Koshi Province Capacity Needs Assessment, Partnership Mapping Findings Best Practice Options and Potential TA Deployments

Provincial Consultation Note

June 2025

Koshi Province Capacity Needs Assessment, Partnership Mapping Findings, Best Practice Options and Potential TA Deployments

Provincial Consultation Note

June 2025

Contents

Tables

ABOUT THIS NOTE

This document provides a summary of results emerging from fieldwork, institutional analysis, and key informant interviews conducted across Koshi Province to assess core capacity gaps and partnership options in governance, public financial management, and service delivery under Nepal's federal framework. It identifies *49 primary capacity gaps as a long list for provincial prioritization*, while also mapping existing partnerships, identifying areas of strategic misalignment and opportunity, and distilling best practices that can be scaled to improve provincial-local coordination.

The report is merely provided as an input to shortlisting priority actions by provincial authorities, and it does not provide a detailed institutional ecosystem analysis, as institutional issues (capacities, partnerships etc.) will only be covered in the final partnership mapping and capacity assessment report.

Based on the findings, the analysis proposes two technical assistance (TA) positions to be taken forward under the Provincial and Local Governance Strengthening Programme (PLGSP).

1. PROVINCIAL GOVERNANCE PROFILE

Koshi Province, located in the eastern region of Nepal, operates under the federal democratic republican framework established by the Constitution of Nepal 2015. The provincial government is structured around three core bodies: executive, legislative, and judicial.

- ▪ **Executive:** The Chief of province acts as the ceremonial head of the province, while the Chief Minister leads the provincial government. The Chief Minister chairs the Provincial Cabinet, which consists of ministers responsible for key sectors such as Physical Infrastructure Development, Economic Affairs, and Social Development.

- ▪ **Legislative**: The Koshi Provincial Assembly is a unicameral legislature comprising 93 members—56 elected through the first-past-the-post system and 37 through proportional representation. The assembly's tenure is five years unless dissolved earlier.

- ▪ **Judicial**: The Biratnagar High Court serves as the apex judicial institution in the province, ensuring justice and the enforcement of laws within its jurisdiction. The judiciary remains centralized under the federal structure and has not yet been devolved to provincial authority."

- ▪ **Administrative Structure**: Koshi Province consists of 14 districts: Bhojpur, Dhankuta, Ilam, Jhapa, Khotang, Morang, Okhaldhunga, Panchthar, Sankhuwasabha, Solukhumbu, Sunsari, Taplejung, Terhathum, and Udayapur. These 14 districts are divided into 137 local governments composite of 88 rural municipalities and 46 municipalities along with 2 sub metro-Politian and 1 Metropolitan city. Each local government unit operates with administrative autonomy to deliver services, execute development programs, and govern based on local needs. Although the province comprises fourteen districts, it is important to note that districts are not administrative units of the provincial government. The Chief District Officers (CDOs), as per existing legislation, report to the federal government.

- ▪ **Fiscal Structure**: Under Nepal's federal constitutional framework—primarily Article 57, Article 60, and the Intergovernmental Fiscal Arrangement Act (2017)—the division of fiscal authority is clearly delineated across Schedules 5, 6, 8, and 9 of the Constitution. Karnali Province has the power to levy its own taxes, including agricultural income tax, vehicle tax, entertainment tax, and service charges, as outlined in Schedule 6. While property tax falls under local government jurisdiction (Schedule 8), the province receives fiscal transfers from the federal government, including equalization, conditional, and special grants, as well as a share of national revenue based on a formula recommended by the National Natural Resources and Fiscal Commission (Article 60). These resources support the province's administrative functions, infrastructure, and development programs. Table 1 provides the structure of sub-national fiscal assignments.

Table 1.	PROVINCIAL, LOCAL GOVERNMENT AND SHARED FISCAL ASSIGNMENTS
Provincial Fiscal Assignments	
Tax Type	**Details / Notes**
Vehicle Tax	Includes registration, ownership transfer, and annual renewal of vehicles.
Entertainment Tax	Applied to cinema halls, events, shows, and other commercial entertainment.
Advertisement Tax	On advertisements displayed in public spaces, billboards, etc.
Agricultural Income Tax	Provinces may impose this on larger-scale farming activities (non-subsistence).
Tourism Fee / Tax	Includes trekking permits, entry fees, and related provincial tourism charges.
Service Charges / Royalties	For the use of provincial services, licenses, and natural resources (e.g., forests).
Provincial Property Tax (if any)	Rarely imposed; often overlaps with local government mandates.
Local Government Fiscal Assignments	
House and Land Tax (Property Tax)	Imposed annually based on land and building valuations.
Business Tax / License Fee	For operating commercial entities within local jurisdictions.

Rental Tax	On rental income from properties (usually residential or commercial leases).
Advertisement Tax	For ads displayed in local public areas (can overlap with provinces).
Vehicle Entry Tax	On commercial vehicles entering local territory, often for goods transport.
Market Tax / Haat Bazaar Tax	Fees on vendors or marketplaces within local boundaries.
Entertainment Tax	Events, local fairs, movie halls (may overlap with provincial taxes).
Service Fee / Local Royalties	For use of community services (e.g., water, waste management).
Heritage / Culture Fee	For visiting temples, monuments, etc. under municipal control.
Tourism Fees (local level)	Entry or facility use charges (e.g., for local trekking routes or home stays).
Shared Taxes Across Tiers of Government	
Value Added Tax (VAT)	Collected by federal government, shared with provinces/local.
Excise Duty (on local goods/services)	Shared between federal and subnational levels.
Natural Resource Royalties	Revenue from hydropower, forests, mines shared as per formula.

Source: Constitution of Nepal (2015) and Devkota, K., L., (2020)

This multi-level governance system enables Karnali Province to respond effectively to regional priorities while aligning with national strategies and constitutional provisions. This multi-level governance model enables Koshi Province to address provincial priorities effectively while maintaining alignment with national legal and constitutional frameworks.

2. NOTE PURPOSE

This Note serves to consolidate key findings from the capacity gap assessment, partnership mapping, and field-based identification of scalable best practices across Koshi Province under the Provincial and Local Governance Strengthening Programme (PLGSP). Its purpose is threefold:

- *Diagnose Provincial Capacity Gaps*: The Note provides an evidence-based overview of institutional, organizational, and systemic deficits across planning, fiscal management, digital governance, and service delivery functions. Drawing on structured interviews, administrative reviews, and local government diagnostics, it outlines multiple capacity gaps requiring prioritization by the province.

- *Map Strategic Partnerships*: It identifies current and emerging partnerships with development actors—including INGOs, bilateral programs, and UN agencies—and evaluates their alignment with PLGSP objectives. The mapping highlights potential synergies, innovation channels, and duplication risks, offering a roadmap for integrated development cooperation.

- *Inform Future Technical Assistance Deployment*: Based on the assessment, the Note proposes targeted technical assistance (TA) placements and models for scaling best practices. While to be confirmed, it emphasizes high-impact, cross-cutting roles—particularly in Financial Strategy, economic advisory, ICT expert digital governance, and inter-governmental coordination —that can unlock reform momentum and strengthen federalism in practice. These positions can be further discussed at the provincial level to ensure its needs.

By aligning institutional analysis with practical entry points, this note informs future PLGSP support, donor coordination, and provincial strategic planning processes—helping ensure governance in Koshi Province is inclusive, accountable, and resilient.

3. CLARIFYING INSTITUTIONAL GAPS

While the primary aim of this Note is to consolidate a comprehensive list of capacity needs across sectors and governance functions, based on field survey results, several overarching institutional themes emerged during provincial consultations. These issues require a brief mention to inform future planning and support.

▪ The potential of the Provincial Assembly remains underutilized, particularly in relation to lawmaking, legislative monitoring, oversight, and ensuring accountability in the implementation of laws. There are also weak vertical and horizontal coordination linkages, which are essential for operationalizing the province's mandates of cooperation, co-existence, and coordination. Capacity gaps are evident in legislative drafting, public consultation processes, and alignment with federal and local legal frameworks. Establishing a legislative support unit within the Assembly Secretariat, and strengthening linkages with sectoral ministries, would help address these shortcomings.

▪ *Intergovernmental Relations (IGR)*: While formal IGR structures exist, their functionality remains uneven. Greater emphasis should be placed on strengthening existing coordination forums—such as the Inter-Provincial Council (IPC), National Coordination Council (NCC), and the National Natural Resources and Fiscal Commission (NNRFC) at the federal level; the Provincial Planning Commission Coordination Council (PCC); various sectoral committees and ministries working on coordination in areas such as education, health, infrastructure, and security at the provincial level; and coordination meetings chaired by the Office of the Chief Minister and Council of Ministers (OCMCM). Enhancing the effectiveness of these platforms is essential for improving intergovernmental coordination.

Inclusivity in Decision-Making: Despite the mainstreaming of GESI principles in law, practical mechanisms to ensure the participation of women, youth, Dalits, Janajatis, and persons with disabilities in planning and budgeting processes are limited.

▪ *Law-Making Process*: The legislative process faces constraints due to procedural ambiguities and limited legal drafting capacity. These challenges create inefficiencies in law making, delay policy implementation, and leading to inconsistencies in governance. Since the province lack a legal policy drafter, or legal expert, TA on legal subject matter specialist is suggested. Supporting procedural reforms and digitizing legislative workflows, drawing on models piloted by organizations cooperation partners, can streamline law-making.

Cross-Cutting Importance of GESI and Social Inclusion

The integration of Gender Equality and Social Inclusion (GESI) serves as a foundational, reflecting PLGSP's commitment to structural transformation and inclusive governance. Strengthening GESI is both a strategic opportunity and a necessity. A more comprehensive and systematic analysis is picked up on the main assessment report to understand how institutional capacities—or the lack thereof—affect historically marginalized groups including women, Dalits, Indigenous Peoples, Madhesis, persons with disabilities etc. Embedding this lens is essential to expose entrenched power imbalances and to articulate the program's ambition to disrupt the status quo.

These observations, while not expanding the current mandate, provide a light-touch diagnostic to guide future Phase II support under PLGSP and related programs. These issues will be developed in the full final consolidated national partnership mapping and capacity assessment report. They highlight priority areas for deeper inquiry and investment to enable provinces to fully realize their constitutional functions within Nepal's federal system, helping to rationalize and harmonize.

4. CAPACITY ASSESSMENT RESULTS

The Capacity Assessment is a key component of the Provincial and Local Governance Strengthening Programme (PLGSP) in Nepal. This assessment evaluates the institutional, organizational, and individual capacities of provincial and local governments (PLGs) to ensure they function effectively within the federal governance framework. By identifying strengths, shortcomings, and capacity needs, the assessment provides a data-driven foundation for designing targeted interventions that enhance governance performance and service delivery addressing those identified capacity needs.

This exercise examines policy frameworks to assess the quality of existing policies and regulations, the effectiveness of governance structures in decision-making and resource allocation, and the state of inter- and intra-institutional coordination—both across the three tiers of government and within each level. It also reviews the legal environment to evaluate the strength and enforcement of legal frameworks, the availability of qualified human resources for policy implementation and financial management, and the effectiveness of service delivery mechanisms across the seven provinces and selected local governments.

The assessment identifies systemic, institutional, and individual-level challenges, ensuring that PLGSP support is tailored to the specific needs of each province and municipality. It further informs the development of targeted capacity-building strategies, guiding PLGSP's technical assistance deployment, staffing recommendations, and training priorities.

By establishing a baseline for future capacity enhancement efforts, this assessment helps provincial and local governments strengthen governance mechanisms, improve coordination, and deliver more inclusive and effective public services. It ensures that PLGSP interventions are evidence-based, responsive, and sustainable, contributing to the long-term goal of functional, accountable, and resilient provincial and local governance in Nepal.

The capacity development assessment for Koshi Province was conducted through Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) with key stakeholders, including: (i) provincial ministries and the Office of the Chief Minister and Council of Ministers (OCMCM), (ii) the Provincial Planning Commission (PPC), (iii) the Provincial Public Service Commission (PSC), and (iv) the Provincial Research and Training Academy (PRTA), along with the Ministry of Economic Affairs and the Ministry of Social Welfare. The assessment also included consultations with five representative municipalities: (i) Kachankawal Rural Municipality (Jhapa District), (ii) Rong Rural Municipality (Ilam), (iii) Sangurigadhi Rural Municipality (Dhankuta), (iv) Dewangunj Rural Municipality (Sunsari), and (v) Biratnagar Metropolitan City (Morang).

The findings from the system-strengthening capacity development (CD) needs assessment in Koshi Province closely align with the CD strategies outlined by other provinces, reinforcing the broader applicability of these priorities across Nepal's federal landscape.

- First, the emphasis on institutional development—particularly in enhancing revenue generation, strengthening capacity, improving fiscal discipline, and increasing expenditure efficiency—aligns with Strategy 1, which aims to boost revenue potential and expenditure capability.

- Second, gaps identified in policy reform, implementation, coherence, legislative follow-up, governance structures for decision-making, inefficiencies in resource allocation, and misalignment between planning and budgeting processes correspond to Strategy 2, which calls for the establishment of clear and robust legal and regulatory frameworks.

