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Local Governance and Community Development Programme II

Annual Progress Report 2015



PROJECT PROFILE

About the Project	Geographic coverage of the Project
Project Title: Local Governance and Community Development Programme II: Policy and Program Support Facility (PPSF) Award ID: 00078361 Web link:	National level coverage (Yes/No): Yes Number of Regions covered: 5 Number of Districts Covered: 75 Number of Municipalities Covered: 58 Number of VDCs Covered: 3157
Strategic Results	
UNDP Strategic Plan Outcome 3: Countries have strengthened institutions to progressively deliver universal access to basic services	
UNDP Strategic Plan Output 3.2: Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public	
UNDAF Outcome 5: Institutions, systems and processes of democratic governance are more accountable and effective Project Outcomes: Outcome 1: Effective Implementation of LGCDP II at all levels of the Government Outcome 2: Improved Policy advice and capacity support for development for overall service delivery at the local level Outcome 3: Greater efficiency and effectiveness in programme coordination and oversight	
UNDAF/CPAP Output 5.2: Provincial and local bodies can plan, budget, monitor, report and deliver inclusive government services. Project Outputs: Output 1. Programme Coordination Unit (PCU) strengthened and fully operational Output 2: Regional Coordination Unit (RCU) Established and operational Output 3: Technical support provided to Local Government Institutions (LGI) Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II Output 5: Strengthen overall capacity of MoFALD to manage TA (including Volunteers) Output 6: Capacity of national and subnational institutions to manage and implement local service functions is strengthened Output 7: Efficient and effective liaison and strategic guidance provided to the DPs and the Government Output 8: Efficient and effective quality assurance, programme monitoring, documentation and evaluation is provided to ensure the LGCDP II to deliver stated outcomes and outputs	

Project Duration (day/month/year)	Implementing Partner(s)	Implementation Modality
Start Date: 15 July 2013 End Date: 15 July 2017	Ministry of Federal Affairs and Local Development	NIM
Project Budget (US\$)		
Donor 1- UNDP Contribution: 1.8 million Donor 2- UNCDF contribution : 0.4 million Donor 3- UNV contribution : 0.3 million Government Contribution: Donor Contributions: Donor 1: DFID: 8 million Donor 2: Norway: 1 million Donor 3: Denmark: 1 million Unfunded: 1 million		
Total Project Budget: 13.5 million	NPR _____ US\$ 13.5 Million	
Total Project Expenditure 2014 & 2015:	NPR _____ US\$ 7,679,868.60	
Budget 2015:	NPR _____ US\$ 4,365,381.27	
Expenditure 2015 :	NPR _____ US\$ 3,736,307.65	
Budget Utilization % (2015)	85.59%	

Signature: _____

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Date:

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LIST OF ABBREVIATIONS

AMEP	:	Annual Monitoring and Evaluation Programme
AQAA	:	Annual Quality Assurance Assessment
ASIP	:	Annual Strategic Implementation Plan
CAC	:	Citizen Awareness Centre
CD	:	Capacity Development
CFLG	:	Child-Friendly Local Governance
CSO	:	Civil Society Organization
DAG	:	Disadvantaged Group
DDC	:	District Development Committee
DGE	:	District Governance Expert
DIMC	:	Decentralization Implementation and Monitoring Committee
DIP	:	Decentralization Implementation Plan
DP	:	Donor Partner
DPMAS	:	District Planning and Monitoring Analysis System
EO	:	Executive Officer
GESI	:	Gender Equality and Social Inclusion
GoN	:	Government of Nepal
GRB	:	Gender Responsive Budget
ICT	:	Information & Communication Technology
LB	:	Local Bodies
LDO	:	Local Development Officer
LED	:	Local Economic Development
LGAF	:	Local Governance Accountability Facility
LGCDP	:	Local Governance and Community Development Programme
LSGA	:	Local Self-governance Act
LSP	:	Local Service Provider
MAR	:	Monthly Activity Report
MIS	:	Management Information System
MoFALD	:	Ministry of Federal Affairs and Local Development
NAC	:	National Advisory Committee
NPD	:	National Programme Director
NPM	:	National Programme Manager
NPR	:	Nepali Rupee
NSP	:	National Service Provider
PCU	:	Programme Coordination Unit
PFM	:	Public Financial Management
PPSF	:	Policy and Programme Support Facility
PRSP	:	Poverty Reduction Strategy Paper
RBM	:	Result-based Monitoring
RCU	:	Regional Coordination Unit
TASC	:	Technical Assistance Sub Committee
UGE	:	Urban Governance Expert
UN	:	United Nations
WBRS	:	Web-based Reporting System
WCF	:	Ward Citizen Forum

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EXECUTIVE SUMMARY

The Policy and Programme Support Facility (PPSF) under the UN Joint Programme (UNJP) comprising of UNDP, UNCDF and UNV provided Technical Assistance (TA) to the Local Governance and Community Development Programme (LGCDP) II, a national flagship programme of the Ministry of Federal Affairs and Local Development (MoFALD) and Development Partners (DPs). The TA is being provided to implement interventions on policy research and capacity development for service delivery, coordination and oversight mechanisms.

The Programme Coordination Unit (PCU) and six Regional Coordination Units (RCUs) have been providing technical backstopping to MoFALD and local bodies for program implementation, coordination, monitoring and reporting. A total of 172 staff (148 technical specialists) are stationed and fully functional in their respective areas.

At the PCU, 13 technical specialists provided expert input and advice in institutionalizing various reform initiatives, transferring knowledge and innovative ideas; supporting development of policies, guidelines and manuals; program monitoring and report preparation. Under the guidance of and in close coordination with the Output Managers, section chiefs, outcome coordinators, respective sections of MoFALD and technical experts -Local Bodies have effectively carried out planning, implementation, coordination and follow up of the local development and governance activities. The establishment of the Management Information System (MIS) based vital events registration and social security system is one key achievement attributed to the technical support. This has been rolled out in 24 districts, with server linkage established between central and district levels- enabling the monitoring and evaluation of vital registration and social security distribution.

Similarly, in six RCU, 27 out to the total 36 thematic experts have been working in six thematic and cross cutting areas including social mobilization, local governance, capacity development, vital registration, gender and social inclusion, monitoring and accountability, livelihood and local economic development. These experts have been working in coordination with the local governance actors, liaising between MoFALD and local bodies (LB's), following-up programme implementation, providing technical backstopping, monitoring and timely reporting.

In addition, 7 UN ICT volunteers are stationed at the central and RCU levels (one position is vacant). These ICT volunteers have supported the development of software, designed websites, provided IT support services, and conducted trainings on information and communication technology (ICT) to MoFALD and staff. The TA support on ICT has helped mainstream the use of ICT within MoFALD and the local governance system.

At the District Development Committees and Municipalities level, 116 governance experts are positioned (seventeen positions are vacant). They have been providing technical support to respective institutions, DDC and municipalities for the implementation of programme activities of LGCDP. These experts have also been supporting local level coordination among the Local Service Providers, Local Governance stakeholders as well as providing backstop support to Social Mobilizers for monitoring and reporting.

Compared to the previous years, the Ward Citizen Forum (WCF) and Citizen Awareness Centers (CAC) have been better able to include the projects identified through participatory planning in the annual plans of local bodies. The continuous technical assistance staff has resulted in more projects from the WCF and CAC being included in the VDC/ DDC and municipality annual plans. This is evident in the fact that out of the total projects approved by the local bodies in FY 2014/15, 46.24% of the projects came from the WCFs and CACs, and received the allocation of 51% of local bodies' capital budget.

The TA under PPSF has also supported MoFALD to conduct various studies and produce knowledge products in the area of local governance for policy inputs. Some such studies and policies are GESI policy, GRB strategy, EFLG Handbook, Grievance Handling Guidelines, Compliance Monitoring Guidelines, Compliance Monitoring Training Manual, Compliance Monitoring Operational Manual, Accountability Bulletin, GRB Localisation strategy and monitoring indicators, Dalit National Integrated Five Years Plan, Social Mobilisation Handbook, revision of the integrated social mobilisation training package, local level planning and civic oversight training

package, development of roadmaps for newly formed municipalities and a stock-taking of local economic development related interventions undertaken in the country by various DPs.

Support has also been extended to MoFALD in organizing various orientations, reviews, coordination and consultative meetings with stakeholders at the central level. The TA has also supported the third party assessment of local governance stakeholders that involves Civil Society Organizations for quality assurance.

In order to strengthen liaison between MoFALD and DPs, a fully functional DP Cell has been established and supporting the smooth and effective implementation of LGCDP activities. The Cell has been providing quality assurance in the preparation of the Annual strategic Implementation plan (ASIP), annual reports, Trimester Financial Management Reports, Procurement Management Plan and report, Annual Progress report of PPSF, Monthly Review reports to development Partners etc. The DP Cell also provides technical inputs into all the studies and reports prepared by various consultants and units within LGCDP-II. One of the core support the Cell facilitates is to meticulously ensure that the Joint Finance Agreement (JFA) between GoN and LGCDP JFA DPs are complied with, and to ensure that all the mandatory meetings, such as the Sub-National Advisory Committee meetings, the National Advisory Committee meetings, the Technical Assistance Sub-Committee (TASC) meetings, Fiduciary Risk Mitigation Meetings, as well as all the outputs meetings are organized on time; that all required documents are prepared and circulated to members on time. The DP Cell also provides necessary policy guidance and technical inputs to both MoFALD and the DPs, through guidance notes and position papers. During the earthquake response, the DP Cell was very actively involved in the preparation of the emergency relief grant guidelines and also following up with the implementation of the emergency grants. The DP Cell also provided technical support in preparing the Mid- Term Review ToRs and also all other ToRs for various studies and consultancies that were undertaken by the PCU and the Ministry.

On 25th April 2015, Nepal experienced a 7.8 Richter scale earthquake that resulted in substantial loss of lives, extensive devastation of property and interruption of essential supplies including food, medicine and water. MoFALD, with the assistance of DPs mobilized US\$ 5 million for the Local Governance and Community Development Programme - II as an Immediate Relief Grant to the earthquake victims of 14 highly affected districts. More than 95.7% of the fund was spent within a month through effective mobilization of Technical Assistance staff and local body staff. The TA staff availed at the DDC and municipal level played a critical role in coordination and facilitation of the meetings between the local bodies and the needy communities. They also conducted monitoring of the results. Public audit was carried out in a total of 580 affected VDCs and 40 municipalities. Overall LGCDP delivery in 2015 was 89% of total allocated budget in 2014/15 (inclusive of PPSF). This has been a remarkable achievement of the programme.

