



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

8th National Executive Committee (NEC) Meeting

Meeting Minutes

The 8th meeting of the National Executive Committee (NEC) of the Provincial and Local Governance Support Programme (PLGSP) convened on 20 June 2023, under the chair of Dr Krishna Hari Pushkar, Secretary of the Ministry of Federal Affairs and General Administration (MoFAGA), Government of Nepal (GoN).

The primary objectives of this meeting were threefold:

- to review and endorse the transitional year Annual Sector Implementation Plan (ASIP) for 2023/24,
- to assess the progress of PLGSP up to the second quarter of the fiscal year 2022/23,
- and to decide on the agenda items proposed by the PLGSP/Programme Coordination Unit (PCU).

The meeting was graced by the presence of the Joint Secretaries of MoFAGA, high-ranking officials from sectoral ministries, representatives of the Joint Financing Agreement (JFA) Development Partners (DPs), United Nations Development Programme (UNDP), and representatives from provincial governments, and local government (LG) associations.

The agenda items and discussions of the meeting are comprehensively detailed in Annex-1 and Annex-2, respectively. The list of distinguished participants can be found in Annex-3. The presentations delivered by the National Project Manager (NPM) are available in Annex-4. The decisions of the meeting include, inter alia, the following:

1. Opening Remarks

The distinguished Dr Krishna Hari Pushkar, Secretary of MoFAGA, chaired the meeting, graciously welcomed all present and set the tone for the proceedings. In his opening address, he graciously invited National Program Manager, Mr Bhupendra Sapkota, to take the floor and proceed with the agenda and presentation.


Dr. Krishna Hari Pushkar
Secretary


2. Decisions

1. NEC received and duly acknowledged the progress update of PLGSP as of April 2023 and directed the PCU to accord utmost priority in implementing stakeholder engagement and re-programming processes, as mandated by NSC.
2. NEC duly acknowledged and considered the documents and decisions of the 5th NAFRMSC Meetings.
3. NEC acknowledged the 2nd 'Third Party Monitoring Report (2022/23)' of PLGSP and instructed the PCU to implement the proposed recommendations.
4. NEC accepted the Transitional ASIP of PLGSP for the period 2023-2024 and endorsed it for approval at the upcoming NSC meeting, subject to the following conditions:
 - i. Adherence of GoN to its contribution of at least 23% of the budget for the coming transitional year.
 - ii. Review and approval of the TA Annual Work Plan by the TASC
 - iii. Incorporation of DP's written comments in the ASIP
5. NEC issued instructions to PLGSP, urging it to implement program planning and delivery improvements to enhance overall effectiveness and efficiency.


Dr. Krishna Hari Pushkar
Secretary

Annex-1: Agenda of 8th NEC

1. Reflection on the 7th NEC meeting decisions and actions
2. PLGSP progress update as of April 2023
3. PLGSP ASIP (2023-24)
4. Summary of Third-Party Monitoring Report
5. AOB
6. Summary of decisions and actions arising

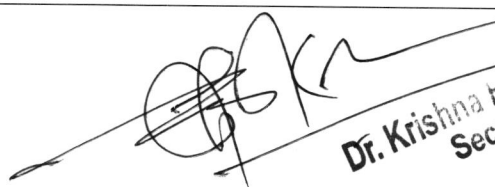

Dr. Krishna Hari Pushkai
Secretary



Annexe 2: Discussion

a. Government stakeholders:

