur Rokaya	Rupandehi DGE II
202	Hansa Kumari Malla	Birendranagar UGE I
203	Bitu Shreevastav	Birgung UGE II/V
204	Pragnyan Ghimire	Doti DGE I/I
205	Ganesh Prasad Joshi	Achham DGE I/I
206	Surya Mohan Adhikari	Gorkha DGE I/I
207	Arjun BK	Dipayal Silgadi Munic UGE I/I
208	Ranjeeta Acharya	Byas Munic UGE I/I
209	Ranjit Kumar Kanaujiya Das	Siraha Munic UGE I/I
210	Navaraj Nepali	Lekhnath Munic UGE I/I
211	Shekhar Karki	Lahan Munic UGE I/I
212	Dan Bahadur Chand	Dasharathchan Munici UGE I/I
213	Moha Raj Paudel	Gorkha Munici UGE I/I
214	Arun Pandey	Sarlahi DGE II/I
215	Hareram Wagle	Rupandehi DGE II/I
216	Bhuvan Chaudhary	Bara DGE II/I
217	Arjun Basnet	Siraha DGE II/I
218	Laxmi Chandra Mahat	Parsa DGE II/I
219	Yogendra Rijal	Makwanpur
220	Nirak Bahadur Sunar	Kailali DGE II/I
221	Bibhuti Baaniya	Ilam DGE II/I
222	Sunil Kumar Jaiswal	Saptari DGE II/I
223	Peshal Rai	Udaypur DGE II/I
224	Sita Ram Bhatta	Kapilvastu DGE II/I
225	Lekh Bahadur Kshetri	Rautahat DGE II / I
226	Rajan Paudel	DGE Mugu I / I

227	Ram Hari Devkota	Gorkha DGE I
228	Birendra Bahadur Shahi	Surkhet DGE I
229	Sanju K.C.	Palpa DGE II/I
230	Rajendra P Pyakurel	Gulmi DGE II / I
231	Ashok Kumar Das	Khotang DGE I

D. DP Cell

232	Anil Chandrika	DP Coordinator
233	Raghu Nath Shrestha	Coordination and Monitoring Specialist
234	Mohan Dhakal	PFM Specialist
235	Prakriit Nepal	Programme Assistant
236	Nanda Krishna Maharjan	Driver

E. Environment Section

237	Pushpa Koirala	Programme Officer
238	Sreedhar Subedi	Monitoring and Evaluation Officer

F. HDSSP

239	Mahesh Maharjan	MIS expert
240	Ram Kumar Yadav	MIS expert
241	Prem B Shahi	Programme Assistant
242	Tam B Karki	Driver

G. LLRC

243	Shankar Raj Pathak	GIS specialist
244	Vola Nath Dhakal	GIS specialist
245	Ram B Thapa	Driver
246	Lila Bastakoti	Driver
247	Rama Biswokarma	Driver