



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

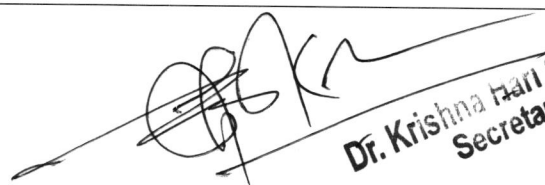

Dr. Krishna Hari Pushkai
Secretary



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 Puri
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.
- Bagamati 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

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- 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.