- The Ministry of Finance has elegantly articulated the agreement for a transitional year, during which a comprehensive re-programming will be meticulously undertaken. It is paramount to scrutinize the modalities with a keen eye on addressing the disconcertingly low expenditure, which includes enhancing the allocation to Local Governments. The re-programming should pivot its focus from capacity building to other pivotal areas, bolstering the sense of ownership within Local Governments. It is strongly advised to implement the recommendations from MTR and TPM to materialize these objectives effectively.
- The Ministry of Women, Children, and Senior Citizens has acknowledged the commendable progress of the PLGSP. The re-programmed PLGSP requires a more profound alignment with the needs of LGs in social sectors, including benefits to women through the IPF and economic empowerment programs. A Gender Equality Policy, currently under the Cabinet's consideration, should be utilized to outline key PLGSP milestones. Additionally, there is a need for further capacity development for PGs to deliver associated programs effectively.
- Gandaki Province has astutely delineated its priorities, encompassing the enhancement of IGR, the digital transformation of the transport sector, and the promotion of GESI in the forthcoming fiscal year of 2023-24. These priorities are meticulously interwoven with budgetary allocations, demonstrating a strategic approach to fiscal planning. The LGs are entrusted with a more significant role in the stewardship of delivery, a practice deeply rooted in the Gandaki ethos. The PCGG has established MoU with the LGs, enabling them to execute specific activities directly. This arrangement fosters a sense of ownership and responsibility among the LGs. The IPF has been instrumental in promoting ownership and enhancing IGR. However, the impacts of these improvements remain largely concealed, a situation that calls for a more transparent and inclusive approach. A comprehensive discourse at the PLG levels is needed, with the objective of re-programming strategies to bring these 'hidden insights' to the fore. This will enhance transparency and improve the effectiveness of the delivery mechanisms. There is an acknowledgement of minor lapses in the existing policies and guidelines, which necessitates a thorough revision to ensure the point of delivery. The progress achieved thus far must be


Dr. Krishna Hari Paudyal
Secretary



better cascaded and communicated to ensure that all stakeholders are kept abreast of the developments and can contribute effectively to the province's growth and development.

- Madhesh Province has made commendable strides towards federalism, attributable primarily to the support extended by PLGSP. Out of 136 LGs, 124 have completed the LISA, and 82 have fulfilled the FRA, a prerequisite for eligibility for IPF. These achievements have been realized in the face of significant challenges, underscoring the resilience and determination of the province. However, fiscal governance in Madhesh leaves much to be desired, with the province bearing the dubious distinction of having the highest arrears among all provinces. Despite this, there has been a notable reduction in the arrears, from 5.42% to a more manageable 2.69%. This improvement is primarily credited to the diligent efforts of the PLGSP, which has been instrumental in steering the province towards fiscal responsibility. The IPF has played a pivotal role in empowering marginalized communities by providing them with additional income channels. This significant achievement warrants further attention and should be a focal point in the re-programming efforts. The aim is to ensure that these communities continue to benefit from these initiatives and that their economic well-being is enhanced.
- Bagmati Province shared PLGSP serves as a vital bridge between the three tiers of government. However, to accelerate the pace of expenditure, a revision of the current modality is imperative. Furthermore, the guidelines for IPF warrant a thorough review to accommodate the re-programming of the PLGSP. A challenge we face is recording LG's performance against the FRAP. The current system only allows for data entry during a brief window of time, which is a limitation that needs to be addressed. This will ensure more efficient and effective monitoring of the LG's performance against the FRAP, enhancing the overall governance process.
- Koshi Province expressed a solid inclination to assume direct responsibility for LG-related interventions, a move that would enhance efficiency and facilitate increased expenditure. Additionally, the construction of the new building for PCGG is currently underway. The province has allocated funds to fulfil the remaining budget commitments that could not be completed within the initial three-year period of the PLGSP budget allocation. To further



clarify the roles of the District Coordination Committees (DCCs), the province has commissioned a study under OCMCM. The findings of this study will be shared with the federal government, contributing to a better understanding of the DCCs' responsibilities and facilitating improved coordination between the provincial and federal levels of governance.

