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Ministry of Federal Affairs and General Administration
Provincial and Local Governance Support Programme

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Message from the Secretary

The Provincial and Local Governance Support Program (PLGSP) is a national flagship program of the Government of Nepal designed to strengthen and capacitate the provincial and local governance system in the spirit of cooperative federalism. The PLGSP has been mandated to facilitate and lead the process of policy and institutional support, and provide capacity development services to sub-national governments (SNGs) in accordance with their demands and requirements.

The first year of PLGSP has been successful in establishing a foundation for essential programme support systems and mechanisms required at provincial and local levels in the spirit of the Constitution. Different structures, viz. Provincial Coordination Committee (PCC), Provincial Program Implementation Unit (PPIU) and Provincial Center for Good Governance (PCGG) have been institutionalized at the provincial level. Among others, a crucial achievement of the year is that the programme has successfully promoted the culture of responsibility sharing across federal, provincial and local governments. This was particularly relevant in developing the Annual Strategic Implementation Plan (ASIP) and will also be instrumental in future to execute the plan as per the ideals of the cooperative federalism.

I am pleased to mention here that the PLGSP has started working toward improving capabilities of the local institutions and functionaries, institutionalizing participatory planning processes, and establishing effective mechanisms for service delivery and responsive governance at the sub-national level through the ASIP 2021/22. The progress could have been even more spectacular had the program's implementation not been adversely affected by the COVID-19 pandemic. The close coordination and cooperation with development partners and their continuous technical guidance to the program is highly commendable and I hope this close collaboration will deepen further in the days to come.

I would like to express my sincere thanks to all stakeholders, development partners, technical experts for their collaboration in helping to establish a firm foundation of the program and achieving initial program results. This report will provide baseline information and serve as the institutional memory of the government's initial efforts at strengthening sub-national governance in Nepal. I believe that the development partners will continue their support in materializing the vision of the Government of Nepal to establish a functional and effective federal governance system as envisaged by the Constitution.

Surya Prasad Gautam

Preface

The Provincial and Local Governance Support Programme (PLGSP) is a national flagship programme of the Government of Nepal (GoN) aimed to build institutional, organizational and individual capacities at all levels of government, with a special focus on provincial and local level. The ultimate goal of the Programme is to attain functional, sustainable, inclusive and accountable provincial and local governance. The Programme aims to contribute to delivery of quality services at provincial and local levels, promote local development and enhance economic prosperity. The Programme is being implemented since mid-July 2019.

The Ministry of Federal Affairs and General Administration (MoFAGA) is the executive agency of the Programme. The seven provincial governments, the 753 local governments, and the seven provincial-level training centers, namely the Provincial Centre for Good Governance (PCGG) are the implementing agencies of the Programme. The Programme is supported by international development partners (DPs), namely, the Department for International Development (DfID) of the United Kingdom, the European Union (EU), the Government of Norway, the Swiss Agency for Development and Cooperation, and the United Nations. MoFAGA is partnering with UNDP to support the implementation of the Programme through Technical Assistance (TA).

During its first year of the operation, the Programme completedthe foundationalwork for its implementation as envisaged in the ProDoc. Thus, this Annual Progress Report of the PLGSP for the Fiscal Year (FY) 2019/20, covers the key achievements made towards achieving the intended results, the institutional framework which was established to steer the execution of the Programme at all levels, the key lessons learned, the issues/challenges, as well as the way forward for the FY 2020/21.

Through this framework Programme, MoFAGA is committed to provide opportunities to addressthe challenges faced by the three tiers of the government towardsfull implementationof federalism.PLGSP is working to achieve effective communication, coordination and cooperation among the various levels of governments, by providing policy, knowledge, and technical support to the federal ministries, the constitutional bodies responsible for fiscal federalism and strengthening the Inter Government (IG) communication and coordination and other federal agencies as LDTA.The activities of the PLGSP areguided by the National Steering Committee (NSC) which is chaired by the Hon'ble Minister of MoFAGA. The National Executive Committee (NEC) chaired by Secretary oversees the overall Programme implementation. The National Fiduciary Risk Management Sub-committee is established and meetsperiodically to oversee and advise on fiduciary issues including discussing mitigation measures. Similarly, the Technical Assistance Sub-committee meetsregularly to facilitate, decide upon, and steer the overall matters pertaining to TA initiatives.

The seven Provincial Coordination Committees (PCC) formed under the chairmanship of theHon'ble Chief of Ministers or Minister designated by the Chief Minister in each province have been regularily functioning and have taken proactive decisions related to the Programme implementation. PCCs provide strategic guidance to the Provincial Programme Implementation Units (PPIUs) and thePCGGs in terms of support on policy, substantial issues and activities, coordinating thePGs and LGs, and provision of oversight on the quality and the scope of the capacity development activities.

Duringthe first FY 2019/20of PLGSP implementation, the Annual Strategic Implementation Plan (ASIP) was prepared following a bottom-up approach which ensured full-participation of the provincial and local governments, and other relevant stakeholders including the Provincial Planning Commissions and LGs' association. The progress of the implementation of ASIP 2019/20 faced challenges mainly due to some delays in the decisions making process, caused mainly by the ongoing COVID-19 pandemic. However, the establishment of PCCs, PPIUs, PCGGs, the selection of Technical Assistance (TA) service provider, completion of almost all the recruitments of TA staff are the key achievementsduring the reporting period.

Despite the challenges faced, the PLGSP was still able to deliver on some of the activities related to the drafting of important legislatives frameworks, guidelines, systems and tools, including completion of the Local Government Institutional Self-Assessments (LISA), preparation of capacity development plans, drafting of the GESI mainstreaming guidelines for adoption by local governments, implementation of SuTRA, development of C-MIS for local governments, preparation of COVID-19 needs assessment framework and recovery plan guidelines. The completed institutional set-up and some of the legislative frameworks, the developed necessary guidelines and tools in 2019/20, created the enabling environment for full Programme implementation in the coming fiscal year 2020/21.

We realized that the establishment and operationalization of the PCGGs as a cadre to deliver capacity development support to the Provincial and Local Governments, establishing and operationalization of Innovative Partnership Fund (IPF) as special purpose vehicle for funding innovation for local economic development and social inclusion, ensuring consistence and harmonized coordination and linkages with other development programmes, mobilizing university graduates/local volunteers and experts to provide technical support to the Provincial and Local Governments and making the programme adaptive and flexible to the extent possible while implementing activities in reference to the COVID-19 pandemic, will be the key drivers of success for the Programme.

We would like to express our gratitude to the different stakeholders who provided their valuable insights and support during the implementation of the PLGSP during its critical year of initiation. We are thankful to the DPs and UNDP team for their continuous supportand theirvaluable contribution.We deeply appreciate the feedback and inputs provided by different divisions of the MoFAGA, OPMCM, MoF, FCGO, other government agencies and stakeholders, LGs' associations and development programmes.

Finally, we would like to thank all provincial and local governments andthe service providers for their great work and on-going efforts to make thisProgramme a success.

Last but not least, we would like to thank Mr. Hari Guragain, Mr. Basanta Paudel, Mr. Chandra Kanta Sharma Paudel, Mr. Barun Kanta Adhikari, Mr. Phadindra Adhikari, Mr. Baburam Shrestha, Ms.Kriti Thapa, Mr. CP Sigdel, Mr. Nagesh Badu and all other TA staff for their efforts and contribution in collecting the necessary information and for preparation of this annual progress report.

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Abbreviation

ASIP	Annual Strategic Implementation Plan
CCMC	COVID-19 Crisis Management Centre
CD	Capacity Development
COVID-19	CoronaVirus Disease- 2019
DCC	District Coordination Committee
DfID	Department for International Development
DP	Development partners
DTCO	District Treasury Controller Office
EU	European Union
FCNA	Federal Capacity Need Assessment
FY	Fiscal Year
GESI	Gender Equality and Social Inclusion
GiZ	German Technical Cooperation
GoN	Government of Nepal
ICT	Information & Communication Technology
IPF	Innovative Partnership Fund
IT	Information Technology
ITO	Information technology Officer
JFA	Joint Financial Agreement
LDTA	Local Development Training Academy
LG	Local Government
LGCDP	Local Governance and Community Development Programme
LISA	Local Institutional Self-Assessment
M&E	Monitoring and Evaluation
MIS	Management Information System
MoFAGA	Ministry of Federal Affairs and General Administration
MoU	Memorandum of Understanding
MoV	Means of Verification
NEC	National Execution Committee
NPD	National Programme Director
NPM	National Programme Manager
OCMCM	Office of the Chief Minister and Council of Ministries
PCC	Provincial Coordination Committee
PCGG	Provincial Centre for Good Governance
PCU	Programme Coordination Unit
PD	Programme Document
PFM	Public Financial Management
PG	Provincial government
PLG	Provincial and Local Governments
PLGSP	Provincial and Local Governance Support Programme
PPIU	Provincial Programme Implementation Unit
PSC	Provincial Steering Committee
PSU	Provincial Support Unit
SDC	Swiss Development Cooperation
SuTRA	Sub National Treasury Regulatory Application
TA	Technical Assistance
TASC	Technical Assistance Sub Committee
TASP	Technical Assistance Service Provider
ToR	Terms of Reference
ToT	Training of Trainers
TSNGP	Transition to Sun-national governance Programme
UK	United Kingdom
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNV	United Nations Volunteer
USD	United States Dollar

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Executive Summary

The Provincial and Local Governance Support Programme (PLGSP) commenced officiallyon the very first day of the Nepalese fiscal year 2076/77 (16 July 2019) and it has duration of 4 years. PLGSP was formally launched at the Cabinet meeting when the project document was approved on 23 August 2019. A Joint Financing Arrangement (JFA) was signed between the Ministry of Finance and Development Partners (DFID, Norway, SDC and EU) on 4 September 2019.

A major milestone was achieved in laying the foundational and the institutional framework for the PLGSP implementation. Thus, MoUs were signed with all 7 provincial governments in November 2019 at PG and LG levels. The Provincial Coordination Committee (PCC) and Provincial Programme Implementation Unit (PPIU) were formed in all 7 provinces immediately after the signing of the MoU. Following the approval of the PLGSP project document, the Annual Strategic Implementation Plan (ASIP) for 2019/20 was formulated along with budgetary approvals. The first National Executive Committee (NEC) meeting was held on 29 November 2019, where the draft ASIP for the fiscal year 2019/20 was endorsed. With the final approval of the ASIP in February 2020, the programme embarked on its mission.

A considerable time lapse occurred between the programme approval and the budget mobilization period, some activities related to the TA could continue, but the ASIP implementation process was delayed due to the need toprepare a procurement plan and establish the PCGGs. In order to avoid further delays, a special Technical Assistance (TA) arrangement was agreed to keep the PLGSP up and running from November 2019 to January 2020. UNDP provided TA support to the PLGSP through a 'start-up project' assistance upon mutual understanding between MoFAGA and the key development partners. As a first step in the start-up of the PLGSP, UNDP was selected as a Technical Assistance Support Partner (TASP).

The second key milestone was achieved with the Cabinet decision on 17 February 2020 to handover LDTA's regional training centers to the provincial governmentsin order to help them function in line with their legal mandates which paved the way towards the formation of PCGGs under the respective provincial governments.

The third key milestone was holding ofthe very first Technical Assistance Sub-Committee (TASC) meeting on 24 January 2020 which gave the momentum to the PLGSP implementation process.

Simultaneously, a series of consultative meetings were carried out between the PLGSP and provincial governments including the key sectoral ministries. In the meantime, the PLGSP managed to complete the LGCDP's assets handover process and initiated some of the PLGSP's startup activities.

The COVID-19 global crisis emerged at the time when the ASIP was approved in February 2020. The GoN enforced a nationwide lockdown, effective from 24 March 2020 in the wake of COVID-19 pandemic. The lockdown came aboutduringthe ASIP startup amidst staff recruitment processes. As a result of the pandemic, the whole focus of the program was diverted towards responding to COVID-19 , which severely affected thePLGSP activities at provincial and local level. Consequently, the implementation of most of the planned activities was not possible.

The total budget of PLGSP for the fiscal year 2076/77 was NPR 1500 million, where NPR 300 million is a contribution of GoN and NPR 1,200 million is from JFA. NPR 273.8 million (18) % was utilized and NPR 1226.2 million remained unspent. Of the total amlunt spent, about 12 % (NPR 32,858,366) was spent on GESI related activities of the PLGSP. During the reporting period, the budget spent was less than the amount planned, i.e. 18% of the total budget due to the various reasons which are detailed in this APR,key among which was the outbreak of COVID-19.

Chapter 1

Laying the PLGSP foundation

The Annual Strategic Implementation Plan 2019/20 foresees the following processes to be adopted for the implementation of the PLGSP:

- Organize consultative meetings with senior officials of the Chief Minister and Council of Ministers and provincial ministries in all seven provinces by the MoFAGA to brief them on the concept and implementation modality of PLGSP as well as formulation of (PASIP);
- Organize consultative meetings by the PPIUs with senior officials of the Office of the Chief Minister and Council of Ministers, provincial ministries and concern stakeholders to formulate provincial ASIP 2019/20;
- Organize consultative meetings by the Programme Coordination Unit with senior officials of MoFAGA, Financial Comptroller General Office (FCGO) and other stakeholders to formulate Annual Strategic Implementation Plan 2019/20;
- Organize meetings with PLGSP's DPs to formulate ASIP 2019/20;
- Provide indicative budget ceiling for 2019/20 to the PPIUs and PCGGs;
- Formulate ASIP 2019/20 by considering the Programme Coordination Unit (PCU), PPIUs (7), PCGGs (7) and FCGO as spending units of PLGSP;
- Allocate budget tothe PCGGs to carry out capacity development activities for the local governments.

In order to respond to the need to establish the institutional set up of the PLGSP and its rollout countrywide, a number of startup activities of the PLGSP and closing activities of LGCDP were simultaneously executed at the federal level and in the provincial support units (PSU). One of the key startup activity was the signing of the MoU between MoFAGA and seven provincial governments to implement the PLGSP in February 2020. This breakthrough event permitted provincial governments to form a Provincial Coordination Committee (PCC) under the OCMCMs. Other institutional setups such as the formation of PPIU and PCGG were formed immediately after the signing of the MoU and they are now established in all provinces, albeit with a limited number of staff. Similarly, other institutional setup such as the NEC, TASC) were formed and operationalized at the federal level. Various consultations meetings between PLGSP management (NPD and NPM) and OCMCM were organized regarding the institutionalization process of the PLGSP. **See Annex-2.**

The sub-committee meets periodically to review the overall progress made, challenges faced, and to agree on the way forward for accomplishing the mandates as specified in the annex-11 of the PLGSP project document. One TASC meetings (January 2020) was conducted during the reporting period and several management decisions were taken regarding the PLGSP implementation.