- Third, in the area of public service delivery, the fragmented digital landscape and underutilization of key platforms such as GIOMS and RIMS highlight the need for Strategy 3,

which focuses on building a technology-enabled province through strengthened IT infrastructure and streamlined, tech-based service delivery.

- Fourth, challenges in data integration and system interoperability point to the need for Strategy 4, which promotes digitizing and regularly updating assets and records, including those related to cultural heritage and public infrastructure.

- Fifth, frequent coordination bottlenecks between inter- and intra-sectoral ministries and agencies underscore the urgency of Strategy 5—fostering a more conducive working environment through enhanced inter-ministerial collaboration and a clearer delineation of roles and responsibilities.

- Lastly, widespread human resource capacity gaps, along with the absence of standardized training and induction systems, directly align with Strategy 6, which focuses on meeting staffing needs and strengthening capacity across all tiers of government.

Together, these shared strategies provide a coherent roadmap for strengthening provincial governance and accelerating the implementation of federalism. Notably, the major capacity development gaps identified during the assessment are closely aligned with the Provincial Government's Capacity Development Plan (2024).

Summary of Capacity Needs Assessment Findings- Koshi Province

Koshi Province faces distinct geographic and socio-economic challenges that must be factored into systemic institutional capacity-building efforts. Geographically, the province spans diverse terrain, with 82% of its area located in mountainous and Himalayan regions, and only 18% situated in the low-lying Terai plains. Just 17% of the total land area is suitable for agriculture in the Terai, while approximately 24% is usable for fodder production, 15% supports wildlife and tourism, and around 20% comprises steep, snow-covered slopes. Economically, the province's GDP is driven by agriculture (33.5%), industry (16.5%), and services (50%), according to the Annual Progress Report 2079/80. Administratively, there are 193 government offices spread across the province, including directorates, service centers, and divisional offices (CD Plan, Koshi Province). Despite these institutional structures, the province contends with significant development challenges, as reflected in a poverty rate of 41.4% and a multidimensional poverty index of 12.4%. These data underscore the critical need for tailored capacity development strategies that consider the province's unique topography, economic structure, and administrative distribution.

The capacity challenges facing Koshi Province reflect systemic constraints across the public sector management spectrum. Although federalism has introduced a significant shift in governance by decentralizing authority and expanding institutional mandates across different levels of government, it was intended to empower local and provincial administrations. However, challenges persist in expanding and operationalizing these mandates under federalism, particularly in translating them into practical outcomes such as coordinated planning, sound fiscal management, and effective service delivery.

Regular meetings of the Provincial Development Advisory Committee (PDAC) and the Provincial Coordination Council (PCC) are essential to address intergovernmental relations (IGR) issues within Koshi Province. PDAC plays a crucial role in ensuring that development policies and plans are effectively executed at the provincial level. Likewise, the PCC is vital for reinforcing federal governance and facilitating coordination among federal, provincial, and local governments. However, fragmentation across these levels continues to undermine strategic coherence. Strengthening the functionality of the Inter-Provincial Council (IPC), revitalizing the PCC, and ensuring the implementation of their decisions are critical.

Key reform areas include the introduction of post-legislative policy scrutiny, broadening the provincial revenue base, and strengthening integrated sectoral planning. Persistent capacity gaps—particularly in human resources for policy implementation and enforcement—coupled with weak fiscal management and poor digital infrastructure penetration, continue to stall reform progress. Financial constraints combined with limited public awareness and a shortage of technical skills further compound these issues. In addition, critical functions such as social protection, employment generation, inter-municipal coordination, and innovation remain fragmented and inconsistently funded, weakening the overall development impact.

The summary provided in Table 1 below presents a long list of priorities for provincial action, based on needs identified through provincial ~~and local~~ government engagement, broadly grouped as follows:

Strengthening Inter-governmental Relationships: Regular meetings of PDAC and PCC at the provincial level could address various intergovernmental relations (IGR) issues in the province. PDAC plays a vital role in ensuring that development policies and plans are executed efficiently at the provincial level. Similarly, regular meetings of the PCC are essential for strengthening federal governance and ensuring effective coordination among different levels of government. Support in conducting **r**egular meetings of PPC and implementation of its decision by linking to PLGAP ASIP annually.

Although municipal representation for each district is there at PCC, the existing municipal representation does not adequately reflect the local government representation at the provincial level. Similar to Inter- Provincial Council (IPC) at the federal level, a cluster – based Inter Municipality (IMC) could be practiced for building inter and intra municipal strength, overcoming conflicting challenges and leveraging Innovative Partnership Funds (IPF) for undertaking operationalization of project based on common interest**.** The concept of municipality Liaising office, under discussions in Karnali, may also be proposed in Koshi as well to further enhance coordination between the provincial and local government

Post-legislative policy scrutiny is critical to ensure that laws and policies function as intended after enactment. As many provincial policies have been developed using federal templates, policy audits are essential to assess effectiveness, strengthen accountability and transparency, and build public trust and engagement. Policy scrutiny and policy audit is needed also to evaluate if major policies are working as intended or adjustments are needed. Therefore, developing a mechanism for regular policy review could help address any unintended consequences. These processes is also helpful to provide feedback for future law making, thus ensuring better drafting, better implementation and enforcement of regulatory provisions. There is also a need to have uniformity in the standards and norms in terms of province district official pricing structure for various goods, services, and construction materials across different districts to lessen the audit arrears.

Strengthening the judiciary system requires the development of mechanisms to enhance judicial capacity by improving provincial courts. This includes upgrading court infrastructure, increasing the number of judges, and providing specialized legal training. Strengthened collaboration between federal, provincial, and local governments is also essential to streamline legal processes and minimize jurisdictional disputes. In addition, there is a clear need to expand legal aid services and increase public awareness to ensure citizens understand their rights and can access justice. Developing e-governance initiatives—such as e-legislation platforms, digital repositories of legal documents, and automated tracking systems for real-time monitoring of bill progress—would improve case management, facilitate access to legal documentation and judicial records, and enhance transparency in legal proceedings. Continued support for capacity building of judicial committees and dispute resolution task forces at the local level remains a priority. The province currently lacks a legal policy drafter or legal expert, making the deployment of technical assistance in this area particularly important.

Ensuring quality policy frameworks, implementation, and enforcement also remains a significant challenge. There is a need to systematically review existing policies to ensure they reach their intended

target populations, are aligned with federal and provincial frameworks, and promote public accountability and equitable resource allocation. While the federal government is revising the functional unbundling report to clarify responsibilities across the three tiers of government, provinces should initiate their own functional unbundling process—beginning with local taxes such as housing, entertainment, and others—and establish mechanisms to ensure accountability in non-tax revenue collection. In some cases, local legal provisions have not been recognized by auditors, resulting in arrears. This reflects not only weaknesses in policy formulation but also in implementation, due to limited awareness and lack of accountability among legislators, executives, and other stakeholders. A uniform pricing structure across districts for goods, services, and construction materials is also needed to address audit-related discrepancies. Moreover, capacity gaps among elected representatives are a major barrier to developing strong institutional mechanisms required to operationalize federalism at both provincial and local levels. This necessitates a structured system for the continuous capacity development of elected representatives.

Efforts must also be directed at ensuring policy coherence and effective implementation. The role of the Provincial Planning Commission (PPC) should be strengthened to lead the development, coordination, and monitoring of provincial plans and programs. As an institutional bridge between the National Planning Commission and local governments, the PPC has a shared responsibility in policy formulation and coherence. Its role should be enhanced in the development of periodic plans, Medium-Term Expenditure Frameworks (MTEFs), and revenue projections at both provincial and local levels. Strengthening the PPC's capacity to support results-based monitoring frameworks, and establishing robust systems for data collection and analysis, will be essential for promoting evidence-based policymaking and improving resource allocation.

In collaboration with the Provincial Policy Commission (PPC), the Provincial Reform Technical Assistance (PRTA) can implement training programs on Results-Based Management (RBM) frameworks and conduct policy research to provide feedback to the Office of the Chief Minister and Council of Ministers (OCMCM). In parallel, the PRTA could establish a mechanism to continuously build the capacity of both the legislative and executive branches on policy matters through orientations, training, exposure visits, and peer learning—also in coordination with the PPC. A similar approach can be adopted for implementing the Project Bank concept at the provincial level and rolling it out at the local level, in coordination with the PRTA.

The effectiveness of governance structures in planning and decision-making remains weak across multiple levels. At the provincial level, several thematic committees—including the Finance and Natural Resources Committee, Public Accounts Committee, Social Development Committee, Province Affairs Committee, Infrastructure Development Committee, Agriculture and Environment Committee, and the Law, Justice, and Human Rights Committee—are reported to have limited functional capacity. Targeted support to strengthen these committees, through both structured capacity-building initiatives and the development of operational handbooks, could significantly improve their performance and institutional effectiveness.

At the municipal level, a similar review and strengthening process is needed. Committees responsible for social development, infrastructure, economic development, forestry, environment, and disaster management—as well as Good Governance and Development Committees—require support to function more effectively. Ensuring that these bodies are properly resourced, trained, and guided by clear mandates is essential to improving governance outcomes and advancing development priorities at the local level.

- Planning fragmentation and underdeveloped intergovernmental coherence remain persistent challenges in the province. Efforts to harmonize planning and budgeting processes across government tiers are hindered by the underutilization of the Project Bank concept—a structured approach for identifying, appraising, and prioritizing development projects. The slow rollout of the Project Bank is further constrained by limited staffing, inadequate training, and a lack of localization efforts. While the National Planning Commission (NPC) has developed the

National Project Bank Management Information System (NPBMIS), there is an opportunity to localize this concept at the provincial level by developing a Provincial Project Bank Management Information System (PPBMIS). Drawing from the experience in Karnali Province, the use of project identification guidelines could support the creation of a centralized project database based on feasibility, impact, and urgency.

- The absence of integrated digital planning systems further limits coordination. Capacity development support is needed to strengthen spatial and digital planning, starting with resource mapping in priority public service delivery sectors such as road infrastructure. Spatial planning in this area can enhance connectivity, avoid duplication, and enable economic development planning in areas with good road access. Based on the experience from Devengunj Rural Municipality, a digital planning tool should be reviewed and scaled up to improve local-level planning administration and increase planning efficiency.

- The province continues to underutilize its exclusive rights in areas such as natural resource management, tourism development, agriculture and agro-processing, local taxation, and public-private partnerships (PPPs). Despite being one of the better-performing provinces, it has not yet effectively leveraged financial resources. Contributing factors include the lack of analytical studies on revenue potential and weak tax administration systems. The Capacity Development (CD) framework calls for targeted studies on revenue potential and expenditure needs, as well as the development of a digital system for mapping, estimating, and collecting local revenues. Improved information-sharing mechanisms between provincial and municipal governments are essential to support effective revenue-sharing arrangements. Strengthening tax administration and expanding tax coverage will help reduce overreliance on high tax rates.

- Tax and revenue administration challenges at the subnational level are significant. For instance, the motor vehicle tax is set and administered by the provincial government, which retains 60% of the collected tax and shares the remaining 40% with local governments. To improve efficiency, the provincial government is pursuing the digitization of vehicle tax systems using standard information technologies. Beyond this, there is a broader need to develop integrated tax administration systems that enable seamless connectivity between provincial and local governments. Such systems should include integrated backup capabilities, taxpayer identification, automated audit selection, and return filing with built-in error correction.

- Similarly, housing tax, land registration fees, and entertainment taxes are set by the provincial government but administered at the local level. There is currently no mechanism to monitor non-payment of these taxes. Strategic action plans—short-, medium-, and long-term—are needed to address these gaps. The long-term strategy should include policy reforms and strategic investments aimed at supporting high economic growth. Policies should facilitate business registration and operations and include provisions for special economic zones and business districts to attract investment. The medium-term strategy for improving own revenue sources (ORS) involves reassessing and reassigning taxes by replacing low-yield taxes with new, higher-potential ones. One option is to introduce piggyback taxation—where subnational governments receive a fixed share of national taxes such as VAT, excise, income, and corporate income tax. PPP models piloted in Bharatpur Municipality offer valuable lessons that could be replicated at the provincial level.

- The Intergovernmental Fiscal Management Act 2017, under Article 8, mandates the Government of Nepal to distribute fiscal equalization grants to the provincial and local levels based on their expenditure needs and revenue capacity. However, growing fiscal dependence on federal transfers, coupled with uneven resource distribution and recurrent funding cuts, has left provinces underfunded. In Koshi Province, as in others, delays in budget disbursement, limited capacity for generating own-source revenues, and overlapping fiscal jurisdictions have undermined efforts to improve financial autonomy and efficiency. To address these challenges, it is essential to streamline the budget process by strengthening budget formulation procedures,

adhering to clear and consistent guidelines, and improving coordination across federal, provincial, and local levels to ensure equitable resource allocation. The use of automated financial tracking systems and the establishment of a digital repository for budget documents can promote greater transparency, accessibility, and accountability. Enhancing revenue mobilization through stronger local revenue collection mechanisms, promoting Public-Private Partnerships (PPPs), and implementing progressive taxation policies would further support improved resource utilization. Additionally, increasing public participation by conducting budget hearings can contribute to more inclusive and responsive fiscal governance.