KEY RESULTS ACHIEVED IN 2015

- 1. Inclusive Planning:** More than 90% LBs conducted ward level planning workshops on time in order to prepare the annual development plans- as per the provision of the Local Self Governance Act 1999. Around 1.2 million citizens participated in the planning workshops (38.7 % women). Local Bodies included 46.24% projects (173,765) demanded by Ward Citizen Forums (WCF) and Citizen Awareness Centers (CAC) in their annual plans. This could not have been achieved without the tireless efforts put by the social mobilizers, the DGEs, UGEs and the RCU and PCU technical support and the efforts of the LDO and EO offices.
- 2. Enhanced Accountability of the Local Bodies:** The completion of Public Hearing in 57% VDCs, 80% municipalities (MuNs) and 99% DDCs; as well as the completion of social audits in 17% VDCs, 35% MuNs and 64% DDCs; the establishment of citizen charter, public notice board, complaint box, help desk, information officer and nodal officer to strengthen grievance redressing system in 90% DDCs and MuNs are good results to showcase that can be attributed to the technical support provided to enhance accountability of local bodies. Moreover, 100% DDCs and 209 out of the 217 MuNs operationalized their websites housing the public audit reports, complaint handling status and social security allowance payment. The Annual Grievance Report has been prepared by 20 DDCs and one Municipality with technical inputs from the technical specialists.
- 3. Improvement in financial management and access to resources enhanced:** Improvement in financial management and public expenditure monitoring is evident in the gradual rise in internal revenue generation of local bodies and achievements in Minimum Conditions and Performance Measures (MC/PM). MC/PM is the basis for performance-based grants systems applied to local bodies. The overall increase in internal revenue generation was 17.95% in the last fiscal year with 11.17% at VDC, 12.38% at municipal and 26.67% at DDC level. The MC/PM progress rate increased, with 100% of 58 municipalities and 93.33% of DDCs (70 out of 75) passing MPCM in 2015 as opposed to 57 and 68, respectively the previous year. During the reporting period 80% of local bodies made timely trimester reports (20% in 2013).
- 4. GESI Sensitive Policies:** Technical assistance was provided on GESI issues to the GESI section resulting in the revision of the Gender Equality and Social Inclusion Policy, 2010 introducing GESI committees at the central and local level to monitor and provide necessary direction to implement GESI policy at the local level. Additionally, the Gender Responsive Budget Localization Strategy, 2015 is now finalized, to help mainstream gender issues in local governance to achieve the goal of gender equality.
- 5. Capacity Building:** A total of 22, 579 people attended trainings offered at the central and local level on different themes including planning, monitoring, gender issues and social inclusion. Moreover, 122,000 Ward Citizen Forum members (55% men and 45% women) received orientation on social mobilization, local level planning, and civic oversight activities, Child-Friendly Local Governance, Environment-Friendly Local Governance and Gender Equality & Social Inclusion. After the orientation, 39% WCFs are being engaged in local monitoring and oversight activities in 75 districts. Similarly, Local Service Providers, Civic Society Organizations, Social Mobilizers, and resource persons were trained by Local Development Training Academy and Gender Equity and Social Inclusion Section of MoFALD. Local Bodies own source revenue including revenue sharing reached Rs 8.6 billion in 2014 compared to NPR 7.29 billion in 2013. Moreover, 70 DDCs out of 75 and all 58 municipalities and 2,547 VDCs out of 3,625 VDCs met the minimum conditions (1078 VDCs failed in MPCM).
- 6. Laws and Policy Amendment:** A proposed amendment to the Local Self-Governance Act (LSGA) 1999 to increase representation of women in the Local Bodies from 20% to 40% has been submitted to the Legislative Parliament for approval. The Government of Nepal has amended the Local Self Governance, Regulation, 2072 (Seventh Amendment) with a view to change the rate of house and

land tax and the base of the valuation of property. Support has been provided to the Revenue section of the Ministry and the Local Body Fiscal Commission to prepare the ToRs, inputs into the conduct of MCPM and review of its implementation as well as inputs to the draft report on the National Fiscal commission road map.

7. **Information Management Systems Developed:** At the local level, Vital Events Registration and Social Security Management Information System has been effectively implemented. An online vital event registration is running in 11 Municipalities, 16 VDCs and 22 wards of Kathmandu Metropolitan City. In these units, people can register the information of vital event online. More than 28 thousand vital event certificates were generated from online MIS so far. The MIS Specialists have supported the roll out of the MIS system and in preparing training manuals and imparting training to local authorities who are responsible for operating and updating the systems.

8. **Environment friendly local governance:** In terms of strengthening the Environment Friendly Local Governance, a pro-poor environmentally sustainable green recovery and rehabilitation plan has been developed for the Patlekheta Village Development Committee of Myagdi, a landslide prone district. Following the training of 120 Rupandehi district officials, including local government, district line agencies, and civil society organizations -on the importance of integrating poverty reduction and environmental sustainability into local development planning and implementation, the Rupandehi district has been systematically increasing budgets to address these issues allocating around 4% of their annual budgets to the issues of environment in 2015. On the policy side, Rupandehi officials, following their training and advocacy, have pro-actively passed two mandatory policies that ensure that economically beneficial infrastructure development activities are undertaken in an environmentally sustainable manner. The first policy dictates that the District Development Committee shall embed environmental costs into the overall development costs of implementing such activities. The second policy enacted was to enforce the Environment Protection Act to guide all infrastructural development activities.

1. BACKGROUND AND RATIONALE

1.1 Background

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

TA has been deployed to provide necessary support to achieve the programmatic objectives and targets as outlined in the LGCDP- II ProDoc, Strategic Implementation Plan (SIP), Annual Strategic Implementation Plans (ASIPs) and annual monitoring and evaluation plan (AMEP). Accordingly, the PPSF objectives are: (i) to contribute towards poverty reduction through better local governance and community development; (ii) with an overall purpose to improve local governance for effective service delivery and citizen empowerment.

Unlike in the first phase of the LGCDP-I Program, LGCDP –II has a separate project document for the TA (PPSF) component showing the results and targets to be achieved directly by the TA. PPSF has three outcomes which correspond to three pillars of support to LGCDP II. Pillar one is intended to support the effective implementation of LGCDP II at all levels of the Government; pillar two aims at improved policy advice and capacity development support for better overall service delivery at the local level; and pillar three deals with greater efficiency and effectiveness in programme coordination and oversight. Within the pillars, there is division of labour between the UN agencies as follows: pillar one UNDP and UNV, pillar two UNCDF and UNDP, and pillar three UNCDF and UNDP.

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

At the district and municipal levels, PPSF has also supported 75 District Governance Experts (DGE), 58 Urban/Municipal Governance Experts (UGE) so that all District Development Committees (DDCs) and municipalities (at the time of the programme design) received direct support. To implement the Information and Communication Technology (ICT) component of the programme, eight National United Nation Volunteers (NUNVs) were deployed in all RCUs and in the PCU¹. The NUNVs are supporting and coordinating the ICT in all districts and 58 municipalities. During the reporting period, the Government declared an additional 26 new municipalities. With this, the total number of municipalities grew from 58 originally to 191 in 2014 to 217 during the reporting period. Hence, PPSF direct support is currently not reaching out to all municipalities.

The PPSF constitutes the technical assistance pillar of the Local Governance and Community Development programme (LGCDP) Phase II. The national programme coordinates 14 development partners within a framework of the joint financial agreement and technical assistance in relation to the strengthening of local governance and community development. LGCDP pursues strengthening both the demand and supply side of local governance and local development. The programme aims to empower citizens to engage actively in local governance, strengthening institutional framework of

¹ One NUNV each of the regions and two in PCU.

agencies related to decentralization, devolution, local governance and community development and increasing the capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner.

2. PROJECT SUMMARY AND OBJECTIVES

While the larger LGCDP-II program brings together multiple development partners to contribute to the program's four outcome areas and nine output areas, UNDP together with UNCDF and UNV provides specialized technical support through the Policy and Programme Support Facility (PPSF). The total budget of PPSF is USD 13.5 million, out of which USD 12.5 million is fully funded. In 2015, with the decision to extend the national and regional level TA until the end of the programme, and the district and municipal level TA to July 2016, an additional 2.1 million USD has been mobilized. Since this contributes to the continuation of the TA, this does not reduce the original funding gap.

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

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

THEORY OF CHANGE

If community members are empowered and engaged in decision-making process of local bodies, they demand services and accountability from the government service providers (demand side), and if the government representatives from the local to national level are capacitated for effective and efficient service delivery (supply side), issues of poverty and exclusion may be addressed because accountability and inclusion shall be mainstreamed in local governance and community development processes and activities at all levels.

LGCDP II supports to empower people by raising their awareness about their own rights and responsibilities through community institutions: Citizens Awareness Centre (CAC) and Ward Citizen Forum (WCF). CAC members are oriented on basic human rights through Regenerated Freirean Literacy through Empowering Community Techniques (REFLECT) classes, as part of the social mobilization campaign. Awareness about their rights leads to increased participation of citizens in decision-making process of local bodies which increases the access of these communities,' mainly marginalized women, children and Disadvantaged Group (DAG) to local resources and services.

LGAF Secretariat monitors Local Bodies' compliance with existing laws, regulations and guidelines through civil society organizations (CSOs). The activities of CSOs are monitored by the third party to assure the quality of their performance. This ultimately makes local decision-makers and service providers accountable to the citizens as per the policy framework.

LGCDP II has identified capacity development as a core cross-cutting area. The TA support provided contributes to the capacities of the LBs and staff by enhancing their skills and knowledge to deliver services effectively. Similarly, technical support provided to MoFALD, and central-level agencies as

well as regional and local level agencies to support thematic areas and sectoral services contributes to improved service delivery to the citizens thus facilitating the effective implementation of LGCDP at all levels of the government; provides improved policy advice and capacity support and ensures greater efficiency and effectiveness in program coordination and oversight.

Assumptions:

- There is a linkage between the resumption or strengthening of core government capacities and the ability of a state, at all levels, to maintain peace settlements and deliver basic services to all sections of the population,.
- Inclusivity and accessibility are critical characteristics of state institutions required to command public confidence and trust in the state and ability to supply services effectively.
- Bottlenecks to service delivery, quality of services and utilization are best addressed by a problem solving approach that transcends the sectors to look at broader cross-cutting issues and related institutions (planning, budgeting, governance and leadership)
- Risks: Significant continuing insecurity and instability in post-conflict settings can seriously compromise development of core government functions and service delivery.
- Policy uncertainty and resource unpredictability and insufficiency can substantially hinder service delivery
- Innovation has built-in probabilities of failure. The ability of stakeholders – governments, donors, UN and private sector partners – to live with this probability with any ‘failure’, despite useful lessons learnt, potentially diminishing interest, commitment and funding.