The Cabinet granted permission to the Provincial Government to utilize the regional training centers

that were under the Local Development Training Academy (LDTA) of MoFAGA. With this permission, the path became clear to operationalize the PCGGas stipulated in the PLGSP programme document.

Although the PLGSP was in effect from the beginning of the Nepalese fiscal year 2076/77 (2019/20), LGCDP-TSNGP's TA was extended for a period of 4 months, starting from July until October 2019. During this period, LGCDP's assets were handed over to MoFAGA by UNDP. Similarly, LGCDP assets (laptops and photocopy machines) in DP Cell were also handed over to MoFAGA by UNCDF. Audit exercises of the last fiscal year and vehicle auctioning process were also successfully completed in this period.

The Office of the Chief Minister and Council of Ministers (OCMCM) are the responsible federal structures for the implementation of PLGSP in all provinces. The governing body of the Programme at the provincial level is the PCC which is headed by the Chief Minister in 6 provinces out of 7 and Minister designated by Chief Minister in one. The Provincial Programme Director (PPD) and the Provincial Programme Manager (PPM) are responsible to oversee the overall programme implementation at the provincial level.

PPIU and PCGG are the two main structures for the execution of PLGSP at the provincial level. To support the provincial government in the implementation of the PLGSP, PPIU is established under the OCMCM which has been serving as the secretariat of the Programme and is bridging between the provincial governments and the Programme Coordination Unit (PCU) at the federal level, the central secretariat of the Programme.

The PCC serves as a high-level committee at the Provincial level and is comprised of the Principal Secretary, Secretaries of Provincial Ministries for Economic Affairs and Planning (MEAP), Ministry of Internal Affairs (MIA), Ministry of Social Development (MSD), Ministry of Infrastructure Development (MID), Provincial Financial Comptroller General and National Programme Director/National Programme Manager of PLGSP as the members. The PCC is also represented by members from local governments, MuAN and NARMIN. The Secretary of the Governance Reform Division of the OCMCM acts as a member secretary.

In the FY 2076/77 (2019/20), the PCC meetings were held twice in order to approve the PASIP of FY 2076/77 and FY 2077/78 (2020/21). Other major decisions taken by PCC are related to the establishment of PPIU and PCGG for the implementation of PASIPs of the respective provincial governments. Further to this, PCCs took various initiatives for establishing and strengthening coordination between provincial and local governments' agencies.

As part of information and communication processes, a new website of PLGSP was also designed and launched, which is now up and running (www.plgsp.gov.np).

Chapter 2

Establishment of basic operational systems and tools

The PLGSP also supported the preparation of respective PASIPs of all provincial governments. Timely completion of the budget entry process in the Line Ministry Budget Information System (LMBIs) was another key milestone successfully accomplished by the PLGSP team.

One of the paradigms shifts that PLGSP contributed wasintroducing changes in the conventional practices of planning, budgeting and monitoring systems of previous similar programmes (i.e. LGCDP). It is for the first time that the PLGSP provided all the financial and technical resources to provincial governments thus enabling them to develp their own annual plans, and to implement and montor them in the spirit of federalism. This was made possible as a result ofthe establishment of core institutional mechanisms at provincial levels like PCC and PPIUs.

It should be noted that the PLGSP cannot provide intended technical support to all LGs at once. It aims to provide phased support to PGs and LGs beased on priority needs. An LG selection criteria were developed to carry out PLGSP activities in 2076/77 (2019/20) such as: a) Capacity development plan (251 LGs selected), GESI Localization (119 LGs selected), LISA roll out (390 LGs selected), RIAP (64 LGs selected), Annual Planning Process (159 LGs selected) and Periodic plan (7 PGs selected).

Chapter 3

Key Achievements

Although the PLGSP started its foundational activities from the beginning of the 2019/20 financial year, the PLGSP formally started with the cabinet approval on 23 August 2019.

During the reporting period, the PLGSP achieved some key milestones, as follows:

a. Two national executive committee meetings took place in November 2019 and June 2020, an MoU between MoFAGA and provincial governments was signed (**See Annex-1**) and subsequentlya PPIU was established, as well asthe PCCs in respective provinces. The establishment andoperationalization of the PCCs can be considered asone of the key benchmarks that is expected to strengthen federalism in Nepal;

b. The TA partner was deployed and recruitment of 57% (62 out of 109 including 23 women)TA staff was completed;

c. A learning visit for the elected representatives and senior civil servants of the federal, provincial, and local governments to Kerala, India was organized in October 2019;

d. An integrated, federal and provincial, annual strategic implementation plan (ASIP) was developed and approved, and budget wasmobilized forthe year under review (2019/20) and the following fiscal year (2020/21), and support to prepare PASIPs (provincial ASIP) was delivered;

e. The Cabinet approved the handing over of LDTA assets to PCGG, and the operationalization of the PCGG by initiating model operational guidelines for PCGG;

f. FCNA report review and model capacity development plan for LGs was approved by MoFAGA and the roster of experts for federal, provincial, and local level training activities was updated. LDTA also developed nine training modules;

g. The PLGSP baseline survey, LISA implementation guidelines, IPF operating procedures, and similar were initiated;

h. Development of operational MEL guidelines for the District Coordination Committees was initiated;

i. Development of LG selection criteriafor provision of support to LGs for capacity development plan, gender equality and social inclusion (GESI) localization, local institutional self-assessment (LISA) tool roll-out plan, revenue improvement action plan (RIAP) support plan, annual planning process and periodic plans was completed; and

j. Technical support to PGs and LGs. SUTRA has been used by 747 LGs for income estimation, 751 LGs utilize it for expenditure estimation, while 730 LGs for budget approval. MoFAGA prepared 16 model laws for local governments.

Chapter 4

COVID-19 Response

Even though the key foundational milestones were achieved and the PLGSP was ready to kick start with its full implementation, the COVID-19 pandemic and the subsequent nationwide lockdown from March to July 2020, significantly affected its implementation. The PLGSP managed to remain flexible and responded adequately by supporting the local governments with the LG need assessment framework, and COVID-19 reporting MIS, namely the C-MIS for local governments. The C-MIS has been a key tool to support LGs for data compilation, reporting onCOVID-19 related activities and information sharing to the COVID-19 Crisis Management Center.

PLGSP team also carried out an assessment on the implication of COVID-19 pandemic on the implementation of the PLGSP by considering two scenarios:

Scenario 1: COVID-19 outbreak potential is brought under control and is seen as manageable, and

Scenario 2: COVID-19 outbreak continues beyond May 2020.

Accordingly, a contingency plan was prepared along with measures to address scenario 1 and 2.

Since the uncertainties due to COVID-19 continued to grow, it became increasingly challenging to implement the programme in a normal way as expected during the planning of ASIP 2019/20. PLGSP managed to achieve the following COVID-19 related results:.

Adopting virtual mode of working using online communication tool-Zoom

The PLGSP office was mostly open during the lockdown period and some activities that were possible in the current context were initiated or continued virtually via Zoom. Important activities continued such as the preparation of ASIP 2020/21 in May 2020 which went through a series of consultative processes with wider participation of the relevant stakeholders at different levels including discussions and approval by the Provincial Coordination Committee, TASC and National Executive Committee.

In addition, a number of internal review and reflection meetings were carried via Zoom which enabled sharing and communicating ther needs caused by the COVID-19. During the COVID-19 pandemic, the three tiers of governments needed constant communication, coordination and support. In addition to discussing problems and sharing experiences among LGs, they needed support for communication with provincial and federal governments regarding various guidelines and reporting mechanisms. To address this, series of online meetings with the Honorable Minister of MoFAGA and the chiefs of LGs were conducted via Zoom. The meetings were conducted with 69 LGs and 3 presidents of local government associations. The meetings were very fruitful in sharing issues, challenges and innovative activities among local governments and discussing issues with Hon. Ministers. The meetings also helped MOFAGA in preparation and dissemination of guidelines, supporting LGs in management and reporting on relief funds.

Development and use of COVID-19 Management Information System (C-MIS) for LGS

PLGSP immediately took responsibility to develop a COVID-19 reporting MIS (C-MIS) for local governments on behalf of MoFAGA. The purpose of the C-MIS was to support LGs for compilation and reporting on COVID-19 related activities and provide information to the COVID-19 Crisis Management Centre (CCMC). C-MIS has been very effective and helpful for local governments to develop plans, programs and services to its citizens based on comprehensive data received through C-MIS. The reporting portal is now available at https://cmis.mofaga.gov.np.

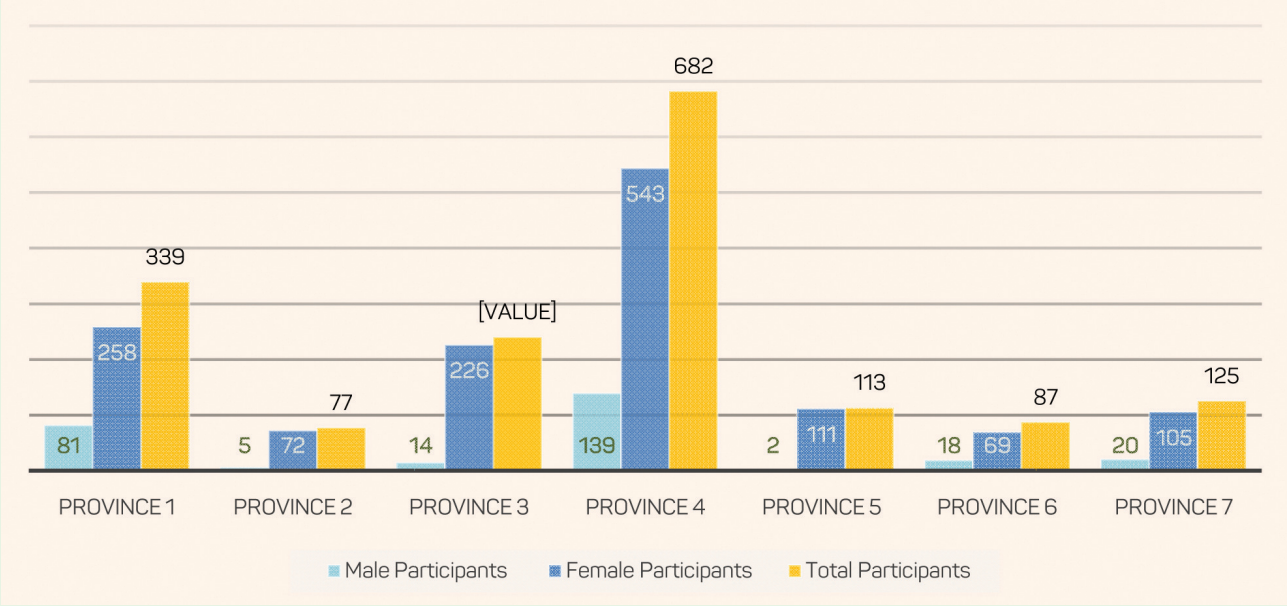
COVID-19 needs assessment and recovery plan support to the Provincial and the Local governments

PLGSP immediately took initiatives to assist PLGs to assess the emerging needs caused by COVID-19 and developed a framework to carry a rapid COVID-19 impact need assessment for LGs to help them assess needs and develop a recovery plan to respond to their immediate needs. The framework and the guidelines are expected to help PLGs to make the fiscal year 2077/78 (2020/21) responsive to the needs of the citizens caused by COVID -19 focusing on specific need and issues of women, people from most marginalized and vulnerable communities i.e. senior citizens, people with disabilities, *dalits*, indigenous people and LGBTIQs (Lesbian, Gay, Bisexual, Transgender, Intersex, Queer).

Orientation on need assessment framework and recovery plan preparation template in Zoom

Further to this, the PPIU and PCGG professionals conducted virtual orientation to the LGs on the Quick Need Assessment and COVID-19 friendly planning framework, which largely supported the LGs in formulating their plan for year 2077/78 (2020/21). A total of 1663 elected/nominated representatives and officials from the 598 out of 753 local governments were oriented, including 1384 (83%) women. The orientation enabled the participants to understand the importance and use of COVID-19 need assessment framework and the guideline to prepare their annual programme and budget for the fiscal year 2076/77 (2020/21) responding the needs caused by COVOD-19. By province, Gandaki Province counts for largest number of participants 682 (41%), followed by Province-1 339 (20 %), Bagmati Province 240 (14%), Sudurpaschim Province 125 (8%), Province-5 113 (7%) and other Provinces 164 (10%). Women participation was the largest in Province-5 (98%) followed by Province-2 and Bagmati (94%) each, Sudurpaschim (84%). Detail by province is given in the chart-1

Chart-1: Local Government Representatives and Officials Oriented on Responding COVID-19 Crisis



Chapter 5

Status of the achievement of the priorities of the ASIP 2019/2020

Outcome 1: Government institutions and IG mechanisms at all levels are fully functioning in support of federal governance as per the Constitution.

As stated above, for various reasons PLGSP programme implementation was delayed since as the ground work took most of the efforts during the initial year. The outbreak of the COVID-19 pandemic resulted inan almost deadlock towards the programme implementation for four months (April-July). The key achievements of the reporting period remained around developing some model laws/acts, systems / tools and guidelines for the Provincial and the Local Governments.The roll out of these will contribute towards achieving the intended project outputs. These have been briefly summarized hereunder.

Output 1: Federal level institutions develop legislations and policies to support Provincial and Local Governments in a consultative manner

Model laws and 8 operational guidelines prepared

Successful implementation of the federalism requires clear legal framework to be put in place so as to enable different layers of governance to perform their functions in an efficient and transparent way. Thus, one of the key milestones for the implementation of the PLGSP is finalization of the major legal acts, including procedures and operational guidelines.

