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Resilient nations.*

Local Governance and Community Development Programme (LGCDP II)

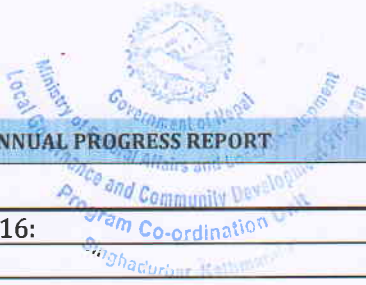
Annual Progress Report 2016



A participant raising question at a Public Hearing event held in Manapang VDC Tanahun

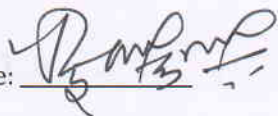
PROJECT PROFILE

About the Project	Geographic coverage	
Project Title: Local Governance and Community Development Programme (LGCDP) II: Policy and Program Support Facility (PPSF) Award ID: 00078361 Web link:	National level coverage (Yes/No): Yes Number of Dev. regions covered: 6 Number of Districts Covered: 75 Number of Municipalities Covered: 217 Number of VDCs Covered: 3157	
Strategic Results		
UNDP Strategic Plan Outcome 3: Countries have strengthened institutions to progressively deliver universal access to basic services		
UNDP Strategic Plan Output 3.2: Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public		
UNDAF Outcome 5: Institutions, systems, and processes of democratic governance are more accountable and effective Project Outcomes: Outcome 1: Effective Implementation of LGCDP II at all levels of the Government Outcome 2: Improved Policy advice and capacity support for development for overall service delivery at the local level Outcome 3: Greater efficiency and effectiveness in programme coordination and oversight		
UNDAF/CPAP Output 5.2: Provincial and local bodies can plan, budget, monitor, report and deliver inclusive government services. Project Outputs: Output 1. Programme Coordination Unit (PCU) strengthened and fully operational Output 2: Regional Coordination Unit (RCU) established and operational Output 3: Technical support provided to Local Government Institutions (LGI) Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II Output 5: Strengthened overall capacity of MoFALD to manage TA (including Volunteers) Output 6: Capacity of national and sub-national institutions to manage and implement local service functions strengthened Output 7: Efficient and effective liaison and strategic guidance provided to DPs and the Government Output 8: Efficient and effective quality assurance, programme monitoring, documentation, and evaluation provided to ensure that LGCDP II delivered stated outcomes and outputs		
Project Duration (day/month/year)	Implementing Partner(s)	Implementation Modality
Start Date: 15 July 2013 End Date: 15 July 2017	1. Ministry of Federal Affairs and Local Development	NeX
Project Budget (US\$)		
UNDP Contribution: 1.8 million Donor 2- UNCDF contribution : 0.4 million Donor 3- UNV contribution : 0.3 million Government Contribution: Donor Contributions: Donor 1: DFID: 8 million Donor 2: Norway: 1 million Donor 3: Denmark: 1 million Unfunded: 1 million		
Total Project Budget:		US\$ 13.5 million



December, 2016 **ANNUAL PROGRESS REPORT**

Total Project Expenditure till 2016:	US\$10.37 million
Budget 2016:	US\$ 3.71million
Expenditure 2016	US\$ 2.97 million
Budget Utilization in 2016	83.69%

Signature: 
Resham Lal Kandel,
National Programme Manager
Date:

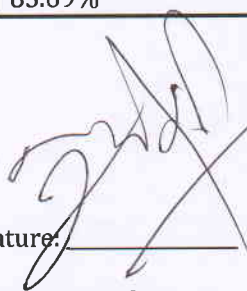
Signature: 
Reshmi Raj Pandey,
National Programme Director
Date:

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ABBREVIATION

ADB	:	Asian development bank
ADDCN	:	Association of DDC Nepal
AMEP	:	Annual Monitoring and Evaluation Programme
AQAA	:	Annual Quality Assurance Assessment
ASIP	:	Annual Strategic Implementation Plan
AWP	:	Annual Work Plan
CAC	:	Citizen Awareness Centre
CBO	:	Community Based Organization
CD	:	Capacity Development
CDF	:	Community Development Fund
CFLG	:	Child-Friendly Local Governance
CIG	:	Community Infrastructure Grant
CM	:	Community Mediation
CSO	:	Civil Society Organization
DAG	:	Disadvantaged Group
DDC	:	District Development Committee
DFiD	:	department for International development
DGE	:	District Governance Expert
DIMC	:	Decentralization Implementation and Monitoring Committee
DIP	:	Decentralization Implementation Plan
DP	:	Development Partner
DPMAS	:	District Planning and Monitoring Analysis System
EFLG	:	Environment Friendly Local Governance
EO	:	Executive Officer
FAD/S	:	Federal Affairs Division/section
FMR	:	Financial Monitoring Report
FRRAP	:	Fiduciary Risk Reduction Action Plan
GESI	:	Gender Equality and Social Inclusion
GoN	:	Government of Nepal
GRB	:	Gender Responsive Budget
ICT	:	Information & Communication Technology
JFA	:	joint Financial Agreement
LB	:	Local Bodies
LBFC		Local Body's Fiscal Commission
LBRMMG	:	Local Body Resource Mobilization management Guideline
LDO	:	Local Development Officer
LDTA	:	Local Development Training Academy
LED	:	Local Economic Development
LGAF	:	Local Governance Accountability Facility
LGCDP	:	Local Governance and Community Development Programme
LGI	:	Local Government Institutions
LLRC	:	Local Level Restructuring Commission
LSGA	:	Local Self-governance Act
LSP	:	Local Service Provider
LSP	:	Local Service Provider
MAR	:	Monthly Activity Report
MCPM	:	Minimum Conditions and Performance Measurement
MIS	:	Management Information System
MoF	:	Ministry of Finance
MoFALD	:	Ministry of Federal Affairs and Local Development

MTEF	:	Mid Term Expenditure Framework
MToT	:	Master Training of Trainers
MTR	:	Mid Term Review
MuAN	:	Municipality Association of Nepal
NAC	:	National Advisory Committee
NFY	:	Nepalese Fiscal Year
NPC	:	National Planning Commission
NPD	:	National Programme Director
NPM	:	National Programme Manager
NPR	:	Nepali Rupee
NSP	:	National Service Provider
NUNV	:	National United Nations Volunteers
PCU	:	Programme Coordination Unit
PFM	:	Public Financial Management
PIS	:	Personal Information System
PO	:	Programme officer
PPSF	:	Policy and Programme Support Facility
PRSP	:	Poverty Reduction Strategy Paper
RBM	:	Result-based Monitoring
RCU	:	Regional Coordination Unit
REFLECT	:	Regenerated Freirean Literacy through Empowering Community Techniques
SDC	:	Swiss Development Cooperation
SIP	:	Small Infrastructure Project
SM	:	Social Mobilizers
SNGP	:	Sub National Governance Programme
TA	:	Technical Assistance
TASC	:	Technical Assistance Sub Committee
TNA	:	Training Need Assessment
ToR	:	Terms of Reference
UGE	:	Urban Governance Expert
UGE	:	Urban Governance Experts
UN	:	United Nations
UNCDF	:	United Nations Capital Development Fund
UNSCR	:	United Nations Security Council Resolutions
UNV	:	United Nations Volunteer
USD	:	United States Dollar
VDC	:	Village Development Committee
VERSS	:	Vital Event Registration and Social security
WBRS	:	Web-based Reporting System
WCF	:	Ward Citizen Forum

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1. EXECUTIVE SUMMARY

The Policy and Programme Support Facility (PPSF), under the UN Joint Programme (UNJP) comprising of UNDP, UNCDF and UNV is providing Technical Assistance (TA) to the Local Governance and Community Development Programme (LGCDP) II, a national flagship programme of the Ministry of Federal Affairs and Local Development (MoFALD). The TA support focuses on policy research and capacity development for service delivery, coordination and oversight mechanisms. The Programme Coordination Unit (PCU) and six Regional Coordination Units (RCUs) are providing technical backstopping to MoFALD and local bodies for program implementation, coordination, monitoring, and reporting. The PPSF has ensured timely implementation of main activities of Annual Strategic Implementation Plan (ASIP), 2016.

Under Pillar I of the Programme, 85% of LGCDP II's planned budget was delivered in FY 2072/73 as a result of the technical support provided throughout the year. Some of the key factors behind this success include: timely arrangement of human and financial resources at all levels, on the job trainings to staff, continuous technical backstopping and timely implementation of programme activities at all levels.

PCU provided technical backstopping support to respective output managers/sections for periodic planning; monitoring, reporting, policy advice, implementation of programme activities, etc. Similarly, RCUs played a key role in coordinating at the regional level; regularly collected data and shared progress reports to the centre; monitored LGCDP plans at local level; documented best practices and success cases; provided technical support and guidance to LGCDP Focal Persons on regular basis to achieve above result.

The National UN Volunteers (NUNV) mobilized in MoFALD and local bodies delivered substantial changes in altering conventional to e-governance working practices at all levels. This year, 92 trainings were organized on various ICT tools and techniques- for local bodies' staff to build their capacity on the use of information technology.

As a result of the continued backstopping support of LGCDP TA, 98% LBs (VDC and municipalities) conducted ward level planning workshops whereby citizens especially women, children and disadvantaged groups, and their institutions actively engaged in the planning process.

Through LGCDP's technical support, a total of 85%, 100% and 60% DDCs managed to conduct social audits, public hearings and public audits respectively in the reporting year towards improving 'accountability' of local bodies. Similarly, a total of 80% LBs allocated targeted grants to women, children, and vulnerable groups as directed by Local Bodies Resource Mobilization Guideline.

A total of 98% LBs (VDC and municipalities) conducted ward level planning workshops whereby citizens especially women, children and disadvantaged groups, and their institutions actively engaged in the planning process. As a result, 80% plan and projects demanded by Ward Citizen Forums (WCFs) were incorporated into LB's annual plan. Out of these, the projects included 49% women focused, 53% child focused, and 42 % DAG focused. Furthermore, 45% beneficiaries of Local Body implemented infrastructure projects which were from disadvantaged communities in the reporting year.

Under Pillar II, significant developments were made in the area of policy advice and capacity support that helped improve local service delivery. The Local Body Fiscal Commission conducted a study on the projection and collection of taxes for provinces and local governments in the changed federal context. This report has will guide the policy makers in preparing new legislations.

Likewise, another study on sub-national borrowing framework in Nepal was initiated with a view of preparing a principle and outline of the legal basis of deficit financing and to institutionalize the borrowing system in Nepal. Interaction on Municipal Finance also showcased the importance of the need to bridge the gap fiscal gap anticipated in the National Urban Development Strategy. The studies initiated are considered as important vehicles to set up fiscal policy and procedures in the changed context.

Another significant result of the year was showcased from the Minimum Condition and Performance Measure (MCPM) assessment results, whereby 93% DDCs (of 75) and 100% Municipalities (of 58) passed MCPM in the 2015. The results also indicated an overall rise in internal revenue generation up to 29.65% in 2015 from 17.95% in 2014.

MoFALD led constitution dissemination and awareness building campaign was supported by LGCDP II through various ICT materials and mobilization of its human resources. Technical support provided to the Federal Affairs Division/Section (FAD/S) to prepare criteria and ToR of the Local Level Restructuring Commission (LLRC), GIS process and analysis of special, protected or autonomous areas. Likewise, the programme supported to prepare federal legislations- Bill regarding Local Self-Governance, and establishment and operation of 6 different constitutional commissions. In the same spirit, support extended to FAD/S to prepare ToR of various Working Teams under MoFALD to develop policies and plan for transitional management of local government.