3. PROGRAMMATIC REVISION

As per the programme document, the technical assistance provided at different layers of the government through the PCU at the central level, the RCU at the six regional centers and 75 District Governance Experts (DGE) and 58 Urban Governance Experts (UGE) would cease on December 2015. By that time, the envisioned Programme Recruitment Facility (PRF) was expected to come into existence and take up the role of providing the technical assistance. However, the NAC meeting in July 2015 endorsed the decision to continue technical assistance at district and municipal levels until July 2016 and continue the national and regional level TA until the end of the Programme period i.e until July 2017. The meeting also provided for a PRF Task Force comprising of representatives of MoFALD, Development Partners and UNDP. A subsequent PRF task force meeting on 6 August 2016 agreed to bring on board, six public finance management and accountability experts at the regional level. It was also agreed that the ToRs for the social mobilization and livelihood experts shall be reclassified and personnel brought on board.

4. NARRATIVE ON KEY RESULTS ACHIEVED IN 2015

Following table shows the linkage of outcome and output statements of the project:

Table 1: Outcome and Output Statements

UNDAF/CPAP Outcome Statement	Project Outcome Statement	Output Statement
Institutions, systems and processes of democratic governance are more accountable and effective	Outcome 1: Effective Implementation of LGCDP II at all levels of the Government	Output 1: Programme Coordination Unit (PCU) strengthened and fully operational
		Output 2: Regional Coordination Unit (RCU) Established and operational
		Output 3: Technical support provided to Local Government Institutions (LGI)
	Outcome 2: Improved Policy advice and capacity support for development for overall service delivery at the local level	Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II
		Output 5: Strengthen overall capacity of MoFALD to manage TA (including Volunteers)
		Output 6: Capacity of national and subnational institutions to manage and implement local service functions is strengthened
	Outcome 3: Greater efficiency and effectiveness in programme coordination and oversight	Output 7: Efficient and effective liaison and strategic guidance provided to the DPs and the Government
		Output 8: Efficient and effective quality assurance, programme monitoring, documentation and evaluation is provided to ensure the LGCDP II to deliver stated outcomes and outputs

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

LGCDP II is functioning well with specialized technical support on thematic issues of local governance. All the specialists stationed at the DP Cell, PCU and RCU have been providing technical backstopping to respective output sections of MoFALD for programme planning and the timely implementation of programme activities for better performance and results, coordination and monitoring of respective thematic areas. The DP Cell, PCU and RCU specialists, District/Urban Governance Experts and UN Volunteers have been involved in planning, programme implementation follow-up, coordination, reporting and monitoring activities. Thematic areas have been institutionalized and strengthened within the MoFALD. Officials of the MoFALD have started to lead and take ownership of respective thematic areas with innovative idea and knowledge with the expert support of TA such as in the areas of results-based planning, downward accountability, environment protection, results-based monitoring, and gender responsive development.

UNDP contributed to participatory local development planning through TA availed to MoFALD, DDCs and municipalities. Improvement in financial management and public expenditure monitoring is evident in the gradual rise in internal revenue generation of local bodies and achievements in Minimum Conditions and Performance Measures (MC/PM). MC/PM is the basis for performance-based grants systems applied to local bodies. The overall increase in internal revenue generation was 17.95% in the last fiscal year with 11.17% at VDC, 12.38% at municipal and 26.67% at DDC level. The MC/PM progress rate increased, with 100% of 58 municipalities and 93.33% of DDCs (70 out of 75) passing MCPM in 2015 as opposed to 57 and 68, respectively the previous year.

In a bid to secure inclusive integrated plans and monitoring systems based on downward accountability, 90% DDCs and Municipalities established the citizen charter, public notice boards, complaint boxes, help desks, information officers and nodal officers to strengthen grievance redressing systems. To make public audit reports, complaint handling status and social security allowance payment, 100% DDCs and 58 Municipalities operationalized a public website.

Exhibiting improved capacities of the sub-national governments on planning, budgeting and monitoring basic service delivery, more than 90% of the local bodies conducted timely ward-level annual planning workshops as per the LSGA 1999. About 1.2 million citizens (38.7%) participated. Local bodies included 46.24% of a total 137,765 projects requested by WCF and Citizen Awareness Centers (CAC) in their annual plan; 49% of projects demanded by children through participatory planning process were also included in annual plan. During the reporting period 80% of local bodies made timely trimester reports (20% in 2013). The Annual Monitoring and Evaluation Plan report shows that 40% WCFs were engaged in oversight this year.

Seeking the accountability of local bodies, including the allocation of block grants, this year 35.6% municipalities conducted social audits, 81% conducted public hearings and 79.7% conducted public audits. At the VDC level 14% conducted social audits, 85% conducted public hearings and 56% conducted public audits. Similarly, at local level more than 80% of local bodies allocated targeted grants to women, children and vulnerable groups as required by Local Bodies Resource Mobilization Guidelines.

Massive scale Local Level Planning training provided to 62, 246 local stakeholders - 45% women – including members of the Ward Citizen Forums (WCF) and Citizen Awareness Center (CAC), Integrated Plans Formulation Committee (IPFC) and other persons from VDC in 2014, has contributed to empowerment of women and other targeted groups to assert their entitlements in local planning process (E70). This year 46.24% of total proposals submitted by WCF were included in Local Development Plans. At the same time, the capacity of local government officials has been enhanced on inclusive budgetary policies through continuous training, mentoring and follow up by TA provided by UNDP.

The Social Mobilization Hand Book, Grievances Handling Guidelines, GRB and EFLG Social Mobilization Hand Books are being used at the local level. The quality of Periodic Plan and Monitoring indicators of MoFALD have been revised and is improving. LGCDP's monitoring system has been revised to monitor efforts and progress from the local to the central level with the introduction of an online system as well. The system was introduced in 2014. The DP Cell, PCU, RCU Specialist and ICT Volunteers have provided technical inputs and in many cases led the preparation of all the guidelines, plans and reports.

GIS-based resource maps along with administrative boundaries, population and household of all DDCs and municipalities including newly announced ones are being used at the central and local level in planning, service delivery and LB restructuring purposes. The MIS based system of vital event registration and social security in 24 districts have been linked with a single server and monitored from the central level while the linkage with the single server was with 14 districts in the previous year. The general public is receiving local governance related information from websites of MoFALD and LBs (75 DDC and 58 MuNs) in line with the e-governance system. The GIS specialist and the ICT volunteers have provided necessary technical inputs to prepare the systems and GIS maps.

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

The roles, responsibilities, power and jurisdiction of local governments are clearly incorporated in the Constitution of Nepal 2015, which was a result of MoFALD led debates, discussions, interaction and workshops on the participation of Constituent Assembly members related to structures of sub-national and local governments, role and responsibilities, power and jurisdictions.

The PCU specialists and DP Cell provided their technical inputs and guidance in conducting the Programme Recruitment Facility (PRF) study and later preparing the PRF guidelines, the Annual Quality Assurance (AQAA) guidelines and framework as well as the study on LED. Stemming from the recommendation of the PRF study, MoFALD has prepared the guidelines to recommend and localize experts and minimizing the cost of expert services. The MoFALD/LGCDP is adopting the recommendations on policies and strategies in order to make local governance system effective and efficient as per the Annual Quality Assurance Assessment (AQAA) recommendations. The recommendations from the Local Economic Development (LED) study has been endorsed by MoFALD. These studies and the adoption of their recommendations, has supported the local governance system in terms of policy setting and effective implementation for better results. In addition, MoFALD has managed previous policy and court related documents by consolidating, codifying and developing the electronic version.

Some initiatives have been undertaken to improve the downward accountability at the local bodies mainly DDCs and Municipalities. A performance contract has been agreed between the Secretary of MoFALD and LDOs/EOs. Similarly, CSO orientation on the roles and responsibilities and compliance monitoring according to the guideline has been completed. Due to compliance monitoring, the level of transparency of LBs and projects has been improved. For example, inappropriately obtained social security allowances have been refunded. LGAF has been running smoothly and helping in CSO-led compliance monitoring. The Accountability specialist and DP Cell has been providing necessary technical support to the good governance section and LGAF.

Knowledge of MoFALD officials has been broadened on development leadership, Federalism and Decentralisation reform which is contributing to policy amendment and discussions related to federal and local governance systems. Knowledge of Result-based Monitoring, Web-based Reporting System (WBRS) and District Planning and Monitoring Analysis system (DPMAS) has been enhanced at the local level. More than 50% LBs' District Periodic Plans have been finalised and ready for implementation. Various training and orientations were conducted to enhance the capacity of various stakeholders including the LB staff, community members who now have enhanced knowledge and understanding of planning, civic oversight, Child-Friendly Local Governance, Environment-Friendly Local Governance and Gender Equality & Social Inclusion.

Immediately after the devastating Earthquake in Nepal, victims received relief support immediately in the most affected 14 districts. LGCDP achieved very good progress on relief support distribution and spending which was accounted 95.7% due to the direct and active involvement of TA staff at PCU, RCU and local levels.

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

Coordination between Programme Coordination Unit/LGCDP and all sections of the MoFALD has been reinforced resulting in effective implementation of LGCDP activities. The communication and coordination between MoFALD and Development Partners have been strengthened through Development Partner Coordination Cell (DP Cell). National Programme Director (NPD), National Programme Manager (NPM), Output Managers, Section Chiefs, Specialists and DPs are informed from either side in relation to the effective and efficient implementation of the programme and progress reporting. Document preparation, report dissemination, ToRs and updating AMEP indicators of LGCDP have been better with the support of DP Cell. In terms of overall quality assurance, the quality of reports and technical study reports, policy documents and other shared documents have been improved. NAC and Sub-NAC have been developing insightful policy recommendations based on evidence gathered from ground realities through joint field visit and high-level visit with the active initiation of DP Cell. The technical backstopping support of DP Cell to the thematic PCU and RCU specialists has helped to improve the quality of their service.

The DP Cell has been providing quality assurance for the preparation of the Annual strategic Implementation plan (ASIP), annual reports, Trimester Financial Management Reports, Procurement Management Plan and report, Annual Progress report of PPSF, Monthly Review reports to development Partners etc. The Cell also provides technical inputs into all the studies and reports that have been prepared by various consultants and units within LGCDP-II. One of the core support the Cell facilitates is to meticulously ensure that the Joint Finance Agreement between GoN and LGCDP DPs are complied with and to ensure that all the mandatory meetings, like Sub-National Advisory Committee meeting, National Advisory Committee meeting, TASC meeting, Fiduciary Risk Mitigation Meetings, all the outputs meetings are organized on time and that all required documents are prepared and circulated to members in time. The Cell also provides necessary policy guidance and technical inputs to both MoFALD and the DPs, through guidance notes and position papers. During the earthquake response, the cell was very actively involved in the preparation of the emergency relief grant guidelines and also closely followed up with the ministry on the implementation of the emergency grants. The cell also provided technical support in preparing the Mid-Term Review ToRs and also all other ToRs for various studies and consultancies that were undertaken by the PCU and the ministry.

