



Ministry of Federal Affairs and General Administration (MoFAGA)
Provincial and Local Governance Support Programme (PLGSP)

First National Steering Committee Meeting
 10th December 2021

Aide Memoire

1. Meeting Background

The 1st meeting of the National Steering Committee (NSC) of the Provincial and Local Governance Support Programme (PLGSP) was held under the chair of Hon'ble Rajendra Prasad Shrestha, Honourable Minister of the Ministry of Federal Affairs and General Administration (MoFAGA), Government of Nepal (GoN), on 10th December 2021. The main purpose of the meeting was to approve the Innovation Partnership Fund Guidelines, provide updates on the implementation status of PLGSP, review the PLGSP Annual Progress Report 2020/21, and decide on the recommendations proposed by National Executive Committee (NEC). Mr. Suresh Adhikari, (Newly appointed secretary of MoFAGA), Joint Secretaries of MoFAGA, senior officials of sectoral ministries, representatives of the Joint Financing Agreement (JFA) Development Partners (DPs), UNDP and representatives of the Provincial & Local Government (PLG) associations participated in the meeting. The list of participants is provided in Annex-2. Considering the COVID-19 pandemic, the meeting was organized both face to face with social distancing measures and virtually. The discussion notes of the meeting are presented in Annex-1.

2. Meeting Agendas

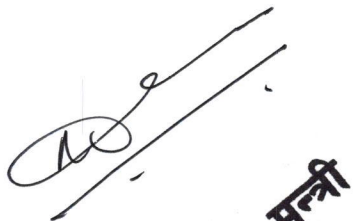
- 1) IPF Implementation guidelines – for approval
- 2) PLGSP annual progress update
- 3) Updated PLGSP FRRAP
- 4) Mid-Term Review of PLGSP
- 5) Policy Decisions
- 6) AOB

3. Meeting Decisions

The meeting concluded with the following decisions.

1. The meeting approved the IPF implementation guideline as recommended by the 5th NEC meeting. The meeting instructed the PCU to coordinate with the PLGSP's PPIU at Provinces for its effective implementation and report progress back to NSC meeting.
2. The NSC meeting welcomed and acknowledged the approval of PLGSP Annual Progress Report 2020/21 and the Annual Financial Monitoring Report (FMR) 2020/21 by the 5th NEC.

3. The NSC noted the updated status of PLGSP's fiduciary risks reduction action plan (FRRAP) and the fiduciary risks assessment frameworks of provincial and local governments.
4. The meeting acknowledged the receipt of the PLGSP MTR ToR and instructed PCU to immediately undertake this work.
5. The meeting instructed the PCU to organize all the governance meetings of PLGSP as scheduled in the programme document.





Annex-1 Agendas Presentation and Discussion

1. Opening Remarks

- The Honourable Minister, Rajendra Prasad Shrestha (Honourable Minister of MoFAGA, Chair), opened the meeting and welcomed representatives to the first PLGSP NSC meeting and instructed PCU to organize and schedule all necessary future meetings in accordance with requirements of PLGSP Programme Governance and Joint Financing Agreements.
- Dr. Gopi Khanal, The National Programme Director (Joint Secretary, National Programme Director, PLGSP), welcomed the presence of all the guests, both those in-person (joining at MoFAGA Hall) and virtually, identifying each by name. The NPD summarized the major objectives of the meeting as: reviewing progress on actions from the 5th NEC Meeting (29 November 2021), review of Annual Progress Report 2020-21, approval of the Innovation Partnership Fund Implementation Guideline, PLGSP Mid-Term Review (MTR) Terms of Reference, MEL Baseline and Third Party Monitoring, and PLGSP GESI Strategy endorsement. NPD highlighted that, despite the Covid-19 situation as a major challenge, much progress had been made in programme implementation. He highlighted the fundamental attributes of the programme mentioning that the programme results are embedded in the culture and practices of the Sub-National governance which are manifested through the successful rollout of the frameworks like LISA, FRRAF, CFLG, EFLG, management audit, local economic development, IPF, strengthen local services and many others.
- Mr. Nathanael Bevan, FCDO, as Chair of the PLGSP Development Partners, on behalf of the Development Partners, congratulated PLGSP and MoFAGA for organizing the first NSC meeting and noted that regular NSC meetings will ensure strategic guidance and oversight of the programme. Mr Bevan observed that PLGSP is now in its third year and noted progress on the establishment of Provincial Centres of Good Governance, the roll out of the Local Institutional Self Assessments, work on Gender Equality and Social Inclusion and Revenue Improvement Plans for local governments.