These laws target the provincial governments, federal government or local government, or all levels of the government. During the drafting phase, adequate consultations were made with the representatives of federal, provincial, and local government, and separate discussions were held with women and marginalized communities to reflect their view on the draft laws. The draft model laws and its status of endorsement by the MoFAGA are presented as follows:

S. No.	Name of the model laws	Targeted government
1	Resource Mobilization Guideline (Karyabidhi) for Local Government	Local Governments
2	Foreign Volunteer Mobilization Standards (Mapdanda)	
3	National Strategy (Rananiti) for Nutrition Friendly Local Governance.	Local Government
4	Model Guideline for the Management of Senior Citizen Disable and Vulnerable people	Local Governments
5	Model Guideline for the Establishment and Operation of Information and Documentation Centre of Local Government	Local Governments
6	Enterprise Registration, Renewal and Abandonment Related Guideline	Local Governments
7	Rental Tax Management Guideline (Digdarshan)	Provincial and Local Governments
8	Organization and Management (O&M) Survey Guideline	Provincial Governments

S. No.	Name of the model laws	Targeted government
9	Operation Related Rules for Most Essential Services of Rural Municipality/Urban Municipality	Local Governments
10	Monitoring Related Guideline for Rural Municipality/Urban Municipality	Local Governments
11	Guideline for the Operation of Mediation Centre Under Local Judiciary Committee	Local Governments
12	Pre-primary School Operation Related Directives	Provincial and Local Governments
13	Directives Related to Public Accountability Promotion at Local Levels.	Local Governments
14	Grievance Management Guideline at Local Level.	Provincial and Local Governments
15	At the time of Lockdown Situation, During the COVID-19 Mitigation and Control Course of Action, Relief Supply to Targeted families Related Standard-2076.	Local Governments
16	Corona Virus (COVID-19) Infection and Treatment Fund Operation at Rural Municipalities Related Guideline-2076.	Local Governments

Adoption of these laws will help clarify the roles and pave the way towards strengthening institutional mechanisms and performance of the respectives gvernment.

Developed and adopted LISA guidelines in local governments

The LGCDP, a program prior to PLGSP, had developed a user's friendly self-monitoring tool, namely the Local Government Institution Self- Assessment (LISA). PLGSP reviewed and revised LISA indicators based on feedback received from 36 piloting LGs, but it is yet to be formalized. It will be formalizedonce the LISA operational guideline is approved. Alliance partners, namely -GiZ and UKAid programmes completed piloting LISA in additional 17 LGs in 2020.

After successful completion of LISA piloting, a workshop was organized in MoFAGA on 6th June 2019 to share its findings. The workshop recommended revision of LISA indicators and means of verifications, and to make improvements in the online reporting system. The PLGSP has initiated the process for preparation of LISA operational guideline including drafting of a ToR for expert outsourcing which is expected to be completed by the first quarter of the next fiscal year.The main objective of the LISA operational guidelines is to help guide provincial and local governments to effectively implement the LISA system in all LGs(under output-8).

Local Development Training Academy Act formulated

Following the restructuring of the Regional Training Centers of LTDA, and the establishmentof the PCGG as autonomous institutions, the PLGSP supported MoFAGA to prepare a preliminary concept paper on LDTA Act, draft regulation for LDTA regional centers. These include:

i) Drafted Model Law for operating of the PCGG
ii) Drafted Norms and Standards for finalization of the Organizational Structure and Positions of Employees at Provincial Training Institute
iii) Regulations on Managing (Including handovers) LDTA Regional Training Centers has been prepared and app;roved.

Drafting of these laws and regulations has paved the way towards transferring LDTA to the PCGG, the provincial governments have customized the model laws and are in the process of obtaining approval from the assembly to establish PCG, and the assets transfer from Regional Training Centers of LDTA to the provincial government is underway and is expected to be completed by the first quarter of next fiscal year.

Output 2: Federal level institutions develop tools and systems to support Provincial and Local Governments in a consultative process

Capacity Development software for PCGG developed

The Provincial Center for Good Governance is being envisaged to be established as a center of excellence to conduct various trainings for provincial and local governments and to conduct research on various thematic areas. With the objective to enhance skills and capacitiesof government agencies and relevant stakeholders, numerous CD activities were conducted in the past by the Ministry in the form of capacity enhancement training and orientation programs. The experience has shown that management and reporting on these CD activities has substantial room for improvement, particularly related to monitoring of the CD support, managing the resource persons and resource/ learning materials, and the preparation and dissemination of reports. Considering these lessons learnt and the fact that adoption of information

communication technology (ICT) in capacity development can be crucial in systematic and effective management and mobilization of capacity development activities, **PLGSP has initiated development of Capacity Development Management Information System (CD-MIS).**The CD-MIS willcontaincomprehensive information on training courses, training modules, resources persons, training cost, training duration, target group etc. necessary to manage PCGG effectively. The CD-MIS is expected to be completed by September 2020 and will be a comprehensive system for CD activities comprising of primarily 3 modules namely, CD dashboard module (incl. reporting), resource person or roster module, and knowledge management module. ThisCD-MIS wich has an interactive and analytical dashboard of CD activities, will help in the smooth management of the training activities and mobilization of resource persons. It is expected to grow as a database for all CD activities, training beneficiaries (training participants), resource persons and their expertise, and for report preparation and dissemination. The CD-MIS will also have a knowledge management portal with e-learning materials (especially relevant during COVID-19), and ability to showcase articles and blogs for knowledge sharing.

Local Development Training Academy (LDTA) supported to develop training modules and training standardization tools for quality control

In the reporting period, MoFAGA provided technical support to LDTA for the development of 9 training modules which include:

Module 1- Property Tax
Module 2- Annual Planning and Budgeting Process of Local Government
Module 3- Social Accountability
Module 4- Gender Responsive Budget
Module 5- Child Friendly Local Governance
Module 6- Rights to Information at Local level
Module 7- Positive Thinking for Effective Service Delivery
Module 8- Leadership Skill Development and Women Empowerment
Module 9- Disaster Risk Mitigation and Mainstreaming Climate Change Adaptation

The PCGG will adopt and roll out these training models to deliver capacity development activities to the Provincial and Local governments on demand basis. PLGSP supports PCGG to deliver these activities under output-13 &14.

Capacity Needs Assessment (FCNA) study report assessed from PLGSP perspective

In 2019, Federalism Capacity Needs Assessment was carried out by MoFAGA through the Georgia State University with the support of the World Bank UNDP. The objective of this study was to examine and assess the capacity of the federal government to regulate and manage the transition towards federalism, and its capacity to manage the intergovernmental systemand identify the gap between the 'needs' and the 'capacity' of the provinces and local governments to manage their assigned responsibilities as envisioned by the constitution.

In this reporting period, MoFAGA discussed and prepared a report outlining the measures necessary to support the implementation of the FCNA within the context of the PLGSP. The FCNA report distilled the FCNA findings and identified the recommendations which can have greater potential to be effectively implemented within the PLGSP framework. This will be rolled out in all provinces in the next fiscal year.

Roster management

MoFAGA has created a roster of experts that will be used by PCGGs to conduct various capacity building training at local levels. PCU, PPIU and PCGG can access the information and mobilize experts for short term assignments as needed at different levels of the governments. MoFAGA will manage and update the roster periodically in order to make it more effective.

A model CD Plan for local government prepared

MoFAGA has developed a model capacity development plan with operating procedure for local governments. It contains methods, tools and process for assessing the existing capacity gaps and forpreparation of plans to based on the findings. PLGSP will support local governments to review and roll them out under output-8 in the next fiscal year.

Other important activities planned under output-2 includes development of planning and monitoring software for local government, development of internal control guidelines, internal audit guidelines; Personal Information System (PIS), communication package among the three levels of governments and donor mapping which could not be initiated because of the reasons stated above.

Output 3: Inter Government administrative mechanisms strengthened and functional

Provincial Coordination Council meeting organized, and minutes disseminated

- All provinces have conducted provincial coordination council meeting during the reporting period. During the meetings, the programme and budget of the next fiscal year with guidelines for effective implementation were approved. Meeting minutes were made public, and Province-2 posted them on the website.

- Two provincial governments (Gandaki and Karnali) developed Provincial Coordination Council meeting procedures/guideline. Gandaki has approved and has implemented them while the Karnali is planning to approve and implement them in the next fiscal year. The guidelines cover meeting procedures including submitting agendas/ documents, participation, taking minutes and their dissemination and implementation of the decision. It is expected that the guideline will help improve the effectiveness of the provincial coordination council meeting.

- Each 6 provinces have organized two Provincial Coordination Committee (PCC) meetings, while the one Province conducted only one. The PCC has taken the lead to plan, approve and oversight the programme implementation.

NSC, NEC, TASC meetings and consultative meetings with federal agencies organized and meeting minutes disseminated

During the reporting period, one NSC meeting, two NEC meetings and three one meetings were organized where a number of decisions for the PLGSP implementation were taken. Meeting minutes have been posted in the PLGSP websites.

Outcome 2: Provincial and local governments have efficient, effective, inclusive and accountable institutions

Output 4: Provincial governments drafted legislation in a consultative manner

Provincial Governments formulated number of Acts and regulations

In oreder for the federalism to be implemented successfully and be governed by the rule of law, a significant number of framework legislation is required to be adopted for provincial governments. Under this output, drafting of acts and regulation for provincial government were planned and during the reporting period a total of two acts /guidelines have been drafted, by Province-5 and Karnali Province. The Karnali Province drafted PCGG Act which will be submitted to the assembly for approval next year. After theapproval, it will provide a legal basis for operation of PCGG as envisioned in the project document. The Province-5 has prepared Province Civil Servant /Staff Management Guidelineswhich was approved by the provincial assembly. The guidelines clarified the role of Provincial government to manage the staff through adjustment and transfer. The Provincial government is planning to implement it from the next fiscal yearwhich is expected to improve the efficiency in delivering the services to the citizen.

Output 5: Modernized PG systems enable horizontal and vertical accountability to all citizens and mainstream GESI

GESI focal points nominated by 7 provinces, 7 provinces established GESI committees, 7 provinces developed GESI strategies and 7 provinces conducted GESI audit.

GESI has been prioritized and mainstreamed within the PLGSP approaches and activities. The PLGSP has ensured to integrate gender equality and social inclusion within the governance systems, procedures and processes, and at every stage of developing policies/ laws, program development and implementation, monitoring and reporting. The PLGSP is committed to contributing to the eliminationof all forms of discrimination and inequality against women, *dalit*, and people from marginalized and disadvantaged communities. The PLGSP has taken the following initiatives during the reporting period to support and promote GESI sensitive and responsive PLGs policies, programs, and service delivery strategies in spirit as well as in practice.

- **The PLGSP team together with the GESI section of MoFAGA has developed GESI Audit directives**with an objective to localize and simplify the existing GESI Audit to support local governments. **Joint consultation with different stakeholders at federal level was organized to get inputs and feedback, which will be incorporated in the GESI Audit directives. MoFAGA is planning to pilot the draft GESI Audit directives in some local governments before it is finalized.**The provincial governments have planned to adopt this guideline in the next fiscal year.

All Provincial governments have committed and prioritized GESI in order to ensure that GESI is mainstreamed throughout their governance system and services in order to be more inclusive and accountable to all citizens especially to women, Dalit and people from marginalized and disadvantaged communities through its GESI sensitive and responsive program, policies and budget allocation.

- **Gandaki Pradesh conducted Gender Responsive Budget (GRB) Audit of its two Ministries,** i.e., Ministry of Economic Affairs and Planning, and Ministry of Social Development. The GRB audit has highlighted both good practices and areas for improvement for both Ministries. Similarly, Gandaki Pradesh has recently developed its GESI guidelines which are now shared with the concerned stakeholders both within the province and at federal level and which will be finalized shortly after incorporating their inputs and feedback. Learning from Gandaki will also be shared across other provinces.

- **Two provincial governments, i.e., Karnali Pradesh and Province-1 have recently appointed GESI focal person** in their sectoral ministries- **altogether 13 GESI focal points have been appointed in all sectoral ministries in two provinces.** This is a very important initiative as the GESI focal persons are responsible to oversee provincial and local government programs from a GESI perspective.

- The provincial and local governments have held number of interactions and discussions with different stakeholders including Women, Dalit and representatives from marginalized and disadvantaged groups to obtain their views, which were incorporated in the program, plan, strategies and services so that their programs, policies and services are inclusive addressing the specific needs of women, Dalit and marginalized and disadvantaged groups.

Conducted public hearing, public audit and social audit and disseminated the results

In order to promote vertical and horizontal accountability of provincial and local governments, PLGSP has supported PGs to develop and implement different guidelines. During the reporting period, the Gandaki Province has drafted guidelines on public hearing, public hearing and social auditing. The guidelines include objective, scope and procedure and methodology for conducting three different audits. The guidelines are being reviewed and will be endorsed after their finalization and subsequently will be implemented in the next fiscal year. It is expected that these guidelines will also be a sample for other provinces to customize and adopt them in the next fiscal year. Further to this, an integrated citizen charter has been developed and implemented in Gandaki Province.

Other important activities planned under output-5 include development of anticorruption action plan, guidelines on vertical and horizontal accountability, development of conceptual framework for SDG localization in PGs, preparation of fiduciary risk reduction action plan and MTEF of PG human resource plan and grievances redressal system for the provincial government which could not be initiated mainly due to COVID-19 pandemic and thus are planned for the next fiscal year.

Output 6: PGs manage provincial public administration functions more effectively

IT based management system of PG developed and implemented

ICT support effortsat provincial governments continued to promote e-governance including e-mail/ website design and management and strengthening of IT based management system in OCMCM. During the reporting period, OCMCM in Province-1 has developed and implemented IT based management system and Bagmati Province has established an internal communication system. In addition, the Gandaki province prepared a digital profile of the province and has disseminated it. Further to this, Sudurpaschim Province has made public the Income and expenditure statements and the Officials of the provincial government and ministries received 2-days training on website management in Karnali Province.

In addition, in collaboration with MoFAGA and Department of IT (DoIT), a mobile application for local government was developed. The mobile based data collection/survey tool for collecting local government profile (household and institutional) data along with visualization portal (lgprofile.gov.np) has been successfully rolled-out in LGs. The role of ICT personnel in data collection and sharing, particularly in the time of COVID-19 pandemic, has been noteworthy and highly appreciated.