5. PROGRESS TOWARDS THE UNDAF/CPAP OUTCOMES

UNDP has contributed to participatory local development planning and accountable local governance through technical assistance availed at national and local level –MoFALD, DDCs and municipalities.

Massive scale local level planning training provided to 62,246 local stakeholders - 45% women – including members of the Ward Citizen Forums (WCF) and Citizen Awareness Centers (CAC), Integrated Plan Formulation Committee (IPFC) in 2014 contributed to improving local level planning process and empowerment of women and other targeted groups to assert their entitlements in the local planning process. As a result, more than 90% of LBs conducted timely ward level annual planning workshop as per LSGA 1999. About 1.2 million citizens participated in local level planning process, 38.7 % of which were women. According to RBM, LBs (VDCs and MuNs) included 46% of the total 218,920 projects requested by WCF and Citizen Awareness Centers (CAC) in their annual plan.

Similarly, LBs (VDCs and MuNs) also incorporated 30% DAG focused projects out of the total approved 100,671 projects forwarded by WCFs and CACs.

In a bid to promote downward accountability, 90% DDCs and Municipalities have established citizen charter, public notice board, complaint box, help desk, information officer and nodal officer to strengthen grievance redressing system. All the DDCs and 58 Municipalities have operationalized website to make public the audit reports, complaint handling status and social security allowance payment. About 12,358 out of 31,642 WCFs (39%) have started to monitor and engage in civic oversight activities. Public Hearing complied in 57% VDCs, 80% Municipalities and 99% DDCs. Social audit complied in 17% VDCs, 35% MuNs and 64% in DDCs.

Improvement in financial management and public expenditure monitoring is evident in the gradual rise in internal revenue generation of LBs and the passing of Minimum Conditions and Performance Measures (MCPM) results. The MCPM pass rate increased, with 100% of the 58 municipalities and 70 out of 75 DDCs (93.33%) passing the MCPM this fiscal year as opposed to 57 and 68 in the previous year. The LBs own source revenue including revenue sharing reached Rs 8.6 billion this fiscal year compared to Rs 7.29 billion in last fiscal year, indicating the improvement in functions, financing and capacity of sub-national level institutions. The overall increase in internal revenue generation was 17.95% in the last fiscal year with 11.17% at the VDC level, 12.38% at the municipal level and 26.67% at the DDC level. This can be partly attributed to the technical assistance to help stronger planning, implementation and monitoring at the local level.

The capacity of LGI officials has been enhanced by inclusive budgetary policies through continuous training, mentoring and follow up with technical assistance provided by UNDP to the District Development Committees and municipalities.

5.1 PROGRESS ON PROJECT OUTPUTS

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

The Programme Coordination Unit, comprising of thirteen thematic specialists is expected to provide technical backstopping, capacity building support as well as policy recommendations and field testing. Based on the PRF task force decision, two additional specialists on Federalization and Internal revenue shall be added to the team for 2016/ 17. In addition to the technical backstopping, capacity building support and support to the development of policies, guidelines and frameworks to facilitate LGCDP implementation, the fully capacitated PCU team is expected to help prepare monitor and report on the implementation of the Annual Strategic Implementation Plan (ASIP) on a trimester basis. They are also expected to contribute to the Annual Monitoring Evaluation Plan (AMEP). The PCU Specialists also coordinate and facilitate the output group meetings in a timely and effective manner.

The specialists have been providing technical support to respective sections of MoFALD to prepare guidelines, manuals, concept notes, ToRs for procuring services, setting an annual plan and programmes and implementing and monitoring programme activities in relation to the nine output areas.

One of the major outputs of the technical specialists are the knowledge products and manuals on issues of relevance to LGCDP. For example - the Social Mobilisation Handbook, the integrated social mobilisation training package, local level planning and civic oversight training package, a detailed training curriculum on social mobilization currently under implementation. Similarly, WCF categorization directives and indicators were developed and the entire WCFs are now being

categorized. Moreover, Underlying Causes of Poverty Analysis (UCPA) has been carried out in 7,842 settlements of 2,339 VDCs and 1,821 settlements of 191 Municipalities till December 2015. The UCPA findings shall inform the formation of new CACs in poor and marginalized settlements.

Additionally, the specialists have provided their technical inputs into the GESI policy, GRB strategy, EFLG Handbook, Grievance Handling Guidelines, Compliance Monitoring Guidelines, Compliance Monitoring Training Manual, Compliance Monitoring Operational Manual, Accountability Bulletin, GRB localisation strategy and monitoring indicators, Dalit National Integrated Five Years Plan. Similarly through the technical assistance provided, the results-based monitoring and evaluation system of LGCDP programme has been reviewed, updated and strengthened. The Specialists working on the GIS and MIS have also been supporting to develop resource maps of LBs along with administrative boundaries, population, households of all DDCs, MuN and VDCs. In addition to the MIS developed in 24 districts, they have also been contributing to install in LBs and build linkage with a national server system of Vital Event Registration and Social Security in additional 10 districts.

The Specialists have further supported the respective sections of MoFALD to prepare the Annual Strategic Implementation Plan (ASIP), Action Plan and Annual Monitoring and Evaluation Plan (AMEP) for 2015/16. In addition, the thematic specialists have been supporting the respective sections to implement the programme, follow-up on various activities, and coordination with stakeholders. The specialists have also helped to strengthen results-based programme preparation and enhanced thematic knowledge and capacity of respective officials at MoFALD, such as the Planning Section on results-based planning, Good Governance Promotion Section on downward accountability, Monitoring and Evaluation Section on results-based monitoring and Gender Equality and Social Inclusion Section on gender responsive development. Specialists have prepared progress reports and shared with the wider stakeholders through Sub-NAC and NAC.

The PCU-based specialists have also been providing technical backstopping to RCU experts and LB staff. MoFALD conducted timely output group meetings, planning committees and monitoring committees meetings with support of specialists. Similarly, eight support staff at the PCU have been facilitating and responsibilities of thematic specialists.

Improved trimester progress reporting against planned activities in ASIP. Programme Coordination Unit has organized Sub NAC meetings on quarterly basis to share the progress status of LGCDP. The progress status is being prepared based on the trimester reports. Improved reporting system has helped to organize Sub-NAC and NAC meetings on time. Moreover, Programme Coordination Unit shares progress report to development partners during the output groups meetings. Meeting minutes are prepared and shared to participants

As per the Joint Financing Arrangement it is required to conduct output group meetings on quarterly basis. Output Group meetings are organized by respective output managers. Meeting agendas are shared to participants in advance for their comments and suggestions. Meeting minutes are prepared with major decisions and shared to participants.

The Environment Management Section (EMS) of MoFALD has approved a total of 110 IEE reports and an equal number of Terms of References (ToR) of different projects such as bridge, roads, sand, gravel and stones (SG&S) in 2015. Technical Assistance of LGCDP is being utilized in reviewing and facilitating approval process of the various Initial Environmental Examination (IEE) reports.

Also, TA support has been extended to designing and implementing rural renewable energy programs in four districts; Chitwan, Sarlahi, Palpa and Gulmi and its respective 11 municipalities. The programs included Solar Home System (20 watts), Solar Panel at Birthing Center, Solar for Community School, Bio-gas, Bio-briquette, Solar Tuki, Improved Cooking Stoves and Solar Street Light.

Under Poverty-Environment Initiative (PEI) support, technical assistance, mainly in terms of preparing references, recruiting service providers, coordinating and facilitating stakeholder workshops, was extended to prepare Pro-poor Environmentally Sustainable Green Recovery and Rehabilitation Plans of Patlekhet Village Development Committee (VDC) of Myagdi, a landslide prone district and Chandeni Manadan VDC of Kabhre Palanchowk, Earthquake impacted District of Nepal, and preparation of the District Periodical Plans of Dhading and Rupandehi Districts. Following the collaboration on PEI and the training of 120 Rupandehi district officials, including local government, district line agencies, and civil society organizations -on the importance of integrating poverty reduction and environmental sustainability into local development planning and implementation, the Rupandehi district has been systematically increasing budgets to address these issues allocating around 4% of their annual budgets to the issues of environment in 2015. On the policy side, Rupandehi officials, following their training and advocacy, have pro-actively passed two mandatory policies that ensure that economically beneficial infrastructure development activities are undertaken in an environmentally sustainable manner. The first policy dictates that the District Development Committee shall embed environmental costs into the overall development costs of implementing such activities. A second policy enforced the Environment Protection Act to guide all infrastructural development activities.

Additionally, LGCDP has also extended technical back up (program designing, monitoring and reporting) to pilot Local Climate Change Adaptive Living (LoCAL) Facility under EFLG Framework in Dhading and Rupandehi districts of Nepal.

Support has also been extended to the implementation of Environment Friendly Local Governance Programme (EFLGP) executed by MoFALD under the Framework of Local Governance and Community Development Program (LGCDP) in 12 District Development Committees (DDC) and 44 municipalities (33 municipalities till FY 2071/72 and 11 additional new municipalities from current FY 2072/73. EMS/MoFALD carried out training on EFLG across the country with support of LGCDP. In total, 6,939 people including 30% female have benefitted from trainings. The district and MuN stakeholders of local governance participated in EFLG related trainings and have been sensitized about the importance of EFLG. Technical assistance was extended to prepare training courses and facilitation of some of the training sessions. As an impact of the program, two Wards and 1450 households (HH) of Chitrawan Municipality and 77 HH of Ramgram Municipalities declared as EFLG. LGCDP TA is being utilized in facilitating (activity designing, monitoring, reporting and quality assurance) smooth implementation of the EFLGP.

In total 35 (47%) DDCs and 18 (31%) Municipalities adopted Environment Management Plan (EMP) in their infrastructure development projects until 2015. To strengthen the EMP adopting process, the Environment Management Plan Implementation Guidelines were prepared and made available to field practitioners through LGCDP RCUs.

ICT UN volunteers have provided ICT related support to MoFALD including on updating websites, web-based application for Monthly Activity Report (MAR). MoFALD staff and specialists have received IT backstop support from ICT volunteers. They have also provided support to establish communication between staff of the ministry, programme and other stakeholders.

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

Six Regional Coordination Units (RCU) are operational with 27 thematic experts and five ICT volunteers. Overall, 83% positions remained fulfilled in RCUs. The RCU experts have been

consistently providing technical support to the LBs within the respective thematic areas. Additionally, expert support has brought many positive changes in coordination, monitoring and reporting system. The RCU have contributed to regular reporting on the local development processes for the TASC, Sub NAC and NAC meetings. They also contribute to the quarterly progress report against the agreed workplans.