In the reporting period, the capacity of Local Bodies further improved in the areas of Result Based Management, planning, civic oversight, CFLG, EFLG, local governance and GESI through technical support of the LGCDP. The policy advice and capacity support of LGCDP led MoFALD to purposely organize DP consultative meeting, NAC meeting, sub NAC meeting and Output group meeting, etc. Furthermore, through LGCDP II, trainings were organized on fiscal federalism for Hon'ble member of Parliament and high level government officials across different line ministries.

Under Pillar-3 of the Programme, the DP Cell provided advisory support to MoFALD officials in preparing annual plans, policy papers, concept notes, status report, ToR, guidelines, manuals, and directives. Similarly, DP cell provided various technical support to professional team of LGCDP at both PCU and RCUs. Specific support areas of DP Cell in 2016 include: preparation of ASIP and AMEP; facilitated to form joint task force for designing and developing transition phase between LGCDP II and new Sub- National Governance Programme (SNGP); timely follow up for TASC, NAC, Sub NAC and output group meeting and execution of decisions; technical inputs to conduct Mid-Term Review (MTR) of LGCDP II and regular monthly reporting to development partners via support from PCU and RCU. DP Cell also provided technical inputs to the Sub-National Governance concept note, which was in principle endorsed by National Advisory Committee.

Five key results achieved in 2016

1. A total of 85% of LGCDP planned budget was delivered in FY 2072/73 as a result of technical support.
2. 98% LBs (VDC and municipalities) conducted ward level planning workshops through LGCDP technical support.
3. Important studies on projection and collection of taxes for provinces and local governments completed and a sub-national borrowing framework review was initiated.
4. Contributed to MoFALD policy/law making process and local level restructuring process.
5. Capacity and culture of local bodies significantly increased in the areas of information technology, ICT tools and techniques.

2. BACKGROUND AND RATIONALE

The Policy and Programme Support Facility (PPSF) is jointly supported by UNDP, UNCDF, and UNV to provide technical assistance (TA) and coordination support to the Government of Nepal's Local Governance and Community Development Programme II (LGCDP-II) throughout its four outcome areas and nine outputs. The PPSF is jointly funded by the Government of Denmark, UK's Department for International Development (DFID) and the Government of Norway as well as from the core resources of the participating UN agencies.

The LGCDP II is funded by the Government of Nepal and as many as 14 Development partners under the framework of the joint financial agreement and technical assistance. LGCDP pursues strengthening both the demand and supply side of local governance and local development. The programme aims to empower citizens to engage actively in local governance, strengthening institutional framework of agencies related to decentralization, devolution, local governance and community development and increasing the capacity of local governments to manage resources and deliver essential services in an inclusive and equitable manner.

TA has been deployed to provide necessary support to achieve the programmatic objectives and targets as outlined in the LGCDP- II project document, Strategic Implementation Plan (SIP), Annual Strategic Implementation Plans (ASIPs) and annual monitoring and evaluation plan (AMEP).

PPSF has three outcomes that correspond to three pillars of support to LGCDP II. Pillar one is intended to support the effective implementation of LGCDP II at all levels of the Government; pillar two aims at improved policy advice and capacity development support for better overall service delivery at the local level; and pillar three deals with greater efficiency and effectiveness in programme coordination and oversight.

TA under pillar one is being used for two purposes: (i) to assist MoFALD in the implementation of LGCDP II activities, at both the national and sub-national levels; and (ii) to build the capacity of the Ministry and local bodies to manage such programme on their own in future. A Programme Coordination Unit (PCU) at the Ministry and six Regional Coordination Units (RCUs) have been established to this effect. The PCU has 13 professional positions whereas each of the RCUs has five professional staff members.

To implement the Information and Communication Technology (ICT) component of the programme, eight National United Nations Volunteers (NUNVs) were deployed in all RCUs and two in the PCU. Altogether, 78 ICT volunteers are stationed in various DDCs and Municipalities. These ICT volunteers have supported the development of websites, software installation and operation, using various ICT and MIS based reporting systems.

3. PROJECT SUMMARY AND OBJECTIVES

While the larger LGCDP-II program brings together multiple development partners to contribute to the program's four outcome areas and nine output areas, UNDP together with UNCDF and UNV provides specialized technical support through the Policy and Programme Support Facility (PPSF). The total budget of PPSF is USD 13.5 million, out of which USD 12.5 million is fully funded. In 2015, with the decision to extend the national and regional level TA until the end of the programme, and the district and municipal level TA to July 2016, an additional 2.1 million USD has been mobilized.

The primary objective of PPSF is to support effective implementation of the LGCDP II at all levels through the provision of technical assistance with a prime focus on three main areas:

- Programme implementation, through the provision of national TA at the center, in the regions and at the local level, as well as funding for associated operational and logistic costs;
- Policy, field testing, innovation, and capacity development, through the provision of TA, seed funding, operations and logistic support;
- Coordination and oversight, through the establishment of a Development Partner Coordination Cell (DP Cell) and the deployment of TA for fiduciary assessments, technical reviews, and evaluations.

4. PROGRAMMATIC REVISIONS

As per the programme document, the technical assistance has been provided at PCU and six RCU levels. In the context of the discontinuation of 75 District Governance Experts (DGEs) and 58 Urban Governance Experts (UGEs) in July 2016, the LGCDP II fulfilled this gap by nominating focal persons from among the DDC and Municipality mostly officer level staff. Initially, there were separate two positions for Social Mobilization Expert and Local Economic Development Expert at RCU level. In 2016, TASC decided to merge the two posts and create a new position as Social Mobilization and Livelihood Expert. Further, TASC decided to withhold PFM cum Accountability expert position that was proposed to be stationed at the regional level. The technical support was directed toward supporting Local Level Restructuring Commission (particularly in GIS) in 2016. Aside from the above-mentioned minor changes, there were no major programmatic revisions made in 2016.

5. NARRATIVE ON KEY RESULTS ACHIEVED IN 2016

5.1 Progress towards the UNDAF/CPAP Outcomes

Progress towards Outcome 1: Effective Implementation of LGCDP II at all levels of the Government

In 2016, all the key specialist positions of LGCDP II at PCU and regional level were fulfilled. The RCU specialists and regional coordinators were trained on concepts of theory of change and Appreciative enquiry. As the primary responsibility, PCUs and RCUs specialists have been providing technical backstopping to respective output managers/sections and LGs for planning and timely implementation of programme activities. The Specialists have been coordinating and continuously monitoring respective thematic areas and providing timely reports to the program management. Additionally, the PCU and RCU specialists are supporting in the areas of policy drafting, focused studies, and overall coordination in order to ensure the effectiveness of the programme is maintained at all levels. As a result of technical support through specialists, a total of 85% of LGCDP's planned budget was delivered in the FY 2072/73.

There was a critical human resource gap in implementing LGCDP in the absence of DGEs and UGEs. With the aim to provide uninterrupted technical services to local bodies, LGCDP managed to fulfill/appoint LGCDP focal persons in all 75 DDCs and 217 Municipalities. The focal persons were trained by LGCDP TA.

The RCUs have also provided technical support and guidance to LGCDP Focal Persons on regular basis. Furthermore, RCUs has been playing a coordinating role at the regional level, regularly

collected data and provided progress reports to the centre; monitored LGCDP activities at the local level; documented best practices and success cases.

The National UN Volunteers (NUNV) mobilized in ministry and local bodies has delivered substantial changes in altering conventional to e-governance working practices at all levels. The capacity of local bodies was significantly increased in the areas of information technology, ICT tools and techniques. A major area of capacity building includes Monitoring Analysis System (DPMAS), website operation and Vital Event Registration and Social Security (VERSS) and Management Information System (MIS). A total number of 78 ICT volunteers are stationed at various DDCs and Municipalities who have been supporting in maintaining particular technical capacity at the local level. These ICT volunteers have been supporting in the development of websites, software installation and operation, using various ICT and MIS based reporting systems. This support has been acknowledged in helping to improve e-governance in Nepal.

As a result of the continued backstopping support of LGCDP TA, 98% LBs (VDC and municipalities) conducted ward level planning workshops (against the target of 90%) whereby citizens especially women, children and disadvantaged groups, and their institutions actively engaged in the planning process. As its result, 80% plans and projects demanded by Ward Citizen Forums (WCFs) were incorporated into LB's annual plan. Out of these 49% of the projects included are women focused, 53% are child focused, and 42% are DAG focused. Furthermore, 45% beneficiaries of Local Body implemented infrastructure projects were from disadvantaged communities in the reporting year.

Likewise, LGCDP technical support was instrumental in increasing effectiveness of Output 2- relating to increased 'accountability' in 2016. Reportedly, 85%, 100% and 60% DDCs conducted social audits, public hearings and public audits respectively. Likewise, 36%, 81% and 80% municipalities conducted social audits, public hearings and public audits. At the VDC level, 14% conducted social audits, 85% conducted public hearings and 56% conducted public audits. A total of 80% LBs allocated targeted grants to women, children, and vulnerable groups as directed by Local Bodies Resource Mobilization Guideline. Similar changes has been realized in other output thematic areas of LGCDP.

Progress towards Outcome 2: Improved Policy advice and capacity support for development for overall service delivery at the local level

In 2016, through the mobilization of Technical Assistance, there were significant developments in the areas of policy advice- ultimately helping to improve local service delivery. The Local Body Fiscal Commission completed a study in Nepali on the projection and collection of taxes for provinces and local governments in the changed federal context. The study has been finalized with feedback received from concerned ministries including Ministry of Finance and has been taken as a key document for policy inputs and for legislation preparaitons. With a view to preparing a principle and outline of the legal basis of deficit, financing and institutionalize the borrowing system in Nepal, another study on sub-national borrowing framework in Nepal was initiated. These studies will be instrumental to set up fiscal policy and procedures in the changed context.

As a result of improvement in financial management and public expenditure monitoring, internal revenue generation is on the rise. The overall increase in internal revenue generation was 29.65% in NFY 2014/15 (2015) which was only 17.95% in 2013/14 (2014). Because of the increase in the number of municipalities, there was an increase in internal revenue as well and vice versa in case of VDCs. Minimum Condition and Performance Measure (MCPM) is the basis for performance-based grants systems applied to local bodies. As one of the significant results of the year, 93% DDCs (of

75) and 100% Municipalities (of 58) had passed the MCPM that was observed in 2015 MCPM assessment

Immediately after promulgation of the Constitution, the MoFALD led constitution dissemination and awareness building (*Janatako Sambidhan Janata kai Majhma*) campaign was supported by LGCDP II through various ICT materials and mobilization of its human resources in the process. Local Government restructuring process was supported through technical inputs to the Federal Affairs Division/Section (FAD/S) of MoFALD and through GIS technical expertise to Local Level Restructuring Commission (LLRC). These initiatives helped MoFALD to achieve initial success in federal roll out and restructuring processes.

There has been significant progress in preparing various draft bills for the smooth operation of local level as envisioned in the Constitution. The LGCDP made significant contribution to these national priorities. Technical assistance was provided in the preparation of federal legislations ranging from Bill on the Local Level Governance and establishment and operation of different constitutional commissions namely, National Dalit Commission, National Inclusion Commission, Aadibasi Janajati, Madheshi, Tharu, and Muslim Commission. Inputs of sectoral ministries were sought in the draft. Technical support was also provided to MoFALD in the preparation of briefing notes, proposals of the MoFALD on the functional unbundling and assignment.