- **Budgeting systems require review for equitable allocations.** There is a need to revise the equalization grant allocation formula to reflect geographical proximity and local revenue potential[1]. should be coupled with improved conditional grant mechanisms that apply KPI- or "condition" based conditionality, in close coordination with the NNRFC and MoF[2]. Although these activities have federal accountability, and are of common concerns across all the provinces, PLGSP has a role to facilitate the province's concerns to the federal mechanisms through MoFAGA.

  - **Budget Inclusivity**: Developing provincial level strategy for establishing mechanism of ensure budgetary allocations, disaggregated data system in the monitoring and reporting systems and targeted transformative programs for women, disadvantaged groups as affirmative actions, ensuring integration of the target groups into policy, planning, budgeting systems could address some of the systemic exclusion issues. Regular review and reporting of this inclusive approach could address multiple layers of marginalization. Devising systems of access to information, GESI, disability friendly mechanism of public service provisioning, gender friendly budgeting could help in addressing issues of marginalization.

  - **Budget Credibility:** Budget unrealism and the need to strengthen fiscal capacities remain pressing issues. Budget formulation continues to be disconnected from realistic revenue projections. Capacity building is needed in budget tracking—particularly for gender-responsive, SDG-aligned, and climate-linked spending—as well as in audit documentation and understanding the revised revenue-sharing frameworks. Strengthening internal audit systems and providing technical support for budget coding during the planning phase are essential to ensure alignment with SDG targets (NPC 2025). In addition to classroom-based training, the PRTA should provide practical, hands-on capacity-building support on key Public Financial Management (PFM) systems, including the Revenue Management Information System (RMIS), Public Asset Management System (PAMS), Computerized Government Accounting System (CGAS), and the e-GP system. This support is vital to improving transparency, efficiency, and accountability in revenue management, asset tracking, and procurement processes.

- **Sectoral and infrastructure planning capacity needs strengthening.** Core service delivery sectors—especially infrastructure—continue to experience fragmented planning, z efforts, and limited coordination across levels of government. Planning tends to be reactive rather than strategic, hindered by poor data use and weak institutional capacity for information and data sharing.

- **System strengthening is also required to improve internal control systems** and build fiscal discipline to reduce fiduciary risks. Addressing disallowable audit issues and improving arrears settlement are important. The development of a results-based financing system is seen as a key step in enhancing financial accountability.

---

[1] The equalization grant allocation formula has used data on revenue capacity and expenditure needs from 2075,
[2] https://nnrfc.gov.np/uploads/fivesectors/2023-02-17/सशर्त_अनुदान_सिफारिस1.pdf

- **Capacity constraints among elected representatives** remain a major barrier to developing strong institutional mechanisms for implementing federalism at the provincial and local levels.

- **Capacity constraints in local economic development (LED) and employment creation** are evident. LED strategies remain fragmented and underdeveloped. The CD table calls for programs that move beyond subsistence approaches to broaden the provincial revenue base. Structured strategies to identify revenue-enhancing initiatives and foster private sector engagement are essential to ensure long-term economic resilience.

- **Justice, social protection, and inclusion mechanisms require strengthening.** Public awareness of local justice systems is low. The CD table recommends legal facilitator training, community outreach using FM and digital platforms, and inclusion of mandatory budget allocations for women, children, and disadvantaged groups.

- **Digital systems and knowledge platforms remain fragmented and underutilized.** Despite considerable investment under PLGSP, many platforms are now inactive, with poor data integration, limited interoperability, and weak institutional ownership. Ministries lack real-time monitoring systems and centralize digital infrastructure. There is a need to operationalize tools such as GIOMS and IDMC and develop a digital interface between the province and local governments to access local Acts and regulatory frameworks. A robust system for LISA and FRA assessment—potentially linked to performance-based grants—is also needed. A digital reform blueprint developed by the Prime Minister's Office in Kathmandu offers a model for provinces, which are expected to establish "action centers" within their OCMCMs. These would serve as digital secretariats for real-time governance, policy tracking, and coordination with the federal level. A province-wide digital strategy anchored in system interoperability, digital literacy, and performance-linked platforms is now required—ideally harmonized across all provinces.

- **Institutional needs in innovation systems** also remain unaddressed. Innovation, though recognized as a cross-cutting enabler, lacks a policy anchor, dedicated institutional home, or funding stream to support innovation-driven governance reforms. The CD table signals this as an area for strategic focus in future planning.

Table 2 provides a list of 49 actions to be considered by provincial authorities in their prioritization process, ideally down to the priority 10-15 actions to be targeted by the PLGSP program over the course of the next 4-5 years

Table 2.	KOSHI CD NEEDS & RECOMMENDATIONS FOR PRIORITIZATION	
Capacity Needs		**Recommendations**
A.	**Issues Common Across All Provinces- concerning Federal Government**	
1.1.	*Intergovernmental coordination* across the three tiers of government is limited, with the provincial government facing significant capacity constraints, and the unbundling exercise needs to be embedded in each sector service delivery model.	To address limited intergovernmental coordination and provincial under-capacitation, sector-specific Shared Service Agreements (SSAs) are based on agreements reached between comprising federal, provincial, and local representatives.[3] These SSAs will assign responsibilities based on actual capacity, embed coordination within sectoral frameworks and budgets, and align with ongoing unbundling efforts. A national **Shared Services Support Cell (SSSC)** could backstop implementation.

---

[3] Shared Service Agreements (SSAs) can play a key role in supporting functional unbundling in Nepal by clarifying roles across government tiers, enabling resource and capacity sharing, and ensuring more coherent service delivery. They help define responsibilities in sectors with overlapping mandates, facilitate interim arrangements during the federal transition, and promote both vertical and horizontal coordination. SSAs also embed accountability mechanisms and improve efficiency in service delivery—particularly in areas where technical capacity is limited—thus helping operationalize the constitutional vision of federalism in practical terms.

1.2	*Coordination challenges limit strategic coherence*, Vertical coherence between federal, provincial, and local levels remains weak. Planning and budgeting processes are not harmonized, digital systems are non-integrated, and data flows are inconsistent or dysfunctional. Provincial capacities to operationalize exclusive mandates are constrained by the lack of sector-embedded coordination mechanisms and interoperable tools. This undermines service delivery, delays reforms, and leads to duplication of efforts.	*Institutionalize sector-specific Intergovernmental Coordination Units (ICUs)* with clear mandates to align federal, provincial, and local planning. These units could be supported by a province-wide interoperable digital platform enabling shared data access, synchronized project management, and real-time fiscal tracking. Formalized Shared Service Agreements (SSAs) and a provincial-level Shared Services Support Cell (SSSC) could be deployed to standardize tools, offer technical backstopping, and coordinate with digital governance partners to ensure sustainable, cross-tier collaboration.
1.3	Provincial judiciary lacks infrastructure, judges, legal expertise, digital systems, and coordination mechanisms to ensure timely and transparent justice.	Proposed measures include upgrading court infrastructure, increasing the number of judges, and providing specialized legal training to strengthen judicial capacity. E-governance tools such as e-legislation systems, automated case tracking, and digital legal repositories should be developed to enhance transparency and access to justice. Support is needed for strengthening judicial committees and local dispute resolution groups. Technical assistance under PLGSP should be mobilized to support legal drafting, institutional reform, and the development of a digital platform to host all provincial and local regulatory frameworks.
1.4	Growing inefficiencies in resource allocation are evident as the share of conditional grants increases while equalization grants decline, undermining provincial autonomy and fiscal flexibility. Provinces lack localized tools, systems, and procedures to effectively comply with updated conditional grant (CS) allocation guidelines.	Under its mandate, the province should review the Fiscal Equalization Grant Allocation Formula in coordination with the NNRFC to ensure alignment with local governments' expenditure needs and revenue capacities. Simultaneously, it should advocate for KPI-linked conditional grant mechanisms by developing provincial funding structures that reflect conditional grant principles and engage NNRFC through inclusive consultations and technical support. In parallel, the province should design and implement an operational online platform—aligned with DoIT—for monitoring and reporting on complementary and special (CS) grants.
1.5	The absence of legal and structural data security protocols affects safe data handling and inter-system coherence.	Support the Provincial Government in formulating a comprehensive Provincial Data Protection and Digital Coherence Act to safeguard citizen data, ensure interoperability across systems, and establish clear governance standards. Simultaneously, promote digital literacy through demand-driven, user-focused learning programs that apply best-practice methodologies to strengthen digital inclusion and informed use of e-governance platforms.
1.6	Provincial governments lack structured, tech-enabled coordination units, limiting their ability to align with federal digital systems and reducing overall coordination efficiency. Implementation of the Electronic Transactions Act, 2063 (2008), remains weak, and provinces have yet to operationalize the Digital Reform Blueprint developed	To accelerate digital governance, the province should establish an ICT Unit or Committee within the OCMCM to lead digital transformation efforts. This should be complemented by the rollout of GOMIS to promote paperless governance and reduce bureaucratic inefficiencies through service digitization. Developing a Provincial Data Act is essential to strengthen cybersecurity, data protection, and digital rights frameworks. Targeted digital literacy and skills development programs should be delivered for both government officials and citizens to enhance effective use of digital tools. The introduction of an Internal Data Management and Coordination (IDMC) system will support structured data storage, retrieval, analysis, and integration across ministries for evidence-based

	by the E-Governance Board under the Office of the Prime Minister and Council of Ministers (OPMCM).	policymaking. Capacity-building initiatives on the use of GIOMS and IDMC will further improve digital workflows, records management, and inter-departmental coordination.
1.7	The coexistence of multiple, non-interoperable software platforms across provincial and local governments severely limits data integration, hinders system-wide coordination, and undermines the development of a unified digital governance architecture.	Develop a Provincial Data Bank with a unified digital platform to harmonize data systems across provincial and local governments, enabling real-time data sharing, improved interoperability, and evidence-based decision-making.
1.8	The OCMCM lacks integrated systems and real-time data capabilities, limiting its ability to support timely, evidence-based decision-making, ensure transparency, and facilitate active citizen engagement in governance and public service delivery.	Enhance the "Hello CM" dashboard to match the functionality and impact of the "Hello PM" platform, enabling stronger executive oversight and citizen engagement. Strengthen the existing Office Automation System through a comprehensive effectiveness review and targeted upgrades to improve operational efficiency. Reinforce the Grievance Redress Mechanism (GRM) by implementing clear escalation protocols and structured feedback loops for timely service delivery. Replicate the Project Management Information System (PMIS), drawing from Karnali's model, to enable real-time project and programme monitoring at the OCMCM. Additionally, establish an integrated accountability framework by operationalizing an Audit Response and Tracking Mechanism (ARTM) within the Provincial Treasury to ensure systematic audit follow-up and resolution.
1.9	The widespread use of fragmented Public Financial Management (PFM) software, combined with inadequate technical capacity, has hindered the effective implementation of core systems such as PAMS, RIMS, and e-GP, limiting integration, compliance, and financial transparency.	Implement a coordinated, cross-province capacity-building program in partnership with federal institutions such as FCGO, DTCO, PPMO, and national training bodies to strengthen technical competencies across key staff profiles. For IT officers, provide specialized training in networking and GIS. For engineers, deliver hands-on training in electronic government procurement (e-GP), coordinated with PPMO/e-bidding platforms, along with multi-sector infrastructure functions (e.g. roads, water, construction). For finance and administrative staff, offer targeted training in policy formulation, procurement systems, CGAS, Internal Control Systems (ICS), SuTRA revenue modeling, VERS-MIS, PAMS, and audit resolution. Ensure consistent technical backstopping and system integration through structured coordination with DTCO, FCGO, and PPMO.
1.10	Weak policy coherence between federal, provincial, and local government levels	**Develop and implement a provincial Policy Coherence Framework** to align plans, budgets, and sectoral priorities, supported by coordination mechanisms and integrated planning tools.
1.11	Suboptimal use of LISA/FRA/LED results for LG rewards	Advocate for linking LISA/FRA results to LG grant systems, ensure TA for effective and robust assessment mechanisms.

B. Non-Functional Systems Initiated at the Federal Level

1.12	System Strengthening for Policy Improvement	Conduct Post-Legislation Scrutiny/ Policy Audits for many of the regulatory frameworks developed at the provincial levels. Develop Province Statistics Act
1.13	The absence of legal and structural data security protocols affects safe data handling and inter-system coherence.	Support the Provincial Government to *formulate a Provincial Data Protection and Coherence Act*.