Furthermore, experts have been closely coordinating with officials of LBs, stakeholders and DGEs/UGEs at the local level for planning, accessing capacity building needs, programme activities, and harmonisation with aligned partners. Regional meetings, workshops, training, and implementation of LIP and community infrastructure grant utilisation programmes have also been coordinated by RCU experts for better performance.

The experts have also been liaising with DGEs/UGEs and s in implementing local development and ASIP activities. They provide technical backstopping to relevant thematic areas. They provide wider range of backstop support at the local level that includes GESI audit and reporting, data analysis for thematic reporting, support to prepare by-laws, solution to issues and challenges emerging at programme operation level, review and update agreements, work plan and ToR of CSOs, conduct various studies and surveys, assess CAC graduation and organise DDC level training.

The thematic experts stationed at the RCU level have also been monitoring ongoing thematic activities of LBs, timely organisation of mandatory meetings of regular and thematic committees, LSP activities, LIP and CIG activities. They have also been supporting DGEs/UGEs and staff of LBs to collect information, analyse and prepare trimester and annual progress reports of LBs. In addition, these experts also involve in the preparation of thematic reports in narrative and numeric form (RBM) and sending it to the PCU. They are the conduits to share and help the LBs internalize information related to CFLG, EFLG, GESI, PFM and VER & SP.

The thematic experts have been involved in organising regional level training, organising discussions, review meetings and field visit programme involving MoFALD officials and development partners. Orientation to the staff of LBs, DGEs/UGEs and local stakeholders have been provided on thematic areas that include GRB, WBRS, local AMEP preparation, UCPA, Social mobilisation coordination, use of ICT, update data of VER & SP, monitoring and supervision at the local level and so on. In addition, they have also been providing technical support in LSP, social mobilizer and community volunteer selection process.

The sixteen support staff at the RCU level have been facilitating thematic experts stationed at RCU for their roles and responsibilities efficiently.

The concerned RCUs in the earthquake affected areas also played an important role in coordinating distributing immediate relief support to the victim. The RCU experts were also involved in follow-up and monitoring of the earthquake relief support and on the timely progress submission.

Six UN Volunteers have been stationed and are assisting thematic experts on ICT related issues, building communication in LBs and strengthening online reporting system. These volunteers have also been providing backstop support to ICT volunteers stationed in LBs for website update, GIS, MIS and DPMAS and WBRS related issues.

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

In order to provide technical support to LBs, DGEs have been recruited and stationed in each DDC and 58 old Municipalities. Currently, 106 District/Urban Governance Experts at DDC and municipalities are providing technical support to LDO/EOs and staff. These experts have been providing technical support to the local bodies to organise various mandatory and essential meetings on a timely and regular manner including on planning, review, D/MSMC, CFLGCC, EFLGCC, LSP, social mobilisation. Conduct of soil and poverty mapping, and timely information update in WBRS, DPMAS, updating VER & SS information activities have been supported by local governance experts.

The experts have also been providing technical support on social mobilisation activities which includes the conducting of the UCPA and information compilation, formulation of WCFs and CACs, hiring LSP and Social Mobilizers, performance review of LSP. LBs have been receiving support for documentation and review of MCPM status with areas for improvement, conduct of social audit and public hearing, development of procurement plan and implementation of the performance contract.

Local governance experts have been providing orientation to local service providers, civil society organisations, social mobilizers, WCF and CAC leaders, VDC secretaries, users' committees on issues and update information in relation to EFLG, CFLG, GESI, REFLECT matters. These experts are also contributing in coordination and harmonisation at the local level for operating social mobilization activities, organising gender audit, forming Bal Clubs, and organising local level training.

DGEs/UGEes have been working in close coordination with respective RCUs for programme implementation, monitoring and reporting. They have been involved in monitoring social mobilization and LSO activities, REFLECT classes, LIP and CIG activities, EFLG, CFLG, GESI, CAC and WCF activities. CSO activities for downward accountability, distribution social security and updating information of VER & SS have been monitored by these local experts.

These DGEs/UGEes stationed at the local level have been involving in the reporting system. They collect information, case studies from the local level and compile the information in relation to programme activities including social mobilization, local planning, local development projects, local PFM, GESI, CFLG, EFLG, LIP and CIG. These compiled information are reported to PCU through respective RCU in narrative and numeric form (RBM) on a trimester as well as annual basis.

Altogether, 103 ICT volunteers have been stationed in respective DDCs and Municipalities. These ICT volunteers have supported the development of websites, software installation and operation, using various ICT and MIS based reporting systems. This support has helped to strengthen the e-governance at the local level. With support from ICT volunteers, LBs have been able to operate digital notice boards, update web information, update DAG and GIS maps, and digitise vital events registration and social security data. LB staff have been receiving support from ICT volunteers for IT networking, SMS operation at the local level, CCTV installation, publication of development bulletin, and use of ICT in the present context. These ICT volunteers have also supported the development progress reporting through WBRS, DPMAS, MIS systems making efficient and effective reporting from local to the central level possible.

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

Local Self-governance Act and Regulation amendment proposals have been prepared in relation to participation and financial provision of LBs. The amendment mainly focuses on increasing the

representation of women to 40% and other representation provisions in line with the Constitution as well as the financial provisions in the changed context after the promulgation of the constitution.

Responses of the MoFALD regarding the inquiry of the Supreme Court in various cases during the period 2000-2013 has been consolidated, documented and published in the electronic version. The objective was prepared to help update policies and guidelines in future and capture lessons learned from the past.

The Social Mobilisation Handbook was reviewed and updated, an integrated social mobilisation training package was developed, local level planning and civic oversight training package GESI policy, GRB strategy, EFLG Handbook, Grievance Handling Guidelines, Compliance Monitoring Guidelines, Compliance Monitoring Training Manual, Compliance Monitoring Operational Manual, Accountability Bulletin, GRB Localisation strategy and monitoring indicators have also been developed. The Dalit National Integrated Five Years Plan has been prepared with support from TA. Financial Analysis of LBs has also been conducted. A study was also undertaken to stock take the Local Economic Development (LED) initiatives in Nepal in order to strategize the LED intervention planned under LGCDP II, Local level planning review. These studies have contributed to update policies and strategies of local development in the context of the local governance system.

PPSF also provided technical assistance to MoFALD to review and revise the revenue sharing mechanism and guidelines, the Local Self Governance, Regulation, 2072 (Seventh Amendment) was also initiated with a view to change the rate of house and land tax and the base of the valuation of property. Additionally, several integrated property tax orientations were organized to executive officers and chief revenue section of 72 municipalities to encourage them to transfer skills and facilitate new municipalities to implement IPT which would be instrumental to mobilize local revenue efficiently. The Fiscal Decentralization specialist and DP Cell has been providing technical support to the Revenue section of the Ministry and the Local Body Fiscal Commission in preparing the ToRs, inputs to conducting the MCPM, Reviewing the implementation of MCPM.

In the context of adopting federalism with provincial states and local governance system, MoFALD, a focal ministry conducted debates, discussions and workshops in order to identify and consolidate ideas on restructuring the state, roles, responsibilities and autonomy of different level of governance. Constitutional Assembly Members actively participated in these meetings and discussions. Various scholars presented papers. As a result, the new constitution has explicitly separated power, roles and responsibilities of the three tiers of governance of the country. Technical assistance was also provided to develop a National Fiscal commission road map.

The Local Governance and Accountability Facility has been institutionalised and in operation. The objective of LGAF is to improve the downward accountability on the performance of LBs complying with the current law, regulations and guidelines. LGAF Secretariat Operational Manual, Compliance Monitoring Operational Manual, 2015, and Training Manual has been prepared. Moreover, LGAF has established a web page and published Accountability Bulletin on a trimester basis. It has selected 66 Civil Society Organisations (CSO) for local body compliance monitoring and reporting on technical support to LGCDP. These CSOs have been trained for their roles and responsibilities on compliance monitoring. These CSOs have been monitoring, planning process, publication of budget and program, social audit, public hearing, and public audit. LGAF with the support of PPSF has prepared Compliance Monitoring Guidelines, 2015, Management Audit Guideline, 2015, Grievance Monitoring Procedural Guidelines, 2015.

The MIS specialists have provided support to the Department of Civil Registration and Social Protection to develop MIS system of vital events registration and social security, and have also developed Training Manuals. Currently, 24 DDCs are using Vital Registration and Social Security payment based on MIS system. These DDCs' system has been linked with national MIS server of VER and SS in an integrated manner and trainings have been imparted to local government officials on the same.

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

A study on the Programme Recruitment Facility (PRF) has been conducted. The PRF is expected to manage recruitment for technical staff including specialists, experts and Volunteers required at the ministry and local levels. A PRF Taskforce was formed under the chair of National Programme Director along with the participation of DPs to consider recommendations and adopt appropriate options to recruit necessary staff. The Taskforce has developed a guideline to be followed by DDCs and municipalities to hire Programme Officers who will replace the DGEs/UGEs by July 2016. It was also decided to extend terms of PCU and RCU specialists/experts until July 2017 and D/UGEs until July 2016.

Output 6: Capacity of national and subnational institutions to manage and implement local service functions is strengthened

The PCU has facilitated a number of capacity development activities at the national and international level. Furthermore, a team of MoFALD officials led by Secretary of MoFALD participated in "External Support for Decentralization Reforms and Local Governance Systems in Asia-pacific: Better Performance, Higher Impact" workshop in Manila. There were representatives from the DPs who also took part in the forum on their own. The workshop provided an opportunity to learn from the region on decentralization. This resulted in broadening the perspective of the key officials who participated in the DeLOG event to look into the key objectives behind the federalization of Nepal, prompting to further seek clarity regarding the objective – whether it is for political space and decentralization or it is for better resource distribution or better service delivery. Zeroing on the key objective will warrant appropriate the relevant strategy and intervention to strengthen federalism. Similarly, two senior officials of MoFALD participated in "Leadership Development" training in London organized by London School of Business and Finance. A team of MoFALD and LGCDP officials participated in "International Evaluators' Conclave Workshop 2015" in Kathmandu. Both these led to enhanced professional capability within the ministry and most of the knowledge and skills acquired by these official will be utilized in discharging their duty as a civil servant and also improve the systems and operations of their respective units and divisions. Training and exposure visits for senior officials of MoFALD were organized to contribute to better policy setting for federalized state and local governance.

The PCU organized two days national consultative meeting for PCU specialists, RCU experts and IT Volunteers to review the status of LGCDP activities issues & challenges. A Retreat Programme was also organized to identify contribution, issues and challenges of TA support to the Programme implementation. This programme became helpful to reshape TA support and its effectiveness. It was realized that there is a need to organize progress review, experience sharing and reflection meeting cum workshop of TA staff, government counterparts and other major stakeholders to identify best achievements, issues and way forward on a regular basis at PCU, RCU and LBs levels. Moreover, it was agreed that the TA in its remaining period should focus strategically on activities to lay a strong

foundation for institutional development and management of LBs and grassroots organizations/institutions so that they remain active and functional even with the limited outside support.