Through a number of capacity development initiatives with the technical supports of the LGCDP, the capacity of Local bodies was further enhanced in the areas of Result Based Management, planning, civic oversight, CFLG, EFLG, Local governance and GESI. As a result of the trainings, the programme has observed gradual improvements in LGCDP's reporting system, programming, and monitoring mechanism. During the reporting period, Fiscal Federalism training and experience sharing workshop was held with Honorable members of the Parliaments as well as a senior officials (Secretaries and Joint Secretaries) of various government ministries. MoFALD has also successfully organized timely DP consultative meeting, NAC meeting, sub NAC meeting and Output group meeting, along with regional consultative meetings which has contributed to various policy and management related decisions. One of the major outcomes of these initiatives was setting up of common understanding among GoN and DPs on designing LGCDP transitional phase and new sub national governance program.

Progress towards Outcome 3: Greater efficiency and effectiveness in programme coordination and oversight

Within the Development Partners Cell (DP Cell), a Local Governance Adviser (International), Coordination & Monitoring Specialist (National) and Public Finance Management Specialist (National) have ensured smooth coordination and also established harmonization among DPs, and between DPs and the Government for making LGCDP more effective and efficient. The DP Cell has maintained a one door service for DPs and has contributed in sharing timely information including periodical progress and updates. The Output Managers, Section Chiefs/MoFALD, and PCU specialists have received proper guidance from the DP Cell to prepare Annual Strategic Implementation Plan, Annual Monitoring and Evaluation Plan, policy papers, concept notes, status report, ToR, guidelines, manuals, and directives. The RCUs advisers, District/Urban Governance Experts, and LGCDP focal persons have received technical inputs from DP Cell to carry out LGCDP activities smoothly and more efficiently. The Programme Coordination Unit/LGCDP prepared timely quality documents for NAC, Sub-NAC, TASC and fiduciary risk mitigation meetings with the support of DP Cell. Regular follow up on the decisions of NAC, Sub-NAC, TASC and Output Groups meetings by the DP Cell has resulted in timely action by MoFALD/LGCDP. The DP Cell also provided support to LGCDP/PCU to introduce Annual Monitoring and Evaluation Plan in all DDCs

Municipalities. Likewise, the DP Cell has been providing updated monthly status report to development partners.

Furthermore, DP Cell provided technical inputs to conduct Mid-Term Review (MTR) of LGCDP II. Moreover, it facilitated the MTR team to organize meetings with different stakeholders.

The DP Cell has been assisting PCU in organizing timely meetings of the Sub-NAC, bi-monthly TASC, and bi-annual NAC meetings to review the progress and to take necessary decisions to implement LGCDP activities smoothly to achieve the objectives. These meetings have adopted ASIP, AMEP 2016/17 and reports presented from studies.

Similarly, DP Cell is also providing technical support to organize Joint Task Force meeting formed to facilitate in designing and developing transition phase between LGCDP II and new Sub- National Governance Programme (SNGP) as well as to support in designing SNGP. MoFALD formed the Joint Task Force under the chair of Joint Secretary, Planning and Foreign Aid Coordination Division of MoFALD with representatives from NPC, MoF, DfID, ADB, SDC. . The DP Cell has also provided support to prepare the concept note of transition phase.

5.2 Progress on Project Outputs

Table 1: Progress on Output Indicators

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2015	2016 Milestone	2016 Progress	Cumulative progress up to 2016	Means of verification
Output 1: Programme Coordination Unit (PCU) strengthened and fully operational	Full PCU established in MoFALD, % of planned experts are recruited for PCU	PCU in existence as established under LGCDP I with weak capacity. Need to continue support	Thematic staff, supporting staff to be recruited and PCU fully operational	13 thematic experts and supporting staff have been recruited and PCU operational in full capacity	Thematic staff, supporting staff to be recruited and PCU fully operational	13 thematic experts and supporting staff have been recruited and PCU operational in full capacity	13 thematic experts and supporting staff have been recruited and PCU operational in full capacity	Staff attendance
	Improved trimester progress reporting against planned activities in ASIP	Irregular progress reporting	Improved trimester reporting against the planned activities in ASIP	Trimester progress reports prepared by RCUs and PCU and shared in Sub- NAC meeting	Trimester progress reports prepared by RCUs and PCU and shared in Sub- NAC meeting	Trimester progress reports prepared by RCUs and PCU and shared in Sub- NAC meeting	Trimester progress reports prepared by RCUs and PCU and shared in Sub- NAC meeting	Trimester progress reports
	Timely and effective output group meetings	Output Group meeting takes place on ad-hoc basis	Quarterly output group meetings take place.	All output group meeting held on time i.e. 3 times in a Year 2014/15 as per plan	Quarterly output group meetings take place.	All output group meeting held on time i.e. 3 times in a Year 2015/16 as per plan	All output group meeting held on time i.e. 3 times in a Year 2015/16 as per plan	Meeting Minutes
Output 2: Regional Coordination Unit (RCU) Established	6 Planned RCUs established by end 2013/14	5 RCUs in existence established under LGCDP I	6 RCU providing TA in 6 thematic areas across	6 RCUs operational	6 RCUs operational	6 RCUs operational	6 RCUs operational	Monitoring visit by PCU

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2015	2016 Milestone	2016 Progress	Cumulative progress up to 2016	Means of verification
and operational		with limited capacity	the country.					
	% of planned experts actually recruited for RCU as per TASC TA plan	5 RCUs in existence as established under LGCDP I with limited capacity	RCUs fully operational with 36 technical experts in three thematic areas providing necessary technical assistance to s.	80.5% planned experts are stationed in RCU.	100% planned experts are stationed in RCU.	100% planned experts are stationed in RCU.	100% planned experts are stationed in RCU.	Staff attendance
	% of trimester and annual progress reports submitted by RCU on time			80% of trimester and annual progress reports submitted by RCU on time	100% of trimester and annual progress reports submitted by RCU on time	100% of trimester and annual progress reports submitted by RCU on time	100% of trimester and annual progress reports submitted by RCU on time	RCU Annual reports and RBM
Output 3: Technical support provided to LBs	% of planned experts actually recruited as per TASC TA plan			88% of planned experts actually recruited.	100% planned experts have been recruited	100% planned experts have been recruited	100% planned experts have been recruited	Staff attendance
	% of targeted failing or low performing supported based on MCPM assessments	Limited practice of formula based grants	Local bodies receive performance based formulaic grant based on Minimum	The MC/PM progress rate was 100% of 58 municipalities and 93.33% of DDCs (70 out of 75) in 2013/14.	100% LBs will pass MC	MCPM assessment is being carried out currently.		MCPM result. LBFC website, www.lbfc.gov. np

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2015	2016 Milestone	2016 Progress	Cumulative progress up to 2016	Means of verification
			Conditions Performance Measures (MCPM)	But the result of MC is not satisfactory in 2014/15. The result says that only 48 (82%) municipalities out of 58 passed MC and 68 (90.7%) DDCs out of 75 passed MC in 2014/15				
Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II	% of DDC and % of MuNs have well equipped organizational setup and guidelines for revenue administration and collection	No local revenue guidance in place	LB's own source revenue increases by 10%.	17.95% increase in overall internal revenue generation. 11.17% at VDC level, 12.38% at municipal level and 26.67% at DDC level 40% of DDC and 21% of New municipalities have well equipped organizational setup and guidelines for revenue administration and collection	NA	NA	NA	
	Government Grants allocated and transferred based on	MCPM in place but needs to be updated	Effective MCPM system in place.	To update allocation formula, cost index study	Study carried out	Draft report received and yet to get approval	Draft report received and yet to get approval	Draft report

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2015	2016 Milestone	2016 Progress	Cumulative progress up to 2016	Means of verification
	updated allocation formula and MCPM system			completed				
	% districts using social protection MIS developed under HDSPP	Social protection MIS system inexistent	NA	MIS system developed in 24 districts. Online vital event registration operational in 11 Municipalities, 16 VDCs and 22 wards of Kathmandu Metropolitan City.	NA	NA	NA	
Output 5: Strengthen overall capacity of MoFALD to manage TA (including Volunteers)	PRF operational and PRF regulatory framework in place	No TA procurement system in place.	Conduct a PRF study and operationalize a PRF for procuring and maintaining TA.	PRF study conducted and guidelines developed.	Operationalization of PRF for procuring and maintaining TA.	PRF partly operational	PRF partly operational, 292 LGCDP focal person on board. AC comment: There is no PRF.	LB staff record.
Output 6: Capacity of national and subnational institutions to manage and implement	National CD Strategy approved and operationalized	No National CD strategy	A national CD strategy endorsed and implemented.	The task force formed to operationalize the strategy at work.	NA	NA	NA	
	% reduction of failed MC			1.62% reduction of MC failed	NA	70 DDC, 58 Municipaliti	70 DDC, 58 Municipaliti	

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2015	2016 Milestone	2016 Progress	Cumulative progress up to 2016	Means of verification
local service functions is strengthened				municipality, 3.96 % reduction of MC failed DDCs 8.6% increase in MC failed VDCs,		es and 1837 VDCs passed MCPM in NFY 2070/71. NFY 71/72 result yet to come.	es and 1837 VDCs passed MCPM in NFY 2070/71. NFY 71/72 result yet to come.	
	% of information system updated and digitized			80 % DDCs updated information Web site of 75 DDCs and 58 Municipalities updated A total of 209 municipalities have operational websites	75 DDC and 217 Municipalities have their official website	75 DDC and 217 Municipalities have their official website	75 DDC and 217 Municipalities have their official website	LGCDP annual progress report. LB's webpage
Output 7: Efficient and effective liaison and strategic guidance provided to the DPs and the Government	One door service for LGCDP II coordination	DP coordination requiring integration.	A functional DP coordination cell coordinating LGCDP DPs	Timely Sub-NAC, NAC and TASC meetings are held.	Timely Sub-NAC, NAC and TASC meetings are held.	Timely Sub-NAC, NAC and TASC meetings are held.	Meeting held	Meeting Minute
Output 8: Efficient and effective quality assurance,	Annual technical review conducted			6 TASC meetings organized	4 TASC meetings organized	3 Meeting of TASC conducted till third quarter	3 Meeting of TASC conducted till third quarter	Meeting Minute

Output statement	Output indicator	Baseline	Cumulative Target for 2013 - 2017	Progress up to 2015	2016 Milestone	2016 Progress	Cumulative progress up to 2016	Means of verification
programme monitoring, documentation and evaluation is provided to ensure the LGCDP II deliver stated outcomes and outputs	Mid-term review conducted			ToR developed and RFP called for MTR	Not applicable	Not applicable	Not applicable	
	Monitoring and review/evaluation system streamlined			AMEP introduced at DDC and Municipality level	AMEP introduced at DDC and Municipality level	AMEP introduced at local level	AMEP introduced at local level	AMEP Report (RCU)
	Information available in time for annual planning			Database updated regularly	Database updated on trimester basis	Database updated on trimester basis	RBM report received on time	RBM Online Reporting (RBM)

Progress on Output 1. Programme Coordination Unit (PCU) strengthened and fully operational

The Programme Coordination Unit (PCU) comprises of 13 thematic specialists at present to provide technical backstopping at the policy level to the MoFALD. They provided technical advice in their respective thematic areas including resources management, planning, and programming, policy formulation, capacity development (individual, institutions and networks), establish linkages and networks.