- Karnali Province suggested linking the PLGSP to employment creation, acknowledging the challenges posed by the cumbersome nature of the Prime Minister's Employment Fund. The province recognizes the potential for job creation in the tourism and trekking sectors, with a proposed target of 10,000 new jobs next year. Tourism offers specific opportunities for marginalized groups, as demonstrated by PLGSP-supported IPF projects. LGs, particularly those with limited revenue generation capacity, are hopeful for increased support from PLGSP to advance their governance capabilities.

b. LG Associations:

- The Association of District Coordination Committee Nepal (ADCCN) raised the concern on the status of participation of ADCCN, MUAN & NARMIN, who are only invitees, and requested their inclusion as formal members of the NEC so that they could participate inclusively and with total commitment. ADCCN could be assigned monitoring of the program, which is mandated by the constitution.
- The National Association of Rural Municipalities in Nepal echoed ADCCN's views regarding its participation in NEC. Budget provisions for development activities are now triplicated - MoFAGA is requested to resolve this issue. PLGSP-supported activities, such as periodic plans, have some time lapse issues (ownership issue - recently elected representatives do not own programs initiated by former administrations). There is a need to integrate the reporting from LGs so that LGs don't need to report the same thing multiple times to multiple agencies- MoFAGA or NPC to take care of this.

c. Joint Financing Agreement Development Partners

Egbert Pos:

- Development Partners acknowledge the exchange of letters (LoE) and extension of the Joint Financing Agreement for the transitional year of PLGSP up to July 2024, with the following conditions:
 - o Roundtable with all seven province chief ministers
 - o Head of Missions meeting with Hon. Minister of MoFAGA on a Quarterly Basis
 - o High-level political and technical consultations with PLGs
 - o Proposal on TA revision and extension
- Happy to see focused ASIP for FY 2023/24 with key programmatic priorities and activities
- DPs are encouraged by Hon'ble Minister's commitments in our meeting on 11 May 2023 to ensure his leadership and high level of program coordination and strategic decisions, which we agree to monitor by convening a quarterly high-level dialogue between the GoN and JFA Development Partners.
- DPs acknowledge the receipt of NEC Documents and will share written detailed comments for MoFAGA to incorporate in the ASIP and Procurement Plan before sending these to the National Steering Committee for final approval.
- PCGGs are an essential component of the program, but DPs are concerned that four of the PCGGs are still not legislated. Almost all PCGGs are understaffed by government officials. This creates a PCGG legitimacy crisis and will impede the quality of service delivery from PCGGs in the transitional year. DPs ask MoFAGA to coordinate with the provincial government for legislating and adequate staffing of PCGGs.
- GoN's contribution is Rs 200 million (10.44 %) in the total ASIP budget. DPs are concerned about the GoN contribution, as this is against what was agreed with the DPs. DPs ask MoFAGA to comply with the response to the DPs' Letter of Exchange and GoN

commitment to the proportional contribution of 23.07%, including a contribution to the TA.

- DPs endorse the ASIP for forwarding to the NSC for approval with the following conditions:
 - o Adherence of GoN to its contribution of at least 23% of the budget for the coming transitional year
 - o Review of the TA Annual Work Plan by the TASC for NSC approval
 - o Incorporation of DP's written comments in the ASIP

Kristine Storholt /Norway

- DPs noted the Third-Party Monitoring Report and asked MoFAGA/PCU to provide a management response to the findings and recommendations of the last two TPM reports, what has been learned, how the program has adapted based on TPM's recommendations, and what policy decisions have been taken. Significant progress has been made in areas such as public financial management, training, and integration of gender equality and social inclusion (GESI). However, the report also shows several outstanding issues, persistent risks, and a low expenditure rate.
- DPs acknowledge the reporting on GESI-related activities at the province and local level for effective GESI mainstreaming, for example, GRB, GESI Audits, etc. However, we reiterate the MTR and TPM findings on GESI, particularly that although some changes are seen, they still need to be widespread and institutionalized. DPs encourage MOFAGA/PCU to ensure that GESI is fully implemented and institutionalized.
- Five of the 15 recommendations in the Third-Party Monitoring (TPM) report are related to GESI. We take note that significant achievements have been made concerning GESI in the province and local governments; however, as TPM highlights, further effort is required for effective implementation and request that these recommendations are given high priority, especially as GESI has been recognized as one of the main priorities of the transitional year ASIP.