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

LGCDP II constitutes a DP Cell, with an International DP Cell Coordinator, M&E Specialist and a Public Finance Management Specialist. Together, the team have been working to ensure smooth coordination and establish harmonization among DPs and between DPs and the Government for making LGCDP more effective and efficient. The DP Cell has maintained a one door service for DPs and has contributed in sharing timely information including periodical progress and updates to all DPs. The Output Managers, Section Chiefs/MoFALD and PCU specialists have received proper guidance from the DP Cell to prepare Annual Strategic Implementation Plan, Annual Monitoring and Evaluation Plan, policy papers, concept notes, status report, ToR, guidelines, manuals, and directives. The RCUs advisers and District/ Urban Governance Experts have received technical inputs from DP Cell to carry out LGCDP activities smoothly and effectively. The Programme Coordination Unit/LGCDP has prepared quality documents on time for NAC, Sub-NAC, TASC and fiduciary risk mitigation meetings with the support of DP Cell. Regular follow up on the decisions of NAC, Sub-NAC, TASC and Output Groups meetings by the DP Cell has resulted in timely action by MoFALD/LGCDP. Based on the recommendations of Annual Quality Assurance Assessment (AQAA), the DP Cell has provided support to LGCDP/PCU to introduce Annual Monitoring and Evaluation Plan in all DDCs Municipalities from 2015. The DP Cell has been providing updated monthly status report to development partners.

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

A Baseline Perception Survey was initiated in 2014 and completed during the first quarter of 2015. The survey was undertaken to establish a benchmark to assess the impact of the programme as well as to understand the citizens' perception of the services of LBs. The Baseline and Perception survey was conducted in order to support monitoring and evaluation purpose and track progress of the programme.

The survey was expected to generate conclusions from tracking change and impact of the project. Geographical constraints, development levels. Initial conditions were supposed to be taken into account. The household survey was also envisaged to be carried out with sample which should provide valid conclusions with 90% confidence. The survey should also enable comparisons across the three ecological regions, five development regions, and higher and lower performers in the assessment of Minimum Conditions and Performance Measurement (MCPM). It was also stated that the field survey should be based on stratified multi-stage random sample, 4800 households from 37 districts indicated sampling approach, all development regions covering urban and rural areas, MCPM achievement levels of the VDCs/Municipalities, census data (2011), gender representation of 50/50%, and focus group discussions at least 107 or 40-50.

The first draft report shared by the Nielson contained a number of issues, including poorly presented data, the perception survey and the general baseline data being merged and presented in an incomprehensive manner, and the report contained a number of references that needed to be

updated with more recent data. The second draft of the report was shared during the end of February, in which the concerns raised had not been addressed. The final draft was shared by Neilson in July 2015, following which a sharing session was held in MoFALD in August 2015. During the sharing session, several comments emerged, it was agreed that the report to be forwarded to all officials of MoFALD and collect comments and suggestions. It was also agreed to form a task team to collect comments from all officials, review report and prepare necessary comments for improvement. MoFALD formed a technical committee to review the report in more detail following which comments were shared to the firm in December for the final report to be shared by Neilson. The comments included the need to separate out the perception survey from the baseline as there is a high level of confusion between baseline data and perception information in the report. Additionally, MoFALD also required Nielson to change the base of the data used as the submitted report shows that interpretation was made based on stratified/screened sample data which created confusion to the readers. Thus, it was suggested to use universe for data analysis and presentation. Similarly, further suggestions for improvement of the report were provided in writing for improving the report including better interpretation and analysis of some of the data presented in the report.

During the reporting period, an Annual Quality Assurance Assessment was also conducted to assess and ensure that the programme operation system in place is in accordance with the design of the programme framework. The Annual Quality Assurance Assessment of the Programme was conducted as an independent study which was supported by one international and two national consultants. The assessment results indicates compliance in most of the activities and shows moderate satisfaction with its overall quality.

Under the flexible policy support under pillar three, technical assistance was provided to develop a Road Map to support the newly formed municipalities in a more systematic and strategic manner. The roadmap has recommended the categorization of municipalities with population size; four strategic goals for capacity development (capacities for service delivery, planning process and financial management, and integration of diversities); and two goals of service delivery (mid-and-long term town development plans, coverage public service provisions and economic development potentials); and strategic goals of improvement in system, policy and institutional arrangement. The roadmap was endorsed by the Sub-NAC and the NAC has urged for the recommendations to be followed up on by LGCDP.

The Programme Coordination Unit has been organizing timely meetings of the Sub-NAC, bi-monthly TASC, and bi- NAC meetings to review the progress and to take necessary decisions to implement LGCDP activities smoothly to achieve the objectives. These meetings have adopted ASIP, AMEP 2015/16 and reports presented from studies.

Earthquake support

On 25th April 2015, Nepal experienced a huge 7.8 magnitude earthquake that resulted in a substantial loss of life and caused extensive destruction of property and interruption of essential supplies including food, medicine and water in the affected regions. Above 8 thousand people were killed and above 14 thousands people were injured. 191 thousand houses and public buildings were damaged due to the earthquake.

MoFALD, with development partners mobilized US\$ 5 million for the Local Governance and Community Development II as an Immediate Relief Grant Support to earthquake victims of 14 highly

affected districts immediately after the earthquake. For delivering the support, MoFALD officials, PCU specialists, RCU and local governance experts and LB staff actively and tirelessly engaged to make the relief effort efficient and effective. As a result, more than 95.7% of the fund was spent within a month through effective mobilization of Technical Assistance staff, social mobilizers and local body staff at the local level. The relief support grant was utilized for drinking water, medicine, first aid, materials purchase for temporary shelters, food management, toilet/sanitation arrangement and transportation.

Table 1: Progress on Output Indicators

Output statement	Output indicator	Baseline	Cumulative Target for 2013 – 2017	Progress up to 2014	2015 Milestone	2015 Progress	Cumulative progress up to 2015	Means of verification
Output 1: Programme Coordination Unit (PCU) strengthened and fully operational	Full PCU established in MoFALD, % of planned experts are recruited for PCU	PCU in existence as established under LGCDP I with weak capacity. Need to continue support	Thematic staff, supporting staff to be recruited and PCU fully operational	10 thematic experts were recruited	All 13 thematic experts are recruited and PCU fully operational	5 vacant thematic experts and supporting staff have been recruited and PCU operational in full capacity.	13 thematic experts and supporting staff have been recruited and PCU operational in full capacity	Enrolment sheet
	Improved trimester progress reporting against planned activities in ASIP	Irregular progress reporting	Improved trimester reporting against the planned activities in ASIP	More systematic reporting based on periodic output group meetings, TASC, SUB-NAC and NAC,	Regular trimester reporting	All RCUs submit Trimester progress reports on time. PCU prepared trimester report on time.	Trimester progress reports prepared by RCUs and PCU and shared in Sub-NAC meeting	Reports presented in the Sub-NAC and NAC meetings
	Timely and effective output group meetings	Output Group meeting takes place on ad-hoc basis	Quarterly output group meetings take place.	9 output groups and output managers set up and meeting regularly.	Output group meetings are held on time	All out group meeting (output 1-9) conducted on quarterly basis	All output group meeting held on time i.e. 3 times in a Year 2014/15 as per plan	Output group meeting minutes
Output 2: Regional Coordination Unit (RCU)	6 Planned RCUs established by end 2013/14	5 RCUs in existence estad under LGCDP I with	6 RCU providing TA in 6 thematic areas across the country.	6 RCU established, (34)thematic experts hired in the	6 RCU fully operational.	6 RCUs have been established and operational	6 RCUs operational	RCU reports.

Output statement	Output indicator	Baseline	Cumulative Target for 2013 – 2017	Progress up to 2014	2015 Milestone	2015 Progress	Cumulative progress up to 2015	Means of verification
Established and operational		limited capacity		specialized areas				
	% of planned experts actually recruited for RCU as per TASC TA plan	5 RCUs in existence as established under LGCDP I with limited capacity	RCUs fully operational with 36 technical experts in three thematic areas providing necessary technical assistance to s.	RCU recruitment completed. 34 out of the total 36 staff on board.	All six RCU are fully staffed with six thematic experts each and providing adequate technical assistance to local bodies.	80.5% of planned experts are stationed at RCUs	80.5% planned experts are stationed in RCU.	Payroll sheet
	% of trimester and annual progress reports submitted by RCU on time	?	?	?	?	80% of trimester and annual progress reports submitted by RCU on time	80% of trimester and annual progress reports submitted by RCU on time	Progress report of RCUs
Output 3: Technical support provided to LBs	% of planned experts actually recruited as per TASC TA plan	?	?	?	DGE/UGE are functional in all the districts and 58 municipalities.	88% of planned experts in place in all the local bodies.	88% of planned experts actually recruited.	Progress report of RCUs
	% of targeted failing or low performing supported based on MCPM assessments	Limited practice of formula based grants	Local bodies receive performance based formulaic grant based on Minimum Conditions	68 districts and 50 municipalities pass the MCPM.	% of DDC and municipalities passing MCPM reaches 100%	50% of the staff of 8 DDCs failed in oriented on the provision of MCPM to make service delivery effective. 70 DDC and 58 municipalities pass	100% municipalities (58) and 93.33% districts passed the MCPM assessment.	Progress report of ADDCN

Output statement	Output indicator	Baseline	Cumulative Target for 2013 – 2017	Progress up to 2014	2015 Milestone	2015 Progress	Cumulative progress up to 2015	Means of verification
			Performance Measures (MCPM)			MCPM but 290 VDC refuse to undertake MC assessment.		
Output 4: Timely, targeted and flexible policy advice and research provided to LGCDP II	% of DDC and % of MuNs have well equipped organizational setup and guidelines for revenue administration and collection	No local revenue guidance in place	's own source revenue increases by 10%.	10.9% increase in 's own source revenue with 11.2% at VDC; 12.4% at municipalities 35.2% from tax and 20.2% revenue sharing at the DDC level.	DDCs and municipalities have well equipped organizational setup and guidelines for revenue administration and collection.	17.95% increase in overall internal revenue generation.11.17% at VDC, 12.38% at municipal level and 26.67% at DDC level. 40% of DDC and 21% of New municipalities have well equipped organizational setup and guidelines for revenue administration and collection	17.95% increase in overall internal revenue generation.11.17% at VDC level, 12.38% at municipal level and 26.67% at DDC level 40% of DDC and 21% of New municipalities have well equipped organizational setup and guidelines for revenue administration and collection	FC Report
	Government Grants allocated and transferred based on updated allocation formula and MCPM system	MCPM in place but needs to be updated	Effective MCPM system in place.		Complete a cost index study.	To update allocation formula, cost index study completed	To update allocation formula, cost index study completed	Cost index study report.
	% districts using social protection MIS developed under HDSPP	Social protection MIS system inexistent			Vital registration and social protection MIS system piloted	MIS system developed in 24 districts. Online vital event	MIS system developed in 24 districts. Online vital event	Progress report