Implementation is, however, slower than planned and that COVID-19 and political changes contributed to this and suggested concrete measures to improve.

The absence of the Federal Civil Service Act undermines the ability of Provinces and Local Governments to recruit. Combined with the consequences of the frequent transfer of civil servants at federal and provincial level this makes it difficult for PLGSP to live up to its ambitions.

Achieving the outcomes of PLGSP depends upon how three spheres of government work together and make provincial and local level governments effective, inclusive and accountable.

The NSC is an important forum to discuss these issues and provide guidance to PLGSP and how it contributes to the federalization of Nepal.

गोपी कृष्ण खनाल
सह-सचिव



2. Agenda Presentation and Discussion

1. PLGSP National Programme Manager, Chiranjivi Timsina introduced the agendas of the meeting as;

1. IPF Implementation guidelines – for approval
2. PLGSP annual progress update
3. Updated PLGSP FRRAP
4. Mid-Term Review of PLGSP
5. Policy Decisions
6. AOB

2. IPF is an innovative approach that has been meticulously worked on for over a year and is focused on promoting LG innovation in three areas: governance; service delivery; and local economic development. IPF needs to be completed in two years, as that is the current duration of the PLGSP programme. The objective criteria of IPF implementation was shared. The fund is not an equality-based fund rather it is a competitive fund that promotes & prioritises genuine innovation in support of federalization

Dr. Gopi Khanal, The National Programme Director, PLGSP presented an overview of the Innovation Partnership Fund (IPF) and associated Implementation Guideline. IPF is an innovative approach that has been meticulously worked on for over a year and is focused on promoting LG innovation in three areas: governance; service delivery; and local economic development. IPF needs to be completed in two years, as that is the current duration of the PLGSP programme. The objective & criteria of IPF was shared. The NPD emphasized that the fund is not an equality-based fund available to all PLGs, but whilst it is a competitive fund that all can bid for, it promotes & prioritizes genuine innovation in support of federalization, and only a limited number of the most innovative projects will be selected, with a maximum of three per province envisaged in the first year.

3. Mr. Chiranjivi Timsina (National Programme Manager PLGSP), presented an update on the PLGSP programme including PLGSP progress update, Annual Progress Report and Financial Progress Report, PLGSP FRRAP update, MTR and the policy points for discussion, noting that most of the plan of action had been completed as per decisions of NEC.
4. Mr. Nathanael Bevan, FCDO, as Chair of the PLGSP Development Partners welcomed the IPF and noted that the roll out of LISA and work on GESI is appreciated. A sound plan that ensures support to Provinces and Local Governments to apply to the IPF, third party monitoring, and rigorous fiduciary risk management needs to accompany the implementation guideline, and DPs find the importance of these factors for the smooth implementation of the IPF.
He offered some brief remarks on IPF, in three main areas: Firstly, he noted that a sound plan for technical support for PLGs to develop compliant and innovative proposals be provided to assist them to apply for IPF funding. Secondly, rigorous third-

गोपी कृष्ण खनाल
सह-सचिव



party monitoring of IPF to ensure compliance and assess impacts is essential and, as a final related point, rigorous fiduciary risk management is also a pre-requisite. He suggested to develop a comprehensive IPF implementation action plan.

Mr. Bevan also advised NSC that the UK is currently going through the necessary internal process to seek approval from our Minister to be able to allow allocation of UK funding for PLGSP for IPF.

5. Dr Marco Gemmer, EU Delegation, emphasized that it is important that the NSC acknowledge the Annual Progress Report for adherence to governance agreements in the Joint Financing Agreement and Programme Document. This is an essential criterion that must be met for EU and Development Partners to make financial disbursements.
6. HE Ambassador Torun Dramdol, Royal Norwegian Embassy, DP Co-Chair noted that fiduciary risks are of key concern to DPs as DPs must be accountable to our taxpayers. The development of this action plan is therefore appreciated. It is important that NSC approves this plan and NSC must be updated regularly on its implementation.

Her Excellency also provided DPs discussion of the other policy areas:

PCGGs are critical new institutions to lead on capacity development of PLGs. They are supposed to be established under Provincial law; however, some provinces still have not done so. HE relayed DPs request that the NSC ask Provincial Governments to enact laws to empower the PCGGs, hire Executive Directors through a competitive process and provide necessary staff and resources.