1.14	Key public sector data is outsourced to private firms, with weak oversight and major data migration challenges.	Support GIOMIS rollout through coordination with MoCIT, aligned with the 2022 Electronic System Directive.
1.15	The current Equalization Grant formula lacks precision and fails to address provincial fiscal disparities effectively.	Provide TA to review and revise the Equalization Grant formula to enhance equity and fiscal balance, coordinating with NNRFC.
1.16	The rising share of conditional grants over equalization grants risks limiting provincial autonomy and flexibility.	Develop KPI-based conditional grant allocation systems, with TA support and inclusive consultation.
1.17	The prior PLGSP-supported online monitoring tools are inactive due to a lack of follow-up support.	Develop real-time "*Action Monitoring*" tools, procure IT logistics, and ensure on-call vendor support.
1.18	Suboptimal use of LISA/FRA/LED results for LG rewards	Advocate for linking LISA/FRA results to LG grant systems; ensure TA for effective and robust assessment mechanisms.
C. Provincial-Specific Institutional Issues		
1.19	Lack of post-legislative scrutiny and policy audits for provincial regulatory frameworks.	Conduct post-legislative scrutiny and policy audits for provincial regulatory frameworks and develop a Province Statistics Act to strengthen data management and analysis.
1.20	The absence of legal and structural data security protocols affects safe data handling and inter-system coherence.	Assist the Provincial Government in formulating a Provincial Data Protection and Coherence Act to establish comprehensive legal and structural protocols for secure data handling and ensure seamless integration across systems.
1.21	Key public sector data is outsourced to private firms, with weak oversight and major data migration challenges.	Support GIOMS rollout through coordination with MoCIT, aligned with the 2022 Electronic System Directive.
1.22	The current Equalization Grant formula lacks precision and fails to address provincial fiscal disparities effectively. The formula on X sharing with 50 % weightage on the population is disproportionately affecting revenue sharing income as well.	Provide TA to review and revise the Equalization Grant, on revenue generation criteria in the formula to enhance equity and fiscal balance, coordinating with NNRFC. Exercise Constitutional Rights to generate more revenues.
1.23	The rising share of conditional grants over equalization grants risks limiting provincial autonomy and flexibility.	Develop Key Performance Indicator-based conditional grant allocation systems, with TA support and inclusive consultation, thus creating an environment to link with provincial policy priority or national commitments like SDG, National Adaptation Plan of Action NAP), Provincial Agriculture Strategy plan (PADS)
1.24	The prior PLGSP-supported online monitoring tools are inactive due to a lack of follow-up support.	Develop real-time "*Action Monitoring*" tools, procure IT logistics, and ensure on-call vendor support. Proper handover of the system with documents, operational manuals, and credentials Accountability of the focal person of any system.
1.25	Suboptimal utilization of LISA, FRA, and LED results limits the effective allocation of rewards and incentives to local governments, hindering	Advocate for integrating LISA, FRA, and LED results into the local government grant systems, ensuring that performance outcomes are directly linked to funding incentives. Provide technical assistance to establish robust and effective assessment mechanisms and build the capacity of District Coordination Committees (DCC) to implement and manage these processes effectively.

	their performance and development outcomes.	
1.26	Strengthening Inter-governmental Relationships:	Support in conducting regular meetings of Provincial Coordination Council (PCC) and implementation of its decision by linking to PLGSP ASIP annually. Similar to the functioning of Inter-Provincial Council (IPC) at the federal level, a similar coordination mechanism of Inter- municipality coordination council (IMC), may be formed Develop a Municipality liaising office at the Provincial level, following a cluster – based IMCC
1.27	Post-legislative policy scrutiny is critical to ensure that laws and policies function as intended after enactment.	Develop a mechanism of regular policy review to help address any unintended consequences. Evaluate if major policies are working as intended or adjustments are needed. Develop new policies, regulations, guidelines as needed. Conduct studies on unbundling of concurrent functional role starting with local tax on housing, entertainment, and other tax areas and developing an accountability mechanism for non- tax payment. Develop mechanisms for developing province /district official pricing structure for various goods, services, and construction materials across different districts to lessen the audit arrears.
1.28	Policy Implementation and enforcement: Though the laws, acts, policies, procedures are in place some of those are yet to be implemented and some of those require revision.	Despite the existence of various laws, acts, policies, and procedures, gaps persist in their implementation, and several require revision to reflect evolving governance needs. To address this, capacity building of political leaders and thematic committees is essential to deepen their understanding of current legal and policy frameworks, including those needing reform. Providing targeted orientations and training sessions on the significance of key planning instruments— such as the Periodic Plan, Results-Based Implementation Plan (RIP), and Medium-Term Expenditure Framework (MTEF)—can help enhance political ownership and commitment to enforcement. Additionally, the development of a practical handbook outlining the roles, responsibilities, and operating procedures of thematic committees will support more effective, informed, and accountable policy implementation.
1.29	Provincial governments lack institutionalized, technology-enabled coordination units, resulting in fragmented intergovernmental operations, reduced administrative efficiency, and weak alignment with federal digital systems and policy implementation frameworks.	Support the establishment and rollout of provincial-level Action Centres or the "Hello CM" mechanism, modeled on the Prime Minister's Office platform, to enable rapid response, citizen grievance handling, real-time policy implementation tracking, and emergency coordination. Provide full technical assistance for system design, integration, and operationalization to ensure effective functionality and responsiveness.
1.30	Following the conclusion of PLGSP's technical assistance, several provincial systems experienced outages and stagnant website maintenance, highlighting weak institutional ownership, limited technical capacity, and the absence of sustainable system management frameworks.	All DoIT to provide standard website to alowo for a common public government interface, to make data interoperable and to reduce the risks. of thousands of separate website contracts. Work with the Ministry of Information and Communication Technology (MoICT) to institutionalize long-term website management and digital service delivery standards.
1.31	Low levels of digital literacy among government staff and citizens hinder the effective adoption and utilization of e-governance tools and systems, limiting the impact of digital	Promote digital literacy through targeted, user-centric training programs that apply best-practice learning methods tailored to the needs of demand-side users, including government staff and citizens, to enhance uptake and effective use of e-governance systems.

	reforms and reducing service delivery efficiency.	
1.32	Provincial governments lack localized tools, systems, and procedural guidance to effectively implement and comply with updated Complementary and Special (CS) grant allocation guidelines, resulting in weak alignment with federal fiscal frameworks and inefficient grant utilization.	Design and implement operational Complementary and Special (CS) grant guidelines tailored to the provincial context, ensuring clarity, consistency, and compliance. Develop an online system for CS grant call monitoring and reporting at the provincial level, in close coordination with the Department of Information Technology (DoIT), to enhance transparency, efficiency, and data-driven fiscal management.
1.33	Provincial staff have limited understanding and technical know-how to effectively use the National Planning Commission's online Project Bank system, including weak familiarity with project identification guidelines, appraisal processes, and localization requirements, resulting in underutilization and poor-quality project submissions.	Support the effective uptake and integration of the National Project Bank (NPB) and NPBMIS systems by building local government capacity, simplifying user interfaces, and piloting practical use cases to strengthen project planning and ownership. Provide structured training for spending unit staff on the use of the project bank platform and Complementary and Special (CS) grant operations, in coordination with the National Planning Commission (NPC) and the Provincial Planning Commission (PPC).
Strategic Planning and Policy Coherence		
1.34	Inadequate Economic analysis during planning	Provide Technical assistance(TA) in economic data analytics and applied policy research to strengthen provincial-level planning accuracy. This support will build on the annual Economic Survey by the Ministry of Finance and the analytical outputs of Nepal Rastra Bank, translating national-level insights into actionable guidance for PLG planning. Capacity-building will focus on enhancing the ability of PPCs to interpret, localize, and apply economic data for evidence-based policy formulation.
1.35	Strengthen institutional systems for project selection and prioritization by introducing clear criteria, evidence-based appraisal tools, and multi-stakeholder review mechanisms to ensure alignment with provincial development goals, efficient resource allocation, and strategic impact.	Develop and implement the Project Bank Operating and Project Selection Procedural Guidelines to standardize project identification, appraisal, and prioritization processes. Build on the experience of Madhesh Pradesh by developing dedicated Project Bank software tailored to the provincial context. Conduct targeted training for provincial staff on operationalizing these guidelines and tools to ensure consistent application and effective integration into planning processes. Coordinate closely with the Provincial Planning Commission (PPC) to ensure institutional alignment and sustainability.
1.36	Lack of a structured mechanism for monitoring policy alignment and coordination across sectors, limiting the ability to track implementation progress, ensure coherence, and support evidence-based decision-making.	Implement the Monitoring and Evaluation (M&E) Directives for Province Government (PG)-level oversight by institutionalizing their application across all provincial ministries and agencies. Ensure consistent use of the framework outlined in the official directive <u>link</u>, including standard indicators, reporting formats, and review cycles. Build staff capacity for compliance through targeted orientation sessions and establish a feedback loop to integrate findings into policy and program adjustments
1,37	Limited institutional mechanisms for collecting and integrating policy feedback from stakeholders, constraining adaptive	Provide technical assistance to establish a Policy Lab within the provincial planning architecture, tasked with generating real-time policy insights, facilitating stakeholder engagement, and producing evidence-based feedback. Support the operationalization of the Policy Lab through structured workflows, analytical tools, and

	governance and ongoing policy refinement.	coordination mechanisms to ensure systematic integration of feedback into policy formulation and review processes.
1.38	Capacity Building support to spatial Planning	Deliver technical assistance and GIS training as part of a broader effort to institutionalize spatial planning within provincial governance systems. This will include developing standard operating procedures, integrating GIS into planning workflows, and strengthening the capacity of technical staff and planning units to sustainably manage and utilize spatial data for evidence-based decision-making.
Public Finance Management		
1.39	Budgetary Planning: Need for reporting on climate and SDG	**Develop budget tracking guidelines** aligned with climate and SDG goals; build PG and LG capacity for expenditure and results-based reporting. Ensure inclusive budget with budget ceiling for women, children and disadvantaged groups.
1.40	Capacity Building training on PFM areas	**Technical capacity building mechanisms, besides class – room-based training by PRTA to on** PFM systems such as Revenue Management Information System (RMIS), Public Assets Management System (PAMS,) and Computerized Government Accounting System (CGAS), as well as the e-GP system, is essential to improve transparency, efficiency, and accountability in revenue management, asset management, and procurement.
1.41	Internal audit functions across provincial and local governments remain weak, with limited institutional capacity, unclear audit procedures, and inadequate systems for tracking and responding to audit findings—undermining financial accountability and compliance.	Support local governments by providing tools and targeted training to systematically document, track, and manage audit-relevant information, enhancing internal audit readiness, compliance, and timely resolution of audit findings.
1.42	Procurement and e-bidding capacity-building needs	Coordinate with the Public Procurement Monitoring Office (PPMO) to design and deliver tailored, demand-driven capacity-building programs on procurement systems, with a strong focus on e-bidding compliance and functionality. Introduce a "clinic-based" mentorship model—drawing on successful practices from the PCGG in Madhesh Province—to provide hands-on, practical support to procurement officials through structured coaching, peer learning, and real-time problem-solving.
1.43	Limited diversification and modernization of revenue administration, restricting economic activity and provincial revenue growth.	Conduct analytical studies on fiscal revenue potential and weaknesses in tax administration, particularly in areas under provincial exclusive rights. Prioritize the digitization of vehicle tax payment systems using standardized IT solutions. Develop an integrated tax administration system to enable seamless data connectivity between provincial and local governments, including backup systems, taxpayer identification, automated audit selection, and error-flagged return filing. Establish a digital platform to improve information sharing and coordination on revenue-sharing mechanisms between municipalities and the province. In the long term, formulate forward-looking tax and investment policies aimed at driving sustained economic growth.

		In the medium term, reassign low-yield taxes and introduce new revenue streams, including piggybacking on high-yield national taxes. Leverage digital tools to streamline tax collection, reduce inefficiencies, and increase transparency to build public trust. Strengthen local tax administration by formalizing local businesses, developing business profiles, and linking tax compliance to essential services like licensing and utilities. Support revenue diversification strategies through feasibility studies and introduce policies that attract both public and private investment to broaden the provincial tax base.
1.44	Limited diversification of the resource base, leading to over-reliance on a narrow set of revenue sources and reduced fiscal resilience.	Strengthen Public-Private Partnerships (PPPs) by establishing a structured, province-wide PPP framework to engage priority sectors such as tourism, agriculture, manufacturing, and services in commercially viable, income-generating initiatives. Draw on best practices from Bharatpur Municipality in Bagmati Province to design replicable PPP models with clear risk-sharing, performance-based incentives, and community benefits. Leverage the province's natural resource endowments through sustainable investment strategies to attract private capital, stimulate employment, and drive inclusive and regionally balanced economic development.
1.45	Inadequate systems for ensuring transparency, accountability, and effective resource management at both provincial and local levels, with limited integration of gender, climate, poverty, and SDG considerations.	Implement key recommendations from the Procurement Survey Report to strengthen transparency, efficiency, and compliance in procurement systems.

Sectoral Development and Economic Policy

1.46	Koshi Province, despite its richness in natural resources and progress in promoting local products, lacks the scale, infrastructure, and investment needed to elevate these efforts into competitive, value-added market systems that drive sustained economic growth.	Provide targeted support for branding, marketing, and product development of agro-products and local crafts. Implement a Local Economic Development Strategy complemented by skills training and on-the-job training (OJT) opportunities to enhance market readiness and employment.