Output statement	Output indicator	Baseline	Cumulative Target for 2013 – 2017	Progress up to 2014	2015 Milestone	2015 Progress	Cumulative progress up to 2015	Means of verification
						registration operational in 11 Municipalities, 16 VDCs and 22 wards of Kathmandu Metropolitan City.	registration operational in 11 Municipalities, 16 VDCs and 22 wards of Kathmandu Metropolitan City.	
Output 5: Strengthen overall capacity of MoFALD to manage TA (including Volunteers)	PRF operational and PRF regulatory framework in place	No TA procurement system in place.	Conduct a PRF study and operationalize a PRF for procuring and maintaining TA.		Conduct PRF study and develop guidelines.	PRF study conducted. PRF guidelines drafted.	PRF study conducted and guidelines developed.	PRF report. Task force meeting minutes.
Output 6: Capacity of national and subnational institutions to manage and implement local service functions is strengthened	National CD Strategy approved and operationalized	No National CD strategy	A national CD strategy endorsed and implemented.	National CD strategy drafted.	National CD strategy operationalized.	National CD strategy approved in 2014 and task force formed to operationalize the strategy	The task force formed to operationalize the strategy at work.	Progress report
	% reduction of failed MC				All participating LB pass the MC.	1.62% reduction of MC failed municipality, 3.96 % reduction of MC failed DDCs 8.6% increase in MC failed VDCs,	1.62% reduction of MC failed municipality, 3.96 % reduction of MC failed DDCs 8.6% increase in MC failed VDCs,	LBFC report
	% of information system updated and digitized					80% DDCs updated information Web site of 75 DDCs and 58	80 % DDCs updated information Web site of 75 DDCs and 58	

Output statement	Output indicator	Baseline	Cumulative Target for 2013 – 2017	Progress up to 2014	2015 Milestone	2015 Progress	Cumulative progress up to 2015	Means of verification
						Municipalities updated A total of 209 municipalities have operational websites.	Municipalities updated A total of 209 municipalities have operational websites	
Output 7: Efficient and effective liaison and strategic guidance provided to the DPs and the Government	One door service for LGCDP II coordination	DP coordination requiring integration.	A functional DP coordination cell coordinating LGCDP DPs	DP Cell Coordinator, Monitoring expert on board.	DP Cell facilitates timely Sub- NAC, NAC, TASC and Outcome Group meetings.	Timely Sub-NAC, NAC and TASC meetings are held.	Timely Sub-NAC, NAC and TASC meetings are held.	Meeting minutes/ reports.
Output 8: Efficient and effective quality assurance, programme monitoring, documentation and evaluation is provided to ensure the LGCDP II deliver stated outcomes and outputs	Annual technical review conducted					TASC meeting on bimonthly basis	6 TASC meetings organized	TASC meeting minutes.
	Mid-term review conducted					ToR developed and RFP called for MTR	ToR developed and RFP called for MTR	
	Monitoring and review/evaluation system streamlined					AMEP introduced at district level	AMEP introduced at DDC and Municipality level	AMEP report
	Information available in time for annual planning					Database updated regularly	Database updated regularly	Database.

5.2 BUDGET AND EXPENDITURE

The following table shows the output wise indicative budget and expenditure for 2015 and the sources of funds budgeted and utilization.

Table 3: Output wise annual budget and corresponding expenditure (UNDP)

Amount in US\$

Output	Annual Budget	Annual Expenditure through project	Annual Expenditure through UNDP	Total Expenditure	Budget Utilization%
Output 1	607350.96	290145.1	272916.07	563061.15	92.71
Output 2	882458.28	640632.1	51250.57	691882.66	78.40
Output 3	1757770.00	1566931	110177.23	1677108.61	95.41
Output 4	23460.64	17034.27	344.26	17378.53	74.08
Output 5	19272.00	17945.87	248.51	18194.38	94.41
Output 6	108994.07	65369.53	13210.13	78579.66	72.10
Output 7	122094.00		128,175.38	128175.38	104.98
Total	3521399.00	2598058	576322.15	3174380.37	90.15

Table 4: Sources of funds Budget and Utilization of the project period

Source of Fund	Funding period (Start – End Date)	Total Project Budget	Expenditure up to 2014	Expenditure in 2015	Total expenditure till 2015	Total Budget utilization %
UNDP	2014-2015	7189521.00	3441960.00	3174380.37	6616340.37	92.03
UNCDF	2014-2015	1165113.00	374340.95	458468.28	832809.23	71.48
UNV	2014-2015	326381.00	127260.00	103459.00	230719.00	70.71
Total		8680915.00	3943560.95	3736307.65	7679868.60	88.468

6. CROSS-CUTTING ISSUES

6.1 Targeting and Voice/Participation of Target groups

Underlying Causes of Poverty Assessment (UCPA) provides a clear picture of poverty and its underlying causes. The data provides an evidence base to effect the distribution of means and resources focusing on areas needing to be addressed to reduce poverty. Out of the total 3276 VDCs in the country, UCPA was conducted in 7842 settlements of 2339 VDCs. 1821 out of the total 2727 municipal wards also were included in the assessment. The assessment measured food sufficiency in the family, access to basic goods and services, level of discrimination, affected by conflict, level of awareness and capacity to raise voices, affiliation to local institutions, and access to microfinance. UCPA was not conducted in all wards of VDCs. Before conducting UCPA, a social

resource mapping was prepared with participation from the VDC secretary, local political representatives, school teachers, community leaders, social workers, WCF representatives and other civil society organization representatives. Based on the resource map, wards and settlements were prioritized in P1, P2, and P3 ...P9. UCPA prioritized the poorest settlements of VDC and municipal wards. This assessment has helped to identify pockets of ultra-poverty and target groups to establish Community Awareness Centers to implement livelihood improvement plan and to enhance the participation of ultra-poor in the decision-making process of LBs.

6.2 Gender equality, women's empowerment, and social inclusion

Under PPSF TA, a gender and social inclusion specialist is assigned to the ministry to coordinate gender and social inclusion related activities at the Ministry and oversee its implementation at local level. Similarly, there are six GESI Experts at various RCUs, who are coordinating, monitoring and overseeing activities at respective LBs within their regions.

This year, the Gender Equality and Social Inclusion Policy, 2066 was reviewed to incorporate GESI committees at the local level. Similarly, Gender Responsive Budget Localization Strategy, 2072 was prepared to mainstream gender issues in local governance to achieve the goal of gender equality. Likewise, LB personnel were sensitized on gender responsive and social inclusive budgeting and auditing process.

GESI training was organized in which 143 s' staff took part. It has helped to enrich their knowledge on GESI concept, GRB concept, GESI audit and know-how of GESI mainstreaming in the local governance programme. Similarly, GESI training was conducted in 64 DDCs and 11 MuNs which sensitized on GESI issues and the importance to incorporate GESI in the local governance process.

LBs have conducted gender audit of their development work. A total of 49 DDCs and 8 Municipalities conducted GESI audit. Most DDCs emphasized the capacity of human resource in areas of GESI. LBs have initiated the allocation of budget in the target group, women based program and have increased the participation of women and socially excluded groups in the planning process.

MoFALD developed and published CFLG Implementation Guidelines in order to make CFLG activities effective at the local level. This guideline mentioned in the CFLG framework seeks to enhance good governance at the local level by promoting every child's rights to protection, survival, development and participation. For promoting children's rights at local governance, till now 75 DDCs and 58 Municipalities adopted the CFLG program and supported to build the capacity of local governance stakeholders on child rights resulting in increased children participation, budget allocation and expenditure for the development of children.

6.3 Scaling up

In order to improve service delivery, LGCDP initially provided support to develop an MIS-based system for Vital Event and Social Protection information in 24 districts. PPSF provided support for integration of vital events and social protection together and expansion of the MIS-based system of the vital event and social protection in additional 10 districts. This integration and extension are trying to cover all district for the MIS-based system in an integrated manner until the end of the Programme.

MoFALD incorporated Environment-Friendly Local Governance Framework (EFLG), climate change and disaster risk management issues in LBs Resource Mobilization Guidelines. These provisions in the guidelines are made mandatory for the LBs in their activities. EFLG Program initiated in 12 District Development Committee (DDC), 44 municipalities. A program such as solar home system (20 watts), a solar panel at birthing center, solar for a community school, bio-gas, bio-briquette, solar tuki, improved cooking stoves, solar street light implemented in 4 districts and 11 Municipalities.

6.4 Capacity Development

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

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

As part of capacity development to create an enabling environment, the PPSF contributed to the strengthening of professional capacity of LBs and stakeholders. Training was provided on different thematic areas such as downward accountability, local level planning, ICT etc. VDC secretaries and VDC assistant staff were provided training on Local Body Resource Mobilisation and Management Guidelines (RMMG), annual planning guideline, process monitoring of development programme and projects at the local level. Altogether 1,513 local staff received training. Moreover, 2013 VDCs staff (14 % women) were trained in cross-cutting areas such as EFLG, EFLG, GESI, and Disaster Risk Reduction (DRR). Additionally, 966 DDCs and MuNs staff received training on periodic and annual planning and local level monitoring, and cross-cutting areas: CFLG, EFLG, GESI and DRR. Similarly, 8,722 staff (28 % women) of DDCs and Municipalities received training on cross-cutting areas. In addition, 555 DDC and MuN staff received training on District Planning, Monitoring and Analysis System (DPMAS), Web-based Reporting System (WBRS) and Management Information System (MIS).

A training on environment-friendly local governance (EFLG) was organized across the country in which a total, of 6,939 people including 30% women participated. District and MuN stakeholders of local governance participated in EFLG related training and were sensitized about the importance of EFLG. MoFALD carried out training on EFLG across the country with the support of LGCDP.

6.5 Sustainability

In order to institutionalize TA support, a transition plan/exit strategy for all long-term programme support staff has been initiated. In this regards, programme recruitment facility task force is operational and the PRF guidelines have been drafted and enrolled. Similarly, a volunteer management guideline/system is under discussion for effective management of national volunteers' and exit strategy. The specific strategy needs to be prepared for sustainable ICT management at the central and local level to ensure that service delivery is not ruptured following their exit.

6.6 South-South and Triangular Cooperation

LGCDP supported the capacity development of MoFALD staff and central agencies. Officials participated in various training, workshops and exposure visits. These visits and participation in workshops and training of senior officials of the MoFALD has contributed to better understanding among the policy makers in relation to the multiple dimensions of federalizing the state and local governance post federalization. The enhanced understanding is reflected in the work plans being devised where technical groundwork for the federal decentralization of the state is being proposed.