Proposals for LDTA restructuring to a Federal Affairs Training Academy (FATA) study was noted as it is important to see that Nepal is restructuring existing institutions making them relevant to the new federal context. DPs appreciate the Government's initiative to restructure the central level capacity development institution LDTA to new Federalism Study Centre, and request Government to take time to consult with the relevant stakeholders- including DPs and to make efforts to establish collaborative and non-hierarchical linkages between the PCGGs and this new institution.

DPs are pleased to see that the governance tools such as Local Government Institutional Self-Assessment (LISA) and Local and Provincial Level Fiduciary Risk Assessment Systems in this programme are being institutionalized by the Government. However, DPs believe that LISA should be used for its primary purpose, which is to identify areas for capacity building support and resource mobilization, rather than confining this instrument to measure performances of the local governments and linking it to fiscal transfer.

7. DPs acknowledge Nepal's progress on GESI and deeply believe that inequality, discrimination, gender-based violence and exclusion are very important barriers to achieve SDGs and Nepal's aim to be a developed country in future. Development Partners are committed to support Nepal Government's initiative to promote gender equality and social inclusion at all levels and appreciate the Government's prioritization

[Handwritten signature]
गोपी कृष्ण खसाल
सह-सचिव



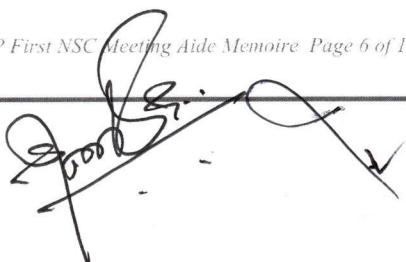
of gender equality and social inclusion at the high priority in PLGSP and similar programmes.

8. The MTR needs to meet the objectives as set out in the programme document, must be sufficiently resourced to meet these objectives (time and budget) and should be undertaken by an eligible company, recruited through an independent international bidding, with a team of international and national experts.
9. Mr. Ashok Kumar Bayanju (Shrestha), Mayor, Dhulikhel Nagarpalika stated that the concept of innovation partnership fund is good and raised his concern at the same time that it should not be a showpiece but rather entail socio-economic changes at the local level. Mr. Bayanju further pointed out that the IPF grant ceiling as provisioned in the guideline is not sufficient for the economic development and job creation and requested to increase. He also highlighted on the need of fund management including the IPF grant and the matching fund from the local governments. He further added that LGs have also done innovative work already so the exchange learning can also be enhanced through the implementation.

Mr. Bayanju expressed his opinion that the fiduciary risk needs to be discussed. Not even 20% of the LGs are self-sustaining at the moment, they need to be developed to be self-sustained. It has to focus on the economic improvement of the LGs.

LDTA needs to be developed as a training center, the decision was not taken. The LGs elected representatives and officials needs to be trained in many constitutional laws and concepts.

10. Mr. Baburam Subedi, Joint Secretary, MoF, noted the progress towards restructuring of the LDTA and said that the standard for center for excellence needs to be set first. The PGs and the LGs government needs to be given the opportunity to work, they have the capacity and they need to be appreciated for what they have. Let's not criticise them already. LDTA needs to be strengthened.
11. Krishna Chandra Nepaune, Executive Secretary, ADCCN, said that the IPF-matching fund is difficult as the revenue of the small LGs is only 5 percent. Mr. Neupane requested to increase the role of DCC in the implementation of federalism through PLGSP. He expressed his opinion that DCC can do third party monitoring of the PLGSP programme. Coordination cooperation is vital for the implementation of IPF but many LGs have scored low in LISA out of total 6 marks in coordination and cooperation.
12. HE. Torun Dramdol, -Ambassador, Royal Norwegian Embassy (RNE), mentioned that the fiduciary risk is the key concern of DPs. MTR needs to be met the objectives set in the proc doc. Enact necessary laws and policies. LISA to be used for planning purposes rather than ranking.