The PPSF has ensured timely implementation of main activities outlined in the Annual Strategic Implementation Plan (ASIP), 2016. Key accomplishments in the year 2016 include: completion and endorsement of the Mid-Term Review (MTR) of LGCDP II; capacity needs assessment of MoFALD staff; revision of the Fiduciary Risk Reduction Action Plan (FRRAP); preparation of Medium Term Budget Framework (MTBF); induction training provided for 292 LGCDP focal persons; 6 regional consultative meetings; piloting pro-poor green recovery plan; timely organization of NAC, Sub NAC and output group meetings; study on grant equalization formula for local bodies; study on projection and collection of taxes for provinces and local governments; initiation of study on sub-national borrowing framework in Nepal; experience sharing workshop on fiscal federalism; sharing options for the revision of MCPM assessment indicators; publication of Local Governance Accountability Facility (LGAF) and Environmental Friendly Local Governance (EFLG) handbook & brochure, Journal of Fiscal Federalism, LGCDP II newsletter in English and Nepali; coordination to prepare concept note for proposed new sub- governance program etc. The PCU specialists have also supported the preparations for the 14th National Periodic Plan, National Strategy for the Development of Statistics Nepal, Tourism Strategic Plan, Integrated District Recovery and Periodic Planning Guidelines. Support has also been provided for the preparation of a Roadmap of Vital Registration and a strategy on rolling out payment of social security allowance through agent banking,

Similarly, Technical support has also been extended to the Federal Affairs Division/Section (FAD/S) to prepare the criteria and ToR of the Local Level Restructuring Commission (LLRC), GIS process and analysis of special, protected or autonomous areas. Likewise, the programme supported in the preparation of federal legislations-Bill regarding Local Self-Governance, and establishment and operation of different constitutional commissions. In the same spirit, support was extended to FAD/S to prepare ToR of various Working Teams under MoFALD to develop policies and plan for transitional management of local government. TA support was provided to improve GESI mainstreaming into the programme. These include preparation of draft GESI Audit indicators, prepare three-year action plan of MoFALD on UNSCRs 1325 and 1820 into MoFALD plans and programmes and organization of GESI joint monitoring visit to Morang, Dhankuta and Terathum districts.

Progress on Output 2: Regional Coordination Unit (RCU) Established and operational

Six regional coordination units in Dhulikhel, Biratnagar, Hetauda, Pokhara, Nepalgunj and Dhangadi regularly provided technical support to local bodies, LSPs, and social mobilizers as a regular function of RCUs. The RCU consists of 5 professional staff including Regional Governance and Capacity Development Expert, Monitoring and Reporting Expert, Social Mobilization and Livelihood expert, Gender and Social Exclusion expert and Social Protection and Vital Registration Expert. Besides these, an ICT NUNV and other support staff have been working at the regional office. The RCUs mainly provide policy and program implementation and monitoring support. The TA support extended from RCU professionals has been instrumental in institutionalizing the programme

activities at the local through the regular visits, consultation and interaction with local bodies including LSP, D/MSMCC, and other relevant agencies.

Likewise, RCUs supported in organizing training for local body's staff, community members, and relevant stakeholders on a number of relevant areas. These include- Child Friendly Local Governance (CFLG); EFLG; Gender and Social Inclusion (GESI); Gender Responsive Budgeting (GRB); community meditation (CM); Periodic/Master Plan; Results Based Planning, Monitoring & Evaluation; Local Body Resource Mobilization Management Guideline (LBRMMG); participatory planning; DPMAS; web-based reporting and MIS; MCPM; cost efficient housing; disaster risk reduction; building code and earthquake resistant; orientation on local election; gender audit; quality testing of infrastructures; vital event registration; social protection management audit; procurement bidding document etc.

RCUs provided coordinating roles at the regional level and provided technical support to organize coordination meetings at the local level, collect and analyze relevant data and information in preparing timely LGCDP and MoFALD reports. Similarly, RCU's technical assistance has been crucial in supporting the flow of information from center to the local level and vice versa. Additionally, RCUs have performed monitoring role related to LGCDP plans at local level. In the reporting year as well, RCUs made frequent field visits- consulted with the main stakeholders and provided feedback and suggestions. RCU team also supported the documentation of best practices and success cases for wider dissemination. On the other hand, RCUs also provided technical support and guidance to capacitate LGCDP Focal Persons so that they are better equipped to support local bodies in order to deliver efficient services. Likewise, RCU played a key role in coordinating field visits for MoFALD officials, mission, delegates, particularly joint field visits with donor partners.

Progress on Output 3: Technical support provided to Local Government Institutions (LGI)

The District Governance Advisor and Urban Governance Advisors provided technical support to local governance institutions. The position of DGE and UGE was continued till 15 July 2016. Through DGEs and UGEs support, LBs succeeded to conduct performance assessment and categorize WCFs based on their performance. This is a regular activity that was carried out by mobilizing SM and LSPs. A total of 1,166 CACs mobilized external resources gained from local agencies like cooperatives, CDF, micro financial institutions and government agencies. Reportedly, 241 CACs have been federated so far in the cooperatives within six regions. The DGEs and UGEs also supported to channelize the information flow from local level to central level and vice versa. Reportedly, 85%, 100% and 60% DDCs conducted social audits, public hearings and public audits respectively. Likewise, 36%, 81% and 80% municipalities conducted social audits, public hearings and public audits. At the VDC level, 14% conducted social audits, 85% conducted public hearings and 56% conducted public audits. A total of 80% LBs allocated targeted grants to women, children, and vulnerable groups as directed by Local Bodies Resource Mobilization Guideline.

Altogether, 78 ICT volunteers are stationed at various DDCs and Municipalities. These ICT volunteers have supported for the development of websites, software installation and operation, using various ICT and MIS based reporting systems. With the support from ICT volunteers, LBs have been able to operate digital notice boards, update web information, update DAG and GIS maps, and digitize vital events registration and social security data. Local body's capacity has further improved in the areas of digitization of working procedures; website operation; use of social media and SMS; Queue Management System; digital notice boards and displays; CCTV installation etc. ICT volunteers support have been crucial in supporting WBRS, DPMAS, MIS systems making efficient and effective reporting from local to the central level.

Progress on Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II

Technical support provided to the Federal Affairs Division/Section (FAD/S) in the preparation of criteria of local level restructuring and ToR of the Local Level Restructuring Commission (LLRC). The support provided to LLRC focused on GIS process and analysis of special, protected or autonomous areas. Technical support provided in the preparation of federal legislations ranging from Bill regarding Local Level Governance and establishment and operation of different constitutional commissions. Support provided to FAD/S in preparation of ToR of different Working Team under MoFALD to develop policies and plan for transitional management of local government.

Three crucial studies have been carried out by MoFALD in 2016. Those are study on grant equalization formula for local bodies, a study on MCPM assessment criteria and study on projection and collection of taxes of local and provincial government. Similarly, a study on Borrowing is being carried out by MoFALD. Likewise, MoFALD has amended the Local Body Revenue Administration Regulation by changing house and land tax rate and base of valuation. A total of 61 Municipalities (28%) has been practicing integrated property and house-land taxation system. Similarly, 53 Municipalities and 15 DDCs have prepared Revenue Improvement Action Plan.

The Local Governance and Accountability Facility (LGAF) has been institutionalized in MoFALD. The LGAF has established its home page and has been publishing Accountability Bulletins on a trimester basis. It has selected 66 Civil Society Organizations (CSOs) for local body compliance monitoring and reporting on technical support to LGCDP. These CSOs have been trained for their roles and responsibilities on compliance monitoring.

The MIS specialists provided support to the Department of Civil Registration and Social Protection to develop MIS system of vital events registration and social security, and have also developed Training Manuals. They discontinued their post from the second quarter onwards. Currently, 24 DDCs are using Vital Registration and Social Security payment based on MIS system. TA support was also provided to prepare a strategy for the roll out of social security through agent banking channels.

Progress on Output 5: Strengthen overall capacity of MoFALD to manage TA (including Volunteers)

Volunteers' mobilizations in the ministry and local bodies have contributed to substantial improvement in the ICT capacity. Altogether, 92 training were conducted for local bodies' staff. During the post training analysis, 42% showed confidence on using MS Office package, and 36% on using internet/emails.

Training on District Planning Monitoring and Analysis System (DPMAS) to the DDC staff: Monitoring and Evaluation section of MoFALD in support of ICT Volunteers and UNV ICT experts conducted nine days training to staff of 40 different DDCs on new indicators of DPMAS. ICT team has also been providing data entry and backstopping support at local level.

Training on website operation to the DDC staff: Three regional trainings were conducted by UNV ICT experts in support of Information and e-governance section of MoFALD. This activity was conducted as a part of Annual Strategic Implementation Plan (ASIP 2015/16). As a result of the training, DDC staff can now manage and update the website on their own, with more confidence and ownership, which was a challenge earlier and the team used to rely on external support.

Capacity development on Vital Event Registration and Social Security Management Information System (VERSS MIS) to the local body staff: National UNVs provided capacity development training to VDC and MUN staff on VERSS MIS. A total of 142 local bodies have initiated an online system for vital registration. 247 local bodies have initiated social security payment through the banking system, and almost paper-based data of 12,09,433 social security beneficiaries have already been updated into the online system.

Progress on Output 6: Capacity of national and sub-national institutions to manage and implement local service functions is strengthened

The Programme provided necessary logistics and office supplies to strengthen thematic sections and divisions of MoFALD as institutional development initiative. These support helped to improve efficiency and effectiveness of respective divisions and sections and supported to improve mobility for office purposes. ICT volunteers working at PCU developed a capacity needs assessment of LGCDP staff and shared to RCU and PCU staff.

Concurrently, TA services assisted in identifying gaps and constraints of individual actions and institutional working environment of MoFALD. The findings of the capacity need assessment report reflected that MoFALD staff need capacity building support in areas such as computer training; training on English language proficiency; proposal writing and office management training; record keeping; file management; MIS and advanced office management system etc. These trainings aid the officials to perform their assigned activities with ease. For example, some officials independently produced concept notes and proposal of the programme. Moreover, the assessment findings shall inform the capacity development component of the work plans.

A significant technical support of LGCDP was provided to the national development planning documents like the 14th National Periodic Plan. Further, the LGCDP team reviewed and provided inputs to various documents forwarded by various ministries and departments. The documents ranged from National Strategy for the Development of Statistics Nepal, Tourism Strategic Plan, Roadmap of Vital Registration, Integrated District Recovery, and Periodic Planning Guidelines and among others. Additionally, the LGCDP supported MoFALD in developing guidelines, training manuals, and curriculum to systematize the various aspects of work being undertaken by LGCDP including social mobilization, downward accountability, gender responsive budgeting, urban development, etc.

Training curriculum for basic social mobilization was developed based on the findings of Training Need Assessment (TNA) to impart skills and knowledge of transformative social mobilization for Social Mobilizers, WCF and CAC members. Similarly, a Personnel Information System (PIS) guideline was developed and validated in two locations -Biratnagar and Nepalgunj. Two officials of the Municipal division overseeing the Local Economic Development initiative of MoFALD also took part in the Local Economic Development training course and provided feedback shared lessons on the training. During the reporting period a team of consultants were also procured to prepare a

strategy, business development manual and approach for selected municipalities to initiate a Local Economic Development pilot.

Progress on Output 7: Efficient and effective liaison and strategic guidance provided to the DPs and the Government

The DP Cell has maintained a one door service for DPs and has contributed in sharing timely information including periodical progress and updates to all DPs. The Output Managers, Section Chiefs/MoFALD, and PCU specialists have received proper guidance from the DP Cell to prepare Annual Strategic Implementation Plan, Annual Monitoring and Evaluation Plan, policy papers, concept notes, status report, ToR, guidelines, manuals, and directives. The RCUs advisers, District/Urban Governance Experts, and LGCDP focal persons have received technical inputs from DP Cell to carry out LGCDP activities smoothly and effectively. The Programme Coordination Unit/LGCDP has prepared quality documents on time for the NAC, Sub-NAC, TASC and fiduciary risk mitigation meetings with the support of DP Cell. Regular follow up on the decisions of NAC, Sub-NAC, TASC and Output Groups meetings by the DP Cell has resulted in timely action by MoFALD/LGCDP. The DP Cell has provided support to LGCDP/PCU to introduce Annual Monitoring and Evaluation Plan in all DDCs Municipalities. Likewise, the DP Cell has been providing updated monthly status report to development partners.