Organization & Management study of PG conducted

Province-2 has completed a study on organization and management of the Provincial government and the findings will be implemented to improve the management performance of the organization. The KarnaliProvince and Bagmati Province has

initiated the work which will be completed in the next fiscal year.

Coordination and Monitoring Guidelines for District Coordination Committee (DCC) formulated

MoFAGA has formulated Coordination and Monitoring Guidelines for District Coordination Committee (DCC)which is being shared with the respective MoFAGA officials to collect inputs/suggestions to finalize them. It will be finalized in the next fiscal year. After it is finalized, it is expected that this guideline will also be useful for the PGs and LGs.

Best practices of provincial governments documented and disseminated

Provincial governments (PGs) are adopting various approaches to engage citizens in planning, oversight and in decision making process. Some PGs have planned to disseminate their good practices under PLGSP support. During the reporting period, Gandaki Province has produced 4 number of Jingles and have disseminated them through TV and FM. It is expected that it will on one hand provide opportunities for the citizen to be informed and to increase their participation in the government's programme and on other hand it provides opportunities for other PGs to learn about the best practices adopted by Gandaki province.

Other important activities planned under this output-6 includesdeveloping concept note on important strategic areas, develop audit arrear tracking system, prepare fiduciary risk reduction action plan and MTEF of PG, for the Provincial governments which has not been initiated yet mainly due to covid-19 pandemic and thus will be continued in the next fiscal year.

Output 7: PCGGs made operational to deliver CD service

PCGG regulation 2076 approved by the Provincial Assembly and PCGG established and functional in 7 provinces.

The PCGG has been established as a semi-autonomous entity and a capacity development service provider under each of the 7 provincial governments. The PCC formed under the Hon'ble Chief Minister or minister designated by Hon'ble Chief Minister provides overall policy guidance to PCGGs. The provincial governments are in the process of institutionalizing the establishment of PCGG. During the reporting period, the Karnali and Sudurpaschim Province drafted PCGG Act which will be submitted to the assembly for approval next year. After the approval, it will provide a legal base for the PCGG to operate as envisioned in the project document. While the Bagmati, Provnce-1 Provionce-2 and Province-5 has drafted executive order to run PCGG which is being reviewed bythe Office of Chief Secretary, Ministry of Internal Affairs and Law,Ministry of Economic Affairs and Planning and it will be finalized and subsequently approved by the Provincial Cabinet for the implementation by first quarter of next fiscal year. Gandaki Pradesh has already established PCGG through executive order and has also recruited an Executive Director and initiated process to hire other key staff. It is expected that by the first quarter of the next fiscal year all PCGGs will become fullyfunctioning to deliver the capacity development activities.

PLGSP initiated the process for preparation of operational guidelinesfor the PCGGwith the objectiveto guide provincial and local governments to effectively organize PCGG, and plan, manage and implement its activities on a regular basis. **The guideline is being prepared through the Coherency partner and will be completed early in the next fiscal year.**

Output 8: Modernized LGs have strong administrative systems and accountable public financial management (PFM) system.

IT system of 753 LGs strengthened

IT Officers at local governmentscontinued with their support in promotion of e-governance. The PLGSP covered 75% of the salary of the IT officers working in the local governments. This scheme directly benefited 660 LGs in the reporting year. The role of the ICT personnel in data collection and sharing, particularly in the time of COVID-19 pandemic, has been noteworthy and highly appreciable. **See Annex-6** for some good examples of the ICT work in the field where the relevance of the IT support has been increasingly important. . MoFAGA is planning to conduct a study on the scope, relevanceand effectiveness of the IT support next year and to decide on cost sharing scheme with local governments for continuation of IT support.

1170 local governments' elected representatives and staff oriented on LISA, 390 LGs conducted LISA and made public LISA report.

LISA is a tool to identify institutional strength and weakness of LGs in ten thematic areas and assess performance of the LGs. It was one of the priorities planned to introduce LISA in 390 LGs in the reporting

period. MoFAGA completed pilot testing of LISA and a revision is being done based on the feedback as stated under output-2 above. It is planned to finalize LISA tool/operational guideline, provide training/ orientation to the elected representatives and staff, develop resource persons on LISA implementation at local level and introduce the tool in all LGs starting from the first quarter next fiscal year.

SuTRA introduced in 753 LGs.

With an aim to focus on transparency, accountability and anti-corruption MoFAGA has supported Financial Controller General Office (FCGO) to introduce SuTRA in Local Governments under PLGSP programme. Sub-national Treasury Regulatory Application (SuTRA) which is a planning, budgeting and accounting software is now on board. It is a web-based system developed for facilitating and implementing a structured financial management procedure of the sub-national governments based on the Unified Charts of Accounts 2017 approved by the Auditor General on Oct 18, 2017 and related OAG accounting and reporting formats.

Collaboration with MDTF/PFM and other PFM projects in rolling out SUTRA

Since there are other development programmes supporting government in strengthening Public Finance Management systems, FCGO has taken fully into account the need to avoid duplication and maintain complementarity. PLGSP PCU held periodic discussions with FCGO to ensure that.

Regarding the implementation of SuTRA, FCGO has initiated procurement process for the establishment of a Disaster Recovery Plan and management of existing RISC Serversat FCGO under PLGSP support. Call for Expression of Interest (EOI) for the service has been published and the process is expected to be completed by December 2020. In addition, IT support centers with logistic and computer lab have been established at the Province level under PLGSP support.

SuTRA package consists of several modules including a tax collection modules and others as per the requirement of the Government of Nepal which requires a periodical enhancement of the current systems. The government has asked DFID and USAID's support to effectuate such modules and activities. Hence, the system development for SuTRA and the technical team for software development isbeing supportedby DFID. Thus, the support system development and roll-outclearly complement each other. It is felt important to continue the coordination between the DFID and PLGSP for creating better synergies.

In addition, FCGO hasundertaken PFM reform initiatives under Integrated Public Financial Management Reform Project (IPFMRP) and has developed a comprehensive accounting and reporting procedures at federal and SNG level where PLGSP does not cover.. Further to this, the FCGO has developed a comprehensive internal control procedure to ensure that the government operation attains some basic fiduciary standards under IPFMRP. PLGSP has planned to use this guideline for mentoring and coaching PLGs on enhancing their internal control system in the next fiscal year, harmonizing the learning and use of already developed products. PLGSP will maintain close coordination and collaboration to avoid duplication and to promote complementarity in achieving the intended results.

PLGSP supported FCGO to roll out SuTRA at LGs.**Within the reporting period, SUTRA support centers have been established in FCGO and all 7 provinces and they are stationed within the District Treasury Comptroller Office (DTCO) of respected districts where provincial headquarters are located.** PLGSP has also provided support to IT personnel to operate SUTRA in three provinces (Province 1, Bagmati province, and Province 5). IT personnel in the remaining five including FCGO (Province 2, Province 4, Gandaki, Karnali and Sudurpaschim) are yet to be recruited. Further to this, FCGO has reported that 747 LGs have been using SUTRA for tracking their financial systems. The local governments have practice of using this tool at their convenience but its systematic implementation to produce intended financial reporting is yet to be supported.

Module of SuTRA Implementation

S.N	Areas of SuTRA use	No. of LGs
1	Income estimation	747
2	Expenditure estimation	751
3	Budget approval	730
4	Treasury operation	729
5	Expenditure	726
6	Deposit	492

The local level application is available for all local governments. This system provides financial information on sub national level to the National Natural Resource and Fiscal Commission (NNFRC), MoF and FCGO for their purpose.

GON approved SuTRA on 19th November 2017 and circulated it to all local governments. In the same decision, MoF has directed the Public Expenditure and Financial Accountability (PEFA) Secretariat to make necessary arrangements to make the system operational throughout the country. An implementation support center has been established under the PEFASecretariat and system rollout programs are being conducted. SuTRA has been acknowledged widely by the local governments and additional features with offline mode are needed to cover the remote rural municipalities for which PEFA Secretariat has developed a plan to add more features with offline mode. SuTRA implementation is one of the major support components of PLGSP and this component is being implemented by FCGO.

Other important activities planned in 2019/20 under output-8 include preparation of revenue improvement action plan of LGs, preparation of internal audit system in LGS, preparation of LGs' periodic plan which could not be initiated which is planned to be implemented in the next fiscal year.

Output 9: LG systems enable horizontal and vertical accountability to all citizens

Horizontal and vertical accountability mechanism for local government developed

During the reporting period, it was planned to develop horizontal and vertical accountability guidelines/ mechanism for local governments to help them to adopt and adapt the administrative systems, procedures and policies which will make them accountable to the citizens, and enable effective vertical and horizontal communication with provincial and federal governments. Mainly due to COVID-19 pandemic, this has not been initiated yet and it will be continued in the next fiscal year.

Output 10: LG systems mainstream GESI in their service delivery

119 LGs nominated GESI focal points; GESI committees formed in 119 LGs; GESI strategies adopted by 119 LGs; 119 LGs conducted GESI audit; 119 LGs established gender-based violence handling mechanism.

- The PLGSP team together with the GESI section of MoFAGA has developed Gender Equality and Social Inclusion (GESI) Audit directives with an objective of localization and simplification of existing GESI Audit to support local governments. This is expected to help the local governments to develop their own contextualized GESI Audit guidelines to ensure that all their developmental plans, programs and policies are GESI sensitive and responsive. Joint consultation with different stakeholders at federal level was organized to get inputs and feedback, which will be incorporated in the GESI Audit directives. MoFAGA is planning to pilot draft GESI Audit directives in some local governments before it is finalized. It is expected that the GESI directives is finalized and rolled-out in the local government early next fiscal year.

- All Provincial and Local governments have committed and prioritized GESI to ensure that GESI is mainstreamed throughout their governance system and services to be more inclusive and accountable to all citizens especially to women, Dalit and people from marginalized and disadvantaged communities through its GESI sensitive and responsive program, policies and budget allocation.

Orient elected women representatives, GESI committee members and LGs' staff on GESI to mainstream GESI in LGs.

Provincial and local governments have initiated a number of interactions and discussions with different stakeholders including Women, Dalit and representatives from marginalized and disadvantaged groups to obtain their views, which has been well incorporated in the program, plan, strategies and services so that their programs, policies and services are inclusive addressing the specific needs of women, Dalit and marginalized and disadvantaged groups. The process has helped PLGs to be more accountable and committed to provide quality services to all its citizens with special focus on women, children, Dalit, people with disability and other marginalized and disadvantaged groups.

Output 11: LG systems enable citizen engagement and inclusive participation.

During the reporting period, it was planned to document and disseminate good practices on service delivery ofprovincial and local governments, including preparation and dissemination of Jingle on various thematic areas on TV and FM under this output, which could not be initiated but will be implemented in the next fiscal year

Output 12: Innovative Partnership Fund (IPF) is operational and transparently supporting LGs.

Conceptual framework and operational guidelines of Innovative Partnership Fund prepared.

During the reporting period, it was planned to develop conceptual framework and operational guidelines to mobilize Innovative Partnership Fund (IPF) for Provincial and local governmentsto effectively institutionalize, plan, manage and implement innovative schemes as envisioned by the PLGSP programme document. During the reporting period, **PLGSP has initiated the work including preparation of ToR required for outsourcing the service to carry the assignment. A virtual feedback meeting on ToR was organized between PLGSP management and development partners on 27th May 2020**. ToR on IPF is in the finalization process and the guideline preparation process will move forward immediately after the ToR is finalized.It is expected that the guideline will be prepared and submitted atthe third NEC meeting scheduled in November 2020 for review and approval and IPF implementation process will start from the beginning of next year 2021.

Outcome 3: Elected representatives and civil servants at provincial and local governments have the capacity and serve citizens to their satisfaction

Output 13: Elected representatives and civil servants at the provincial level are incentivized and trained for delivering high quality services

2100 elected representatives and staff of PGs trained on various thematic areas

It was planned to train elected representatives and staff of the Provincial governments on various thematic areas through PCGG during the reporting period. Training modules on different thematic areas to be used by PCGG have been prepared (see outpt-2 above) but due to COVID-19 pandemic and delay in bringing PCGG into operation, these trainings could not be conducted as planned. Meanwhile,, the uncertainties caused by COVID-19 increased, and consequently PLGSP used on-line approach and focused on holding various interactions and communication with PLGs to find ways and identify doable activities within PLGSP (see response to COVID19 above).

Organize exposure cum knowledge sharing visit

The PLGSP facilitated a learning visit for the elected representatives and senior civil servants of the federal, provincial, and local governments. A 16-member delegation visited Kerala state of India in October 2019 for a week. The delegation included a MoFAGA Joint Secretary, MoFAGA under-secretaries, seven officials representing each of the seven provinces from the OCMCM, three Municipality Deputy Mayors, Executive Director of LDTA and other officials. This visit contributed to the enhancement of the knowledge of elected representatives and civil servants on best practices and approaches applied in the areas federalism and governance systems. For details see **Annex-4**

251 LGs prepared capacity development plan

It was planned to assist the LGs to review and adopt the model CD plan developed by MoFAGA (as stated under output-2 above). The model CD plan was distributed to LGs but further activities could not be initiated. PLGSP will continue its support to LGs to prepare CD plan based on the findings of the LISA & FCNA report and implement CD activities through PCGG established at the province level in the next fiscal year.

Output 14: LGs elected representatives and civil servants are empowered and trained fordelivering high quality services.

Similar to the output13, it was planned to train elected representatives and officials of the local governments on different thematic areas, but the delay in bringing PCGG into operation and the outbreak of COVID-19 pandemic, the training could not be conducted as planned but it was limited to on-line interaction/ orientation and communication on the issues/needs caused by COVID-19. Having finalized training modules as mentioned in output13, the PCGG will expedite the implementation of training orientation in the next fiscal year through PCGG.

Chapter 6

Summary of the technical support provided tothe PGs and LGs

The PLGSP provincial coordinators acted as focal pointsfor each of the provinces. They introduced PLGSP program modalities to the Chief Minister, provincial ministers, and other agencies within the respective provinces. They facilitated and coordinated the establishment of the PCC, PPIUs and PCGG under the OCMCM.

Facilitation and advisory support were also provided in the areas of intergovernmental relations, revenue improvement and annual planning process of PGs and LGs. The PLGSP continuously provided ICT support to provincial and local governments in the areas of website development, LG profile, mobile apps, LG profile data collection and visualization, LISA system, capacity development MIS, etc. Provincial coordinators visited several District Coordination Committees (DCCs) to help facilitate reducing LGCDP outstanding audit issues. In addition,the provincial coordinators provided various transitional coordination, management, and operational support and upon request. These supporting activities helped to ensuresmooth transition from LGCDP II to PLGSP at PG and LG levels.