Public Service Delivery and Inclusion

1.47	Unmet social protection measures for children and women in Budgetary Planning	Provide TA to develop mandatory budget cap provisions for women, children, and disadvantaged groups in planning and budgeting processes to streamline and mainstream.
1.48	Local Justice System Awareness remains low, with limited public engagement and visibility.	Consider developing a web-based platform to improve public access to local justice information, while ensuring alignment with the principles of the local justice system. Rather than publishing individual decisions, the platform could host key legal documents, procedural guidelines, and citizen-facing legal information to enhance transparency, raise awareness, and foster informed public engagement—without compromising the integrity or confidentiality of local dispute resolution processes.

Public Service Commission

1.49	The provincial Public Service Commission *lacks modern tools and infrastructure* for efficient, transparent, and	Implement a ***comprehensive digital upgrade package*** with advanced recruitment software, automated scoring (OMR) for Merit-Based , competency and Inclusive framework based Recruitment (MBR) result tracking systems, and fully equipped computer labs.

	merit-based recruitment processes.	
1.50	While provinces are mandated to design, deliver, and regulate public services, the absence of a harmonized Organization and Management (O&M) structure across local governments has led to fragmentation, inefficiencies, and inconsistencies in service delivery. This variation undermines coordination, hinders staff mobility, and limits the effectiveness of provincial oversight and support functions.	Provide technical assistance to design and institutionalize a unified Organization and Management (O&M) framework across all local governments to reduce fragmentation and enhance service delivery consistency. Standardize the classification of public service professions to facilitate structured career progression, intra-provincial staff mobility, and transparent human resource management. Strengthen the functionality of the Public Service Information System (Kitab Khana) by ensuring full registration and regular updating of public staff databases to support evidence-based staffing, deployment, and workforce planning.
1.51	Weak coordination among the Provincial Planning Commission (PPC), Provincial Service Commission (PSC) and OCMCM hampers a cohesive approach to Human resource development at the provincial and local government level.	Establish a *formal coordination platform* among the Provincial Planning Commission (PPC), PSC, and OCMCM for coordinated efforts on O& M study and fulfillment of the vacant public service staff, positions in the Ministries and Local Government level, ensure quality of job entry and in-service training and develop standardized systems for ensuring sectoral training centers.
Provincial Research and Training Academy (PRTA)		
1.52	PRTA Policy Enhancement	Under PRTA Policy Enhancement, the enactment of the Koshi Pradesh PRTA Act and the completion of the Organization and Management (O&M) study of PRTA will establish a clear institutional and operational foundation. To improve training systems, the Training Management Information System (TMIS) should be replicated, drawing on successful practices from the Gandaki Province Training Academy (GPTA). Providing targeted logistics support will be essential to strengthen PRTA's capacity to meet increasing training demands across the province. Additionally, replicating innovative practices such as the Procurement Clinic—an initiative from Madhesh Pradesh where a dedicated team of two HR professionals provides mentoring on procurement processes to Local Governments—will help institutionalize hands-on, field-responsive technical support.
1.53	The absence of structured induction training programs for newly recruited civil servants limits their understanding of roles, procedures, and governance systems, negatively impacting their readiness, integration, and overall performance.	In collaboration with PRTA, design and adapt existing induction courses from other provinces to develop modular, online pre-service training programs in partnership with sectoral training institutes. Update job entry courses to align with Nepal Staff College standards. Develop continuous online learning modules to help staff stay current with evolving technologies, systems, and legal frameworks in public service. Introduce diverse, workplace-based training modalities—such as on-the-job learning, simulations, micro-learning, peer-to-peer exchanges, and e-learning—to enhance practical skills and support sustained professional development.
1.54	Existing job entry and in-service training systems are	In collaboration with PRTA, establish a robust Continuous Professional Development (CPD) system featuring needs-based,

	fragmented and insufficiently aligned with the evolving competency requirements of public sector roles, limiting workforce effectiveness and adaptability.	role-specific training modules supported by a digital tracking platform to monitor participation, performance, and progression. Develop a mechanism to inform PRTA on number of HR graduating from PSC regularly. Develop mechanisms to coordinate with sectoral training wings under different Ministries in the province and mechanism to coordinate with LDTA. Develop a comprehensive training strategy to meet rising demand, ensuring scalability and sustainability. This strategy should also include alignment with sectoral training units to promote coherence, avoid duplication, and ensure that all professional development efforts contribute to a unified capacity-building framework across government sectors.
1.55	Need to develop a mechanism of standardizing the resource person quality by developing pool of accredited HR resources	develop accredited Local Resource persons to facilitate the process of developing MTEF, periodic plans by the Local Government. Coordinate with PRTA to develop resource pool of accredited thematic HR ready for the LGs. Develop a pool of HR on major thematic areas of training, orientations provided by the PRTA. Provide M ToT to potential resource persons/ experts.
Local Government Capacity Needs		
1.56	Organizational structure and efficiency issues: O&M process is not clear. There is no standards in developing OM structure	• Conduct O&M studies to define the organizational structure, staffing requirement with clear roles and responsibilities
1.57	Human Resource Gaps_ - limiting availability technical expertise: Inefficiency in receiving job entry training	• Develop a localized mechanisms for capacity building of the ward members and the LG assembly members, thematic committees and the citizens on the policy matters • Develop continuous staff capacity development strategy and plans • Develop a mechanism for easy access several standards and norms developed, by the federal and provincial government • Develop mechanisms of receiving regular and upgraded technical training mainly in health, education, agriculture, infrastructure coordination with PRTA, technical Ministries in the province and Federal government. • Develop mechanisms to coordinate with PRTA during annual planning and budgeting for capacity building and developing major policy documents.
1.58	Ownership Issues at the LG level for policy documents	• Develop Periodic Plan, MTEF and embed policy formulation in routine LG functions to strengthen ownership and sustainability and Develop Periodic Plan, MTEF using services of accredited Local Resource persons developed by PRTA. • Develop a policy coherence framework for the LGS
1.59	Policy Scrutiny and Policy audit needs	• Similar to provincial government, there is a need for policy scrutiny and appropriation of policy Introduce single digital platforms hosting all major Acts, policies, regulations and related legal document for decision making and easy reference.
1.60	Administrative reform needs	• Introduce digital archiving of major office documents with appropriate filing and recording systems also considering LISA and FRA assessment needs.

		• Need for data integration- PAMS with Electronic Logistics Management Information System (e- LMIS) of health sector • Need for data integration of various software used in the municipalities to streamline the digital ecosystem
1.61	Need for digitizing the local resource information	• Establish a ICT unit / committee at the OCMCM Metro and sub metropolitan Municipalities • Develop IT related Norms and standards • Support the development of digital maps for Municipalities to improve local resource planning and tracking. • Support in Land use map preparations of selected municipality • Upscale Biratnagar municipality learning on Health MIS reporting • Data collection system development for loss and damage due to disaster and climate risks during emergencies • Develop Digital Procedural Guideline considering the factors of data security, data protection
1.62	Automation of services- needs review to facilitate accessibility of the data also for local and provincial planning use	Review of deferent digital MIS systems such as education (EMIS), agriculture (Agr-MIS), Heath (HMIS), Prime Ministers' Employment Management Information System (EMIS) schemes, N-WASH systems to provide inputs for mechanisms that can be used for LGs planning
1.63	Internet access challenges hamper the functioning of the LGs services	Increasing introduction of online system of public services is hampering the public services during internet service disturbances. Advocate, review, and improve the existing systems also for using offline systems as well
1.64	Reinforce and updating needs for 7 step planning process guidelines	• Develop strategy to reinforce the 7 step planning process, review and adapt to the Planning Guideline developed by Lumbini PPC • Also based on the learning from Devengunj Rural Municipality/ Koshi, review and upscale a digital Planning tool to enhance local administration of the planning process for increasing planning efficiency • Develop mechanisms to provide training to sectoral thematic committees • reviewing and strengthening the effective functioning of the municipality level a) social development, infrastructure, economic development, forest, environment and Disaster Management committee and Good Governance and development Committees are also equally important.
1.65	Strengthening monitoring and reporting: Monitoring of infrastructure and public services like educations quality in the schools are challenges I geographically reinforce areas	• Develop a mechanism for real-time monitoring for infrastructure and school's education services • Develop Result Based Monitoring Framework for the Periodic plans and develop a monitoring and reporting mechanism • Develop capacity building of Deputy Mayors in project monitoring and reporting
1.66	Public service delivery improvements remain slow and fragmented, limiting efficiency, responsiveness, and citizen satisfaction.	• Replicate and scale up one-stop service delivery centers equipped with integrated office automation systems to streamline processes and enhance service efficiency to interested municipalities. Learning from Suklagandaki Municipality, Tanahu. • Start with Automation for application registration systems • Automation of Business registration,

		•	Introduce an online grievance-handling mechanism to ensure timely resolution, transparency, and improved citizen engagement.
1.67	Need to promote local economic development activities	•	Consider replicating best practices on PPP from Bharatpur Municipality, Bagmati Province
		•	Promote the growth of Small and Medium Enterprises (SMEs) by facilitating access to finance, markets, and technical support.
1.68	Revenue and expenditure	•	Develop a system to facilitate Conflict resolution on revenue sharing, especially on riverine products. Coordinate with OCMCM office for facilitation
		•	Conduct revenue facility studies
1.69	Social accountability	•	Develop accountability tracking mechanisms for a) internal Monitoring committees,
		•	b) public hearing and social audits,
		•	d) Third party monitoring and evaluations,
		•	e) citizen engagement forums
Civilian Oversight			
1.70	Elected representatives face significant capacity gaps in legislative, oversight, and development functions, limiting their effectiveness in governance, policy formulation, and constituency engagement.	Deliver focused capacity-building sessions for elected representatives and council members covering: (i) revenue sharing frameworks and the roles of Local Governments, (ii) project identification and planning methodologies, (iii) integration of social, gender, and climate dimensions into planning, (iv) the concept and application of the Project Bank, and (v) exposure visits and executive learning programs on governance and development policy.	

5.   PARTNERSHIP MAPPING RESULTS

This section presents the findings of the initial mapping exercise at the provincial level, highlighting the ways in which key development partners are contributing to federalism-related reforms in Koshi Province. The examples emphasize thematic alignment, opportunities for coordination, and areas where interventions may overlap with those of the PLGSP. These illustrative cases show how a range of actors—from those involved in youth engagement to civic oversight and inclusive planning—can support and align with the objectives of the PLGSP.

This section is split into Priority Program Examples (three detailed examples provided) and a table of all other Koshi province partnership options to be explored in the final report.

5.1   EXAMPLE PARTNERSHIP OPPORTUNITIES

Section 4.1 summarizes three illustrative cases that are particularly relevant to PLGSP implementation in Koshi Province. These include: (i) The Asia Foundation/DFAT, (ii) the Provincial Support Programme (PSP) supported by SDC, and (iii) Helvetas Nepal in partnership with the EU. While presented here as initial examples, these cases will be further elaborated in the final main report, which will provide a broader overview of key federal, provincial, and local partners contributing to PLGSP's objectives.

5.1.1   NEPAL SUBNATIONAL GOVERNANCE PROGRAMME (SNGP) – PHASE II

The Subnational Governance Program (SNGP) is a flagship governance initiative supported by Australia's Department of Foreign Affairs and Trade (DFAT) and implemented by The Asia Foundation (TAF) in collaboration with the Government of Nepal. Now in its second phase, SNGP adopts an adaptive, politically informed approach, bringing together a "coalition of influence" that includes government stakeholders, civil society, and technical experts. The program has identified five End-of-Program Outcomes (EOPOs) that align closely with the objectives of PLGSP: (i) enhanced intergovernmental coordination mechanisms, (ii) more inclusive, evidence-based local policymaking—particularly in public health, (iii) inclusive economic policymaking at the subnational level, (iv)

improved service delivery that addresses the needs of women and marginalized groups, and (v) the integration of climate change considerations into subnational planning, introduced as a priority in 2023.

- ▪ **Presence in Koshi**: During its second phase, SNGP supported policy dialogue and evidence-informed planning processes within Koshi Province's government and several of its municipalities, focusing on public health and local economic development. It also facilitated cross-provincial learning exchanges, including the participation of Koshi-based youth in a Youth Sounding Board that shapes the program's youth engagement strategy. To date, SNGP has expanded its work to 20 local governments in the province, aiming to foster inclusive policy development and planning.

- ▪ **Key Activities & Alignment with PLGSP**: SNGP's work is organized around its End-of-Program Outcomes (EOPOs), with interventions that closely complement PLGSP's strategic aims. It supports the creation of intergovernmental coordination mechanisms and dispute resolution platforms, contributing to PLGSP Outcome 1 on multi-level governance. It provides technical assistance to provincial ministries for evidence-based policy formulation and to municipalities for data-driven planning—supporting PLGSP Outcome 2. In addition, it delivers capacity-building for elected representatives on participatory and inclusive planning, aligning with PLGSP Outcome 3.