Progress on Output 8: Efficient and effective quality assurance, programme monitoring, documentation, and evaluation is provided to ensure the LGCDP II to deliver stated outcomes and outputs

The DP Cell provided technical inputs to conduct Mid-Term Review (MTR) of LGCDP II smoothly and efficiently. Moreover, DP Cell facilitated the MTR team to organize a meeting with different stakeholders.

The DP Coordination Unit has been assisting PCU in organizing timely meetings of the Sub-NAC, bi-monthly TASC, and NAC meetings to review the progress and to take necessary decisions to implement LGCDP activities smoothly in order to achieve its objectives. These meetings have adopted ASIP, AMEP 2016/17 and reports presented from studies. Moreover, the DP Cell is providing technical support to organize Joint Task Force meeting to facilitate in designing and developing programme for transition phase between LGCDP II and new Sub- National Governance Programme (SNGP) as well as to support in designing SNGP. MoFALD formed a Joint Task Force under the chair of Joint Secretary, Planning and Foreign Aid Coordination Division of MoFALD with representatives from NPC, MoF, DfID, ADB, SDC. Similarly, it also proved support to prepare concept note of transition phase.

6. BUDGET AND EXPENDITURE

The following table shows the output wise indicative budget and expenditure for 2016 and the sources of funds budgeted and utilization.

Table 2: Output wise annual budget and corresponding expenditure of UNDP

Amount in US\$

Output	Annual Budget	Annual Expenditure through project	Annual Expenditure through UNDP	Total Expenditure	Budget Utilization%
Output 1	616,113.21	299,933.73	305,071.03	605,004.76	98.20
Output 2	662,040.00	487,710.52	194,878.51	682,589.03	103.10
Output 3	917,557.20	723,834.36	57,906.75	781,741.11	85.20
Output 4	182,412.00	29,938.44	2,395.09	32,333.53	17.73
Output 5	0.00	0.00	0.00	0.00	0.00
Output 6	190,296.00	61,719.51	31,770.18	93,489.69	49.13
Output 7	131,203.80	0.00	133,303.06	133,303.06	101.60
Output 8	10,800.00	0.00	10,800.00	10,800.00	100.00
Total	2,710,422.21	1,603,136.56	736,124.62	2,339,261.18	86.31

Table 3: Sources of Funds Budget and Utilization of the project period

Amount in US\$

Source of Fund	Funding period (Start – End Date)	Total Project Budget	Expenditure up to 2015	Expenditure in 2016	Total expenditure till 2016	Total Budget utilization %	Budget Balance US\$
UNDP	2014-2016	9,899,943.21	6635499.69	2339261.18	8974760.87	90.65	925,182.34
UNCDF	2014-2016	1,953,838.40	725,846.00	524,362.25	1,250,208.25	63.99	703,630.15
UNV	2014-2016	540,548.00	44,092.00	103,827.00	147,919.00	27.36	392,629.00
Total		12394329.61	7,405,437.69	2,967,450.43	10372888.12	83.69	2,021,441.49

Table 4: M&E Expenditure: In 2016, Project spend on M&E activities

Total spent on Monitoring	USD 244,468
☑ Costs associated with UNDP/project staff, consultants, project partners, supporting national statistical systems in designing project-specific data collection methodologies (qualitative and quantitative), monitoring methods including stakeholder surveys and other qualitative methods, collection of data, analysis and dissemination of the findings to inform a project, either with project partners or to fulfill specific UNDP/project requirements (preferably the former).	[Includes salary cost of M&E staff at PCU and RCU, DP cell M&E staff, Travel, and DSA cost used for monitoring and Review & consultative workshops]
Total spent on Decentralized Evaluations	USD 110,920
☑ Costs associated with designing, implementing and disseminating evaluations for specific projects	[Cost of Mid-term Review]
Combined total spent on M&E	USD 355,388

7. CROSS-CUTTING ISSUES

7.1 Targeting and voice/Participation of Target groups

The overall focus of the LGCDP II is to contribute to the alleviation of poverty in Nepal. LGCDP II, covers entire 75 District Development Committees (DDCs), 217 Municipalities and 3,157 Village Development Committees (VDCs). Social Mobilization (SM) implementation approach has been adopted as a mainstay for community development part of the programme. Social mobilization has created 31,280 Ward Citizen Forums (WCFs), covering 99.7% of Village Development Committees (VDCs) and Municipalities. These WCFs were created to strengthen local level coordination and downward accountability. So far, 771,355 citizens (46 % women) are directly engaged in project planning, monitoring, and evaluation; social development; advocacy; coordination with service providers; engaging in disaster and environment protection activities and helping communities in economic development opportunities. Similarly, a total of 10,976 Citizen Awareness Centers (CACs) has been formed (including CDP) in poverty pocket areas identified through detailed poverty mapping exercise called UCPA. Total CAC members has reached to 294,811 (poor people) whereby 87.4% members are women. CAC members are widely engaged in creating awareness on civil rights and duties, informing people about government services and facilities; resolving social problems; engaging in income generating activities, community infrastructure, and environment protection; increasing social harmony, etc. The CACs are thus considered as the primary vehicle for overall community development initiatives.

Moreover, LGCDP II supported to empower people by raising their awareness on their rights and responsibilities through community institutions like CACs and WCFs. CAC members are oriented on basic human rights through Regenerated Freirean Literacy through Empowering Community Techniques (REFLECT) classes, as part of the social mobilization campaign. Awareness about their rights led to increased participation of citizens in the decision-making process of local bodies which enhanced the access of these communities, mainly marginalized women, children and Disadvantaged Group (DAG) to local resources and services.

On the other hand, government representatives ranging from local to national level have been capacitated by LGCDP II for effective and efficient service delivery. Due to strengthened demand side and supply side of accountability through these institutions, issues of poverty and all sorts of social exclusions have been addressed to a great extent. Some of the results of social mobilization include- a total of 85% Local Bodies met the minimum provision of 35 % targeted grants to women, children, and DAGs resulting in inclusive access to resources; about 80% of community level projects demanded by WCFs have been included in the annual plan of Municipalities and VDCs, and 45% beneficiaries of Local Body implemented infrastructure projects belong to disadvantaged communities.

To ensure proper targeting, LGCDP-II started to conduct Underlying Causes of Poverty Assessment (UCPA) through the Social Mobilizers and the LSP at the local level. The UCPA is instrumental to draw a clear picture of poverty and its underlying causes in the selected assessment area. The recent report received from the RCU reveals that UCPA has been conducted in 2,977 VDCs (94% of total 3,157); and 653 wards within 149 Municipalities (out of 217). The assessment measured food sufficiency in the family, access to basic goods and services, the level of discrimination, affected by conflict, the level of awareness and capacity to raise voices, affiliation to local institutions, and access to microfinance. This assessment helped to identify ultra-poor groups in the poverty pocket areas and target groups to establish Community Awareness Centers (CAC) to implement livelihood

improvement plan, and to enhance the participation of ultra-poor in the decision-making process of LBs. For now, the immediate findings of UCPA have been used for the formation of new 3,452 CACs in most vulnerable settlements. [Data Source: LGCDP, RBM 2016]

7.2 Gender Equality, Women's Empowerment, and Social Inclusion

For effective localization of GRB principle, various activities were carried out at local level in the year 2016 for which, LGCDP specialists provided expert services.

- A three-days TOT was organized in five development region to Local Bodies personnel. A total of 65 people participated in the ToT and were sensitized on GRB, GESI auditing procedures, knowledge and skill areas.
- A two-day training was organized on GRB, GESI Audit Practices for Local Bodies of Bhaktapur, Kavre, Sindhupalchok, Syangja, Arghakhachi, Morang, Sunsari, Darchula DDCs personnel in respective districts. A total of 245 people participated in this training program.
- 72 DDCs and 165 Municipalities conducted gender audits and assessed their development program from a gender perspective and identified gaps and strengths of the program. During auditing process, DDCs and Municipalities assessed their program, and found strength and weakness and prepared action plan for further improvement of their policy and program from the GESI perspective.
- Teetariya VDC and Birantnagar Municipality were declared as child-friendly in the year 2016. A total of 48 VDCs and 5 Municipalities from 36 districts are in the pipeline towards CFLG declaration.

7.3 National Capacity Development

The capacity development lies at the heart of PPSF technical assistance component. At the institutional level, PPSF provided specialists/experts/advisers to the Programme Coordination Unit, Regional Coordination Units, District Development Committees and Municipalities to strengthen MoFALD's capacity to ensure proper management and implementation of the national programme. These specialists/experts/advisers provided on-site technical assistance to strengthen the capacity of MoFALD through knowledge transfer.

At the level of the individual capacity building and support, PCU specialists worked closely with Output Managers and technical team of MoFALD in developing plans and policies, reporting and implementation of programmes as outlined in LGCDP II programme document. PPSF through ICT volunteers assisted MoFALD in institutionalizing web-based reporting in LBs.

As part of capacity development to create an enabling environment, the PPSF contributed to the strengthening of the professional capacity of LBs and stakeholders. Training was provided on different thematic areas such as downward accountability, local level planning, ICT, etc. VDC secretaries and VDC assistant staff were provided training on Local Body Resource Mobilization and Management Guideline (LBRMMG), annual planning guideline, process monitoring of development programme and projects at the local level.

7.4 Sustainability

The capacity of 9,473 LBS' staff and 56,648 stakeholders have been enhanced in different thematic areas including result based planning, GESI, CFLG, and EFLG. On the other hand, the institutional capacities of Local bodies have been improved significantly through LGCDP II support. These support included-IT based working culture, physical infrastructures, local level planning and monitoring processes, public accountability systems, policy and strategies, financial management, child friendly and environmental friendly governance systems, gender and social inclusion practices, etc.

7.5 South-South and Triangular Cooperation

LGCDP supported the capacity development of MoFALD staff and central agencies. Officials participated in various training, workshops and exposure visits. These visits, participation in workshops and trainings have contributed to better understanding among the policy makers in relation to the multiple dimensions of federalizing the state and local governance post federalization. A high-level official team of MoFALD visited Norway Ethiopia and Tanzania with the purpose to generate learning.

The high level team that visited Ethiopia and Tanzania prepared "Experience Sharing Report" after returning the country. The visit has enabled the mission members to successfully acquiring the knowledge on fiscal federalism and decentralization practices in both the countries. Especially, experiences from Ethiopia which is a federal democratic country has advanced on Fiscal Federalism interventions. The political and administrative structure are conducive to support fiscal structure. On the other hand, Tanzania's growth on economic development and LGs are becoming stronger to mobilize domestic resources for local job creation and economy development. The knowledge and experience gained from both countries are highly relevant to improve policies and procedures in Nepal when the nation is moving from unitary state to federal structure.

7.6 Partnerships

Building strong partnerships has been essential in programmes such as LGCDP. The programme brings together fourteen development partners, government agencies as well as the UN agencies together to contribute to the local governance and community development in Nepal.

While the UN support to the LGCDP program as a whole, hinges on the partnership among UNDP, UNCDF, and UNV – bound together under the Joint Framework for Technical Assistance, the other agencies including bilateral and multilateral development partners and their aligned programs contribute to the local development priorities under the Joint Funding Agreement. The UN funded joint program builds in an exclusive Development Partners Coordination Cell led by an International expert, whose primary task is to ensure smooth functioning of the partnership and quality assurance of the support provided through LGCDP II.