- The ASIP identifies many activities around support to provincial parliaments in this year's ASIP, and DPs request that efforts are made to coordinate with other programs supported by different DPs, such as Norway, Switzerland, the World Bank, and the UN system, as relevant. For example, the Parliamentary Support Project (PSP), Access to Justice, the Multi-Donor Trust Fund on PFM and other provincial support programs. The proposed ASIP also includes capacity development training for the judicial committee members and legal officers. There is an overall need to identify synergies and opportunities for coordination at all three levels of government.
- DPs acknowledge that the activities in the ASIP regarding the Innovative Partnership Fund in the transitional year are focused on consolidating and reviewing the lessons from the first call of projects. This is important to integrate with the re-programming phase to inform decision-making on adaptation and possible future rounds of IPF. DPs note that there will not be new allocations for IPF projects during the transitional year.

Matthias Meier / Swiss Embassy

- DPs are concerned that the ASIP started with a promise of being a very focused document for the transitional year but going through the large number of activities planned for this "focused" year, it still looks like the program is following a business-as-usual model and is still activity heavy. DPs ask MoFAGA/PCU to prioritize focused re-programming activities in the transitional year.
- DPs acknowledge the GoN's commitment to re-programming PLGSP through the response to the Letter of Exchange dated 14 May 2023. The LoE presents a joint intention of GoN and the JFA DPs to revisit and review some of the program's structural, financial, programmatic, and enabling environment aspects to ensure the program is better positioned to deliver its intended outcomes.
- DPs request GoN and PLGSP to engage in the program's enabling environment for fiscal and administrative federalization. More precisely, enactment and implementation of the Federal Civil Service Act and related Provincial Civil Service Acts to ensure adequately



staffed Provincial and Local Governments. With the long overdue Civil Service Act, PLGSP can deliver its objectives even after redesigning and re-programming.

- DPs acknowledge and welcome GoN and PLGSP's focus on enacting and amending various provincial and local government laws to support federal roll-out, notably the Local Government Operations Act. Simultaneously, DPs request GoN and PLGSP to plan and prioritize, within the ambit of the program, to support the implementation of some of the critical policies on Intergovernmental Relations and Coordination, such as the Intergovernmental Relations Act, the Intergovernmental Fiscal Arrangement Act.
- DPs would like to reaffirm our commitment to PLGSP, a highly relevant flagship program for GoN and development partners to support Nepal's transition to federalism and ensure provincial and local governments are fully functional, sustainable, inclusive, and accountable to their citizens.

Dr Marco Gemmer /EU delegation

- DPs emphasized the need for greater provincial engagement and ownership through high-level political and technical consultations with the provinces and local government associations in the transitional period for a sustainable program framework.
- An extensive process of stakeholder consultation to align the program with the province and local governments' needs and priorities is expected until Nov/Dec to ensure the ownership and sustainability of the program, including engagement with ADCCN and NARMIN as they have requested and ensuring complete alignment with related projects/programs.
- DPs also request MoFAGA to define the objective and scope of the role of Technical Assistance in the program in the transitional period. Technical Assistance should ensure the support and quality of the redesigning and re-programming of the program in the transition year through deliberations and quality of the policies, promote learning, and deliver on the principles and fundamental values of federalization against the results framework. TA should no longer substitute for roles that should be assumed by GoN staff in provinces, as this is not sustainable, and relevant PCGG Acts should be passed.

d. Closing Remarks

Bernardo/UNDP

- It is noted that there remain only 5-6 months to complete and agree on the re-programming, which is therefore urgent. UNDP will continue supporting program delivery and prioritize supporting the re-programming, stakeholder engagement, and the TA agreement with MoFAGA. UNDP has commissioned an evaluation of TA, and the results will be shared when completed in August. TA structural review is also in progress, which will also inform PLGSP's re-programming. The civil service act is critical both at the federal and provincial levels. UNDP will continue supporting PLGSP as with its other programs under the governance portfolio.