गोपी कृष्ण सुब्बा
सह-सचिव



13. Bernardo Cocco, UNDP, thanked everyone for the meeting. He reiterated the UNDP support for PLGSP/MoFAGA. He talked about the process of mid-term review and mentioned that an independent team shall be hired for the process and that UNDP is committed to quality in terms of selecting the best for the review process.
14. Mr. Ram Prasad Thapaliya, Secretary, Office of the Prime Minister and Council of Ministers, said that the focus of the IPF should be in the local level.
15. Ms. Laxmi Gautam, Deputy Mayor, Itahari Sub-metropolitan, stated that she has not seen any intervention for policy development from PLGSP. She further shared her feeling that the province and federal government has formulated acts/laws for LGs while it was the prerogative of LGs. She further pointed out that the law making process need to be well coordinated with all the relevant stakeholders.
16. Ms. Laxmi Devi Pathak, Deputy Chief, Tansen Municipality, Lumbini Province, mentioned that the constitution of Nepal has provisioned three tiers of Governments and expressed her concerns that the rights of the local governments have been snatched by both the provincial and the federal Governments. She further pointed out that the elected deputy Mayor and deputy Chair has the responsibility to lead the legal sub-committees but do not have law background, requiring dedicated training to develop their capacity. She requested PLGSP to think hard on the need for capacity building. She also requested to make clear on the use of the LISA assessment findings.

3. Closing Remarks

- Mr. Marco Gemmer, Head of the Cooperation, EU, on behalf of JFADPs, appreciated the NSC meeting approving the documents to which all of them have access.
- Mr. Suresh Adhikari, Secretary, MoFAGA, greeted everyone and thanked all for presence. He stated that he is very new to the programme but as he was engaged in the process of designing of PLGSP thus the objective of the programme is clear to him. He acknowledged the room to improve to provide adequate human resources in the provinces. he appreciated that the capacity of the local capacity has been increased as the internal source of revenue of the local from has increased from 6 percent in 2018 to 20 percent now which is appreciable. He stated we should also talk about the positive development. The focus of the programme should be institutional strengthening and if that happens, irrespective of the change in human resources, the institution can function. At the end of the day, service delivery strengthening should be the major outcome. He elaborated the improved coordination and progress and it needs to be appreciated though there is room to improve as per our expectations. PLGSP is a supportive programme and it cannot meet all the expectations of the provincial and local level thus the focus should be to optimize what can be achieved within the programme period and optimize from the programme. The PLGSP delivery needs to be expedited. He closed by urging for collaboration from everyone to the programme.

गोपी कृष्ण खनाल
सह-सचिव



- Mr. Uma Shankar Prasad, Hon'ble member, National Planning Commission, thanked for the opportunity for being in the meeting. He mentioned that we are in three transition/s one of federalism, second graduation and third Covid and thus, it is important to manage the transition. He mentioned MoFAGA is responsible for all three transitions and it needs to be done well. IPF implementation is possible and the budget revision might be required. The progress report of PLGSP shows quite less progress in the expenditure and it does not reflect well in provinces when we get external fund from development partners. The mid-term review ToR needs to be reviewed. He talked about the importance of training academy in all seven provinces and one in federal level highlighting the need to capacitate the human resources. The civil service act needs to be approved before the general elections as it is one of the fundamental aspects of governance and I would like to urge the focus on the same and also commit to do the needful required. He elaborated further that if we fail to implement this then it shall be failure of all of us. The importance of local economy being self-sustaining is important concern and it needs to be addressed by making action plan and also conduct specific studies. He wished for the success of PLGSP and thanked everyone for listening.
- The Honourable Minister, Rajendra Prasad Shrestha (Honourable Minister of MoFAGA, Chair), congratulated for the successful completion of the meeting. He announced approval of the six agendas. He mentioned the good points about the mid-term review of the PLGSP, importance of e-governance along with the mention of innovative practices and restated the importance of engagement of local government for the local development and suggested the representatives to work together with the programme on the same. He highlighted the need that the matching fund to be pro-rated according to the status of the local government in terms of resource and geographical location so that they can be economically empowered. He recognized the importance of all the federation and similar agencies to aid the process of the local development and stated that MoFAGA appreciates all their efforts. He mentioned the ministry shall focus on the well management of human resources and the new focus is also on the federal affairs. He talked about the process of LDTA restructuring into Federal Affairs Training Academy along with the restructuring of MoFAGA.