- ▪ **Illustrative Contributions**: Within Koshi, SNGP has organized policy labs to assist local governments in formulating public health policies using community input and local data—echoing PLGSP's push for improved local service delivery. It also mainstreams gender equality, social inclusion (GESI), and climate resilience across its planning support. Importantly, SNGP works through local CSOs and research institutions by providing grants and mentorship to implement studies and pilot initiatives, thereby fostering local ownership and civic engagement in governance processes.

- ▪ **Innovations and Lessons:** SNGP is known for its adaptive programming approach, iteratively adjusting activities based on what works (a "learning by doing" ethos similar to a Problem-Driven Iterative Adaptation model). One innovation is the establishment of Provincial Research and Training Center (often through Provincial Center for Good Governance collaboration) that produces evidence for policy-making. This has been piloted in provinces including Koshi, helping ground provincial plans in data. SNGP has documented lessons on inter-governmental relations: for instance, in facilitating dialogues on functional assignments between Koshi's provincial ministries and its local governments, a best practice emerged to use neutral conveners (like TAF or academia) to mediate discussions, which improved trust.

  Another success under SNGP is the integration of participatory planning tools (like community scorecards and public hearings) into the annual planning cycle of certain partner municipalities, which led to more citizen-centric local development plans (a practice that can be scaled). SNGP's mid-term review notes successful practices in gender-responsive budgeting support - some municipalities in Koshi, with SNGP guidance, prepared budgets that earmark funds for women, Dalits, and persons with disabilities, illustrating inclusive governance in action.

- ▪ **Potential Duplication or Synergy with PLGSP**: While SNGP and PLGSP are both comprehensive governance programs, effective coordination between them remains essential. Each initiative occupies a distinct niche: PLGSP operates as a government-led framework focused on formal capacity development—such as standardized training curricula and systems like LISA—whereas SNGP adopts a more flexible, adaptive model that pilots new approaches in targeted thematic areas, including public health and economic policy. In this way, SNGP's contributions to inter-governmental coordination—such as the formation of provincial coordination councils or federal-provincial dispute resolution committees—serve to reinforce and complement PLGSP's institutional mandates.

▪ ***Training Coordination***: Training is a potential area of duplication, as both programs engage in capacity-building for local officials. However, this risk is largely mitigated through cooperation, with SNGP often delivering its training via the Provincial Research and Training Center (PRTC) established under PLGSP. For instance, in Koshi Province, SNGP experts contributed to the development of inclusive planning curricula for the PRTC rather than conducting standalone training. Continued coordination among DFAT, TAF, MoFAGA, and PLGSP development partners remains key to avoiding overlap and ensuring program synergies.

Table 3.	NEPAL SUBNATIONAL GOVERNANCE PROGRAMME (SNGO) – PHASE II				
Name of Partner Project/Initiative Name(s)	**Best Practices Identified**	**Potential Areas for Synergy with PLGSP**	**Overlap/Duplication Risks**	**Entry Points for PLGSP Engagement**	**Coordination Mechanisms Proposed**
Subnational Governance Programme (SNGP)	Use of adaptive programming; facilitation of policy labs for provincial-local dialogue; establishment of Provincial Research and Training Center (PRTC); mainstreaming of GESI and climate considerations into provincial/local planning; inclusive planning tools like community scorecards.	Support in building intergovernmental coordination mechanisms; collaboration on inclusive and evidence-based local planning processes; alignment on GESI and climate resilience in governance frameworks.	Possible redundancy in provincial/local capacity building trainings; thematic overlap in GESI and planning support could result in duplicated sessions if uncoordinated	Partner with SNGP on evidence generation and dissemination through PRTC; integrate inclusive and data-driven approaches into PLGSP training modules; jointly convene policy forums for local governments.	Quarterly joint planning and reflection workshops; shared development of training curricula; establishment of a joint learning hub at the provincial level integrating both PLGSP and SNGP resources.

5.1.2 PROVINCE SUPPORT PROGRAMME (PSP)

The Province Support Programme (PSP), funded by the Swiss Agency for Development and Cooperation (SDC), is being implemented from December 2024 to July 2026. Its primary focus is to support the effective implementation of federalism by fostering inclusive, well-functioning institutions and governance systems at the provincial and local levels. PSP has played a vital role in institutionalizing federalism in Nepal by supporting the setup of provincial and municipal governance structures, strengthening administrative systems, and improving public service delivery.

Programmatic Focus and Synergy with PLGSP: Through its interventions, PSP aims to reinforce inclusive governance frameworks that align with and support the broader goals of the Provincial and Local Governance Support Programme (PLGSP). Key program priorities include promoting digital transformation, enhancing transparency and accountability, integrating Gender Equality and Social Inclusion (GESI), and encouraging citizen engagement. PSP also ensures close collaboration and complementarity with initiatives such as PLGSP and other SDC-supported efforts.

Governance Structure: To steer implementation, PSP operates under a governance structure that includes the Chief Minister, relevant provincial ministers, members of the Provincial Planning Commission, and representatives from local governments. This leadership arrangement is designed to ensure the program remains aligned with provincial development priorities and is delivered effectively, in coordination with other governance initiatives.

▪ ***Presence in Koshi***: In Koshi Province, PSP in terms of local governance capacity building, strengthened service delivery improvement, and mobilization of communities. PSP is closely working with the provincial and local government of Koshi Province for promoting

administrative effectiveness, capacity development, and mainstreaming marginalized groups. The The Province Support Programme is also helps local government institutions to implement digital governance platforms, transparency, and GESI practices. Additionally, PSP helps enable citizens to participate in community-based programs and enables local governments to learn the necessary skills and capacities to deliver effective services. To this end, PSP is contributing towards PLGSPs goals of better governance and stronger and more resilient local institutions in Koshi Province.

- *Key Activities & Alignment with PLGSP*: At the provincial level in Koshi Province, the Provincial Support Programme (PSP) is actively engaged in strengthening governance, improving service delivery, and promoting inclusive development. Its key interventions include capacity-building for local government officials, the deployment of e-governance tools to enhance public service delivery, and the creation of platforms that foster effective communication and engagement between citizens and local governments. PSP also integrates Gender Equality and Social Inclusion (GESI) principles to ensure that the voices of poor, vulnerable, and marginalized groups are reflected in governance processes.

  The programme aligns closely with the objectives of the Provincial and Local Governance Strengthening Programme (PLGSP), with both initiatives prioritizing the institutional and functional capacity of provincial and local governments. PSP supports transparent decision-making, accountable governance, and improved service delivery at the grassroots level. In doing so, it directly contributes to PLGSP's overarching goal of building more effective, inclusive, and responsive governance systems in Koshi Province. Together, the two programs form a complementary and coordinated effort to establish well-governed provincial and local institutions with strong community participation and a clear path toward sustainable development.

- *Innovations and Lessons*: The ACCESS Provincial Support Programme (PSP) has introduced several notable innovations in governance, service delivery, and citizen engagement at the provincial level in Nepal. A key innovation is the implementation of digital governance solutions that have strengthened administrative efficiency and transparency in service delivery. The program places strong emphasis on building the capacity of elected representatives and local government officials, particularly in public administration and governance. PSP also actively promotes Gender Equality and Social Inclusion (GESI), facilitating the meaningful participation of women, persons with disabilities, and marginalized groups in governance processes. One of the program's key takeaways has been the critical importance of coordinated action among local, provincial, and federal levels to ensure effective policy implementation and maximize impact. Moreover, PSP has fostered stronger people's engagement, enabling communities to interact more directly and effectively with local government, thereby increasing responsiveness and accountability. These innovations and lessons highlight the need for inclusive strategies that combine technology, capacity development, and participatory governance to advance sustainable development at the local level.

- *Duplication/Overlap or Synergy with PLGSP*: Both the Provincial Support Programme (PSP) and the Provincial and Local Governance Strengthening Programme (PLGSP) share the core objective of enhancing governance, improving service delivery, and building the capacity of local governments. While the two programs exhibit strong synergy—particularly in their shared focus on local government capacity development and the promotion of inclusive governance— the risk of duplication remains minimal. PSP adds distinct value through its emphasis on e-governance and citizen participation, complementing PLGSP's focus on streamlining administrative systems. This complementarity is evident in the way PSP's innovations in digital solutions can be scaled through PLGSP's broader network of local governments. Additionally, PSP's work on gender equality and social inclusion (GESI) aligns with PLGSP's commitment to inclusive service delivery, further reinforcing their mutual goals. Effective coordination

between the two programs enables a more harmonized approach, enhancing the collective impact on local governance, service quality, and community engagement.

Table 4.	PEOPLE IN NEED / ACCOUNTABILITY LAB NEPAL / EU / PLGSP OPTIONS				
Project/Initiative Name(s)	**Best Practices Identified**	**Potential Areas for Synergy with PLGSP**	**Overlap/Duplication Risks**	**Entry Points for PLGSP Engagement**	**Coordination Mechanisms Proposed**
Digital Governance Initiatives	E-governance tools for better service delivery	Aligning digital governance efforts for local governance efficiency	Low-this suits the provincial needs	Strong-Digital infrastructure setup, citizen engagement platforms	Coordination with PLGSP's digitalization efforts
GESI Integration in Local Governance	Inclusion of marginalized groups in governance	Synergies with PLGSP's GESI component for inclusive service delivery	Medium-closely collaboration	Moderate-Gender sensitivity training for officials, mainstreaming GESI policies	Collaborative workshops and training programs with LGs
Citizen Engagement Mechanisms	Strengthening local government-citizen dialogue	Partnership with PLGSP to enhance citizen feedback mechanisms in local governance	Low-both programs works close coordination	Strong, engaging local government bodies and citizen feedback channels	Coordination with PLGSP's community engagement activities
Capacity Building for Local Government	Providing training to elected officials and civil servants	Supporting PLGSP's capacity-building efforts through provincial-level trainings	Low-jointly annual program formulation	High-Joint workshops and capacity-building sessions	Integration of training modules between PSP and PLGSP
Service Delivery Efficiency Enhancements	Improving governance systems at provincial and local levels	Streamlining local governance processes to align with PLGSP's service delivery goals	Low-Coordination while ASIP preparation	Moderate-Targeting local governments for efficiency improvements	Incorporation of best practices throughout the Programme cycles

PROMOTION OF YOUTH ENGAGEMENT IN LOCAL GOVERNANCE (PROYEL)

PROYEL is a project dedicated to empowering youth to participate in local governance processes. Funded by the European Union and co-funded/implemented by Helvetas Nepal, PROYEL works through local NGO partners to activate youth groups and institutionalize their engagement with municipal authorities. The project emerged in the post-federalism context to address the gap in youth voice in local decision-making. PROYEL's approach involves forming and strengthening Youth Panels at the palika (municipality) level and linking them with local government planning processes.

- *Presence in Koshi*: PROYEL is active in multiple provinces, notably Koshi, Karnali, Sudurpaschim, Lumbini and Madhesh. In Koshi, the project has engaged youth in districts like Sunsari, Morang, Udayapur, and Ilam, where a Youth Panel was formed and supported to liaise with the municipality in development planning. Helvetas reports indicate that youth from at least one municipality per target district are involved.

  Key Activities & Alignment with PLGSP: Key activities under PROYEL include forming Youth Panels at the municipal level and training them on local governance (roles and processes of municipalities); facilitating the involvement of these youth groups in the annual planning

and budgeting cycle of local governments (e.g., helping youth prepare and submit priority lists to the Ward offices); running Good Governance Schools for youth (similar concept to civic education sessions) to raise awareness on governance, rights, and accountability (this approach mirrors the Good Governance School model used by other NGOs in the province); and implementing small youth-led projects to address community issues (with matching funds from municipalities as a way to foster cooperation).

These activities align with PLGSP outcome 3, which seeks to enhance the capacity of elected representatives and civil servants and their responsiveness to citizens—in this case, young citizens. By empowering youth to interface with local officials, PROYEL helps make local governments more accountable and attuned to youth needs (youth-friendly budgeting is one result). It also indirectly supports outcome 2 (inclusive institutions) by institutionalizing youth participation in decision-making, hence broadening inclusion. For example, a municipality that, due to PROYEL, now consults its Youth Panel when formulating its annual development plan is moving towards a more inclusive governance model, as advocated by PLGSP.

Innovations and Lessons: PROYEL demonstrates an innovative model of structured youth engagement in governance. The creation of formal "Youth Spaces" within government planning (for example in the creation of a Youth Desk or officially Youth Panel in some municipalities) is illustrative. This is a departure from treating youth as mere beneficiaries, but instead as stakeholders in governance.

Another lesson emerging from PROYEL's implementation is the importance of mentorship: the project pairs Youth Panels with mentors (often local NGO workers or more experienced community leaders) to navigate bureaucratic processes, which has proven effective in building youth confidence and ensuring continuity even when local governments initially hesitated to listen.