Dr Krishna Hari Puskar/Secretary MoFAGA (Chairperson)

- The PLGSP stands out as a beacon of governance in Nepal, adeptly navigating the intricate labyrinth of federalism and fostering harmonious relations among the three tiers of government. Transforming the entrenched 'centralized mindset' is no small feat, yet the PLGSP has been deftly orchestrating this change, which is a testament to its strategic acumen and pivotal role in shaping the future of Nepal. Also, PLGSP is a crucial driving force behind the five key pillars underpinning federalism, as the Secretary highlighted. These pillars include good governance, integrated development, social justice, effective Public Service Delivery, and optimal use of constitutional authority.
- While the program's expenditure may be modest, it surpasses the national average(25%), indicating our commitment to fiscal responsibility. We are resolved to expedite further expenditure judiciously and effectively.
- Re-programming consultations are underway, including a whirlwind tour of provinces, including engagement with LGs and general citizens. Feedback will be collected, and PLGSP is committed to serving as Nepal's umbrella program for governance, encompassing all related donor-funded projects.



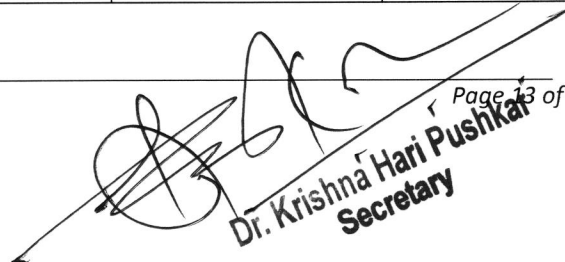
- All comments are well noted- LoE, MoUs, and terms and conditions must be addressed. Efforts to include and address all feedback will be made. To this effect, a series of meetings with the Minister and Prime Minister regarding PLGSP and federalism are planned in the coming weeks.
- The PLGSP, while a powerful catalyst, has its limitations. It is a negotiated process, and it will take time to address the myriad expectations and emotions associated with it. Rest assured, the concerns of the LG associations will be formally addressed.
- I extend my heartfelt gratitude to all participants and stakeholders, both present and joining online, for their invaluable contributions.

Dr. Krishna Hari Pushkar
Secretary

Annex-3: List of Participants

Date: 20 June, 2023

SN	Name	Designation	Organization	Contact #
1	Dr. Krishna Hari Pushkar	Secretary	MoFAGA	9851184129
2	Mr. Kamal Pd. Bhattarai	Joint Secretary	MoFAGA/PLGSP	9851117797
3	Ms. Scheme Shrestha	Joint Secretary	MoFAGA	9855070958
4	Mr. Hemraj Tamang	Joint Secretary	MoFAGA	9860205172
5	Mr. Madan Bhujel	Joint Secretary	MoALD	9849248694
6	Mr. Pradeep Pariyar	Joint Secretary	MoUD	9847943479
7	Mr. Laxmi Kumari Basnet	Joint Secretary	MoWCSC	9841552318
8	Ms. Laxmi Prasad Niraula	Joint Controller General of Accounts	FCGO	9856066666
9	Mr. Madhav Pd. Pokharel	Secretary	OCMCM, Koshi Province	9852681975
10	Mr. Nurhari Khatiwada	Secretary/PPD	OCMCM, Madesh Pradesh	9849815821
11	Mr. Rupesh Kumar Shah	PPM	OCMCM, Madesh Pradesh	9851160533
12	Mr. Shiva Ram Gelal	Secretary/PPD	OCMCM, Bagmati Province	9855056577
13	Ms. Manamaya Bhattarai Pangen	Secretary/PPD	OCMCM, Gandaki Province	9856067851
14	Mr. Bishnu Pd. Koirala	Secretary	OCMCM, Karnali Province	