Thank You

गोपी कृष्ण खनाल
सह-सचिव



Annex-2 List of the Participants present in the first NSC meeting

S.N	Name	Position	Organization
In-person attendance			
1	Mr. Rajendra Prasad Shrestha	Hon'ble Minister	MoFAGA
2	Mr. Uma Shankar Prasad	Hon. Member	National planning commission
3	Mr. Suresh Adhikari	Secretary	MoFAGA
4	Mr. Ram Prasad Thapaliya	Secretary	Office of the Prime Minister and Council of Ministers
5	Ms. Yam Kumari Khatiwada	Secretary	Ministry of Women children and Senior Citizens
6	Mr. Gopi Krishna Khanal	Joint Secretary/National Programme Director	Local Level Capacity Development Division(MOFAGA/PLGSP)
7	Mr. Bishnu Dutta Gautam	Joint Secretary	Planning and Development Assistance Coordination Division
8	Mr. Narayan Prasad Aryal	Joint Secretary	Division of Administration Reforms, Manpower, Planning and Development
9.	Mr. Baburam Subedi	Joint Secretary	Ministry of Finance
10	Mr. Ashok Kumar Bayanju(Shrestha)	Mayor	Dhulikhel Municipality-Bagmati Province
11	Mr. Janga Bahadur Shahi	President	Mahabu Village Municipality
12	Saroj Guragain	Province Secretary	OCMCM- Province 1
13	Yam Prasad Bhusal	Province Secretary	OCMCM- Province 2
14	Ganga Bahadur Kharel	Province Secretary	OCMCM- Sudurpaschim Province
15	Laxmi Devi Pathak	Deputy Chief	Tansen Municipality, Lumbini Province
16	Dev Kumar Subedi	Mayor	Birendranagar Municipality
17	Laxmi Gautam	Deputy Mayor	Itahari Sub- Metropolitan

गोपी कृष्ण खनाल
सह-सचिव



18	Kamal Bahadur Khatri	Secretary	MoFAGA
19	Arbind Chaudhary	RA	National Planning Commission
20	Suraj Maharjan	Personal Assistant of the Hon'ble Minister	MoFAGA
21	Lila Bogati	Computer Operator	MoFAGA
22	Sharmila Maharjan	Secretariat Staff	MoFAGA
23	Sushant Bajracharya	Technician	
24	Tula Magar	Technician	
25	Manoj Karki	Interpreter	LAMSS
26	Anim Dahal	Interpreter	LAMSS
27	Mr. Chiranjivi Timsina	Under Secretary/National Programme Manager	MoFAGA/PLGSP
28	Mr. Krishna Chandra Neupane	Executive Secretary General	Association of District Coordination Committees of Nepal (ADCCN)
29	Mr. Tek Tamata	Portfolio Manager	UNDP
31	Mr. Krishna Prasad Bhattarai	TA Coordinator	UNDP
32	Mr. Bernado Cocco	Deputy Resident Representative	UNDP
33	Mr. Nathanael Bevan	Development Director	FCDO
34	Ms. Shradha Rayamajhi	National Programme Officer	Embassy of Switzerland, SDC
35	He Torun Dramdol	Ambassador	Royal Norwegian Embassy
36	Mr. Raj Kumar Dhungana	Governance Advisor	Royal Norwegian Embassy
37	Mr. Marco Gemmer	Head of Cooperation	EU
38	Mr. Egbert Pos	Governance Advisor and Deputy Team Leader for GPST	FCDO, British Embassy

गोपी कृष्ण खनाल
सह-सचिव



39	Mr. Madhu Bishwakarma	Governance Advisor	FCDO, British Embassy
40	Ms. Shailee Manandhar	Senior Programme Manager	FCDO, British Embassy
41	Mr. Ian MacDougall	Federal Governance Specialist & Development Partner Co-Ordinator	UNDP/ PLGSP
42	Mr. Basant Raj Poudel	Account Officer	PLGSP
43	Mr. Hari Prasad Guragain	Administrative Officer	PLGSP
44	Mr. Chandra Kanta Sharma Paudel	C&M Specialist	PLGSP
45	Mr. Baburam Shrestha	PFM Specialist	PLGSP
46	Ms. Dixita Silwal	HR and Liaison Specialist	PLGSP
47	Ms. Kirti Thapa	GESI Specialist	PLGSP
48	Mr. Nagesh Badu	IT & e-Gov Specialist	PLGSP
49	Mr. Bikram Khatiwada	IT & E- Governance Expert	PLGSP
50	Ms. Sakun Shrestha	Program Associate	PLGSP
51	Ms. Ranju K.C	Computer Operator	PLGSP
52	Mr. Umesh Thagunna	IT Intern	PLGSP
53	Mr. Rajendra Aryal	Storekeeper	PLGSP

Virtual Attendance:			
S. N.	Name	Position	Organization
1	Sharmila Paudyal		Adhikhola Gaunpalika
2	Mr. Anders Magnusson		UNDP

गोपी कृष्ण खनाल
सह-सचिव