6.7 Knowledge Management and Products

Social Mobilization Handbook was published in 2015 incorporating the concept of transformational social mobilization, roles & responsibility of Ward Citizen Forum and Citizen Awareness Centers, underlying causes of poverty, gender equity & social inclusion, downward accountability tools, electoral education, child-friendly local governance, environment friendly local governance, human rights, participatory planning process etc. to promote knowledge and skills.

6.8 Partnerships

Partnership is the essence of the LGCDP program. It brings together fourteen development partners, government agencies as well as the UN agencies together to contribute to the local governance and community development in Nepal.

While the UN support to the LGCDP program as a whole, hinges on the partnership among UNDP, UNCDF and UNV – bound together under the Joint Framework for Technical Assistance, the other agencies including bilateral and multilateral development partners and their aligned programs contribute to the local development priorities under the Joint Funding Agreement.

The UN funded joint program builds in a special Development Partners Coordination Cell led by an International experts, whose primary task is to ensure smooth functioning of the partnership and quality assurance of the support provided through LGCDP.

More recently, a Memorandum of Understanding was signed between MoFALD and UNCDF to implement Local Climate Change Adaptation Living facility which has contributed to mainstream issues related to climate change, poverty and environment in the annual development plan of LBS.

7. LESSONS LEARNED

The TA provided to LGCDP has contributed to good results, through the technical assistance they have provided as mentioned in the earlier sections of this report. Yet there are some good lessons learnt.

Training on participatory planning to LB staff, WCFs and CACs members and other stakeholders helped to prepare inclusive annual plans of LBs properly addressing the needs of women, children and disadvantaged groups.

However the delays in effective mobilization of local revenues and timely release of central budget often caused multiple challenges to public finance management leading to a compromise on quality and delays in completion of project.

Often, it is found that the Technical Assistance (TA) could be used more innovatively and in its true spirit, rather than for fulfilling the regular gaps and needs of the organization. The TA could contribute to individual and institutional capacity building of recipient agencies in order to sustain the initiative in the long run. It should also set the positive spirals in motion in relation to the creation of an enabling environment. The Government, in a true spirit of partnership should ensure that there is a proper hand over of the institutional memory and capacities, so that future initiatives can be built on it.

The experts and volunteers provided under LGCDP II TA support are making a meaningful contribution to strengthen both demand and supply side of the programme activities. However, under the present format of TAs, there are also some gaps and shortcomings, which demand careful analysis and appropriate solutions. The expert services provided under TA support is more focused on individual capacity to support regular activities in comparison to more strategic engagement in bringing gradual changes in the existing system.

8. IMPLEMENTATION ISSUES AND CHALLENGES

- Harmonization in social mobilization practice has not been possible under a framework between LGCDP and other aligned programmes- including government funded programmes. Coordination and harmonisation guidelines need to be prepared for streamlining all stakeholders and service providers to make social mobilization more effective and efficient.
- Political unrest in Terai districts from September 2015 delayed training, orientation, intensive field visits and the execution of planned activities smoothly.
- PRF Task Force decided to replace DGEs/UGEs by Programme Officers (PO) by June. However, many preconditions need to be met - including recruitment, training, placement of POs. It can be delayed due to political interest and procedural requirements at the local level.
- Minimum Condition compliance has been improved in DDC and municipalities whereas in VDCs there is no improvement. Actually 290 VDCs refused to participate in the MC exercise this fiscal year.
- Vital event registration and social security MIS system adoption has been affected due to poor internet connectivity with the main server.
- Despite the initiation of Results-based Planning, it has not been effective in transferring required knowledge of Results-based management in local development planning.

9. SPECIFIC STORY

My dream is to save money for my daughter's education

Rajkumari Mahara, 21, hails from a Dalit community and lives with her 2-year-old daughter in Khungri VDC Ward No 5 of Rolpa, a remote district of Midwestern development region. Like many other male members of her community, her husband is currently in India for work. Her husband's earning is the only source of income for the family. Despite being away from home for work, her husband's income is neither regular nor fixed. She faces multiple challenges to maintain family expenditure and support her family. This made her realize the need to engage in some kind of income generation activities so that she is in a better position to support her daughter's education in future and afford a better life for the family.



When Rajkumari became a member of the Community Awareness Center (CAC) - the community institution created at the poorest of wards, mainly to support marginalized groups, women and children as part of the transformational social mobilization, she began to gain a voice. At the CAC, citizens participate and discuss about mitigating community issues and get empowered in the process. LGCDP II provides NPR 100,000 as a revolving fund for Livelihood Improvement Programme (LIP) to each CAC, which is used amongst the CAC members for various income generation activities. Rajkumari as a member of CAC has also received LIP support.

Nowadays, Rajkumari is raising goats supported by the Livelihood Improvement Programme (LIP). She says, "This may look like small support but it is a great support for me and my family to sustain in the long run." She mentioned that she would eventually get into goat raising business, and save money for her daughter's education. The initial support has immensely increased her confidence and empowered her to start up her own business.

Previously, she used to say, "Who would care for a poor and marginalized person like me?" She was also unaware of services provided by LBs and her rights to participate in local level planning at VDC.

After becoming a member of the CAC and having livelihood support, she is more aware of local issues. She says, "I learnt a lot about community development, VDC and local planning process."

In this CAC, there are 35 members who are mostly from Dalit family.

Citizen Awareness Center Adopting Environment-Friendly Livelihood Option

Shakti Citizen Awareness Center (CAC) at Pattharkot in Laandi Municipality -10 has been adopting Environment-Friendly Livelihood development activities through a social welfare fund, thanks to the support from LGCDP.

LGCDP formed the CAC three years back. The weekly REFLECT classes and meetings, have united majority of the CAC members belonging to Majhi and Tamang communities to work together as a team, said Ms. Pashupati Majhi Chairperson of the CAC.

The CAC has switched from traditional income generation activity of selling firewood from the nearby forests to goat farming practices owing to the initiative of EFLG programme to conserve the environment. This was possible after LGCDP provided a grant of Rs. 1, 00,000 as a grant. Now, each member of the CAC is rearing up to 10 goats and generating income of up to Rs. 20,000 per year. Members were provided training on rearing goats and were also supported by the local veterinary service center to ensure goats are disease free.



Meeting with CAC members at Pattharkot, Laandi

Families are now able to support their children's education better. Moreover, it has stopped people from being dependent on the traditional source of income of chopping trees for firewood or selling at the local market. With this, forests productivity has also increased. Additionally, with support of Environment-Friendly Local Governance Program (EFLGP) CAC members are now encouraged to plant at least 10 trees around their houses or nearby.

Also, CAC members are creating a separate welfare fund by contributing Rs.1 every week by each member. Such practice serves as a model to be replicated to CACs in other parts of the country.

10. PRIORITIES FOR 2016

- In the aftermath of the devastating earthquake on 25th April 2015, LGCDP II prioritized earthquake affected districts focusing on resuming LB functions and revitalization of basic local services.
- Provide necessary support to the implementation of the state restructuring plan, contribute to studies related to federal policies- operationalize the findings from the functional analysis and the transition management plan, the shape and structure of provincial governments, national fiscal commission, metro cities, LBs in federal structure and local service commission;
- Organize interaction and workshops with stakeholders on provincial governance, transitional arrangements, and arrangements of the line service.
- Institutionalize GESI audit process in 75 DDCs and 191 Municipalities.
- Introduce GRB principle in the local level planning process of LBs.
- Systematically plan for capacity building and knowledge transfer to the LBs to ensure self-sufficiency, once the Technical assistance pulls out.
- Many priorities will be determined by the MTR findings.

11. RISK AND ISSUE LOGS

Table 5: Risk Log Matrix

#	Description	Category (financial, political, operational, organizational, environmental, regulatory, security, strategic, other)	Likelihood of risk (scale of 1 to 5 with 5 being the most likely) A	Impact (scale of 1 to 5 with 5 being the highest impact) B	Risk factor (A x B)	Mitigation measures if risk occurs	Date risk is Identified	Last Updated	Status
1	Planning and Programming	Others	P=3	P=3	9	Review and revise local level planning guidelines to incorporate results based planning tools	November 2015	December 2015	No Change
2	Budget release	Financial	P=3	P=3	9	Ensure timely budget release from FCGO and from DTCO to s to implement activities as per the action plan/work plan	November 2015	December 2015	No change
3	Establishment and transition of programme recruitment Facility(PRF)	Operational	P=3	P=3	9	Design PRF	November 2015	December 2015	No change
4	Local Election	Political	P=3	P=3	9	Programme document will be reviewed and revised if local election takes place as per the government plan	November 2015	December 2015	No change
5	Frequent change in management	Organizational	P=3	P=3	9	Civil Service Act will be followed	November 2015	December 2015	No change
	State restructuring	Political	P=3	P=3	9	Prepare transition Plan	November 2015	December 2015	No change

Table 6: Issue Log Matrix

#	Type	Date Identified	Description and Comments	Resolution measures recommended	Status of the issue	Status Change Date
1	Financial	November 2015	Poor financial record keeping in VDCs, delay in time taken for s to receive funds transferred	VDC Accounting software prepared. It is planned to implement in 1000 VDCs. Study commissioned to review the reasons for delay in transfer of funds	600 new VDC staff trained on accounting software and 250 VDCs installed accounting software. Record keeping and accounting system improved in 250 VDCs A matrix has been developed for s to update the transfer of funds and conditions they have met in order to receive the funds.	December 2015
2	Operation	November 2015	Monitoring and reporting system is weak in local bodies	Web-based reporting software developed and DDCs & Municipalities staff oriented	Web-based reporting introduced in 75 DDCs & 58 municipalities	No change
3	Implementation	November 2015	Ward Citizen Forums are involved in local level planning. The WFCs role needs to expand to cover oversight activities.	Ward citizen Forum members oriented on local level planning 39% WFCs engaged in monitoring and oversight of community infrastructure projects	About 39 % WFCs engaged in monitoring and oversight activities	No change

#	Type	Date Identified	Description and Comments	Resolution measures recommended	Status of the issue	Status Change Date
4	Implementation	November 2015	Livelihood Implementation Plan introduced in Citizen Awareness Centers formed in DAG 4-VDCs. It is require introducing in the entire citizen Awareness Centers.	Livelihood Improvement Plan introduced in 1796 Citizen Awareness Centers (CACs)	Gradually increasing the coverage of livelihood implementation plan in CACs	No change
5	Implementation	November 2015	District and Municipality Social Mobilization committee are not effective	Composition of District /Municipality Social Mobilization Committee changed by including WCF and CAC members	District and Municipality Social Mobilization Committee members oriented on their role and responsibility through D/UGEs	