As a part of enhanced program coordination, LGCDP II has been engaging with various sector ministries and government agencies at the central level. It includes- Ministry of Agriculture Development; Education; Health and Population; Peace and Reconstruction; Urban development; Women and Social Welfare; Cooperative and Poverty Alleviation; Forest and Soil Conservation; Technology, Science and Environment and Land Reform. Periodic program review, Policy Formulation and Coordination are the key areas of collaborations at the central level.

At the local level, LGCDP II has been coordinating with all local bodies-District development Committees, Municipalities, and Village Development Committees. Similarly, the collaboration is further extended to district level line agencies, civil society organizations, non-governmental organizations, the private sectors, and citizen's organizations like WCF, CAC, IPFC, and CSOs. Collaborative activities being conducted at the local level include project planning, monitoring, and evaluation; capacity development; resource sharing; oversight functions; social and economic development of people, etc.

The wider collaboration of LGCDP with various governmental and non-governmental agencies at local and central levels has made it possible to achieve program results.

7.7 Promotion of civic engagement

With the aim to promote civic engagements, LGCDP has established large number of different civic forums like- 10,976 CACs, 31,280 WCF, an Integrated Plan Formulation Committees (IPFC) and Village/Municipalities/DDCs Monitoring and Supervision Committees in each Local bodies. These forums are capacitated in various accountability tools like a public hearing, social audit, public audit, and public expenditure surveys by the LGCDP and actively engaging in local level planning and decision-making process, advocacy and lobbying.

The LGAF is the lead agency under MOFALD to promote civic engagement at the local level. It has mobilized 75 CSOs to carry out downward accountability activities at local level. Some of the symbolic achievements of LGCDP through the promotion of civic engagement include compliance monitoring conducted by 65% VDCs, 90% municipalities and 100% DDCs; social audit conducted by 50% Municipalities and 30% DDCs; public hearing conducted by 68% VDCs, 98% Municipalities and 100% DDCs. The grievance mechanism has been operationalized in 90% DDCs.

7.8 Expanding opportunities for youth

ICT volunteers, a group of young engineering graduates have been deployed to various DDCs and Municipalities. Altogether, 78 such volunteers received opportunity to work as ICT volunteers in local bodies. The volunteers are supporting in the development of websites, software installation and operation, using various ICT and MIS based reporting systems in local bodies.

7.9 Innovation

a) Innovated partnership with the academic institution:

The Ministry entered into a partnership with Central Department of Environmental Science, Tribhuvan University, (CDES-TU) in 2011 through a MoU and with Department of Environmental Science and Engineering, Kathmandu University (KU) in 2012. As per the Environment Protection Regulations, 1997 MoFALD was responsible for approving Initial Environmental Examination (IEE) reports of various development sub-projects such as road, bridge, sand gravel & stones, landfill sites. With the aim of making local bodies more responsible and accountable to local communities, the ministry decentralized the IEE approval authority of Sand Gravel & Stones (SG&S) to the local bodies in March 2016.

To address this policy change, MoFALD provided guidelines this year on preparing Initial Environmental Study Report of SG&S to local bodies. The engagement with academic institutions yielded results at different levels; i) contributed to decentralize IEE approval authority from MoFALD to local government and improved effectiveness of MoFALD work, ii) made local bodies more responsible towards preparing quality IEE reports, and iii) TU-KU students and faculties had exposure with real world situation and revised environmental science course accordingly.

b) Innovated procurement capacity assessment tool:

Improved public financial management is one of the outputs of LGCDP II that contributes in achieving its overarching goal, i.e. poverty reduction through enhanced capacity of state institutions for local and community development. Among the subject areas chosen for capacity development, procurement is considered significant because local bodies spend a significant portion (more than a half) of financial resources for procurement of goods, services or works. Realizing the need of procurement capacity assessment, LGCDP-PCU designed Procurement Assessment Capacity Survey using google forms which provides a clear profile of the procurement capacity, whether there are procurement unit established in the LBs, what skills set are required and whether the LBs use e-bidding or not, etc. These records are instrumental in designing capacity building programmes.

c) International experience sharing on Fiscal Federalism in Nepal

Given the need for Nepal to move ahead rapidly with the designing and promulgation of various laws and regulations to enable the transition from the unitary state into the federal system. In the broad picture of this transition, the establishment of sub-national financing system is very critical and challenging. Therefore, the LBFC with the technical support of UNCDF, organized a training cum experience sharing on Fiscal Decentralization in the context of Fiscal Federalism in Nepal to provide knowledge and exposure on fiscal decentralization for a carefully selected set of Honorable members of the Parliaments as well as a set of senior officials (Secretaries and Joint Secretaries of the government) who work closely with local governments. The program was conducted on 15-18 December 2016 in Godawari, Lalitpur.

The two-day experience sharing workshop on Fiscal Decentralization was focused for the honorable parliament members and other two-day experience sharing workshop was focused on senior government's officials (secretaries and joint secretaries of various ministries). The workshop was facilitated by two international experts Prof. Dr. Roy Kelly from the Duke University of USA, and Mr. David Parks and two National experts Dr. Shankar Sharma, former vice-chairperson of NPC and Dr. Som Lal Subedi, Chief Secretary of Government of Nepal. The workshop was inaugurated by the honorable minister of MoFALD Mr. Hitraj Pandey and the opening program of the workshop was chaired by Mr. Rabindra Adhikari, the honorable President of Development Committee of Parliament.

7.10 Knowledge Management and Products

The technical assistance under PPSF provides expert support to Information and e-governance Section at MoFALD, and overall of the LGCDP programme to promote good governance practices. In this regard, media promotion, publication, information disclosure and documentation forms key part of knowledge management and products. These products have contributed in promotion of transparency and downward accountability. Documentation of all policy level and government meetings are both physically and electronically archived. Similarly, social media (Facebook and

Twitter) is effectively utilized to share programme's activities regularly. Key knowledge products during this period includes:

- LGCDP Newsletters (English and Nepali)
- LGAF newsletter
- PPSF Annual Progress Report-2015
- LGCDP Annual Progress Report-2016
- Compilation of best practices of Environment-Friendly Local Governance Handbook 2016
- Brochure (Indicators of Environment-Friendly House)
- Journal of Fiscal Federalism

8. LESSONS LEARNED

The LGCDP II conducted mid-term review of the program in 2016. The recommendations of MTR report has highlighted the key lessons of the programme as a whole. Some of the key takeaways have been the need for LGCDP II to institutionalize social mobilization as a function of local government, separate governance aspect from community/infrastructure development, focus on local government structure, system needs and capabilities and encourage aligned partners to join JFA or operate through sectoral agencies.

The conceptualization process of new Sub-National Governance Programme begun in 2016. A concept note has been prepared by LGCDP II through an external consultant. The concept note has illustrated additional learning of the LGCDP II. Key learning include: a) need to adopt SM, WCF and CAC process in the context where there are elected representatives at the local level b) Social mobilization needs to be reviewed based on the changing context once the elected representatives start taking their roles c) demand creation needs to be linked with resource generation d) governance programme needs to be more focused on aspects of governance e) fiduciary accountability has to be a priority from the very beginning and f) programme approach and JFA modality would be a better option in a nation-wide local governance program.

Moreover, experts and volunteers provided under LGCDP II TA support are making a meaningful contribution to strengthening both demand and supply side of the programme activities. However, delays in the release of central budget caused a setback in the completion of project activities. Moreover, the program is lacking to establish a mechanism for proper handover of the institutional memory and capacities that need to be considered in the new phase of the program.

The Country Programme Outcome Evaluation 2016 has made few suggestions (page 28/index no. 156) to LGCDP for the future attention. The report suggested - (i) Analysis of the effectiveness of the conditional and unconditional grant schemes, and the results achieved under the ear-marked funding for women and marginalized or vulnerable groups (ii) Analysis of the feasibility of the form of sub national governance envisaged in the constitution – in terms of resources and politics and comparative experience of the costs and benefits (iii) Analysis of the nature and effectiveness of upward accountability in the existing system of sub national governance and the implications of this for greater devolution.

9. IMPLEMENTATION ISSUES AND CHALLENGES

The LGCDP faced different implementation related issues and challenges in the year 2016. These issues and challenges were resolved by LGCDP with appropriate process and mechanism. There are few emerging challenges in the LGCDP to be addressed in near future which are summarized as below:

- Formation of new structure and role of PCU and RCU in transition phase
- Establishing proper linkage and coordination with Sectoral Ministries including NPC and MoF for effective implementation of Federalism
- Restructuring and defining role of Ward citizen Forum in new restructuring context.
- Capacity improvement of LGCDP Focal Persons and their proper utilization in the transition phase.

10. PRIORITIES FOR 2017

2017 is the final year of the LGCDP. Therefore, the TA should give priority to address emerging opportunities and challenges. Those areas can be summarized as below:

- Support to establish RCUs at all provincial levels and capacitate them to support local government's activities.
- Design training modules for local government officials and organize ToT to develop resource persons.
- Support in the areas of local election
- Support to organizational restructuring process
- Support to build capacity of sub- national government particularly in the areas of training manual development, strengthening LDTA, training need assessment of local bodies, development of resource persons, training to local elected representatives and officials, etc.
- Support local bodies in the areas of ICT
- Support to prepare transitional phase implementation plan and designing of the new sub national program.

11. SPECIFIC STORIES

WCF as a change agent in Mugu!

Jima VDC is roughly at a distance of 52 KM from the Mugu district headquarter Gamgadhi. Most of the people are farmers, so are rarely aware or pay attention to development proceedings of VDC, and ongoing activities in the VDC. Due to this, some influential people had full control and access to the VDC budgets in the past, and information remained within this circle only.



However, the situation changed with the establishment of Ward Citizen Forum (WCF) that was formed in 2013 says Saraswati Malla, a social mobilizer of Jima VDC. The members in the WCFs comprised of representation from the different community-based organizations and strictly followed all the procedures as depicted in Social Mobilization guideline provided by the Ministry of Federal Affairs

and LGCDP. During regular meetings, members discussed ongoing development activities in the area including VDC budgets, health and education services, I/NGO activities, etc. As a result, villagers are now becoming increasingly conscious about the public facilities and are aware of their rights to make a claim for it. Members are more aware of the VDC plan, project identification process and confidently put forward their needs to VDC through WCF. WCF has become a people trusted forum and a means for advocacy, improve transparency and accountability as well as oversight of the services and facilities available in the village.

WCF of Ward number 5, 6 and 7 forwarded an agenda to carry out public hearings and public audits of the VDC level projects that were completed during fiscal year 2071/72 on wards. As a result of these exercises, it was found that Users Committee members of 3 projects had misappropriated the fund and did not complete the projects like Trail Construction, Community House and Resting places (Dharmashala) construction on time. After reporting the misappropriation cases to the District Administration Office, 3 Users Committees Chairpersons are now compelled to refund Rs. 180,000 (One hundred and Eighty thousand) to the VDCs. Thus, people consider WCF as a change agent in the remote village of Mugu.

CAC participants successful to curb alcoholism

Pahade village of Lele VDC ward No-6 (Lalitpur) is known as a Nagarkoti settlement, where most of the adult males were addicted to gambling and excessive alcoholism. Due to this, quarreling and domestic violence were common issues faced by people everyday. Women and children were the direct victims of such incidents. No one had the courage to raise voices against this group of addicted people as they were more influential

However, situation started to change when the Community Awareness Center (CAC) was established in the village under LGCDP support. The CAC members united to run a campaign against alcoholism and fight against all kinds of social evils. Before taking this action, members informed/requested all concerned about the plans especially, those who were involved in gambling and alcoholism. As expected, these people did not accept the request and out rightly rejected. They took this matter to the nearby police post. Later, they invited the police in the CAC meeting and set out the norms to punish the rule violators. Now, those who brew alcohol at home and who serves it were both made to pay Rs. 500 per incidence. Dramatically, things started to change; alcoholism and gambling reduced drastically. Likewise, gender violence cases have significantly decreased overtime. This way, CAC succeeded to control alcoholism and gambling in their village.