Dr. Krishna Hari Pushkar
Secretary


15	Mr. Pralhad Kumar Karki	Under Secretary	MOFAGA	9851157485
16	Mr. Mahendra Kumar Sapkota	Under Secretary	MoFAGA	9841279987
17	Mr Bhupendra Sapkota	Under Secretary/National Programme Manager	MoFAGA/PLGSP	985-1092225
18	Mr. Janak Raj Sharma	Under- Secretary	MoFAGA	9851171671
19	Mr. Kabindra Nepal	Under- Secretary	MoFAGA	9841287872
20	Mr. Mukti Ram Acharya	Under- Secretary	MOF	9851162065
21	Mr. Rajendra Prasad Pyakurel	Executive Director	NARMIN	9851072782
22	Mr. Krishna Chandara Neupane	Executive Secretary General	ADCCN	9841513807
23	Mr. Rishi Dev Phuyal		ADCCN	9851019145
24	Mr. Madhu Bishwakarma	Governance Advisor	FCDO/British Embassy	9801912201
25	Mr. Bernardo Cocco	Resident Representative	UNDP	
26	Mr. Julien Chevilland	Incoming Deputy Resident Representative	UNDP	9801179576
26	Ms. Binda Magar	Policy Advisor(Governance) & ARR Programme	UNDP	9851137646
27	Mr. Tek Tamata	Portfolio Manager	UNDP	9851047095
28	Mr. Ian Macdougall	Federal Governance Specialist & Development Partner Co-Ordinator	UNDP	9851014445

29	Mr. Padam Bhushal	Project Coordination and Quality Assurance Analyst (PCQA)	UNDP	9849217196
30	Mr. Egbert Pos	Governance Advisor, Deputy Team, Leader of GPST	FCDO, British Embassy	9803030053
31	Mr. Madhu Bishwokarma	Governance Advisor	FCDO, British Embassy	9801055648
32	Ms Aneela Khan	Counsellor Governance	Royal Norwegian Embassy	9851320914
33	Ms. Kustine Storholt	DCM, Minister Counsellor	Royal Norwegian Embassy	9802022414
34	Ms. Shradha Rayamajhi	Governance Advisor	Royal Norwegian Embassy	9851329510
35	Ms. Kaluwa Vergamota	Project Manager	EU Delegation	9819487804
36	Mr. Narce Genner	Head of Co-operation	EU Delegation	
37	Mr. Matthias Meier	Head of cooperation	Swiss Agency for Development and Co-operation (SDC)	
38	Mr. Namit Wagley	State Building Advisor	Swiss Agency for Development and Cooperation (SDC)	9849022666
39	Mr. Anuj Ghimire	Admin Officer	PLGSP	9851011258
40	Mr. Sudarshan Poudel	Account Officer	PLGSP	9851146981
41	Ms. Sushila Lekhak	Section Officer	PLGSP	9849129934
42	Mr. Baburam Shrestha	PFM Specialist	PLGSP	9851192992

43	Mr. Nagesh Badu	IT & E-Governance Specialist	PLGSP	9851176088
44	Mr. Surendra Bhandari	Finance Officer	PLGSP	9849285207
45	Ms. Sakun Shrestha	Programme Associate	PLGSP	9849516683
46	Mr. Rajendra Aryal	Store Keeper	PLGSP	9849338396
47	Ms. Ranju K.C.	Computer Operator	PLGSP	9841515731
48	Ms. Nirmala Tabdar	Data Assistant	PLGSP	9841445941


Dr. Krishna Hari Pushkar
Secretary

Annex-4 PLGSP progress presentation



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

5th NAFRMSC
(National Advisory Fiduciary Risk Management Sub -Committee)

8th NEC
(National Executive Committee)

MEETINGS

20 June 2023

Ministry of Federal Affairs and General Administration (MoFAGA)
Singhadurbar, Kathmandu

The complete presentation is available at: <https://plgsp.gov.np/8nec>