▪ *Duplication or Synergy with PLGSP*: PLGSP includes GESI and citizen engagement as cross-cutting issues but does not have a dedicated youth-focused intervention, and as such, PROYEL largely complements PLGSP. The only area of potential overlap might be general governance training as both PLGSP and PROYEL conduct trainings/orientations on governance principles (PLGSP for elected reps and officials, PROYEL for youth and community groups). Nonetheless, because the target audiences differ, this is more complementary than duplicative. In fact, PROYEL's youth engagement mechanisms could be incorporated into official practice (a synergy opportunity). As Koshi Provincial Government level already has youth promotion in sports and youth scientist promotion related directives in 2021, PROYEL's on-groundwork gives life to such policies, supporting PLGSP's broader aim of policy implementation.

Table 5.	STRATEGIC PARTNERSHIP OPPORTUNITIES WITH HELVETAS NEPAL / EU				
Project/Initiative Name(s)	Best Practices Identified	Potential Areas for Synergy with PLGSP	Overlap/Duplication Risks	Entry Points for PLGSP Engagement	Coordination Mechanisms Proposed
PROYEL – Promotion of Youth Engagement in Local Governance	Institutionalization of Youth Panels in municipal governance processes; creation of youth-inclusive planning forums; implementation of Good Governance Schools for youth civic education;	Build structured youth engagement frameworks into PLGSP's civic participation pillar; support the replication	Minor overlap in foundational governance training content between PLGSP and PROYEL, especially if targeted to new ward members and youth groups without differentiation.	Promote youth engagement as a formal part of the planning process; use PROYEL's model to create youth consultation spaces within	Joint events at ward/municipality level for youth-municipal dialogues; coordination through provincial youth desks and PRTC; co-hosting youth

	small-scale youth-led local development projects co-funded by municipalities.	of youth-led consultative processes across PLGSP municipalities.		PLGSP municipalities; co-brand Good Governance Schools under PLGSP's capacity-building component.	policy review sessions.

5.2 OTHER KOSHI PROVINCE PARTNERSHIP OPTIONS

Table 5 offers a streamlined overview of key partnership opportunities relevant to the program, which will be expanded upon in the main report. It presents partner names, thematic focus areas, and associated implementing organizations. Each entry outlines a specific illustrative project along with its current implementation status in the province.

The table is designed to assess how each partnership aligns with PLGSP objectives, highlight innovative practices, and identify scalable best practices. It also evaluates potential overlaps with existing efforts, helping to flag duplication risks. This format supports strategic coordination and enhances the effectiveness and complementarity of program partnerships.

Table 6.			KOSHI PROVINCE PARTNERSHIP OPTIONS					
#	Partner Name	Thematic Area	Partner Organization(s)	Illustrative Project	Implementation in Koshi	Linkage with PLGSP	Innovation	Best Practice for Scaling	Risk of Duplication

Federal Institutions									
	Ministry of Finance (MoF)	PFM and Fiscal Management	.	Nepal Disaster Resilience DPC + Cat DDO (Ongoing) Budget support operation to enhance disaster resilience through fiscal instruments and policy reforms		Fiscal framework alignment	Contingent financing for disaster resilience	Budget tagging for resilience expenditure	Moderate – requires PLGSP policy sync
	Ministry of Women, Children, Senior Citizens Development (MoWCSC)	Health, Education, and Nutrition		WFP School Meal Programme Mid-day meal program targeting ECD to Grade 6 in rural districts, nutrition-linked with education outcomes.		Indirectly via service delivery	systems Nutrition on education service integration	School-based food security systems	Low – strong operational structure
	Ministry of Physical Infrastructure Transport (MoPIT)	Infrastructure Planning and Management		Infrastructure Project Bank and Planning (In Development) Development of centralized digital platform for managing and tracking all infrastructure projects with planning alignment.		Overlaps in infrastructure planning at local level	Web-based infrastructure project bank	Multi-tier digital project tracking systems	Moderate – needs harmonization with federal tools
	Ministry of Agriculture Livestock Development (MoALD)	Agriculture and Livelihoods		Digital Agriculture and Irrigation Development Promotion of agri-infrastructure, apps, and digital systems for crop monitoring and service delivery.		Indirectly via service delivery	App-based service delivery to farmers	Public-private extension and irrigation tech	Moderate – overlaps with federal schemes

Public Service Commissions (PSC)	Human Resources and Recruitment		Provincial Civil Service Reform Support to merit-based recruitment and training for provincial civil service cadres in line with federal guidelines.		Coordination on HR policy and training	Unified provincial recruitment standards	Integrated HR systems between PG and LGs	Low – clear mandate
European Union	Federalism, Education, and Nutrition		Support to Federalism and MSNP Phase III Sector Budget Support to strengthen federal structures and improve service delivery in education and nutrition through MSNP.		Aligned on federalism and decentralizatio non	Budget support linked to performance in federal reforms	Multi-sector budget support with joint indicators	Low – embedded in government systems
DFAT	Subnational Governance		Subnational Governance Programme (SNGP) Phase II Supports local governance strengthening, planning, budgeting, and intergovernmental coordination.		Complements programming at the local level	Inter-governmental fiscal alignment	Joint planning and budgeting units with LGs	Moderate – overlaps if not coordinated with PLGSP
Norwegian Government	Education, Gender, food and nutrition security	UNDP, SAHAS	Support to School Education Sector Plan (SESP) Contributes to inclusive, quality education with a focus on girls' education and federalism support. Energy to food project		Sectoral but aligned with decentralized delivery Integrated Periodic Plans (PPs)	Gender-responsive school financing Climate Smart Entrepreneurship	Education budget tagging for equity Climate Investment Plan for Agriculture Sector	Low – in JFA mechanism moderate duplication in DRRM and CCA policy frameworks
Swiss Development Cooperation (SDC)	Revenue and PFM Reform		Revenue Administration Support (RAS III) Support to subnational revenue and fiscal reform, including tax systems and PFM strengthening.		Links on PFM systems	Subnational tax system digitization	integrated tax and financial systems across levels	Moderate risk if uncoordinated with MoFAGA

World Bank	Disaster Resilience, PFM, Infrastructure		Disaster Resilience DPC + Cat DDO / ACCESS Budget and infrastructure projects focused on disaster resilience, connectivity, and fiscal management.		Overlaps in fiscal space and infrastructure policy	Contingent financing + regional transport link	Cat DDO as fiscal buffer model for provinces	Moderate—requires strategic sync
Asian Development Bank (ADB)	PFM, Infrastructure, Trade		PFM & Customs Reform / Public Investment Management Supports implementation of devolved PFM systems, logistics/customs reforms, and public investment performance improvement.		Overlaps on PFM and planning	Customs and investment reform at SNG level	Performance-linked investment implementation TA	Moderate – with other PFM projects
UNDP	Governance, Justice, Preparedness		Access to Justice / SUPER / Parliament Support Multiple streams including legal empowerment, disaster preparedness (SUPER), grievance systems and provincial assembly support.		Governance, demand-based enterprises, Legal aid, Earthquake preparedness, institutional capacity	Integrated governance and justice model	Link grievance redress to digital governance	Low – strong alignment with PLGSP
UNICEF	Child Rights, Nutrition, WASH, Education		Suaahara II / Child-Centric Programming Multi-sectoral programming supporting health, education, WASH and child protection through local governance.		Linkage through decentralized service delivery	Child-focused integrated governance services	WASH + Education + Nutrition convergence	Low – fits service delivery model
UN Women	Gender Equality and Social Inclusion (GESI)		Gender Responsive Governance and Budgeting Support GESI integration in governance, budgeting, and local planning processes.		GESI mainstreaming	Gender budgeting in provincial systems	Institutionalized GESI focal points with budget power	Low—complementary to PLGSP GESI strategy

International Organization for Migration (IOM)	Disaster Risk and Migration Governance		SIKAI – Institutional Knowledge for DRM Strengthening DRM capacity at the local/provincial level through institutional knowledge systems.		Overlaps on disaster response systems	Localized DRM data and coordination systems	Provincial disaster platforms	Moderate – overlaps with MoHA DRR roles
World Food Programme (WFP)	Food Security, Education, Nutrition		School Feeding Programme (Food for Education) Food distribution, nutrition education, and capacity building for schools in rural Koshi.		Indirectly supports MoSD delivery	Integrated nutrition and education delivery	Food-for-education linked to local agriculture	Low – institutionalized via MoSD
FAO	Agriculture and Food Systems		Agri-Food System Resilience Projects Capacity development for local governments in agriculture, including value chain, policy support, and data systems.		Relevant to MoA systems at local level	Food systems and value chain governance	Provincial agri-data systems + PPP platforms	Moderate – risk with parallel MoA initiatives
WHO	Health governance policies, NCD and EPI	PGs, LGs	Provincial Health policies, NCD, EPI		Low-Relevant to MoSD with PGs, LGs service delivery	Health system governance,	Provincial service delivery on non-communicadiseas es, Expanded programme on immunization	Low– risk parallel with MoSD initiatives
ILO	Climate change, information economy, Child labor	MoSD, SAHAS	Climate strategy, community engagement and economic sustainability		Medium-CCA policies, community engagement	Climate governance	integrated approachCommunity engagement	Low-risk MoSD, LGs
Provincial Institutions in Koshi Province								

Province Research and Training Center(PRTC)	Training and Capacity Building	LGs, PG of Koshi	Cluster-Based Training & Curriculum Development KPTA provides training to local officials, partners with academic institutions and central training agencies to develop curriculum and deliver provincial training	All the LGs and , PG Koshi	Strong- linkage given delivery of PLGSP through training modules	Demand-based, decentralized training modules	Inter-provincial training community of practice	Low – fills clear niche in the training landscape
Ministry of Economic Affairs and Planning (MoEAP)	Economic Policy and Investment		Provincial Economic Development Planning (Planned) Supports economic planning, budget formulation, and provincial investment forums for resource mobilization.		Indirectly- Coordinates on planning systems	Public-private investment forums	Joint venture- based financing of provincial growth hubs	Low – tailored to provincial strategy
Ministry of Social Development (MoSD)	Health, Education, Nutrition		WFP School Meal Programme Mid-day meal program targeting ECD to Grade 6 in rural districts, nutrition-linked with education outcomes.		Indirectly via service delivery systems	Nutrition-educaservice integration	School-based food security systems, disability inclusions	Low—strong operational structure
Ministry of Physical Infrastructure (MoPID)	Infrastructure Planning and Management		Infrastructure Project Bank and Planning (In Development) Development of a centralized digital platform for managing and tracking all infrastructure projects with planning alignment.		Overlaps in infrastructure planning at local level	Web-based infrastructure project bank	Multi-tier digital project tracking systems	Moderate – needs harmonization with federal tools
Ministry of Industry Agriculture and Cooperatives (MoIAC)	Agriculture and Livelihoods		Digital Agriculture and Irrigation Development Promotion of agri-infrastructure, apps, and digital systems for crop monitoring and service delivery.		Indirectly via service delivery	App-based service delivery to farmers	Public-private extension and irrigation tech	Moderate – overlaps with federal schemes

Provincial Public Service Commissions (PPSC)	Human Resources and Recruitment		Provincial Civil Service Reform Support to merit-based recruitment and training for provincial civil service cadre in line with federal guidelines.		Coordination on HR policy and training	Unified provincial recruitment standards	Integrated HR systems between PG and LGs e	Low – clear mandate

Bilateral/Multilateral Development Partners in Koshi Province

UNDP (A2J, Biodiversity conservation, CCM)	Justice, Climate Action, Socio-Economic Recovery, DRR	PG, LGs	Support for policy, strategy, and action plan preparation for DRR	Koshi Province, Morang, Sunsari	Directly supports governance through policy formulation and climate action	Evidence-based strategies for climate resilience and disaster recovery	Institutionalize through local government and civil society engagement	Medium-needs harmonization with federal gov. aligns with LGs
UNICEF	Health, Nutrition, Education, Child Protection		Maternal and newborn health, early child development, nutrition support	Koshi Province	Low-Supports local health and education governance	Multi-sector nutrition plan and child protection programs	Expand, collaboration with local schools and health services	Low-works with Health institutions, fits to LGs' need
WHO - Health System	Health Systems Support and Policy Planning		Evidence-based health system support and policy development	MoH, Koshi Province 14 districts in Koshi Province	Low-Links to health governance and service delivery goals	Integration of evidence-based health systems and policy planning	Scaling through collaboration with MoHP and local health services	Low-works with MoH, LGs
WHO - WHE	Health Sector Preparedness and Response	PG, FG, LGs	Health sector preparedness and response readiness programs	14 districts in Koshi Province	Low-Supports disaster preparedness and response at the local level	Capacity building for health sector preparedness and response	Extend the training of local health workers and officials	Medium-trailered with the Provincial strategy
WHO	Health System Strengthening	WHO, local health departments	Health services enhancement	Districts of Koshi	Low-Direct linkage with health ministries, MoH	NCD/Mental Health Training, Disease Surveillance	Health facility rebuilding, service restoration	Medium-Allign with the health sector policy of Koshi
WFP	Humanitarian Assistance and Emergency Logistics	PG, FG, LGs	Augmentation of logistics for emergency response	14 districts in Koshi Province	Low-Enhances local capacity for emergency logistics and food security	Humanitarian logistics and food distribution programs	Expanding logistics networks and community collaboration	Low-work with PG, NDRRMA