Partnership Approach for Uplifting Musahar Community

Bardibas municipality is a junction of Mahendra Highway and BP Highway. A municipality formed on 02 December 2014, Bardibas hosts the people from diverse ethnicities. Among them, Musahar is a Tarai Dalit community which is considered as poor in every aspect of human development. Considering this fact, the municipality has been working to increase its engagement with this community by a number of ways. LGCDP is supporting to increase awareness while supporting income generating activities and promoting their participation in various components of governance.



Arrival of Dhurmus for EF house construction to 50 Musahar

During the first week of December 2016, Sitaram Kattel (Dhrumus) and Kunjana Ghimire (Suntali), goodwill ambassador of Government of Nepal for cleanliness, had visited a settlement in Bardibas (Ward No 2). The settlement was the place of Musahar community. The artists' duo had found that the settlement was very poor in terms of cleanliness, literacy, access to safe drinking water and other services. Media coverage of the visit of Dhurmus-Suntali and their heart-rending explanation about the settlement drew the attention of concerned stakeholders. Immediately, with the initiation of LGCDP Regional Office, *Hetauda*, a mass gathering was organized at the very settlement on 14 January 2016 where about 65 people—which

included Executive Officer of *Bardibas* Municipality, Chief of Integrated Service Centre, Chief of Land Revenue Office, Chairman of Drinking Water User Committee, concerned ward secretary and representative of the political parties participated.

After the mass gathering and discussion, municipality took the lead in improving the hygiene of the settlement. Municipality provisioned pipe water at ten different places, deployed the ward secretary to speed up the vital event registration, constructed toilets by using the money allocated for *Dalit* target

program, mobilized social mobilizers and Citizen Awareness Centre to activate the ReFLECT classes. Parallel to this, other local social leaders, media, political parties worked their way for the improvement of the living condition of the *Musahar* community. Now, the water and sanitation situation are improved, cases of vital event registration even among the *Dalit* community have increased. Recently, *Dhurmus-Suntali* Foundation announced that it was constructing the houses for 50 *Musahar* households in this settlement. The municipality is also planning to contribute some amount of money to the foundation's work.



Birth registration within 35 days by Musahar family

The case of *Bardibas* has given inspiration to all stakeholders regarding how working together in identifying the problems, exploring the solutions and executing the programme could be effective in attaining the sustainable achievement.

A case study: Lake Management for Income and Climate Change Adaptation

Sunwal Municipality with the support of Environment Friendly Local Governance Program (EFLGP), has maintained *Swathi* Lake of Ward Number 9 of *Sunwal* Municipality that covers an area of 1,621.35 m². It aims to recharge the ongoing depletion of groundwater sources and ensure effective utilization of the water resources in order to address disaster and climate change and improve livelihood of rural poor. The Lake with religious sentiments and ecotourism value was being encroached by locals for settlement expansion. However, after EFLGP support, the Lake has increased volume of water and has become a new source of income to *Sunwal* Municipality and people adjoining the Lake.

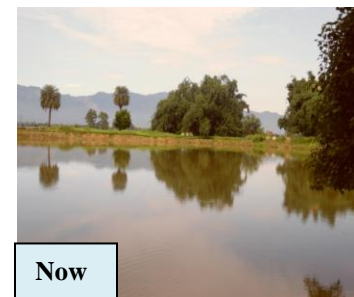


Due to having unclear land entitlement and the indistinguishable boundary with the adjoining private lands, the Lake was a source of contention among different stakeholders. The Lake was a place for *Kabrstan* (Cemetery) of Muslim people and site for worshipping *Chhath* (Festival of Terai people of Nepal) by Hindus. Furthermore, the lake was neither a source of income to municipality nor was used for irrigating adjoining lands. Instead, the water in the lake was gradually decreasing.

With the objective of better utilization of the Lake, the Municipality carried out series of dialogues with the Lake adjoining communities and religious people and formed a Lake Management Committee representing all stakeholders for its renovation. With the active participation of local people, Ward Citizen Forum and Citizen Awareness Center the Lake is further deepened up to one meter so the issue of anticipated drought would have been solved during the dry season. Also, the Municipality built a boundary to separate private land. As demanded, EFLGP supported the local communities with NRs 3,50,000 in the fiscal year 2071/072 and NRs 3,00,000 in 2072/073 for constructing protection wall, boundary demarcation and deepening of the Lake. Likewise, Municipality extended technical backstopping for the reconstruction work.



Now, the Municipality is for the first time contracting the lake for fishing to a local contractor with NRs. 1,00,000. Moreover, the lake is becoming a sustainable source of water for irrigation. Likewise, the religious value of the Lake has been maintained. *Sunwal* municipality has a plan to start boating in the current fiscal year which will contribute to generating additional NRs 1, 00,000 annually in the years to come. Due to multi-stakeholder engagement in its management, the sustainability of the lake can also be ensured. This could be an exemplary site for other interested stakeholders who are working in conserving lakes in their respective sites. There are around 2,000 people of 300 Households as the direct beneficiaries of Swathi Lake.



In conclusion, EFLG support has contributed to renovate multipurpose Swathi Lake through a collaborative effort with the local stakeholder. With this intervention, all the management issues have been resolved, and the lakes become a sustainable source of income to *Sunwal* Municipality as well as a source of irrigation for adjoining villagers. Moreover, this has become a viable means of addressing the issues of ground water depletion and contributing to climate change adaptation.

12. RISK AND ISSUE LOGS

Table 5: Risk Log Matrix

S.N	Description	Category (financial, political, operational, environmental, regulatory, security, strategic, other)	Likelihood of risk (scale of 1 to 5 with 5 being the most likely) A	Impact (scale of 1 to 5 with 5 being the highest impact) B	Risk factor (A x B)	Mitigation measures if risk occurs	Date risk is Identified	Last Updated	Status
1	Planning and Programming	Others	P=3	P=3	9	Review and revise local level planning guidelines to incorporate results-based planning tools	November 2016	December 2016	Periodic Planning Guidelines revised by incorporating results based planning tools
2	Budget release	Financial	P=3	P=3	9	Ensure timely budget release from FCGO and from DTCO to to implement activities as per the action plan/work plan	November 2016	December 2016	PCU regularly followed to assure timely release of fund to LBs
3	Establishment and transition of programme recruitment Facility(PRF)	Operational	P=3	P=3	9	Design PRF	November 2016	December 2016	MoFALD made an arrangement of LGCDP focal persons in DDCs and Municipalities
4	Local Election	Political	P=3	P=3	9	Programme document will be reviewed and revised if local election takes place	November 2016	December 2016	Election is likely to take place in April 2017

						as per the government plan			
5	Frequent change in management	Organizational	P=3	P=3	9	Civil Service Act will be followed	November 2016	December 2016	No change
	State restructuring	Political	P=3	P=3	9	Prepare transition Plan	November 2016	December 2016	LLRC has proposed 721 local units including 4 Metropolitan Cities and 8 Sub-metropolitan cities. LLRC submitted report to GoN on 6 January 2017

Table 6: Issue Log Matrix

S.N	Type	Date Identified	Description and Comments	Resolution measures recommended	Status of the issue	Status Change Date
1	Financial	November 2016	Poor financial record keeping in VDCs, Delay in release of fund to LGs	Operationalize VDC accounting software. It is planned to implement in 1000 VDCs. Maintain database on the release and receive of funds in LBs	VDC accounting software functional in 240 VDCs . Record keeping and accounting system improved in 240 VDCs A matrix has been developed to update the transfer of funds and information collection from LBs is in progress	December 2016
2	Operation	December 2016	Monitoring and reporting system is weak in local bodies	Web-based reporting software developed and DDCs & Municipalities staff, oriented	Web-based reporting introduced in all DDCs and municipalities	
3	Implementation	December 2016	Ward Citizen Forums are	Ward Citizen Forum members oriented on local	About 54 %% WCFs engaged in monitoring and oversight	

			involved in local level planning. WFCs role needs to expand to cover oversight activities.	level planning. 39% WCFs engaged in monitoring and oversight of community infrastructure projects	activities	
4	Implementation	December 2016	Livelihood Improvement Plan introduced in Citizen Awareness Centers formed in DAG 4-VDCs. It is require introducing in the entire citizen Awareness Centers.	Livelihood Improvement Plan introduced in 1796 Citizen Awareness Centers (CACs)	4704 CACs received livelihood grants to implement livelihood improvement plan	
5	Implementation	December r 2016	District and Municipality Social Mobilization committee are not effective	Composition of District /Municipality Social Mobilization Committee changed by including WCF and CAC members	District and Municipality Social Mobilization Committee members oriented on their role and responsibility. LGCDP focal persons have been instructed to follow regularly D/MSMC activities.	

Annex-1 List of training conducted

1. Title: Training on Appreciative Inquiry and Theory of Change to LGCDP - II Professional Staff

Date: (2nd- 3rd August 2016)

Venue: Dhulikhel

Objective: The proposed capacity enhancement training on Theory of change and Integrated Result Based Management System aims to provide overall conceptual base and a common language of practical skills in building results strategies and action plans; as well as using systems and tools to achieve the results.

Participants

Thirty five key participants from the LGCDP thematic specialists and officials of the LGCDP programme Coordination Unit, and Regional coordinator of all RCUs will be participated in the training/workshop programme.

Achieved results

The results of training were:

- The participants expanded a conceptual clarity on and its different tools and techniques of result based management.
- The participant gained knowledge to integrating Result Based management concepts in planning, monitoring, reporting and service delivery concept.
- The participant understood about the Performance Measurement Framework; and Federalism, Governance and New Public Management in the changing context of time.

2. Title: Induction training for LGCDP Focal Person

Objective:

The main objective of the orientation programme is to bring clarity and better understanding on the roles and responsibilities of LGCDP Focal persons. Some of the specific objectives are as follows:

- To make the professional aware on major provisions of Local Self Governance Act 2055, LSGR 2056, Local Body Financial Regulation Act 2064, Minimum Conditions and Performance Measurements (MCPMs),
- To bring common understanding on the role of the Focal Persons for effective facilitation and technical back-stopping to the LBs;
- To highlight the importance of downward and upward accountability as well as the role of LGCDP to strengthen demand side and supply side of local/community governance.
- To develop understanding on practical issues of decentralization/governance and downward accountability/fiduciary risk in local governance system
- To discuss on various cross cutting themes of programme and bring better common understanding for mainstreaming of the cross cutting issues in all walks of programme components
- To get acquainted with each other for sharing and networking of the knowledge for better understanding on programmatic issues.

Findings

After completion of the orientation training programme, the following anticipations were observed:

- Able to understand the LGCDP and its functioning modality;
- Able to understand about the local governance system and function of local bodies;
- A clear understanding will be set up to the participants of their respective roles responsibilities and scope of work.