Chapter 7

Monitoring Evaluation and Learning

Development of Monitoring Evaluation and Learning Framework

Development of Monitoring Evaluation and learning framework was one of the priorities of PLGSP in the reporting year.

A framework was prepared through outsourcing a consultant, andwas circulated to the development partners and MoFAGA officials to collect feedback. Major feedbacks were that the M&E framework was inconsistent with the log frame indicators and as such requires improvement including defining all indicators, and setting annual programme targets. PLGSP team including the NPM, NPD and Planning and Monitoring division of the MoFAGA have jointly reviewed the M&E framework of the PLGSP ProDoc in July 2020. The review meeting led by the NPM of PLGSP discussed about the insight and the perceived essence of the logframe indicators listed in the ProDoc at the time when the project document was formulated. The discussion was fruitful to harmonize the understanding on the programme logframe indicators among the programme staff and MoFAGA.. Further to this, a clear definition of indicators is very important for collection of accurate information and measure intended changes. Thus, following the meeting with MoFAGA M&E section, PLGSP team have defined the indicators and targets against each indicator by years for the programme period. In addition, the targets and achievements of the first year 219/20 have also been updated, which can show the progress of the programme against achieving the intended results.. It has been shared with the provincial team to harmonize the understanding and guide them to undergo the same process.. The breakdown of the programme targets by years for the programme period at the province level is necessary to develop integrated and fully harmonized M&E framework of the PLGSP programme. Since all programme staff will be soon joining the programme this exercise is relevant and will be completed by the first quarter of the next fiscal year.

Baseline Information Collection

The establishment of PLGSP baseline data was one of the priority activities of the ASIP 2019/20, and is a fundamental element of Monitoring Evaluation and Learning Framework of the Programme. During the reporting period, the COVID-19 pandemic posed challenges to mobilize a third party as a service provider to collect data. The FCNA report has been reviewed with the perspective of collecting information against the PLGSP logframe indicators.The FCNA report contains lots of broad information but lacks specific information relevant to the log frame indicators, and such information is available only for 1-2 indicators. The information on the FCNA report are more useful and relevant to understand the capacity of governments to implement federalism in broader terms.

The programme logframe has baseline information for some of the indicators while they are lacking for some other indicators since the Programme aims to introduce new products and services. A detailed matrix in Excel Worksheet has been developed highlighting Programme document (PD) indicators, definition of indicators, intended PLGSP targets, required base

value, and potential sources of baseline information and information collection methods for each indicator. It shows that about one third of the log frame indicators require information collection to establish a base value. Source of baseline information for many of the indicators is secondary source of information, such as official records/publications of the Provincial and the local governments. Given the present COVID-19 context and required source of information, PLGSP will mobilize the already established PPIU/PCGG staff at provincial level and IT support staff at local governments to collect the data along with an independent consultant to guide/coach them to properly collect the information and take the responsibility for their verification, triangulation and compilation while maintaining the necessary quality. Preparatory work for this process has been initiated and is expected to be completed by thefirst quarter of the next fiscal year 2020/21.

Planning, Reporting and Monitoring

- The ASIP 2020/21 has been prepared following a bottom-up and participatory approach and in a GESI sensitive way with time bound activities, budget and expected milestones. Further to this, the ASIP contains a separate narrative document explaining the purpose of each activity, mode of implementation and the milestones to be delivered/ measured. This will harmonize the understanding for each implementing agency /staff at various levels per activity.

- Based on the ASIP 2020/21, an Annual Monitoring and Evaluation Plan (AMEP) has been prepared which integrates the AMEP prepared at the Province level. It provides the basis for collecting information and measure progress on a quarterly basis as it contains programme indicators, definition of indicators, milestones, timeline, data collection methodology and frequency, means of verification and responsibility to carry out the activities.

- For the purposes of progress report drafting against the targets and financial delivery, annual and quarterly reporting templates and guidelines were prepared and provided to the provincesfor their usage.. The guideline was drafted in a way to capture key achievement, learning, issues & challenges and ways forward. In addition, achievements on cross-cutting issues such as GESI, M&E, COVID-19 and coordination issues have also been included. These templates include: writing quarterly progress report, preparing spread sheet to compile target vs achievements, writing report on completion of training & workshop with GESI segregated information and writing field visit reports. It will ensure that information on progress is collected, analyzed and reported properly in a comprehensive way. In addition, Daily performance-log applicable for PLGSP staff was also developed and is currently used by staff.

- For the sake of uniformity and ensuring proper planning of activities, results and resources, templates have been prepared and provided to the provincesfor annual and quarterly work plan drafting with clearly indicated responsibility of the program staff/implementing agency in line with the approved P/ASIP. It is expected that the use of the templates will orient all implementing agencies and staff towards planning, measuring and timely achievement of the intended results as mentioned in P/ASIP.

- The PLGSP team prepared various mandatory reports and provided them to MoFAGA and DPs, such as: 1) LGCDP II-TSNGP Annual progress report 2018/19, 2) LGCDP II-TSNGP PPSF Annual progress report 2019, 3) PPSF quarterly progress reports to UNDP,and 4) Trimester Progress reports to MoFAGA. PLGSP provided a start-up progress report to UNDP after it was selected as TASP.

- As a part of the monitoring and evaluation efforts, MoFAGA will carry out periodic field missions. One of them was the joint visit with DPs to the Karnali province. Please see Annex- 5 for further details.

Periodicreview and reflection

- Since the PLGSP is a Government of Nepal's framework programme, conducting periodic reviews and learning activities have been entirely aligned with Government's established process and mechanisms. The progress against the milestones planned under outcome -1 have been submitted and reviewed at Ministerial Development Action Committee (MDAC) and National Development Action Committee (NDAC), the supreme monitoring mechanism of the Government of Nepal. Further to this, the key milestones have been reported through MDAC to the Dashboard established at Office of Prime Minister and Council of Minsters (OPMCM) for review and policy feedback on quarterly basis. Similarly,the progress on key milestones have also been reviewed at the Office of the Chief Minister and Council of Minister (OCMCM) in the Province.

- Further to this, NSC, NEC TASC and PCC provisioned in the PLGSP also reviewed the programeme and provided inputs/ for improvement..

- In addition, programme staff at the PCU level meet together with management every week to review progress and address issues faced during the implementation. PCU meets with the PPIU/PCGG staff and management at the province level fortnightly via Zoomto share progress, address issues and guide to move implementation forward.

DataCollection, Verification and Quality Assurance

- Discussions were held at the PCU to develop a mechanism at three different levels to collect and verify data on project results – the outputs and outcomes. In oreder to have effective and efficient data collection and reporting system, development of an on-line reporting system is underway which will be completed within first quarter of the next fiscal year 2020/21.

- Apart from measuring the programme outputs and outcomes, the programme will also carry continuous monitoring of the process and document key aspects of the programme in order to assess whether the programme is performing as envisioned/intended or according to the set standards. Therefore, in oreder to carry a systematic process monitoring, checklists have been developed around GESI mainstreaming, the key outputs and outcomes, programme context (COVID-19, disaster and others) and provided to PLGSP team for theirusage and reporting.

Chapter 8

Mainstreaming Gender Equality and Social Inclusion (GESI)

The PLGSP is committed to make sure that GESI is well integrated and incorporated within its governance system, procedures and processes and also at every stage of developing policies/laws program development and implementation. Thus, PLGSP Program has made conscious efforts to prioritize GESI at all level i.e. from decision making to implementation level through following major initiatives which is well institutionalized within the project.

The NSC at federal level and PCC at Province level are supreme governance body of the program at federal and Province level respectively. The program has made mandatory provisions of including at least four women members in these committees to make sure that all higher-level decisions and guidance provided by the committees are GESI sensitive and strategically support in promotion of Gender equality and social inclusion in all component of program.

Likewise, the program has made special provision of including GESI section chief of MoFAGA in NEC as a key member of the committee to make sure that GESI related issues are well incorporated and reflected in the overall program of PLGSP.

Another significant step that PLGSP has taken to fulfill its commitment for quality and effective GESI mainstreaming is through the provision of having dedicated team of GESI specialist/experts within its TA team. The GESI specialist at federal and 7 GESI experts at provincial level are mainly responsible to assess and ensure quality implementation of GESI mainstreaming andachieving GESI related specific targeted activities of the programme. During the reporting period, about 12 % (NPR 32,858,366) of the total expenditure (NPR 273,819,718.70) have been spent on GESI related activities of the PLGSP.

The major priorities on GESI mainstreaming for the next is year is to support provincial and Local government to develop comprehensive GESI strategy including GESI friendly policies and guidelines. Similarly, the program will make sure to collect, analyze and maintain GESI disaggregated data for Gender sensitive planning and to regularly monitor & evaluate the impact of P/LGs for men, women, Dalit and people from other disadvantaged and marginalized communities in oreder to make necessary adjustment if required. Likewise, promoting meaningful participation and engagement of women, Dalit and people from other marginalized and disadvantaged communities will be an important strategy to identify and consider their different needs and issues so that all policies, programs and services both at Province and local level are GESI sensitive and responsive.

Chapter 9

Anti-Corruption, Human right and Environment

The basic presumption is that any development interventions and its activities financed with public fund lies on an input-process-output-outcome-impact scale. Corruption is related to both process and results risks. PLGSP is committed and prioritized to strengthen the public financial management system and support is being extended to different levels of the governments to design internal control system, fiduciary risk reduction action plan preparation, development of anti-corruption guidelines and implementation, developing grievances handling mechanism, accountability guidelines, assisting PLGs on introducing Mid-Term expenditure framework for priority programme and projects, developing monitoring system and audit arrears tracking system and mentoring and coaching of PLGs at PLGs level. Successful implementation of these activities is expected to reduce the mismatch between authority and responsibility, maintain compliance with due process and institutionalize justice and fairness.

The Fiduciary Risk Mitigation Action Plan (FRMAP) is intended to maintain fiscal discipline, policy preference through annual budget and to provide cost effective service to the people. The main objective of the FRMAP is to strengthen public financial management, reduce fiduciary risks and to improve the transparency and accountability of public expenditures. Similarly, LISA assessment and fiscal good governance strategies are planned.

Human rights have been considered as a guiding principle while planning and implementing the programme activities across all programme processes and outputs.

Likewise, PLGSP is also committed to address environmental issues with a focus on disaster risk reduction and climate change issues through its programme activities. During the reporting period, PLGSP has developed training module on disaster risk reduction and climate change to be used by PCGG to aware/orient PLGs on the issues. This is an important start-up as it will be integrated into several training activities as well on need basis and orient decision-makers at PLGs on the issues related to disaster and climate changes enabling them to integrate necessary corrective measures in their regular programmes and budgets.

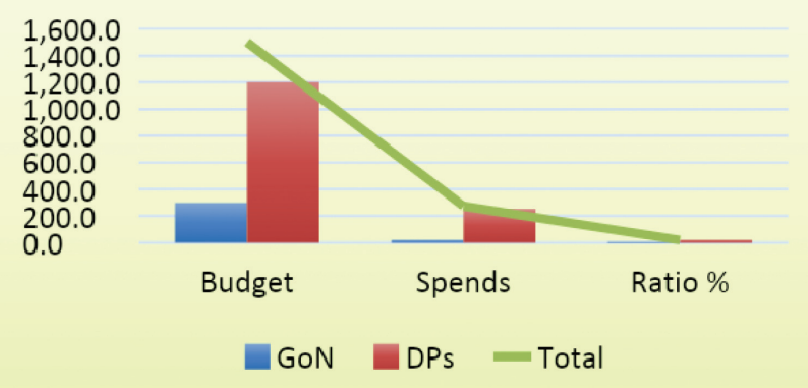
Chapter 10

Financial progress

The total budget of PLGSP for the fiscal year 2076/77 was NPR 1500 million with NPR 300 million from the contribution of GoN and NPR 1,200 million from the contribution of JFA. Among them, NPR 273.8 million (GoN NPR. 20,563,543.18 + JFA NPR. 253,256, 175.52) was spent and NPR 1226.2 million remained unspent. The utilization breakdown shows only 6.8% utilization in the GoN part and 21.1% utilization in the JFA part. During this fiscal year, NPR 831.45 was deposited in FCA accounts from which, NPR 424.5 was transferred in FCGO accounts. From the allocated NPR 1200 million, only NPR 253.3 million was spent from JFA.

About 12 % (NPR 32,858,366) of the total expenditure (NPR 273,819,718.70) have been spent on GESI related activities of the PLGSP.During the reporting period, the budget spent was less than the planned budget, i.e. 18% of the total budget due to the various reasons. Among them was the signing of MoUs with all 7 provincial governments only in November, 2019. The ASIP was approved by NEC only in February, 2020 after which the programme embarked on its mission. In order to implement the program 2019/20, only one quarter of the year was remaining which meant we had less time to launch the program. The programs mentioned in the ASIP required more time than the available time we had for procurement processing and planning. Hence, the expenses were 18% of the total budget which were used only for covering of expenses related to the establishment of the office and operating costs. The financial details are provided in the **Annex-8**

PLGSP: Budget and Actual Report, FY 2019/20



Chapter 11

Coordination and linkages

Coordination with DPs and alliance partners

Various formal/informal communication and meetings with the development and alliance partners were organized throughout the year. One of them, was a virtual coordination meeting which was organized onApril 9, 2020between PLGSP, MOFAGA, development partners and alliance partners. The meeting was chaired by the NPM (Mr. Ramesh Adhikari) of PLGSP. A total of 28 officials participated in the meeting representing MoFAGA, UNDP, EU, SDC, Norway, USAID, GIZ, DFiD, World Bank, FHI 360, Sajhedari STF, International Idea, ADB and the Asia Foundation. As highlighted by the NPM, the objectives of the meeting were to create synergies among DPs working on sub-national governance support and contribute to strengthening the federal system in Nepal by aligning their support with PLGSP, a framework programme of the government in building capacity of the province and local governments. The meeting was mainly focused on four agenda points, namely, a) PLGSP updates b) FCNA c) Programme alignment/ coordination and d) COVID-19 crisis. For details see **Annex-3**.