FAO	Agriculture, Fisheries	PG, FG, LGs	Support for sustainable agriculture and fisheries development		Moderate-Links to PLGSP's livelihood and climate resilience goals	Climate-resilient agriculture and fisheries development	Engaged local farmers' cooperatives and agricultural NGOs	Low-Closely work with MoIACO, align LG plan
IOM	Livelihoods and Food Security	UNHCR, ILO, Lutheran World Federation (LWF)	Training and support for Bhutanese refugees and host communities in vegetable farming	Beldangi (Damak, Jhapa) and Pathari Sanischare (Morang)	Moderate-Supports local governance through livelihoods and refugee integration	Market-driven solutions for vegetable farming with buy-back guarantees	Increase collaboration through local cooperatives and refugee-host community integration	Low-Work with MoHA, PG

Non-Governmental Organizations Operating in Koshi Province

ActionAid Nepal	DRR, Climate Change, Education, Livelihood, Women's Rights	The Society Touch (TST), Deurali Society Nepal, Dalit Awareness Society (DAS) Nepal	Livelihood, Education, Women's Rights, DRR	Chainpur Municipality, Laligurash Municipality, Chhathar RM	Moderate-Strengthens local governance in DRR, education, and women's empowerment	Community-driven approach for DRR and women's empowerment	Extend through local community networks and municipalities	Medium-Needs alignment with LGs, strategic plan
FAIRMED Nepal	MNH, NTD, Disabilities, Disability Prevention	SAHARA Nepal, Save The Earth, Karuna Foundation Nepal	Disability prevention and rehabilitation services	Sunsari, Jhapa, Morang	Low-Holds local health systems and social inclusion goals	Combined disability services and health management	Unfold through local health systems and collaboration with NGOs	Low-Fits to LGs demand

FHI 360 Nepal	HIV Prevention, Treatment, Care, and Support	AMDA Nepal, EpiC Nepal, Lead Nepal, Pariwartanshil Samaj, EpiC Nepal	HIV prevention, treatment, and support services	Jhapa, Morang, Sunsari	Low-Strengthens local health service delivery systems	Comprehensive HIV prevention and care model	Move forward through local health systems and training of healthcare workers	Medium-allign and support MoH, Health institutions
Habitat For Humanity International	Safe Shelter Project	Sahara Nepal, Sankalp Nepal, HURENDEC	Safe shelter, land rights, and housing support	Jhapa, Morang, Sunsari, Udayapur, Saptari	Low-Supports local governance in shelter and housing development	Integrated shelter solutions with WASH and financial inclusion	Proceed through local partnerships and government coordination	Low-Meet LGs demand, capacity builidng
Helen Keller International	Health, Education, Human Rights, Local Development	HHURLDE Nepal, NJA, ECDF	Health & Nutrition Programs	Panchthar, Sankhuwasabha, Solukhumbu, Taplejung	Low-Upholds governance in education and health service delivery	Nutrition and community-based health models	Institutionalized through local health and education institutions	Low-Works with the MoSD, LGs closely
ENSSURE/Helvetas	Vocational Skills, Technical Education	Shree Manmohan Smriti Polytechnic Institute, Shree Kankai Polytechnic Institute, Shree Mahanagar Polytechnic Institute, etc.	Pre-diploma programs in Mechanical, Civil Engineering, IT	Koshi Province	Moderate-Strengthens governance through technical and vocational education	Vocational training programs for youth employment	Enhanced through technical institutes and local government support	Medium-Need Coordination and collaboration with PRTA Koshi

	Ipas Nepal	GBV Health Response	ABC Nepal, Panchali, CMC Nepal	GBV Health Response, GBVPR II Project	Morang, Udyapur, Okhaldhunga	Low-Enhance health service delivery for GBV prevention and response	Integrated GBV health response services	Scaling through local health institutions and NGOs	Medium-Requires alignment of MoSD plan
	Lutheran World Federation (LWF) Nepal	Sustainable Livelihood, Social Protection, Social Cohesion, Organizational Development	SNJD, Lutheran Community Welfare Society	Sustainable livelihood and social protection programs	Jhapa, Morang	Low-Enhance health service delivery for GBV prevention and response	Integrated GBV health response services	Scaling through local health institutions and NGOs	Medium-Requires alignment of MoSD plan
	Nick Simons Institute	Curative Service Support, Hospital Management	All Government Primary, Secondary Hospitals and Training Sites	Hospital Management and Strengthening Program (MSS)	Sankhuwasabha, Bhojpur, Terhathum, Khotang, Udayapur, Rangeli, Katari	Low-Capacitate local health systems through hospital management	Hospital management and strengthening services	Institutionalized through local health systems and provincial support	Low-Coordination with MoH, MoSD, LGs
	NLR Nepal	Leprosy Prevention, NTD, and Social Inclusion	FAIRMED Foundation Nepal	Leprosy Prevention and Control	Koshi Province, Jhapa, Morang, Sunsari, Udayapur	Low-Reinforces health service delivery and inclusion of marginalized groups	Community-based leprosy prevention and control model	Increasing through integration with local health systems and NGOs	Low- work closely with MoH, MoSD, LGs
	Plan International Nepal	WASH, DRM, ECD, Child Protection, Anti-Trafficking	RSDC, COCON, CSDC	WASH/DRM, LEARN, ECD, Child Protection, Anti-Trafficking	Koshi Province (20 Municipalities)	Low-Strengthens child protection, education, and disaster resilience	Integrated child protection and education programs	Expanding through schools, CBOs, and local authorities	Low-Allign with LGs plan
	Population Services International	Family Planning and Safe Abortion	HURENDEC, Udayapur	Family planning and safe abortion services	Jhapa, Morang, Sunsari, Udayapur	Low-Links to health service delivery governance	Family planning and reproductive health programs	Capacitate health facilities and local health workers	Low-Align with LGs health systems strengthening

Save the Children	HIV, AIDS, TB	NAPN, NATA, BWSN	HIV, AIDS, TB prevention and care programs	Jhapa, Morang, Sunsari, Udayapur, Illam, Sankhuwashabha	Low-Supports health governance in HIV, AIDS, TB control and prevention	Integrated HIV, AIDS, and TB prevention programs	Enhancing through collaboration with local health services and NGOs	Low-Workwith MoH, LGs, Healthinstitutions
VSO	GBV Prevention, Gender Equality	CoCoN	GBV prevention and response	Morang, Udayapur, Okhaldhunga	Moderate-Connects to gender equality and governance initiatives	Gender-sensitive GBV prevention and response programs	Expanding through local NGOs, CBOs, and community engagement	Medium—requires multistakeholder engagements
World Vision International Nepal	Health, Nutrition, WASH, Livelihood	HUREN DEC	Health, Nutrition, WASH, Livelihood	Udayapur, Gaight, Buddha Chok	Low-Uphold local governance in health, WASH, and livelihood services	Integrated programs for health, nutrition, and livelihood	Engaging through community networks and local governance	Low-closely work with MoSD, LGs
The Asia Foundation	Governance, Policy Development, Legal Systems	NRCTC-N, CDWN, NARMIN, MUAN, National Judicial Academy, etc.	Strengthening governance and legal systems	Jhapa, Morang, Sunsari, Udayapur, Illam, Sankhuwashabha	Moderately-Strengthens governance in policy development and legal systems	Evidence-based policy and legal frameworks	Continuing through local policy-making bodies and advocacy	Moderate-requires PLGSP, PSP collaboration
Province Support Programme (PSP) SWISS Program	Strengthening governance, intergovernmental cooperation, and accountability	PG	Strengthening governance and cooperation	Koshi Province	Strong-Directly supports PLGSP's goals of strengthening governance and service delivery	Focus on intergovernmental cooperation and accountability	Extending support through provincial government collaboration	Low-PLGSP, PSP strong collaboration at OCMCM

6. BEST PRACTICES FOR SCALING

Table 7 summarizes possible best practices derived from the identified partnership options in the Koshi Province mapping. These practices are organized by thematic areas and are designed to support sustainable, inclusive, and coordinated local development efforts. These can be integrated into the PLGSP program.

Table 7.	BEST PRACTICES IDENTIFIED FROM THE FIELD
Thematic Area	**Upgraded Best Practice for Scaling**
Inter-Governmental Coordination	Establish formal Shared Services Agreements (SSAs) supported by dedicated Intergovernmental Coordination Units (ICUs) and integrated digital platforms to ensure alignment between service delivery mandates, budgets, and intergovernmental coordination.
Infrastructure	Co-develop multi-stakeholder infrastructure platforms that foster joint planning and funding, integrating resources from local governments (LGs), provincial governments (PGs), and international non-governmental organizations (INGOs), with real-time tracking and performance monitoring.
Health and Education	Adopt cross-jurisdictional shared health and education service delivery models with pooled investment and shared digital platforms for outreach and monitoring.
Economic Development	Institutionalize inter-municipal economic zones and business incubation hubs jointly managed by PG and LGs to drive SME growth.
Disaster Risk Management	Operationalize three-tier DRM coordination platforms involving PG, LGs, and NDRRMA with integrated contingency planning and budget tagging.
Environmental Sustainability	Co-implement climate-smart community-based projects with shared environmental performance indicators and citizen reporting tools.
Capacity Building	Expand province-led, cluster-based modular training through SPRTA and PCGG, with demand-driven course design and digital learning options.
Provincial OCMCM Action Centers	Replicate the PMO prototype by establishing tech-enabled provincial Action Centers for real-time coordination, planning, and performance monitoring.
Policy Harmonization	Hold periodic inter-tier policy summits to align sectoral priorities, fiscal frameworks, and legislative timelines across government levels.
Funding and Resource Mobilization	Launch blended finance mechanisms through project banks, combining LG, PG, and donor investments in priority sectors.
Public Awareness & Community Voice	Institutionalize civic scorecards, public hearings, and community monitoring platforms like CivActs to enhance citizen engagement, feedback mechanisms, and transparency in governance processes.
Agriculture and Livelihoods	Promote contract farming and cooperative models linked to agri-tech platforms and supported by joint academic-INGO technical units.
Digital Literacy and Innovation	Develop province-wide digital skill programs in partnership with universities and incubators; integrate e-governance into school curricula.
Governance and Accountability	Mainstream participatory M&E systems across tiers using common KPIs, social audits, and peer reviews to drive accountability.
Social Inclusion	Implement participatory budgeting and planning protocols that prioritize the inclusion of women, youth, the elderly, and marginalized groups, with embedded Gender Equality and Social Inclusion (GESI) indicators to ensure equitable representation in the decision-making process.
Urban Planning and Tourism	Integrate cultural heritage and eco-tourism into provincial development plans and master plans, with a focus on climate-smart urban infrastructure design standards to promote sustainable tourism and protect cultural assets.

7. SUGGESTED PROVINCIAL TA

Based on the capacity gaps and implementation priorities two strategic technical assistance (TA) positions are recommended for deployment at the provincial level in Koshi. Each responds to cross-cutting needs that impact planning, fiscal governance, service delivery, and coordination.

1. Provincial Public Financial Management / Local Revenue Management

The province faces significant challenges related to budget credibility, fragmented and uncoordinated fiscal planning, and limited use of its constitutionally assigned tax powers. Public financial management (PFM) systems across federal, provincial, and local levels operate in silos, with weak vertical and horizontal coordination. Additionally, there is no systematic mechanism in place to assess revenue potential or to design and implement integrated fiscal capacity development strategies across tiers of government.

Key Responsibilities:

- Support fiscal framework reforms, including reviewing and updating equalization and conditional grant systems.
- Coordinate the rollout and integration of PFM platforms (PAMS, CGAS, e-GP) across PG and LGs.
- Build local capacity in own-source revenue estimation, budgeting, and expenditure tracking.
- Conduct feasibility studies on new revenue streams, including royalty sharing and tax policy.
- Support the development and operationalization of a provincial-level Revenue Diversification Strategy.
- Coordinate directly with NNRFC, MoFAGA, and Ministry of Economic Affairs.

2. Digital Governance Expert

Planning fragmentation and inadequate digital infrastructure pose major barriers to policy coherence and evidence-based development. The lack of interoperable systems across federal, provincial, and local levels limits integrated planning and efficient service delivery. Additionally, performance monitoring remains inconsistent and fragmented, relying on isolated tools such as LISA, FRA, and LED without a unified framework or real-time data integration.

Key Responsibilities:

- Support the creation and operationalization of a provincial Digital Governance Strategy anchored in interoperability, digital literacy, and system performance.
- Reactivate and maintain key digital systems (GIOMS, IDMC, LISA, Project Bank, RIMS) in collaboration with MoICT and DoIT.
- Develop a digital interface for PG-LG coordination, including legal document access and asset registries.
- Assist in setting up the Provincial "Action Center" (modeled on the PMO) for real-time policy monitoring and citizen engagement.
- Oversee rollout of grievance redress systems, automated feedback loops, and digital public dashboards (e.g., Hello CM).
- Provide institutional training and establish vendor maintenance and user-support protocols.

Both roles are crucial for aligning Koshi's governance with federal principles, enhancing fiscal discipline, and embedding data-driven decision-making within the province's institutional framework.