Clusters	Date of training conduct	Total Number of LBs		Total Number of Participants	Male	Female
		DDC	Municipalities			
Dhangadhi	12, 13 and 14 August, 2016	9	25	34	30	4
Nepalganj	15, 16, and 17 August, 2016	15	24	39	36	3
Hetauda	24, 25, and 26 August, 2016	9	37	46	44	2
Biratnagar	27, 28, and 29 August, 2016	13	49	62	55	7
Pokhara	10, 11, and 12 September, 2016	16	44	60	48	12
Dhulikhel	16, 17, and 18 September, 2016	13	38	51	33	18
Total Number		75	217	292	246	46

3. Theme: Regional Consultative Workshop for Thematic Sharing and Review

Objective:

The overall objective of this workshop is to prepare a framework to manage the programme during the transition period in the context of limited activities of the program and restructuring of the local level units. Following will be the main objectives of the meeting:

- To take stock of the functioning of the LGCDP focal points at DDCs and Municipalities,
- To assess progress updates of current ASIP and AMEP,
- To share the FRRAP indicators aiming to reconcile the existing LGCDP audit arrears for better Public Finance Management,
- To prepare a transition plan for sustaining LGCDP initiatives and smooth phasing over of the LGCDP support,
- To assess the potential impact of the local level restructuring from the program perspective, local governance and local election.

Clusters	Date of training conduct	Total Number of LBs		PCU	RCU	LGCDP Focal Person	Total Number of Participants	Male	Female
		DDC	Municipalities						
Dhangadhi	December 14-15, 2016	9	25	6	6	34	46	41	5
Nepalganj	December 16-17, 2016	15	24	6	5	39	50	45	5
Hetauda	December 18-19, 2016	9	37	5	6	46	57	51	6
Biratnagar	December 20-21, 2016	13	49	5	5	62	72	63	9
Pokhara	December 22-23, 2016	16	44	5	6	60	71	56	15
Dhulikhel	December 22-23, 2016	13	38	5	6	51	62	40	22
Total Number		75	217	32	34	292	358	296	62

4. Title: Capacity Building for National UNVs

4.1 . Title: Capacity Building Training to NUNVs in Database and Automation

Duration: 7 Days

Venue: Kathmandu

Date: Nov 11- 17, 2016

Participants: 6 National UNVs. (6 Males, 0 Female)

4.2 Title: Capacity Building for ICTVs on Web development, management and hosting

Duration: 5 Days

Each for two groups

Venue: Chitwan

Date: Jan 03 - 12, , 201 7

Participants:

78 National UNVs. (76 Males, 2 Females)

4.3 Title: Workshop for planning and recommendation of ICT activities

Duration: 2 Days

Venue: Kathmandu

Date: Aug 31- Sept 1, 2016

Participants: 6

National UNVs. (6 Males, 0 Female)

5. Title: : LoCAL Annual Review Workshop in Chitwan district of Nepal

Date: 19-20 April 2016,

Venue: Sauraha, Chitwon

Participants: There were a total of 21 participants from Dhading and Rupandehi Districts. The participants included the VDC Secretaries, District Energy Officers, District Development Committee (DDC) officials, social mobilisers and staff members of the Government's flagship governance programme: the Local Governance and Community Development Programme (LGCDP).

No of Participant: 21 (Male 16, Female 5)

Participants: district and the Village Development Committee (VDC) level stakeholders from the LoCAL pilot districts of Dhading and Rupandehi.

Findings: The workshop was also organized to review the progress of the ongoing work plan and to discuss and fine-tune the FY 2016/17 Climate Change Adaptation Plans for which LoCAL will provide the Climate Resilience Grants (second-year allocation). It was concluded that the adaptation projects financed under the LoCAL Climate Resilience Grants were very appropriate and appreciated by communities.

6. Title: Workshop for Preliminary Discussion on Local Self Governance Act Bill

Date: November 11, 2016

Venue: Kathmandu

Participants: Secretary of MoFALD

- CA Members
- All Joint Secretaries of the MoFALD
- All Section Chief (Under Secretaries) of the MoFALD

- Director General within MoFALD
- Selected past secretary, MoFALD-2
- Representatives from three Local Government Associations-3
- Selected LDOs from Valley and adjoining Districts-4
- Selected EOs from Valley and Municipalities of adjoining Districts-5
- Selected VDCs secretaries -3
- Officials and staffs from Federal Affairs Section-5
- Representatives and experts from Nepal Law Society-3
- Representatives and specialists from LGCDP- 5

Number of Participants: 60 (52 Male, 8 Female)

Objectives: Major objective of the work was to design a federal legislative framework for holding local level election and smooth operation of local level government in post-election. Specific objective of the workshop was;

- To provide final shape to the draft bill through consolidation of the institutional memory and opinions of the MoFALD officials and experts
- To determine further consultation approaches and processes, as necessary

Conclusion:

Draft Bill was revised and incorporated the inputs from the participants.

7. Title: Experience Sharing Workshop for Parliament Members on Fiscal Federalism

Date: 15-16 December 2016

Venue: Hotel View Bhrikuti, Godavari, Nepal

Title: Experience Sharing Workshop on 'Fiscal Federalism' for Senior Government Officials

Date: 17-18 December 2016

Venue: Hotel View Bhrikuti, Godavari, Nepal

Participants: 31 (5 women and 26 Men)

Objective: The specific objective was to provide knowledge and exposure on fiscal federalism for a carefully selected set of Honourable Members of the Parliament (from the development, finance and public accounts committees) as well as a subset of senior officials (Secretaries and Joint Secretary level) who have been both working with current local governments as well as who are expected to work with the new provincial and local governments under the Federal Constitution.

Resource Persons:

The resource persons for two programs included Professor Roy Kelly (Duke University, USA), David Parks (Forum of Federations, Canada), Dr. Shankar Sharma, Dr. Som Lal Subedi (GoN Chief Secretary) and Mr. K. B Adhikari (Secretary, MOFALD). Mr. Purusottam Nepal (Joint Secretary, MOFALD, Head, Local Body Fiscal Commission (LBFC) moderated the various opening and closing sessions, while Dr. Roy Kelly served as the Team Leader, facilitator and primary resource person for both of the training cum experience sharing workshops.

SUMMARY THOUGHTS

- Ultimate goal is to enhance governance, efficient & accountable service delivery
- Successful federalism must incorporate political, administration and fiscal dimensions.
- Fiscal federalism is focused on four pillars:

- Expenditure Assignment
- Revenue Assignment
- Intergovernmental Transfers
- Subnational Borrowing
- Must link Functions, Finance and Functionaries. In practice, most functions in a federal system are concurrent, and will involve cooperation and coordination between orders of government.
- The national government will often maintain a coordinating role in most decentralized areas.
- Institutions and Commissions can provide formal mechanisms for coordination
- Political space is also important for cooperation
- IG cooperation at the technical level is essential for successful policy outcomes.

Annex-2 Key deliverable against planned activities

SN	Planned Activities	Progress Status 2016																				
1	Conduct induction/TOT for 8 NUNVs for ICT volunteers	Two capacity building training and one workshop conducted. <table border="1" data-bbox="803 781 1430 1255"> <thead> <tr> <th>Activities</th> <th>Training to National UNVs</th> <th>Training to ICT Volunteers</th> <th>Workshop on ICT</th> </tr> </thead> <tbody> <tr> <td>Duration</td> <td>7 days</td> <td>5 days</td> <td>2 days</td> </tr> <tr> <td>Venue</td> <td>Kath.</td> <td>Chitawan</td> <td>Kath.</td> </tr> <tr> <td>Date</td> <td>Nov 11-17, 2016</td> <td>Jan 03- 12, 2017</td> <td>Aug 31- Sept 1, 2016</td> </tr> <tr> <td>Participants</td> <td>8 National UNVs. (6 Male, 0 Female)</td> <td>78 National UNVs. (76 Male 2 Female)</td> <td>6 National UNVs. (6 Male, 0 Female)</td> </tr> </tbody> </table>	Activities	Training to National UNVs	Training to ICT Volunteers	Workshop on ICT	Duration	7 days	5 days	2 days	Venue	Kath.	Chitawan	Kath.	Date	Nov 11-17, 2016	Jan 03- 12, 2017	Aug 31- Sept 1, 2016	Participants	8 National UNVs. (6 Male, 0 Female)	78 National UNVs. (76 Male 2 Female)	6 National UNVs. (6 Male, 0 Female)
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Date	Nov 11-17, 2016	Jan 03- 12, 2017	Aug 31- Sept 1, 2016																			
Participants	8 National UNVs. (6 Male, 0 Female)	78 National UNVs. (76 Male 2 Female)	6 National UNVs. (6 Male, 0 Female)																			
2	Organize half yearly youth led events on “Volunteering for ICT4D at community level” focusing on youth volunteering in local governance	Info graphics design and print work done																				
3	Organize training for LGCDP Focal Persons.	Conducted induction training for LGCDP Focal Persons																				
4	Conduct six regional level thematic sharing and review workshops	Six regional consultative meetings conducted for progress review and conceptualizing transition management plan.																				
5	Provide technical assistance to LGAF Secretariat	Provided 2 technical experts to support LGAF																				
6	Trainings to CSOs and LBs for compliance monitoring	Training on compliance monitoring organized																				
7	Institutionalize Revenue Improvement Action Plans of LBs (municipalities)	Consultants hiring process is in progress in selected six municipalities i.e. Birtamod, Dapchakashikhand, Byas, Waling, Narayan and Tikapur.																				
8	Review national tax-base system, local tax-base system and establish linkage between local tax and national tax	The study team has submitted final draft report .It will be finalized by incorporating comments.																				
9	Review current borrowing system and practice and recommend potentiality of	The study is going on.																				

SN	Planned Activities	Progress Status 2016
	borrowing systems in LBs	
10	Disseminate findings through a consultative workshop	
11	Prepare action plan/strategy for implementation of recommendations of the representative study of revenue potentiality of DDCs Municipalities and VDCs	Not Implemented
12	Update MCPM System and Institutional Framework and hold a consultative workshop to finalize indicators to implement a new framework	MCPM indicators updated/revised.
13	Finalize LBs equalization formulae based on geographical location and revenue optimization	Study on preparation of Local Bodies Equalization formula completed.
14	Provide technical support in the field of GIS for the Local Level Restructuring Commission (LLRC)	Provided technical supports in the field of GIS.
15	Develop an approach paper with road map for functional federal system; sharing and learning on comparative knowledge and expertise	<ul style="list-style-type: none"> • Concept note prepared on developing federalism implementation plan. • • MoFALD constituted different thematic working team for policy design on transitional operation of LGs.
16	Support to finalize functional assignment of selected sectors and related other activities to federal roll out	<ul style="list-style-type: none"> • IEC materials developed and disseminated. • Functional analysis of local level government carried out and integrated in the draft local governance bill.
17	Determine criteria and standards of law making process of sub-national government (study, research, review) in coordination with MoLJPA	Criteria and standards of law making process of sub-national government developed and integrated in draft bill of local level governance.
18	Prepare policy paper on options of organizational set up at sub-national level	MoFALD constituted a working team to prepare organizational set up.
19	Support in preparation of federal legislations related to sub-national governance; sharing and learning on comparative knowledge and expertise	<ul style="list-style-type: none"> • Draft Bills of six Constitutional Commissions prepared. • Draft Bill on Local Level Governance Prepared. • Drafting of provincial bills regarding local level operation is ongoing
20	Conduct third party CSOs monitoring for quality assurance	Carried out compliance monitoring as planned
21	Contract consultants to design and implement LED/PPP approach in LGCDP II in alignment with similar initiatives and train stakeholders in order to pilot LED activities in selected municipalities	Consultant hired, inception report prepared and final report is supposed to receive by March 2017
22	Enhance capacity / training on LED	Two officials from MOFALD participated 12-days training on LED in November 2016
23	Carry out study on designing fiscal federalism roadmap	Carried out a study on Institutional Arrangement for Intergovernmental Transfer in Nepal.