The key points from the meeting agreed by all are summarized below:

- MoFAGA to establish a coordination platform by inviting all DPs to continue these meeting on a quarterly basis with an objective to brief each other on who is doing what and discuss ongoing challenges and opportunities in the area of sub-national governance.
- DPs to ensure regular sharing of information, good practices, lesson learnt, and other relevant knowledge products.
- Ministry to circulate the matrix to all the DPs to fill up the required information to include their governance projects. This information will be inserted into the Management Information System which the Ministry is planning to establish and use for coordination purposes;
- DPs to Coordinate with PPIUs and PCGGs regularly to harmonize efforts and resources, creating synergies among DPs and all levels of governments.
- DPs to share any knowledge products they are using as a part of their ongoing programs/projects to the Ministry. This will ensure usage of consistent language or messaging and avoid possible confusion which may arise during the implementation;
- MoFAGA to organize a joint field visits by inviting all DPs at least once a year to take stock on progress, challenges and lesson learnt.
- To explore the possibility of repurposing and modifying ongoing projects to address the current COVID-19 crisis and support recovery efforts of the Government.

Coordination with federal agencies

A joint meeting was held with the National Natural Resource Fiscal Commission (NNRFC) and Office of the Prime Minister and Council of Ministers (OPMCM) regarding the implementation of the program at PG level. The NPD and NPM met with the Chief Secretary, Economic Adviser of the Prime Minister and Secretary Mr. Mahendra Prasad Guragai regarding implementation of the program. They all showed commitment to lead the coordination with the Provincial Governments.The Secretary and PLGSP agreed to jointly visit PGsperiodically.In addition, the PLGSP regularlymet withFCGOand developed a mechanism to have this type of meetingsona regular basis.The table below gives the dates and locations of the visitsby PLGSP management for coordination and creating linkages.

A joint coordination meeting between MoFAGA and the Ministry of Law, Justice and Parliamentary Affairs (MoLJPA) was organized in June 2020. The Joint Secretary of MOLJPA (Mr. Phanindra Gautam), the Under-secretary of MoFAGA cum NPM of PLGSP (Mr. Ramesh Adhikari) led this meeting. The main objective of the meeting was to discuss the approach towards developing synergies between the ministries, in particular between the PLGSP and the Access to Justice Project.PLGSP/NPM (Mr. Ramesh Adhikari) gave a brief introduction of PLGSP with a special focus on model laws preparation status of provincial and local governments and the functional status of the Judicial Committees. He explained about the Judicial Committee related activities which are being supported by MoFAGA including capacity building initiatives in the past. Further to this, he described how access to justice is being improved at the local level through the Judicial Committee formed under the local government. The meeting was concluded with a 2-point agreement- a) to share knowledge products with each other, and b) to work together to support law making processes of PGs and LGs.

The LDTA is one of the implementing partners. Series of coordination meetings were conducted between PLGSP and LDTA. Different understanding was reached in the areas of restructuring modality of LDTA, areas of backstopping support to be provided to PCGGs, modalities for national coordination for capacity building, organization of national seminar and similar.

Coordination with provincial and local governments

The FY 2076/77 (2019/20) being the first year of the programme implementation, a series of coordination visits were conducted to the provincial headquarters and local governments. The main purpose of the visits was to orient the elected representatives and local staff about the implementation modality of PLGSP, toexplain different aspects of the PCGG, facilitate the scope of PLGSP support and potential activities and similar. Thefollowing table gives the list of coordination meetings organized with the Provincial and local governments including the indicative meeting outcomes.

Travel Date	Places	Name of Visitors	Coordination activities
July 2020	Biratnagar, Jhapa, Janakpur	Ramesh Adhikari	• Coordination and monitoring of the handover process of LDTA centers to OCMCM.
March, 2020	Surkhet	Jayanarayan Acharya Ramesh Adhikari	• Facilitated meeting on PCGG formulation regulation, 2076
March, 2020	Pokhara	Jayanarayan Acharya Ramesh Adhikari	• Facilitated meeting regarding PCGG formulation regulation, 2076 • Coordination meeting with Myagdi Municipality
March, 2020	Nepalgunj	Ramesh Adhikari	• Provided orientation on PLGSP to Mayors of 11 Municipalitieso • Facilitated Meeting on PCGG formulation regulation
February, 2020	Dhulikhel	Jayanarayan Acharya Ramesh Acharya	• Facilitated the PCGG's modality discussion with officials of OPMCM.
Jan, 2020	Pokhara	Jayanarayan Acharya	• Coordination meeting with Gandaki province.
January 2020	Janakpur	Jayanarayan Acharya	• Participated at meeting in province – 2
January 2020	Janakpur	Jayanarayan Acharya	• Participated at a meeting in province – 2
September 2019	Pokhara	Jayanarayan Acharya Ramesh Adhikari	• Participated in a Consultative Meeting with the Province Government regarding the project document and MoU between the Provincial Government and PLGSP. • Interaction with LGs of Kaski Province& other nearby municipalities' chief & ward chiefs for capacity development & role of MoFAGA.
July 2019	Pokhara	Jayanarayan Acharya	• Interaction with LGs of Kaski Province & other nearby municipalities' chief & ward chiefs for capacity development & role of MoFAGA.
July 2019	Dhangadi, Dipayal	Jayanarayan Acharya	• Participated in a capacity development program of Local Government.

Chapter 12

Risk assessment and mitigation measures

The important risks identified during the reporting period and a brief assessment of the impact on the programme is described as follows.

- Weak implementation capacity of PCGGs and PPIUs.

  Despite of the continuous follow-up, there was adelay in bringing the PCGG into operation which subsequently led to delay in the implementation of ASIP activities planned through PCGG at the Province. Delay in bringing PCGG into operation is likely to continue into the next fiscal year as different legislative procedures undertaken by the provincial governments to operationalize the PCGGs are still underway except in Gandaki province which started working through the executive order passed through the Provincial Cabinet

- Frequent turnover of staff in PPIUs.

  Mainly because of the COVID-19, recruitment of staff was delayed more than expected. It is expected that all TA staff will be on board by August next fiscal year 2020/21.The risk of PPIU staff turnover did not come into effect during the year under review and also it is not foreseen to happen in the next year.

- Weak coordination between PPIUs and PCGGs.

  The Office of Chief Minister and Council of the Ministers took lead in planning and coordination of all PLGSP activities to be implemented by PPIU and PCGG, the issues of weak coordination did not come into effect during the reporting period. However, the it may happen when the PCGG becomes into fully functioning.

- Reluctancy of the provincial and the local governments to take full ownership of the programme.

  However, as the implementation progressed, the Provincial governments have been increasingly taking ownership of the programme. Provincial Coordination Committee chaired by the Hon'ble Chief Minister is taking important decisions related to PLGSP implementation and oversight.

- Outbreak of epidemic such as COVID-19/natural disasters.

  COVID-19 outbreak remained one of the major factors negatively affecting the programme implementation during the reporting period. There are still huge uncertainties and it is likely to continue in the next fiscal year.

The following table includes an updated risk matrix for the Programme. Three additional risks have been added related to the COVID-19 crisis, while the other remain still valid. First, there is a risk that the pandemic will continue next year, with high impact on the Programme implementation. The Programme

will regularly monitor the context at the local level and review it in September 2020 in order to explore alternative mechanisms to achieve the results. Secondly, there is a risk of PLGs having low internal resources with medium impact on the Programme. The Programme will focus on improving the efficiency of the PLGs on resource mobilization initiatives. Thirdly, there is risk of PLGs having low HR capacity with medium impact on the programme. The Programme will focus on applying broadened capacity development strategies to improve the efficiency.

Table 1: Risks, impact and mitigation measures

S.N	Risks	Probability	Impact	Mitigation Measures
1	COVID-19 pandemic continues into next year.	High	High	Flexibility should be part of GON and PLGSP for implementing the programs. Considering the programs implementation, PCC, NEC, NSC should meet earlier than scheduled in Pro Doc. And those committees will take necessary decisions.
2	Reduced internal resources of PLGs because of COVID-19 pandemic	Medium	Medium	Project focuses on improving the efficiency of PLGs for resource mobilization
3	Local Governments will not be getting additional HR due to measures imposed by Federal and Provincial Governments	High	Medium	Broaden the capacity development strategy for local governments and use additional experts, volunteers, interns as technical hands on/resource persons to help PLGs
4	Delay in passing of PCGG Acts by provinces	Medium	High	Follow up regularly with PCGGs and OCMCM/OPMCM regarding the institutional and legislative support.
5	Weak coordination between the PPIUs and PCGGs.	Medium	Low	Establish Coordination Team under the chair of PPD with Executive Director of PCGG, Governance and Legal Expert of PPIU and Local Governance Expert of PCGG as members
6	Weak financial management in provincial and local governments	Medium to High	Medium to High	Strengthened PFM system at all levels. Increased awareness on the importance of robust PFM amongst leadership at sub-national levels. Increased support for strengthening FCGO capacity (software, training/mentoring, human resource)
7	Programme activities cannot be sustained when the programme ends	Medium	High	Institutionalize cost sharing mode of capacity building in provincial and local governments. Develop and institutionalize PCGGs as centers of excellence at provincial levels in a self-sustained way
8	Weak voice of local governments (lack of the recognition of Local Government Associations (LGAs)	Low	Low to Medium	Recognize the LGAs as forum for local governments for collective consultations and representation at provincial and federal levels
9	Non-JFA DPs and INGOs working in governance reform and capacity building reluctant to align within the PLGSP framework	Low	Low to Medium	Improve coordination with non- JFA DPs and INGOs through a regular dialogue process. Flexible programme approach to allow non- JFA DPs to operate within the PLGSP framework

Chapter 13

Lessons learned, challenges and way forward

Lessons learned

The PLGSP has learned many valuable lessons about the priority areas and the processesemployed bothfrom its own experience and through the feedback received from different stakeholders. These lessons learned can be used in the future for more effective and efficient programme implementation starting from the next year. Despite the narrow window for effective implementation during the reporting period, some of the lessons learned of the PLGSP areas follows:

- Having an adaptable and flexible capacity development support to PLGs on demand basis on the core government functions including periodic/ recovery plan preparation, systems and tools development, strengthening administrative functions and working procedures, public finance management etc. at all levels of governments is more relevant than ever towards responding to and recovery from COVID-19;

- ICT support initially provided to PLGs worked very well towards creation and development of a proper and effective ICT infrastructure and optimization of data use. More importantly, it made possible quick assimilation of C-MIS in the LGs to respond to COVID-19 pandemic with informed decisions.

- By means of devising a provincial ASIP following a bottom-up and participatory approach, PGs are taking increasingly more ownership of the PLGSP programme and taking proactive decisions. More importantly, in the absence of a fully functional PCGG, the PCC under PG took lead in the planning and implementation of the PCGG related activities 2019/20, which reflects ownership and commitment of the provincial programme to institutionalize the PLGSP.

- In order to develop an effective and consolidated local government administrations through a contextual adaptation by local governments, the responsible federal agency has to set organizational and management guidelines. The planning, budgeting and accounting software is now on board. The internal control system is to be executed in LGs, development of audit arrears clearance policy and audit arrears reduction strategy plan is to be designed whereas audit arrear settlement progress tracking is in place. Similarly, the fiduciary risk reduction action plan is anticipated by PLGs.

- FCGO has reported that 747 LGs have been using SUTRA for tracking their financial systems. The local governments have practice of using this tool at their convenience but its systematic implementation to produce intended financial reporting is yet to be supported.

- Active involvement of all relevant ministries and entities at the federal level has been realized as an important factor for effective and smooth implementation of the PLGSP. In addition, the importance of coordination between PLGSP as the Government of Nepal's framework for capacity building of the provincial and local governance,

and the other governance programme has also been realized. PLGSP has become a coordination platform to harmonize coordination with DPs funding the PLGSP, and the DPs working in the area of sub-national governance. This common platform to discuss ongoing challenges and opportunities and ensure regular sharing of information, good practices, lessons learned, and other relevant knowledge products will further enable maximizing of the efforts for the advancement of the federalism in Nepal.

Operational issues and challenges

PLGSP encountered various operational challenges during the reporting year. However, these challenges were gradually resolved in due course of time. The following are worth mentioning as the most relevant ones:

- The Institutionalization process of PLGSP took more time than expected which postponed launching of other successive programmatic steps such as the signing of MoU with PGs, ASIP approval, TASP selection, staff recruitment etc. This resulted in limited time available for the start-up and smooth implementation of the ASIP activities planned at both federal and provincial levels.

- LDTA being an autonomous institution with internal liabilities of staff, assets and others took more time than it was expected at the beginning to undergo the restructuring process. In addition, the institutional and legislative process of the provincial government have also taken time at different levels. Since these institutional complexities and processes took time to be completed,the handing over of LDTA regional training centers for the use of provincial government could not progress as expected.

- The countrywide lockdown in relation to COVID-19 crisis was imposed (on 24 March 2020) at the time when PLGSP was taking its initial steps and picking its momentum in implementing ASIP activities. The whole focus of the program was then diverted towards responding to COVID-19 crisis. Consequently, the implementation of the PLGSP planned activities faced numerous challenges.

- Since the federal system is being implemented in Nepal there are yet different political issues overlapping around the three tiers of governments, it has posed challenge to PLGSP to activate the vertical and horizontal coordination mechanisms and processes between all levels of the governments from the perspective of achieving programme results.

- Serious uncertainties concerning programme implementation have been anticipated due to massive spread of COVID-19 infections, which may lead to significant modifications in program activities as well as in programme operational modalities in the FY 2020/21.In addition to modification which will most likely become inevitable, the scenario planning can be expanded to cover more and less "doable" activities during Covid along with risk mitigation plan.

Way forward

PLGSP's startup complexities are now mostly overcome. PLGSP has strategized the following critical aspects to be considered in the FY 2020/21 as key way forward measures based on the past lessons learned from LGCDP, COVID-19 response and GoN policies:

- Make PCGGs functional in all provinces as a priority and to be developed as a center for excellence to drive the overall capacity development activities for the local governments. Proper functioning of PCGG is going to be a crucial success factor of the PLGSP.Therefore, the program will particularly focus on its institutionalization process as soon as possible in all provinces. It will work closely with PG, LG's Association and tie up the functional relationship of PG with entire LGs of the province. This will fulfill the prevailing gap related to coordination and collaboration between the PG and LGs.

- The focus will be to develop the PCGG as competitive organization capable of delivering emerging capacity development demands of local governments, so that the development partners and international non-governmental organizations willing to support capacity building initiatives at the local level will have capable institutions to efficiently channel their support and work with.

- Establish institutions and operating guidelines on the Innovative Partnership Fund (IPF), a special purpose vehicle for funding innovation, as a driver to mobilize resources and implement innovative schemes promoting good governance, ownership, innovation and learning, federal-provincial-local cooperation, local economic development and social inclusion.

- Support PLGs to mainstream GESI through building their understanding and capacity on GESI including provisionof technical support to prepare GESI strategies and conduct Gender responsive budget (GRB). Training and orientations will be organized virtually or in-person for local elected representatives and staff. Further to this, a dedicated training will also be organized for the elected representatives representing Women, Madheshi, Muslim, Dalit, Ethnic minorities and other disadvantaged groups.

- To modernize the LGs with a strong administrative and accountable PFM system, the planning process, and institutionalizing good practices of public administration at local levels including those focused on transparency, accountability, anti-corruption, inclusion and participatory decision-making process will be promoted. Likewise, development of fiscal policies on both revenue and expenditure areas will also be developed. Roll out of SuTRA in 753 LGs and development of additional modules of revenue will be carried out with training and capacity building support in the areas of provincial planning and budgeting systems and procedures, revenue administration systems and procedures,budget execution and expenditure management, systems and procedures,setting up audit systems and procedures

- PCGG will work with academic institutions like University through signing MOU for mobilizing University graduates for strengthening good governance. The University service will be mobilized for coaching and mentoring to LGs on demand basis and conducting targeted research on local governance, downward accountability, service delivery, citizen engagement in decision making and the linking research to policy making.

- Make the programme responsive to COVID-19 which is likely to remain uncertain, by close monitoring of the context at the local level and conducting periodic reviews at the national level with federal agencies and other relevant ministries and stakeholders and by revising adaptive approaches/ strategies to better respond to the uncertainties caused by COVID-19.

- PLGSP will give a special attention to the learning and knowledge management, by establishing a baseline for PLGs, third-party monitoring, and documentation of success stories, and effective communication.

- The CDMIS is being developed with primarily 3 modules- Capacity Development (CD) dashboard module (incl. reporting), resource person or roster module, and knowledge management module, will be a milestone in management of capacity development activities and creating a knowledge base.

- PLGSP will continue with its active involvement of federal agencies and encourage other partners and programmes to align with PLGSP at the province PCC level to avoid duplication, encourage learning of lessons, and sharing and scaling up of good practices.

Annexes

Annex 1

MOU signing with the PGs

Following table gives province wise date of MoU signed between MoFAGA and PGs, Date of PCC formation, PCC chair and date and frequency of PPC meeting held.

Date of key events:

Province	Date of MoU signed	Date of PCC formation	Date of PCC meeting	PCC chair
Province-1	14th November 2019	10th December 2019	First: 14-15 Dec 2019 Second: 29th May 2020	Chief Minister
Province-2	13th November 2019	23 February 2020	First- 24 February 2020 Second- 26 May 2020	Chief Minister
Bagmati	14 November, 2019	21 November 2020	First- 21st Nov, 2019 Second- 29 May 2020	Chief Minister
Gandaki	17 November 2019	November 2019	First- 29th Nov. 2019 Second-25th May 2020	Chief Minister
Province-5	19 November 2019	14 November 2019	First- 15 November 2019 Second- 26 May 2020	Chief Minister
Karnali	4th November 2019	15th November 2019	First- 26th November 2019 Second- 26th May 2020	Ministry of Internal Affairs and Law
Sudur Paschim	17th November2019	1 December 2019	First- 8 December 2019 Second- 24 May 2020	Chief Minister

Annex 2

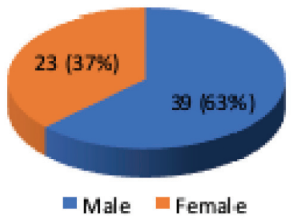
TA staff recruitment

The TA personnel play a catalytic role in the implementation of the Programme and the achievement of its results. UNDP worked closely with the PLGSP in recruiting TA personal for the PLGSP. Out of 109 staff, 20 have joined PLGSP, 42 selected candidates confirmed their joining date and recruitment of 33 staff is under the selection process. Out of the two remaining positions, MoFAGA had decided to start the recruitment of Innovative Partnership Fund Expert (PPIU), however, the decision yet to take for the position of the Infrastructure Development Expert (PCGG).

TA staff recruitments status and list of selected candidates

S.N	Position	Duty Station	Disaggregation by gender			Status
			Male	Female	Total	
1	Coordination and Monitoring Specialist	PCU	1	0	1	Joined
2	Gender Equality and Social Inclusion (GESI) Specialist	PCU	0	1	1	Joined
3	Local Governance Expert	PCGG	4	3	7	Joined
4	Governance cum Legal Expert (Team Leader)	PPIU	5	2	7	Joined
5	Programme Assistant	PCGG	3	4	7	Joined
6	Public Financial Management Specialist	PCU	1	0	1	Joined
7	Federal Governance Expert cum Development Partner Coordinator	PCU	0	1	1	Joined
8	Gender Equality and Social Inclusion (GESI) Expert	PCGG	1	6	7	Joining date confirmed
9	Administrative and Finance Officer	PCU	1	0	1	Joined
10	Curriculum Development Expert	PCGG	5	2	7	Joining date confirmed
11	Capacity Development Expert	PCGG	6	1	7	Joining date confirmed
12	Programme Associate	PCU	1	0	1	Joined
13	IT and E-governance Expert	PPIU	6	1	7	Joining date confirmed
14	Public Financial Management Expert	PPIU	5	2	7	Joining date confirmed
Total			**39**	**23**	**62**	

Pursuing the fundamental of Gender Equality and Social Inclusion, PLGSP focused on maintaining workforce diversity, without compromising the professional competency of candidates. As a result, of the total selected 62 staff, 37% are females [1]. The Gender distribution for positions for which recruitment has been completed is presented in the below chart.



[1] This is % of 14 positions for which recruitment has been completed. PLGSP yet to complete the selection of 47 staff for five different positions

Annex 3

Summary of coordination meeting with DPs and alliance partners

- **Highlights on the key features of the PLGSP and latest updates: MoFAGA and UNDP:**

Mr. Ramesh Adhikari made a brief presentation on key features of the PLGSP. He highlighted the background of PLGSP from its designing to launching phase of the program. He emphasized that DPs should align their program activities with the provincial PLGSP structures (i.e. Provincial Programme Implementation Units (PPIUs), and Provincial Centers for Good Governance (PCGGs), ensuring synergies in achieving PLGSP outputs and outcomes. Representatives from DPs welcomed the initiative taken by the Ministry and reiterated the importance of having a coordination mechanism and platform that could bring all the alliance partners together.

- **Update on the Federalism Capacity Needs Assessment (FCNA): WB/UNDP:**

Gabriel Dedu, WB, presented updates on the progress and rational behind conducting the FCNA study. He mentioned that upon the request of the Ministry of Finance (MoF) and MoFAGA, WB and UNDP facilitated assessing capacity needs of province and local governments with an aim to assess the current capacity gaps and related needs. Further, four areas of FCNA study were specially discussed in the meeting: a) completion of the capacity needs assessment; b) preparation of a brief policy note based on the assessment, c) translation of FCNA report in Nepali; d) preparation of brochure with key content. Some DPs showed their further interest to know about the different aspects of the FCNA study.

- **Updates on the other governance related programs and their alignment/coordination with PLGSP:**

Mr. Ramesh Adhikari, PLGSP NPM, highlighted how PLGSP can serve as a common framework programme in the areas of coordination, synergy creation, and avoid duplications; among DPs who are working in Province and Local Governments. He furthermore highlighted that MoFAGA has developed an online matrix to capture the key information from the programs being supported by DPs. The matrix includes information on who is doing what and where, as well as the priory areas of implementation and the total budget by project. Participating alliance partners appreciated the initiatives taken by the MoFAGA in terms of collecting information for the mapping and showed commitments to work closely with the PLGSP at different levels.

- **Implications of the COVID-19 crisis for sub-national governance support projects/ programs:**

Mr.Ramesh Adhikari shared the government's immediate strategies to address COVID-19 situation. He shared that the current crisis is not only a health emergency, but that has also consequences in all dimensions of society and economy such as reduced employment opportunities, disturbance in supply chains and so on. He informed that the Ministry, and the Provincial and Local Governments have undertaken different activities to respond to this global crisis. Mr. Ramesh Adhikari informed DPs that MoF has requested all DPs to consider options for repurposing ongoing programs/projects toward offering additional support to the health care system; and address other socio-economic challenges emerging due to COVID-19.

Annex 4

Exposure cum learning visit

A 16-member Nepalese team visited Kerala state of India from 16th to 23rd October 2019. The delegation included the Joint Secretary of the Ministry of Federal Affairs and General Administration (MOFAGA), the national Programme Manager of PLGSP, seven officials representing each of the seven provinces from the Office of the Chief Minister and Council of Ministers (OCMCM), and three Deputy Mayors along with the Executive Director of Local Development Training Academy (LDTA). The objectives of the learning mission were of three folds focusing learning and sharing on: (i) Capacity development and strengthening local level institution, (ii) fiscal space and decentralization, and (iii) local governance and inclusive participatory planning process.

The delegation met policy makers and senior government officials working at the State level at the state capital city of Thiruvananthapuram. From the capital city, the Nepalese delegates travelled to the central district of Trishur, where the team spent three days in at the Kerala Institute of Local Administration and visited two Local Governments. The delegation further visited Mullurkara Panchayat and observed several social programmes and initiatives which have been identified as best practices within the region. The last leg of the mission took place in Trishur, with the purpose to learn about practiced data and statistics mechanism.

The delegation learnt/observed various aspects during the visit. The key aspects include: laws, procedures and registration systems related to social protection; poverty mapping techniques; rural employment; community kitchen for poor family; engaging high school children in local government work; quality capacity development; systematic approach to training cycles; participatory planning, monitoring and evaluation systems; and sustaining capacity development strategy. After the visit, the delegation concluded by proposing the following five follow-up actions as below.

- The MoFAGA will explore the best way of working with the provincial and locally elected members and committees. Possibility will initiate policy dialogue with Parliamentarians soon on the issue of strengthening local governance and capacity development. There is also a possibility that we can bring experts from KILA, CMD and Kerala Government in Nepal.
- The MoFAGA will work together towards establishing and strengthening a unified social protection registry system.
- MoFAGA will advocate establishing robust capacity development mechanisms to strengthen the local and provincial governments.
- Participatory planning along with involvement of citizen as a model will be explored to ensure that local governments have a strong downward accountable process.
- Influence and introduce the concept of “Social Audit” into the discussion and designing of the local government downward accountability will be explored.

Annex 5

Joint coordination and learning visit

The team paid a courtesy call to the Chief Minister at the Surkhet Airport, at the very moment when the CM was heading toward Kathmandu! Mr. Jaya Narayan Acharya briefed him about the objectives of the visit. In response, the CM discussed about the importance PLGSP for the development of Karnali province. The team then paid a courtesy visit to Minister of Economic Affairs and Planning, at his office. The minister expressed his views about different provincial issues and challenges; and discussed about the potential role of PLGSP and development partners to address them. Further, he discussed about the ongoing efforts for the establishment of PCGG for capacity development and about integrated planning and monitoring of training activities. In response, DP coordinator explained the potential roles of PCGG, and other factors related to good governance. The NPD, Mr. Jaya Narayan Acharya summarized the meeting saying that federal government is underway to transfer the current regional training centers to the provincial governments by formulating an operation regulation through a consultative process.

Another dedicated joint meeting was held with the Principle Secretary, Provincial Programme Director, different ministerial secretaries who are PCC member as well, and PPIU team. The PLGSP NPD briefed about the objectives of the visit, need to establishment of PPIU and PCGG, PCGG regulations that the federal cabinet decided. Principal Secretary of the OCMCM Mr. Tek Narayan Pandey discussed about the importance of PLGSP, PCGG and assured that he will provide all necessary supports in future. Provincial Programme Director Ms. Laxmi Kumari Basnet presented the annual work plan of PLGSP, issues and challenges and way forward related stuffs. In the plenary, different people put their views. Secretary of Law at OCMCM Mr. Bal Sagar Giri urged PLGSP to provide dedicated procurement staff/specialist and discussed about the seasonal limitations in high mountains. The Secretary for Ministry of Economic Affairs and Planning addressed the need of having close coordination with MoFAGA and province level ministries to implement PLGSP and urged PLGSP to support to increase the low budget expenditure situation of the province. The acting Secretary of Social Development Ministry Mr. Bishnu Kumar Adhikari mentioned that his ministry also has the practice of GRB and GESI audit and they lack the Experts/ consultant for doing so. I response, the DP coordinator Egbert Pos and the first Secretary of Norwegian Embassy acknowledged all for their genuine concerns related to PLGSP implementation and their expectations from the programme. The NPM and NPD of PLGSP highlighted various aspects of PLGSP and responded to the queries and issues raised by participants. Finally, Principal Secretary concluded the meeting with his brief remarks.

The team held another dedicated meeting with Local Governments Associations Karnali Chapter. Different aspects of PLGSP were discussed by NPD including PLGSP's intended results, budget allocation modality, role of UNDP etc. Mr. Ratna Bahadur Khadka, Coordinator, MuAN- Karnali Province discussed about different aspects of capacity gaps of LGs and potential roles of PLGSP to address them. Similarly, representative of National Association of Rural Municipality in Nepal (NARMIN) shared different ideas. He suggested that if capacity development activities are devolved at the Ward level; and

recommended to train graduates that are recruited from Public Service Commission. The chair of DCC, Surkhet stressed the importance of capacity development of DCC staffs in qualitative terms. Further he stressed to develop DCC as the major coordinating agency among 3-tiers of the governments. District Coordination Officer, DCC shared that good practices of LGCDP can act as the legacies while devolving the programmes within PLGSP. The members of the visiting team responded to the queries and concerns raised by participants in the meeting.

The visiting team conducted another dedicated meeting with DPs working in Karnali province. This meeting was chaired by Mr. Ramesh Adhikari, NPM of PLGSP. Almost all the visiting team members participated the meeting together with local representatives of development partners. On behalf of UNDP, Mr. Rafeeque Siddiqui shared about the presence and engagement of UNDP in Karnali Province, challenges, gaps and opportunity of PG and LGs. He further highlighted about the needs of uniform operational procedure for the Judicial Committee and LGs operational and development related issues. Other team members representing different development partners also discussed about respective agenda and gave remarks that are connected with PLGSP at the local level.

Annex 6

Some ICT examples from the field

A. ICT initiations support digitization of Phalewas municipality

Prepared by Kamal Gautam, IT Officer, Phalewas Municipality

Phalewas Municipality is geographically located in the center of Parbat district. However, most wards are in rural areas, with difficult terrains and muddy roads to travel. Due to this working at ward offices was a challenging task for officials as well as service beneficiaries. As an IT Officer, I considered this challenge as an opportunity to make Phalewas a digital municipality, and I believe I have succeeded to a large extent.

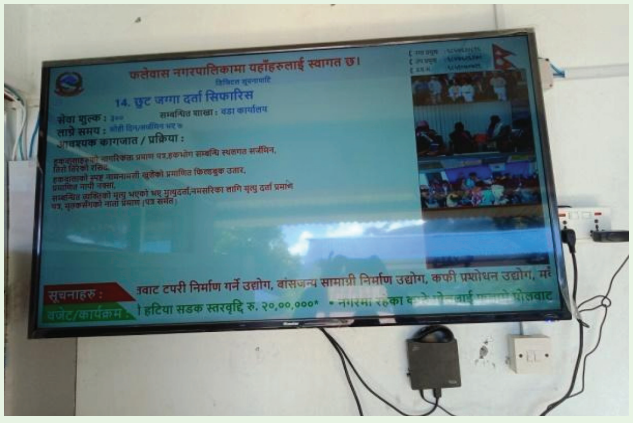
Now, the Municipality office, located in ward number 5, Khanigaun, now has ADSL internet and is connected with two ward offices. Other ward offices are connected with wireless internet services. It is now well facilitated with telephone and intercom. CC Camera, smart notice board, digital citizen charter have been into practice. In addition, the municipality office has been regularly updating municipal websites, using Bulk SMS Service for information dissemination. Software like SUTRA, e-Procurement, COPOMIS, IEMIS, HMIS, VERS-MIS etc. are in practice in different sections of municipalities and wards.

Despite problems like natural disaster (lightening, landslide), power cuts, the Phalewas municipality has invested connecting ward offices and other basic service institutions. Around 14 public schools are facilitated with internet service and are teaching computer courses. Among them, two schools have started teaching with Multimedia and Smart Boards and facilitated CC Camera monitoring. Some schools started computer training for teachers by co-operation with the municipality, which has improved efficiency of teachers and overall quality of education.

B. Kharpunath Municipality- leading for digital Humla

Prepared by Pragyan Shahi, IT Officer, Kharpunath Rural Municipality, Humla

After being recruited as an IT Officer, I was excited to begin the new chapter of my life and I was very happy about getting a job in my own country on the subject that I have specialized in. When I started the work, we didn't even have our own office; we had to work at the headquarter of Humla, (Simkot). So basically, we were at zero regarding ICT- there was no internet, no electricity backup system, attendance was paper based. The laptops, desktops, printers, and website were not functioning properly. The information dissemination of the municipality needed drastic improvement. For improvement, I talked with the Chief Administration Officer, who not only responded positively, but also supported in preparation of the ICT plan.



School having e-Attendance and monitoring students and teachers through CCTV.

Using TV for learning in Nursery and KG classes

As per the plan, firstly we established an internet facility in the municipality, which was challenging due to the problem of geography, mobile network and electricity. We then provided ICT devices to all staff, along with capacity development training. which will help in day to day operation as well as in supporting online vital registration from all wards. For information dissemination, the official website and mobile app are in operation. Bulk sms service is working very effectively for communicating vital information and notices to staff, elected representatives and public. Planning software and SUTRA software is also being implemented effectively.

After this, I have helped two schools establish internet connection, as they were selected for the IT Lab provided from Nepal Telecom. This has helped one of the schools be the first IT friendly school in Humla which now has an electronic attendance system, CCVT system, Digital notice board, internet along with other infrastructures like laptops, desktops, printers, projectors, TV.

The efforts have highly been recognized and appreciated- in the inauguration ceremony of the school, Hon'ble Mr. Jiwan Bahadur Shahi Chief, the opposition party leader of Karnali Province, presented a certificate of appreciation to me and me and ITO of Simkot RM, Tsering Yungdung Lama.

c. Transparency and good governance through e-procurement

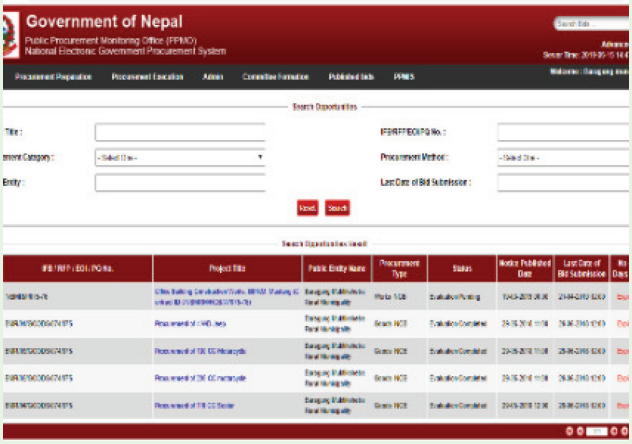
Prepared by Surya Timilsina, IT Officer, Varagung Muktikshetra Rural Municipality, Mustang

Despite being located in a geographically remote area, the journey for the development of ICT is continuously flourishing in VaragungMuktichhetra Rural Municipality, Kagbeni, Mustang. At the time of recruitment, I was compelled to provide the internet through a hotspot on my own mobile phone, but now the office is facilitated with a dedicated fiber connection. There are various appreciable changes achieved since then, one being the establishment of an e-procurement system.

Procurement is the process of finding and agreeing to the terms and acquiring goods, services or works from an external source, often via tendering or competitive bidding process. Previously it was done manually with tedious paper works. There was no digital support and therefore transparency was not maintained. This also caused lots of misunderstandings among bidders. Moreover, the bidder used to give pressure to the office staff to make contracts in their favour.

To overcome all these issues and disputes, the municipality decided to perform all procurement and tender through electronic process and initiated that instantly. The use of Electronic procurement has impacted positively in the initiation of transparency and good governance. Now every bidder is happy and satisfied with the electronic process for awarding the tender no matter which consultant or form is awarded. All public and bidders believed that the procurement process was transparent and fair.

More than twelve projects of around seventy million NPR are already tendered through electronic procurement. By tendering the projects through an electronic process, the office has initiated the non-discriminated and equalized procurement. This is economically accountable. This system has completely ended the dispute that occurred during general types of procurement. In this way the use of electronic procurement has ensured transparency, free of corruption and good governance using information technology.



Annex 7

Important contacts

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Province 1	Provincial Programme Implementation Unit, Province No. 1 OCMCM Office, Biratnagar 021-472716,470189, Toll Free No:16602152002, Hello Pradesh Sarkar:021472372 Hello Mukhya Mantri: 1091 Web add: www.ocmcm.p1.gov.np, ppiu.p1@plgsp.gov.np
Province 2	Provincial Programme Implementation Unit, Province No. 2 LDTA Building Mujheliya, Janakpur, 041-527221, 041-523133 (Intercom) 041-527101 Web add:ocmcm.p2.gov.np, ppiu.p2@plgsp.gov.np
Bagmati Province	Provincial Programme Implementation Unit, Bagmati Province, Hetauda Web add: www.ocmcm.bagmati.gov.np, ppiu.p3@plgsp.gov.np
Gandaki Province	Provice Programme Implementation Unit, Gandaki Province DCC Building, Pokhara Ph no. 061-5376550228 Fax no. 061-550228 Web add: ocmcm.gandaki.gov.np, ppiu.p4@plgsp.gov.np
Province 5	Provincial Programme Implementation Unit Province No. 5, OCMCM Office, Butwal, Ph no. 081-527060/527061 and Fax no. 081-527059 Web add: ocmcm.p5.gov.np, ppiu.p5@plgsp.gov.np
Karnali Province	Provincial Programme Implementation Unit, Karnali Province OCMCM Office, Birendranagar, Surkhet, Ph no. 083-520111, 521265 ocmcm.karnali.gov.np, ppiu.p6@plgsp.gov.np
Sudurpaschim Province	Provincial Programme Implementation Unit, Sudurpachim Province, DCC Building, Dhangadhi. 091-523232 / 523957, 091-525961, 091-522598, 091-523957, web add: ocmcm.p7.gov.np, ppiu.p7@plgsp.gov.np

Annex 8(a)

Financial Monitoring Report (FMR) of PLGSP 2019/20

Ministry of Federal Affairs and General Administration [MOFAGA]
Provincial and Local Governance Support Programme (PLGSP)
Consolidated SOE (Statement of Expenses/Fiscal Transfers) Budget head no 365001083
Period: 17 July 2019 to 15 July 2020

Budget Head	Economic codes	Budget*				Yet to date Expenditure/ Fiscal Transfer				Financial Delivery in %	Under spend (-)/ Over spend (+)
		GoN	JFA DPs	Other	Total	GoN	JFA DPs	Other	Total		
Total		**300,000,000**	**1,200,000,000**		**1,500,000,000**	**20,563,543**	**253,256,176**		**273,819,719**	**18%**	**1226180281**
Personnel costs											
Employee Salary	21111	1,200,000			1,200,000				0	0%	1200000
Clothing	21121	40,000			40,000				0	0%	40000
Dearness Allowance	21132	48,000			48,000				0	0%	48000
Staff meeting expenses	21134	500,000			500,000	482,500			482,500	97%	17500
Other Allowance	21139	300,000			300,000	62,000			62,000	21%	238000
Insurance	21213	19,000			19,000				0	0%	19000

Budget Head	Economic codes	Budget*				Yet to date Expenditure/ Fiscal Transfer				Financial Delivery in %	Under spend (-)/ Over spend (+)
		GoN	JFA DPs	Other	Total	GoN	JFA DPs	Other	Total		
Operation and Administration											
House Rent	28142	1,800,000			1,800,000	1,281,792			1,281,792	71%	518208
Water and Electricity	22111	510,000			510,000	150,302			150,302	29%	359698
Communication	22112	1,000,000			1,000,000	253,918			253,918	25%	746082
Fuel	22212	1,000,000			1,000,000	146,514			146,514	15%	853486
Vehicle Maintenance	22213	1,000,000			1,000,000	271,139			271,139	27%	728861
Maintenance of office machinary & tools	22221	300,000			300,000	1,469			1,469	0%	298531
Office Stationeries and office expenses	22311	2,500,000			2,500,000	1,692,906			1,692,906	68%	807094
Fuel Other purpose	22314	150,000			150,000	12,035			12,035	8%	137965
Newspapers, publicatiion	22315	1,000,000			1,000,000	7,720			7,720	1%	992280
Other office expenses	22319	800,000	367,000		1,167,000	736,500	353,939		1,090,439	93%	76561
Office operations	26312	63,000,000			63,000,000	5,080,754			5,080,754	8%	57919246
Programme Expenses											
Consultancy and Services Expenses	22411	2,000,000			2,000,000	1,709,165			1,709,165	85%	290835
Information system and software	22412	1,000,000			1,000,000	491,550			491,550	49%	508450

Budget Head	Economic codes	Budget*				Yet to date Expenditure/ Fiscal Transfer				Financial Delivery in %	Under spend (-)/ Over spend (+)
		GoN	JFA DPs	Other	Total	GoN	JFA DPs	Other	Total		
Contract Services	22413	2,562,000	273,933,000		276,495,000	2,239,775	231,642,108		233,881,883	85%	42613117
Other Services fee	22419	200,000			200,000	62,700			62,700	31%	137300
Programme Expenses	22522	202,800,000	402,900,000		605,700,000	5,160,853	8,769,338		13,930,191	2%	591769809
Monitoring and Evaluation	22611	250,000	1,000,000		1,250,000	17,920	169,707		187,627	15%	1062373
Travel expenses	22612	200,000	300,000		500,000				0	0%	500000
Miscellaneous expenses	22711	750,000			750,000	702,031			702,031	94%	47969
Grants											
Conditional Recurrent Grant to Gov. entities	26412								0		0
Capital Expenses											
Infrastructure improvement expenses	31113		350,000,000		350,000,000				0	0%	350000000
Furniture and Fixtures	31123		20,000,000		20,000,000		4,741,898		4,741,898	24%	15258102
Vehicles	31121		900,000		900,000				0	0%	900000
Machinery tools	31122	3,500,000	145,900,000		149,400,000		7,579,186		7,579,186	5%	141820814
Unallocated **	28911	11,571,000	4,700,000		16,271,000				0	0%	16271000
Total		**300,000,000**	**1,200,000,000**		**1,500,000,000**	**20,563,543**	**253,256,176**		**273,819,719**	**18%**	**1226180281**

* Budget as per Red book and LMBIS
** Unallocated out of total red book budget (recurrent)

Annex 8(b)

Statement of Foreign currency Account

Government of Nepal
Ministry of Federal Affairs and General Administration [MOFAGA]
Provincial and Local Governance Support Programme (PLGSP)
Statement of Foreign Currency Account (FCA)
Period: 17 July 2019 to 15 July 2020

	Description	US$	NPR
A	Opening Balance		
B	Deposited to the FCA during the FY	**7,345,778.63**	**831,456,706.62**
1	DFID		
2	Norway	3,405,907.13	386,093,632.26
3	SDC	3,939,871.50	445,363,074.36
4	EU		
5	UN Agencies		
C	Advance to UNDP	**3,713,292.00**	**422,238,433.32**
1	Transfer to UNDP	3,713,292.00	422,238,433.32
D	Transfer from FCA to FCGO/treasury	**3,632,486.00**	**424,492,313.96**
1	Transfer to FCGO	3,632,486.00	424,492,313.96
E	Exchange Gain/(Loss) [F - (A+B-C-D)]		15,274,115.28
F	Closing Balance	**0.63**	**74.62**